

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

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended August 31, 2018

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 2300, Atlanta, Georgia
(Address of principal executive offices)

58-2632672

(I.R.S. Employer Identification Number)

30309-7676

(Zip Code)

(404) 853-1400

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock (\$0.01 Par Value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller Reporting Company

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Based on the closing price of the Registrant's common stock of \$142.58 as quoted on the New York Stock Exchange on February 28, 2018, the aggregate market value of the voting stock held by nonaffiliates of the registrant was \$4.11 billion.

The number of shares outstanding of the registrant's common stock, \$0.01 par value, was 40,182,832 shares as of October 22, 2018.

DOCUMENTS INCORPORATED BY REFERENCE

Location in Form 10-K
Part II, Item 5; Part III, Items 10, 11, 12, 13, and 14

Incorporated Document
Proxy Statement for 2018 Annual Meeting of Stockholders

ACUITY BRANDS, INC.

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PART I

Item 1. **Business**

Overview

Acuity Brands, Inc. (“Acuity Brands”) is the parent company of Acuity Brands Lighting, Inc. (“ABL”) and other subsidiaries (Acuity Brands, ABL, and such other subsidiaries are collectively referred to herein as the “Company”), and was incorporated in 2001 under the laws of the State of Delaware. The Company is one of the world’s leading providers of lighting and building management solutions and services for commercial, institutional, industrial, infrastructure, and residential applications throughout North America and select international markets. The Company’s lighting and building management solutions include devices such as luminaires, lighting controls, controllers for various building systems, power supplies, prismatic skylights, and drivers, as well as integrated systems designed to optimize energy efficiency and comfort for various indoor and outdoor applications. Additionally, the Company continues to expand its solutions portfolio, including software and services, to provide a host of other economic benefits resulting from data analytics that enables the Internet of Things (“IoT”), supports the advancement of smart buildings, smart cities, and the smart grid, and allows businesses to develop custom applications to scale their operations.

As a results-driven, customer-centric company, management continues to align the unique capabilities and resources of the organization to drive profitable growth by providing comprehensive, differentiated, and integrated lighting and building management solutions and services for customers, driving world-class cost efficiency, and leveraging a culture of operational excellence through continuous improvement.

Lighting and building management solutions vary significantly in terms of functionality and performance and are selected based on a customer’s specification, including the aesthetic desires and performance requirements for a given application. The Company’s lighting and building management solutions are marketed under numerous brand names, including but not limited to Lithonia Lighting®, Holophane®, Peerless®, Gotham®, Mark Architectural Lighting™, Winona® Lighting, Juno®, Indy™, Aculux™, Healthcare Lighting®, Hydrel®, American Electric Lighting®, Antique Street Lamps™, Sunoptics®, eldoLED®, Distech Controls®, nLight®, ROAM®, Sensor Switch®, Power Sentry®, IOTA®, and Atrius™. As of August 31, 2018, the Company manufactures products in 17 facilities in North America and two facilities in Europe and employs approximately 13,000 associates.

Principal customers include electrical distributors, retail home improvement centers, electric utilities, national accounts, system integrators, digital retailers, lighting showrooms, and energy service companies located in North America and select international markets serving new construction, renovation, and maintenance and repair applications. In North America, the Company’s lighting and building management solutions are sold primarily by independent sales agents, electrical distributors, internal sales representatives, and system integrators who cover specific geographic areas and market channels. Products are delivered directly or through a network of distribution centers, regional warehouses, and commercial warehouses using both common carriers and a company-managed truck fleet. To serve international customers, the sales forces utilize a variety of distribution methods to meet specific individual customer or country requirements. In fiscal 2018, sales originated in North America and the United States accounted for approximately 97% and 89% of net sales, respectively. See the *Supplemental Disaggregated Information* footnote of the *Notes to Consolidated Financial Statements* for more information concerning the domestic and international net sales of the Company. The Company has one reportable segment serving the North American and select international lighting and building management markets.

Industry Overview

Based on industry sources and government information, the Company estimates that in fiscal 2018 the size of the North American lighting and building management solutions market served by the Company (also referred to herein as “addressable market”) was over \$20 billion and similar to the prior year as the addressable market was estimated to be flat to up low-single digits compared with fiscal 2017. The addressable market includes non-portable luminaires as defined by the National Electrical Manufacturers Association; poles for outdoor lighting; emergency lighting fixtures; daylighting; lighting controls; heating, ventilation, and air conditioning (“HVAC”) controls; and building management controllers, software, and systems. This market estimate is based on a combination of external industry data and internal estimates, and excludes portable and vehicular lighting fixtures and certain related lighting components, such as lighting ballasts, electronic drivers, and most lamps. A source of demand for the lighting and building management industry is attributed to the renovation and retrofit of less efficient lighting and building management systems. While the precise size of the North American market is not known, the Company estimates the potential size of the installed base of lighting and building management solutions to be over \$500 billion.

The Company operates in a highly competitive industry that is affected by volatility from a number of general business and economic factors, such as gross domestic product growth, employment levels, credit availability, energy costs, and commodity costs. The Company's market is based on residential and non-residential construction, both new as well as renovation and retrofit activity, which is sensitive to the volatility of these general economic factors. The Company is not aware of any data that accurately quantifies the split of the non-residential lighting market between new construction and renovation and retrofit activity; however, recent trends developed from industry sources and Company estimates suggest that renovation and retrofit activity represents a growing proportion of the total non-residential lighting market. Construction spending on infrastructure projects such as highways, streets, and urban developments has a material impact on the demand for the Company's infrastructure-focused lighting and building management solutions. Demand for the Company's lighting and building management solutions sold through certain retail channels is highly dependent on economic drivers, such as consumer spending and discretionary income, along with housing construction and home improvement spending.

The residential and non-residential market is influenced by: the development of new lighting technologies, including solid-state lighting, electronic drivers, embedded lighting controls, form factors, and more effective optical designs and lamps; federal, state, and local requirements for updated energy codes; incentives by federal, state, and local municipal authorities, as well as utility companies, for using more energy-efficient lighting and building management solutions; and design technologies addressing sustainability and facilitating smarter buildings and cities. The Company is a leading provider of integrated lighting and building management solutions based on these technologies and utilizes internally developed, licensed, or acquired intellectual property. Solid-state lighting and digital building management systems provide the opportunity for lighting and building management systems to be integrated in a manner resulting in the optimal platform for enabling the IoT that collect and exchange data to increase efficiency as well as provide a host of other economic benefits resulting from data analytics and other features. The Company expects that the industry's addressable market is likely to meaningfully expand due to the benefits and value creation provided by intelligent networked lighting, building management systems, and the IoT. New entrants, including both well-established as well as new software and technology companies, therefore continue to develop capabilities and solutions that are both complementary as well as competitive to those of traditional industry participants.

Products and Solutions

The Company offers a broad portfolio of indoor and outdoor lighting and building management solutions for commercial, institutional, industrial, infrastructure, and residential applications. The portfolio of lighting solutions includes lighting products utilizing light emitting diode ("LED"), fluorescent, organic LED ("OLED"), high intensity discharge, metal halide, and incandescent light sources to illuminate an extensive number of applications as well as standalone and embedded lighting control solutions from simple to sophisticated, wired and wireless. Lighting and controls products and solutions include the following: recessed, surface, and suspended lighting; downlighting; decorative lighting; emergency and exit lighting; track lighting; daylighting; special-use lighting; street and roadway lighting; parking garage lighting; underwater lighting; area pedestrian, flood, and decorative site lighting; landscape lighting; occupancy sensors; photocontrols; relay panels; architectural dimming panels; and integrated lighting controls systems. Building management solutions include products and solutions for controlling HVAC, lighting, shades, and access control that deliver end to end optimization of those building systems. The Company's lighting and building management solutions are designed to enhance the occupant experience, improve the quality of the visual environment, and provide seamless operational energy efficiency and cost reductions, as well as increased digital functionality due to a unique capability to collect vast amounts of data that can better enable the IoT for building owners. The Company also sells products to original equipment manufacturers ("OEMs") that include LED drivers, power supplies, modular wiring, sensors, glass, and inverters.

In addition, the Company provides services across applications that primarily relate to monitoring and controlling lighting and building management systems through network technologies and the commissioning of control systems. During fiscal 2017, the Company launched the Atrius™ IoT platform, which delivers connectivity and intelligence to a space via an expansive network of smart LED lighting and controls and a software platform that gathers, unlocks and transforms raw data to enable a broad range of software solutions addressing critical business challenges. The Company's total solution offerings now include recurring services that deliver an array of capabilities, including indoor positioning, asset tracking, space utilization, spatial analytics, and energy management.

Sales of lighting and building management solutions, excluding services, accounted for approximately 99% of total consolidated net sales for the Company in fiscal 2018, 2017, and 2016.

Sales and Marketing

Sales. The Company sells lighting and building management solutions to customers in the North American market utilizing numerous sales forces, including internal direct salespeople and independent sales agencies, based on the

channel and geography served. The Company also operates separate European sales forces, including independent international sales agencies and system integrators, and an international sales group coordinating export sales outside of North America and Europe.

Marketing. The Company markets its portfolio and service capabilities to end users in multiple channels through a broad spectrum of marketing and promotional methods, including direct customer contact, trade shows, on-site training, print and digital advertising in industry publications, product brochures, and other literature, as well as through digital marketing and social media. The Company operates training and education facilities in several locations throughout North America and Europe designed to enhance the lighting knowledge of customers and industry professionals.

Customers

Customers of the Company include electrical distributors, retail home improvement centers, electric utilities, national accounts, system integrators, utility distributors, value-added resellers, digital retailers, government entities and municipalities, lighting showrooms, developers, OEMs, and energy service companies. In addition, there are a variety of other professionals who can represent a significant influence in the product and solutions specification process for any given project. These generally include building owners, federal, state, and local governments, contractors, engineers, architects, and lighting designers.

No single customer accounted for more than 10% of net sales in fiscal 2018, 2017, or 2016.

Manufacturing and Distribution

The Company operates 19 manufacturing facilities, including nine facilities in the United States, six facilities in Mexico, two facilities in Europe, and two in Canada. The Company utilizes a blend of internal and outsourced manufacturing processes and capabilities to fulfill a variety of customer needs in the most cost-effective manner. Certain critical processes, such as reflector forming and anodizing, high-end glass production, surface mount circuit board production, and assembly are performed (not exclusively) at company-operated facilities, offering the ability to differentiate products through superior capabilities. Other components, such as lamps, LEDs, certain LED light engines, sockets, and ballasts are purchased primarily from third-party vendors. The Company's investment in its production facilities is focused primarily on improving capabilities, product quality, and manufacturing efficiency as well as environmental, health, and safety compliance. The Company also utilizes contract manufacturing from U.S., Asian, and European sources for certain products. The following table shows the percentage of finished goods manufactured and purchased in fiscal 2018 by significant geographic region.

	Manufactured	Purchased	Total
United States	19%	7%	26%
Mexico	57%	—%	57%
China	—%	15%	15%
Others	2%	—%	2%
Total	78%	22%	100%

The Company operates six facilities in Mexico, which are authorized to operate as Maquiladoras by the Ministry of Economy of Mexico. Maquiladora status allows the Company to import certain items from the United States into Mexico duty-free, provided that such items, after processing, are exported from Mexico within a stipulated time frame. Maquiladora status, which is renewed periodically, is subject to various restrictions and requirements, including compliance with the terms of the Maquiladora program and other local regulations, which have become stricter in recent years.

Lighting and building management solutions are delivered directly from manufacturing facilities or through a network of strategically located distribution centers, regional warehouses, and commercial warehouses in North America using both common carriers and a company-managed truck fleet. For international customers, distribution methods are adapted to meet individual customer or country requirements. During fiscal 2018, net sales initiated outside of the U.S. represented approximately 11% of total net sales. See the *Supplemental Disaggregated Information* footnote of the *Notes to Consolidated Financial Statements* for additional information regarding the geographic distribution of net sales, operating profit, and long-lived assets.

Research and Development

Research and development (“R&D”) is defined as the critical investigation aimed at discovery of new knowledge and the conversion of that knowledge into the design of a new product or significant improvement to an existing product. The Company invests in the development of new products and solutions as well as the enhancement of existing offerings with a focus on improving the performance-to-cost ratio and energy efficiency. The Company also develops software applications and capabilities to enhance data analytics offerings. R&D expenses consist of compensation, payroll taxes, employee benefits, materials, supplies, and other administrative costs, but do not include all new product development costs. For fiscal 2018, 2017, and 2016, research and development expense totaled \$63.9 million, \$52.0 million, and \$47.1 million, respectively.

Competition

The Company experiences competition based on numerous factors, including features and benefits, brand name recognition, product quality, product and system design, energy efficiency, customer relationships, service capabilities, and price. The market for lighting and building management solutions and services is competitive and continues to evolve. Certain global and more diversified electrical manufacturers may provide a broader product offering utilizing electrical, lighting, and building management products as well as pricing benefits from the bundling of various offerings. In addition, there have been a growing number of new competitors, from small startup companies to global electronics, technology, and software companies, offering competing solutions, sometimes deploying different technologies. Asian imports have also increased competition within the lighting market.

Environmental Regulation

The operations of the Company are subject to numerous comprehensive laws and regulations relating to the generation, storage, handling, transportation, and disposal of hazardous substances, as well as solid and hazardous wastes, and to the remediation of contaminated sites. In addition, permits and environmental controls are required for certain of the Company’s operations to limit air and water pollution, and these permits are subject to modification, renewal, and revocation by issuing authorities. On an ongoing basis, the Company allocates resources, including investments in capital and operating costs relating to environmental compliance. Environmental laws and regulations have generally become stricter in recent years, and federal, state, and local governments domestically and internationally are considering new laws and regulations, including those governing raw material composition, air emissions, end-of-life product dispositions, and energy efficiency. The Company is not aware of any pending legislation or proposed regulation related to environmental issues that would have a material adverse effect on the Company. The cost of responding to future changes, however, may be substantial.

Raw Materials

Products produced by the Company require certain raw materials, including certain grades of steel and aluminum, electrical and electronic components, plastics, and other petroleum-based materials and components. In fiscal 2018, the Company purchased approximately 104,000 tons of steel and aluminum. The Company estimates that approximately 7% of purchased raw materials are petroleum-based. Additionally, the Company estimates that approximately six million gallons of diesel fuel were consumed in fiscal 2018 through the Company’s distribution activities. The Company purchases most raw materials and other components on the open market and relies on third parties for providing certain finished goods. While these items are generally available from multiple sources, the cost of products sold may be affected by changes in the market price of raw materials and tariffs on certain raw materials, particularly imports from China, as well as disruptions in availability of raw materials, components, and sourced finished goods.

The Company does not currently engage in or expect to engage in significant commodity hedging transactions for raw materials, though the Company has and will continue to commit to purchase certain materials for a period of up to 12 months. The Company monitors and investigates alternative suppliers and materials based on numerous attributes including quality, service, and price. The Company currently sources raw materials and components from a number of suppliers, but the Company’s ongoing efforts to improve the cost effectiveness of its products and services may result in a reduction in the number of its suppliers.

Backlog Orders

The Company produces and stocks quantities of inventory at key distribution centers and warehouses throughout North America and to a much lesser degree, certain European markets. The backlog of orders at any given time is affected by various factors, including seasonality, cancellations, sales promotions, production cycle times, and the timing of receipt and shipment of orders, which are usually shipped within a few weeks of order receipt. Accordingly, a comparison of backlog orders from period to period is not necessarily meaningful and may not be indicative of future shipments.

Intellectual Property

The Company owns or has licenses to use various domestic and foreign patents, trademarks, and other intellectual property related to its products, processes, and businesses. These intellectual property rights are important factors for its businesses. The Company relies on copyright, patent, trade secret, and trademark laws as well as agreements, restrictive covenants, and internal processes and controls to protect these proprietary rights. Despite these protections, unauthorized parties may attempt to infringe on the intellectual property of the Company. As of August 31, 2018, the Company had approximately 1,450 active United States and foreign patents. While patents and patent applications in the aggregate are important to the competitive position of the Company, no single patent or patent application is individually material to the Company.

Seasonality and Cyclicity

The Company's business exhibits some seasonality, with net sales being affected by weather and seasonal demand on construction and installation programs, particularly during the winter months, as well as the annual budget cycles of major customers. Because of these seasonal factors, the Company has experienced, and generally expects to experience, its highest sales in the last two quarters of each fiscal year.

The Company's lighting and building management solutions are sold to customers in both the new construction as well as renovation and retrofit markets for residential and non-residential applications. The construction market is cyclical in nature and subject to changes in general economic conditions. Sales volume has a major impact on the profitability of the Company. Economic downturns and the potential decline in key construction markets may have a material adverse effect on the net sales and operating income of the Company.

Employees

As of August 31, 2018, the Company employed approximately 13,000 associates, of which approximately 4,200 were employed in the United States, approximately 8,300 in Mexico, and approximately 500 in other international locations, including Europe, Canada, and the Asia/Pacific region. Union recognition and collective bargaining arrangements are in place or in process, covering approximately 9,300 persons (including approximately 1,900 in the United States). Union recognition and collective bargaining arrangements covering approximately 8,200 persons will expire within the next fiscal year, primarily due to annual negotiations with unions in Mexico. The remaining arrangements will expire after the next fiscal year and relate to approximately 1,100 persons employed within the United States. The Company believes that it has a good relationship with both its unionized and non-unionized employees.

Information Concerning Acuity Brands

The Company makes its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K (and all amendments to these reports) and proxy statements, together with all reports filed pursuant to Section 16 of the Securities Exchange Act of 1934 by the Company's officers, directors, and beneficial owners of 10% or more of the Company's common stock, available free of charge through the "SEC Filings" link on the Company's website, located at www.acuitybrands.com, as soon as reasonably practicable after they are filed with or furnished to the Securities and Exchange Commission. Information included on the Company's website is not incorporated by reference into this Annual Report on Form 10-K. The Company's reports are also available on the Securities and Exchange Commission's website at www.sec.gov.

Additionally, the Company has adopted a written Code of Ethics and Business Conduct that applies to all of the Company's directors, officers, and employees, including its principal executive officer and senior financial officers. The Code of Ethics and Business Conduct and the Company's Corporate Governance Guidelines are available free of charge through the "Corporate Governance" link on the Company's website. Any amendments to, or waivers of, the Code of Ethics and Business Conduct for the Company's principal executive officer and senior financial officers will be disclosed on the Company's website promptly following the date of such amendment or waiver. Additionally, the Statement of Responsibilities of Committees of the Board and the Statement of Rules and Procedures of Committees

of the Board, which contain the charters for the Company's Audit Committee, Compensation Committee, and Governance Committee, and the rules and procedures relating thereto, are available free of charge through the "Corporate Governance" link on the Company's website. Each of the Code of Ethics and Business Conduct, the Corporate Governance Guidelines, the Statement of Responsibilities of Committees of the Board, and the Statement of Rules and Procedures of Committees of the Board is available in print to any stockholder of the Company that requests such document by contacting the Company's Investor Relations department.

Item 1a. Risk Factors

This filing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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. See "Cautionary Statement Regarding Forward-Looking Information" included in Management's Discussion and Analysis of Financial Condition and Results of Operations. These risks could adversely impact the Company's financial position, results of operations, and cash flows and could cause the market price of the Company's common stock to decrease. Such risks include, without limitation:

Risks Related to the Company's Strategy

General business, political, and economic conditions, including the strength of the construction market, political events, or other factors may affect demand for the Company's products and services.

The Company competes based on numerous factors, including features and benefits, brand name recognition, product quality, product and system design, energy efficiency, customer relationships, service capabilities, and price. Asian imports have also increased competition within the lighting market. In addition, the Company operates in a highly competitive environment that is influenced by a number of general business and economic factors, such as economic vitality, employment levels, credit availability, interest rates, trends in vacancy rates and rent values, energy costs, and commodity costs. Sales of lighting and building management solutions depend significantly on the level of activity in new construction and renovation/retrofits. Declines in general economic activity, appropriations, and regulations, including tax and trade policy, may negatively impact new construction and renovation projects, which in turn may impact demand for the Company's product and service offerings.

The Company's results may be adversely affected by fluctuations in the cost or availability of raw materials, components, purchased finished goods, or services.

The Company utilizes a variety of raw materials and components in its production process including steel, aluminum, lamps, certain rare earth materials, LEDs, LED drivers, ballasts, wire, electronic components, power supplies, petroleum-based by-products, natural gas, and copper. The Company also sources certain finished goods externally. Future increases in the costs of these items, including import tariffs, could adversely affect profitability, as there can be no assurance that future price increases will be successfully passed through to customers. The Company generally sources these goods from a number of suppliers. However, there are a limited number of suppliers for certain components and certain purchased finished goods, which on a limited basis results in sole-source supplier situations. Disruptions in the supply of those items could negatively impact the Company's performance. Suppliers for certain of those items are competitors of the Company that may, for various strategic reasons, choose to cease selling to the Company. In addition, the Company's ongoing efforts to improve the cost effectiveness of its products and services may result in a reduction in the number of its suppliers, and in turn, increased risk associated with reliance on a single or limited number of suppliers. Furthermore, volatility in certain commodities, such as oil, impacts all suppliers and, therefore, may cause the Company to experience significant price increases from time to time regardless of the number and availability of suppliers. Profitability and volume could be negatively impacted by limitations inherent within the supply chain of certain of these component parts, including competitive, governmental, and legal limitations, natural disasters, and other events that could impact both supply and price. Additionally, the Company is dependent on certain service providers for key operational functions. While there are a number of suppliers of these services, the cost to change service providers and set up new processes could be significant.

The Company's results may be adversely affected by its inability to maintain pricing.

Aggressive pricing actions by competitors, including Asian importers and those within the technology and services sectors, may affect the Company's ability to achieve desired revenue growth and profitability levels under its current pricing strategies. The Company may also decide to lower prices to match the competition. Additionally, the Company may not be able to increase prices to cover rising costs of components and raw materials. Even if the Company were able to increase prices to cover costs, competitive pricing pressures may not allow the Company to pass on any more than the cost increases. Alternatively, if component and raw material costs were to decline, the marketplace may not allow the Company to hold prices at their current levels.

The Company's inability to effectively introduce new products and solutions could adversely affect its ability to compete.

Continual introductions of new products and solutions, services, and technologies, enhancement of existing products and services, and effective servicing of customers are key to the Company's competitive strategy. The success of new product and solution introductions depends on a number of factors, including, but not limited to, timely and successful product development, product quality, market acceptance, the Company's ability to manage the risks associated with product life cycles, such as additional inventory obsolescence risk as product life cycles begin to shorten, new products and production capabilities, effective management of purchase commitments and inventory levels to support anticipated product manufacturing and demand, availability of products in appropriate quantities and costs to meet anticipated demand, and risk that new products may have quality or other defects in the early stages of introduction. Accordingly, the Company cannot fully predict the ultimate effect of new product introductions on the Company's business. Additionally, new products and solutions may not achieve the same profit margins as expected and as compared to the Company's historic products and solutions.

The Company may pursue future growth through strategic acquisitions, alliances, or investments, which may not yield anticipated benefits.

The Company has strengthened its business through strategic acquisitions, alliances, and investments and may continue to do so as opportunities arise in the future. Such investments have been and may be in start-up or development stage entities. The Company will benefit from such activity only to the extent that it can effectively leverage and integrate the assets or capabilities of the acquired businesses and alliances, including, but not limited to, personnel, technology, and operating processes. Moreover, unanticipated events, negative revisions to valuation assumptions and estimates, diversion of resources and management's attention from other business concerns, and difficulties in attaining synergies, among other factors, could adversely affect the Company's ability to recover initial and subsequent investments, particularly those related to acquired goodwill and intangible assets or non-controlling interests. In addition, such investment transactions may limit the Company's ability to invest in other activities, which could be more profitable or advantageous.

The inability to effectively execute its business strategies could adversely affect the Company's financial condition and results of operations.

Various uncertainties and risks are associated with the implementation of a number of aspects of the Company's global business strategies, including but not limited to, the development, marketing and selling of new products and solutions, new product development, the development, marketing, and selling of lighting, building management, and software-based solutions, effective integration of acquisitions, and development of production capacity related to components such as LED drivers. Those uncertainties and risks include, but are not limited to: diversion of management's attention; difficulty in retaining or attracting employees; negative impact on relationships with distributors and customers; obsolescence of current products and slow new product development; inability to effectively participate in the emerging opportunities of the IoT utilizing the Company's digital lighting and building management systems; additional streamlining efforts; inability to produce certain components with quality, performance, and cost attributes equal to or better than provided by other component manufacturers; and unforeseen difficulties in the implementation of the management operating structure. Problems with strategy execution could offset anticipated benefits, disrupt service to customers, and impact product quality as well as adversely affect the Company. With the addition of new products and solutions, the Company may encounter new and different competitors that may have more experience with respect to such products and solutions.

The Company may experience difficulties in streamlining activities which could impact shipments to customers, product quality, and the realization of expected savings from streamlining actions.

The Company expects to benefit from its programs to streamline operations, including the consolidation of certain facilities and the reduction of overhead costs. Such benefits will only be realized to the extent that the Company can effectively leverage assets, personnel, and operating processes in the transition of production between manufacturing facilities. Uncertainty is inherent within the facility consolidation process and unforeseen circumstances could offset the anticipated benefits, disrupt service to customers, and impact product quality.

Risks Related to the Company's Operations

Technological developments and increased competition could affect the Company's operating profit margins and sales volume.

The Company competes in an industry and markets where technology and innovation play major roles in the competitive landscape. The Company is highly engaged in the investigation, development, and implementation of new technologies and services. Securing employee talent, key partnerships, and alliances, including having access to technologies, services, and solutions developed by others, and obtaining appropriate patents and the right to utilize patents of other parties all play a significant role in protecting the Company's freedom to operate and development activities. Additionally, the continual development of new technologies by existing and new source suppliers — including non-traditional competitors with significant resources — looking for either direct market access or partnerships with competing large manufacturers, coupled with significant associated exclusivity and/or patent activity, could adversely affect the Company's ability to sustain operating profit margins and desirable levels of sales volume.

In addition, there have been a growing number of new competitors, from small startup companies to global electronics, Asian, technology, and software companies, which may vertically integrate and begin offering total solution packages that directly compete with the Company's offerings. Certain global and more diversified electrical manufacturers as well as certain global technology and building solution providers may be able to obtain a competitive advantage over the Company by offering broader and more integrated solutions utilizing electrical, lighting, controls, building automation systems, and data analytics, and small startup companies may offer more localized product sales and support services within individual regions.

The Company may be unable to sustain significant customer and/or channel partner relationships.

Relationships with customers are directly impacted by the Company's ability to deliver quality products and services. Although no individual customer exceeded 10% of sales during the current fiscal year, the loss of or a substantial decrease in the volume of purchases by certain larger customers could harm the Company in a meaningful manner. The Company has relationships with channel partners such as electrical distributors, home improvement retailers, independent sales agencies, system integrators, and value-added resellers. While the Company maintains positive, and in many cases long-term, relationships with these channel partners, the loss of a number of these channel partners or a substantial decrease in the volume of purchases from a major channel partner or a group of channel partners could adversely affect the Company.

The Company could be adversely affected by disruptions to its operations.

The breakdown of equipment or other events, including, but not limited to, labor disputes, strikes, workplace violence, pandemics, cyber-attacks, civil disruptions, or catastrophic events such as war or natural disasters, leading to production interruptions in the Company's or one or more of its suppliers' facilities could adversely affect the Company. Approximately 57% of the Company's finished products are manufactured in Mexico, a country that periodically experiences heightened civil unrest or may experience trade disputes with the U.S., both of which could cause a disruption of the supply of products to or from these facilities. Further, because many of the Company's customers are to varying degrees dependent on planned deliveries from the Company's facilities, those customers that have to reschedule their own production or delay opening a facility due to the Company's missed deliveries as a result of these disruptions could pursue financial claims against the Company. The Company may incur costs to correct any of these problems in addition to facing claims from customers. Further, the Company's reputation among actual and potential customers may be harmed and result in a loss of business. While the Company has developed business continuity plans, including alternative capacity, to support responses to such events or disruptions and maintains insurance policies covering, among other things, physical damage and business interruptions, these policies may not cover all losses. The Company could incur uninsured losses and liabilities arising from such events, including damage to its reputation, loss of customers, and substantial losses in operational capacity.

Company operating systems, information systems, or portable devices may experience a failure, a compromise of security, or a violation of data privacy laws or regulations, which could adversely impact the Company's operations as well as the effectiveness of internal controls over operations and financial reporting.

The Company is highly dependent on various software and automated systems to record and process operational and financial transactions. The Company could experience a failure of one or more of these software and automated systems or could fail to complete all necessary data reconciliation or other conversion controls when implementing a new software system. The Company could also experience a compromise of its security due to many reasons, including technical system flaws, clerical, data input or record-keeping errors, or tampering or manipulation of its systems by

employees or unauthorized third parties, including viruses, malware, or phishing. Information security risks also exist with respect to the use of portable electronic devices, such as laptops and smartphones, which are particularly vulnerable to loss and theft. The Company may also be subject to disruptions of any of these systems arising from events that are wholly or partially beyond its control (for example, natural disasters, acts of terrorism, cyber attacks, epidemics, computer viruses, and electrical/telecommunications outages). All of these risks are also applicable where the Company relies on outside vendors to provide services, which may operate in a cloud environment. The Company is dependent on third-party vendors to operate secure and reliable systems which may include data transfers over the internet.

The Company also provides and maintains technology to enable lighting controls systems, building management systems, and business intelligence systems, in many cases through the internet of things (IoT) in certain of its customer offerings. In addition to the risks noted above, there are other risks associated with these customer offerings. For example, a customer may depend on integral information from, or functionality of, Company's technology to support that customer's other systems, such that a failure of Company's technology could impact those systems, including by loss or destruction of data. Likewise, a customer's failure to properly configure its own network and integrations with Company's technology are outside of the Company's control and could result in a failure in functionality or security of Company's technology.

The Company and certain of its third-party vendors may receive and store personal information in connection with human resources operations, customer offerings, and other aspects of the business. A material network breach in the security of these systems could include the theft of intellectual property, trade secrets, the unauthorized release, gathering, monitoring, misuse, loss, change, or destruction of the Company's or its clients' confidential, proprietary and other information (including personal identifying information of individuals), or otherwise disrupt the Company's or its clients' or other third parties' business operations. To the extent that any disruption or security breach results in a loss or damage to the Company's data, or an inappropriate disclosure of confidential or customer or employee information, it could cause significant damage to the Company's reputation, affect relationships with the Company's customers, employees, and other counterparties, lead to claims against the Company, which may result in the payment of fines, penalties, and costs, and ultimately harm the Company's business. In addition, the Company may be required to incur significant costs, or regulatory fines, penalties, or intervention, to protect against damage caused by these disruptions or security breaches in the future.

The Company is also subject to an increasing number of data privacy and security laws and regulations that impose requirements on the Company and its technology prior to certain use or transfer, storing, use, processing, disclosure, and protection of data and prior to sale or use of certain technologies. Failure to comply with such laws and regulations could result in the imposition of fines, penalties and other costs. The legal and regulatory data privacy framework is evolving and uncertain. For example, the European Court of Justice's decision in October 2015 to invalidate the Safe Harbor data privacy program between the United States and the European Union, the European Union's implementation of the General Data Protection Regulation in 2018, the European Union's pending ePrivacy Regulation, and California's implementation of its Consumer Privacy Act of 2018 and Connected Device Privacy Act of 2018 (f.k.a. SB-327) all could disrupt the Company's ability to use or transfer data or sell products and solutions because such activities may not be in compliance with applicable law in certain jurisdictions.

System failures, ineffective system implementation or disruptions, failure to comply with data privacy and security laws or regulations, or the compromise of security with respect to internal or external systems or portable electronic devices could damage the Company's systems or infrastructure, subject the Company to liability claims, or regulatory fines, penalties, or intervention, harm the Company's reputation, interrupt the Company's operations, disrupt customer operations, and adversely affect the Company's internal control over financial reporting, business, financial condition, results of operations, or cash flows.

Changes in the Company's relationship with employees, changes in U.S. or international employment regulations, an inability to attract and retain talented employees, or a loss of key employees could adversely impact the effectiveness of the Company's operations.

The Company employed approximately 13,000 people as of August 31, 2018, approximately 8,800 of whom are employed in international locations. As such, the Company has significant exposure to changes in domestic and foreign laws governing relationships with employees, including wage and hour laws and regulations, fair labor standards, minimum wage requirements, overtime pay, unemployment tax rates, workers' compensation rates, citizenship requirements, and payroll taxes, which likely would have a direct impact on the Company's operating costs. Union recognition and collective bargaining agreements are in place or in process covering approximately 72% of the Company's workforce, primarily due to annual negotiations with unions in Mexico. Collective bargaining agreements representing approximately 63% of the Company's workforce will expire within one year. While the Company believes that it has good relationships with both its unionized and non-unionized employees, the Company may become vulnerable to a strike, work stoppage, or other labor action by these employees.

The Company relies upon the knowledge and experience of employees involved in functions throughout the organization that require technical expertise and knowledge of the industry. An inability to attract and retain such employees could adversely impact the Company's ability to execute key operational functions.

There are inherent risks in our solutions and services businesses.

Risks inherent in the sale of solutions and services include assuming greater responsibility for successfully delivering projects that meet a particular customer specification, including defining and controlling contract scope and timing, efficiently executing projects, and managing the performance and quality of subcontractors and suppliers. As the Company expands its service offerings, reliance on the technical infrastructure to provide services to customers will increase. If the Company fails to appropriately manage and secure the technical infrastructure required, customers could experience service outages or delays in implementation of services. If the Company is unable to manage and mitigate these risks, the Company could incur liabilities and other losses.

The Company may be subject to risk in connection with third-party relationships necessary to operate the Company's business.

