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

FORM 10-Q

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

For the quarterly period ended November 30, 2004

OR

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

For the transition period from _____ to _____

Commission file number 001-16583

ACUITY BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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

30309
(Zip Code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

Common Stock - \$0.01 Par Value - 43,322,621 shares as of December 31, 2004.

ACUITY BRANDS, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	NOVEMBER 30, 2004	AUGUST 31, 2004
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,803	\$ 14,135
Receivables, less reserve for doubtful accounts of \$9,011 at November 30, 2004 and \$8,285 at August 31, 2004	336,286	331,157
Inventories	230,849	222,260
Deferred income taxes	31,708	29,500
Prepayments and other current assets	38,684	36,534
Total Current Assets	641,330	633,586
Property, Plant, and Equipment, at cost:		
Land	12,143	13,037
Buildings and leasehold improvements	165,331	167,707
Machinery and equipment	386,007	375,750
Total Property, Plant, and Equipment	563,481	556,494
Less - Accumulated depreciation and amortization	337,516	330,195
Property, Plant, and Equipment, net	225,965	226,299
Other Assets:		
Goodwill	345,739	343,595
Intangible assets	125,861	126,658
Other long-term assets	37,520	34,391
Total Other Assets	509,120	504,644
Total Assets	\$ 1,376,415	\$1,364,529
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 771	\$ 1,511
Short-term secured borrowings	13,400	—
Revolving credit facility	8,800	4,000
Term loan	18,548	—
Accounts payable	181,287	206,064
Accrued salaries, commissions, and bonuses	37,240	45,335
Other accrued liabilities	105,419	105,325
Total Current Liabilities	365,465	362,235
Long-Term Debt, less current maturities	372,371	390,210
Deferred Income Taxes	24,937	24,844
Self-Insurance Reserves, less current portion	17,602	17,484
Other Long-Term Liabilities	95,392	91,779
Commitments and Contingencies (see Note 10)		
Stockholders' Equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value, 500,000,000 shares authorized, 43,147,877 and 42,596,015 shares issued and outstanding at November 30, 2004 and August 31, 2004	431	426
Paid-in capital	437,242	425,807
Retained earnings	93,281	86,560
Unearned compensation on restricted stock	(6,996)	(5,609)
Accumulated other comprehensive loss items	(23,310)	(29,207)
Total Stockholders' Equity	500,648	477,977
Total Liabilities and Stockholders' Equity	\$ 1,376,415	\$1,364,529

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

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

	THREE MONTHS ENDED NOVEMBER 30,	
	2004	2003
Net Sales	\$ 525,202	\$ 517,538
Cost of Products Sold	306,423	302,831
Gross Profit	218,779	214,707
Selling, Distribution, and Administrative Expenses	187,828	184,716
Impairment, Restructuring, and Other Charges	—	579
Stock Compensation Expense	2,736	1,393
Operating Profit	28,215	28,019
Other Expense (Income):		
Interest expense, net	8,944	8,717
Gain on sale of businesses	(538)	(722)
Miscellaneous income, net	(476)	(159)
Total Other Expense	7,930	7,836
Income before Provision for Income Taxes	20,285	20,183
Provision for Income Taxes	7,120	7,266
Net Income	\$ 13,165	\$ 12,917
Earnings Per Share:		
Basic Earnings per Share	\$ 0.31	\$ 0.31
Basic Weighted Average Number of Shares Outstanding	42,462	41,581
Diluted Earnings per Share	\$ 0.30	\$ 0.30
Diluted Weighted Average Number of Shares Outstanding	43,946	42,594
Dividends Declared per Share	\$ 0.15	\$ 0.15

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

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

	THREE MONTHS ENDED NOVEMBER 30,	
	2004	2003
Cash Provided by (Used for) Operating Activities:		
Net income	\$ 13,165	\$ 12,917
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	10,092	11,373
Gain on the sale of property, plant, and equipment	(135)	(102)
Gain on sale of businesses	(538)	(722)
Provision for losses on accounts receivable	1,194	1,118
Other non-cash charges	1,318	1,056
Change in assets and liabilities, net of effect of acquisitions and divestitures-		
Receivables	(3,921)	(9,400)
Inventories	(8,590)	(14,232)
Deferred income taxes	474	(2,239)
Prepayments and other current assets	(2,147)	(26)
Accounts payable	(27,539)	(12,094)
Other current liabilities	(4,638)	11,625
Other	3,405	5,122
	<u>(17,860)</u>	<u>4,396</u>
Net Cash (Used for) Provided by Operating Activities	(17,860)	4,396
Cash Provided by (Used for) Investing Activities:		
Purchases of property, plant, and equipment	(11,641)	(9,881)
Proceeds from sale of property, plant, and equipment	179	1,238
Sale of businesses	88	2,200
	<u>(11,374)</u>	<u>(6,443)</u>
Net Cash Used for Investing Activities	(11,374)	(6,443)
Cash Provided by (Used for) Financing Activities:		
Proceeds (repayments) from revolving credit facility, net	4,800	(5,000)
Proceeds from short-term secured borrowings, net	13,400	9,000
Repayments of long-term debt	(49)	(70)
Employee stock purchase plan issuances	397	356
Stock options exercised	6,493	608
Dividends	(6,444)	(6,265)
	<u>18,597</u>	<u>(1,371)</u>
Net Cash Provided by (Used for) Financing Activities	18,597	(1,371)
Effect of Exchange Rate Changes on Cash	305	421
Net Change in Cash and Cash Equivalents	(10,332)	(2,997)
Cash and Cash Equivalents at Beginning of Period	14,135	16,053
	<u>3,803</u>	<u>13,056</u>
Cash and Cash Equivalents at End of Period	\$ 3,803	\$ 13,056
Supplemental Cash Flow Information:		
Income taxes paid during the period	\$ 8,074	\$ 7,645
Interest paid during the period	\$ 10,756	\$ 10,759

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

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

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Acuity Brands, Inc. (“Acuity Brands” or the “Company”) is a holding company that owns and manages two businesses that serve distinctive markets – lighting equipment and specialty products. The lighting equipment segment designs, produces, and distributes a broad array of indoor and outdoor lighting fixtures for commercial and institutional, industrial, infrastructure, and residential applications for various markets throughout North America and select international markets. The specialty products segment formulates, produces, and distributes specialty chemical products including cleaners, deodorizers, sanitizers, and pesticides for industrial and institutional, commercial, and residential applications, primarily for various markets throughout North America and Europe.

The unaudited interim consolidated financial statements included herein have been prepared by the Company in accordance with U.S. generally accepted accounting principles and present the financial position, results of operations, and cash flows of Acuity Brands and its wholly-owned subsidiaries, including Acuity Lighting Group, Inc. (“Acuity Brands Lighting” or “ABL”) and Acuity Specialty Products Group, Inc. (“Acuity Specialty Products” or “ASP”). These interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary to present fairly the consolidated financial position as of November 30, 2004 and August 31, 2004, the consolidated results of operations for the three months ended November 30, 2004 and 2003, and the consolidated cash flows for the three months ended November 30, 2004 and 2003. Certain reclassifications have been made to the prior-year financial statements to conform to the current-year presentation. Certain information and footnote disclosures normally included in the Company’s annual financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. The Company believes that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the consolidated financial statements of Acuity Brands as of and for the three years ended August 31, 2004 and notes thereto included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on October 29, 2004 (File No. 001-16583).

The results of operations for the three months ended November 30, 2004 are not necessarily indicative of the results to be expected for the full fiscal year because the net sales and net income of the Company are generally higher in the second half of its fiscal year and because of the continued uncertainty of general economic conditions impacting the key end markets of the Company.

2. ACCOUNTING STANDARDS YET TO BE ADOPTED

In December 2004, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 123 (Revised 2004), *Share-Based Payment*. The Statement requires that compensation cost relating to share-based payment transactions be recognized in financial statements and that this cost be measured based on the fair value of the equity or liability instruments issued. It does not specify a preference for a type of valuation model to be used to measure fair value. SFAS No. 123 (Revised 2004) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. The Company will adopt SFAS No. 123 (Revised 2004) on September 1, 2005 and continues to evaluate the impact the adoption of the final standard will have on the Company’s results of operations. See Note 11 for further information.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs, an amendment of ARB No. 43, Chapter 4* as a result of its project to reduce differences between U.S. and international accounting standards. SFAS No. 151 requires that items such as idle facility expense, excessive spoilage, double freight, and rehandling costs be recognized as current-period charges regardless of whether or not they meet the criteria currently dictated by ARB No. 43. Additionally, SFAS No. 151 requires that fixed overhead be allocated based on the normal capacity of the production capabilities. The Company will adopt SFAS No. 151 on September 1, 2005 and continues to evaluate the impact the adoption will have on the Company’s results of operations, if any.

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

3. GOODWILL AND INTANGIBLE ASSETS

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

	November 30, 2004		August 31, 2004	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Trade names and trademarks	\$ 13,030	\$ (2,326)	\$ 13,030	\$ (2,217)
Distribution network	53,000	(9,423)	53,000	(8,981)
Other	11,857	(5,291)	11,857	(5,045)
Total	\$ 77,887	\$ (17,040)	\$ 77,887	\$ (16,243)
Unamortized intangible assets:				
Trade names	\$ 65,014		\$ 65,014	

The Company amortizes trademarks associated with specific products with finite lives and the distribution network over their estimated useful lives of 30 years. Other amortized intangible assets consist primarily of patented technology that is amortized over its estimated useful life of 12 years. Unamortized intangible assets consist of trade names that are expected to generate cash flows indefinitely. The Company tests unamortized intangible assets for impairment on an annual basis, as required by SFAS No 142. This analysis has not resulted in the recognition of an impairment charge in the current or prior periods. The Company recorded amortization expense of \$0.8 million related to intangible assets with finite lives during the three months ended November 30, 2004 and 2003. Amortization expense is projected to be approximately \$3.2 million in each of the next five years.

The changes in the carrying amount of goodwill since August 31, 2004 are summarized as follows:

	ABL	ASP	Total
Balance as of August 31, 2004	\$312,703	\$30,892	\$343,595
Currency translation adjustments	1,636	508	2,144
Balance as of November 30, 2004	\$314,339	\$31,400	\$345,739

The Company tests goodwill for impairment at the reporting unit level on an annual basis in the fourth quarter or sooner if events or changes in circumstances indicate that the carrying amount of goodwill may exceed its fair value. The Company's reporting units are ABL and ASP. The goodwill impairment test has two steps. The first step identifies potential impairments by comparing the fair value of a reporting unit with its carrying value, including goodwill. The fair value of ABL and ASP are determined based on a combination of valuation techniques including the expected present value of future cash flows, a market multiple approach, and a comparable transaction approach. If the fair value of a reporting unit exceeds the carrying value, goodwill is not impaired and the second step is not necessary. If the carrying value of a reporting unit exceeds the fair value, the second step calculates the possible impairment loss by comparing the implied fair value of goodwill with the carrying value. If the implied fair value of the goodwill is less than the carrying value, an impairment charge is recorded. This analysis has not resulted in the recognition of an impairment charge in the current or prior periods.

4. BUSINESS SEGMENT INFORMATION

Three Months Ended November 30, 2004	Net Sales	Operating Profit (Loss)	Depreciation	Amortization	Capital Expenditures
ABL	\$398,048	\$29,369	\$ 6,967	\$ 790	\$ 7,825
ASP	127,154	7,230	2,240	7	3,611
Corporate	—	(8,384)	88	—	205
Total	\$525,202	\$28,215	\$ 9,295	\$ 797	\$ 11,641
Three Months Ended November 30, 2003	Net Sales	Operating Profit (Loss)	Depreciation	Amortization	Capital Expenditures
ABL	\$391,027	\$27,332	\$ 8,476	\$ 790	\$ 7,356
ASP	126,511	7,409	1,913	6	2,525
Corporate	—	(6,722)	188	—	—
Total	\$517,538	\$28,019	\$ 10,577	\$ 796	\$ 9,881

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

	Total Assets	
	November 30, 2004	August 31, 2004
ABL	\$ 1,104,899	\$ 1,094,762
ASP	229,552	222,940
Corporate	41,964	46,827
Total	\$ 1,376,415	\$ 1,364,529

5. INVENTORIES

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

	November 30, 2004	August 31, 2004
Raw materials and supplies	\$ 85,716	\$ 86,027
Work in process	20,138	19,623
Finished goods	136,562	126,255
	242,416	231,905
Less: reserves	(11,567)	(9,645)
	\$ 230,849	\$ 222,260

6. EARNINGS PER SHARE

The Company computes earnings per share in accordance with SFAS No. 128, *Earnings per Share*. Under this statement, basic earnings per share is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed similarly but reflects the potential dilution that would occur if dilutive options were exercised and restricted stock awards were vested. The following table calculates basic and diluted earnings per common share for the three months ended November 30, 2004 and 2003:

	Three Months Ended November 30,	
	2004	2003
Basic earnings per share:		
Net income	\$ 13,165	\$ 12,917
Basic weighted average number of shares outstanding	42,462	41,581
Basic earnings per share	\$ 0.31	\$ 0.31
Diluted earnings per share:		
Net income	\$ 13,165	\$ 12,917
Basic weighted average number of shares outstanding	42,462	41,581
Add – Shares of common stock issuable upon assumed exercise of dilutive options	1,348	957
Add – Unvested restricted stock	136	56
Diluted weighted average shares outstanding	43,946	42,594
Diluted earnings per common share	\$ 0.30	\$ 0.30

7. DERIVATIVE FINANCIAL INSTRUMENTS

During 2004, the Company entered into certain foreign currency contracts to hedge its exposure to variability in exchange rates on certain anticipated intercompany transactions with a Canadian business unit. At November 30, 2004, the Company had foreign currency contracts outstanding with an aggregate notional amount of \$27.0 million. These contracts mature monthly in \$3.0 million increments. The fair value of these contracts represented an unrealized pre-tax loss of approximately \$2.7 million at November 30, 2004.

The Company accounts for these contracts in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 137, SFAS No. 138, and SFAS No. 149*. The Company's foreign currency contracts have been designated as foreign currency cash flow hedges and, accordingly, gains or losses resulting from changes in the fair value of these contracts are included in *Accumulated other comprehensive loss items* until the hedged transaction occurs, at which time the

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

related gains or losses are recognized. Amounts included in future earnings related to these contracts may differ from amounts currently recorded in *Accumulated other comprehensive loss items*.

8. COMPREHENSIVE INCOME

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

	Three Months Ended November 30,	
	2004	2003
Net income	\$13,165	\$12,917
Unrealized loss on foreign currency contracts, net of tax of \$951 and \$45	(1,751)	(80)
Foreign currency translation adjustments, net of tax of \$851 and \$0	7,648	5,140
Comprehensive Income	\$19,062	\$17,977

Foreign currency translation adjustments for the three months ended November 30, 2004 resulted primarily from the weakening of the U.S. dollar against certain currencies, particularly the Euro, the British Pound, and the Canadian Dollar. The unrealized loss on foreign currency contracts for the three months ended November 30, 2004 resulted from a decrease in the fair value of the foreign currency contracts discussed in Note 7 above.

9. SECURED BORROWINGS AND LONG-TERM DEBT

The Company maintains an agreement (“Receivables Facility”) to borrow, on an ongoing basis, funds secured by undivided interests in a defined pool of trade accounts receivable of the lighting equipment and specialty products segments. Effective September 30, 2004, the Company renewed the Receivables Facility for a one-year period and reduced the facility size to \$100.0 million from \$150.0 million. Net trade accounts receivable pledged as security for borrowings under the Receivables Facility totaled \$285.6 million at November 30, 2004. Borrowings at November 30, 2004 under the Receivables Facility totaled \$13.4 million. Interest rates under the Receivables Facility vary with commercial paper rates plus an applicable margin. The interest rate, excluding the commitment and usage fee, was approximately 2.1% at November 30, 2004.

On April 2, 2004, the Company executed a \$200.0 million revolving credit facility (“Revolving Credit Facility”) maturing in January 2009. This facility replaced the Company’s \$92.5 million, 364-day committed credit facility scheduled to mature in April 2004 and the Company’s \$105.0 million, three-year credit facility scheduled to mature in April 2005. The Revolving Credit Facility contains financial covenants including a leverage ratio (“Maximum Leverage Ratio”) of total indebtedness to EBITDA (earnings before interest, taxes, depreciation and amortization expense), as such terms are defined in the Revolving Credit Facility agreement, and a minimum interest coverage ratio. These ratios are computed at the end of each fiscal quarter for the most recent 12-month period. The Revolving Credit Facility provides for a Maximum Leverage Ratio of 3.50, subject to certain conditions set forth in the agreement. The Company was in compliance with all financial covenants and had \$8.8 million in outstanding borrowings under the Revolving Credit Facility at November 30, 2004. At November 30, 2004, the Company had additional borrowing capacity under the Revolving Credit Facility, under the most restrictive covenant in effect at the time, of \$172.4 million, which represents the full amount of the Revolving Credit Facility less outstanding borrowings of \$8.8 million and outstanding letters of credit under the Revolving Credit Facility of \$18.8 million discussed below.

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

At November 30, 2004, the Company had outstanding letters of credit totaling \$30.5 million primarily for the purpose of securing collateral requirements under the casualty insurance programs for Acuity Brands and certain programs of NSI (see Note 10 for further information) and for providing credit support for the Company’s industrial revenue bonds. At November 30, 2004, a total of \$18.8 million of the letters of credit were outstanding under the Revolving Credit Facility, thereby reducing the total availability under the line by such amount.

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

In October 2002, Acuity Brands entered into a three-year loan agreement (“Term Loan”) secured by certain land and buildings of the Company. During the first quarter of 2005, the Term Loan was reclassified from *Long-Term Debt, less current maturities* to *Term loan*, which is included in *Current Liabilities*. At November 30, 2004, borrowings outstanding under the Term Loan were \$18.5 million.

10. COMMITMENTS AND CONTINGENCIES

Litigation

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

Environmental Matters

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

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

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

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

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

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

sewer system and ASP's practices in connection with the sampling of the facility's wastewater discharges for permitting purposes. ASP is cooperating with the investigation by the U.S. Attorney's Office and has completed the production of the required documents. The U.S. Attorney's Office investigation follows an inquiry by the City of Atlanta, which regulates the wastewater discharge at the facility. The Company has settled with the City of Atlanta all issues arising from the inquiry. As of November 30, 2004, the Company had reserved approximately \$2.0 million to cover various costs including off-site disposal, the estimated costs of resolution of proceedings with the U.S. Attorney's Office, and the estimated legal expenses to be incurred by the Company for these matters. The proceedings with the U.S. Attorney are at a preliminary stage, and developments in the investigation and the terms of any final settlement or adjudication of these matters could result in actual costs substantially higher or lower than the amounts reserved.

For property that the Company owns on Academy Drive in Northbrook, Illinois, ABL has completed its investigation to determine whether acids, caustics, or other chemical constituents associated with the former anodizing process or wastewater pre-treatment system at the facility impacted soil or groundwater under the building. The investigation indicated that no such materials have impacted the property above regulatory limits and that remediation is not required. As of November 30, 2004, the Company had reserved \$0.1 million to cover anticipated costs of investigating such impacts and restoring those areas to facilitate the sale of the property to a third party.

Guarantees and Indemnities

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

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

Prior to November 30, 2001, Acuity Brands was a wholly-owned subsidiary of National Service Industries, Inc. ("NSI") owning and operating the lighting equipment and specialty products businesses. Acuity Brands was spun off from NSI into a separate publicly traded company with its own management and Board of Directors through a tax-free distribution ("Distribution") of 100% of the outstanding shares of common stock of Acuity Brands on November 30, 2001. In conjunction with the separation of their businesses, Acuity Brands and NSI entered into various agreements that addressed the allocation of assets and liabilities and defined the Company's relationship with NSI after the Distribution, including a distribution agreement, a transition services agreement, and a tax disaffiliation agreement:

Distribution Agreement-

The distribution agreement provides that Acuity Brands will indemnify NSI for pre-Distribution liabilities related to the businesses that comprise Acuity Brands and previously owned businesses in the lighting equipment and specialty products segments. This indemnity does not expire and there is no stated maximum potential liability. To satisfy its obligations under the distribution agreement, Acuity Brands provides letters of credit on behalf of NSI for collateral requirements under NSI's casualty programs for incurred and projected losses resulting from those segments prior to the Distribution which are covered by NSI casualty programs. This collateral requirement is \$1.2 million for 2005, down from \$2.4 million for 2004.

Transition Services Agreement-

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

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

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The letters of credit are issued in favor of the surety company that provides collateral to the states where NSI may have obligations under its various casualty insurance programs. Under this provision, at November 30, 2004, Acuity Brands had \$2.0 million of outstanding letters of credit that were issued for the benefit of NSI.

In addition, Acuity Brands currently provides letters of credit of approximately \$0.8 million on behalf of NSI in connection with a surety company that has not been released by states to which the surety company provided collateral. NSI has provided back-up letters of credit for the benefit of Acuity Brands in such amount.

In the event NSI is unable to fulfill its obligations under certain of its casualty insurance programs, the standby letters of credit could be drawn upon and Acuity Brands would be required to fund the drawn amount. In such event, NSI would be obligated to reimburse Acuity Brands for such amounts. The management of Acuity Brands currently believes NSI will be able to fulfill its obligations with respect to these standby letters of credit.

Tax Disaffiliation Agreement-

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

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

Product Warranty

Acuity Brands records an allowance for the estimated amount of future warranty claims when the related revenue is recognized, primarily based on historical experience. Excluding costs related to faulty components provided by third parties, warranty costs as a percentage of net sales have generally been consistent for the last several years. However, there can be no assurance that future warranty costs will not exceed historical experience. If actual future warranty costs exceed historical amounts, additional allowances may be required, which could have a material adverse impact on the Company's results of operations in future periods.

The Company expects to begin notifying agents, distributors, and customers in early January 2005 of the expansion of a voluntary product recall that was initiated with the United States Consumer Product Safety Commission ("CPSC") and originally commenced March 10, 2004. The product recall will now involve approximately 70,000 lighting fixtures manufactured by ABL at one of its facilities from April 2002 through October 2003 that may have incorporated faulty capacitors produced by one of ABL's suppliers. The recalled fixtures are certain models of indoor high intensity discharge ("HID") lighting fixtures with at least one acrylic component (reflector or lens). The fixtures are used primarily in industrial and commercial locations such as retail spaces, warehouses, and gymnasiums.

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

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

The Company accrued a liability of \$5.7 million for the estimated product recall expenses and additional related warranty expenses. The Company also recorded a receivable equal to the liability accrued because the supplier of the faulty capacitors entered into a reimbursement agreement pursuant to which it has committed to reimburse the Company on a monthly basis for product recall

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and warranty expenses up to the amount of the liability the Company accrued. As of November 30, 2004, the Company had paid \$0.8 million related to the product recall expenses and additional related warranty expenses and had been reimbursed approximately \$0.5 million. The Company expects to be reimbursed for substantially all amounts paid. The actual product recall and warranty expenses could be substantially different than the liability recorded by the Company. In the event the actual expenses incurred by the Company exceed \$5.7 million, the Company and the supplier have committed in good faith to agree upon the additional amount to be reimbursed to the Company by the supplier.