The Company utilizes strategic partners and third-party relationships in order to operate and grow its business. For instance, the Company utilizes third parties to contract manufacture certain products, subcontract installation and commissioning, as well as perform certain selling, distribution, and administrative functions. The Company cannot control the actions or performance, including product quality, of these third parties and therefore, cannot be certain that the Company or its end-users will be satisfied. Any future actions of or any failure to act by any third party on which the Company's business relies could cause the Company to incur losses or interruptions in its operations.

The Company is subject to risks related to operations and suppliers outside the United States.

The Company has substantial activities outside of the United States, including sourcing of products, materials, components, and contract manufactured finished goods, as well as manufacturing and distribution activities. The Company's operations, as well as those of key vendors, are therefore subject to regulatory, economic, political, military, and other events in countries where these operations are located. In addition to the risks that are common to both the Company's domestic and international operations, the Company faces risks specifically related to its foreign operations and sourcing activities, including but not limited to: foreign currency fluctuations; unstable political, social, regulatory, economic, financial, and market conditions; laws that prohibit shipments to certain countries or restricted parties and that prohibit improper payments to government officials such as the Foreign Corrupt Practices Act and the U.K. Bribery Act; potential for privatization and other confiscatory actions; trade restrictions and disruption; criminal activities; increases in tariffs and taxes; corruption; and other changes in regulation in international jurisdictions that could result in substantial additional legal or compliance obligations for the Company.

The Company sources certain components and approximately 15% of its finished goods from China, which are subject to the recently enacted import tariffs. These tariffs could increase in future periods resulting in higher costs and/or lower demand. The Company is seeking to mitigate the impact of the tariffs on its profitability, including a variety of activities such as engaging alternative non-Chinese suppliers, insourcing the production of certain products, and raising selling prices. The Company could be adversely affected to the extent it is unable to mitigate the impacts of the tariffs. In addition, if the Company's Mexican facilities cease to qualify for Maquiladora status or if the Mexican government adopts additional adverse changes to the program, the Company's manufacturing costs in Mexico would increase.

The Company operates six manufacturing facilities in Mexico, which are authorized to operate as Maquiladoras by the Ministry of Economy of Mexico. Maquiladora status allows the Company to import certain items from the United States into Mexico duty-free, provided that such items, after processing, are exported from Mexico within a stipulated time frame. Maquiladora status, which is renewed periodically, is subject to various restrictions and requirements, including compliance with the terms of the Maquiladora program and other local regulations, which have become stricter in recent years.

Certain regulations related to the Maquiladora program became effective in January 2015. Failure to comply with these regulations could adversely affect the Company's financial position, results of operations, and cash flows primarily because the Company would in such event be required to pay value-added tax on material imported into Mexico and then seek a refund of those amounts months later after the material is exported from Mexico.

The Company is also subject to certain other laws and regulations affecting its international operations, including laws and regulations such as the North American Free Trade Agreement ("NAFTA") which, among other things, provide certain beneficial duties and tariffs for qualifying imports and exports, subject to compliance with the applicable

classification and other requirements. A majority of the Company's sales are subject to NAFTA. The U.S. government has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, including NAFTA. In addition, the US government has initiated or is considering imposing tariffs on certain foreign goods, including steel and aluminum. Related to this action, certain foreign governments, including China, have instituted or are considering imposing tariffs on certain U.S. goods. The Company sources certain components, including steel and aluminum, and approximately 15% of its finished goods from China, which are subject to recently enacted tariffs. It remains unclear what the U.S. Administration or foreign governments will or will not do with respect to tariffs, NAFTA, or other international trade agreements and policies. A trade war or other governmental action related to tariffs or international trade agreements or policies has the potential to adversely impact demand for the Company's products, costs, customers, suppliers, and/or the US economy or certain sectors thereof and, thus, to adversely impact the Company's business.

The evolution of the Company's products, complexity of its supply chain, and reliance on third-party vendors such as customs brokers and freight vendors, which may not have effective processes and controls to enable the Company to fully and accurately comply with such requirements, could subject the Company to liabilities for past, present, or future periods. Such liabilities could adversely impact the Company's business.

In June 2016, the United Kingdom ("U.K.") held a referendum in which voters approved an exit from the European Union ("U.K.") commonly referred to as "Brexit." As a result of the referendum, the British government has begun negotiating the terms of the U.K.'s future relationship with the E.U. Although it is unknown what those terms will be, it is possible that there will be greater restrictions on imports and exports between the U.K. and E.U. countries and increased regulatory complexities. These changes could cause disruptions to and create uncertainty surrounding the Company's business and the business of existing and future customers and suppliers as well as have an impact on the Company's employees based in Europe, which could adversely impact its business. The actual effects of Brexit will depend on any agreements the U.K. makes to retain access to E.U. markets either during a transitional period or more permanently.

The Company continues to monitor conditions affecting its international locations, including potential changes in income from a strengthening or weakening in foreign exchange rates in relation to the U.S. dollar. Some of these risks, including but not limited to foreign exchange rates, violations of laws, and higher costs associated with changes in regulation, could adversely impact the Company's business.

Risks Related to Legal and Regulatory Matters

Failure to comply with the broad range of standards, laws and regulations in the jurisdictions in which the Company operates may result in exposure to substantial disruptions, costs and liabilities.

The laws and regulations impacting the Company impose increasingly complex, stringent and costly compliance activities, including but not limited to environmental, health, and safety protection standards and permitting, labeling and other requirements regarding, among other things, electronic and wireless communications, air emissions, wastewater discharges, the use, handling, and disposal of hazardous or toxic materials, remediation of environmental contamination, and working conditions for the Company's employees. Some environmental laws, such as Superfund, the Clean Water Act, and comparable laws in U.S. states and other jurisdictions world-wide, impose joint and several liability for the cost of environmental remediation, natural resource damages, third-party claims, and other expenses, without regard to the fault or the legality of the original conduct, on those persons who contributed to the release of a hazardous substance into the environment. The Company may also be affected by future industry standards, laws or regulations, including those imposed in response to energy, climate change, product functionality, geopolitical, or similar concerns. These standards, laws, or regulations may impact the sourcing of raw materials and the manufacture and distribution of the Company's products and place restrictions and other requirements or impediments on the products and solutions the Company can sell in certain geographical locations.

The Company may develop unexpected legal contingencies or matters that exceed insurance coverage.

The Company is subject to and in the future may be subject to various claims, including legal claims arising in the normal course of business. Such claims may include without limitation employment claims, product recall, personal injury, network security, data privacy, or property damage claims resulting from the use of the Company's products, services, or solutions, as well as exposure to hazardous materials, contract disputes, or intellectual property disputes. The Company is insured up to specified limits for certain types of losses with a self-insurance retention per occurrence, including product or professional liability, and cyber liability, including network security and data privacy claims, and is fully self-insured for certain other types of losses, including environmental, product recall, warranties, commercial disputes, and patent infringement. The Company 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 level of insurance coverage held by the Company and/or the amounts reserved for such claims. In the event of unexpected future developments, it is possible that the ultimate resolutions of such matters could be unfavorable. The Company's insurance coverage is negotiated on an annual basis, and insurance policies in the future may have coverage exclusions that could cause claim-related costs to rise.

If the Company's products are improperly designed, manufactured, packaged, or labeled, or are otherwise alleged to cause harm or injury, the Company may need to recall those items, may have increased warranty costs, and could be the target of product liability claims.

The Company may need to recall products if they are improperly designed, manufactured, packaged, or labeled, and the Company does not maintain insurance for such recall events. Many of the Company's products and solutions have become more complex in recent years and include more sophisticated and sensitive electronic components. A problem or issue relating to any individual component could have the effect of creating a compounded problem for an integrated solution, which could result in significant costs and losses. The Company has increasingly manufactured certain of those components and products in its own facilities. The Company has previously initiated product recalls as a result of potentially faulty components, assembly, installation, design, and packaging of its products. Widespread product recalls could result in significant losses due to the costs of a recall, the destruction of product inventory, penalties, and lost sales due to the unavailability of a product for a period of time. In addition, products developed by the Company that incorporate new technologies, such as LED technology, generally provide for more extensive warranty protection which may result in higher costs if warranty claims on these products are higher than historical amounts. The Company may also be liable if the use of any of its products causes harm, whether from fire, shock, harmful materials or components, alleged adverse health impacts from exposure to light, or any other personal injury or property damage, and the Company could suffer losses from a significant product liability judgment against the Company in excess of its insurance limits. The Company may not be able to obtain indemnity or reimbursement from its suppliers or other third parties for the warranty costs or liabilities associated with its products. A significant product recall, warranty claim, or product liability case could also result in adverse publicity, damage to the Company's reputation, and a loss of consumer confidence in its products.

The Company may fail to effectively estimate employer-sponsored health insurance premiums and incremental costs due to the Affordable Care Act and other healthcare considerations.

Previously enacted comprehensive federal healthcare reform legislation and proposed federal and state healthcare reform initiatives could create adverse effects for the Company. Possible adverse effects could include increased costs, exposure to expanded liability, and requirements for the Company to revise the ways in which healthcare and other benefits are provided to employees. To date, the Company has experienced increased costs related to such legislation; however, due to the phased-in nature of the implementation and the lack of interpretive guidance, the Company continues to monitor the potential impacts the health care reform legislation will have on the Company's financial results. Furthermore, any changes to or a repeal of previously enacted health care reform could cause the Company to incur additional expense to comply with or change its practices with respect any new or revised legislation.

The Company may not be able to adequately protect its intellectual property and could be the target of intellectual property claims.

The Company owns certain patents, trademarks, copyrights, trade secrets, and other intellectual property. In addition, the Company continues to file patent applications, when appropriate. The Company cannot be certain that others have not and will not infringe on its intellectual property rights; however, the Company seeks to establish and protect those rights, which could result in significant legal expenses and adversely affect the Company's financial condition and results of operations.

Over the last several years, the Company and others in the industry have received an increased number of allegations of patent infringement from competitors and from non-practicing entity patent holders, often coupled with offers to license such patents for use by the Company. Such offers typically relate to various technologies including electronics, power systems, controls, and software, as well as the use of visible light to communicate data, the use of certain wireless networking methods, and the design of specific products. The Company believes that it does not need or will be able to invalidate or access such patents through licensing, cross-licensing, or other mutually beneficial arrangements, although to the extent the Company is required but unable to enter into such arrangements on acceptable economic terms, it could adversely impact the Company.

Risks Related to Financial Matters

Tight credit conditions could impair the ability of the Company and other industry parties to effectively access capital markets, which could negatively impact demand for the Company's products and services.

The impact of tight credit conditions could impair the ability of real estate developers, property owners, and contractors to effectively access capital markets or obtain reasonable costs of capital on borrowed funds, resulting in depressed levels of construction and renovation projects. The inability of these constituents to borrow money to fund construction and renovation projects may reduce the demand for the Company's products and services.

The market price and trading volume of the Company's shares may be volatile.

The market price of the Company's common shares could fluctuate significantly for many reasons, including reasons unrelated to the Company's specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by customers, competitors, or suppliers regarding their own performance, as well as general global economic, industry, and political conditions. Since management does not provide guidance, the Company's performance could be different than analyst expectations causing a decline in the Company's stock price. To the extent that other large companies within the Company's industry experience declines in share price, the Company's share price may decline as well. In addition, when the market price of a company's shares drops significantly, shareholders could institute securities class action lawsuits against the Company or otherwise engage in activism, which could cause the Company to incur substantial costs and could divert the time and attention of the Company's management and other resources.

Risks related to the Company's defined benefit retirement plans may adversely impact results of operations and cash flows.

Significant changes in actual investment returns on defined benefit plan assets, discount rates, and other factors could adversely affect the Company's results of operations and the amount of contributions the Company is required to make to the defined benefit plans in future periods. As the Company's defined benefit plan assets and liabilities are marked-to-market on an annual basis, large non-cash gains or losses could be recorded in the fourth quarter of each fiscal year. In accordance with United States generally accepted accounting principles, the income or expense for the plans is calculated using actuarial valuations. These valuations reflect assumptions about financial markets and interest rates, which may change based on economic conditions. Funding requirements for the defined benefit plans are dependent upon, among other things, interest rates, underlying asset returns, and the impact of legislative or regulatory changes related to defined benefit funding obligations. Unfavorable changes in these factors could adversely affect the Company.

Item 1b. Unresolved Staff Comments

None.

Item 2. Properties

The general corporate offices of the Company are located in Atlanta, Georgia. Because of the diverse nature of operations and the large number of individual locations, it is neither practical nor meaningful to describe each of the operating facilities owned or leased by the Company. The following listing summarizes the significant facility categories as of August 31, 2018:

<u>Nature of Facilities</u>	<u>Owned</u>	<u>Leased</u>
Manufacturing facilities	14	5
Warehouses	1	2
Distribution centers*	1	7
Offices	5	19

* The majority of the distribution centers also have certain manufacturing and assembly capabilities.

The following table provides additional geographic information related to the Company's manufacturing facilities as of August 31, 2018:

	<u>United States</u>	<u>Mexico</u>	<u>Europe</u>	<u>Canada</u>	<u>Total</u>
Owned	7	4	2	1	14
Leased	2	2	—	1	5
Total	9	6	2	2	19

The Company believes that its properties are well maintained and in good operating condition and that its properties are suitable and adequate for its present needs. Initiatives related to enhancing global operations may result in the future consolidation of certain facilities.

Item 3. Legal Proceedings

General

The Company is subject to various legal claims arising in the normal course of business, including, but not limited to, patent infringement, product liability claims, and employment matters. The Company is self-insured up to specified limits for certain types of claims, including product liability, and is fully self-insured for certain other types of claims, including environmental, product recall, and patent infringement. Based on information currently available, it is the opinion of management that the ultimate resolution of any such pending and threatened legal proceedings will not have a material adverse effect on the financial condition, results of operations, or cash flows of the Company. However, in the event of unexpected future developments, it is possible that the ultimate resolution of any such matters, if unfavorable, could have a material adverse effect on the financial condition, results of operations, or cash flows of the Company in future periods. The Company establishes reserves for legal claims when the costs associated with the claims become probable and can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher than the amounts reserved for such claims. However, the Company cannot make a meaningful estimate of actual costs to be incurred that could possibly be higher or lower than the amounts reserved.

Securities Class Action

On January 3, 2018, a shareholder filed a class action complaint in the United States District Court for the District of Delaware against the Company and certain of its officers on behalf of all persons who purchased or otherwise acquired the Company's stock between June 29, 2016 and April 3, 2017. On February 20, 2018, a different shareholder filed a second class action complaint in the same venue against the same parties on behalf of all persons who purchased or otherwise acquired the Company's stock between October 15, 2015 and April 3, 2017. The cases were transferred on April 30, 2018, to the United States District Court for the Northern District of Georgia and subsequently were consolidated as *In re Acuity Brands, Inc. Securities Litigation*, Civil Action No. 1:18-cv-02140-MHC (N.D. Ga.). On October 5, 2018, the court-appointed lead plaintiff filed a consolidated amended class action complaint (the "Consolidated Complaint") which supersedes the initial complaints. The Consolidated Complaint is brought on behalf of all persons who purchased the Company's common stock between October 7, 2015 and April 3, 2017 and alleges that the Company and certain of its current officers and one former executive violated the federal securities laws by making false or misleading statements and/or omitting to disclose material adverse facts that (i) concealed known trends negatively impacting sales of the Company's products and (ii) overstated the Company's ability to achieve

profitable sales growth. The plaintiffs seek class certification, unspecified monetary damages, costs, and attorneys' fees. The Company disputes the allegations in the complaints and intends to move to dismiss the Consolidated Complaint and to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matters described above. The Company is insured, in excess of a self-retention, for Directors and Officers liability.

Environmental Matters

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

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

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

The common stock of Acuity Brands is listed on the New York Stock Exchange under the symbol "AYI." At October 22, 2018, there were 2,107 stockholders of record. The following table sets forth the New York Stock Exchange high and low sale prices and the dividend payments for Acuity Brands' common stock for the periods indicated.

	Price per Share		Dividends per Share
	High	Low	
Fiscal 2017			
First quarter	\$276.69	\$216.89	\$0.13
Second quarter	\$255.45	\$193.06	\$0.13
Third quarter	\$214.94	\$157.33	\$0.13
Fourth quarter	\$208.83	\$162.22	\$0.13
Fiscal 2018			
First quarter	\$182.64	\$153.28	\$0.13
Second quarter	\$186.99	\$141.77	\$0.13
Third quarter	\$154.52	\$109.98	\$0.13
Fourth quarter	\$155.25	\$113.91	\$0.13

The indicated annual dividend rate on the Company's common stock is \$0.52 per share. However, all decisions regarding the declaration and payment of dividends are at the discretion of the Board of Directors of the Company (the "Board") and will be evaluated regularly in light of the Company's financial condition, earnings, growth prospects, funding requirements, applicable law, and any other factors that the Board deems relevant. The information required by this item with respect to equity compensation plans is included under the caption *Equity Compensation Plans* in the Company's proxy statement for the annual meeting of stockholders to be held January 4, 2019, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Issuer Purchases of Equity Securities

In March 2018, the Board authorized the repurchase of up to six million shares of the Company's common stock. As of August 31, 2018, 0.8 million shares had been purchased under this authorization. The maximum number of shares that may yet be purchased under the program equals 5.2 million. Additionally, the Company repurchased 1.2 million shares during the current year under previous authorizations from the Board, resulting in total repurchases during fiscal 2018 of two million shares.

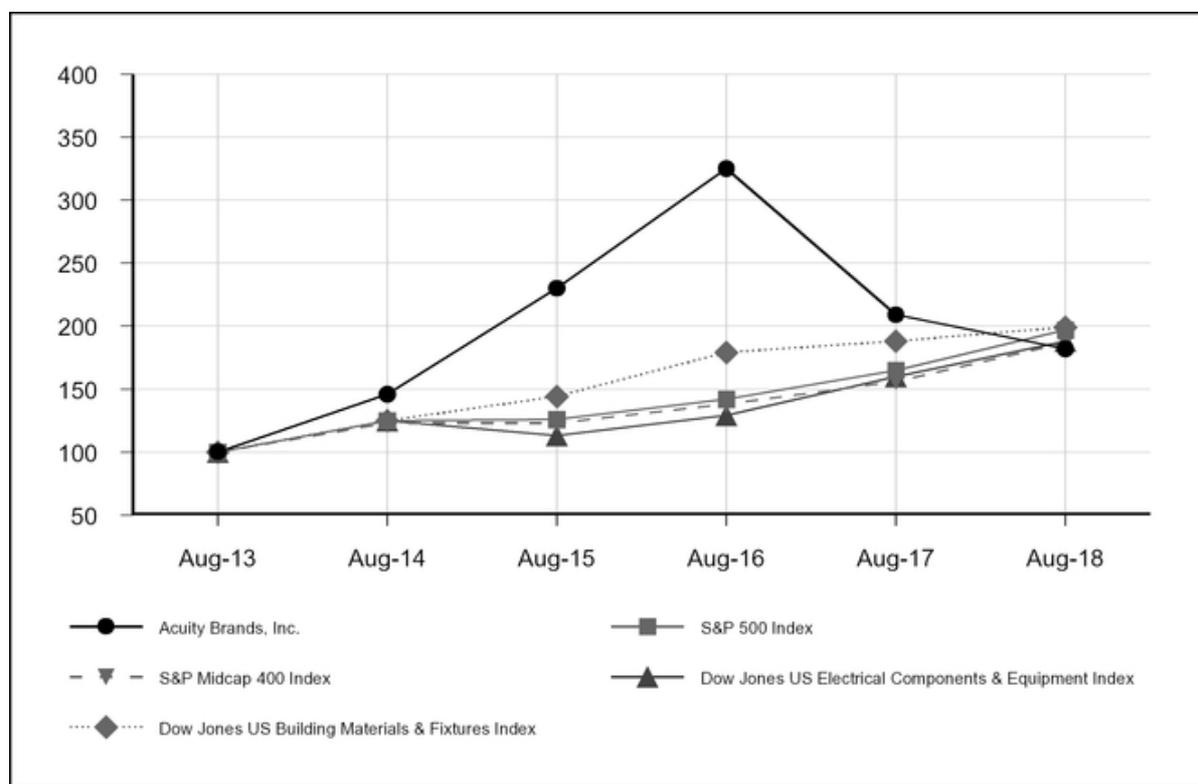
Shares may be repurchased from time to time at prevailing market prices, depending on market conditions, through open market or privately negotiated transactions. No date has been established for the completion of the share repurchase program, and the Company is not obligated to repurchase any shares.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

Company Stock Performance

The following information in this Annual Report on Form 10-K is not deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act, and it will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent specifically incorporated by reference into such filing.

The following graph compares the cumulative total return to shareholders on the Company's outstanding stock during the five years ended August 31, 2018, with the cumulative total returns of the Standard & Poor's ("S&P") 500 Index, the S&P Midcap 400 Index, the Dow Jones U.S. Electrical Components & Equipment Index, and the Dow Jones U.S. Building Materials & Fixtures Index. The Company is a component of both the S&P Midcap 400 Index and the Dow Jones U.S. Building Materials & Fixtures Index. The Dow Jones U.S. Electrical Components & Equipment Index is included in the following graph as the parent companies of several major lighting companies are included in the index. During fiscal 2018, the Company was removed from the S&P 500 Index and added to the S&P Midcap 400 Index. Therefore, the S&P 500 Index will be removed from the following cumulative total return chart in future periods.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN*
 Among Acuity Brands, Inc., the S&P 500 Index, the S&P Midcap 400 Index,
 the Dow Jones US Electrical Components & Equipment Index,
 and the Dow Jones US Building Materials & Fixtures Index



*Assumes \$100 invested on August 31, 2013 in stock or index, including reinvestment of dividends.

	Aug-13	Aug-14	Aug-15	Aug-16	Aug-17	Aug-18
Acuity Brands, Inc.	\$ 100	\$ 146	\$ 230	\$ 325	\$ 209	\$ 182
S&P 500 Index	\$ 100	\$ 125	\$ 126	\$ 142	\$ 165	\$ 197
S&P Midcap 400 Index	\$ 100	\$ 123	\$ 123	\$ 138	\$ 156	\$ 187
Dow Jones US Electrical Components & Equipment Index	\$ 100	\$ 125	\$ 113	\$ 129	\$ 160	\$ 188
Dow Jones US Building Materials & Fixtures Index	\$ 100	\$ 125	\$ 144	\$ 179	\$ 188	\$ 199

Item 6. Selected Financial Data

The following table sets forth certain selected consolidated financial data of the Company, which has been derived from the *Consolidated Financial Statements* for each of the five years in the period ended August 31, 2018. This historical information may not be indicative of the Company's future performance. The information set forth below should be read in conjunction with *Management's Discussion and Analysis of Financial Condition and Results of Operations* and the *Consolidated Financial Statements* and the notes thereto.

	Year Ended August 31,				
	2018 ⁽¹⁾	2017 ⁽²⁾	2016 ⁽³⁾	2015 ⁽⁴⁾	2014 ⁽⁵⁾
	(In millions, except per-share data)				
Net sales	\$ 3,680.1	\$ 3,505.1	\$ 3,291.3	\$ 2,706.7	\$ 2,393.5
Net income	349.6	321.7	290.8	222.1	175.8
Basic earnings per share	8.54	7.46	6.67	5.13	4.07
Diluted earnings per share	8.52	7.43	6.63	5.09	4.05
Cash and cash equivalents	129.1	311.1	413.2	756.8	552.5
Total assets	2,988.8	2,899.6	2,948.0	2,407.0	2,145.4
Long-term debt	356.4	356.5	355.0	352.4	351.9
Total debt	356.8	356.9	355.2	352.4	351.9
Stockholders' equity	1,716.8	1,665.6	1,659.8	1,360.0	1,163.5
Cash dividends declared per common share	0.52	0.52	0.52	0.52	0.52

- (1) Net Income, Basic Earnings per Share, and Diluted Earnings per Share for fiscal 2018 include a) pre-tax special charges of \$5.6 million related to streamlining initiatives, b) pre-tax amortization of acquired intangible assets of \$28.5 million c) pre-tax share-based payment expense of \$32.3 million, d) pre-tax acquisition-related items of \$3.8 million, f) excess inventory related to the closure of a facility of \$3.1 million, g) gain on sale of a business of \$5.4 million, and h) discrete income tax benefits of the U.S. Tax Cuts and Jobs Act of \$34.6 million, totaling \$0.32 per share.
- (2) Net Income, Basic Earnings per Share, and Diluted Earnings per Share for fiscal 2017 include a) pre-tax special charges of \$11.3 million related to streamlining initiatives, b) pre-tax amortization of acquired intangible assets of \$28.0 million c) pre-tax share-based payment expense of \$32.0 million, d) gain on sale of investment in unconsolidated affiliate of \$7.2 million, and e) manufacturing related inefficiencies directly related to the closure of a facility of \$1.6 million, totaling \$1.02 per share.
- (3) Net Income, Basic Earnings per Share, and Diluted Earnings per Share for fiscal 2016 include a) pre-tax special charges of \$15.0 million related to streamlining initiatives, b) pre-tax amortization of acquired intangible assets of \$21.4 million, c) pre-tax share-based payment expense of \$27.7 million, d) pre-tax acquisition-related items of \$10.8 million, and e) pre-tax impairment of intangible asset of \$5.1 million, totaling \$1.21 per share.
- (4) Net Income, Basic Earnings per Share, and Diluted Earnings per Share for fiscal 2015 include a) pre-tax special charges of \$12.4 million related to streamlining initiatives, b) pre-tax amortization of acquired intangible assets of \$11.0 million, c) pre-tax share-based payment expense of \$18.2 million, d) non tax-deductible professional fees of \$3.2 million related to acquisitions, and e) pre-tax net loss on financial instruments of \$2.6 million, totaling \$0.74 per share.
- (5) Net Income, Basic Earnings per Share, and Diluted Earnings per Share for fiscal 2014 include a) pre-tax amortization of acquired intangible assets of \$11.2 million, b) pre-tax share-based payment expense of \$17.7 million, c) pre-tax recoveries of \$5.8 million associated with fraud at the Company's former freight payment and audit service provider, and d) pre-tax special charge reversal of \$0.2 million related to initiatives to simplify and streamline the Company's operations, totaling \$0.35 per share.

Item 7. **Management's Discussion and Analysis of Financial Condition and Results of Operations**

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, Inc. ("Acuity Brands") and its subsidiaries for the years ended August 31, 2018, 2017, and 2016. The following discussion should be read in conjunction with the *Consolidated Financial Statements* and *Notes to Consolidated Financial Statements* included within this report.

Overview

Company

Acuity Brands is the parent company of Acuity Brands Lighting, Inc. ("ABL") and other subsidiaries (Acuity Brands, ABL, and such other subsidiaries are collectively referred to herein as the "Company"). The Company has its principal office in Atlanta, Georgia.

The Company is one of the world's leading providers of lighting and building management solutions and services for commercial, institutional, industrial, infrastructure, and residential applications throughout North America and select international markets. The Company's lighting and building management solutions include individual devices and integrated systems designed to optimize energy efficiency and comfort, enhance the occupant experience, and reduce operating costs for various indoor and outdoor applications. Individual devices include luminaires, lighting controls, controllers for various building systems, power supplies, prismatic skylights, inverters, and drivers. Additionally, the Company continues to expand its solutions portfolio to provide a host of other economic benefits, including software and services that enable the Internet of Things ("IoT"). The Company's IoT solutions provide customers with access to robust data analytics; support the advancement of smart buildings, smart cities, and the smart grid; and allow businesses to develop custom applications to scale their operations. As of August 31, 2018, the Company operates 19 manufacturing facilities and eight distribution facilities along with three warehouses to serve its extensive customer base and employs approximately 13,000 associates.

The Company does not consider acquisitions a critical element of its strategy but seeks opportunities to expand and enhance its portfolio of solutions, including the following transactions:

On May 1, 2018, using cash on hand and borrowings available under existing credit arrangements, the Company acquired IOTA Engineering, LLC ("IOTA"), a provider of highly engineered emergency lighting products and power equipment for commercial and institutional applications both in the U.S. and internationally.

On February 12, 2018, using cash on hand, the Company acquired Lucid Design Group, Inc ("Lucid") a provider of a data and analytics platform to make data-driven decisions to improve building efficiency and drive energy conservation and savings.

On June 30, 2016, using cash on hand and treasury stock, the Company acquired DGLogik, Inc. ("DGLogik"), a provider of innovative software solutions that enable and visualize the IoT. DGLogik's solutions provide users with the intelligence to better manage energy usage and improve facility performance.

On December 10, 2015, using cash on hand, the Company acquired Juno Lighting LLC ("Juno Lighting"), a leading provider of downlighting and track lighting fixtures for both residential and commercial applications.

On December 9, 2015, using cash on hand, the Company acquired Geometri, LLC ("Geometri"), a provider of a software and services platform for mapping, navigation, and analytics.

On September 1, 2015, using cash on hand, the Company acquired Distech Controls Inc. ("Distech Controls"), a provider of building automation solutions that allow for the integration of lighting, heating, ventilation, and air conditioning ("HVAC"), access control, closed circuit television, and related systems.

No acquisitions were completed during fiscal 2017.

Please refer to the *Acquisitions and Investments* footnote of the *Notes to Consolidated Financial Statements* for more information.

Strategy

The Company's strategy is to extend its leadership position in the North American market and certain international markets by delivering superior lighting and building management solutions. Additionally, the Company plans to continue to expand its software solution offerings. As a results-oriented, customer-centric company, management plans to align

the unique capabilities and resources of the organization to drive profitable growth through a keen focus on providing comprehensive and differentiated lighting and building management solutions for its customers, driving world-class cost efficiency, and leveraging a culture of operational excellence through continuous improvement.

Throughout fiscal 2018, the Company believes it made progress towards achieving its strategic objectives, including expanding its access to the market, expanding its addressable market, introducing new lighting and building management solutions, and enhancing its operations to create a stronger, more effective organization. The strategic objectives were developed to enable the Company to meet or exceed the following financial goals during an entire business cycle:

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

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

Liquidity and Capital Resources

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

The Company invested \$43.6 million in fiscal 2018 for capital expenditures, primarily for new equipment, tooling, facility enhancements, and information technology. The Company expects to invest approximately 1.5% of net sales in capital expenditures during fiscal 2019.

The Company's short-term cash needs are expected to include funding operations as currently planned, making anticipated capital investments, paying quarterly stockholder dividends as currently anticipated, paying principal and interest on borrowings as currently scheduled, making required contributions to its employee benefit plans, funding possible acquisitions, and potentially repurchasing up to 5.2 million shares of its outstanding common stock as authorized by the the Board of Directors (the "Board"). Management believes that the Company will be able to meet its liquidity needs over the next 12 months based on its cash on hand, current projections of cash flow from operations, and borrowing availability under recently executed financing arrangements. Additionally, management believes that the Company's cash flows from operations and sources of funding, including, but not limited to, future borrowings and capacity, will sufficiently support the long-term liquidity needs of the Company.

In March 2018, the Board authorized the repurchase of up to six million shares of the Company's common stock. As of August 31, 2018, 0.8 million shares had been purchased under this authorization. Additionally, the Company repurchased 1.2 million shares during the current year under previous authorizations from the Board, resulting in total repurchases during fiscal 2018 of two million shares. The extent and timing of future stock repurchases will be subject to various factors, including stock price, company performance, expected future market conditions, and other possible uses of cash, including acquisitions. The Company may increase its leverage to accommodate the stock repurchase program.

Cash Flow

The Company uses available cash and cash flow from operations, borrowings on credit arrangements, and proceeds from the exercise of stock options, to fund operations, capital expenditures, and acquisitions; to repurchase Company stock; and to pay dividends.

The Company's cash position at August 31, 2018 was \$129.1 million, a decrease of \$182.0 million from August 31, 2017. During the year ended August 31, 2018, the Company generated net cash flows from operating activities of \$353.2 million. Cash generated from operating activities, as well as cash on-hand, was used during the current year primarily to repurchase two million shares of the Company's outstanding common stock for \$298.4 million, to fund acquisitions of \$163.2 million, to fund capital expenditures of \$43.6 million, to pay dividends to stockholders of \$21.4 million, and to pay employee taxes of \$8.2 million on the net settlement of equity awards. Additionally, the Company fully repaid all borrowings under its revolving credit facility during fiscal 2018.

During fiscal 2018, net cash generated from operating activities increased \$16.6 million to \$353.2 million compared with \$336.6 million in the prior-year period due primarily to lower net working capital requirements, which reflect reduced variable incentive payments for prior year performance and payments for income taxes, partially offset by lower operating profit. Operating working capital (calculated by adding accounts receivable plus inventories, and subtracting accounts payable-net of acquisitions and the impact of foreign exchange rate changes) increased by approximately \$84.7 million during fiscal 2018 compared to an increase of \$34.3 million during fiscal 2017. Operating working capital requirements increased primarily due to greater production and purchases necessary to support the higher level of net sales. The increase in inventory during the year was due primarily to customer expansion in the home center channel, new product launches, and a buildup of finished goods to support committed projects in the corporate accounts channel. This increase in inventory was mostly offset by a corresponding increase in accounts payable during the same period. Additionally, the increase in accounts receivable during the year was due primarily to the timing of cash collections from customers.

Management believes that investing in assets and programs that will over time increase the overall return on its invested capital is a key factor in driving stockholder value. The Company invested \$43.6 million and \$67.3 million in fiscal 2018 and 2017, respectively, primarily for new equipment, tooling, facility enhancements, and information technology. The Company expects to invest approximately 1.5% of net sales in capital expenditures during fiscal 2019.

Contractual Obligations

The following table summarizes the Company's contractual obligations at August 31, 2018 (in millions):

	Total	Payments Due by Period			
		Less than One Year	1 to 3 Years	4 to 5 Years	After 5 Years
Debt ⁽¹⁾	\$ 357.3	\$ 0.4	\$ 354.9	\$ 0.7	\$ 1.3
Interest obligations ⁽²⁾	121.8	33.6	34.1	18.9	35.2
Operating leases ⁽³⁾	76.0	16.9	25.4	13.7	20.0
Purchase obligations ⁽⁴⁾	243.8	236.7	4.7	2.4	—
Other liabilities ⁽⁵⁾	44.0	4.0	9.3	5.0	25.7
Total	\$ 842.9	\$ 291.6	\$ 428.4	\$ 40.7	\$ 82.2

⁽¹⁾ These amounts, which represent the principal amounts outstanding at August 31, 2018, are included in the Company's *Consolidated Balance Sheets*. See the *Debt and Lines of Credit* footnote for additional information regarding debt and other matters.

⁽²⁾ These amounts represent primarily the expected future interest payments on outstanding debt held by the Company at August 31, 2018 and the Company's outstanding loans related to its corporate-owned life insurance policies ("COLI"), which constitute a small portion of the total contractual obligations shown. COLI-related interest payments included in this table are estimates. These estimates are based on various assumptions, including age at death, loan interest rate, and tax bracket. The amounts in this table do not include COLI-related payments after ten years due to the difficulty in calculating a meaningful estimate that far in the future. Note that payments related to debt and the COLI are reflected in the Company's *Consolidated Statements of Cash Flows*.

⁽³⁾ The Company's operating lease obligations are described in the *Commitments and Contingencies* footnote.

⁽⁴⁾ Purchase obligations include commitments to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including open purchase orders.

⁽⁵⁾ These amounts are included in the Company's *Consolidated Balance Sheets* and largely represent liabilities for which the Company is obligated to make future payments under certain long-term employee benefit programs. Estimates of the amounts and timing of these amounts are based on various assumptions, including expected return on plan assets, interest rates, and other variables. The amounts in this table do not include amounts related to future funding obligations under the defined benefit pension plans. The amount and timing of these future funding obligations are subject to many variables and are also dependent on whether or not the Company elects to make contributions to the pension plans in excess of those required under Employee Retirement Income Security Act of 1974. Such voluntary contributions may reduce or defer the funding obligations. See the *Pension and Profit Sharing Plans* footnote for additional information. These amounts exclude \$4.4 million of unrecognized tax benefits as the period of cash settlement with the respective taxing authorities cannot be reasonably estimated.

The above table does not include deferred income tax liabilities of approximately \$168.5 million as of August 31, 2018. Refer to the *Income Taxes* footnote for more information. This amount is not included in the total contractual obligations table because the Company believes this presentation would not be meaningful. Deferred income tax liabilities are calculated based on temporary differences between the tax bases of assets and liabilities and their respective book bases, which will result in taxable amounts in future years when the liabilities are settled at their reported financial statement amounts. The results of these calculations do not have a direct connection with the amount of cash taxes to be paid in any future periods. As a result, scheduling deferred income tax liabilities as payments due by period could be misleading, because this scheduling would not relate to liquidity needs.

Capitalization

The current capital structure of the Company is comprised principally of senior unsecured notes and equity of its stockholders. Total debt outstanding was \$356.8 million and \$356.9 million at August 31, 2018 and 2017, respectively, and consisted primarily of fixed-rate obligations. The Company fully repaid all borrowings under its revolving credit facility during fiscal 2018. Additionally, the Company repaid \$0.4 million under the fixed rate long-term bank loans during fiscal 2018.

On December 8, 2009, ABL issued \$350.0 million of senior unsecured notes due in fiscal 2020 (the “Unsecured Notes”) in a private placement transaction. The Unsecured Notes were subsequently exchanged for SEC-registered notes with substantially identical terms. The Unsecured Notes bear interest at a rate of 6% per annum and were issued at a price equal to 99.797% of their face value and for a term of 10 years. See the *Debt and Lines of Credit* footnote of the *Notes to Consolidated Financial Statements* for more information.

On June 29, 2018, the Company entered into a credit agreement (“Credit Agreement”) with a syndicate of banks that provides the Company with a \$400.0 million five-year unsecured revolving credit facility (“Revolving Credit Facility”) and a \$400.0 million unsecured delayed draw term loan facility (“Term Loan Facility”). The Company was in compliance with all financial covenants under the Credit Agreement as of August 31, 2018. At August 31, 2018, the Company had additional borrowing capacity under the Credit Agreement of \$794.7 million under the most restrictive covenant in effect, which represents the full amount of the Revolving Credit Facility and the Term Loan Facility less the outstanding letters of credit of \$5.3 million issued. As of August 31, 2018, the Company had outstanding letters of credit totaling \$10.2 million, primarily for securing collateral requirements under the Company’s casualty insurance programs and for providing credit support for the Company’s industrial revenue bond, including \$5.3 million issued under the Revolving Credit Facility. See the *Debt and Lines of Credit* footnote of the *Notes to Consolidated Financial Statements*.

During fiscal 2018, the Company’s consolidated stockholders’ equity increased \$51.2 million to \$1.72 billion at August 31, 2018 from \$1.67 billion at August 31, 2017. The increase was due primarily to net income earned in the period, stock issuances resulting primarily from the exercise of stock options, and actuarial gains on pension plans, partially offset by share repurchases, the payment of dividends, shares withheld for employee taxes on vested restricted stock grants, and foreign currency translation adjustments. The Company’s debt to total capitalization ratio (calculated by dividing total debt by the sum of total debt and total stockholders’ equity) was 17.2% and 17.6% at August 31, 2018 and 2017, respectively. The ratio of debt, net of cash, to total capitalization, net of cash, was 11.7% and 2.7% at August 31, 2018 and 2017, respectively.

Dividends

Acuity Brands paid dividends on its common stock of \$21.4 million (\$0.52 per share) in fiscal 2018 and \$22.7 million (\$0.52 per share) in fiscal 2017, indicating a quarterly dividend rate of \$0.13 per share. All decisions regarding the declaration and payment of dividends by Acuity Brands are at the discretion of the Company’s Board and are evaluated regularly in light of the Company’s financial condition, earnings, growth prospects, funding requirements, applicable law, and any other factors the Board deems relevant.

Results of Operations

Fiscal 2018 Compared with Fiscal 2017

The following table sets forth information comparing the components of net income for the year ended August 31, 2018 with the year ended August 31, 2017 (in millions except per share data):

	Year Ended August 31,		Increase (Decrease)	Percent Change
	2018	2017		
Net sales	\$ 3,680.1	\$ 3,505.1	\$ 175.0	5.0 %
Cost of products sold	2,193.3	2,023.9	169.4	8.4 %
Gross profit	1,486.8	1,481.2	5.6	0.4 %
<i>Percent of net sales</i>	40.4%	42.3%	(190) bps	
Selling, distribution, and administrative expenses	1,026.6	951.1	75.5	7.9 %
Special charge	5.6	11.3	(5.7)	NM
Operating profit	454.6	518.8	(64.2)	(12.4)%
<i>Percent of net sales</i>	12.4%	14.8%	(240) bps	
Other expense (income):				
Interest expense, net	33.5	32.5	1.0	3.1 %
Miscellaneous income, net	(4.8)	(6.3)	1.5	NM
Total other expense	28.7	26.2	2.5	9.5 %
Income before income taxes	425.9	492.6	(66.7)	(13.5)%
<i>Percent of net sales</i>	11.6%	14.1%	(250) bps	
Income tax expense	76.3	170.9	(94.6)	(55.4)%
<i>Effective tax rate</i>	17.9%	34.7%		
Net income	\$ 349.6	\$ 321.7	\$ 27.9	8.7 %
Diluted earnings per share	\$ 8.52	\$ 7.43	\$ 1.09	14.7 %
NM - not meaningful				

Net sales increased \$175.0 million, or 5.0%, to \$3.68 billion for the year ended August 31, 2018 compared with \$3.51 billion reported for the year ended August 31, 2017. For the year ended August 31, 2018, the Company reported net income of \$349.6 million compared with \$321.7 million for the year ended August 31, 2017, an increase of \$27.9 million, or 8.7%. For fiscal 2018, diluted earnings per share increased 14.7% to \$8.52 from \$7.43 for the prior-year period.

The following table reconciles certain U.S. generally accepted accounting principles ("U.S. GAAP") financial measures to the corresponding non-U.S. GAAP measures referred to in the discussion of the Company's results of operations, which exclude the impact of acquisition-related items, excess inventory adjustments, certain manufacturing inefficiencies, amortization of acquired intangible assets, share-based payment expense, special charges associated primarily with continued efforts to streamline the organization, a gain associated with the sale of the Company's Spanish lighting business, a gain on the sale of an investment in an unconsolidated affiliate, and certain discrete income tax benefits of the Tax Cuts and Jobs Act ("TCJA"). Although the impacts of these items have been recognized in prior periods and could recur in future periods, management typically excludes these items during internal reviews of performance and uses these non-U.S. GAAP measures for baseline comparative operational analysis, decision making, and other activities. These non-U.S. GAAP financial measures, including adjusted gross profit and margin, adjusted selling, distribution, and administrative ("SD&A") expenses, adjusted operating profit and margin, adjusted other expense, adjusted net income, and adjusted diluted earnings per share, are provided to enhance the user's overall understanding of the Company's current financial performance. Specifically, the Company believes these non-U.S. GAAP measures provide greater comparability and enhanced visibility into the Company's results of operations. The non-U.S. GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with U.S. GAAP.

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(In millions, except per share data)

	Year Ended August 31,		Increase (Decrease)	Percent Change
	2018	2017		
Gross profit	\$ 1,486.8	\$ 1,481.2		
Add-back: Acquisition-related items ⁽¹⁾	1.7	—		
Add-back: Manufacturing inefficiencies ⁽²⁾	—	1.6		
Add-back: Excess inventory ⁽³⁾	3.1	—		
Adjusted gross profit	\$ 1,491.6	\$ 1,482.8	\$ 8.8	0.6 %
Percent of net sales	40.5%	42.3%	(180) bps	
Selling, distribution, and administrative expenses	\$ 1,026.6	\$ 951.1		
Less: Amortization of acquired intangible assets	(28.5)	(28.0)		
Less: Share-based payment expense	(32.3)	(32.0)		
Less: Acquisition-related items ⁽¹⁾	(2.1)	—		
Adjusted selling, distribution, and administrative expenses	\$ 963.7	\$ 891.1	\$ 72.6	8.1 %
Percent of net sales	26.2%	25.4%	80 bps	
Operating profit	\$ 454.6	\$ 518.8		
Add-back: Amortization of acquired intangible assets	28.5	28.0		
Add-back: Share-based payment expense	32.3	32.0		
Add-back: Acquisition-related items ⁽¹⁾	3.8	—		
Add-back: Manufacturing inefficiencies ⁽²⁾	—	1.6		
Add-back: Excess inventory ⁽³⁾	3.1	—		
Add-back: Special charge	5.6	11.3		
Adjusted operating profit	\$ 527.9	\$ 591.7	\$ (63.8)	(10.8)%
Percent of net sales	14.3%	16.9%	(260) bps	
Other expense	\$ 28.7	\$ 26.2		
Add-back: Gain on sale of investment in unconsolidated affiliate	—	7.2		
Add-back: Gain on sale of business	5.4	—		
Adjusted other expense	\$ 34.1	\$ 33.4	\$ 0.7	2.1 %
Net income	\$ 349.6	\$ 321.7		
Add-back: Amortization of acquired intangible assets	28.5	28.0		
Add-back: Share-based payment expense	32.3	32.0		
Add-back: Acquisition-related items ⁽¹⁾	3.8	—		
Add-back: Manufacturing inefficiencies ⁽²⁾	—	1.6		
Add-back: Excess inventory ⁽³⁾	3.1	—		
Add-back: Special charge	5.6	11.3		
Less: Gain on sale of investment in unconsolidated affiliate	—	(7.2)		
Less: Gain on sale of business	(5.4)	—		
Total pre-tax adjustments to net income	67.9	65.7		
Income tax effect	(20.0)	(21.5)		
Less: Discrete income tax benefits of the TCJA ⁽⁴⁾	(34.6)	—		
Adjusted net income	\$ 362.9	\$ 365.9	\$ (3.0)	(0.8)%
Diluted earnings per share	\$ 8.52	\$ 7.43		
Adjusted diluted earnings per share	\$ 8.84	\$ 8.45	\$ 0.39	4.6 %

⁽¹⁾ Acquisition-related items include profit in inventory and professional fees.

⁽²⁾ Incremental costs incurred due to manufacturing inefficiencies directly related to the closure of a facility.

⁽³⁾ Excess inventory related to the closure of a facility.

⁽⁴⁾ Discrete income tax benefits of the TCJA include provisional estimates recognized within *Income tax expense* on the *Consolidated Statements of Comprehensive Income*. See *Income Taxes* footnote within the *Notes to Consolidated Financial Statements* for additional details.

Net Sales

Net sales for the year ended August 31, 2018 increased by 5.0% compared with the prior-year period due primarily to an increase in sales volumes of approximately 7% and an approximately 1% favorable impact of acquired revenues from acquisitions, partially offset by the impact of an unfavorable change in product prices and the mix of products sold ("price/mix") of approximately 3%. Sales of LED-based luminaires during the year ended August 31, 2018 accounted for approximately two-thirds of total net sales. The increase in volumes was due primarily to greater shipments of Atrius-based luminaires to customers in certain key vertical applications and higher shipments within the home center channel. The net unfavorable price/mix was primarily due to lower pricing on certain luminaires as a result of increased competition in portions of the market for more basic, lesser-featured products; changes in product mix reflecting the substitution of certain products with less costly form factors resulting in lower price points; and changes in sales channel mix, which reflected fewer large commercial projects that generally include higher priced solutions. Due to the changing dynamics of the Company's product portfolio, including the increase of integrated lighting and building management solutions, it is not possible to precisely quantify or differentiate the individual components of volume, price, and mix.

Gross Profit

Gross profit for fiscal 2018 increased \$5.6 million, or 0.4%, to \$1.49 billion compared with \$1.48 billion for the prior year. Gross profit margin decreased to 40.4% for the year ended August 31, 2018 compared with 42.3% for the year ended August 31, 2017. Gross profit margin was lower than the prior-year period primarily due to unfavorable price/mix; higher material, component, and freight costs; increased wages; and additional reserves for excess inventory related to the closure of a facility. These declines were partially offset by higher sales volumes, productivity improvements, and gross profit attributable to acquisitions. Adjusted gross profit for fiscal 2018 increased \$8.8 million, or 0.6%, to \$1.49 billion compared with \$1.48 billion for the prior year. Adjusted gross profit margin decreased 180 basis points to 40.5% compared to 42.3% in the prior year.

Operating Profit

SD&A expenses for the year ended August 31, 2018 increased \$75.5 million, or 7.9%, to \$1.03 billion compared with \$951.1 million in the prior year. The increase in SD&A expenses was primarily due to higher employee related costs, including additional headcount from acquisitions, increased freight charges and commissions to support greater sales volume, higher professional fees related to recent acquisitions, and to a lesser degree, certain other operating expenses. Compared with the prior-year period, SD&A expenses as a percent of sales increased 80 basis points to 27.9% for fiscal 2018 from 27.1% in fiscal 2017. Adjusted SD&A expenses were \$963.7 million, or 26.2% of net sales, in fiscal 2018 compared to \$891.1 million, or 25.4% of net sales, in the year-ago period.

During the year ended August 31, 2018, the Company recognized pre-tax special charges of \$5.6 million compared with pre-tax special charges of \$11.3 million recorded during the year ended August 31, 2017. Further details regarding the Company's special charges are included in the *Special Charge* footnote of the *Notes to Consolidated Financial Statements*.

Operating profit for fiscal 2018 was \$454.6 million compared with \$518.8 million reported for the prior-year period, a decrease of \$64.2 million, or 12.4%. Operating profit margin decreased 240 basis points to 12.4% for fiscal 2018 compared with 14.8% for fiscal 2017. The decrease in operating profit was due primarily to the impact of price/mix on gross profit as well as higher SD&A expenses, partially offset by higher sales volumes and a lower net special charge.

Adjusted operating profit decreased \$63.8 million, or 10.8%, to \$527.9 million compared with \$591.7 million for fiscal 2017. Adjusted operating profit margin was 14.3% and 16.9% for fiscal 2018 and 2017, respectively.

Other Expense (Income)

Other expense (income) for the Company consists principally of net interest expense and net miscellaneous expense (income), which includes gains and losses related to foreign exchange rate changes. Interest expense, net, was \$33.5 million and \$32.5 million for the years ended August 31, 2018 and 2017, respectively. The Company reported net miscellaneous income of \$4.8 million in fiscal 2018 compared with net miscellaneous income of \$6.3 million in fiscal 2017. Net miscellaneous income included a gain of \$5.4 million associated with the sale of the Company's Spanish lighting business and a gain of \$7.2 million associated with the sale of an investment in an unconsolidated affiliate for fiscal 2018 and 2017, respectively.

Income Taxes and Net Income

The Company's effective income tax rate was 17.9% and 34.7% for the years ended August 31, 2018 and 2017, respectively. The effective income tax rate for the year ended August 31, 2018 was significantly impacted by the provisions of the TCJA, which was enacted during the second quarter of fiscal 2018. Further details regarding the TCJA are included in the *Income Taxes* footnote of the *Notes to Consolidated Financial Statements*. The Company estimates that its effective tax rate for fiscal 2019 will be approximately 25% before any discrete items, assuming the rates in its taxing jurisdictions remain generally consistent throughout the year.

Net income for fiscal 2018 increased \$27.9 million, or 8.7%, to \$349.6 million from \$321.7 million reported for the prior year. The increase in net income resulted primarily from the benefit recognized related to the TCJA, partially offset by a decrease in operating profit. Adjusted net income for fiscal 2018 decreased 0.8% to \$362.9 million compared with \$365.9 million in the year-ago period. Adjusted diluted earnings per share for fiscal 2018 was \$8.84 compared with \$8.45 for the prior-year period, which represented an increase of \$0.39, or 4.6%.

Fiscal 2017 Compared with Fiscal 2016

The following table sets forth information comparing the components of net income for the year ended August 31, 2017 with the year ended August 31, 2016 (in millions except per share data):

	Year Ended August 31,		Increase (Decrease)	Percent Change
	2017	2016		
Net sales	\$ 3,505.1	\$ 3,291.3	\$ 213.8	6.5 %
Cost of products sold	2,023.9	1,855.1	168.8	9.1 %
Gross profit	1,481.2	1,436.2	45.0	3.1 %
<i>Percent of net sales</i>	42.3%	43.6%	(130) bps	
Selling, distribution, and administrative expenses	951.1	946.0	5.1	0.5 %
Special charge	11.3	15.0	(3.7)	NM
Operating profit	518.8	475.2	43.6	9.2 %
<i>Percent of net sales</i>	14.8%	14.4%	40 bps	
Other expense (income):				
Interest expense, net	32.5	32.2	0.3	0.9 %
Miscellaneous income, net	(6.3)	(1.6)	(4.7)	NM
Total other expense	26.2	30.6	(4.4)	(14.4)%
Income before income taxes	492.6	444.6	48.0	10.8 %
<i>Percent of net sales</i>	14.1%	13.5%	60 bps	
Income tax expense	170.9	153.8	17.1	11.1 %
<i>Effective tax rate</i>	34.7%	34.6%		
Net income	\$ 321.7	\$ 290.8	\$ 30.9	10.6 %
Diluted earnings per share	\$ 7.43	\$ 6.63	\$ 0.80	12.1 %

NM - not meaningful

Net sales increased \$213.8 million, or 6.5%, to \$3.51 billion for the year ended August 31, 2017 compared with \$3.29 billion reported for the year ended August 31, 2016. For the year ended August 31, 2017, the Company reported net income of \$321.7 million compared with \$290.8 million for the year ended August 31, 2016, an increase of \$30.9 million, or 10.6%. For fiscal 2017, diluted earnings per share increased 12.1% to \$7.43 from \$6.63 for the prior-year period.

The following table reconciles certain U.S. generally accepted accounting principles ("U.S. GAAP") financial measures to the corresponding non-U.S. GAAP measures referred to in the discussion of the Company's results of operations, which exclude the impact of acquisition-related items, certain manufacturing inefficiencies, amortization of acquired intangible assets, share-based payment expense, impairment of intangible asset, special charges associated primarily with continued efforts to streamline the organization, and a gain on the sale of an investment in an unconsolidated affiliate.

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(In millions, except per share data)

	Year Ended August 31,		Increase (Decrease)	Percent Change
	2017	2016		
Gross profit	\$ 1,481.2	\$ 1,436.2		
Add-back: Acquisition-related items ⁽¹⁾	—	2.8		
Add-back: Manufacturing inefficiencies ⁽²⁾	1.6	—		
Adjusted gross profit	\$ 1,482.8	\$ 1,439.0	\$ 43.8	3.0%
Percent of net sales	42.3%	43.7%	(140) bps	
Selling, distribution, and administrative expenses	\$ 951.1	\$ 946.0		
Less: Amortization of acquired intangible assets	(28.0)	(21.4)		
Less: Share-based payment expense	(32.0)	(27.7)		
Less: Acquisition-related items ⁽¹⁾	—	(8.0)		
Less: Impairment of intangible asset	—	(5.1)		
Adjusted selling, distribution, and administrative expenses	\$ 891.1	\$ 883.8	\$ 7.3	0.8%
Percent of net sales	25.4%	26.9%	(150) bps	
Operating profit	\$ 518.8	\$ 475.2		
Add-back: Amortization of acquired intangible assets	28.0	21.4		
Add-back: Share-based payment expense	32.0	27.7		
Add-back: Acquisition-related items ⁽¹⁾	—	10.8		
Add-back: Impairment of intangible asset	—	5.1		
Add-back: Manufacturing inefficiencies ⁽²⁾	1.6	—		
Add-back: Special charge	11.3	15.0		
Adjusted operating profit	\$ 591.7	\$ 555.2	\$ 36.5	6.6%
Percent of net sales	16.9%	16.9%	— bps	
Other expense	\$ 26.2	\$ 30.6		
Add-back: Gain on sale of investment in unconsolidated affiliate	7.2	—		
Adjusted other expense	\$ 33.4	\$ 30.6	\$ 2.8	9.2%
Net income	\$ 321.7	\$ 290.8		
Add-back: Amortization of acquired intangible assets	28.0	21.4		
Add-back: Share-based payment expense	32.0	27.7		
Add-back: Acquisition-related items ⁽¹⁾	—	10.8		
Add-back: Impairment of intangible asset	—	5.1		
Add-back: Manufacturing inefficiencies ⁽²⁾	1.6	—		
Add-back: Special charge	11.3	15.0		
Less: Gain on sale of investment in unconsolidated affiliate	(7.2)	—		
Total pre-tax adjustments to net income	65.7	80.0		
Income tax effect	(21.5)	(27.1)		
Adjusted net income	\$ 365.9	\$ 343.7	\$ 22.2	6.5%
Diluted earnings per share	\$ 7.43	\$ 6.63		
Adjusted diluted earnings per share	\$ 8.45	\$ 7.84	\$ 0.61	7.8%

⁽¹⁾ Acquisition-related items include acquired profit in inventory, professional fees, and certain contract termination costs.

⁽²⁾ Incremental costs incurred due to manufacturing inefficiencies directly related to the closure of a facility.

Net Sales

Net sales for the year ended August 31, 2017 increased by 6.5% compared with the prior-year period due primarily to an increase in sales volumes of approximately 6% and an approximately 2% favorable impact of acquired revenues from acquisitions, partially offset by the impact of an unfavorable change in product prices and the mix of products sold ("price/mix") of approximately 1%. Sales of LED-based luminaires during the year ended August 31, 2017 accounted for approximately two-thirds of total net sales. The change in price/mix was due primarily to changes in the mix of products sold and lower pricing on luminaires, reflecting the decline in certain LED component costs. Due to the changing dynamics of the Company's product portfolio, including the increase of integrated lighting and building management solutions, it is not possible to precisely quantify or differentiate the individual components of volume, price, and mix.

Gross Profit

Gross profit for fiscal 2017 increased \$45.0 million, or 3.1%, to \$1.48 billion compared with \$1.44 billion for the prior year. Gross profit margin decreased to 42.3% for the year ended August 31, 2017 compared with 43.6% for the year ended August 31, 2016. This margin decline was primarily attributable to increased manufacturing expenses driven largely by higher wages and freight costs as well as higher quality costs, partially offset by the additional contribution on higher net sales. Materials and component costs were favorable as declining prices for certain LED components were only partially offset by rising costs for certain commodities, including steel. Gross profit margin was negatively impacted by unfavorable price/mix. Adjusted gross profit for fiscal 2017 increased \$43.8 million, or 3.0%, to \$1.48 billion compared with \$1.44 billion for the prior year. Adjusted gross profit margin decreased 140 basis points to 42.3% compared to 43.7% in the prior year.

Operating Profit

SD&A expenses for the year ended August 31, 2017 increased \$5.1 million, or 0.5%, to \$951.1 million compared with \$946.0 million in the prior year. The increase in SD&A expenses was due primarily to higher costs related to freight, commissions, and investments in additional headcount, which reflects the Company's investments in capabilities related to areas of future growth and enhanced customer service, as well as additional costs associated with acquired businesses, partially offset by lower incentive compensation expense. Compared with the prior-year period, SD&A expenses as a percent of sales decreased 160 basis points to 27.1% for fiscal 2017 from 28.7% in fiscal 2016. Adjusted SD&A expenses were \$891.1 million, or 25.4% of net sales, in fiscal 2017 compared to \$883.8 million, or 26.9% of net sales, in the year-ago period.

During the year ended August 31, 2017, the Company recognized pre-tax special charges of \$11.3 million, which consisted primarily of severance and employee-related benefit costs for the elimination of certain operations and positions following a realignment of the Company's operating structure, including positions within various SD&A departments. During fiscal 2016, the Company recognized pre-tax special charges of \$15.0 million. These charges related primarily to the Company's continued efforts to integrate recent acquisitions and to streamline the organization by realigning certain responsibilities primarily within various SD&A departments, as well as the consolidation of certain production activities. Further details regarding the Company's special charges are included in the *Special Charge* footnote of the *Notes to Consolidated Financial Statements*.

Operating profit for fiscal 2017 was \$518.8 million compared with \$475.2 million reported for the prior-year period, an increase of \$43.6 million, or 9.2%. Operating profit margin increased 40 basis points to 14.8% for fiscal 2017 compared with 14.4% for fiscal 2016 due primarily to an increase in sales volume, lower material and component costs, and lower incentive compensation expense, partially offset by higher manufacturing expenses, greater freight and commission costs, investments in additional headcount, and increased amortization of acquired intangible assets. Additionally, the Company recorded an impairment charge of \$5.1 million during fiscal 2016; no such charges were recorded during fiscal 2017.

Adjusted operating profit increased \$36.5 million, or 6.6%, to \$591.7 million compared with \$555.2 million for fiscal 2016. Adjusted operating profit margin was 16.9% for both fiscal 2017 and 2016.

Other Expense (Income)

Other expense (income) for the Company consists principally of net interest expense and net miscellaneous expense (income), which includes gains and losses related to foreign exchange rate changes. Interest expense, net, was \$32.5 million and \$32.2 million for the years ended August 31, 2017 and 2016, respectively. The Company reported net miscellaneous income of \$6.3 million in fiscal 2017 compared with net miscellaneous income of \$1.6 million in

fiscal 2016. Net miscellaneous income for the year ended August 31, 2017 included a gain of \$7.2 million associated with the sale of an investment in an unconsolidated affiliate.

Provision for Income Taxes and Net Income

The effective income tax rate was 34.7% and 34.6% for the years ended August 31, 2017 and 2016, respectively.

Net income for fiscal 2017 increased \$30.9 million, or 10.6%, to \$321.7 million from \$290.8 million reported for the prior year. The increase in net income resulted primarily from higher operating profit and higher miscellaneous income, partially offset by a higher provision for income taxes. Adjusted net income for fiscal 2017 increased 6.5% to \$365.9 million compared with \$343.7 million in the year-ago period. Adjusted diluted earnings per share for fiscal 2017 was \$8.45 compared with \$7.84 for the prior-year period, which represented an increase of \$0.61, or 7.8%.

Outlook

Management continues to believe the execution of the Company's strategy will provide attractive opportunities for profitable growth over the long-term. The Company's strategy is to capitalize on market growth and share gain opportunities by continuing to expand and leverage its industry-leading lighting and building management solutions portfolio, coupled with its extensive market presence and financial strength, to produce attractive financial performance over the long-term.

Third-party forecasts and leading indicators suggest that the North American lighting market, the Company's primary market, will increase in the low-single digit range in fiscal 2019. Management expects to continue to outperform the growth rates of the markets that the Company serves by executing its strategies focused on growth opportunities for new construction and renovation projects, expansion into underpenetrated geographies and channels, and growth from the continued introduction of new lighting and building management solutions as part of the Company's integrated, tiered solutions strategy, including leveraging its unique, technology driven solutions portfolio to capture market share in the nascent, but rapidly growing, market for data capture, analytics, and other services, assisting in transforming buildings and campuses from cost centers to strategic assets.

Management expects the pricing environment to continue to be challenging in portions of the market, particularly for more basic, lesser-featured products sold through certain sales channels as well as shifts in product mix, both of which are expected to continue to negatively impact net sales and margins. Management expects to continue to introduce products and solutions to more effectively compete in these portions of the market and to accelerate programs to reduce product costs in order to maintain the Company's competitiveness and drive improved profitability.

The U.S. federal government has recently imposed tariffs on certain Chinese imports. Certain components used in the Company's products as well as certain sourced finished products are sourced from China and are impacted by the recently imposed tariffs. Management's efforts to mitigate the impact of these added costs include a variety of activities, such as finding alternative suppliers, in-sourcing the production of certain products, and raising prices. Management believes that its mitigation activities, including recently announced price increases once fully enacted, will assist to offset the added costs. The Company's margins may continue to be negatively impacted, particularly in the first quarter of fiscal 2019, due to a delay in the full realization of the expected benefits from the mitigation activities. Future U.S. policy changes that may be implemented, including additional tariffs, could have a positive or negative consequence on the Company's financial performance depending on how the changes influence many factors, including business and consumer sentiment.

During fiscal 2018, the Company recognized a pre-tax special charge primarily related to the planned consolidation of certain facilities and associated reduction in employee workforce. The special charge consisted primarily of severance and employee-related benefit costs. Management expects to incur additional costs in future periods associated with the closing of facilities, primarily attributable to early lease termination costs and relocation costs. Annual savings realized from the streamlining activities, once fully completed, are expected to exceed the amount of the special charge, and the Company expects to reinvest portions thereof in activities to support higher-growth opportunities as well as drive improved profitability.

During the fourth quarter of fiscal 2018, the Company entered into a new credit agreement with a syndicate of banks that increased the Company's borrowing capacity under such agreement from \$250 million to \$800 million. The increase in borrowing capacity provides the Company with the resources to support growth opportunities, including acquisitions, and accommodate the current stock repurchase program of which 5.2 million shares remain available for repurchase. The extent and timing of actual stock repurchases will be subject to various factors, including stock price, company performance, expected future market conditions, and other possible uses of cash, including acquisitions. The Company may increase its leverage to accommodate the stock repurchase program.

Management expects the TCJA that was passed on December 22, 2017, to favorably impact the Company's net income, diluted earnings per share, and cash flows in future periods, due primarily to the reduction in the federal corporate tax rate from 35% to 21% effective for periods beginning January 1, 2018. Additionally, positive business sentiment and other favorable aspects of the new tax law could incentivize additional investments in facilities and infrastructure in the U.S. that may increase future demand in the end-markets that the Company serves. Management currently estimates that the Company's fiscal 2019 blended consolidated effective income tax rate before discrete items will approximate 25%. The estimated tax rate may differ from actual results, possibly materially, due to changes in interpretations of the TCJA and assumptions made by the Company, as well as guidance that may be issued and actions the Company may take as a result of the TCJA.

From a longer term perspective, management expects that the Company's addressable markets have the potential to experience solid growth over the next decade, particularly as energy and environmental concerns come to the forefront along with emerging opportunities for digital lighting to play a key role in the IoT through the use of intelligent networked lighting and building automation systems that can collect and exchange data to increase efficiency as well as provide a host of other economic benefits resulting from data analytics. Management remains positive about the future prospects of the Company and its ability to outperform the markets it serves.

Accounting Standards Adopted in Fiscal 2018 and Accounting Standards Yet to Be Adopted

See the *New Accounting Pronouncements* footnote of the *Notes to Consolidated Financial Statements* for information on recently adopted and upcoming standards.

Critical Accounting Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations addresses the financial condition and results of operations as reflected in the Company's *Consolidated Financial Statements*, which have been prepared in accordance with U.S. GAAP. As discussed in the *Description of Business and Basis of Presentation* footnote of the *Notes to Consolidated Financial Statements*, the preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expense during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to revenue recognition; inventory valuation; depreciation, amortization, and the recoverability of long-lived assets, including goodwill and intangible assets; share-based payment expense; medical, product warranty and recall, and other reserves; retirement benefits; and litigation. 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 of the Board of Directors. See the *Significant Accounting Policies* footnote of the *Notes to Consolidated Financial Statements* for a summary of the accounting policies of the Company.

Management believes the following represent the Company's critical accounting estimates:

Revenue Recognition

The Company records revenue when the following criteria are met: persuasive evidence of a sales arrangement exists, delivery has occurred, the Company's price to the customer is fixed and determinable, and collectability is reasonably assured. In the period of revenue recognition, provisions for certain rebates, sales incentives, product returns, and discounts to customers are estimated and recorded, in most instances, as a reduction of revenue. The Company also maintains one-time or on-going marketing and trade-promotion programs with certain customers that require the Company to estimate and accrue the expected costs of such programs. These items are estimated based on customer agreements, historical trends, and expected demand. Actual results could differ from estimates, which would require adjustments to accrued amounts. See the *Significant Accounting Policies* footnote of the *Notes to Consolidated Financial Statements* for additional information about these assumptions and estimates.

Inventories

Inventories include materials, direct labor, in-bound freight, and related manufacturing overhead and are stated at the lower of cost (on a first-in, first-out or average-cost basis) or market. Management reviews inventory quantities on hand and records a provision for excess or obsolete inventory primarily based on estimated future demand and current market conditions. A significant change in customer demand, market conditions, or technology could render

certain inventory obsolete and thus could have a material adverse impact on the Company's operating results in the period the change occurs.