The Company also expects to commence in early January 2005 an additional voluntary product recall of certain indoor HID lighting fixtures in accordance with its notification to the CPSC on September 27, 2004. This additional product recall involves approximately 120,000 lighting fixtures that incorporate acrylic reflectors and that utilize cords manufactured by one of ABL's suppliers. The cords used in the fixtures may emit a plasticizer fluid that can potentially drip onto the exterior of the acrylic reflectors, which could cause them to degrade, crack, and fall. To date, there have been no reports of personal injury or significant property damage in connection with this issue. The manufacturer and the distributors of the cords are cooperating in this matter. The product recall will involve the replacement of the cord and reflector for each fixture subject to the recall. At November 30, 2004, the Company had accrued a liability of \$1.6 million for the estimated expenses of this product recall, down from \$2.5 million at August 31, 2004. The estimate of cost was revised during the first quarter, as the current projected time frame covered by the product recall is different than the time frame used in the original estimate. The Company intends to pursue vigorously recovery of all costs associated with this product recall, but there can be no assurance that it will be able to recover any portion of the costs.

On October 21, 2004, the Company received a document and information request from the CPSC in connection with an investigation by the CPSC as to whether the Company had complied with the reporting requirements of section 15(b) of the Consumer Product Safety Act with respect to this product recall of HID fixtures. On November 4, 2004, the Company received a document and information request from the CPSC in connection with a similar investigation with respect to the April 2001 product recall of certain of ABL's emergency lighting fixtures. The Company has complied with these requests. In the event the CPSC determines that there was a violation of reporting requirements, proposed penalties could be significant based on past settlements with other companies announced by the CPSC.

The changes in the product warranty reserve during the three months ended November 30, 2004 are summarized as follows:

Balance as of August 31, 2004	\$ 11,694
Warranty and product recall expense during the period	721
Payments made during the period	(1,460)
	<hr/>
Balance as of November 30, 2004	\$ 10,955

11. STOCK-BASED COMPENSATION

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

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	Three Months Ended November 30,	
	2004	2003
Net income, as reported	\$13,165	\$12,917
Less: Compensation expense related to the Employee Stock Purchase Plan, net of tax	76	65
Less: Stock-based compensation determined under fair value based method for stock option awards, net of tax	1,136	610
Pro forma net income	\$11,953	\$12,242
Earnings per share:		
Basic earnings per share – as reported	\$ 0.31	\$ 0.31
Basic earnings per share – pro forma	\$ 0.28	\$ 0.29
Diluted earnings per share – as reported	\$ 0.30	\$ 0.30
Diluted earnings per share – pro forma	\$ 0.27	\$ 0.29

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

12. PENSION PLANS

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

Net periodic pension cost for the Company's pension plans during the three months ended November 30, 2004 and 2003 included the following components:

	Three Months Ended November 30,	
	2004	2003
Service cost	\$ 904	\$ 1,133
Interest cost	1,907	1,781
Expected return on plan assets	(1,809)	(1,593)
Amortization of prior service cost	22	25
Amortization of transitional asset	(33)	(33)
Recognized actuarial loss	434	658
Net periodic pension cost	\$ 1,425	\$ 1,971

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

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

The purpose of this discussion and analysis is to enhance the understanding and evaluation of the results of operations, financial position, cash flows, indebtedness, and other key financial information of Acuity Brands and its subsidiaries for the periods ended November 30, 2004 and 2003. For a more complete understanding of this discussion, please read the *Notes to Consolidated Financial Statements* included in this report. Also, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2004, filed with the Securities and Exchange Commission on October 29, 2004, for additional information regarding the Company.

Overview

Company

Acuity Brands, Inc. ("Acuity Brands" or the "Company") is a holding company that owns and manages two businesses that serve distinctive markets – lighting equipment and specialty products. The lighting equipment segment of the Company ("Acuity Brands Lighting" or "ABL") designs, produces, and distributes a broad array of indoor and outdoor lighting fixtures for commercial and institutional, industrial, infrastructure, and residential applications for various markets throughout North America and select international markets. The specialty products segment of Acuity Brands ("Acuity Specialty Products" or "ASP") formulates, produces, and distributes specialty chemical products including cleaners, deodorizers, sanitizers, and pesticides for industrial and institutional, commercial, and residential applications primarily for various markets throughout North America and Europe. Acuity Brands, with its principal office in Atlanta, Georgia, has approximately 11,000 employees worldwide. While Acuity Brands has been publicly held as a stand-alone company for approximately three years, the two segments that make up the Company are comprised of organizations with long histories and well-known brands.

ABL produces a broad array of indoor and outdoor lighting fixtures for commercial and institutional, industrial, infrastructure, and residential applications for various markets throughout North America and select international markets. ABL is one of the world's leading producers and distributors of lighting fixtures, with a broad, highly configurable product offering, consisting of roughly 500,000 active products as part of over 2,000 product groups that are sold to approximately 5,000 customers. ABL operates 26 factories and distribution facilities to serve its extensive customer base.

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

Liquidity and Capital Resources

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

Based on current earnings projections and prevailing market conditions, both for customer demand and various capital markets, the Company believes that during the remainder of 2005 it will have sufficient liquidity and availability under its financing arrangements to fund its operations as currently planned and its anticipated capital investment and profit improvement initiatives, to repay borrowings as currently scheduled, to pay the same quarterly stockholder dividend per share in 2005 as was paid in 2004, and to make required contributions into the Company's defined benefit plans. The Company expects to invest between \$50.0 million and \$55.0 million for new plant and equipment and enhanced information technology capabilities at both businesses during 2005, consistent with spending in 2004.

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Cash Flow

Acuity Brands used available cash, cash flow, and borrowings in the three months ended November 30, 2004 to fund operations and capital expenditures and to pay dividends. Available cash was benefited by \$6.5 million in cash received from the exercise of stock options during the first quarter of 2005.

The Company used \$17.9 million of net cash from operations during the first three months of 2005 compared to \$4.4 million generated in the prior year period. Cash flow from operations declined \$22.3 million due primarily to an increase in cash used by accounts payable and accrued liabilities, partially offset by improvement in cash flow from accounts receivable and inventory. Operating working capital (calculated by adding accounts receivables, net, plus inventory, and subtracting accounts payable) increased by approximately \$38.5 million to \$385.9 million at November 30, 2004 from \$347.4 million at August 31, 2004. The increase in operating working capital was due primarily to a \$24.8 million decrease in accounts payable since the prior year-end. Pension contributions of approximately \$3.1 million in the first quarter of 2005 were approximately \$2.1 million greater than contributions in the year-ago period. This represents a significant portion of the total pension funding requirements for the Company in 2005.

Capital expenditures were \$11.6 million in the first quarter of 2005, an increase of approximately \$1.8 million from the same period in the prior year. The Company continues to invest in new tooling and equipment primarily to improve productivity and product quality, increase manufacturing efficiencies, and enhance customer service capabilities in each segment. The increase in capital expenditures from the prior year was due primarily to higher investments at ASP in an effort to improve information technology capabilities.

Capitalization

The capital structure of the Company is comprised principally of an asset-backed securitization program, borrowings from banks, senior notes, and the equity of its stockholders. Total debt outstanding increased to \$413.9 million at November 30, 2004 from \$395.7 million at August 31, 2004.

Borrowings under the Company's primary bank financing agreement ("Revolving Credit Facility") are limited by financial covenants, the most restrictive of which is a leverage ratio calculated at the end of each fiscal quarter. The leverage ratio is calculated by dividing total indebtedness at the end of the quarter by EBITDA (earnings before interest, taxes, depreciation and amortization expense), as such terms are defined in the Revolving Credit Facility, for the trailing four quarters. The financial covenants included in the Company's other financing agreements are similar to the financial covenants contained in the Revolving Credit Facility. The Company was in compliance with all financial covenants contained in its financing agreements at November 30, 2004.

During the first quarter of 2005, the Company's consolidated stockholders' equity increased \$22.6 million to \$500.6 million at November 30, 2004. The increase was due primarily to net income earned during the period, the issuance of shares under the Company's compensation programs, and the favorable impact of foreign currency translation adjustments, partially offset by the payment of dividends. The Company's debt to total capital ratio was 45.3% at both November 30, 2004 and August 31, 2004.

Dividends

The Company paid cash dividends on common stock during the first three months of 2005 of \$6.4 million (\$0.15 per share). The Company expects to pay annual stockholder dividends of \$0.60 per share during 2005, consistent with 2004, subject to quarterly approval by the Board of Directors.

Results of Operations

First Quarter of 2005 Compared to First Quarter of 2004

Consolidated Results

Net sales for the quarter ended November 30, 2004 were \$525.2 million compared to \$517.5 million reported in the year-ago period, an increase of \$7.7 million, or 1.5%. The growth in net sales, which occurred in both of the Company's segments, was due primarily to favorable pricing and greater shipments within certain channels in the commercial and industrial portions of the lighting and chemical businesses, partially offset by lower shipments in the retail channel. Consolidated gross profit margins increased slightly to 41.7% of net sales in the first quarter of 2005 as compared to 41.5% of net sales reported in the year-ago period. The improvement in gross profit margins was due primarily to favorable pricing and product mix as well as benefits from previously initiated profit improvement programs, particularly at ABL. These benefits were partially offset by a dramatic rise in the cost of raw materials, particularly steel, and certain other components. For example, the Company estimates that steel and aluminum costs were more than \$8.0 million higher in the first quarter of 2005 compared to the year-ago period. Consolidated operating expenses were \$190.6 million (36.3% of net sales) in the first quarter of 2005 compared to \$186.7 million (36.1% of net sales) in the year-ago period. The

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increase in operating expenses was due primarily to higher expenses at ABL and Corporate. The increase at ABL was primarily the result of higher commissions, freight, and warranty expense partially offset by lower than expected costs for a product recall.

Consolidated operating profit of \$28.2 million increased by \$0.2 million, or 0.7%, in the first quarter of 2005 compared to the year-ago period. Consolidated operating profit margins of 5.4% of net sales in the first quarter of 2005 approximated such margins for the same period in 2004. The increase in operating profit was due primarily to the impact of favorable price and product mix changes, partially offset by higher raw material costs and greater expense for Company-wide long-term incentive programs. Net income for the first quarter of 2005 increased \$0.3 million, or 2.3%, to \$13.2 million from \$12.9 million reported in the first quarter of 2004. The increase in net income resulted primarily from the increase in operating profit noted above. Diluted earnings per share in the first quarter of 2005 of \$0.30 was flat compared to the first quarter of 2004.

Acuity Brands Lighting

Net sales at ABL in the first quarter of 2005 were \$398.0 million compared to \$391.0 million reported in the year-ago period, an increase of \$7.0 million, or 1.8%. The increase was due primarily to improved pricing and greater shipments in the commercial and industrial channel. Those improvements were partially offset by a decline in shipments to a non-strategic customer in the home improvement channel and certain projects with two national accounts not repeated in the current year. The backlog at ABL increased approximately \$6.5 million, or 4.3%, to \$159.3 million at November 30, 2004 from \$152.8 million at August 31, 2004.

Operating profit at ABL increased \$2.1 million, or 7.7%, to \$29.4 million in the first quarter of 2005 from \$27.3 million reported in the prior year. Operating profit margins improved to 7.4% of net sales in the first quarter of 2005 from 7.0% of net sales reported in the same period a year ago. The increase in operating profit and margins was due primarily to benefits from pricing initiatives, favorable product mix changes, lower than anticipated product recall costs, and benefits from the manufacturing network transformation project. These benefits were partially offset by lower profit contribution from reduced shipments in certain channels noted above, higher costs for certain raw materials, higher warranty expenses, and increased rates for commission and freight.

Acuity Specialty Products

Net sales at ASP in the first quarter of 2005 were \$127.2 million compared to \$126.5 million reported in the year-ago period, representing an increase of \$0.7 million. The increase in net sales was due primarily to higher shipments and improved pricing in the institutional and industrial ("I&I") channel, partially offset by lower shipments in the retail channel and the absence of sales from a small product line divested during the first quarter of 2004.

Operating profit at ASP in the first quarter of 2005 decreased slightly to \$7.2 million from \$7.4 million reported in the year-ago period. Operating margins decreased to 5.7% of net sales from 5.9% of net sales a year ago. Additional contribution from the higher net sales noted above was more than offset by the impact of higher raw material costs and increased compliance costs, causing the decrease in operating profit and margins.

Corporate

Corporate expenses were \$8.4 million in the first quarter of 2005 compared to \$6.7 million in the year-ago period. The increase in corporate expenses was primarily the result of greater expense for Company-wide restricted stock incentives and other share-based programs, reflecting, in part, the effect of appreciation of the Company's stock price on these programs and an increase in awards outstanding.

Income Taxes

The effective tax rate for the first quarter of 2005 was 35.1%, compared to 36.0% in the first quarter of 2004. The Company will continue to evaluate its effective tax rate on a quarterly basis but, based on current facts and circumstances, expects the rate to remain approximately 35.0% for the remainder of the year. The Company is in the process of evaluating the effect of the American Jobs Creation Act of 2004 on its plans for reinvestment or repatriation of foreign earnings for purposes of applying Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. The evaluation of the impact on the financial statements will also depend on guidance expected to be provided by the IRS.

Other Expense (Income)

Other expense (income) for Acuity Brands consisted primarily of interest expense and other miscellaneous non-operating activity including gains or losses on the sale of assets and foreign currency transactions. Interest expense, net, was \$8.9 million, an increase of \$0.2 million, or 2.3%, from the year-ago period. This increase was due primarily to a higher weighted average interest rate in the first quarter of 2005 compared to the first quarter of 2004 and, to a lesser extent, higher debt balances over the course of the quarter in comparison to the year-ago period.

Outlook

Management continues to anticipate that fiscal year 2005 will be challenging, particularly in the first half. This caution is due to several factors: the potential for continued weakness in a key market, non-residential construction; the significant impact of rising costs, particularly for certain components and raw materials; the impact of growing government regulations; and the short-term negative impact of ongoing process improvement initiatives. In light of those factors, operating results for the first half of 2005 are expected to be relatively consistent with those reported in the first half of 2004. However, in spite of these challenges, the Company expects to make meaningful progress for the full year of 2005 towards its long-term goals of growing earnings per share in excess of 15% per annum, providing a return on stockholders' equity of 15% or better, and reducing the Company's debt to total capitalization ratio to below 40%. Management expects to realize benefits from improved customer service capabilities, continuous improvement initiatives, and annual product and price review programs, particularly in the second half of 2005. Management anticipates that realization of these benefits in 2005 will result in improvement of consolidated operating profit margins by at least 70 basis points and in achievement of the Company's debt targets. Additionally, management sees indications of growing demand in key markets, including certain portions of non-residential construction, that could favorably impact results, particularly in the second half of the year.

Critical Accounting Policies

Management's Discussion and Analysis of Financial Condition and Results of Operations addresses the financial condition and results of operations as reflected in the Company's *Consolidated Financial Statements*, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to: inventory valuation; depreciation, amortization and the recoverability of long-lived assets, including intangible assets; medical, product warranty, and other reserves; litigation; and environmental matters. Management bases its estimates and judgments on its substantial historical experience and other relevant factors, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Management discusses the development of accounting estimates with the Company's Audit Committee. For a detailed discussion of significant accounting policies that may involve a higher degree of judgment, please refer to the Company's Form 10-K for the year ended August 31, 2004.

Cautionary Statement Regarding Forward-Looking Information

This filing contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Consequently, actual results may differ materially from those indicated by the forward-looking statements. Statements made herein that may be considered forward-looking include statements that relate to future performance or results of the Company, including without limitation: (a) the Company's expectations regarding liquidity and availability under its financing arrangements to fund its operations as currently planned and its anticipated capital investment and profit improvement initiatives, debt payments, dividend payments, and required contributions into its defined benefit plans; (b) the planned spending of approximately \$50.0 to \$55.0 million for new plant and equipment and enhanced information technology capabilities at both businesses during 2005; (c) the planned payment of annual stockholder dividends of \$0.60 per share during 2005; (d) the Company's expectations regarding the effective tax rate for the remainder of the year; (e) 2005 operating results (and the timing of operating results within 2005); (f) expected progress towards the achievement of management's long-term financial goals regarding earnings per share, return on stockholders' equity, and debt to total capitalization; (g) the expected realization of benefits from improved customer service capabilities, continuous improvement initiatives, and annual product and price review programs, the timing of such benefits, and the impact of these benefits on operating margins and the achievement of debt targets; and (h) the impact on results of growing demand in key markets and the timing of such impact. A variety of risks and uncertainties could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. The risks and uncertainties include without limitation the following: (a) the uncertainty of general business and economic conditions, including the potential for a more severe slowdown in non-residential construction and other industrial markets, changes in interest rates, and fluctuations in commodity and raw material prices or foreign currency rates; (b) the risk of economic, political, military, or other events in a country where the Company manufactures, procures, or sources a significant amount of raw materials, component parts, or finished goods; (c) the Company's ability to realize the anticipated benefits of initiatives expected to reduce costs, improve profits, enhance customer service, increase manufacturing efficiency, reduce debt, and expand product offerings and brands in the market through a variety of channels; (d) the risk that the Company will be unable to execute its various initiatives within expected timeframes; (e) unexpected developments in the Company's legal and environmental matters, including the matter related to the operation of ASP's wastewater pretreatment plant and ASP's management of hazardous waste at a facility in Atlanta, Georgia; (f) the risk that projected future cash flows from operations are not realized; (g) the impact of unforeseen factors on the Company's critical accounting estimates; (h) the impact of competition; and (i) unexpected changes in the Company's share price.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Interest Rates. Interest rate fluctuations expose the variable-rate debt of Acuity Brands to changes in interest expense and cash flows. The variable-rate debt of Acuity Brands, primarily short-term secured borrowings and amounts outstanding under the Company's Revolving Credit Facility, Term Loan, and long-term industrial revenue bonds amounted to \$54.0 million at November 30, 2004. Based on outstanding borrowings at quarter end, a 10% increase in market interest rates at November 30, 2004 would have resulted in additional annual after-tax interest expense of approximately \$0.1 million. A fluctuation in interest rates would not affect interest expense or cash flows related to the \$360.0 million publicly traded notes, Acuity Brands' primary fixed-rate debt. A 10% increase in market interest rates at November 30, 2004 would have decreased the fair value of these notes by approximately \$8.7 million. See Note 9 of the *Notes to Consolidated Financial Statements*, contained in this Form 10-Q, for additional information regarding the Company's long-term debt.

Foreign Exchange Rates. The majority of the net sales, expense, and capital purchases of Acuity Brands are transacted in U.S. dollars. Acuity Brands does not believe a 10% fluctuation in average foreign currency rates would have a material effect on its consolidated financial position or results of operations. However, during 2004, the Company entered into certain foreign currency forward contracts to hedge its exposure to variability in exchange rates on certain anticipated intercompany transactions with a Canadian business unit. At November 30, 2004, the Company had foreign currency contracts outstanding with an aggregate notional amount of \$27.0 million. These contracts mature monthly in \$3.0 million increments. The fair value of these contracts represented an unrealized pre-tax loss of approximately \$2.7 million at November 30, 2004.

Item 4. Controls and Procedures

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

As required by Commission rules, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of November 30, 2004. This evaluation was carried out under the supervision and with the participation of management, including the principal executive officer and principal financial officer. Based on this evaluation, these officers have concluded that the design and operation of the Company's disclosure controls and procedures are effective at a reasonable assurance level. However, because all disclosure procedures must rely to some degree on actions or decisions made by employees throughout the organization, such as reporting of material events, the Company and its reporting officers believe that they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company will be detected. Limitations within any control system, including the Company's control system, include faulty judgments in decision-making or simple errors or mistakes. In addition, controls can be circumvented by an individual, by collusion between two or more people, or by management override of the control. Because of these limitations, misstatements due to error or fraud may occur and may not be detected.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that: (a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the issuer are being made only in accordance with appropriate authorizations of management and directors of the issuer; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the issuer's assets that could have a material effect on the financial statements. There were no significant changes to the Company's internal control structure over financial reporting during the first quarter of 2005 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

Acuity Brands is subject to various legal claims arising in the normal course of business, including patent infringement and product liability claims. Based on information currently available, and except as described below, it is the opinion of management that the ultimate resolution of pending and threatened legal proceedings will not have a material adverse effect on the financial condition or results of operations of Acuity Brands. However, in the event of unexpected future developments, it is possible that the ultimate resolution of such matters, if unfavorable, could have a material adverse effect on the results of operations of Acuity Brands in future periods. Acuity Brands establishes reserves for legal claims when the costs associated with the claims become probable and can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher than the amounts reserved for such claims. See "Item 3. Legal Proceedings" in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2004.

Item 6. *Exhibits*

Exhibits are listed on the Index to Exhibits (page 22).

SIGNATURES

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

ACUITY BRANDS, INC.
REGISTRANT

DATE: January 6, 2005

/s/ Vernon J. Nagel

VERNON J. NAGEL
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

DATE: January 6, 2005

/s/ Karen J. Holcom

KAREN J. HOLCOM
VICE PRESIDENT, CONTROLLER, AND
INTERIM CHIEF FINANCIAL OFFICER

INDEX TO EXHIBITS

EXHIBIT 3	(a)	Restated Certificate of Incorporation of Acuity Brands, Inc.	Reference is made to Exhibit 3.1 to the registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(b)	Amended and Restated By-Laws of Acuity Brands, Inc.	Reference is made to Exhibit 3(b) to the registrant's Form 10-Q as filed with the Commission on July 6, 2004, which is incorporated herein by reference.
EXHIBIT 10(iii)A	(1)	Acuity Brands, Inc. Nonemployee Director Deferred Stock Unit Plan, amended and restated effective as of January 1, 2004.	Filed with the Commission as part of this Form 10-Q.
	(2)	Acuity Brands, Inc. Management Compensation and Incentive Plan Fiscal Year 2005 Plan Rules for Executive Officers.	Filed with the Commission as part of this Form 10-Q.
	(3)	Form of Incentive Stock Option Agreement for Executive Officers.	Filed with the Commission as part of this Form 10-Q.
	(4)	Form of Nonqualified Stock Option Agreement for Executive Officers.	Filed with the Commission as part of this Form 10-Q.
	(5)	Premium-Priced Nonqualified Stock Option Agreement for Executive Officers between Acuity Brands, Inc. and Vernon J. Nagel.	Filed with the Commission as part of this Form 10-Q.
	(6)	Form of Restricted Stock Award Agreement for Executive Officers.	Filed with the Commission as part of this Form 10-Q.
	(7)	Acuity Brands, Inc. Long-Term Incentive Plan Fiscal Year 2005 Plan Rules for Executive Officers.	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 31	(a)	Certification of the Chief Executive Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
	(b)	Certification of the Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 32	(a)	Certification of the Chief Executive Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
	(b)	Certification of the Chief Financial Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.

ACUITY BRANDS, INC.

NONEMPLOYEE DIRECTOR DEFERRED STOCK UNIT PLAN
(As Amended and Restated Effective as of January 1, 2004)1. Purpose.

The amended and restated 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 “Board Meeting Fee” shall mean the fee payable in cash or under this Plan to an Eligible Director for attendance at any meeting of the Board.

2.4 “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.

2.5 “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.

2.6 "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.