Goodwill and Indefinite-Lived Intangible Assets

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

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

Goodwill

The Company is comprised of one reporting unit with a goodwill balance of \$970.6 million as of August 31, 2018. During fiscal 2018, the Company utilized a qualitative assessment of the fair value of goodwill as of June 1, 2018. To perform this assessment, the Company identified and analyzed macroeconomic conditions, industry and market conditions, and company-specific factors. Additionally, factors that would have the greatest impact on the fair value of the Company were compared to those used in the previous quantitative impairment test performed as of June 1, 2017 to identify potentially significant variances to the reasonableness of the assumptions. Taking into consideration these factors, the Company estimated the potential change in the fair value of goodwill compared with the previous quantitative impairment test. As a result of the analysis performed, management believes the estimated fair value of the reporting unit continues to exceed its carrying value by a substantial margin and does not represent a more likely than not possibility of potential impairment. The goodwill analysis did not result in an impairment charge.

Indefinite-Lived Intangible Assets

The Company's indefinite-lived intangible assets consist of eight trade names with an aggregate carrying value of approximately \$144.3 million. Management utilized significant assumptions to estimate the fair value of these indefinite-lived trade names using a fair value model based on discounted future cash flows ("fair value model") in accordance with U.S. GAAP. Future cash flows associated with each of the Company's indefinite-lived trade names are calculated by multiplying a theoretical royalty rate a willing third party would pay for use of the particular trade name by estimated future net sales attributable to the relevant trade name. The present value of the resulting after-tax cash flow is management's current estimate of the fair value of the trade names. This fair value model requires management to make several significant assumptions, including estimated future net sales (including short and long-term growth rates), the royalty rate, and the discount rate.

Future net sales and short-term growth rates are estimated for each particular trade name based on management's financial forecasts, which consider key business drivers, such as specific revenue growth initiatives, market share changes, expected growth in the Company's addressable market, and general economic factors, such as credit availability and interest rates. The long-term growth rate used in determining terminal value is estimated at 3% and is based primarily on the Company's understanding of projections for expected long-term growth within its addressable market and historical long-term performance. The theoretical royalty rate is estimated primarily using management's assumptions regarding the amount a willing third party would pay to use the particular trade name and is compared with market information for similar intellectual property within and outside of the industry. If future operating results are unfavorable compared with forecasted amounts, the Company may be required to reduce the theoretical royalty rate used in the fair value model. A reduction in the theoretical royalty rate would result in lower expected future after-tax cash flows in the valuation model. The Company utilized a range of estimated discount rates between 9% and 16% as of June 1, 2018, based on the Capital Asset Pricing Model, which considers the current risk-free interest rate, beta, market risk premium, and entity specific size premium.

During fiscal 2018, the Company performed an evaluation of the fair values of its indefinite-lived trade names. The Company's expected revenues are based on the Company's fiscal 2019 expectations and recent lighting, controls, and building management solutions market growth estimates for fiscal 2019 through 2023. The Company also included revenue growth estimates based on current initiatives expected to help the Company improve performance. During fiscal 2018, estimated theoretical royalty rates ranged between 1% and 4%. The indefinite-lived intangible asset analysis did not result in any impairment charges, as the fair values exceeded the carrying values for each of the trade names. However, the estimated fair value of one trade name exceeded its carrying value by a small margin. Management believes the assumptions used to estimate the fair value of this trade name were reasonable, and sensitivity analysis indicated that the trade name would likely not be impaired by a material amount if reasonably differing assumptions had been used. Any reasonably likely change in the assumptions used in the analyses for the other trade names, including revenue growth rates, royalty rates, and discount rates, would not be material to the Company's financial condition or results of operations.

Definite-Lived Intangible Assets

The Company evaluates the remaining useful lives of its definite-lived intangible assets on an annual basis in the fiscal fourth quarter or on an interim basis if an event occurs or circumstances change that would warrant a revision to the remaining period of amortization. The Company considers each reporting period whether an event occurred or circumstances changed that would more likely than not indicate that the fair value of the definite-lived asset is below its carrying value. The Company recorded no impairment charges for its definite-lived intangible assets during fiscal 2018 or 2017.

Self-Insurance

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

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

Retirement Benefits

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

Share-based Payment Expense

The Company recognizes compensation cost relating to share-based payment transactions in the financial statements based on the estimated fair value of the equity instrument issued. The Company accounts for stock options, restricted shares, and share units representing certain deferrals into the Director Deferred Compensation Plan or the

Supplemental Deferred Savings Plan (both of which are discussed further in the *Share-Based Payments* footnote of the *Notes to Consolidated Financial Statements*) based on the grant-date fair value estimated under the provisions of ASC Topic 718, *Compensation — Stock Compensation* (“ASC 718”).

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

During fiscal 2018, the Company adopted Accounting Standards Update (“ASU”) No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*, (“ASU 2016-09”), which changes certain aspects of accounting for share-based payments to employees, particularly with respect to the presentation of excess tax benefits and deficiencies within the Company’s *Consolidated Statements of Comprehensive Income* and the *Consolidated Statements of Cash Flows*. See the *New Accounting Pronouncements* footnote of the *Notes to Consolidated Financial Statements* for more information.

Product Warranty and Recall Costs

The Company’s products generally have a standard warranty term of five years. The Company records an allowance for the estimated amount of future warranty costs when the related revenue is recognized. Estimated future warranty costs are primarily based on historical experience of identified warranty claims. The Company is fully self-insured for product warranty costs. Historical warranty costs have been within expectations. The Company expects that historical activity will continue to be the best indicator of future warranty costs. There can be no assurance that future warranty costs will not exceed historical amounts or that incorporating new technologies, such as LED components into products, may not generate unexpected costs. Estimated costs related to product recalls based on a formal campaign soliciting repair or return of that product are accrued when they are deemed to be probable and can be reasonably estimated. If actual future warranty or recall costs exceed recorded amounts, additional allowances may be required, which could have a material adverse impact on the Company’s results of operations and cash flow.

Litigation

The Company recognizes expense for legal claims when payments associated with the claims become probable and can be reasonably estimated. Due to the difficulty in estimating costs of resolving legal claims, actual costs could have a material adverse impact on the Company’s results of operations and cash flow.

Cautionary Statement Regarding Forward-Looking Statements and Information

This filing contains forward-looking statements within the meaning of the federal securities laws. Statements made herein that may be considered forward-looking include statements incorporating terms such as “expects,” “believes,” “intends,” “anticipates,” and similar terms that relate to future events, performance, or results of the Company. In addition, the Company, or the executive officers on the Company’s behalf, may from time to time make forward-looking statements in reports and other documents the Company files with the Securities and Exchange Commission or in connection with oral statements made to the press, current and potential investors, or others. Forward-looking statements include, without limitation: (a) the Company’s projections regarding financial performance, liquidity, capital structure, capital expenditures, investments, share repurchases, and dividends; (b) expectations about the impact of any changes in demand as well as volatility and uncertainty in general economic conditions and the pricing environment; (c) external forecasts projecting the North American lighting and building management solutions market growth rate and growth in the Company’s addressable markets; (d) the Company’s ability to execute and realize benefits from initiatives related to streamlining its operations, capitalize on growth opportunities, expand in key markets as well as underpenetrated geographies and channels, and introduce new lighting and building management solutions; (e) the Company’s estimate of its fiscal 2019 tax rates, as well as the impact of the TCJA on the Company’s financial position, results of operations, and cash flows; (f) the Company’s estimate of future amortization expense; (g) the Company’s ability to achieve its long-term financial goals and measures and outperform the markets it serves; (h) the impact to the Company of changes in the political landscape and related policy changes, including monetary, regulatory, and trade policies; (i) the Company’s expectations relating to mitigating efforts around recently imposed tariffs; and (j) the Company’s expectations about the resolution of trade compliance, securities class action, and/or other legal matters. You are cautioned not to place undue reliance on any forward looking statements, which speak only as of the date of this quarterly report. Except as required by law, the Company undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this annual

report or to reflect the occurrence of unanticipated events. The Company's forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the historical experience of the Company and management's present expectations or projections. These risks and uncertainties include, but are not limited to, customer and supplier relationships and prices; competition; ability to realize anticipated benefits from initiatives taken and timing of benefits; market demand; litigation and other contingent liabilities; and economic, political, governmental, and technological factors affecting the Company. Also, additional risks that could cause the Company's actual results to differ materially from those expressed in the Company's forward-looking statements are discussed in *Part I, Item 1a. Risk Factors* of this Annual Report on Form 10-K, and are specifically incorporated herein by reference.

The industry and market data contained in this report are based either on our management's own estimates or, where indicated, independent industry publications, reports by governmental agencies or market research firms or other published independent sources and, in each case, are believed by our management to be reasonable estimates. However, industry and market data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey of market shares. We have not independently verified market and industry data from third-party sources.

Item 7a. Quantitative and Qualitative Disclosures about Market Risk

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

Interest Rates. Interest rate fluctuations expose the variable-rate debt of the Company to changes in interest expense and cash flows. At August 31, 2018, the variable-rate debt of the Company was solely comprised of the \$4.0 million long-term industrial revenue bond. The Company had no borrowings outstanding under the Revolving Credit Facility as of August 31, 2018. A 10% increase in market interest rates at August 31, 2018, would have resulted in a de minimis amount of additional annual after-tax interest expense. A fluctuation in interest rates would not affect interest expense or cash flows related to the Company's fixed-rate debt which includes the \$350.0 million publicly-traded fixed-rate notes. A 10% increase in market interest rates at August 31, 2018 would have decreased the estimated fair value of these debt obligations by approximately \$1.5 million. See the *Debt and Lines of Credit* footnote of the *Notes to Consolidated Financial Statements* contained in this Form 10-K for additional information regarding the Company's debt.

Foreign Exchange Rates. The majority of net sales, expense, and capital purchases of the Company are transacted in U.S. dollars. However, exposure with respect to foreign exchange rate fluctuation exists due to the Company's operations in Mexico and Canada, where a significant portion of products sold are produced or sourced from the United States, and, to a lesser extent, in Europe. Based on fiscal 2018 performance, a hypothetical decline in the value of the Canadian dollar in relation to the U.S. dollar of 10% would negatively impact operating profit by approximately \$14 million, while a hypothetical appreciation of 10% in the value of the Canadian dollar in relation to the U.S. dollar would favorably impact operating profit by approximately \$17 million. In addition to products and services sold in Mexico, a significant portion of the goods sold in the United States are manufactured in Mexico. A hypothetical 10% decrease in the value of the Mexican peso in relation to the U.S. dollar would favorably impact operating profit by approximately \$15 million, while a hypothetical increase of 10% in the value of the Mexican peso in relation to the U.S. dollar would negatively impact operating profits by approximately \$18 million. The individual impacts to the operating profit of the Company of hypothetical currency fluctuations in the Canadian dollar and Mexican peso have been calculated in isolation from any potential responses to address such exchange rate changes in the Company's foreign markets.

The Company's exposure to foreign currency risk related to its operations in Europe is immaterial and has been excluded from this analysis.

Commodity Prices. The Company utilizes a variety of raw materials and components in its production process including petroleum-based products, steel, and aluminum. In fiscal 2018, the Company purchased approximately 104,000 tons of steel and aluminum. The Company estimates that approximately 7% of raw materials purchased are petroleum-based and that approximately six million gallons of diesel fuel were consumed in fiscal 2018. Failure to effectively manage future increases in the costs of these items could have an adverse impact on the Company's results of operations and cash flow.

Item 8. Financial Statements and Supplementary Data**Index to Consolidated Financial Statements**

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

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

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of August 31, 2018. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013 Framework). Based on this assessment, management believes that, as of August 31, 2018, the Company's internal control over financial reporting is effective.

Management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the acquired operations of IOTA Engineering, LLC and Lucid Design Group, Inc. (collectively, the "2018 Acquisitions"), which are included in the Company's consolidated financial statements as of August 31, 2018 and for the period from the respective acquisition dates through August 31, 2018. As of August 31, 2018, the 2018 Acquisitions constituted less than 2% and 1% of the Company's tangible assets and net tangible assets, respectively. For the year ended August 31, 2018, the 2018 Acquisitions constituted less than 1% of both the Company's net sales and pre-tax income.

The Company's independent registered public accounting firm has issued an audit report on their audit of the Company's internal control over financial reporting. This report dated October 25, 2018 is included within this Form 10-K.

/s/ VERNON J. NAGEL

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

/s/ RICHARD K. REECE

Richard K. Reece
Executive Vice President and
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Acuity Brands, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Acuity Brands, Inc. (the Company) as of August 31, 2018 and 2017, the related consolidated statements of comprehensive income, cash flows and stockholders' equity for each of the three years in the period ended August 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at August 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of August 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated October 25, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002.

Atlanta, Georgia
October 25, 2018

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Acuity Brands, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Acuity Brands, Inc.'s internal control over financial reporting as of August 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Acuity Brands, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of August 31, 2018, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the acquired operations of IOTA Engineering, LLC (IOTA) or Lucid Design Group, Inc. (Lucid) (collectively, the 2018 Acquisitions), which are included in the 2018 consolidated financial statements of the Company and constituted less than 2% and 1% of tangible assets and net tangible assets, respectively, as of August 31, 2018 and less than 1% of net sales and pre-tax income for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of IOTA and Lucid.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of August 31, 2018 and 2017, the related consolidated statements of comprehensive income, cash flows and stockholders' equity for each of the three years in the period ended August 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a) and our report dated October 25, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ Ernst & Young LLP

Atlanta, Georgia
October 25, 2018

ACUITY BRANDS, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	August 31,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 129.1	\$ 311.1
Accounts receivable, less reserve for doubtful accounts of \$1.3 and \$1.9, respectively	637.9	573.3
Inventories	411.8	328.6
Prepayments and other current assets	32.3	32.6
Total current assets	1,211.1	1,245.6
Property, plant, and equipment, at cost:		
Land	22.9	22.5
Buildings and leasehold improvements	189.1	180.7
Machinery and equipment	516.6	484.6
Total property, plant, and equipment	728.6	687.8
Less — Accumulated depreciation and amortization	(441.9)	(400.1)
Property, plant, and equipment, net	286.7	287.7
Goodwill	970.6	900.9
Intangible assets	498.7	448.8
Deferred income taxes	2.9	3.4
Other long-term assets	18.8	13.2
Total assets	\$ 2,988.8	\$ 2,899.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 451.1	\$ 395.1
Current maturities of long-term debt	0.4	0.4
Accrued compensation	67.0	41.8
Other accrued liabilities	164.2	163.6
Total current liabilities	682.7	600.9
Long-term debt	356.4	356.5
Accrued pension liabilities	64.6	96.9
Deferred income taxes	92.5	108.2
Self-insurance reserves	7.9	7.9
Other long-term liabilities	67.9	63.6
Total liabilities	1,272.0	1,234.0
Commitments and contingencies (see <i>Commitments and Contingencies</i> footnote)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 500,000,000 shares authorized; 53,667,327 and 53,549,840 issued, respectively	0.5	0.5
Paid-in capital	906.3	881.0
Retained earnings	1,999.2	1,659.9
Accumulated other comprehensive loss	(114.8)	(99.7)
Treasury stock, at cost — 13,676,689 and 11,678,002 shares, respectively	(1,074.4)	(776.1)
Total stockholders' equity	1,716.8	1,665.6
Total liabilities and stockholders' equity	\$ 2,988.8	\$ 2,899.6

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

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

	Year Ended August 31,		
	2018	2017	2016
Net sales	\$ 3,680.1	\$ 3,505.1	\$ 3,291.3
Cost of products sold	2,193.3	2,023.9	1,855.1
Gross profit	1,486.8	1,481.2	1,436.2
Selling, distribution, and administrative expenses	1,026.6	951.1	946.0
Special charge	5.6	11.3	15.0
Operating profit	454.6	518.8	475.2
Other expense (income):			
Interest expense, net	33.5	32.5	32.2
Miscellaneous income, net	(4.8)	(6.3)	(1.6)
Total other expense	28.7	26.2	30.6
Income before income taxes	425.9	492.6	444.6
Income tax expense	76.3	170.9	153.8
Net income	\$ 349.6	\$ 321.7	\$ 290.8
Earnings per share:			
Basic earnings per share	\$ 8.54	\$ 7.46	\$ 6.67
Basic weighted average number of shares outstanding	40.9	43.1	43.5
Diluted earnings per share	\$ 8.52	\$ 7.43	\$ 6.63
Diluted weighted average number of shares outstanding	41.0	43.3	43.8
Dividends declared per share	\$ 0.52	\$ 0.52	\$ 0.52
Comprehensive income:			
Net income	\$ 349.6	\$ 321.7	\$ 290.8
Other comprehensive income (loss) items:			
Foreign currency translation adjustments	(25.2)	19.0	(5.6)
Defined benefit plans, net	21.2	20.7	(23.4)
Other comprehensive (loss) income items, net of tax	(4.0)	39.7	(29.0)
Comprehensive income	\$ 345.6	\$ 361.4	\$ 261.8

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

ACUITY BRANDS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended August 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net income	\$ 349.6	\$ 321.7	\$ 290.8
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	80.3	74.6	62.6
Share-based payment expense	32.3	32.0	27.7
Loss (gain) on the sale or disposal of property, plant, and equipment	0.6	0.3	(0.9)
Asset impairments	—	—	5.1
Deferred income taxes	(38.2)	(7.7)	(8.2)
Gain on sale of business	(5.4)	—	—
Gain on sale of investment in unconsolidated affiliate	—	(7.2)	—
Change in assets and liabilities, net of effect of acquisitions, divestitures, and exchange rate changes:			
Accounts receivable	(62.8)	2.7	(94.6)
Inventories	(74.4)	(32.4)	(24.0)
Prepayments and other current assets	0.7	6.0	(10.5)
Accounts payable	52.5	(4.6)	65.3
Other current liabilities	19.1	(63.5)	60.6
Other	(1.1)	14.7	14.0
Net cash provided by operating activities	<u>353.2</u>	<u>336.6</u>	<u>387.9</u>
Cash flows from investing activities:			
Purchases of property, plant, and equipment	(43.6)	(67.3)	(83.7)
Proceeds from sale of property, plant, and equipment	—	5.5	2.2
Acquisitions of businesses and intangible assets, net of cash acquired	(163.2)	—	(623.2)
Proceeds from sale of business	1.1	—	—
Proceeds from sale of investment in unconsolidated affiliate	—	13.2	—
Other investing activities	—	(0.2)	—
Net cash used for investing activities	<u>(205.7)</u>	<u>(48.8)</u>	<u>(704.7)</u>
Cash flows from financing activities:			
Borrowings on credit facility	395.4	—	—
Repayments of borrowings on credit facility	(395.4)	—	—
(Repayments) issuances of long-term debt	(0.4)	1.0	2.5
Repurchases of common stock	(298.4)	(357.9)	—
Proceeds from stock option exercises and other	1.7	3.0	14.2
Payments for employee taxes on net settlement of equity awards	(8.2)	(15.2)	(16.6)
Dividends paid	(21.4)	(22.7)	(22.9)
Net cash used for financing activities	<u>(326.7)</u>	<u>(391.8)</u>	<u>(22.8)</u>
Effect of exchange rate changes on cash and cash equivalents	(2.8)	1.9	(4.0)
Net change in cash and cash equivalents	<u>(182.0)</u>	<u>(102.1)</u>	<u>(343.6)</u>
Cash and cash equivalents at beginning of year	311.1	413.2	756.8
Cash and cash equivalents at end of year	<u>\$ 129.1</u>	<u>\$ 311.1</u>	<u>\$ 413.2</u>
Supplemental cash flow information:			
Income taxes paid during the period	\$ 126.6	\$ 173.6	\$ 120.7
Interest paid during the period	\$ 36.7	\$ 33.6	\$ 32.8

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

ACUITY BRANDS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	<u>Common Stock Outstanding</u>				Accumulated Other Comprehensive Loss Items	Treasury Stock, at cost	Total
	Shares	Amount	Paid-in Capital	Retained Earnings			
Balance, August 31, 2015	43.3	\$ 0.5	\$ 797.1	\$ 1,093.0	\$ (110.4)	\$ (420.2)	\$ 1,360.0
Net income	—	—	—	290.8	—	—	290.8
Other comprehensive loss	—	—	—	—	(29.0)	—	(29.0)
Common stock issued from treasury stock for acquisition of business	0.1	—	8.4	—	—	1.6	10.0
Amortization, issuance, and cancellations of restricted stock grants	—	—	11.1	—	—	—	11.1
Employee stock purchase plan issuances	—	—	0.7	—	—	—	0.7
Cash dividends of \$0.52 per share paid on common stock	—	—	—	(22.9)	—	—	(22.9)
Stock options exercised	0.3	—	13.5	—	—	—	13.5
Excess tax benefits from share-based payments	—	—	25.6	—	—	—	25.6
Balance, August 31, 2016	43.7	0.5	856.4	1,360.9	(139.4)	(418.6)	1,659.8
Net income	—	—	—	321.7	—	—	321.7
Other comprehensive income	—	—	—	—	39.7	—	39.7
Amortization, issuance, and cancellations of restricted stock grants	0.1	—	16.4	—	—	0.4	16.8
Employee stock purchase plan issuances	—	—	0.9	—	—	—	0.9
Cash dividends of \$0.52 per share paid on common stock	—	—	—	(22.7)	—	—	(22.7)
Stock options exercised	—	—	2.1	—	—	—	2.1
Repurchases of common stock	(2.0)	—	—	—	—	(357.9)	(357.9)
Excess tax benefits from share-based payments	—	—	5.2	—	—	—	5.2
Balance, August 31, 2017	41.8	0.5	881.0	1,659.9	(99.7)	(776.1)	1,665.6
Net income	—	—	—	349.6	—	—	349.6
Other comprehensive loss	—	—	—	—	(4.0)	—	(4.0)
Reclassification of stranded tax effects of the Tax Cuts and Jobs Act	—	—	—	11.1	(11.1)	—	—
Amortization, issuance, and cancellations of restricted stock grants	0.2	—	23.6	—	—	0.1	23.7
Employee stock purchase plan issuances	—	—	0.6	—	—	—	0.6
Cash dividends of \$0.52 per share paid on common stock	—	—	—	(21.4)	—	—	(21.4)
Stock options exercised	—	—	1.1	—	—	—	1.1
Repurchases of common stock	(2.0)	—	—	—	—	(298.4)	(298.4)
Balance, August 31, 2018	40.0	\$ 0.5	\$ 906.3	\$ 1,999.2	\$ (114.8)	\$ (1,074.4)	\$ 1,716.8

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

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Basis of Presentation

Acuity Brands, Inc. (“Acuity Brands”) is the parent company of Acuity Brands Lighting, Inc. (“ABL”) and other subsidiaries (Acuity Brands, ABL, and such other subsidiaries are collectively referred to herein as the “Company”) and was incorporated in 2001 under the laws of the State of Delaware. The Company is one of the world’s leading providers of lighting and building management solutions and services for commercial, institutional, industrial, infrastructure, and residential applications throughout North America and select international markets. The Company’s lighting and building management solutions include devices such as luminaires, lighting controls, controllers for various building systems, power supplies, prismatic skylights, inverters, and drivers, as well as integrated systems designed to optimize energy efficiency and comfort for various indoor and outdoor applications. Additionally, the Company continues to expand its solutions portfolio to provide a host of other economic benefits, including software and services that enable the Internet of Things (“IoT”). The Company’s IoT solutions provide customers with access to robust data analytics; support the advancement of smart buildings, smart cities, and the smart grid; and allow businesses to develop custom applications to scale their operations. The Company has one reportable segment serving the North American lighting market and select international markets.

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

2. Significant Accounting Policies

Principles of Consolidation

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

Revenue Recognition

The Company records revenue when the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the Company’s price to the customer is fixed and determinable, and collectability is reasonably assured. Delivery is not considered to have occurred until the customer assumes the risks and rewards of ownership. Customers take delivery at the time of shipment for terms designated free on board shipping point. For sales designated free on board destination, customers take delivery when the product is received at the customer’s designated site. Provisions for certain rebates, sales incentives, product returns, and discounts to customers are recorded in the same period the related revenue is recorded.

The Company also maintains one-time or ongoing marketing and trade-promotion programs with certain customers that require the Company to estimate and accrue the expected costs of such programs. These arrangements include cooperative marketing programs, merchandising of the Company’s products, introductory marketing funds for new products, and other trade-promotion activities conducted by the customer. Costs associated with these programs are reflected within the Company’s *Consolidated Statements of Comprehensive Income* in accordance with Accounting Standards Codification (“ASC”) Topic 605, *Revenue Recognition* (“ASC 605”), which in most instances requires such costs be recorded as a reduction of revenue. The liabilities associated with the programs totaled \$41.3 million and \$38.1 million as of August 31, 2018 and 2017, respectively, and are reflected within *Other accrued liabilities* on the *Consolidated Balance Sheets*.

The Company’s standard terms and conditions of sale allow returns of certain products within four months of the date of shipment. The Company also provides for limited product return rights to certain distributors and other customers, primarily for slow moving or damaged items subject to certain defined criteria. The limited product return rights generally allow customers to return resalable products purchased within a specified time period and subject to certain limitations, including, at times, when accompanied by a replacement order of equal or greater value. At the time revenue is recognized, the Company records a provision for the estimated amount of future returns primarily based on historical experience, specific notification of pending returns, or contractual terms with the respective customers. Although historical product returns generally have been within expectations, there can be no assurance that future product returns will not exceed historical amounts. A significant increase in product returns could have a material adverse impact on the Company’s operating results in future periods.

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

Revenue Recognition for Arrangements with Multiple Deliverables

A small portion (less than 7%) of the Company's revenues are derived from the combination of any or all of: (i) the sale and license of its products, (ii) fees associated with training, installation, and technical support services, (iii) monitoring and lighting control services, and (iv) providing services related to data analytics. Certain agreements for integrated lighting solutions represent multiple-element arrangements that include tangible products as well as services that are essential to the functionality of the solution. These services primarily relate to installation, monitoring, and lighting controls services. All of these elements are reviewed and analyzed to determine separability in relation to the delivered elements and appropriate pricing treatment based on (a) vendor-specific objective evidence, (b) third-party evidence, or (c) management estimates. If deemed separate units of accounting, the revenue and associated cost of sales related to the delivered elements are recognized at the time of delivery, while those related to the undelivered elements are recognized appropriately based on the period of performance. If the separation criterion for the undelivered elements is not met because the undelivered elements are essential to the functionality of the lighting controls systems, all revenue and cost of sales attributable to the contract are deferred at the time of sale and are both generally recognized on a straight-line basis over the respective contract periods.

Use of Estimates

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Concentrations of Credit Risk

Concentrations of credit risk with respect to receivables, which are typically unsecured, are generally limited due to the wide variety of customers and markets using the Company's lighting and building management solutions as well as their dispersion across many different geographic areas. One customer, two customers each, and one customer accounted for approximately 10% of receivables at August 31, 2018, 2017, and 2016, respectively. No single customer accounted for more than 10% of net sales in fiscal 2018, 2017, or 2016.

Reclassifications

Certain prior-period amounts have been reclassified to conform to the current year presentation. No material reclassifications occurred during the current period. Refer to the *New Accounting Pronouncements* footnote for additional information regarding retrospective reclassifications related to accounting standards adopted in the current year.

Subsequent Events

The Company has evaluated subsequent events for recognition and disclosure for occurrences and transactions after the date of the consolidated financial statements as of August 31, 2018.

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Inventories

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

	August 31,	
	2018	2017
Raw materials, supplies, and work in process ⁽¹⁾	\$ 196.8	\$ 176.5
Finished goods	251.8	180.8
Inventories excluding reserves	448.6	357.3
Less: Reserves	(36.8)	(28.7)
Total inventories	<u>\$ 411.8</u>	<u>\$ 328.6</u>

⁽¹⁾ Due to the immaterial amount of estimated work in process and the short lead times for the conversion of raw materials to finished goods, the Company does not believe the segregation of raw materials and work in process is meaningful information.

Management reviews inventory quantities on hand and records a provision for excess or obsolete inventory primarily based on estimated future demand and current market conditions. A significant change in customer demand or market conditions could render certain inventory obsolete and could have a material adverse impact on the Company's operating results in the period the change occurs.

Assets Held for Sale

In accordance with applicable U.S. GAAP, the Company classifies assets as held for sale upon the development of a plan for disposal and ceases the depreciation and amortization of the assets at that date. The Company did not classify any assets as held for sale as of August 31, 2018 or 2017.

Goodwill and Other Intangibles

Goodwill amounted to \$970.6 million and \$900.9 million as of August 31, 2018 and 2017, respectively. The change in the carrying amount of goodwill during fiscal 2018 and 2017 is summarized as follows (in millions):

	Carrying Amount
Balance as of August 31, 2016	\$ 947.8
Adjustments to provisional amounts	(56.5)
Foreign currency translation adjustments	9.6
Balance as of August 31, 2017	900.9
Additions from acquired businesses	77.0
Foreign currency translation adjustments	(7.3)
Balance as of August 31, 2018	<u>\$ 970.6</u>

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Summarized information for the Company's acquired intangible assets is as follows (in millions):

	August 31,			
	2018		2017	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Definite-lived intangible assets:				
Patents and patented technology	\$ 135.8	\$ (62.2)	\$ 124.1	\$ (51.5)
Trademarks and trade names	27.2	(13.2)	27.2	(12.0)
Distribution network	61.8	(42.7)	61.8	(35.2)
Customer relationships	298.8	(51.1)	240.8	(43.1)
Other	—	—	4.6	(4.6)
Total definite-lived intangible assets	<u>\$ 523.6</u>	<u>\$ (169.2)</u>	<u>\$ 458.5</u>	<u>\$ (146.4)</u>
Indefinite-lived trade names	<u>\$ 144.3</u>		<u>\$ 136.7</u>	

Through multiple acquisitions, the Company acquired intangible assets consisting primarily of trademarks and trade names associated with specific products with finite lives, definite-lived distribution networks, patented technology, non-compete agreements, and customer relationships, which are amortized over their estimated useful lives. Indefinite-lived intangible assets consist of trade names that are expected to generate cash flows indefinitely. Significant estimates and assumptions were used to determine the initial fair value of these acquired intangible assets, including estimated future net sales, customer attrition rates, royalty rates, and discount rates. Certain of the Company's intangible assets are attributable to foreign operations and are impacted by currency translation due to movements in foreign currency rates year over year.

The Company recorded amortization expense of \$28.5 million, \$28.0 million, and \$21.4 million related to intangible assets with finite lives during fiscal 2018, 2017, and 2016, respectively. Amortization expense is generally recorded on a straight-line basis and is expected to be approximately \$31.1 million in fiscal 2019, \$31.1 million in fiscal 2020, \$28.2 million in fiscal 2021, \$26.5 million in fiscal 2022, and \$25.2 million in fiscal 2023.

The Company tests goodwill and indefinite-lived intangible assets for impairment on an annual basis or more frequently as facts and circumstances change, as required by ASC Topic 350, *Intangibles — Goodwill and Other* ("ASC 350"). ASC 350 allows for an optional qualitative analysis to determine the likelihood of impairment. If the qualitative review results in a more likely than not probability of impairment, a quantitative analysis is required. The qualitative step may be bypassed entirely in favor of a quantitative test. The quantitative analysis identifies impairments by comparing the fair value of a reporting unit with its carrying value, including goodwill. The fair values can be 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 its carrying value, goodwill is not considered impaired. Conversely, if the carrying value of a reporting unit exceeds its fair value, an impairment charge for the difference is recorded.

In fiscal 2018 and 2016, a qualitative fair value analysis was used to determine the likelihood of goodwill impairment for the Company's one reporting unit. During fiscal 2017, a quantitative analysis, based on discounted future cash flows, was used to determine the likelihood of impairment. The analysis for goodwill did not result in an impairment charge during fiscal 2018, 2017, or 2016.

The impairment test for indefinite-lived trade names consists of comparing the fair value of a trade name with its carrying value. If the carrying amount exceeds the estimated fair value, an impairment loss would be recorded in the amount of the excess. The Company estimates the fair value of indefinite-lived trade names using a fair value model based on discounted future cash flows. Significant assumptions, including estimated future net sales, royalty rates, and discount rates, are used in the determination of estimated fair value for indefinite-lived trade names. The indefinite-lived trade name analysis did not result in an impairment charge for fiscal 2018, as the fair values exceeded the carrying values for each of the trade names. However, the estimated fair value of one trade name exceeded its carrying value by a small margin. Management believes the assumptions used to estimate the fair value of this trade name were reasonable, and sensitivity analysis indicated that the trade name would likely not be impaired by a material amount if reasonably differing assumptions had been used. Any reasonably likely change in the assumptions used in the analyses for the other trade names would not be material to the Company's financial condition or results of operations.

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The indefinite-lived trade name analysis did not result in an impairment charge for fiscal 2017, as the fair values exceeded the carrying values for each of the trade names. However, during fiscal 2016, management began to rationalize the Company's portfolio of brands, resulting in the initiation of the phase out of one of the trade names. As a result, during fiscal 2016 the Company recognized an impairment charge of \$5.1 million related to this trade name and concluded the trade name is definite-lived. The impairment charge is included in *Selling, distribution, and administrative expenses* in the *Consolidated Statements of Comprehensive Income* for the year ended August 31, 2016. The indefinite-lived intangible asset analysis for fiscal 2016 did not result in any other impairment charges, as the fair values exceeded the carrying values for each of the other trade names.

Other Long-Term Assets

Other long-term assets consist of the following (in millions):

	August 31,	
	2018	2017
Deferred contract costs	\$ 12.8	\$ 6.7
Net overfunded pension plans	1.6	—
Other ⁽¹⁾	4.4	6.5
Total other long-term assets	\$ 18.8	\$ 13.2

⁽¹⁾ Amounts primarily include deferred debt issuance costs related to the Company's credit facilities and company-owned life insurance investments. The Company maintains life insurance policies on 69 former employees primarily to satisfy obligations under certain deferred compensation plans. These company-owned life insurance policies are presented net of loans that are secured by these policies. This program is frozen, and no new policies were issued in the three-year period ended August 31, 2018.

Other Long-Term Liabilities

Other long-term liabilities consist of the following (in millions):

	August 31,	
	2018	2017
Deferred compensation and postretirement benefits other than pensions ⁽¹⁾	\$ 40.0	\$ 39.7
Long-term warranty obligations	15.7	10.7
Unrecognized tax position liabilities, including interest ⁽²⁾	4.9	7.0
Other ⁽³⁾	7.3	6.2
Total other long-term liabilities	\$ 67.9	\$ 63.6

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

⁽²⁾ See the *Income Taxes* footnote for more information.

⁽³⁾ Amount primarily includes deferred rent and deferred revenue.

Shipping and Handling Fees and Costs

The Company includes shipping and handling fees billed to customers in *Net sales* in the *Consolidated Statements of Comprehensive Income*. Shipping and handling costs associated with inbound freight and freight between manufacturing facilities and distribution centers are generally recorded in *Cost of products sold* in the *Consolidated Statements of Comprehensive Income*. Other shipping and handling costs are included in *Selling, distribution, and administrative expenses* in the *Consolidated Statements of Comprehensive Income* and totaled \$154.9 million, \$138.3 million, and \$124.0 million in fiscal 2018, 2017, and 2016, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Share-based Payments

The Company recognizes compensation cost relating to share-based payment transactions in the financial statements based on the estimated fair value of the equity or liability instrument issued. The Company accounts for stock options, restricted shares, and share units representing certain deferrals into the Director Deferred Compensation Plan or the Supplemental Deferred Savings Plan ("SDSP") (both of which are discussed further in the *Share-based Payments* footnote) based on the grant-date fair value estimated under the current provisions of ASC Topic 718, *Compensation — Stock Compensation* ("ASC 718").

Share-based payment expense includes expense related to restricted stock and options issued, as well as share units deferred into the Director Deferred Compensation Plan. The Company recorded \$32.3 million, \$32.0 million, and \$27.7 million of share-based payment expense for the years ended August 31, 2018, 2017, and 2016, respectively. The total income tax benefit recognized for share-based payment arrangements was \$8.4 million, \$11.1 million, and \$9.6 million for the years ended August 31, 2018, 2017, and 2016, respectively. The Company accounts for any awards with graded vesting on a straight-line basis. Additionally, forfeitures of share-based awards are estimated based on historical experience at the time of grant and are revised in subsequent periods if actual forfeitures differ from initial estimates. The Company did not capitalize any expense related to share-based payments and has recorded share-based payment expense, net of estimated forfeitures, in *Selling, distribution, and administrative expenses* in the *Consolidated Statements of Comprehensive Income*.

Prior to fiscal 2018, benefits of tax deductions in excess of and expense of tax shortfalls below recognized share-based payment cost were reported within *Paid-in capital* on the *Consolidated Balance Sheets*. Conversely, these amounts are reported within *Income tax expense* on the *Consolidated Statements of Comprehensive Income* for fiscal 2018. See the *New Accounting Pronouncements* footnote for more information. The Company recognized net tax shortfalls related to share-based payment cost of \$0.8 million during fiscal 2018 and excess tax benefits related to share-based payment cost of \$5.2 million and \$25.6 million during 2017 and 2016, respectively.

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

Depreciation

For financial reporting purposes, depreciation is determined principally on a straight-line basis using estimated useful lives of plant and equipment (10 to 40 years for buildings and related improvements and 3 to 15 years for machinery and equipment), while accelerated depreciation methods are used for income tax purposes. Leasehold improvements are amortized over the shorter of the life of the lease or the estimated useful life of the improvement. Depreciation expense amounted to \$51.8 million, \$46.6 million, and \$41.2 million during fiscal 2018, 2017, and 2016, respectively.

Research and Development

Research and development ("R&D") expense, which is expensed as incurred, consists of compensation, payroll taxes, employee benefits, materials, supplies, and other administrative costs. R&D does not include all new product development costs and is included in *Selling, distribution, and administrative expenses* in the Company's *Consolidated Statements of Comprehensive Income*. R&D expense amounted to \$63.9 million, \$52.0 million, and \$47.1 million during fiscal 2018, 2017, and 2016, respectively.

Advertising

Advertising costs are expensed as incurred and are included within *Selling, distribution, and administrative expenses* in the Company's *Consolidated Statements of Comprehensive Income*. These costs totaled \$20.6 million, \$18.6 million, and \$18.4 million during fiscal 2018, 2017, and 2016, respectively.

Interest Expense, Net

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

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The following table summarizes the components of interest expense, net (in millions):

	Year Ended August 31,		
	2018	2017	2016
Interest expense	\$ 35.5	\$ 34.1	\$ 33.3
Interest income	(2.0)	(1.6)	(1.1)
Interest expense, net	<u>\$ 33.5</u>	<u>\$ 32.5</u>	<u>\$ 32.2</u>

Miscellaneous Income, Net

Miscellaneous income, net, is composed primarily of gains or losses on foreign currency items and other non-operating items. Gains or losses relating to foreign currency items consisted of income of \$0.1 million in fiscal 2018, expense of \$0.5 million in fiscal 2017, and income of \$0.8 million in fiscal 2016. During fiscal 2018, the Company recognized a \$5.4 million gain on the sale of a foreign domiciled business, which includes the reclassification of \$8.7 million in accumulated foreign currency gains from *Accumulated other comprehensive loss*. During fiscal 2017, the Company recognized a \$7.2 million gain associated with the sale of an investment in an unconsolidated affiliate.

Income Taxes

The Company is taxed at statutory corporate rates after adjusting income reported for financial statement purposes for certain items that are treated differently for income tax purposes. Deferred income tax expenses or benefits result from changes during the year in cumulative temporary differences between the tax basis and book basis of assets and liabilities. On December 22, 2017, the President of the United States signed into law the U.S. Tax Cuts and Jobs Act ("TCJA"). See the *Income Taxes* footnote within the *Notes to Consolidated Financial Statements* for additional details regarding the impact of the TCJA on the Company.

Foreign Currency Translation

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

Comprehensive Income

Comprehensive income represents 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 for the Company includes foreign currency translation and pension adjustments.

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The following table presents the changes in each component of accumulated other comprehensive income (loss) net of tax during the year ended August 31, 2018 (in millions):

	Foreign Currency Items	Defined Benefit Pension Plans	Accumulated Other Comprehensive Loss Items
Balance as of August 31, 2016	\$ (47.7)	\$ (91.7)	\$ (139.4)
Other comprehensive income before reclassifications	19.0	12.6	31.6
Amounts reclassified from accumulated other comprehensive loss ⁽¹⁾	—	8.1	8.1
Net current period other comprehensive income	19.0	20.7	39.7
Balance at August 31, 2017	(28.7)	(71.0)	(99.7)
Other comprehensive income before reclassifications	(16.5)	14.0	(2.5)
Amounts reclassified from accumulated other comprehensive loss ⁽¹⁾	(8.7)	7.2	(1.5)
Net current period other comprehensive (loss) income	(25.2)	21.2	(4.0)
Reclassification of stranded tax effects of TCJA	—	(11.1)	(11.1)
Balance at August 31, 2018	\$ (53.9)	\$ (60.9)	\$ (114.8)

⁽¹⁾ The before tax amounts of the defined benefit pension plan items are included in net periodic pension cost. See the *Pension and Defined Contribution Plans* footnote for additional details. The reclassification of foreign currency items relates to the sale of a foreign domiciled business and is included within *Miscellaneous income, net* on the *Consolidated Statements of Comprehensive Income*.

The following table presents the tax expense or benefit allocated to each component of other comprehensive income (loss) for the three years ended August 31, 2018 (in millions):

	Year Ended August 31,								
	2018			2017			2016		
	Before Tax Amount	Tax (Expense) or Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) or Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) or Benefit	Net of Tax Amount
Foreign currency translation adjustments	\$ (25.2)	\$ —	\$ (25.2)	\$ 19.0	\$ —	\$ 19.0	\$ (5.6)	\$ —	\$ (5.6)
Defined benefit pension plans:									
Actuarial gains (losses)	18.4	(4.4)	14.0	18.3	(5.7)	12.6	(42.2)	13.5	(28.7)
Amortization of defined benefit pension items:									
Prior service cost	3.1	(0.7)	2.4	3.1	(0.7)	2.4	3.1	(1.1)	2.0
Actuarial losses	6.8	(2.0)	4.8	8.9	(3.2)	5.7	4.9	(1.6)	3.3
Total defined benefit plans, net	28.3	(7.1)	21.2	30.3	(9.6)	20.7	(34.2)	10.8	(23.4)
Other comprehensive income (loss)	\$ 3.1	\$ (7.1)	\$ (4.0)	\$ 49.3	\$ (9.6)	\$ 39.7	\$ (39.8)	\$ 10.8	\$ (29.0)

3. New Accounting Pronouncements

Accounting Standards Adopted in Fiscal 2018

In March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*, (“ASU 2016-09”), which changes certain aspects of accounting for share-based payments to employees. The standard requires that all excess tax benefits and deficiencies previously recorded as additional paid-in capital be prospectively recorded in income tax expense, which could create volatility in the Company's effective income tax rate on a quarter by quarter basis due primarily to fluctuations in the Company's stock price and the timing of stock option exercises and vesting of restricted share grants. The standard also requires excess tax benefits to be presented as an operating activity on the statement of cash flows rather than as a financing activity and taxes paid for employee withholdings to be presented as a financing activity. The Company adopted ASU 2016-09 effective as of September 1, 2017. Excess tax benefits and deficiencies are recorded within *Income tax expense* within the *Consolidated Statements of Comprehensive Income* on a prospective basis as required by the standard; however, the Company elected to present changes to the statement of cash flows

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on a retrospective basis as allowed by the standard in order to maintain comparability between fiscal years. As such, cash flows from operations for the years ended August 31, 2017 and 2016 increased \$20.4 million and \$42.2 million, respectively, with a corresponding decrease to cash flows from financing activities, compared to amounts previously reported.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* ("ASU 2018-02"), which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the TCJA signed into law in December 2017. The Company adopted ASU 2018-02 effective as of the beginning of the current reporting period and recorded a reclassification for the stranded tax effects resulting from the TCJA from *Accumulated other comprehensive loss* to *Retained earnings* in the amount of \$11.1 million on the *Consolidated Balance Sheets* during the year ended August 31, 2018. Refer to the *Income Taxes* footnote for further details.

Accounting Standards Yet to Be Adopted

In August 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* ("ASU 2018-15"), which will require customers to apply internal-use software guidance to determine the implementation costs that are able to be capitalized. Capitalized implementation costs will be required to be amortized over the term of the arrangement, beginning when the cloud computing arrangement is ready for its intended use. ASU 2018-15 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2019. The Company will implement the standard as required in fiscal 2021. The provisions of ASU 2018-15 are not expected to have a material effect on the Company's financial condition, results of operations, or cash flows.

In March 2017, the FASB issued ASU No. 2017-07, *Compensation — Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* ("ASU 2017-07"), which will change the presentation of net periodic benefit cost related to employer sponsored defined benefit plans and other postretirement benefits. Service cost will be included within the same income statement line item as other compensation costs arising from services rendered during the period, while other components of net periodic benefit pension cost will be presented separately outside of operating income. Additionally, only service costs may be capitalized in assets. ASU 2017-07 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2017. The Company will implement the standard as required in fiscal 2019. The provisions of ASU 2017-07 are not expected to have a material impact on the Company's financial condition, results of operations, or cash flows.

In January 2017, the FASB issued ASU No. 2017-01, *Clarifying the Definition of a Business* ("ASU 2017-01"), which requires an evaluation of whether substantially all of the fair value of assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If so, the transaction does not qualify as a business. The guidance also requires an acquired business to include at least one substantive process and narrows the definition of outputs. ASU 2017-01 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2017. The Company is currently evaluating the impact of the provisions of ASU 2017-01 and will implement the standard as required in fiscal 2019.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows* ("ASU 2016-15"), which is intended to reduce the diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows including debt prepayment and extinguishment costs, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, and proceeds from the settlement of corporate-owned life insurance. ASU 2016-15 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2017. The Company will implement the standard as required in fiscal 2019, and the provisions of ASU 2016-15 are not expected to have a material impact on the Company's financial statement disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"), which requires lessees to include most leases on the balance sheet. ASU 2016-02 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2018. In January 2018, the FASB issued ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842* ("ASU 2018-01"), which establishes an optional transition practical expedient when applying the guidance in ASU 2016-02. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases* ("ASU 2018-10"), and ASU 2018-11, *Targeted Improvements* ("ASU 2018-11"). ASU 2018-10 affects narrow aspects of the guidance issued in ASU 2016-02. ASU 2018-11 provides an additional transition method

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and an additional practical expedient for lessors. Each of these updates have the same effective date as the original standard. The Company is currently evaluating the impact of the provisions of ASU 2016-02 and the related amendments and will implement the standard as required in fiscal 2020.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which replaces most existing revenue recognition guidance in U.S. GAAP. Since the issuance of ASU 2014-09, the FASB released several amendments to improve and clarify the implementation guidance, as well as to change the effective date. These standards have been collectively codified within Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("ASC 606"). ASC 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard also requires additional disclosures about the nature, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASC 606 permits two transition methods: the full retrospective method and the modified retrospective method. Under the full retrospective method, the standard would be applied to each prior reporting period presented with the cumulative effect of applying the standard recognized at the earliest period shown. Under the modified retrospective method, the cumulative effect of applying the standard would be recognized at the date of initial application. ASC 606 is effective for annual reporting periods beginning after December 15, 2017.

The Company has an implementation team tasked with identifying potential differences that will result from applying the new revenue recognition standard to the Company's contracts with its customers. The implementation team has completed its contract reviews and reported its findings and progress to management as well as to the Audit Committee of the Board of Directors. The most significant changes will relate to additional deferral of revenue recognition for certain services provided and the gross presentation of right of return assets and refund liabilities for sales with a right of return. Based on the current portfolio of the Company's revenue generating activities, these changes will not have a material impact on the Company's consolidated financial condition, results of operations, or cash flows. The Company will adopt ASC 606 using the modified retrospective approach effective September 1, 2018.

All other newly issued accounting pronouncements not yet effective have been deemed either immaterial or not applicable.

4. Acquisitions and Investments

The Company does not consider acquisitions a critical element of its strategy but seeks opportunities for growth through acquisitions and investments. In recent years, the Company has acquired or made investments in a number of businesses that participate in the lighting, building management, and related markets, including the businesses discussed below. The acquisitions and investments were made with the intent to further expand and complement the Company's lighting and building management solutions portfolio. The purchased companies were fully incorporated into the Company's operations at their respective acquisition dates. There were no acquisitions during fiscal 2017.

Fiscal 2018 Acquisitions

IOTA Engineering, LLC

On May 1, 2018, using cash on hand and borrowings available under existing credit arrangements, the Company acquired all of the equity interests of IOTA Engineering, LLC ("IOTA"). IOTA is headquartered in Tucson, Arizona and manufactures highly engineered emergency lighting products and power equipment for commercial and institutional applications both in the U.S. and international markets. The operating results of IOTA have been included in the Company's consolidated financial statements since the date of acquisition and are not material to the Company's financial condition, results of operations, or cash flows.

Lucid Design Group, Inc.

On February 12, 2018, using cash on hand, the Company acquired all of the equity interests of Lucid Design Group, Inc ("Lucid"). Lucid is headquartered in Oakland, California and provides a data and analytics platform to make data-driven decisions to improve building efficiency and drive energy conservation and savings. The operating results of Lucid have been included in the Company's consolidated financial statements since the date of acquisition and are not material to the Company's financial condition, results of operations, or cash flows.

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Accounting for Fiscal 2018 Acquisitions

Acquisition-related costs were expensed as incurred. Preliminary amounts related to the acquisition accounting for these acquisitions are reflected in the *Consolidated Balance Sheets* as of August 31, 2018. The aggregate preliminary purchase price of these acquisitions reflects total goodwill and identified intangible assets of approximately \$77.0 million and \$81.8 million, respectively. Identified intangible assets consist of indefinite-lived marketing-related intangibles as well as definite-lived customer-based and technology-based assets, which have a weighted average useful life of approximately 14 years. These amounts are deemed to be provisional until disclosed otherwise, primarily due to the Company continuing to gather information related to the identification and valuation of certain deferred tax items.

Fiscal 2016 Acquisitions

DGLogik, Inc.

On June 30, 2016, using cash on hand and treasury stock, the Company acquired DGLogik, Inc. ("DGLogik") a provider of innovative software solutions that enable and visualize the IoT. DGLogik's solutions provide users with the intelligence to better manage energy usage and improve facility performance. DGLogik is headquartered in the San Francisco Bay Area, California. The operating results of DGLogik have been included in the Company's consolidated financial statements since the date of acquisition and are not material to the Company's financial condition, results of operations, or cash flows. The Company finalized the acquisition accounting for DGLogik during fiscal 2017, and the amounts are reflected on the *Consolidated Balance Sheets*. There were no material changes to the Company's financial statements as a result of the finalization of the acquisition accounting.

Juno Lighting LLC

On December 10, 2015, using cash on hand, the Company acquired for approximately \$380.0 million all of the equity interests of Juno Lighting LLC ("Juno Lighting") a leading provider of downlighting and track lighting fixtures for both residential and commercial applications. Juno Lighting is headquartered in Des Plaines, Illinois. The operating results of Juno Lighting have been included in the Company's consolidated financial statements since the date of acquisition.

Provisional amounts recognized at the acquisition date related to the Juno Lighting acquisition were prospectively adjusted in the second quarter of fiscal 2017 to reflect the finalization of the valuation of customer relationships and certain accrued liabilities. These adjustments resulted in an increase to intangible assets, net of \$81.1 million, a decrease to goodwill of \$50.5 million, an increase to deferred income tax liabilities of \$29.6 million, and a decrease to net operating working capital of \$1.0 million in the second quarter of fiscal 2017. Additionally, the Company recorded \$1.5 million of additional amortization expense during fiscal 2017 to reflect the amortization that would have been recognized in previous periods if the adjustment to intangibles was recognized as of the acquisition date. The fair values of assets acquired and liabilities assumed were finalized and reflected on the *Consolidated Balance Sheets* prospectively as of February 28, 2017.

Geometri LLC

On December 9, 2015, using cash on hand, the Company acquired certain assets and assumed certain liabilities of Geometri, LLC ("Geometri"), a provider of a software and services platform for mapping, navigation, and analytics. The operating results of Geometri have been included in the Company's consolidated financial statements since the date of acquisition. The Company finalized the acquisition accounting for Geometri during fiscal 2017, and the amounts are reflected on the *Consolidated Balance Sheets*. There were no material changes to the Company's financial statements as a result of the finalization of the acquisition accounting.

Distech Controls Inc.

On September 1, 2015, using cash on hand, the Company acquired for approximately \$240.0 million all of the outstanding capital stock of Distech Controls Inc. ("Distech Controls"), a provider of building automation solutions that allow for the integration of lighting, heating, ventilation, and air conditioning ("HVAC"), access control, closed circuit television, and related systems. Distech Controls is headquartered in Quebec, Canada. The Company finalized the acquisition accounting for Distech Controls during fiscal 2016. There were no material changes to the Company's financial statements as a result of the finalization of the acquisition accounting.

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Fair Value Measurements

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

The Company's cash and cash equivalents (Level 1), which are required to be carried at fair value and measured on a recurring basis, were \$129.1 million and \$311.1 million as of August 31, 2018 and 2017, respectively.

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

The Company used quoted market prices to determine the fair value of Level 1 assets and liabilities. No transfers between the levels of the fair value hierarchy occurred during the current fiscal period. In the event of a transfer in or out of a level within the fair value hierarchy, the transfers would be recognized on the date of occurrence.

Disclosures of fair value information about financial instruments (whether or not recognized in the balance sheet), for which it is practicable to estimate that value, are required each reporting period in addition to any financial instruments carried at fair value on a recurring basis as prescribed by ASC Topic 825, *Financial Instruments* ("ASC 825"). In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. The carrying values and estimated fair values of certain of the Company's financial instruments were as follows at August 31, 2018 and 2017 (in millions):

	August 31, 2018		August 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior unsecured public notes, net of unamortized discount and deferred costs	\$ 349.5	\$ 361.7	\$ 349.1	\$ 379.7
Industrial revenue bond	4.0	4.0	4.0	4.0
Bank loans	3.3	3.3	3.8	3.8

The senior unsecured public notes are carried at the outstanding balance, net of unamortized bond discount and deferred costs, as of the end of the reporting period. Fair value is estimated based on discounted future cash flows using rates currently available for debt of similar terms and maturity (Level 2). The industrial revenue bond is carried at the outstanding balance as of the end of the reporting period. The industrial revenue bond is a tax-exempt, variable-rate instrument that resets on a weekly basis; therefore, the Company estimates that the face amount of the bond approximates fair value as of August 31, 2018 based on bonds of similar terms and maturity (Level 2). The bank loans are carried at the outstanding balance as of the end of the reporting period. Fair value is estimated based on discounted future cash flows using rates currently available for debt of similar terms and maturity (Level 2).

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

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Pension and Defined Contribution Plans
Company-sponsored Pension Plans

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

The following tables reflect the status of the Company's domestic (U.S.-based) and international pension plans at August 31, 2018 and 2017 (in millions):

	Domestic Plans		International Plans	
	August 31,		August 31,	
	2018	2017	2018	2017
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 215.5	\$ 223.0	\$ 53.5	\$ 57.3
Service cost	2.7	3.5	0.2	0.2
Interest cost	7.3	6.9	1.3	1.1
Actuarial gain	(14.3)	(10.2)	(4.5)	(3.2)
Benefits paid	(8.0)	(7.7)	(5.5)	(1.0)
Other	—	—	0.5	(0.9)
Benefit obligation at end of year	203.2	215.5	45.5	53.5
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 136.8	\$ 128.8	\$ 34.1	\$ 30.3
Actual return on plan assets	11.3	12.1	0.9	4.1
Employer contributions	9.3	3.6	1.2	1.0
Benefits paid	(8.0)	(7.7)	(5.5)	(1.0)
Other	—	—	0.2	(0.3)
Fair value of plan assets at end of year	149.4	136.8	30.9	34.1
Funded status at the end of year	\$ (53.8)	\$ (78.7)	\$ (14.6)	\$ (19.4)
Amounts recognized in the consolidated balance sheets consist of:				
Non-current assets	\$ 1.6	\$ —	\$ —	\$ —
Current liabilities	(5.3)	(1.2)	(0.1)	—
Non-current liabilities	(50.1)	(77.5)	(14.5)	(19.4)
Net amount recognized in Consolidated Balance Sheets	\$ (53.8)	\$ (78.7)	\$ (14.6)	\$ (19.4)
Accumulated benefit obligation	\$ 202.7	\$ 215.3	\$ 45.5	\$ 53.5
Pre-tax amounts in accumulated other comprehensive income:				
Prior service cost	\$ (4.6)	\$ (7.7)	\$ —	\$ —
Net actuarial loss	(58.8)	(78.7)	(12.9)	(18.2)
Amounts in accumulated other comprehensive income	\$ (63.4)	\$ (86.4)	\$ (12.9)	\$ (18.2)
Pensions plans in which benefit obligation exceeds plan assets:				
Projected benefit obligation	\$ 119.2	\$ 215.5	\$ 45.5	\$ 53.5
Accumulated benefit obligation	118.7	215.3	45.5	53.5
Plan assets	63.8	136.8	30.9	34.1
Pensions plans in which plan assets exceed benefit obligation:				
Projected benefit obligation	\$ 84.0	\$ —	\$ —	\$ —
Accumulated benefit obligation	84.0	—	—	—
Plan assets	85.6	—	—	—
Estimated amounts that will be amortized from accumulated comprehensive income over the next fiscal year:				
Prior service cost	\$ 3.1	\$ 3.1	\$ —	\$ —
Net actuarial loss	\$ 2.9	\$ 4.5	\$ 1.5	\$ 2.2

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Net periodic pension cost is allocated between *Cost of products sold* and *Selling, distribution, and administrative expenses* in the *Consolidated Statements of Comprehensive Income* based on the nature of the employee's other services. Components of net periodic pension cost for the fiscal years ended August 31, 2018, 2017, and 2016 included the following (in millions):

	Domestic Plans			International Plans		
	2018	2017	2016	2018	2017	2016
Service cost	\$ 2.7	\$ 3.5	\$ 3.6	\$ 0.2	\$ 0.2	\$ 0.1
Interest cost	7.3	6.9	8.0	1.3	1.1	1.7
Expected return on plan assets	(10.2)	(9.4)	(9.2)	(2.2)	(1.9)	(1.9)
Amortization of prior service cost	3.1	3.1	3.1	—	—	—
Recognized actuarial loss	4.5	5.3	3.0	2.3	3.6	1.9
Net periodic pension cost	<u>\$ 7.4</u>	<u>\$ 9.4</u>	<u>\$ 8.5</u>	<u>\$ 1.6</u>	<u>\$ 3.0</u>	<u>\$ 1.8</u>

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

	Domestic Plans		International Plans	
	2018	2017	2018	2017
Discount rate	3.9%	3.5%	2.9%	2.5%
Rate of compensation increase	5.5%	5.5%	3.1%	3.2%

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

	Domestic Plans			International Plans		
	2018	2017	2016	2018	2017	2016
Discount rate	3.5%	3.2%	4.3%	2.5%	2.1%	2.1%
Expected return on plan assets	7.5%	7.5%	7.5%	6.5%	6.5%	6.5%
Rate of compensation increase	5.5%	5.5%	5.5%	3.1%	3.2%	2.8%

It is the Company's policy to adjust, on an annual basis, the discount rate used to determine the projected benefit obligation to approximate rates on high-quality, long-term obligations based on the Company's estimated benefit payments available as of the measurement date. The Company uses a publicly published yield curve to assist in the development of its discount rates. The Company estimates that each 100 basis point increase in the discount rate would reduce net periodic pension cost approximately \$1.4 million and approximately \$0.6 million for the domestic plans and international plans, respectively. The expected return on plan assets is derived from a periodic study of long-term historical rates of return on the various asset classes included in the Company's targeted pension plan asset allocation. The Company estimates that each 100 basis point reduction in the expected return on plan assets would result in additional net periodic pension cost of \$1.5 million and \$0.3 million for domestic plans and international plans, respectively. The rate of compensation increase is also evaluated and adjusted by the Company, if necessary, annually.

The Company's investment objective for domestic plan assets is to earn a rate of return sufficient to match or exceed the long-term growth of the plans' liabilities without subjecting plan assets to undue risk. The plan assets are invested primarily in high quality equity and debt securities. The Company conducts a periodic strategic asset allocation study to form a basis for the allocation of pension assets between various asset categories. Specific allocation percentages are assigned to each asset category with minimum and maximum ranges established for each. The assets are then managed within these ranges. During fiscal 2018, the U.S. targeted asset allocation was 55% equity securities, 40% fixed income securities, and 5% real estate securities. The Company's investment objective for the international plan assets is also to add value by matching or exceeding the long-term growth of the plans' liabilities. During fiscal 2018, the international asset target allocation approximated 62% equity securities, 23% fixed income securities, and 15% multi-strategy funds.

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's pension plan asset allocation at August 31, 2018 and 2017 by asset category is as follows:

	% of Plan Assets			
	Domestic Plans		International Plans	
	2018	2017	2018	2017
Equity securities	57.5%	58.1%	61.9%	63.9%
Fixed income securities	37.8%	37.2%	25.5%	23.2%
Multi-strategy investments	—%	—%	12.6%	8.2%
Real estate	4.7%	4.7%	—%	4.7%
Total	100.0%	100.0%	100.0%	100.0%

The Company's pension plan assets are stated at fair value based on quoted market prices in an active market, quoted redemption values, or estimates based on reasonable assumptions as of the most recent measurement period. See the *Fair Value Measurements* footnote for a description of the fair value guidance. No transfers between the levels of the fair value hierarchy occurred during the current fiscal period. In the event of a transfer in or out of a level within the fair value hierarchy, the transfers would be recognized on the date of occurrence. Certain pension assets valued at net asset value ("NAV") per share as a practical expedient are excluded from the fair value hierarchy. Investments in pension plan assets are described in further detail below.

Short-term Fixed Income Investments: Short-term investments consist of money market funds, which are valued at the daily closing price as reported by the relevant fund (Level 1).

Mutual Funds: Mutual funds held by the domestic plans are open-end mutual funds that are registered with the Securities and Exchange Commission and seek to either replicate or outperform a related index. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the domestic plans are deemed to be actively traded (Level 1).

Collective Trust: The collective trust seeks to outperform the overall small-cap stock market and is comprised of small cap equity securities with quoted prices in active markets for identical investments. The value of this fund is calculated on each business day by dividing the total value of assets, less liabilities, by the number of units of each class outstanding but is not published (Level 2).

Fixed Income Investments: The fixed interest fund seeks to maximize total return by investing primarily in a diversified portfolio of intermediate and long-term debt securities and is valued using the NAV of units of a management investment company's trust. The NAV, as provided by the fund's trustee, is used as a practical expedient to estimate fair value. As such, these funds are excluded from the fair value hierarchy. The NAV is based on the fair value of the underlying investments held by the fund less the fund's liabilities.

Real Estate Fund: The real estate fund invests primarily in commercial real estate and includes mortgage loans that are backed by the associated property's investment objective. The fund seeks real estate returns, risk, and liquidity appropriate to a core fund. The fund also seeks to provide current income with the potential for long-term capital appreciation. This investment is valued based on the NAV per share, without further adjustment. The NAV, as provided by the fund's trustee, is used as a practical expedient to estimate fair value and is therefore excluded from the fair value hierarchy. NAV is based on the fair value of the underlying investments. Investors may request to redeem all or any portion of their shares on a quarterly basis. Each investor must provide a written redemption request at least sixty days prior to the end of the quarter for which the request is to be effective. If insufficient funds are available to honor all redemption requests at any point in time, available funds will be allocated pro-rata based on the total number of shares held by each investor. All decisions regarding whether to honor redemption requests are made by the fund's board of directors.

International Plan Investments: The international plans' assets consist primarily of funds invested in equity securities, multi-strategy investments, and fixed income investments. These securities are calculated using the values of the underlying holdings (i.e. significant observable inputs) but do not have actively quoted market prices (Level 2). The short-term fixed income investments represents cash and cash equivalents held by the funds at fiscal year end (Level 1). The international plans divested from the real estate fund during the current fiscal year, which was previously valued using NAV as a practical expedient and was excluded from the fair value hierarchy.

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The following tables present the fair value of the domestic pension plan assets by major category as of August 31, 2018 and 2017 (in millions):

	Fair Value Measurements			
	Fair Value as of August 31, 2018	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets included in the fair value hierarchy:				
Mutual funds:				
Domestic large cap equity fund	\$ 48.3	\$ 48.3	\$ —	\$ —
Foreign equity fund	20.8	20.8	—	—
Collective trust: Domestic small cap equities	16.8	—	16.8	—
Short-term fixed income investments	7.6	7.6	—	—
Total assets in the fair value hierarchy	<u>93.5</u>			
Assets calculated at net asset value:				
Fixed-income investments	48.9			
Real estate fund	7.0			
Total assets at net asset value	<u>55.9</u>			
Total assets at fair value	<u>\$ 149.4</u>			

	Fair Value Measurements			
	Fair Value as of August 31, 2017	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets included in the fair value hierarchy:				
Mutual funds:				
Domestic large cap equity fund	\$ 43.4	\$ 43.4	\$ —	\$ —
Foreign equity fund	21.5	21.5	—	—
Collective trust: Domestic small cap equities	14.6	—	14.6	—
Short-term fixed income investments	4.7	4.7	—	—
Total assets in the fair value hierarchy	<u>84.2</u>			
Assets calculated at net asset value:				
Fixed-income investments	46.2			
Real estate fund	6.4			
Total assets at net asset value	<u>52.6</u>			
Total assets at fair value	<u>\$ 136.8</u>			

ACUITY BRANDS, INC
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The following tables present the fair value of the international pension plan assets by major category as of August 31, 2018 and 2017 (in millions):

	Fair Value as of August 31, 2018	Fair Value Measurements		
		Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets included in the fair value hierarchy:				
Equity securities	\$ 19.1	\$ —	\$ 19.1	\$ —
Short-term fixed income investments	0.3	0.3	—	—
Multi-strategy investments	3.9	—	3.9	—
Fixed-income investments	7.6	—	7.6	—
Total assets at fair value	<u>\$ 30.9</u>			

	Fair Value as of August 31, 2017	Fair Value Measurements		
		Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets included in the fair value hierarchy:				
Equity securities	\$ 21.8	\$ —	\$ 21.8	\$ —
Short-term fixed income investments	0.2	0.2	—	—
Multi-strategy investments	2.8	—	2.8	—
Fixed-income investments	7.7	—	7.7	—
Total assets in the fair value hierarchy	<u>32.5</u>			
Assets calculated at net asset value:				
Real estate fund	1.6			
Total assets at net asset value	<u>1.6</u>			
Total fair value of assets	<u>\$ 34.1</u>			

The Company expects to contribute approximately \$5.3 million and \$1.1 million during fiscal 2019 to its domestic and international defined benefit plans, respectively. These amounts are based on the total contributions required during fiscal 2019 to satisfy current legal minimum funding requirements for qualified plans and estimated benefit payments for non-qualified plans.