2.7 "Committee Meeting Fee" shall mean the fee payable in cash or under this Plan to an Eligible Director for attendance at any meeting of a committee of the Board

2.8 "Corporation" shall mean Acuity Brands, Inc., a Delaware corporation.

2.9 "Date of Grant" shall mean the date on which Deferred Stock Units are granted pursuant to Article V.

2.10 "Deferred Stock Units" shall mean the units issued pursuant to Article V hereof.

2.11 "Effective Date" shall mean December 1, 2001, the date when this Plan shall go into effect.

2.12 "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.

2.13 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

2.14 "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.

2.15 "NSI" shall mean National Service Industries, Inc., a Delaware corporation.

2.16 "Optional Amount" shall mean the amount elected by an Eligible Director for any year during the term hereof pursuant to Section 5.2 hereof.

2.17 "Plan" shall mean the Acuity Brands, Inc. Nonemployee Director Deferred Stock Unit Plan, as such Plan may be amended from time to time.

2.18 "Prior Plan" shall mean the National Service Industries, Inc. Nonemployee Director Deferred Stock Unit Plan.

2.19 "Required Amount" shall mean that portion of the Annual Fee not permitted to be paid in cash.

2.20 "Stock" shall mean the Common Stock of the Corporation.

2.21 "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 Board Meeting Fee, the Committee Meeting Fee, and 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 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.

5.4 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).

5.5 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 the 28th day of November, 2001, to be effective on the Effective Date, and amended and restated effective as of January 1, 2004.

ACUITY BRANDS, INC.

By: _____

James S. Balloun
Chairman and
Chief Executive Officer

Acuity Brands, Inc.
Management Compensation and Incentive Plan
Fiscal Year 2005 Plan Rules for Executive Officers

During the first quarter of fiscal year 2005, the Compensation Committee of the Board of Directors of Acuity Brands, Inc. adopted plan rules for potential cash bonuses to be earned by executive officers for fiscal year 2005 under the Corporation's Management Compensation and Incentive Plan. The plan rules for each executive officer consist of a target bonus amount, stated as a percentage of gross salary, subject to the application of negative discretion by the Committee. The target bonus is based on achievement of specified financial performance measures, and the actual bonus earned increases or decreases in relationship to the level of achievement of the financial performance measures, with no bonus payable (other than possible discretionary bonuses) if financial performance is below a specified threshold level.

The performance measures consist of specified targets for:

Headquarters-Based Executive Officers

- Diluted Earnings per Share, including the effect of asset impairments and gains or losses on sales of property or business, and excluding miscellaneous other income or expense;
- Consolidated EBIT Margin, calculated as earnings before interest and taxes divided by net sales; and
- Cash Flow Sufficient to Reduce Debt to Specified Amounts, calculated as the reduction in debt, plus or minus the change in cash, plus cash used for acquisitions, less cash generated from stock issuances.

Executive Officers Serving as Business Unit Presidents

- Business Unit Operating Profit, including the effect of asset impairments and gains or losses on sales of property or business, and excluding miscellaneous other income or expense;
- Business Unit Operating Profit Margin, calculated as operating profit (as defined above) divided by net sales; and
- Business Unit Cash Flow, calculated as cash flow from operations, less capital expenditures, plus cash received on sale of property of business, and excluding cash used for acquisitions.

The percentage of gross salary applied to the actual bonus earned is based on competitive compensation information for positions of comparable responsibilities with comparably-sized manufacturing companies.

Achievement of performance levels is determined by the Compensation Committee following the completion of the fiscal year and amounts are subject to the application of negative discretion by the Committee.

**INCENTIVE STOCK OPTION AGREEMENT
FOR EXECUTIVE OFFICERS**

THIS AGREEMENT, made as of «Grant_Date» (the “Grant Date”), between Acuity Brands, Inc., a Delaware corporation (the “Company”), and «First_Name» «Middle» «Last_Name» (the “Optionee”).

WHEREAS, the Company has adopted the Acuity Brands, Inc. Long-Term Incentive Plan (the “Plan”) in order to provide additional incentive to certain officers and key employees of the Company and its Subsidiaries; and

WHEREAS, the Optionee performs services for the Company and/or one of its Subsidiaries; and

WHEREAS, the Committee responsible for administration of the Plan has determined to grant the Option to the Optionee as provided herein.

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Option.

1.1 The Company hereby grants to the Optionee the right and option (the “Option”) to purchase all or any part of an aggregate of «Shrs_Granted_» whole Shares subject to, and in accordance with, the terms and conditions set forth in this Agreement and the Plan.

1.2 The Option is intended to qualify as an Incentive Stock Option within the meaning of Section 422 of the Code and shall be so construed; provided, however, that nothing in this Agreement shall be interpreted as a representation, guarantee, or other undertaking on the part of the Company that the Option is or will be determined to be an Incentive Stock Option within the meaning of Section 422 of the Code. To the extent this Option is not treated as an Incentive Stock Option, it will be treated as a Nonqualified Stock Option.

1.3 This Agreement shall be construed in accordance and consistent with, and subject to, the provisions of the Plan (the provisions of which are incorporated herein by reference) and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same definitions as set forth in the Plan.

1.4 The Option is conditioned upon Optionee’s execution of this Agreement. If the Agreement is not executed by the Optionee, the Option may be canceled by the Committee.

2. Purchase Price.

The price at which the Optionee shall be entitled to purchase Shares upon the exercise of the Option shall be «Grant_Price_» per Share.

3. Duration of Option.

The Option shall be exercisable to the extent and in the manner provided herein for a period of ten (10) years from the Grant Date (the “Exercise Term”); provided, however, that the Option may be earlier terminated as provided in Sections 1.4 and 6 hereof.

4. Vesting and Exercisability of Option.

The Option shall vest, and may be exercised, with respect to the Shares as set forth in the Optionee Statement attached hereto and made a part hereof, subject to earlier termination of the Option as provided in Sections 1.4 and 6 hereof or in the Plan. The right to purchase the Shares as they become vested shall be cumulative and shall continue during the Exercise Term unless sooner terminated as provided herein.

5. Manner of Exercise and Payment.

5.1 Subject to the terms and conditions of this Agreement and the Plan, the Option may be exercised by either (i) delivery of written notice to the Company, at its principal executive office or (ii) online notice given to an online broker with which the Company has made arrangement for the exercise of employee stock options, which notice satisfies the form and conditions set forth in such arrangement, which shall be provided to the Grantee from time to time. Such notice shall state that the Optionee is electing to exercise the Option and the number of Shares in respect of which the Option is being exercised and, if delivered in writing to the Company, shall be signed by the person or persons exercising the Option. If requested by the Committee, such person or persons shall (i) deliver this Agreement to the Secretary of the Company who shall endorse thereon a notation of such exercise and (ii) provide satisfactory proof as to the right of such person or persons to exercise the Option.

5.2 The notice of exercise described in Section 5.1 shall be accompanied by the full purchase price for any Shares purchased pursuant to the exercise of an Option and shall be paid in full upon such exercise, (i) in cash, by check, by transferring Shares to the Company or by attesting to the ownership of Shares, upon such terms and conditions as may be acceptable to the Committee or (ii) by such arrangement as is made by the Company with the designated online broker. 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.

5.3 Upon receipt of notice of exercise and full payment for the Shares in respect of which the Option is being exercised, the Company shall, subject to Section 16 of the Plan, take such action as may be necessary to effect the transfer to the Optionee of the number of Shares as to which such exercise was effective.

5.4 The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to any Shares subject to the Option until (i) the Option shall have been exercised pursuant to the terms of this Agreement and the Optionee shall have paid the full purchase price for the number of Shares in respect of which the Option was exercised, (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, whereupon the Optionee shall have full voting and other ownership rights with respect to such Shares.

6. Termination of Employment.

6.1 In General.

If the employment of the Optionee with the Company and its Subsidiaries shall terminate for any reason, other than for the reasons set forth in Sections 6.2 and 7.2 below, the Option shall continue to be exercisable (to the extent the Option was vested and exercisable on the date of the Optionee's termination of employment) at any time within three (3) months after the date of such termination of employment, but in no event after the expiration of the Exercise Term.

6.2 Termination of Employment Due to Death, Disability, or Retirement.

If the Optionee's termination of employment is due to death, Disability, or Retirement (termination on or after age 65), or if Optionee terminates employment after age 55, the following shall apply:

- (a) *Termination Due To Death.* In the event the Optionee dies while actively employed, the Option shall become immediately and fully exercisable, and shall remain exercisable at any time prior to the end of the Exercise Term, or for one (1) year after the date of death, whichever period is shorter, by (A) such person(s) that have acquired the Optionee's rights under such Options by will or by the laws of descent and distribution, or (B) if no such person described in (A) exists, the Optionee's estate or representative of the Optionee's estate.
- (b) *Termination by Disability.* In the event the employment of the Optionee is terminated by reason of Disability, the Option shall become immediately and fully exercisable as of the date the Committee determines the Optionee terminated for Disability and

shall remain exercisable at any time prior to the end of the Exercise Term, or for one (1) year after the date of termination, whichever period is shorter.

- (c) *Termination by Retirement.* In the event the employment of the Optionee is terminated by reason of Retirement, the Option shall continue to vest in accordance with the original schedule (just as if the Optionee had remained employed) and shall remain exercisable at any time prior to the end of the Exercise Term, or for five (5) years after the date of termination, whichever period is shorter. In the event of the Optionee's death after Retirement, the Option shall continue to vest and be exercisable in accordance with this subsection (c) as if the Optionee had lived and the Option shall be exercisable by the persons described in (a) above.
- (d) *Termination After Attaining Age 55.* If the Optionee terminates employment (other than as a result of death or Disability) after attaining age 55 but prior to age 65, unless the Committee determines otherwise at the time of such termination, the Option shall continue to vest in accordance with the original schedule (just as if the Optionee had remained employed) and shall remain exercisable at any time prior to the end of the Exercise Term, or for five (5) years after the date of termination, whichever period is shorter. In the event of the Optionee's death after terminating after age 55, the Option shall continue to vest and be exercisable in accordance with this subsection (d) as if the Optionee had lived and the Option shall be exercisable by the persons described in (a) above.

7. Effect of Change in Control.

7.1 Notwithstanding anything contained to the contrary in this Agreement, in the event of a Change in Control, the Option shall become immediately and fully exercisable, and the Committee, in its discretion, may terminate the Option, provided that at least 30 days prior to the Change in Control, the Committee notifies the Optionee that the Option will be terminated and provides the Optionee, at the election of the Committee, (i) the right to receive immediately a cash payment in an amount equal to the excess, if any, of (A) the greater of (x) the Fair Market Value on the date preceding the date of surrender, of the shares subject to the Option or portion of the Option surrendered, or (y) the Adjusted Fair Market Value of the Shares subject to the Option or portion thereof surrendered, over (B) the aggregate purchase price for such Shares under the Option; (ii) or the right to exercise all Options (including the Options vested as a result of the Change in Control) immediately prior to the Change in Control.

7.2 If the Options remain outstanding after the Change in Control and if the employment of the Optionee is terminated within two (2) years following a Change in Control, all vested Options shall continue to be exercisable at any time within five (5) years after the date of such termination of employment, but in no event after expiration of the Exercise Term.

8. Nontransferability.

The Option shall not be transferable other than by will or by the laws of descent and distribution. During the lifetime of the Optionee, the Option shall be exercisable only by the Optionee.

9. No Right to Continued Employment.

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Optionee any right with respect to continuance of employment by the Company or a Subsidiary, nor shall this Agreement or the Plan interfere in any way with the right of the Company or a Subsidiary to terminate the Optionee's employment at any time.