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

	Domestic Plans	International Plans
2019	\$ 12.6	\$ 0.8
2020	9.1	0.9
2021	9.8	0.9
2022	10.3	1.0
2023	17.3	1.0
2024-2028	70.8	5.6

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Multi-employer Pension Plans

The Company contributes to two multi-employer defined benefit pension plans under the terms of collective-bargaining agreements that cover certain of its union-represented employees. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be shared by the remaining participating employers.
- If a participating employer chooses to stop participating in some of its multi-employer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's contributions to these plans were \$0.5 million, \$0.5 million, and \$0.7 million for the years ended August 31, 2018, 2017, and 2016, respectively. During fiscal 2016, as a result of closing a facility, the Company withdrew from one of these multi-employer pension plans and incurred a withdrawal liability of \$3.9 million. During fiscal 2017, the Company early settled this withdrawal liability.

Defined Contribution Plans

The Company also has defined contribution plans to which both employees and the Company make contributions. The cost to the Company for these plans was \$8.0 million, \$8.0 million, and \$6.9 million for the years ended August 31, 2018, 2017, and 2016, respectively. Employer matching amounts are allocated in accordance with the participants' investment elections for elective deferrals. At August 31, 2018, assets of the domestic defined contribution plans included shares of the Company's common stock with a market value of approximately \$9.9 million, which represented approximately 2.6% of the total fair market value of the assets in the Company's domestic defined contribution plans.

7. Debt and Lines of Credit

Debt

The Company's debt at August 31, 2018 and 2017 consisted of the following (in millions):

	August 31,	
	2018	2017
Senior unsecured public notes due December 2019, principal	\$ 350.0	\$ 350.0
Senior unsecured public notes due December 2019, unamortized discount and deferred costs	(0.5)	(0.9)
Industrial revenue bond due June 2021	4.0	4.0
Bank loans	3.3	3.8
Total debt outstanding, net of unamortized discount and deferred costs	\$ 356.8	\$ 356.9

Future principal payments of long-term debt are \$0.4 million, \$350.4 million, \$4.5 million, \$0.4 million, \$0.3 million, and \$1.3 million in fiscal 2019, 2020, 2021, 2022, 2023, and after 2023, respectively.

On December 1, 2009, the Company announced a private offering by ABL, Acuity Brands' wholly-owned principal operating subsidiary, of \$350.0 million aggregate principal amount of senior unsecured notes due in fiscal 2020 (the "Unsecured Notes"). The Unsecured Notes are fully and unconditionally guaranteed on a senior unsecured basis by Acuity Brands and ABL IP Holding LLC ("ABL IP Holding," and, together with Acuity Brands, the "Guarantors"), a wholly-owned subsidiary of Acuity Brands. The Unsecured Notes are senior unsecured obligations of ABL and rank equally in right of payment with all of ABL's existing and future senior unsecured indebtedness. The guarantees of Acuity Brands and ABL IP Holding are senior unsecured obligations of Acuity Brands and ABL IP Holding and rank equally in right of payment with their other senior unsecured indebtedness. The Unsecured Notes bear interest at a rate of 6% per annum and were issued at a price equal to 99.797% of their face value for a term of 10 years. Interest on the Unsecured Notes is payable semi-annually on June 15 and December 15. Additionally, the Company capitalized \$3.1 million of deferred issuance costs related to the Unsecured Notes that are being amortized over the 10-year term of the Unsecured Notes.

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

The \$4.0 million industrial revenue bond matures in June 2021. The interest rate on the \$4.0 million bond was approximately 1.7% at August 31, 2018 and 0.9% at August 31, 2017.

The Company also had \$3.3 million outstanding under fixed-rate bank loans. These loans have interest rates between 0.8% and 2.0% and mature over 7 to 12 years, subject to monthly or quarterly repayment schedules.

Lines of Credit

On June 29, 2018, the Company entered into a credit agreement ("Credit Agreement") with a syndicate of banks that provides the Company with a \$400.0 million five-year unsecured revolving credit facility ("Revolving Credit Facility") and a \$400.0 million unsecured delayed draw term loan facility ("Term Loan Facility"). The Company had no borrowings outstanding under the current Revolving Credit Facility as of August 31, 2018. Additionally, the Company had no borrowings outstanding under its previous credit facility as of August 31, 2017.

Generally, amounts outstanding under the Revolving Credit Facility allow for borrowings to bear interest at either the Eurocurrency Rate or the base rate at the Company's option, plus an applicable margin. Eurocurrency Rate advances can be denominated in a variety of currencies, including U.S. Dollars, and amounts outstanding bear interest at a periodic fixed rate equal to the LIBOR for the applicable currency plus an applicable margin. The Eurocurrency applicable margin is based on the Company's leverage ratio, as defined in the Credit Agreement, with such margin ranging from 1.000% to 1.375%. Base rate advances bear interest at an alternate base rate plus an applicable margin. The base rate applicable margin is based on the Company's leverage ratio, as defined in the Credit Agreement, with such margin ranging from 0.0% to 0.375%. The Term Loan Facility allows for borrowings to be drawn over a one-year period ending June 29, 2019, utilizing up to four separate installments, which are U.S. dollar denominated. Borrowings under the Term Loan Facility will amortize in equal quarterly installments of 2.5% per year in year one, 2.5% per year in year two, 5.0% per year in year three, 5.0% per year in year four, and 7.5% per year in year five. Any remaining borrowings under the Term Loan Facility are due and payable in full on June 29, 2023. The Term Loan Facility allows for borrowings to bear interest at either a Eurocurrency Rate or the base rate, at the Company's option, in each case plus an applicable margin. Eurocurrency Rate advances can be denominated in a variety of currencies, including U.S. Dollars, and amounts outstanding bear interest at a periodic fixed rate equal to the LIBOR for the applicable currency plus an applicable margin. The Eurocurrency applicable margin is based on the Company's leverage ratio, as defined in the Credit Agreement, with such margin ranging from 0.875% to 1.250%. Base Rate advances bear interest at an alternate base rate plus an applicable margin. The base rate applicable margin is based on the Company's leverage ratio, as defined in the Credit Agreement, with such margin ranging from 0.0% to 0.25%.

The Company is required to pay certain fees in connection with the Credit Agreement, including administrative service fees and annual facility fees. The annual facility fee is payable quarterly, in arrears, and is determined by the Company's leverage ratio as defined in the Credit Agreement. The facility fee ranges from 0.125% to 0.250% of the aggregate \$800 million commitment of the lenders under the Credit Agreement. The Credit Agreement contains financial covenants, including a minimum interest expense coverage ratio ("Minimum Interest Expense Coverage Ratio") and a leverage ratio ("Maximum Leverage Ratio") of total indebtedness to earnings before interest, tax, depreciation, and amortization ("EBITDA"), as such terms are defined in the Credit Agreement. These ratios are computed at the end of each fiscal quarter for the most recent 12-month period. The Credit Agreement generally allows for a Minimum Interest Expense Coverage Ratio of 2.50 and a Maximum Leverage Ratio of 3.50, subject to certain conditions, as such terms are defined in the Credit Agreement.

The Company was in compliance with all financial covenants under the Credit Agreement as of August 31, 2018. As of August 31, 2018, the Company had outstanding letters of credit totaling \$10.2 million, primarily for securing collateral requirements under the Company's casualty insurance programs and for providing credit support for the Company's industrial revenue bond (not an outstanding amount under the Revolving Credit Facility). At August 31, 2018, the Company had additional borrowing capacity under the Credit Agreement of \$794.7 million under the most restrictive covenant in effect at the time, which represents the full amount of the Revolving Credit Facility and the Term Loan Facility less the outstanding letters of credit of \$5.3 million issued under the Revolving Credit Facility.

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.

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8. Common Stock and Related Matters**Common Stock**

Changes in common stock for the years ended August 31, 2018, 2017, and 2016 were as follows (amounts and shares in millions):

	Common Stock	
	Shares	Amount (At par)
Balance at August 31, 2015	53.0	\$ 0.5
Issuance of restricted stock grants, net of cancellations	0.1	—
Stock options exercised	0.3	—
Balance at August 31, 2016	53.4	\$ 0.5
Issuance of restricted stock grants, net of cancellations	0.1	—
Stock options exercised	— *	—
Balance at August 31, 2017	53.5	\$ 0.5
Issuance of restricted stock grants, net of cancellations	0.2	—
Stock options exercised	— *	—
Balance at August 31, 2018	53.7	\$ 0.5

* Represents shares of less than 0.1 million.

As of August 31, 2018 and 2017, the Company had 13.7 million and 11.7 million of repurchased shares recorded as treasury stock at an original repurchase cost of \$1.1 billion and \$776.1 million, respectively.

In March 2018, the Board of Directors (the "Board") authorized the repurchase of up to six million shares of the Company's common stock. As of August 31, 2018, 0.8 million shares had been purchased under this authorization. Additionally, the Company repurchased 1.2 million shares during the current year under previous authorizations from the Board, resulting in total repurchases during fiscal 2018 of two million shares.

Preferred Stock

The Company has 50 million shares of preferred stock authorized. No shares of preferred stock were issued in fiscal 2018 or 2017, and no shares of preferred stock are outstanding.

Earnings per Share

Prior to fiscal 2017, basic earnings per share was computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding, which was modified to include the effects of all participating securities during the period, as prescribed by the two-class method under ASC Topic 260, *Earnings Per Share* ("ASC 260"). Participating securities included unvested share-based payment awards with a right to receive nonforfeitable dividends. The equity plan approved by stockholders in January 2013 changed the dividend provisions, causing share-based payment awards to lose the right to receive nonforfeitable dividends. Due to this change, any shares granted after January 2013 were not participating securities as prescribed by the two-class method under ASC 260 and were accounted for in the diluted earnings per share calculation described below. Income attributable to participating securities was \$0.4 million for the year ended August 31, 2016.

The impact of participating securities was not material for the year ended August 31, 2017, and there were no participating securities outstanding during the year ended August 31, 2018. Therefore, basic earnings per share for these periods is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding for these periods. Diluted earnings per share is computed similarly but reflects the potential dilution that would occur if dilutive options were exercised, all unvested share-based payment awards were vested, and other distributions related to deferred stock agreements were incurred.

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The following table calculates basic earnings per common share and diluted earnings per common share for the years ended August 31, 2018, 2017, and 2016 (in millions, except per share data):

	Year Ended August 31,		
	2018	2017	2016
Net income	\$ 349.6	\$ 321.7	\$ 290.8
Basic weighted average shares outstanding	40.9	43.1	43.5
Common stock equivalents	0.1	0.2	0.3
Diluted weighted average shares outstanding	41.0	43.3	43.8
Basic earnings per share	\$ 8.54	\$ 7.46	\$ 6.67
Diluted earnings per share	\$ 8.52	\$ 7.43	\$ 6.63

Stock options of approximately 179,000, 117,000, and 40,000 were excluded from the diluted earnings per share calculation for the years ended August 31, 2018, 2017, and 2016, respectively, as the effect of inclusion would have been antidilutive. Restricted stock shares of approximately 227,000, 99,000, and 4,000, were excluded from the diluted earnings per share calculation for the years ended August 31, 2018, 2017, and 2016, respectively, as the effect of inclusion would have been antidilutive.

9. Share-based Payments

Omnibus Stock Compensation Incentive and Directors' Equity Plans

In January 2013, the Company's stockholders approved the Acuity Brands, Inc. Omnibus Stock Compensation Incentive Plan, which reserved 2.3 million shares for issuance. In January 2018, the Company's stockholders approved the Amended and Restated Acuity Brands, Inc. 2012 Omnibus Stock Compensation Incentive Plan ("Amended 2012 Plan"), which, among other things, authorized up to an additional 380,000 shares for issuance resulting in an aggregate of 2.7 million of shares authorized for issuance pursuant to the Amended 2012 Plan. The Compensation Committee of the Board is authorized to issue awards consisting of incentive and non-qualified stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance stock awards, performance stock units, stock bonus awards, and cash-based awards to eligible employees, non-employee directors, and outside consultants.

Shares available for grant under the Amended 2012 Plan, including those previously issued and outstanding prior to the amendment, were approximately 1.6 million, 1.4 million, and 1.6 million at August 31, 2018, 2017, and 2016, respectively. Any shares subject to an award under the Amended 2012 Plan that are forfeited, canceled, expire or that are settled for cash will be available for future grant under the Amended 2012 Plan.

Restricted Stock Awards

As of August 31, 2018, the Company had approximately 353,000 shares outstanding of restricted stock to officers, directors, and other key employees under the Amended 2012 Plan, including restricted stock units granted to foreign employees. The shares vest primarily over a four-year period and are valued at the closing stock price on the date of the grant. Compensation expense recognized related to the awards under the equity incentive plans was \$27.9 million, \$27.2 million, and \$23.7 million in fiscal 2018, 2017, and 2016, respectively.

Activity related to restricted stock awards during the fiscal year ended August 31, 2018 was as follows (in millions, except per share data):

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Outstanding at August 31, 2017	0.4	\$ 197.41
Granted	0.2	\$ 154.95
Vested	(0.2)	\$ 177.79
Outstanding at August 31, 2018	0.4	\$ 186.63

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As of August 31, 2018, there was \$44.5 million of total unrecognized compensation cost related to unvested restricted stock, which is expected to be recognized over a weighted-average period of 1.6 years. The total weighted average fair value of shares vested during the years ended August 31, 2018, 2017, and 2016, was approximately \$26.6 million, \$24.8 million, and \$18.8 million, respectively.

Stock Options

As of August 31, 2018, the Company had approximately 343,000 options outstanding to officers and other key employees under the Amended 2012 Plan. Options issued under the Amended 2012 Plan are generally granted with an exercise price equal to the fair market value of the Company's stock on the date of grant (but never less than the fair market value on the grant date) and expire 10 years from the date of grant. These options generally vest and become exercisable over a three-year period. Compensation expense recognized related to the awards under the current and prior equity incentive plans was \$3.1 million, \$3.6 million, and \$2.9 million in fiscal 2018, 2017, and 2016, respectively.

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

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

	2018	2017	2016
Dividend yield	0.3%	0.2%	0.3%
Expected volatility	30.9%	28.5%	30.7%
Risk-free interest rate	2.0%	1.3%	1.4%
Expected life of options	4 years	4 years	4 years
Weighted-average fair value of options	\$41.87	\$57.40	\$52.83

Stock option activity during the years ended August 31, 2018, 2017, and 2016 was as follows:

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	Outstanding		Exercisable	
	Number of Shares (in millions)	Weighted Average Exercise Price	Number of Shares (in millions)	Weighted Average Exercise Price
Outstanding at August 31, 2015	0.5	\$71.95	0.3	\$51.05
Granted	0.1	\$207.80		
Exercised	(0.3)	\$51.34		
Outstanding at August 31, 2016	0.3	\$129.85	0.1	\$83.89
Granted	—	*		
Exercised	—	*		
Outstanding at August 31, 2017	0.3	\$156.43	0.2	\$106.54
Granted	—	*		
Exercised	—	*		
Outstanding at August 31, 2018	0.3	\$154.69	0.2	\$134.13
Range of option exercise prices:				
\$40.01 - \$100.00 (average life - 4.1 years)	0.1	\$62.25	0.1	\$62.25
\$100.01 - \$160.00 (average life - 6.7 years)	0.1	\$131.42	0.1	\$120.77
\$160.01 - \$210.00 (average life - 7.2 years)	0.1	\$207.80	—	*
\$210.01 - \$239.76 (average life - 8.1 years)	—	*	—	*

* Represents shares of less than 0.1 million.

The total intrinsic value of options exercised during the years ended August 31, 2018, 2017, and 2016 was \$0.5 million, \$1.3 million, and \$50.0 million, respectively. As of August 31, 2018, the total intrinsic value of options outstanding was \$9.1 million, the total intrinsic value of options expected to vest was \$9.1 million, and the total intrinsic value of options exercisable was \$9.1 million. As of August 31, 2018, there was \$2.9 million of total unrecognized compensation cost related to unvested options. That cost is expected to be recognized over a weighted-average period of approximately 1.2 years.

Employee Deferred Share Units

The Company previously allowed employees to defer a portion of restricted stock awards granted in fiscal 2003 and fiscal 2004 into the SDSP as share units. The share units are payable in shares of stock at the time of distribution from the SDSP. As of August 31, 2018, approximately 9,000 fully vested share units remain deferred, but undistributed, under the Amended 2012 Plan. There was no compensation expense related to these share units during fiscal years 2018, 2017, and 2016.

Director Deferred Share Units

The Company previously required its Directors to defer at least 50% of their annual retainer into the 2006 Nonemployee Director Deferred Compensation Plan ("2006 Plan"). Shares deferred under the 2006 Plan are to be paid in shares at retirement from the Board. In January 2012, the Company's stockholders approved the 2011 Nonemployee Director Deferred Compensation Plan ("2011 Plan"), following the expiration of the 2006 Plan on November 30, 2011. Pursuant to the 2011 Plan, fees deferred by nonemployee directors can be invested in deferred stock units to be paid in shares or credited to an interest-bearing account to be paid in cash at retirement from the Board. 300,000 shares of common stock were reserved for issuance under the 2011 Plan, which incorporated approximately 86,000 shares previously available for grant under the 2006 Plan. Beginning in fiscal year 2013, the deferral requirement was adjusted to 55% of the annual director fees. On September 28, 2012, the 2011 Plan was amended to allow for stock grants in lieu of mandatory deferrals for the non-cash component of a nonemployee director's annual fee if a director exceeds the stock ownership requirement of five-times the annual cash retainer fee. Total shares available for issuance under both plans were approximately 370,000 at August 31, 2018, and 390,000 at August 31, 2017 and 400,000 at August 31, 2016. As of August 31, 2018, approximately 122,000 share units were deferred, but undistributed, under the 2006 Plan and the 2011 Plan. Compensation expense recognized related to the share units under these plans was \$1.3 million, \$1.2 million, and \$1.1 million in fiscal 2018, 2017, and 2016, respectively.

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Employee Stock Purchase Plan

Employees are able to purchase, through payroll deduction, common stock at a 5% discount on a monthly basis. There were 1.5 million shares of the Company's common stock reserved for purchase under the plan, of which approximately 1.0 million shares remain available as of August 31, 2018. Employees may participate at their discretion.

10. Commitments and Contingencies***Self-Insurance***

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

The Company is also self-insured for the majority of its medical benefit plans up to certain limits. The Company estimates its aggregate liability for claims incurred by applying a lag factor to the Company's historical claims and administrative cost experience. The appropriateness of the Company's lag factor is evaluated annually and revised as necessary.

Leases

The Company leases certain of its buildings and equipment under noncancelable lease agreements. Future minimum annual lease payments under noncancelable leases are \$16.9 million, \$14.0 million, \$11.4 million, \$8.0 million, \$5.7 million, and \$20.0 million for fiscal 2019, 2020, 2021, 2022, 2023, and after 2023, respectively.

Total rent expense was \$22.3 million, \$20.0 million, and \$17.6 million in fiscal 2018, 2017, and 2016, respectively.

Purchase Obligations

The Company incurs purchase obligations in the ordinary course of business that are enforceable and legally binding. Obligations for years subsequent to August 31, 2018 include \$236.7 million, \$2.5 million, \$2.2 million, and \$2.4 million in fiscal 2019, 2020, 2021, and 2022, respectively. As of August 31, 2018, the Company had no purchase obligations extending beyond August 31, 2023.

Collective Bargaining Agreements

Approximately 72% of the Company's total work force is covered by collective bargaining agreements. Collective bargaining agreements representing approximately 63% of the Company's work force will expire within one year, primarily due to annual negotiations with unions in Mexico.

Securities Class Action

On January 3, 2018, a shareholder filed a class action complaint in the United States District Court for the District of Delaware against the Company and certain of its officers on behalf of all persons who purchased or otherwise acquired the Company's stock between June 29, 2016 and April 3, 2017. On February 20, 2018, a different shareholder filed a second class action complaint in the same venue against the same parties on behalf of all persons who purchased or otherwise acquired the Company's stock between October 15, 2015 and April 3, 2017. The cases were transferred on April 30, 2018, to the United States District Court for the Northern District of Georgia and subsequently were

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consolidated as *In re Acuity Brands, Inc. Securities Litigation*, Civil Action No. 1:18-cv-02140-MHC (N.D. Ga.). On October 5, 2018, the court-appointed lead plaintiff filed a consolidated amended class action complaint (the "Consolidated Complaint") which supersedes the initial complaints. The Consolidated Complaint is brought on behalf of all persons who purchased the Company's common stock between October 7, 2015 and April 3, 2017 and alleges that the Company and certain of its current officers and one former executive violated the federal securities laws by making false or misleading statements and/or omitting to disclose material adverse facts that (i) concealed known trends negatively impacting sales of the Company's products and (ii) overstated the Company's ability to achieve profitable sales growth. The plaintiffs seek class certification, unspecified monetary damages, costs, and attorneys' fees. The Company disputes the allegations in the complaints and intends to move to dismiss the Consolidated Complaint and to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matters described above. The Company is insured, in excess of a self-retention, for Directors and Officers liability.

Litigation

The Company is subject to various other legal claims arising in the normal course of business, including patent infringement, employment matters, 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, results of operations, or cash flows of the Company. However, in the event of unexpected future developments, it is possible that the ultimate resolution of any such matters, if unfavorable, could have a material adverse effect on the financial condition, results of operations, or cash flows of the Company in future periods. The Company establishes reserves for legal claims when associated costs become probable and can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher than the amounts reserved for such claims. However, the Company cannot make a meaningful estimate of actual costs to be incurred that could possibly be higher or lower than the amounts reserved.

Environmental Matters

The operations of the Company are subject to numerous comprehensive laws and regulations relating to the generation, storage, handling, transportation, and disposal of hazardous substances, as well as solid and hazardous wastes, and to the remediation of contaminated sites. In addition, permits and environmental controls are required for certain of the Company's operations to limit air and water pollution, and these permits are subject to modification, renewal, and revocation by issuing authorities. On an ongoing basis, the Company invests capital and incurs operating costs relating to environmental compliance. Environmental laws and regulations have generally become stricter in recent years. The Company is not aware of any pending legislation or proposed regulation related to environmental issues that would have a material adverse effect on the Company. The cost of responding to future changes may be substantial. The Company establishes reserves for known environmental claims when the associated costs become probable and can be reasonably estimated. The actual cost of environmental issues may be substantially higher than that reserved due to difficulty in estimating such costs.

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Guarantees and Indemnities

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

Acquisition-Related Liabilities

During the negotiations related to business combinations, the previous owners of the acquired entity (“acquiree”) typically indemnify the Company for specific unrecognized liabilities of the acquiree in existence as of the date of acquisition. For some acquisitions of businesses, the Company acts in the place of escrow agents in the holding of funds, including accrued interest (collectively, the “holdback funds”), used to fulfill pre-acquisition obligations agreed to be paid by the acquiree. These funds represent consideration given to the previous owners of the businesses acquired and are payable to them, net of any pre-acquisition obligations satisfied within a stated amount of time, at a future date. Any potential pre-acquisition obligations for which the Company may be reimbursed through the holdback funds are usually uncertain as of the date of the change of control. In certain circumstances, the Company is capable of the identification and quantification of particular liabilities including, but not limited to, uncertain tax positions, legal issues, and other outstanding obligations not recognized in the financial statements of the acquired entity. Under ASC Topic 805, *Business Combinations*, these unrecognized liabilities are recorded as obligations of the Company with a corresponding receivable due from the previous owners as of the date of acquisition and are included as part of the acquisition accounting. The actual costs of resolving pre-acquisition obligations may be substantially higher than the holdback funds or amounts reserved. The Company does not believe that any amounts it is likely to be required to pay under these acquisition-related liabilities, including net holdback funds, will be material to the Company’s financial position, results of operations, or cash flow.

Product Warranty and Recall Costs

The Company’s products generally have a standard warranty term of five years. The Company records an allowance for the estimated amount of future warranty costs when the related revenue is recognized. Estimated costs related to product recalls based on a formal campaign soliciting repair or return of that product are accrued when they are deemed to be probable and can be reasonably estimated. Estimated future warranty and recall costs are primarily based on historical experience of identified warranty and recall claims. In certain limited cases, the Company has warranty arrangements for terms that exceed the standard term. Given that these longer-term warranties are not included in the Company’s historical experience, the Company utilizes estimated failure rates from industry sources to determine the potential future warranty cost. However, there can be no assurance that future warranty or recall costs will not exceed historical amounts or that new technology products, which may include extended warranties, may not generate unexpected costs. If actual future warranty or recall costs exceed historical amounts, additional allowances may be required, which could have a material adverse impact on the Company’s results of operations and cash flow.

Reserves for product warranty and recall costs are included in *Other accrued liabilities* and *Other long-term liabilities* on the *Consolidated Balance Sheets*. The changes in the reserves for product warranty and recall costs during the fiscal years ended August 31, 2018, 2017, and 2016 are summarized as follows (in millions):

	Year Ended August 31,		
	2018	2017	2016
Beginning balance	\$ 22.0	\$ 15.5	\$ 9.6
Warranty and recall costs	32.4	39.8	25.7
Payments and other deductions	(27.7)	(33.3)	(20.8)
Acquired warranty and recall liabilities	0.6	—	1.0
Ending balance	<u>\$ 27.3</u>	<u>\$ 22.0</u>	<u>\$ 15.5</u>

The Company has received reports of a limited number of alleged thermal events involving certain configurations of its nPP16 family of power packs, some of which allegedly involved breaches of the power pack’s plastic housing. None of these events have resulted in any injuries, and there has been only one report of minimal property damage beyond the power pack housing. The Company’s testing has identified that these types of events do not originate in the power pack device itself but rather occur when there is a fault in the field-connected load wiring that is external to

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the power pack. Although the Company does not believe the devices are defective or that a recall is necessary, the Company has, out of an abundance of caution, reported the issue to the appropriate regulatory authorities, and it is possible that such authorities may disagree with our conclusions. The Company does not believe the issue will have a material adverse impact on the business, financial condition, cash flow, or results of operations of the Company. There can be no assurance, however, that actual costs, penalties, or other liabilities or damage to the Company's reputation associated with the issue will not have a material adverse impact on the business, financial condition, cash flow, or results of operations of the Company.

Trade Compliance Matters

In the course of routine reviews of import and export activity, the Company previously determined that it misclassified and/or inaccurately valued certain international shipments of products. The Company is conducting a detailed review of this activity to determine the extent of any liabilities and implementing the appropriate remedial measures. At this time, the Company is unable to determine the likelihood or amount of loss, if any, associated with these shipments.

11. Special Charge

During the year ended August 31, 2018, the Company recognized pre-tax special charges of \$5.6 million. These charges were primarily related to charges of \$10.6 million related to the planned consolidation of certain facilities and associated reduction in employee headcount, partially offset by the reversal of previously recorded special charges of \$5.0 million. The reversal was related to certain planned streamlining activities that are no longer expected to occur, primarily due to the Company's sale of its Spanish lighting business during the fourth quarter of fiscal 2018.

During fiscal 2017, the Company recognized pre-tax special charges of \$11.3 million consisting primarily of severance and employee-related benefit costs for the elimination of certain operations and positions following a realignment of the Company's operating structure, including positions within various selling, distribution, and administrative ("SD&A") departments.

The details of the special charges during the years ended August 31, 2018 and 2017 are summarized as follows (in millions):

	Year Ended August 31,	
	2018	2017
Severance and employee-related costs	\$ 5.4	\$ 11.2
Other restructuring costs	0.2	0.1
Total special charges	<u>\$ 5.6</u>	<u>\$ 11.3</u>

As of August 31, 2018, remaining reserves were \$10.1 million and are included in *Accrued compensation* and in the *Consolidated Balance Sheets*. The changes in the reserves related to these programs during the year ended August 31, 2018 are summarized as follows (in millions):

	Fiscal 18 Actions	Fiscal 2017 Actions	Fiscal 2016 Actions	Total
Balance as of August 31, 2017	\$ —	\$ 11.2	\$ 1.4	\$ 12.6
Severance costs	10.4	(4.8)	(0.2)	5.4
Payments made during the period	(1.2)	(5.5)	(1.2)	(7.9)
Balance as of August 31, 2018	<u>\$ 9.2</u>	<u>\$ 0.9</u>	<u>\$ —</u>	<u>\$ 10.1</u>

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12. Income Taxes

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

The provision for income taxes consists of the following components (in millions):

	Year Ended August 31,		
	2018	2017	2016
Provision for current federal taxes	\$ 88.9	\$ 151.2	\$ 139.6
Provision for current state taxes	16.4	20.4	17.6
Provision for current foreign taxes	9.2	7.0	5.1
Benefit for deferred taxes	(38.2)	(7.7)	(8.5)
Total provision for income taxes	<u>\$ 76.3</u>	<u>\$ 170.9</u>	<u>\$ 153.8</u>

A reconciliation of the provision at the federal statutory rate to the total provision for income taxes is as follows (in millions):

	Year Ended August 31,		
	2018	2017	2016
Federal income tax computed at statutory rate	\$ 109.4	\$ 172.4	\$ 155.6
State income tax, net of federal income tax benefit	11.5	12.2	11.0
Foreign permanent differences and rate differential	(2.0)	(1.6)	(2.0)
Discrete income tax benefits of the TCJA	(34.6)	—	—
Other, net	(8.0)	(12.1)	(10.8)
Total provision for income taxes	<u>\$ 76.3</u>	<u>\$ 170.9</u>	<u>\$ 153.8</u>

Components of the net deferred income tax liabilities at August 31, 2018 and 2017 include (in millions):

	August 31,	
	2018	2017
Deferred income tax liabilities:		
Depreciation	\$ (15.0)	\$ (20.0)
Goodwill and intangibles	(151.2)	(194.9)
Other liabilities	(2.3)	(4.0)
Total deferred income tax liabilities	<u>(168.5)</u>	<u>(218.9)</u>
Deferred income tax assets:		
Self-insurance	2.6	4.1
Pension	18.1	33.7
Deferred compensation	23.7	32.9
Net operating losses	6.2	13.7
Other accruals not yet deductible	24.9	33.3
Other assets	7.0	10.6
Total deferred income tax assets	<u>82.5</u>	<u>128.3</u>
Valuation allowance	(3.6)	(14.2)
Net deferred income tax liabilities	<u>\$ (89.6)</u>	<u>\$ (104.8)</u>

On December 22, 2017, the TCJA was signed into law making significant changes to the Internal Revenue Code. Changes for fiscal year 2018 include, but are not limited to, a corporate tax rate decrease from 35% to 21% effective

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for tax years beginning after December 31, 2017 and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. The Company's U.S. federal corporate tax rate was 25.7% for the current fiscal year. The TCJA also included changes expected to take effect during fiscal 2019 that include, but are not limited to, additional limitations on certain executive compensation, limitations on interest deductions, a new U.S. tax on certain offshore earnings referred to as Global Intangible Low-Taxed Income ("GILTI"), a new alternative U.S. tax on certain Base Erosion Anti-Avoidance ("BEAT") payments from a U.S. company to any foreign related party, a new deduction for Foreign Derived Intangible Income ("FDII") and the repeal of the Section 199 domestic production activities deduction. On December 22, 2017, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to address the application of US GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed in reasonable detail to finalize the calculations for certain income tax effects of the TCJA. In accordance with SAB 118, the Company has made reasonable estimates and recorded provisional amounts as described below. Under the transitional provisions of SAB 118, the Company has a one-year measurement period to complete the accounting for the initial tax effects of the TCJA. The Company is still in the process of completing that accounting. The Company recognized a provisional discrete tax benefit estimate of \$34.6 million within *Income tax expense* on the *Consolidated Statements of Comprehensive Income* following the enactment of the TCJA. This provisional amount included a benefit of \$31.6 million to decrease the Company's deferred income taxes to the revised statutory federal rate as well as a current estimated benefit of approximately \$3.0 million for the transition tax on unremitted foreign earnings.

The Company's accounting for the income tax effects of the TCJA will be completed during the measurement period allowed under SAB 118, and the Company will record any necessary adjustments in the period such adjustments are identified. While the Company was able to make a reasonable estimate of the impact of the income tax effects of the new law, the impact of the tax legislation may differ from current provisional estimates, possibly materially, due to among other things, changes in interpretation or assumptions the company has made, guidance that may be issued, and actions the Company may make as a result of the tax legislation.

The Company previously asserted that all undistributed earnings and original investments in foreign subsidiaries were indefinitely reinvested and therefore has not recorded any deferred taxes related to any outside basis differences associated with its foreign subsidiaries as of August 31, 2018. The estimated undistributed earnings from foreign subsidiaries is \$76.5 million as of August 31, 2018. While the Company has included a provisional estimate of the transition tax on these earnings, the impact of the TCJA on the Company's existing assertion of indefinite reinvestment is still being evaluated, pursuant to SAB 118. The Company will complete its analysis of the impact of the TCJA on its outside basis differences in foreign subsidiaries and respective indefinite reinvestment assertions during the measurement period.

With respect to the new TCJA provision on global intangible low-taxed income, which will apply to the Company starting in fiscal year 2019, the Company has not yet made an accounting policy election on the deferred tax treatment.

At August 31, 2018, the Company had state tax credit carryforwards of approximately \$0.8 million, which will expire beginning in 2026. At August 31, 2018, the Company had federal net operating loss carryforwards of \$47.9 million that expire beginning in 2030, state net operating loss carryforwards of \$13.4 million that begin expiring in 2018. The Company has utilized all its foreign net operating loss carryforwards.

The gross amount of unrecognized tax benefits as of August 31, 2018 and 2017 totaled \$4.4 million and \$6.0 million, respectively, which includes \$3.8 million and \$4.4 million, respectively, of net unrecognized tax benefits that, if recognized, would affect the annual effective tax rate. The Company recognizes potential interest and penalties related to unrecognized tax benefits as a component of income tax expense; such accrued interest and penalties are not material. With few exceptions, the Company is no longer subject to United States federal, state, and local income tax examinations for years ended before 2013 or for foreign income tax examinations before 2011. The Company does not anticipate unrecognized tax benefits will significantly increase or decrease within the next twelve months.

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A reconciliation of the change in the unrecognized income tax benefit (reported in *Other long-term liabilities* on the *Consolidated Balance Sheets*) for the years ended August 31, 2018 and 2017 is as follows (in millions):

	Year Ended August 31,	
	2018	2017
Unrecognized tax benefits balance at beginning of year	\$ 6.0	\$ 5.2
Additions based on tax positions related to the current year	0.6	1.2
Additions for tax positions of prior years	1.0	0.4
Reductions due to settlements	(2.2)	—
Reductions due to lapse of statute of limitations	(1.0)	(0.8)
Unrecognized tax benefits balance at end of year	<u>\$ 4.4</u>	<u>\$ 6.0</u>

Total accrued interest was \$0.5 million and \$1.0 million as of August 31, 2018 and 2017, respectively. There were no accruals related to income tax penalties during fiscal 2018. Interest, net of tax benefits, and penalties are included in *Income tax expense* within the *Consolidated Statements of Comprehensive Income*. The classification of interest and penalties did not change during the current fiscal year.

13. Supplemental Disaggregated Information

The Company has one reportable segment. Sales of lighting and building management solutions, excluding services, accounted for approximately 99% of total consolidated net sales in fiscal 2018, 2017, and 2016. The geographic distribution of the Company's net sales, operating profit, income before provision for income taxes, and long-lived assets is summarized in the following table for the years ended August 31, 2018, 2017, and 2016 (in millions):

	Year Ended August 31,		
	2018	2017	2016
Net sales⁽¹⁾:			
Domestic ⁽²⁾	\$ 3,292.6	\$ 3,123.1	\$ 2,928.3
International	387.5	382.0	363.0
Total	<u>\$ 3,680.1</u>	<u>\$ 3,505.1</u>	<u>\$ 3,291.3</u>
Operating profit:			
Domestic ⁽²⁾	\$ 414.2	\$ 497.5	\$ 457.6
International	40.4	21.3	17.6
Total	<u>\$ 454.6</u>	<u>\$ 518.8</u>	<u>\$ 475.2</u>
Income before provision for income taxes:			
Domestic ⁽²⁾	\$ 386.4	\$ 478.5	\$ 430.8
International	39.5	14.1	13.8
Total	<u>\$ 425.9</u>	<u>\$ 492.6</u>	<u>\$ 444.6</u>
Long-lived assets⁽³⁾:			
Domestic ⁽²⁾	\$ 256.4	\$ 252.8	\$ 254.5
International	52.0	51.5	41.4
Total	<u>\$ 308.4</u>	<u>\$ 304.3</u>	<u>\$ 295.9</u>

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

⁽²⁾ Domestic amounts include amounts for U.S. based operations.

⁽³⁾ Long-lived assets include net property, plant, and equipment, long-term deferred income tax assets, and other long-term assets as reflected in the *Consolidated Balance Sheets*.

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14. Supplemental Guarantor Condensed Consolidating Financial Statements

In December 2009, ABL, the 100% owned and principal operating subsidiary of Acuity Brands, refinanced the then current outstanding debt through the issuance of the Notes. See *Debt and Lines of Credit* footnote for further information.

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

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING BALANCE SHEETS
(In millions)

	At August 31, 2018					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 80.5	\$ —	\$ —	\$ 48.6	\$ —	\$ 129.1
Accounts receivable, net	—	560.7	—	77.2	—	637.9
Inventories	—	386.6	—	25.2	—	411.8
Other current assets	2.3	18.6	—	11.4	—	32.3
Total current assets	82.8	965.9	—	162.4	—	1,211.1
Property, plant, and equipment, net	0.2	226.8	—	59.7	—	286.7
Goodwill	—	746.5	2.7	221.4	—	970.6
Intangible assets, net	—	286.6	106.5	105.6	—	498.7
Deferred income taxes	36.4	—	—	6.2	(39.7)	2.9
Other long-term assets	1.2	15.6	—	2.0	—	18.8
Investments in and amounts due from affiliates	1,707.0	370.6	279.5	—	(2,357.1)	—
Total assets	\$ 1,827.6	\$ 2,612.0	\$ 388.7	\$ 557.3	\$ (2,396.8)	\$ 2,988.8
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Accounts payable	\$ 0.3	\$ 420.7	\$ —	\$ 30.1	\$ —	\$ 451.1
Current maturities of long-term debt	—	—	—	0.4	—	0.4
Accrued liabilities	18.8	170.1	—	42.3	—	231.2
Total current liabilities	19.1	590.8	—	72.8	—	682.7
Long-term debt	—	353.5	—	2.9	—	356.4
Deferred income taxes	—	106.5	—	25.7	(39.7)	92.5
Other long-term liabilities	91.7	34.0	—	14.7	—	140.4
Amounts due to affiliates	—	—	—	138.8	(138.8)	—
Total stockholders' equity	1,716.8	1,527.2	388.7	302.4	(2,218.3)	1,716.8
Total liabilities and stockholders' equity	\$ 1,827.6	\$ 2,612.0	\$ 388.7	\$ 557.3	\$ (2,396.8)	\$ 2,988.8

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING BALANCE SHEETS
(In millions)

	At August 31, 2017					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 237.7	\$ —	\$ —	\$ 73.4	\$ —	\$ 311.1
Accounts receivable, net	—	494.6	—	78.7	—	573.3
Inventories	—	305.5	—	23.1	—	328.6
Other current assets	1.6	15.8	—	15.2	—	32.6
Total current assets	239.3	815.9	—	190.4	—	1,245.6
Property, plant, and equipment, net	0.2	228.3	—	59.2	—	287.7
Goodwill	—	677.7	2.7	220.5	—	900.9
Intangible assets, net	—	235.5	109.8	103.5	—	448.8
Deferred income taxes	51.6	—	—	8.0	(56.2)	3.4
Other long-term assets	1.5	10.9	—	0.8	—	13.2
Investments in and amounts due from affiliates	1,500.3	330.4	234.2	—	(2,064.9)	—
Total assets	\$ 1,792.9	\$ 2,298.7	\$ 346.7	\$ 582.4	\$ (2,121.1)	\$ 2,899.6
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Accounts payable	\$ 0.9	\$ 366.4	\$ —	\$ 27.8	\$ —	\$ 395.1
Current maturities of long-term debt	—	—	—	0.4	—	0.4
Accrued liabilities	27.6	138.9	—	38.9	—	205.4
Total current liabilities	28.5	505.3	—	67.1	—	600.9
Long-term debt	—	353.1	—	3.4	—	356.5
Deferred income taxes	—	134.6	—	29.8	(56.2)	108.2
Other long-term liabilities	98.7	49.3	—	20.4	—	168.4
Amounts due to affiliates	—	—	—	128.8	(128.8)	—
Total stockholders' equity	1,665.7	1,256.4	346.7	332.9	(1,936.1)	1,665.6
Total liabilities and stockholders' equity	\$ 1,792.9	\$ 2,298.7	\$ 346.7	\$ 582.4	\$ (2,121.1)	\$ 2,899.6

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Year Ended August 31, 2018					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
Net sales:						
External sales	\$ —	\$ 3,275.7	\$ —	\$ 404.4	\$ —	\$ 3,680.1
Intercompany sales	—	—	53.6	211.2	(264.8)	—
Total sales	—	3,275.7	53.6	615.6	(264.8)	3,680.1
Cost of products sold	—	1,949.7	—	442.2	(198.6)	2,193.3
Gross profit	—	1,326.0	53.6	173.4	(66.2)	1,486.8
Selling, distribution, and administrative expenses	47.4	884.5	3.2	157.6	(66.1)	1,026.6
Intercompany charges	(59.2)	49.5	—	9.7	—	—
Special charge	—	5.6	—	—	—	5.6
Operating profit	11.8	386.4	50.4	6.1	(0.1)	454.6
Interest expense, net	11.1	16.9	—	5.5	—	33.5
Equity earnings in subsidiaries	(344.3)	(18.5)	—	0.2	362.6	—
Miscellaneous income, net	—	(0.2)	—	(4.6)	—	(4.8)
Income before income taxes	345.0	388.2	50.4	5.0	(362.7)	425.9
Income tax (benefit) expense	(4.6)	72.0	8.5	0.4	—	76.3
Net income	349.6	316.2	41.9	4.6	(362.7)	349.6
Other comprehensive income (loss) items:						
Foreign currency translation adjustments	(25.2)	(25.2)	—	—	25.2	(25.2)
Defined benefit pension plans, net	21.2	16.9	—	4.3	(21.2)	21.2
Other comprehensive (loss) income items, net of tax	(4.0)	(8.3)	—	4.3	4.0	(4.0)
Comprehensive income	<u>\$ 345.6</u>	<u>\$ 307.9</u>	<u>\$ 41.9</u>	<u>\$ 8.9</u>	<u>\$ (358.7)</u>	<u>\$ 345.6</u>

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Year Ended August 31, 2017					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
Net sales:						
External sales	\$ —	\$ 3,105.2	\$ —	\$ 399.9	\$ —	\$ 3,505.1
Intercompany sales	—	—	49.4	179.2	(228.6)	—
Total sales	—	3,105.2	49.4	579.1	(228.6)	3,505.1
Cost of products sold	—	1,764.5	—	432.8	(173.4)	2,023.9
Gross profit	—	1,340.7	49.4	146.3	(55.2)	1,481.2
Selling, distribution, and administrative expenses	45.0	824.8	3.6	132.8	(55.1)	951.1
Intercompany charges	(56.9)	47.7	—	9.2	—	—
Special charge	—	11.3	—	—	—	11.3
Operating profit	11.9	456.9	45.8	4.3	(0.1)	518.8
Interest expense, net	11.0	16.1	—	5.4	—	32.5
Equity earnings in subsidiaries	(320.9)	(7.7)	—	0.2	328.4	—
Miscellaneous (income) expense, net	—	(8.0)	—	1.7	—	(6.3)
Income (loss) before income taxes	321.8	456.5	45.8	(3.0)	(328.5)	492.6
Income tax expense (benefit)	0.1	158.0	15.7	(2.9)	—	170.9
Net income (loss)	321.7	298.5	30.1	(0.1)	(328.5)	321.7
Other comprehensive income (loss) items:						
Foreign currency translation adjustments	19.0	19.0	—	—	(19.0)	19.0
Defined benefit pension plans, net	20.7	11.8	—	7.5	(19.3)	20.7
Other comprehensive income items, net of tax	39.7	30.8	—	7.5	(38.3)	39.7
Comprehensive income	<u>\$ 361.4</u>	<u>\$ 329.3</u>	<u>\$ 30.1</u>	<u>\$ 7.4</u>	<u>\$ (366.8)</u>	<u>\$ 361.4</u>

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Year Ended August 31, 2016					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
Net sales:						
External sales	\$ —	\$ 2,919.7	\$ —	\$ 371.6	\$ —	\$ 3,291.3
Intercompany sales	—	—	47.4	131.2	(178.6)	—
Total sales	—	2,919.7	47.4	502.8	(178.6)	3,291.3
Cost of products sold	—	1,602.2	—	379.3	(126.4)	1,855.1
Gross profit	—	1,317.5	47.4	123.5	(52.2)	1,436.2
Selling, distribution, and administrative expenses	47.2	834.6	3.8	112.6	(52.2)	946.0
Intercompany charges	(59.5)	50.4	—	9.1	—	—
Special charge	—	15.0	—	—	—	15.0
Operating profit	12.3	417.5	43.6	1.8	—	475.2
Interest expense, net	10.5	16.1	—	5.6	—	32.2
Equity earnings in subsidiaries	(289.2)	(3.2)	—	0.2	292.2	—
Miscellaneous income, net	—	—	—	(1.6)	—	(1.6)
Income (loss) before income taxes	291.0	404.6	43.6	(2.4)	(292.2)	444.6
Income tax expense	0.2	137.7	15.6	0.3	—	153.8
Net income (loss)	290.8	266.9	28.0	(2.7)	(292.2)	290.8
Other comprehensive income (loss) items:						
Foreign currency translation adjustments	(5.6)	(5.6)	—	—	5.6	(5.6)
Defined benefit pension plans, net	(23.4)	(11.4)	—	(9.5)	20.9	(23.4)
Other comprehensive loss items, net of tax	(29.0)	(17.0)	—	(9.5)	26.5	(29.0)
Comprehensive income (loss)	\$ 261.8	\$ 249.9	\$ 28.0	\$ (12.2)	\$ (265.7)	\$ 261.8

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended August 31, 2018					Consolidated
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non-Guarantors	Consolidating Adjustments	
Net cash provided by operating activities	\$ 323.8	\$ 30.2	\$ —	\$ 36.0	\$ (36.8)	\$ 353.2
Cash flows from investing activities:						
Purchases of property, plant, and equipment	—	(31.4)	—	(12.2)	—	(43.6)
Investments in subsidiaries	(154.7)	—	—	—	154.7	—
Acquisitions of businesses and intangible assets	—	(136.3)	—	(26.9)	—	(163.2)
Proceeds from sale of business	—	—	—	1.1	—	1.1
Net cash used for investing activities	(154.7)	(167.7)	—	(38.0)	154.7	(205.7)
Cash flow from financing activities:						
Borrowings on credit facility	—	395.4	—	—	—	395.4
Repayments of borrowings on credit facility	—	(395.4)	—	—	—	(395.4)
Issuance of long-term debt	—	—	—	(0.4)	—	(0.4)
Proceeds from stock option exercises and other	1.7	—	—	—	—	1.7
Repurchases of common stock	(298.4)	—	—	—	—	(298.4)
Payments for employee taxes on net settlement of equity awards	(8.2)	—	—	—	—	(8.2)
Intercompany dividends	—	—	—	(36.8)	36.8	—
Intercompany capital	—	136.6	—	18.1	(154.7)	—
Dividends paid	(21.4)	—	—	—	—	(21.4)
Net cash (used for) provided by financing activities	(326.3)	136.6	—	(19.1)	(117.9)	(326.7)
Effect of exchange rate changes on cash	—	0.9	—	(3.7)	—	(2.8)
Net change in cash and cash equivalents	(157.2)	—	—	(24.8)	—	(182.0)
Cash and cash equivalents at beginning of year	237.7	—	—	73.4	—	311.1
Cash and cash equivalents at end of year	<u>\$ 80.5</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 48.6</u>	<u>\$ —</u>	<u>\$ 129.1</u>

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended August 31, 2017					Consolidated
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non-Guarantors	Consolidating Adjustments	
Net cash provided by operating activities	\$ 262.3	\$ 41.4	\$ —	\$ 32.9	\$ —	\$ 336.6
Cash flows from investing activities:						
Purchases of property, plant, and equipment	—	(53.1)	—	(14.2)	—	(67.3)
Proceeds from sale of property, plant, and equipment	—	0.2	—	5.3	—	5.5
Proceeds from sale of investment in unconsolidated affiliate	—	13.2	—	—	—	13.2
Other investing activities	—	(0.2)	—	—	—	(0.2)
Net cash used for investing activities	—	(39.9)	—	(8.9)	—	(48.8)
Cash flows from financing activities:						
Issuance of long-term debt	—	—	—	1.0	—	1.0
Proceeds from stock option exercises and other	3.0	—	—	—	—	3.0
Repurchases of common stock	(357.9)	—	—	—	—	(357.9)
Payments for employee taxes on net settlement of equity awards	(15.2)	—	—	—	—	(15.2)
Dividends paid	(22.7)	—	—	—	—	(22.7)
Net cash (used for) provided by financing activities	(392.8)	—	—	1.0	—	(391.8)
Effect of exchange rate changes on cash	—	(1.5)	—	3.4	—	1.9
Net change in cash and cash equivalents	(130.5)	—	—	28.4	—	(102.1)
Cash and cash equivalents at beginning of year	368.2	—	—	45.0	—	413.2
Cash and cash equivalents at end of year	\$ 237.7	\$ —	\$ —	\$ 73.4	\$ —	\$ 311.1

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended August 31, 2016					Consolidated
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non-Guarantors	Consolidating Adjustments	
Net cash provided by operating activities	\$ 319.2	\$ 54.8	\$ —	\$ 13.9	\$ —	\$ 387.9
Cash flows from investing activities:						
Purchases of property, plant, and equipment	—	(67.1)	—	(16.6)	—	(83.7)
Proceeds from sale of property, plant, and equipment	—	0.2	—	2.0	—	2.2
Investments in subsidiaries	(405.6)	—	—	—	405.6	—
Acquisitions of businesses and intangible assets	—	(393.9)	—	(229.3)	—	(623.2)
Net cash used for investing activities	(405.6)	(460.8)	—	(243.9)	405.6	(704.7)
Cash flows from financing activities:						
Issuance of long-term debt	—	—	—	2.5	—	2.5
Proceeds from stock option exercises and other	14.2	—	—	—	—	14.2
Payments for employee taxes on net settlement of equity awards	(16.6)	—	—	—	—	(16.6)
Intercompany capital	—	405.6	—	—	(405.6)	—
Dividends paid	(22.9)	—	—	—	—	(22.9)
Net cash provided by financing activities	(25.3)	405.6	—	2.5	(405.6)	(22.8)
Effect of exchange rate changes on cash	—	0.4	—	(4.4)	—	(4.0)
Net change in cash and cash equivalents	(111.7)	—	—	(231.9)	—	(343.6)
Cash and cash equivalents at beginning of year	479.9	—	—	276.9	—	756.8
Cash and cash equivalents at end of year	\$ 368.2	\$ —	\$ —	\$ 45.0	\$ —	\$ 413.2

ACUITY BRANDS, INC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Quarterly Financial Data (Unaudited)

<i>(In millions)</i>	Fiscal Year 2018			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net sales	\$ 842.8	\$ 832.1	\$ 944.0	\$ 1,061.2
Gross profit	\$ 350.2	\$ 334.9	\$ 389.4	\$ 412.3
Net income	\$ 71.5	\$ 96.9	\$ 73.0	\$ 108.2
Basic earnings per share	\$ 1.71	\$ 2.34	\$ 1.81	\$ 2.71
Diluted earnings per share	\$ 1.70	\$ 2.33	\$ 1.80	\$ 2.70

<i>(In millions)</i>	Fiscal Year 2017			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net sales	\$ 851.2	\$ 804.7	\$ 891.6	\$ 957.6
Gross profit	\$ 359.6	\$ 335.8	\$ 378.9	\$ 406.9
Net income	\$ 81.7	\$ 67.3	\$ 82.2	\$ 90.5
Basic earnings per share	\$ 1.87	\$ 1.54	\$ 1.91	\$ 2.16
Diluted earnings per share	\$ 1.86	\$ 1.53	\$ 1.90	\$ 2.15

Certain amounts in the tables above have been rounded. Accordingly, the sum of the quarters may not be an exact match to the full year amounts.

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

None.

Item 9a. Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to reasonably ensure that information required to be disclosed in the reports filed or submitted by the Company under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission ("SEC") rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to reasonably ensure that information required to be disclosed by the Company in the reports filed under the Exchange Act is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

As required by SEC rules, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of August 31, 2018. 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 as of August 31, 2018. However, because all disclosure procedures must rely to a significant degree on actions or decisions made by employees throughout the organization, such as reporting of material events, the Company and its reporting officers believe that they cannot provide absolute assurance that all control issues and instances of fraud or errors and omissions, if any, within the Company will be detected. Limitations within any control system, including the Company's control system, include faulty judgments in decision-making or simple errors or mistakes. In addition, controls can be circumvented by an individual, by collusion between two or more people, or by management override of the control. Because of these limitations, misstatements due to error or fraud may occur and may not be detected.

Management's annual report on the Company's internal control over financial reporting and the independent registered public accounting firm's attestation report are included in the Company's 2018 Financial Statements in Item 8 of this Annual Report on Form 10-K, under the headings, *Management's Report on Internal Control over Financial Reporting* and *Report of Independent Registered Public Accounting Firm* as it relates to Internal Control Over Financial Reporting, respectively, and are incorporated herein by reference.

During the year ended August 31, 2018, the Company completed its acquisitions of IOTA Engineering, LLC ("IOTA") and Lucid Design Group, Inc ("Lucid"), (collectively, the "2018 Acquisitions"). As of August 31, 2018, the 2018 Acquisitions constituted less than 2% and 1% of the Company's tangible assets and net tangible assets, respectively. For the year ended August 31, 2018, the 2018 Acquisitions constituted less than 1% of both the Company's net sales and pre-tax income. SEC guidance permits management to omit an assessment of an acquired business' internal control over financial reporting from management's assessment of internal control over financial reporting for a period not to exceed one year from the date of the acquisition. Accordingly, management has not assessed IOTA's or Lucid's internal control over financial reporting as of August 31, 2018. Excluding the acquisitions, there have been no changes in the Company's internal control over financial reporting that occurred during the Company's most recent completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company began integrating IOTA and Lucid into its existing control procedures from their respective dates of acquisition. The Company does not anticipate the integration of the acquired companies to result in changes that would materially affect its internal control over financial reporting.

Item 9b. Other Information

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The information required by this item, with respect to directors and corporate governance, is included under the captions *Item 1 — Election of Directors and Information Concerning the Board and Its Committees* of the Company's proxy statement for the annual meeting of stockholders to be held January 4, 2019, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The information required by this item, with respect to executive officers, will be included under the caption *Executive Officers* of the Company's proxy statement for the annual meeting of stockholders to be held January 4, 2019, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The information required by this item, with respect to beneficial ownership reporting, will be included under the caption *Section 16(a) Beneficial Ownership Reporting Compliance* of the Company's proxy statement for the annual meeting of stockholders to be held January 4, 2019, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The information required by this item, with respect to the code of ethics, will be included under the caption *Questions and Answers about Communications, Governance, and Company Documents* of the Company's proxy statement for the annual meeting of stockholders to be held January 4, 2019, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item will be included under the captions *Compensation of Directors, Information Concerning the Board and Its Committees, Compensation Committee Interlocks and Insider Participation, Report of the Compensation Committee, Compensation Discussion and Analysis, Fiscal 2018 Summary Compensation Table, Fiscal 2018 Grants of Plan-Based Awards, Outstanding Equity Awards at Fiscal 2018 Year-End, Option Exercises and Stock Vested in Fiscal 2018, Pension Benefits in Fiscal 2018, Fiscal 2018 Nonqualified Deferred Compensation, Employment Arrangements, Potential Payments upon Termination, and Equity Compensation Plans* of the Company's proxy statement for the annual meeting of stockholders to be held January 4, 2019, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

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

The information required by this item will be included under the captions *Beneficial Ownership of the Company's Securities and Equity Compensation Plans* of the Company's proxy statement for the annual meeting of stockholders to be held January 4, 2019, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be included under the caption *Certain Relationships and Related Party Transactions* of the Company's proxy statement for the annual meeting of stockholders to be held January 4, 2019, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item will be included under the caption *Fees Billed by Independent Registered Public Accounting Firm* of the Company's proxy statement for the annual meeting of stockholders to be held January 4, 2019, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this report:

(1)	Management's Report on Internal Control over Financial Reporting	37
	Reports of Independent Registered Public Accounting Firm	38
	Consolidated Balance Sheets as of August 31, 2018 and 2017	41
	Consolidated Statements of Comprehensive Income for the years ended August 31, 2018, 2017, and 2016	42
	Consolidated Statements of Cash Flows for the years ended August 31, 2018, 2017, and 2016	43
	Consolidated Statements of Stockholders' Equity for the years ended August 31, 2018, 2017, and 2016	44
	Notes to Consolidated Financial Statements	45
(2)	Financial Statement Schedules:	
	Schedule II Valuation and Qualifying Accounts	98
	Any of Schedules I through V not listed above have been omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto	
(3)	Exhibits filed with this report (begins on next page):	
	Copies of exhibits will be furnished to stockholders upon request at a nominal fee. Requests should be sent to Acuity Brands, Inc., Investor Relations Department, 1170 Peachtree Street, N.E., Suite 2300, Atlanta, Georgia 30309-7676	

INDEX TO EXHIBITS

EXHIBIT 3	(a) Restated Certificate of Incorporation of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.	Reference is made to Exhibit 3.1 of registrant's Form 8-K as filed with the Commission on September 26, 2007, which is incorporated herein by reference.
	(b) Certificate of Amendment of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.	Reference is made to Exhibit 3.2 of registrant's Form 8-K as filed with the Commission on September 26, 2007, which is incorporated herein by reference.
	(c) Certificate of Amendment to the Restated Certificate of Incorporation of Acuity Brands, Inc., dated as of January 6, 2017.	Reference is made to Exhibit 3(c) of registrant's Form 10-Q as filed with the Commission on January 9, 2017, which is incorporated herein by reference.
	(d) Amended and Restated Bylaws of Acuity Brands, Inc., dated as of January 6, 2017.	Reference is made to Exhibit 3(d) of registrant's Form 10-Q as filed with the Commission on January 9, 2017, which is incorporated herein by reference.
EXHIBIT 4	(a) Form of Certificate representing Acuity Brands, Inc. Common Stock.	Reference is made to Exhibit 4.1 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(b) Indenture, dated December 8, 2009, among Acuity Brands Lighting, Inc. as issuer, and Acuity Brands, Inc. and ABL IP Holding LLC, as guarantors, and Wells Fargo Bank, National Association, as trustee.	Reference is made to Exhibit 4.1 of registrant's Form 8-K as filed with the Commission on December 9, 2009, which is incorporated herein by reference.
	(c) Form of 6.00% Senior Note due 2019.	Reference is made to Exhibit 4.2 of registrant's Form 8-K as filed with the Commission on December 9, 2009, which is incorporated herein by reference.
EXHIBIT 10(i)	(1) Five-Year Credit Agreement dated June 29, 2018.	Reference is made to Exhibit 10.1 of registrant's Form 10-Q as filed with the Commission on July 3, 2018, which is incorporated herein by reference.

EXHIBIT 10(iii)A

Management Contracts and Compensatory Arrangements:

- (1) [Acuity Brands, Inc. 2001 Nonemployee Directors' Stock Option Plan.](#) Reference is made to Exhibit 10.6 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
- (2) [Amendment No. 1 to Acuity Brands, Inc. 2001 Nonemployee Directors' Stock Option Plan, dated December 20, 2001.](#) Reference is made to Exhibit 10(iii)A(3) of registrant's Form 10-Q as filed with the Commission on January 14, 2002, which is incorporated herein by reference.
- (3) [Amendment No. 1 to Stock Option Agreement for Nonemployee Director dated October 25, 2006.](#) Reference is made to Exhibit 99.1 of registrant's Form 8-K filed with the Commission on October 27, 2006, which is incorporated herein by reference.
- (4) [Amendment No. 2 to Acuity Brands, Inc. 2001 Non-employee Directors' Stock Option Plan.](#) Reference is made to Exhibit 10(iii)A(2) of registrant's Form 10-Q as filed with the Commission on January 4, 2007, which is incorporated herein by reference.
- (5) [Amendment No. 3 to Acuity Brands, Inc. 2001 Nonemployee Directors' Stock Option Plans.](#) Reference is made to Exhibit 10(iii)A(3) of registrant's Form 10-Q as filed with the Commission on July 10, 2007, which is incorporated herein by reference.
- (6) [Acuity Brands, Inc. Supplemental Deferred Savings Plan.](#) Reference is made to Exhibit 10.14 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
- (7) [Amendment No. 1 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.](#) Reference is made to Exhibit 10(iii)A(2) of registrant's Form 10-Q as filed with the Commission on January 14, 2003, which is incorporated by reference.
- (8) [Amendment No. 2 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.](#) Reference is made to Exhibit 10(iii)A(8) of the registrant's Form 10-Q as filed with the Commission on July 14, 2003, which is incorporated by reference.
- (9) [Amendment No. 3 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.](#) Reference is made to Exhibit 10(iii)A(36) of the registrant's Form 10-K as filed with the Commission on October 29, 2004, which is incorporated by reference.
- (10) [Amendment No. 4 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.](#) Reference is made to Exhibit 99.2 of registrant's Form 8-K filed with the Commission on July 6, 2006, which is incorporated herein by reference.
- (11) [Amendment No. 5 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.](#) Reference is made to Exhibit 10(iii)A(6) of registrant's Form 10-Q as filed with the Commission on July 10, 2007, which is incorporated herein by reference.
- (12) [Amended and Restated Acuity Brands, Inc., 2005 Supplemental Deferred Savings Plan, effective as of January 1, 2010.](#) Reference is made to Exhibit 10 (c) of registrant's Form 10-Q as filed with the Commission on March 31, 2010, which is incorporated herein by reference.
- (13) [Acuity Brands, Inc. Nonemployee Director Deferred Compensation Plan as Amended and Restated Effective June 29, 2006.](#) Reference is made to Exhibit 99.1 of registrant's Form 8-K filed with the Commission on July 6, 2006, which is incorporated herein by reference.
- (14) [Amendment No. 2 to Acuity Brands, Inc. Nonemployee Director Deferred Compensation Plan.](#) Reference is made to Exhibit 10(iii)A(86) of the registrant's Form 10-K as filed with the Commission on October 27, 2008, which is incorporated herein by reference.
- (15) [Amended and Restated Acuity Brands Inc. 2011 Nonemployee Director Deferred Compensation Plan, effective as of December 1, 2012.](#) Reference is made to Exhibit 10(iii)A(68) of the registrant's Form 10-K as filed with the Commission on October 26, 2012, which is incorporated herein by reference.

(16) Acuity Brands, Inc. Senior Management Benefit Plan.	Reference is made to Exhibit 10.16 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(17) Amendment No. 1 to Acuity Brands, Inc. Senior Management Benefit Plan.	Reference is made to Exhibit 10(iii)A(5) of registrant's Form 10-Q as filed with the Commission on July 10, 2007, which is incorporated herein by reference.
(18) Acuity Brands, Inc. Executive Benefits Trust.	Reference is made to Exhibit 10.18 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(19) Acuity Brands, Inc. Supplemental Retirement Plan for Executives.	Reference is made to Exhibit 10.19 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(20) Amendment No. 1 to Acuity Brands, Inc. Supplemental Retirement Plan for Executives.	Reference is made to Exhibit 10(iii)A(2) of the registrant's Form 10-Q as filed with the Commission on April 14, 2003, which is incorporated by reference.
(21) Acuity Brands, Inc. Benefits Protection Trust.	Reference is made to Exhibit 10.21 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(22) Form of Acuity Brands, Inc., Letter regarding Bonuses.	Reference is made to Exhibit 10.25 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(23) Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan, Effective As of January 1, 2003, As Amended and Restated Effective As of June 26, 2015.	Reference is made to Exhibit 10(iii)A(1) of the registrant's Form 10-Q as filed with the Commission on July 1, 2015, which is incorporated by reference.
(24) Unforeseeable Emergency Distribution Amendment to the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan dated July 12, 2018.	Filed with the Commission as part of this Form 10-K.
(25) Form of Amended and Restated Change in Control Agreement entered into as of April 21, 2006.	Reference is made to Exhibit 99.1 of registrant's Form 8-K filed with the Commission on April 27, 2006, which is incorporated herein by reference.
(26) Letter Agreement relating to Supplemental Executive Retirement Plan between Acuity Brands, Inc. and Vernon J. Nagel.	Reference is made to Exhibit 10(iii)A(4) of the registrant's Form 10-Q as filed with the Commission on July 14, 2003, which is incorporated by reference.
(27) Employment Letter between Acuity Brands, Inc. and Vernon J. Nagel, dated June 29, 2004.	Reference is made to Exhibit 10(III)A(1) of the registrant's Form 10-Q as filed with the Commission on July 6, 2004, which is incorporated by reference.
(28) Amended and Restated Severance Agreement, entered into as of January 20, 2004, by and between Acuity Brands, Inc. and Vernon J. Nagel.	Reference is made to Exhibit 10(III)A(2) of the registrant's Form 10-Q as filed with the Commission on July 6, 2004, which is incorporated by reference.
(29) Amendment dated April 21, 2006 to the Amended and Restated Severance Agreement between Acuity Brands, Inc. and Vernon J. Nagel.	Reference is made to Exhibit 99.3 of registrant's Form 8-K filed with the Commission on April 27, 2006, which is incorporated herein by reference.
(30) Amendment No. 2 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Vernon J. Nagel.	Reference is made to Exhibit 10(iii)A(2) of registrant's Form 10-Q as filed with the Commission on April 4, 2007, which is incorporated herein by reference.

- (31) [Amendment No. 3 to Acuity Brands, Inc. Amended and Restated Severance Agreement, between Acuity Brands, Inc. and Vernon J. Nagel.](#) Reference is made to Exhibit 10(iii)A(78) of the registrant's Form 10-K as filed with the Commission on October 30, 2009, which is incorporated herein by reference.
- (32) [Amendment No. 4 to Acuity Brands, Inc. Amended and Restated Severance Agreement, between Acuity Brands, Inc. and Vernon J. Nagel.](#) Reference is made to Exhibit 10(iii)A(2) of the registrant's Form 10-Q as filed with the Commission on April 2, 2014, which is incorporated herein by reference.
- (33) [Form of Incentive Stock Option Agreement for Executive Officers.](#) Reference is made to Exhibit 10(III)A(3) of the registrant's Form 10-Q filed with the Commission on January 6, 2005 incorporated by reference.
- (34) [Form of Nonqualified Stock Option Agreement for Executive Officers.](#) Reference is made to Exhibit 10(III)A(4) of the registrant's Form 10-Q as filed with the Commission on January 6, 2005, which is incorporated by reference.
- (35) [Premium-Priced Nonqualified Stock Option Agreement for Executive Officers between Acuity Brands, Inc. and Vernon J. Nagel.](#) Reference is made to Exhibit 10(III)A(5) of the registrant's Form 10-Q as filed with the Commission on January 6, 2005, which is incorporated by reference.
- (36) [Acuity Brands, Inc. Matching Gift Program.](#) Reference is made to Exhibit 10(III)A(1) of the registrant's Form 10-Q as filed with the Commission on April 4, 2005, which is incorporated by reference.
- (37) [Employment Letter dated November 16, 2005 between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10.1 of registrant's Form 8-K filed with the Commission on November 18, 2005, which is incorporated herein by reference.
- (38) [Amendment No. 1 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(iii)A(81) of the registrant's Form 10-K as filed with the Commission on October 30, 2009, which is incorporated herein by reference.
- (39) [Amendment No. 2 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10 (f) of registrant's Form 10-Q as filed with the Commission on March 31, 2010, which is incorporated herein by reference.
- (40) [Amendment No. 3 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(iii)A(4) of the registrant's Form 10-Q as filed with the Commission on April 2, 2014, which is incorporated herein by reference.
- (41) [Amendment No. 4 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(iii)A(46) of the registrant's Form 10-K as filed with the Commission on October 29, 2014, which is incorporated herein by reference.
- (42) [Amendment No. 5 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(iii)A(43) of the registrant's Form 10-K as filed with the Commission on October 27, 2015, which is incorporated herein by reference.
- (43) [Amendment No. 6 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(iii)A(44) of the registrant's Form 10-K as filed with the Commission on October 27, 2016, which is incorporated herein by reference.
- (44) [Amendment No. 7 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.](#) Reference is made to Exhibit 10(iii)A(45) of the registrant's Form 10-K as filed with the Commission on October 26, 2017, which is incorporated herein by reference.
- (45) [Form of Nonqualified Stock Option Agreement for Executive Officers.](#) Reference is made to Exhibit 99.1 of registrant's Form 8-K filed with the Commission on December 2, 2005, which is incorporated herein by reference.