10. Adjustments.

In the event of a Change in Capitalization, the Committee may make appropriate adjustments to the number and class of Shares or other stock or securities subject to the Option and the purchase price for such Shares or other stock or securities. The Committee's adjustment shall be made in accordance with the provisions of Section 10 of the Plan and shall be effective and final, binding, and conclusive for all purposes of the Plan and this Agreement.

11. Withholding of Taxes and Notice of Disposition.

11.1 The Company shall have the right to deduct from any distribution of cash to the Optionee 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 the Option. If the Optionee is entitled to receive Shares upon exercise of the Option, the Optionee shall pay the Withholding Taxes (if any) to the Company in cash prior to the issuance of such Shares. In satisfaction of the Withholding Taxes, the Optionee may make a 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, having an aggregate Fair Market Value equal to the Withholding Taxes, provided that, if the Optionee may be subject to liability under Section 16(b) of the Exchange Act, the election must comply with the requirements applicable to Share transactions by such Optionees.

11.2 If the 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 the Option within the two-year period commencing on the day after the Grant Date 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.

12. Employee Bound by the Plan.

The Optionee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof.

13. Modification of Agreement.

This Agreement may be modified, amended, suspended, or terminated, and any terms or conditions may be waived, but only by a written instrument executed by the parties hereto.

14. Severability.

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

15. Governing Law.

The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the state of Delaware without giving effect to the conflicts of laws principles thereof.

16. Successors in Interest.

This Agreement shall inure to the benefit of and be binding upon each successor corporation. This Agreement shall inure to the benefit of the Optionee's legal representatives. All obligations imposed upon the Optionee and all rights granted to the Company under this Agreement shall be final, binding, and conclusive upon the Optionee's heirs, executors, administrators, and successors.

17. Resolution of Disputes.

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to, the interpretation, construction, or application of this Agreement shall be determined by the Committee. Any determination made hereunder shall be final, binding, and conclusive on the Optionee and the Company for all purposes.

ATTEST:

ACUITY BRANDS, INC.

By: _____

Helen D. Haines, Secretary

<<Name>>

Chairman and Chief Executive Officer

<First_Name> <Middle> <Last_Name>

**NONQUALIFIED STOCK OPTION AGREEMENT
FOR EXECUTIVE OFFICERS**

THIS AGREEMENT, made as of «Grant_Date» (the “Grant Date”), between Acuity Brands, Inc., a Delaware corporation (the “Company”), and «First_Name» «Middle» «Last_Name» (the “Optionee”).

WHEREAS, the Company has adopted the Acuity Brands, Inc. Long-Term Incentive Plan (the “Plan”) in order to provide additional incentive to certain officers and key employees of the Company and its Subsidiaries; and

WHEREAS, the Optionee performs services for the Company and/or one of its Subsidiaries; and

WHEREAS, the Committee responsible for administration of the Plan has determined to grant the Option to the Optionee as provided herein.

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Option.

1.1 The Company hereby grants to the Optionee the right and option (the “Option”) to purchase all or any part of an aggregate of «Shrs_Granted_» whole Shares subject to, and in accordance with, the terms and conditions set forth in this Agreement and the Plan.

1.2 The Option is not intended to qualify as an Incentive Stock Option within the meaning of Section 422 of the Code.

1.3 This Agreement shall be construed in accordance and consistent with, and subject to, the provisions of the Plan (the provisions of which are incorporated herein by reference) and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same definitions as set forth in the Plan.

1.4 The Option is conditioned upon Optionee’s execution of this Agreement. If the Agreement is not executed by the Optionee, the Option may be canceled by the Committee.

2. Purchase Price.

The price at which the Optionee shall be entitled to purchase Shares upon the exercise of the Option shall be «Grant_Price_» per Share.

3. Duration of Option.

The Option shall be exercisable to the extent and in the manner provided herein for a period of ten (10) years from the Grant Date (the "Exercise Term"); provided, however, that the Option may be earlier terminated as provided in Sections 1.4 and 6 hereof.

4. Vesting and Exercisability of Option.

The Option shall vest, and may be exercised, with respect to the Shares as set forth in the Optionee Statement attached hereto and made a part hereof, subject to earlier termination of the Option as provided in Sections 1.4 and 6 hereof or in the Plan. The right to purchase the Shares as they become vested shall be cumulative and shall continue during the Exercise Term unless sooner terminated as provided herein.

5. Manner of Exercise and Payment.

5.1 Subject to the terms and conditions of this Agreement and the Plan, the Option may be exercised by either (i) delivery of written notice to the Company, at its principal executive office or (ii) online notice given to an online broker with which the Company has made arrangement for the exercise of employee stock options, which notice satisfies the form and conditions set forth in such arrangement, which shall be provided to the Grantee from time to time. Such notice shall state that the Optionee is electing to exercise the Option and the number of Shares in respect of which the Option is being exercised and, if delivered in writing to the Company, shall be signed by the person or persons exercising the Option. If requested by the Committee, such person or persons shall (i) deliver this Agreement to the Secretary of the Company who shall endorse thereon a notation of such exercise and (ii) provide satisfactory proof as to the right of such person or persons to exercise the Option.

5.2 The notice of exercise described in Section 5.1 shall be accompanied by the full purchase price for any Shares purchased pursuant to the exercise of an Option and shall be paid in full upon such exercise, (i) in cash, by check, by transferring Shares to the Company or by attesting to the ownership of Shares, upon such terms and conditions as may be acceptable to the Committee or (ii) by such arrangement as is made by the Company with the designated online broker. 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.

5.3 Upon receipt of notice of exercise and full payment for the Shares in respect of which the Option is being exercised, the Company shall, subject to Section 16 of the Plan, take such action as may be necessary to effect the transfer to the Optionee of the number of Shares as to which such exercise was effective.

5.4 The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to any Shares subject to the Option until (i) the Option shall have been exercised pursuant to the terms of this Agreement and the Optionee shall have paid the full purchase price for the number of Shares in respect of which the Option was exercised, (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, whereupon the Optionee shall have full voting and other ownership rights with respect to such Shares.

6. Termination of Employment.

6.1 In General.

If the employment of the Optionee with the Company and its Subsidiaries shall terminate for any reason, other than for the reasons set forth in Sections 6.2 and 7.2 below, the Option shall continue to be exercisable (to the extent the Option was vested and exercisable on the date of the Optionee's termination of employment) at any time within three (3) months after the date of such termination of employment, but in no event after the expiration of the Exercise Term.

6.2 Termination of Employment Due to Death, Disability, or Retirement.

If the Optionee's termination of employment is due to death, Disability, or Retirement (termination on or after age 65), or if Optionee terminates employment after age 55, the following shall apply:

- (a) *Termination Due To Death.* In the event the Optionee dies while actively employed, the Option shall become immediately and fully exercisable, and shall remain exercisable at any time prior to the end of the Exercise Term, or for one (1) year after the date of death, whichever period is shorter, by (A) a Permitted Transferee (as defined in Section 8 below), if any, or such person(s) that have acquired the Optionee's rights under such Options by will or by the laws of descent and distribution, or (B) if no such person described in (A) exists, the Optionee's estate or representative of the Optionee's estate.
- (b) *Termination by Disability.* In the event the employment of the Optionee is terminated by reason of Disability, the Option shall become immediately and fully exercisable as of the date the Committee determines the Optionee terminated for Disability and shall remain exercisable at any time prior to the end of the Exercise Term, or for one (1) year after the date of termination, whichever period is shorter.

- (c) *Termination by Retirement.* In the event the employment of the Optionee is terminated by reason of Retirement, the Option shall continue to vest in accordance with the original schedule (just as if the Optionee had remained employed) and shall remain exercisable at any time prior to the end of the Exercise Term, or for five (5) years after the date of termination, whichever period is shorter. In the event of the Optionee's death after Retirement, the Options shall continue to vest and be exercisable in accordance with this subsection (c) as if the Optionee had lived and the Option shall be exercisable by the persons described in (a) above.
- (d) *Termination After Attaining Age 55.* If the Optionee terminates employment (other than as a result of death or Disability) after attaining age 55 but prior to age 65, unless the Committee determines otherwise at the time of such termination, the Option shall continue to vest in accordance with the original schedule (just as if the Optionee had remained employed) and shall remain exercisable at any time prior to the end of the Exercise Term, or for five (5) years after the date of termination, whichever period is shorter. In the event of the Optionee's death after after terminating after age 55, the Option shall continue to vest and be exercisable in accordance with this subsection (d) as if the Optionee had lived and the Option shall be exercisable by the persons described in (a) above.

7. Effect of Change in Control.

7.1 Notwithstanding anything contained to the contrary in this Agreement, in the event of a Change in Control, the Option shall become immediately and fully exercisable, and the Committee, in its discretion, may terminate the Option, provided that at least 30 days prior to the Change in Control, the Committee notifies the Optionee that the Option will be terminated and provides the Optionee, at the election of the Committee, (i) the right to receive immediately a cash payment in an amount equal to the excess, if any, of (A) the greater of (x) the Fair Market Value on the date preceding the date of surrender, of the shares subject to the Option or portion of the Option surrendered, or (y) the Adjusted Fair Market Value of the Shares subject to the Option or portion thereof surrendered, over (B) the aggregate purchase price for such Shares under the Option; (ii) or the right to exercise all Options (including the Options vested as a result of the Change in Control) immediately prior to the Change in Control.

7.2 If the Options remain outstanding after the Change in Control and if the employment of the Optionee is terminated within two (2) years following a Change in Control, all vested Options shall continue to be exercisable at any time within five (5) years after the date of such termination of employment, but in no event after expiration of the Exercise Term.

8. Transferability.

The Option shall not be transferable other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Option may be transferred, in whole or in part, without consideration, by written instrument signed by the Optionee, to any members of the immediate family of the Optionee (i.e., spouse, children, and grandchildren), any trusts for the benefit of such family members or any partnerships whose only partners are such family members (the "Permitted Transferees"). Appropriate evidence of any such transfer to the Permitted Transferees shall be delivered to the Company at its principal executive office. If all or part of the Option is transferred to a Permitted Transferee, the Permitted Transferee's rights hereunder shall be subject to the same restrictions and limitations with respect to the Option as the Optionee. During the lifetime of the Optionee, the Option shall be exercisable only by the Optionee, or if applicable, by the Permitted Transferees.

9. No Right to Continued Employment.

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Optionee any right with respect to continuance of employment by the Company or a Subsidiary, nor shall this Agreement or the Plan interfere in any way with the right of the Company or a Subsidiary to terminate the Optionee's employment at any time.

10. Adjustments.

In the event of a Change in Capitalization, the Committee may make appropriate adjustments to the number and class of Shares or other stock or securities subject to the Option and the purchase price for such Shares or other stock or securities. The Committee's adjustment shall be made in accordance with the provisions of Section 10 of the Plan and shall be effective and final, binding, and conclusive for all purposes of the Plan and this Agreement.

11. Withholding of Taxes.

The Company shall have the right to deduct from any distribution of cash to the Optionee 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 the Option. If the Optionee is entitled to receive Shares upon exercise of the Option, the Optionee shall pay the Withholding Taxes to the Company in cash prior to the issuance of such Shares. In satisfaction of the Withholding Taxes, the Optionee may make a 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, having an aggregate Fair Market Value equal to the Withholding Taxes,

provided that, if the Optionee may be subject to liability under Section 16(b) of the Exchange Act, the election must comply with the requirements applicable to Share transactions by such Optionees.

12. Employee Bound by the Plan.

The Optionee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof.

13. Modification of Agreement.

This Agreement may be modified, amended, suspended, or terminated, and any terms or conditions may be waived, but only by a written instrument executed by the parties hereto.

14. Severability.

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

15. Governing Law.

The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the state of Delaware without giving effect to the conflicts of laws principles thereof.

16. Successors in Interest.

This Agreement shall inure to the benefit of and be binding upon each successor corporation. This Agreement shall inure to the benefit of the Optionee's legal representatives. All obligations imposed upon the Optionee and all rights granted to the Company under this Agreement shall be final, binding, and conclusive upon the Optionee's heirs, executors, Permitted Transferees, administrators, and successors.

17. Resolution of Disputes.

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to, the interpretation, construction, or application of this Agreement shall be determined by the Committee. Any determination made hereunder shall be final, binding, and conclusive on the Optionee and the Company for all purposes.

ATTEST:

ACUITY BRANDS, INC.

By: _____

Helen D. Haines, Secretary

<<Name>>

Chairman and Chief Executive Officer

<First_Name> <Middle> <Last_Name>

**NONQUALIFIED STOCK OPTION AGREEMENT
FOR EXECUTIVE OFFICERS**

THIS AGREEMENT, made as of January 20, 2004 (the "Grant Date"), between Acuity Brands, Inc., a Delaware corporation (the "Company"), and Vernon J. Nagel (the "Optionee").

WHEREAS, the Company has adopted the Acuity Brands, Inc. Long-Term Incentive Plan (the "Plan") in order to provide additional incentive to certain officers and key employees of the Company and its Subsidiaries; and

WHEREAS, the Optionee performs services for the Company and/or one of its Subsidiaries; and

WHEREAS, the Committee responsible for administration of the Plan has determined to grant the Option to the Optionee as provided herein.

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Option.

1.1 The Company hereby grants to the Optionee the right and option (the "Option") to purchase all or any part of an aggregate of 150,000 whole Shares subject to, and in accordance with, the terms and conditions set forth in this Agreement and the Plan.

1.2 The Option is not intended to qualify as an Incentive Stock Option within the meaning of Section 422 of the Code.

1.3 This Agreement shall be construed in accordance and consistent with, and subject to, the provisions of the Plan (the provisions of which are incorporated herein by reference) and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same definitions as set forth in the Plan.

1.4 The Option is conditioned upon Optionee's execution of this Agreement. If the Agreement is not executed by the Optionee, the Option may be canceled by the Committee.

2. Purchase Price.

The price at which the Optionee shall be entitled to purchase Shares upon the exercise of the Option shall be \$31.00 per Share.

3. Duration of Option.

The Option shall be exercisable to the extent and in the manner provided herein for a period of ten (10) years from the Grant Date (the "Exercise Term"); provided, however, that the Option may be earlier terminated as provided in Sections 1.4 and 6 hereof.

4. Vesting and Exercisability of Option.

The Option shall vest, and may be exercised, with respect to the Shares as set forth in the Optionee Statement attached hereto and made a part hereof, subject to earlier termination of the Option as provided in Sections 1.4 and 6 hereof or in the Plan. The right to purchase the Shares as they become vested shall be cumulative and shall continue during the Exercise Term unless sooner terminated as provided herein.

5. Manner of Exercise and Payment.

5.1 Subject to the terms and conditions of this Agreement and the Plan, the Option may be exercised by either (i) delivery of written notice to the Company, at its principal executive office or (ii) online notice given to an online broker with which the Company has made arrangement for the exercise of employee stock options, which notice satisfies the form and conditions set forth in such arrangement, which shall be provided to the Grantee from time to time. Such notice shall state that the Optionee is electing to exercise the Option and the number of Shares in respect of which the Option is being exercised and, if delivered in writing to the Company, shall be signed by the person or persons exercising the Option. If requested by the Committee, such person or persons shall (i) deliver this Agreement to the Secretary of the Company who shall endorse thereon a notation of such exercise and (ii) provide satisfactory proof as to the right of such person or persons to exercise the Option.

5.2 The notice of exercise described in Section 5.1 shall be accompanied by the full purchase price for any Shares purchased pursuant to the exercise of an Option and shall be paid in full upon such exercise, (i) in cash, by check, by transferring Shares to the Company or by attesting to the ownership of Shares, upon such terms and conditions as may be acceptable to the Committee or (ii) by such arrangement as is made by the Company with the designated online broker. 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.

5.3 Upon receipt of notice of exercise and full payment for the Shares in respect of which the Option is being exercised, the Company shall, subject to Section 16 of the Plan, take such action as may be necessary to effect the transfer to the Optionee of the number of Shares as to which such exercise was effective.

5.4 The Optionee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to any Shares subject to the Option until (i) the Option shall have been exercised pursuant to the terms of this Agreement and the Optionee shall have paid the full purchase price for the number of Shares in respect of which the Option was exercised, (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, whereupon the Optionee shall have full voting and other ownership rights with respect to such Shares.

6. Termination of Employment.

6.1 In General.

If the employment of the Optionee with the Company and its Subsidiaries shall terminate for any reason, other than for the reasons set forth in Sections 6.2 and 7.2 below, the Option shall continue to be exercisable (to the extent the Option was vested and exercisable on the date of the Optionee's termination of employment) at any time within three (3) months after the date of such termination of employment, but in no event after the expiration of the Exercise Term.

6.2 Termination of Employment Due to Death, Disability, or Retirement.

If the Optionee's termination of employment is due to death, Disability, or Retirement (termination on or after age 65), or if Optionee terminates employment after age 55, the following shall apply:

- (a) *Termination Due To Death.* In the event the Optionee dies while actively employed, the Option shall become immediately and fully exercisable, and shall remain exercisable at any time prior to the end of the Exercise Term, or for one (1) year after the date of death, whichever period is shorter, by (A) a Permitted Transferee (as defined in Section 8 below), if any, or such person(s) that have acquired the Optionee's rights under such Options by will or by the laws of descent and distribution, or (B) if no such person described in (A) exists, the Optionee's estate or representative of the Optionee's estate.
- (b) *Termination by Disability.* In the event the employment of the Optionee is terminated by reason of Disability, the Option shall become immediately and fully exercisable as of the date the Committee determines the Optionee terminated for Disability and shall remain exercisable at any time prior to the end of the Exercise Term, or for one (1) year after the date of termination, whichever period is shorter.
- (c) *Termination by Retirement.* In the event the employment of the Optionee is terminated by reason of Retirement, the Option shall continue to vest in accordance with the original schedule (just as if the Optionee had remained employed) and shall remain exercisable at any time prior to the end of the Exercise Term, or for five (5) years after the date of termination, whichever period is shorter. In the event of the Optionee's death after Retirement, the Options shall continue to vest and be exercisable in accordance with this subsection (c) as if the Optionee had lived and the Option shall be exercisable by the persons described in (a) above.

- (d) *Termination After Attaining Age 55.* If the Optionee terminates employment (other than as a result of death or Disability) after attaining age 55 but prior to age 65, unless the Committee determines otherwise at the time of such termination, the Option shall continue to vest in accordance with the original schedule (just as if the Optionee had remained employed) and shall remain exercisable at any time prior to the end of the Exercise Term, or for five (5) years after the date of termination, whichever period is shorter. In the event of the Optionee's death after terminating after age 55, the Option shall continue to vest and be exercisable in accordance with this subsection (d) as if the Optionee had lived and the Option shall be exercisable by the persons described in (a) above.

7. Effect of Change in Control.

7.1 Notwithstanding anything contained to the contrary in this Agreement, in the event of a Change in Control, the Option shall become immediately and fully exercisable, and the Committee, in its discretion, may terminate the Option, provided that at least 30 days prior to the Change in Control, the Committee notifies the Optionee that the Option will be terminated and provides the Optionee, at the election of the Committee, (i) the right to receive immediately a cash payment in an amount equal to the excess, if any, of (A) the greater of (x) the Fair Market Value on the date preceding the date of surrender, of the shares subject to the Option or portion of the Option surrendered, or (y) the Adjusted Fair Market Value of the Shares subject to the Option or portion thereof surrendered, over (B) the aggregate purchase price for such Shares under the Option; (ii) or the right to exercise all Options (including the Options vested as a result of the Change in Control) immediately prior to the Change in Control.

7.2 If the Options remain outstanding after the Change in Control and if the employment of the Optionee is terminated within two (2) years following a Change in Control, all vested Options shall continue to be exercisable at any time within five (5) years after the date of such termination of employment, but in no event after expiration of the Exercise Term.

8. Transferability.

The Option shall not be transferable other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Option may be transferred, in whole or in part, without consideration, by written instrument signed by the Optionee, to any members of the immediate family of the Optionee (i.e., spouse, children, and grandchildren), any trusts for the benefit of such family members or any partnerships whose only partners are such family members (the "Permitted Transferees"). Appropriate evidence of any such transfer to the Permitted Transferees shall be delivered to the

Company at its principal executive office. If all or part of the Option is transferred to a Permitted Transferee, the Permitted Transferee's rights hereunder shall be subject to the same restrictions and limitations with respect to the Option as the Optionee. During the lifetime of the Optionee, the Option shall be exercisable only by the Optionee, or if applicable, by the Permitted Transferees.

9. No Right to Continued Employment.

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon the Optionee any right with respect to continuance of employment by the Company or a Subsidiary, nor shall this Agreement or the Plan interfere in any way with the right of the Company or a Subsidiary to terminate the Optionee's employment at any time.

10. Adjustments.

In the event of a Change in Capitalization, the Committee may make appropriate adjustments to the number and class of Shares or other stock or securities subject to the Option and the purchase price for such Shares or other stock or securities. The Committee's adjustment shall be made in accordance with the provisions of Section 10 of the Plan and shall be effective and final, binding, and conclusive for all purposes of the Plan and this Agreement.

11. Withholding of Taxes.

The Company shall have the right to deduct from any distribution of cash to the Optionee 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 the Option. If the Optionee is entitled to receive Shares upon exercise of the Option, the Optionee shall pay the Withholding Taxes to the Company in cash prior to the issuance of such Shares. In satisfaction of the Withholding Taxes, the Optionee may make a 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, having an aggregate Fair Market Value equal to the Withholding Taxes, provided that, if the Optionee may be subject to liability under Section 16(b) of the Exchange Act, the election must comply with the requirements applicable to Share transactions by such Optionees.

12. Employee Bound by the Plan.

The Optionee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof.

13. Modification of Agreement.

This Agreement may be modified, amended, suspended, or terminated, and any terms or conditions may be waived, but only by a written instrument executed by the parties hereto.

14. Severability.

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

15. Governing Law.

The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the state of Delaware without giving effect to the conflicts of laws principles thereof.

16. Successors in Interest.

This Agreement shall inure to the benefit of and be binding upon each successor corporation. This Agreement shall inure to the benefit of the Optionee's legal representatives. All obligations imposed upon the Optionee and all rights granted to the Company under this Agreement shall be final, binding, and conclusive upon the Optionee's heirs, executors, Permitted Transferees, administrators, and successors.

17. Resolution of Disputes.

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to, the interpretation, construction, or application of this Agreement shall be determined by the Committee. Any determination made hereunder shall be final, binding, and conclusive on the Optionee and the Company for all purposes.

ATTEST:

/s/ Helen d. Haines

Helen D. Haines, Secretary

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

James S. Balloun
Chairman, President, and
Chief Executive Officer

/s/ Vernon J. Nagel

Vernon J. Nagel

OPTIONEE SUMMARY

Vernon J. Nagel

Option Type: Nonqualified Stock Option

Grant Date: January 20, 2004

Shares Granted: 150,000

Vesting Dates:

<u>Vest Date</u>	<u>Shares Vesting</u>
January 20, 2005	50,000
January 20, 2006	50,000
January 20, 2007	50,000

Expiration Date: January 19, 2014

[For U.S. Participants with Severance Agreements]**ACUITY BRANDS, INC.
LONG-TERM INCENTIVE PLAN****RESTRICTED STOCK AWARD AGREEMENT**

THIS AGREEMENT, made and entered into as of «Grant_Date» by and between Acuity Brands, Inc., a Delaware Corporation, (the “Company”) and «First_Name» «Middle» «Last_Name» (“Grantee”).

W • I • T • N • E • S • S • E • T • H T • H • A • T :

WHEREAS, the Company maintains the Acuity Brands, Inc. Long-Term Incentive Plan (the “Plan”), and Grantee has been selected by the Committee to receive a Restricted Stock Award under the Plan;

WHEREAS, the Company and Grantee have determined that Grantee shall enter into certain non-competition, non-solicitation and non-recruitment covenants, attached hereto as Exhibits A, B and C respectively, in consideration for receipt of the Restricted Stock award pursuant hereto, receipt of any such awards that Grantee may receive in the future, continued employment, and other good and valuable consideration, and ;

NOW, THEREFORE, IT IS AGREED, by and between the Company and Grantee, as follows:

1. Awards of Restricted Stock

1.1 The Company hereby grants to Grantee an award of «Shrs_Granted_» Shares of restricted stock (“Restricted Stock”), subject to, and in accordance with, the restrictions, terms, and conditions set forth in this Agreement. The grant date of this award of Restricted Stock is «Grant_Date» (the “Grant Date”).

1.2 This Agreement (including any appendices) shall be construed in accordance with, and subject to, the provisions of the Plan (the provisions of which are incorporated herein by reference) and, except as otherwise expressly set forth herein, the capitalized terms used in this Agreement shall have the same definitions as set forth in the Plan.

2. Restrictions

2.1 Subject to Sections 2.3, 2.5, 2.6 and 2.7 below, if the Grantee remains employed by the Company, the Restricted Stock shall vest as follows:

<u>Number of Shares</u>	<u>Vesting Date</u>
«Shrs_Vest_1»	«Date_Vest_1»
«Shrs_Vest_2»	«Date_Vest_2»
«Shrs_Vest_2»	«Date_Vest_2»
«Shrs_Vest_2»	«Date_Vest_2»

2.2 Except as otherwise provided below, on each Vesting Date, Grantee shall own the Vested Shares of Restricted Stock free and clear of all restrictions imposed by this Agreement (except those imposed by Section 3.4 below). The Company shall transfer the Vested Shares of Restricted Stock to an unrestricted account in the name of the Grantee as soon as practical after each Vesting Date. For purposes of this Agreement, employment with a Subsidiary of the Company or service as a member of the Board of Directors of the Company shall be considered employment with the Company.

2.3 In the event, prior to the Vesting Date, (i) Grantee dies while actively employed by the Company, or (ii) Grantee has his employment terminated by reason of Disability, any Restricted Stock shall become fully vested and nonforfeitable as of the date of Grantee's death or Disability. The Company shall transfer the Shares of Restricted Stock, free and clear of any restrictions imposed by this Agreement (except for Section 3.4) to Grantee (or, in the event of death, his surviving spouse or, if none, to his estate) as soon as practical after his date of death or termination for Disability.

2.4 In exchange for receipt of consideration in the form of the Restricted Stock award pursuant to this Agreement, the prospect of receiving such awards in the future, continued employment, and other good and valuable consideration, Grantee agrees that, in the event he elects to terminate his employment with the Company on a voluntary basis ("Voluntary Termination"), for twelve (12) months following the date of such Voluntary Termination (the "Restricted Period"), Grantee shall comply with the non-competition, non-recruitment, and non-disclosure restrictions attached hereto as Exhibits A, B and C, respectively (the "Restrictive Covenants"). The parties hereto recognize that Grantee may experience periodic material changes in his job title and/or to the principal duties, responsibilities or services that he is called upon to perform on the behalf of the Company. If Grantee experiences such a material job change, the parties shall, as soon as is practicable, enter into a signed, written addendum to Exhibit A hereto reflecting such material change. Moreover, in the event of any material change in corporate organization on the part of the Direct Competitors set forth in Exhibit A hereto, the parties agree to amend Exhibit A, as necessary, at the Company's request, in order to reflect such change. Upon execution, any such written modification to Exhibit A shall represent an enforceable amendment to this Agreement and shall augment and supplant the definitions of the terms Executive Services or Direct Competitor set forth in Exhibit A hereto, as applicable.

2.5 If Grantee retires from the Company on or after attaining (i) age 65, or (ii) age 55 with 10 years of service, the vesting of the Restricted Stock shall continue as if Grantee were an active employee, unless within two (2) years of his date of termination Grantee violates the Restrictive Covenants, at which time all unvested Shares of Restricted Stock shall immediately be forfeited. If Grantee dies after retiring under this Section 2.5, but prior to the Vesting Date for any Shares of Restricted Stock, such Shares shall become fully vested and nonforfeitable as of the date of Grantee's death.

2.6 Except for death or Disability as provided in Section 2.3 or retirement as provided in Section 2.5, or except as otherwise provided in a severance agreement with Grantee, if Grantee terminates his employment or if the Company terminates Grantee prior to the Vesting Date, the Restricted Stock shall cease to vest further, the unvested Shares of Restricted Stock shall be immediately forfeited, and Grantee shall only be entitled to the Restricted Stock that has vested as of his date of termination.

2.7 Notwithstanding the other provisions of this Agreement, in the event of a Change in Control prior to Grantee's Vesting Date, all Shares of Restricted Stock shall become fully vested and nonforfeitable as of the date of the Change in Control. Not later than the first business day following the date of the Change in Control, the Company shall deliver to Grantee a cash payment representing the Fair Market Value of the Shares of Restricted Stock as of the date of the Change in Control.

2.8 The Restricted Stock may not be sold, assigned, transferred, pledged, or otherwise encumbered prior to the date Grantee becomes vested in the Restricted Stock.

3. Stock; Dividends; Voting

3.1 The Restricted Stock shall be registered on the Company's books in the name of Grantee as of the respective Grant Date for such Shares of Restricted Stock. The Company may issue stock certificates or evidence Grantee's interest by using a book entry account. Physical possession or custody of any stock certificates that are issued shall be retained by the Company until such time as the Shares are vested in accordance with Section 2. The Company reserves the right to place a legend on such stock certificate(s) restricting the transferability of such certificates and referring to the terms and conditions (including forfeiture) of this Agreement and the Plan.

3.2 During the period the Restricted Stock is not vested, the Grantee shall be entitled to receive dividends or similar distributions declared on such Restricted Stock and Grantee shall be entitled to vote such Restricted Stock.

3.3 In the event of a Change in Capitalization, the number and class of Shares or other securities that Grantee shall be entitled to, and shall hold, pursuant to this Agreement shall be appropriately adjusted or changed to reflect the Change in Capitalization, provided that any such additional Shares or additional or different shares or securities shall remain subject to the restrictions in this Agreement.

3.4 Grantee represents and warrants that he is acquiring the Restricted Stock for investment purposes only, and not with a view to distribution thereof. Grantee is aware that the Restricted Stock may not be registered under the federal or any state securities laws and that in that event, in addition to the other restrictions on the Shares, they will not be able to be transferred unless an exemption from registration is available or the Shares are registered. By making this award of Restricted Stock, the Company is not undertaking any obligation to register the Restricted Stock under any federal or state securities laws.

4. No Right to Continued Employment

Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon Grantee any right with respect to continuance of employment by the Company or a subsidiary, nor shall this Agreement or the Plan interfere in any way with the right of the Company or a Subsidiary to terminate Grantee's employment at any time.

5. Taxes and Withholding

Grantee shall be responsible for all federal, state, and local income taxes payable with respect to this award of Restricted Stock and dividends paid on unvested Restricted Stock. Grantee shall have the right to make such elections under the Internal Revenue Code of 1986, as amended, as are available in connection with this award of Restricted Stock. The Company and Grantee agree to report the value of the Restricted Stock in a consistent manner for federal income tax purposes. The Company shall have the right to retain and withhold from any payment of Restricted Stock or cash the amount of taxes required by any government to be withheld or otherwise deducted and paid with respect to such payment. At its discretion, the Company may require Grantee to reimburse the Company for any such taxes required to be withheld and may withhold any distribution in whole or in part until the Company is so reimbursed. In lieu thereof, the Company shall have the right to withhold from any other cash amounts due to Grantee an amount equal to such taxes required to be withheld or withhold and cancel (in whole or in part) a number of shares of Restricted Stock having a market value not less than the amount of such taxes.

6. Grantee Bound by the Plan

Grantee hereby acknowledges receipt of a copy of the Plan and the prospectus for the Plan, and agrees to be bound by all the terms and provisions thereof.

7. Modification of Agreement

This Agreement may be modified, amended, suspended, or terminated, and any terms or conditions may be waived, but only by a written instrument executed by the parties hereto.

8. Severability

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

9. Governing Law

The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the state of Delaware without giving effect to the conflicts of laws principles thereof.

10. Successors in Interest

This Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns, whether by merger, consolidation, reorganization, sale of assets, or otherwise. This Agreement shall inure to the benefit of Grantee's legal representatives. All obligations imposed upon Grantee and all rights granted to the Company under this Agreement shall be final, binding, and conclusive upon Grantee's heirs, executors, administrators, and successors.

11. Resolution of Disputes

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to the interpretation, construction, or application of this Agreement shall be determined by the Committee. Any determination made hereunder shall be final, binding, and conclusive on Grantee and the Company for all purposes.

12. Pronouns; Including

Wherever appropriate in this Agreement, personal pronouns shall be deemed to include the other genders and the singular to include the plural. Wherever used in this Agreement, the term "including" means "including, without limitation."

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

ATTEST:

ACUITY BRANDS, INC.

Helen D. Haines, Secretary

By: _____
Vernon J. Nagel
Chairman and Chief Executive Officer

GRANTEE:

«First_Name» «Middle» «Last_Name»

Acuity Brands, Inc.
Long-Term Incentive Plan
Fiscal Year 2005 Plan Rules for Executive Officers

During the first quarter of fiscal year 2005, the Compensation Committee of the Board of Directors of Acuity Brands, Inc. adopted plan rules for potential restricted stock awards to be earned by executive officers for performance during fiscal year 2005 under the Corporation's Long-Term Incentive Plan. The plan rules for each executive officer consist of a target award value, stated as a percentage of gross salary, subject to the application of negative discretion by the Committee. The target award is based on achievement of specified financial performance measures, and the actual award earned increases or decreases in relationship to the level of achievement of the financial performance measures, with no award earned (other than possible discretionary awards) if financial performance is below a specified threshold level.

The performance measures consist of specified targets for:

- Diluted Earnings per Share for the Corporation; and
- Business Unit contribution to the company-wide target.

The percentage of gross salary used in determining the target award is based on competitive compensation information for positions of comparable responsibilities with comparably-sized manufacturing companies.

Achievement of performance levels is determined by the Compensation Committee following the completion of the fiscal year and award amounts are subject to the application of negative discretion by the Committee. Awards are granted following completion of the fiscal year.

I, Vernon J. Nagel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acuity Brands, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 6, 2005

/s/ Vernon J. Nagel

Vernon J. Nagel
Chairman and Chief Executive Officer

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

I, Karen J. Holcom, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acuity Brands, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 6, 2005

/s/ Karen J. Holcom

Karen J. Holcom
Vice President, Controller, and Interim Chief Financial Officer

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

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Acuity Brands, Inc. (the "Corporation") for the quarter ended November 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Chairman and Chief Executive Officer of the Corporation, certifies that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Vernon J. Nagel

Vernon J. Nagel
Chairman and Chief Executive Officer
January 6, 2005

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

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Acuity Brands, Inc. (the "Corporation") for the quarter ended November 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Vice President, Controller, and Interim Chief Financial Officer of the Corporation, certifies that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Karen J. Holcom

Karen J. Holcom
Vice President, Controller, and Interim Chief Financial Officer
January 6, 2005

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