- (46) [Amended and Restated Acuity Brands, Inc. Long-Term Incentive Plan.](#) Reference is made to Exhibit A of the registrant's Proxy Statement as filed with the Commission on November 16, 2007, which is incorporated herein by reference.
- (47) [Acuity Brands, Inc. Long-Term Incentive Plan Fiscal Year 2008 Plan Rules for Executive Officers.](#) Reference is made to Exhibit 99.1 of the registrant's Form 8-K as filed with the Commission on January 4, 2008, which is incorporated herein by reference.
- (48) [Form of Nonqualified Stock Option Agreement for Key Employees effective October 24, 2008.](#) Reference is made to Exhibit 10 (i) of registrant's Form 10-Q as filed with the Commission on April 8, 2009, which is incorporated herein by reference.
- (49) [Form of Nonqualified Stock Option Agreement for Executive Officers of Acuity Brands, Inc. effective October 24, 2008.](#) Reference is made to Exhibit 10 (j) of registrant's Form 10-Q as filed with the Commission on April 8, 2009, which is incorporated herein by reference.
- (50) [Employment Letter dated July 27, 2006 between Acuity Brands, Inc. and Mark A. Black.](#) Reference is made to Exhibit 10 (f) of registrant's Form 10-Q as filed with the Commission on April 8, 2009, which is incorporated herein by reference.
- (51) [Severance Agreement dated November 19, 2008, by and between Acuity Brands Lighting, Inc. and Mark A. Black.](#) Reference is made to Exhibit 10(iii)A(1) of the registrant's Form 10-Q as filed with the Commission on January 9, 2015.
- (52) [Amendment No. 1 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Mark A. Black.](#) Reference is made to Exhibit 10(iii)A(79) of the registrant's Form 10-K as filed with the Commission on October 30, 2009, which is incorporated herein by reference.
- (53) [Amendment No. 2 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Mark A. Black.](#) Reference is made to Exhibit 10 (d) of registrant's Form 10-Q as filed with the Commission on March 31, 2010, which is incorporated herein by reference.
- (54) [Amendment No. 3 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Mark A. Black.](#) Reference is made to Exhibit 10(iii)A(3) of the registrant's Form 10-Q as filed with the Commission on April 2, 2014, which is incorporated herein by reference.
- (55) [Amendment No. 4 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Mark A. Black.](#) Reference is made to Exhibit 10(iii)A(58) of the registrant's Form 10-K as filed with the Commission on October 29, 2014, which is incorporated herein by reference.
- (56) [Amendment No. 5 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Mark A. Black.](#) Reference is made to Exhibit 10(iii)A(57) of the registrant's Form 10-K as filed with the Commission on October 27, 2015, which is incorporated herein by reference.
- (57) [Amendment No. 6 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Mark A. Black.](#) Reference is made to Exhibit 10(iii)A(59) of the registrant's Form 10-K as filed with the Commission on October 27, 2016, which is incorporated herein by reference.
- (58) [General Release Agreement between Acuity Brands, Inc. and Mark A. Black dated May 24, 2018.](#) Filed with the Commission as part of this Form 10-K.
- (59) [Amended and Restated Change in Control Agreement.](#) Reference is made to Exhibit 10(iii)A(2) of the registrant's Form 10-Q as filed with the Commission on January 9, 2015.
- (60) [Amended and Restated Change in Control Agreement.](#) Reference is made to Exhibit 10(iii)A(84) of the registrant's Form 10-K as filed with the Commission on October 30, 2009, which is incorporated herein by reference.
- (61) [Employment Letter between Acuity Brands, Inc. and Laurent J. Vernerey dated September 6, 2017.](#) Filed with the Commission as part of this Form 10-K.

(62)	Severance Agreement by and between Acuity Brands, Inc. and Laurent J. Vernerey dated January 5, 2018.	Filed with the Commission as part of this Form 10-K.
(63)	Change in Control Agreement dated January 5, 2018 by and between Acuity Brands, Inc. and Laurent J. Vernerey.	Filed with the Commission as part of this Form 10-K.
(64)	Form of Indemnification Agreement.	Reference is made to Exhibit 10.1 of registrant's Form 8-K as filed with the Commission on February 9, 2010, which is incorporated herein by reference.
(65)	Acuity Brands, Inc. 2012 Omnibus Stock Incentive Compensation Plan.	Reference is made to Exhibit A of the registrant's Proxy Statement as filed with the Commission on November 19, 2012, which is incorporated herein by reference.
(66)	Acuity Brands, Inc. 2012 Management Cash Incentive Plan.	Reference is made to Exhibit B of the registrant's Proxy Statement as filed with the Commission on November 19, 2012, which is incorporated herein by reference.
(67)	Form of Stock Notification and Award Agreement for restricted stock, effective October 24, 2013.	Reference is made to Exhibit 10(iii)A(72) of the registrant's Form 10-K as filed with the Commission on October 29, 2013, which is incorporated herein by reference.
(68)	Form of Stock Notification and Award Agreement for stock options, effective October 24, 2013.	Reference is made to Exhibit 10(iii)A(1) of the registrant's Form 10-Q as filed with the Commission on April 2, 2014, which is incorporated herein by reference.
(69)	Form of Stock Notification and Award Agreement for restricted stock, effective October 27, 2014.	Reference is made to Exhibit 10(iii)A(65) of the registrant's Form 10-K as filed with the Commission on October 29, 2014, which is incorporated herein by reference.
(70)	Form of Stock Notification and Award Agreement for stock options, effective October 27, 2014.	Reference is made to Exhibit 10(iii)A(66) of the registrant's Form 10-K as filed with the Commission on October 29, 2014, which is incorporated herein by reference.
(71)	Form of Stock Notification and Award Agreement for stock options, effective April 1, 2016.	Reference is made to Exhibit 10(iii)A(1) of the registrant's Form 10-Q as filed with the Commission on April 6, 2016, which is incorporated herein by reference.
(72)	Form of Restricted Stock Award Agreement for U.S. Grantees.	Reference is made to Exhibit 10(iii)A(70) of the registrant's Form 10-K as filed with the Commission on October 27, 2016, which is incorporated herein by reference.
(73)	Form of Restricted Stock Unit Award Agreement for Non-U.S. Grantees.	Reference is made to Exhibit 10(iii)A(72) of the registrant's Form 10-K as filed with the Commission on October 26, 2017, which is incorporated herein by reference.
(74)	Form of Nonqualified Stock Option Award Agreement.	Reference is made to Exhibit 10(iii)A(72) of the registrant's Form 10-K as filed with the Commission on October 27, 2016, which is incorporated herein by reference.
(75)	Form of Nonqualified Stock Option Award Agreement for Named Executive Officers.	Reference is made to Exhibit 10(iii)A(73) of the registrant's Form 10-K as filed with the Commission on October 27, 2016, which is incorporated herein by reference.
(76)	Amended and Restated Acuity Brands, Inc. 2012 Omnibus Stock Incentive Compensation Plan.	Reference is made to Annex A of the registrant's Proxy Statement as filed with the Commission on November 21, 2017, which is incorporated herein by reference.

(77)	Acuity Brands, Inc. 2017 Management Cash Incentive Plan.	Reference is made to Annex B of the registrant's Proxy Statement as filed with the Commission on November 21, 2017, which is incorporated herein by reference.
(78)	Form of Restricted Stock Award Agreement for U.S. Employees.	Reference is made to Exhibit 10(iii)A(1) of the registrant's Form 10-Q as filed with the Commission on April 4, 2018, which is incorporated herein by reference.
(79)	Form of Restricted Stock Unit Notification and Award Agreement for Non-U.S. Grantees.	Reference is made to Exhibit 10(iii)A(2) of the registrant's Form 10-Q as filed with the Commission on April 4, 2018, which is incorporated herein by reference.
(80)	Form of Restricted Stock Award Agreement for Directors.	Reference is made to Exhibit 10(iii)A(3) of the registrant's Form 10-Q as filed with the Commission on April 4, 2018, which is incorporated herein by reference.
EXHIBIT 21	List of Subsidiaries.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 23	Consent of Independent Registered Public Accounting Firm.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 24	Powers of Attorney.	Filed with the Commission as part of this Form 10-K.
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-K.
	(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-K.
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-K.
	(b) 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-K.
EXHIBIT 101	The following financial information from the Company's Annual Report on Form 10-K for the year ended August 31, 2018, filed on October 25, 2018, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets as of August 31, 2018 and 2017, (ii) the Consolidated Statements of Comprehensive Income for the years ended August 31, 2018, 2017, and 2016, (iii) the Consolidated Statements of Cash Flows for the years ended August 31, 2018, 2017, and 2016, (iv) the Consolidated Statements of Stockholders' Equity for the years ended August 31, 2018, 2017, and 2016 and (v) the Notes to Consolidated Financial Statements.	Filed with the Commission as part of this Form 10-K.

Item 16. Exhibits and Financial Statement Schedules

None.

Schedule II

Acuity Brands, Inc.

Valuation and Qualifying Accounts
For the Years Ended August 31, 2018, 2017, and 2016
(In millions)

	Balance at Beginning of Year	Additions and Reductions Charged to			Balance at End of Year
		Costs and Expenses	Other Accounts	Deductions	
Year Ended August 31, 2018					
Reserve for doubtful accounts	\$ 1.9	(0.3)	(0.2)	0.1	\$ 1.3
Reserve for estimated product returns, net	\$ 13.6	79.4	—	78.4	\$ 14.6
Reserve for estimated cash discounts	\$ 4.1	28.3	—	27.8	\$ 4.6
Reserve for estimated other deductions	\$ 3.6	25.7	—	25.1	\$ 4.2
Deferred tax asset valuation allowance	\$ 14.2	0.2	(6.7)	4.1	\$ 3.6
Year Ended August 31, 2017					
Reserve for doubtful accounts	\$ 1.7	0.3	0.1	0.2	\$ 1.9
Reserve for estimated product returns, net	\$ 10.9	84.7	—	82.0	\$ 13.6
Reserve for estimated cash discounts	\$ 4.7	29.0	—	29.6	\$ 4.1
Reserve for estimated other deductions	\$ 1.7	20.5	—	18.6	\$ 3.6
Deferred tax asset valuation allowance	\$ 16.4	1.5	(0.6)	3.1	\$ 14.2
Year Ended August 31, 2016					
Reserve for doubtful accounts	\$ 1.3	0.3	0.4	0.3	\$ 1.7
Reserve for estimated product returns, net	\$ 6.2	62.6	0.9	58.8	\$ 10.9
Reserve for estimated cash discounts	\$ 3.0	32.0	0.9	31.2	\$ 4.7
Reserve for estimated other deductions	\$ 1.3	11.9	—	11.5	\$ 1.7
Deferred tax asset valuation allowance	\$ 15.0	(0.2)	1.6	—	\$ 16.4

**UNFORESEEABLE EMERGENCY DISTRIBUTION AMENDMENT
TO THE
ACUITY BRANDS, INC. 2002 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

This Unforeseeable Emergency Distribution Amendment to the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan, as amended and restated effective as of June 26, 2015 (the "Plan"), is adopted by Acuity Brands, Inc. (the "Company") this 12th day of July, 2018, as follows:

WHEREAS, the Company has the power pursuant to Article XI of the Plan to amend the Plan at any time; and

WHEREAS, the Company desires to amend the Plan to permit distributions upon the occurrence of an unforeseeable hardship in accordance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), the regulations promulgated thereunder and Revenue Ruling 2010-27.

NOW, THEREFORE, the Plan is hereby amended, effective immediately, as follows:

1.

Plan Section 1.1 "Definitions" is hereby amended by adding to the end thereof new subsection (hh), as follows:

(hh) "Unforeseeable Emergency" means a severe financial hardship of the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse, or the Participant's dependent; (b) a loss of the Participant's property due to casualty; or (c) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Company.

2.

Article III "Retirement and Termination Dates" is hereby amended by adding to the end thereof new subsection 3.11, as follows:

3.11 Payments Due to Unforeseeable Emergency.

- (a) Request for Payment. If a Participant, regardless of pay status, suffers an Unforeseeable Emergency, he or she may submit a written request to the Administrator for payment of his or her vested Standard and/or Incremental Accrued Benefit.
- (b) No Payment If Other Relief Available. The Administrator will evaluate the Participant's request for payment due to an Unforeseeable Emergency taking into account the Participant's circumstances and the requirements of Section 409A of the Code. In no event will payments be made pursuant to this Section 3.11 to the extent that the Participant's hardship can be relieved: (a) through reimbursement or compensation by insurance or otherwise; or (b) by liquidation of the Participant's assets, to the extent that liquidation of the Participant's assets would not itself cause severe financial hardship.
- (c) Limitation on Payment Amount. The amount of any payment made on account of an Unforeseeable Emergency shall not exceed the amount reasonably necessary to satisfy the Participant's financial need, including amounts necessary to pay any Federal, state

or local income taxes or penalties reasonably anticipated to result from the payment, as determined by the Administrator.

- (d) Timing of Payment. Payments shall be made from a Participant's Standard and/or Incremental Accrued Benefit as soon as practicable and in any event within thirty (30) days following the Administrator's determination that an Unforeseeable Emergency has occurred and authorization of payment from the Participant's Standard and/or Incremental Accrued Benefit.

3.

Section 7.1 "General Duties" is hereby amended by adding to the end thereof the following subsection (i):

- (i) to evaluate a Participant's request for payment from his or her Standard and/or Incremental Accrued Benefit due to an Unforeseeable Emergency and determine whether Participant has experienced an Unforeseeable Emergency and approve the amount of any payment necessary to satisfy the Participant's emergency need.

Except as amended hereby, the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed this 12th day of July, 2018.

ACUITY BRANDS, INC.

By: /s/ Vernon J. Nagel

Vernon J. Nagel

Chairman, President and
Chief Executive Officer

GENERAL RELEASE AGREEMENT

This General Release Agreement ("Agreement") is made and entered into as of this 24th day of May, 2018, by and between ACUITY BRANDS LIGHTING, INC. (the "Company" or "Employer"), and MARK A. BLACK ("Employee") in conjunction with the termination of Employee's employment with the Company and as contemplated by Employee's Severance Agreement with the Company dated November 19, 2008, as amended.

- (a) **Released Claims:** Employee irrevocably and unconditionally fully and finally releases, acquits and forever discharges all the claims described herein that he/she may now have against the Released Parties listed in Section 2(b), below, except that he/she is not releasing any claim that relates to: (1) his/her right to enforce this Agreement; (2) any rights or claims that arise after the execution of this Agreement; or (3) any rights or claims that he/she cannot lawfully release. Subject only to the exceptions just noted, Employee is releasing any and all claims, demands, actions, causes of action, liabilities, debts, losses, costs, expenses, or proceedings of every kind and nature, whether direct, contingent, or otherwise, known or unknown, past, present, or future, suspected or unsuspected, accrued or unaccrued, whether in law, equity, or otherwise, and whether in contract, warranty, tort, strict liability, or otherwise, which he/she now has, may have had at any time in the past, or may have at any time in the future arising or resulting from, or in any matter incidental to, any and every matter, thing, or event occurring or failing to occur at any time in the past up to and including the date of this agreement. Employee understands that the claims he/she is releasing might arise under many different laws (including statutes, regulations, other administrative guidance, and common law doctrines), such as, but not limited to, the following:

Anti-discrimination and retaliation statutes, such as Title VII of the Civil Rights Act of 1964, which prohibits discrimination and harassment based on race, color, national origin, religion, and sex and prohibits retaliation; the Age Discrimination in Employment Act ("ADEA"), which prohibits age discrimination in employment; the Equal Pay Act, which prohibits paying men and women unequal pay for equal work; the Americans With Disabilities Act and Sections 503 and 504 of the Rehabilitation Act of 1973, which prohibit discrimination based on disability; Sections 1981 and 1983 of the Civil Rights Act of 1866, which prohibit discrimination and harassment on the basis of race, color, national origin, religion or sex; the Sarbanes-Oxley Act of 2002, which prohibits retaliation against employees who participate in any investigation or proceeding related to an alleged violation of mail, wire, bank, or securities laws; Georgia anti-discrimination statutes, which prohibit retaliation and discrimination on the basis of age, disability, gender, race, color, religion, and national origin; and any other federal, state, or local laws prohibiting employment discrimination or retaliation.

Federal employment statutes, such as the WARN Act, which requires that advance notice be given of certain work force reductions; the Employee Retirement Income Security Act of 1974, which, among other things, protects employee benefits; the Family and Medical Leave Act of 1993, which requires employers to provide leaves of absence under certain circumstances; and any other federal laws relating to employment, such as veterans' reemployment rights laws.

Other laws, such as any federal, state, or local laws providing workers' compensation benefits (except as otherwise prohibited by law), restricting an employer's right to terminate employees, or otherwise regulating employment; any federal, state, or local law enforcing express or implied employment contracts or requiring an employer to deal with employees fairly or in good faith; any state and federal whistleblower laws, any other federal, state, or local laws providing recourse for alleged wrongful discharge, improper garnishment, assignment, or deduction from wages, health and/or safety violations, improper drug and/or alcohol testing, tort, physical or personal injury, emotional distress, fraud, negligence, negligent misrepresentation, abusive litigation, and similar or related claims, willful or negligent infliction of emotional harm, libel, slander, defamation and/or any other common law or statutory causes of action.

Examples of released claims, include, but are not limited to the following (except to the extent explicitly preserved by Section 2(a), above, of this Agreement): (i) claims that in any way relate to allegations of alleged discrimination, retaliation or harassment; (ii) claims that in any way relate to Employee's employment with the Company and/or its conclusion, such as claims for breach of contract, compensation, overtime wages, promotions, upgrades, bonuses, commissions, lost wages, or unused accrued vacation or sick pay; (iii) claims that in any way relate to any state law contract or tort causes of action; and (iv) any claims to attorneys' fees, costs and/or expenses or other indemnities with respect to claims Employee is releasing.

- (b) **Released Parties:** The Released party/parties is/are Acuity Brands Lighting, Inc., all current, future and former parents, subsidiaries, related companies, partnerships, or joint ventures related thereto, and, with respect to each of them, their predecessors and successors; and, with respect to each such entity, all of its past, present, and future employees, officers, directors, stockholders, owners, representatives, assigns, attorneys, agents, and any other persons acting by, through, under or in concert with any of the persons or entities listed in this subsection, and their successors (hereinafter the "Released Parties").

- (c) **Unknown Claims:** Employee understands that he/she is releasing the Released Parties from claims that he/she may not know about as of the date of the execution of this Agreement, and that is his/her knowing and voluntary intent even though Employee recognizes that someday he/she might learn that some or all of the facts he/she currently believes to be true are untrue and even though he/she might then regret having signed this Agreement. Nevertheless, Employee is expressly assuming that risk and agrees that this Agreement shall remain effective in all respects in any such case. Employee expressly waives all rights he/she might have under any law that is intended to protect him/her from waiving unknown claims Employee understands the significance of doing so. If Employee resides in California, Employee hereby expressly waives the provisions of California Civil Code Section 1542, which provides as follows: “A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.” Moreover, this Release does not extend to those rights which, as a matter of Law, cannot be waived, including but not limited to, unwaivable rights that Employee may have under the California Labor Code.
- (d) **Ownership of Claims:** Employee represents and warrants that he/she has not sold, assigned or transferred any claim he/she is purporting to release, nor has he/she attempted to do so. Employee expressly represents and warrants that he/she has the full legal authority to enter into this Agreement for himself/herself and his/her estate, and does not require the approval of anyone else.
- (e) **Pursuit of Released Claims:** Employee represents that he/she has not filed or caused to be filed any lawsuit, complaint, or charge with respect to any claim this Agreement purports to waive, and he/she promises never to file or prosecute any lawsuit, complaint, or charge based on such claims. This provision shall not apply to any nonwaivable charges or claims brought before any governmental agency. With respect to any such non-waivable claims, however, Employee agrees to waive his/her right (if any) to any monetary or other recovery, including but not limited to reinstatement, should any governmental agency or other third party pursue any claims on his/her behalf, either individually or as part of any class or collective action.
- (f) **FMLA and FLSA Rights Honored:** Employee acknowledges that he/she has received all of the leave from work for family and/or personal medical reasons and/or other benefits to which he/she believes he/she is entitled under Employer’s policy and the Family and Medical Leave Act of 1993 (“FMLA”), as amended. Employee has no pending request for FMLA leave with Employer; nor has Employer mistreated Employee in any way on account of any illness or injury to Employee or any member of Employee’s family. Employee further acknowledges that he/she has received all of the monetary compensation, including hourly wages, salary and/or overtime compensation, to which he/she believes he/she is entitled under the Fair Labor Standards Act (“FLSA”), as amended.
- (g) **ADEA Release Requirements Have Been Satisfied:** Employee understands that this Agreement has to meet certain requirements to validly release any ADEA claims Employee

might have had, and Employee represents and warrants that all such requirements have been satisfied. Employee acknowledges that, before signing this Agreement, he/she was given at least twenty-one (21) days to consider this Agreement. Employee further acknowledges that: (1) he/she took advantage of as much of this period to consider this Agreement as he/she wished before signing it; (2) he/she carefully read this Agreement; (3) he/she fully understands it; (4) he/she entered into this Agreement knowingly and voluntarily (i.e., free from fraud, duress, coercion, or mistake of fact); (5) this Agreement is in writing and is understandable; (6) in this Agreement, Employee waives current ADEA claims; (7) Employee has not waived future ADEA claims; (8) Employee is receiving valuable consideration in exchange for execution of this Agreement that he/she would not otherwise be entitled to receive such consideration; and (9) Employer encourages Employee in writing to discuss this Agreement with his/her attorney (at his/her own expense) before signing it, and that he/she has done so to the extent he/she deemed appropriate.

- (h) **Revocation:** For a period of seven (7) days following the execution of such agreement, Employee may revoke this Agreement. If Employee wishes to revoke this Agreement in its entirety, he/she must make a revocation in writing which must be delivered by hand or confirmed facsimile before 5:00 p.m. of the seventh day of the revocation period to Barry Goldman, Senior Vice President and General Counsel, One Lithonia Way, Conyers, Georgia 30012, otherwise the revocation will not be effective. If Employee timely revokes this Agreement, Employer shall retain payments and benefits otherwise payable to Employee under this Agreement.
- (i) **Restrictive Covenants.** Employee expressly acknowledges and reaffirms his commitment to abide by the terms of the restrictive covenants contained within Paragraph 5 of his Severance Agreement dated November 19, 2008, as amended, and any covenants and restrictions contained in agreements previously accepted and agreed by Employee governing awards of Acuity Brands, Inc. restricted stock and stock options.
- (j) **Termination Date.** Employee acknowledges and agrees that the effective date of the termination of his employment with the Company is April 30, 2018.
- (k) **Payment in Lieu of Stock and Other Compensation.** Company agrees that in lieu of the stock in which Employee would have vested on June 1, 2018 and any other amounts for compensation that may otherwise have been payable to Employee as a result of his employment with the Company (other than amounts related to future benefits payable to Employee as previously agreed pursuant to the Supplemental Retirement Plan for Executives (SERP), which will be paid according to the terms of documents previously entered into between Employee and the Company related to such plan), Company will pay to Employee the amount of **Five Hundred Forty-Three Thousand Seven Hundred Fifteen Dollars (\$543,715)**, less any required withholdings. This payment shall be made no sooner than 8 days and no later than 20 days following full execution, delivery, and non-revocation of this Agreement.
- (l) **Confidentiality of Agreement; Nondisparagement.** Employee will keep the terms of this Agreement confidential and will not disclose its terms to anyone other than his/her: (i) spouse

or domestic partner; (ii) attorney; or (iii) professional tax adviser or tax preparer for the limited purpose of preparing or obtaining advice regarding such tax return or returns as may be necessary; provided that all such persons agree to this obligation of confidentiality. Employee agrees that he/she will not make any statements, written or verbal, that are derogatory or disparaging concerning Employer or any of the Released Parties. Employer agrees to direct its officers to refrain from making any statements, written or verbal, that are derogatory or disparaging about Employee. Employee further agrees that he will not discuss or otherwise disclose any information pertaining to Employer or the Released Parties with any other employees of Employer, with the exception that Employee may respond to inquiries from members of Acuity Brands, Inc.'s Board of Directors.

If either party does not comply with the provisions of this paragraph, the breaching party will be liable to the other party for any damages incurred as a result of such noncompliance. The Parties acknowledge that equitable relief, including, but not limited to, specific performance by injunction, would be an appropriate remedy for the breach of this paragraph. Nothing in this provision should be construed in any way as prohibiting or discouraging Employee from testifying truthfully under oath in an administrative proceeding for any charge or claim filed with a government agency.

If anyone requests a copy of or information about this Agreement from Employee or his/her agents via discovery, a subpoena, or other legal process, Employee agrees to notify Employer immediately upon receipt of the request by sending notice to Barry Goldman at barry.goldman@acuitybrands.com. Employee further agrees to use his/her best efforts to cooperate with Employer in any efforts to limit the scope of or quash the request. Notwithstanding the foregoing, to the extent that any applicable mandatory provision of law gives Employee an unwaivable right to communicate confidential information to a governmental agency, such communication is permitted under this Agreement.

(m) **Access to Independent Legal Counsel; Knowing and Voluntary Execution: EMPLOYEE ACKNOWLEDGES THAT HE/SHE HAS BEEN ADVISED TO SEEK INDEPENDENT LEGAL COUNSEL OF HIS/HER OWN CHOOSING IN CONNECTION WITH ENTERING INTO THIS AGREEMENT. EMPLOYEE FURTHER ACKNOWLEDGES THAT, IF DESIRED, HIS/HER LEGAL COUNSEL HAS REVIEWED THIS AGREEMENT, THAT EMPLOYEE FULLY UNDERSTANDS THE TERMS AND CONDITIONS OF THIS AGREEMENT AND THAT EMPLOYEE AGREES TO BE FULLY BOUND BY AND SUBJECT THERETO. EMPLOYEE HAS CAREFULLY READ THIS AGREEMENT AND KNOWS AND UNDERSTANDS THE CONTENTS THEREOF, AND THAT HE/SHE EXECUTES THE SAME AS HIS/HER OWN FREE ACT AND DEED.**

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the Parties have executed or caused this Agreement to be executed on the date set forth opposite the name of such party below.

Dated: May 24, 2018 EMPLOYER /s/ Richard K. Reece
Richard K. Reece
Executive Vice President and
Chief Financial Officer

Dated: May 30, 2018 EMPLOYEE /s/ Mark A. Black

September 6, 2017

Laurent J. Vernerey
17 Laurel Hollow Road
Boxford, MA 01921

Dear Laurent:

I am pleased to confirm our offer to you of the position of Executive Vice President, Acuity Brands, Inc. (“Acuity,” “Acuity Brands,” or “Company”) and President, Acuity Technology Group (“ATG”). This letter confirms the details of our offer, which are subject to formal approval by the Board of Directors of Acuity Brands.

EFFECTIVE DATE

You will assume the duties of your new position effective as of November 1, 2017 (the “Effective Date”).

DUTIES

You will be employed on a full-time basis as the Executive Vice President for Acuity Brands and President, Acuity Technology Group and will report to the Chairman, President, and Chief Executive Officer. Acuity Business Systems (“ABS”) is core to our culture, and we are excited to have you onboard to fully embrace, understand, and drive ABS!

Your primary place of business from Mondays through Thursdays will be the ATG headquarters, to be established in the future with your input, or an Acuity office to be mutually determined. Acuity will reimburse you for travel expenses between the ATG headquarters and your office or your home in either Boston or Florida. You will be responsible for any living expenses incurred while working from the ATG headquarters. We will finalize the specifics of the reimbursement arrangement at a later date to the mutual satisfaction of the Company and yourself.

COMPENSATION

Base Salary

Your starting base salary will be \$39,583 per month, paid on a monthly basis in arrears and based on an annual salary of \$475,000. Your salary will be reviewed annually beginning October 2018.

Annual Cash Incentive Plan

You will participate in the Acuity Brands, Inc. Management Cash Incentive Plan. Your base salary multiplied by 125% (your personal incentive target percentage) will be used as the starting point for any annual cash bonus that may be paid beginning in fiscal year 2019, adjusted for the performance of Acuity Brands for the fiscal year ended August 31, 2018 and your individual performance. Your fiscal year 2018 cash bonus will be calculated based on the full fiscal year ending August 31, 2018. Consistent with the Company’s “pay for performance” culture, Acuity Brands’ annual cash bonus program allows for significant upside potential because of the adjustments for the performance of the Company and your individual performance. As an example, the Company’s performance multiplier under the annual cash bonus program averaged 204% for the seven-year period through fiscal 2016. Additionally, the maximum multiplier for individual performance has historically been set at 150% for exceptional performance.

Annual Equity Incentive Plan

You will participate in the Acuity Brands, Inc. Annual Equity Incentive Plan (the “Plan”). Under the terms of the Plan you will have the opportunity for awards (a combination of restricted equity shares and stock options determined by the Company’s Board of Directors) calculated as a percentage of your base salary, as well as by the performance of Acuity Brands, and by your contribution to that performance. Your base salary multiplied by 175% will be used as the starting point for any annual award that may be granted beginning in fiscal year 2019, adjusted for the performance of Acuity Brands for the fiscal year ended August 31, 2018 and your individual performance for the portion of the year you are employed. Consistent with the Company’s “pay for performance” culture, Acuity Brands’ equity incentive program allows for additional upside potential because of the adjustments for the performance of the Company and your individual performance. As an example, the Company’s performance multiplier under the equity incentive program averaged 134% for the seven-year period through fiscal 2016.

Sign-On Bonus (Stock Award)

You will receive a one-time stock award of time-vesting restricted shares valued at \$400,000, which will vest in a single installment beginning one year from the Effective Date.

Initial Stock Grant

You will receive a one-time grant of time-vesting restricted shares valued at \$1,600,000. These restricted shares will vest in four equal annual installments beginning one year from the Effective Date.

You will be subject to the share ownership guidelines and share retention requirements applicable to other executive vice presidents of Acuity Brands. Unvested restricted shares at the time when you leave your employment with Acuity would be forfeited upon your termination date, except for the one-time stock award valued at \$400,000 which would be forfeited only upon a termination by Acuity Brands for Cause. The term Cause used in this paragraph will be defined in the award agreement.

Retirement Plans

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

You will be eligible to participate in the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan (the “SERP”). Your benefits under the SERP will be determined pursuant to the standard provisions of the SERP in accordance with the effective date of your eligibility.

Deferred Compensation Plan

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

Life Insurance and Other Employee Benefits

You have stated that you do not require medical benefits, therefore, we will not offer you medical benefits. However, you will be eligible to participate in certain non-medical benefit programs generally made available to employees of Acuity Brands, which include:

- Life Insurance
- Short-Term Disability
- Long-Term Disability
- Flex Benefit Program

Matching Gift Program

In lieu of medical benefits, Acuity will match dollar for dollar your eligible charitable cash contributions up to a maximum of \$5,000 per fiscal year.

Vacation

You will be entitled to six (6) weeks vacation per fiscal year.

Employment at Will/Severance Payments/Change in Control

Your employment will be at will and may be terminated by either Acuity Brands, Inc. or by you at any time for any reason, with or without notice. Except in the event of a termination in connection with a Change in Control of Acuity Brands, Inc. (as defined in the Severance Protection Agreement that will cover you), you will be covered by a Severance Agreement similar to those provided to other executive vice presidents of the Corporation, which provides you a severance benefit (equal to current base salary plus 125% of base salary, calculated on a pro rata basis) in the event your employment in this position is terminated for any reason other than voluntary termination (including early or normal retirement), termination upon death or Disability, or termination by Acuity Brands for Cause. The terms Cause and Disability used in this paragraph will be defined in the Severance Agreement.

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

Other

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

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

Sincerely,

/S/Vernon J. Nagel

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

ACCEPTED AND AGREED TO THIS
14th DAY OF SEPTEMBER, 2017.

/s/Laurent J. Vernerey
Laurent J. Vernerey

ACUITY BRANDS, INC.**SEVERANCE AGREEMENT**

THIS SEVERANCE AGREEMENT (the "Agreement") is made and entered into as of January 5, 2018, by and between ACUITY BRANDS, INC., a Delaware corporation (the "Company"), and LAURENT J. VERNEREY (the "Executive").

W I T N E S S E T H:

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

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

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

NOW, THEREFORE, the parties hereby agree as follows:

1. TERM OF AGREEMENT.

This Agreement shall commence on the date hereof and shall continue unless or until terminated as provided herein. This Agreement shall not be considered an employment agreement and in no way guarantees Executive the right to continue in the employment of the Company or its affiliates. Executive's employment is considered employment at will, subject to Executive's right to receive payments and benefits upon certain terminations of employment as provided below.

As of the date hereof, to the extent that the Executive and the Company have previously entered into a severance agreement related to the terms and conditions addressed in this Agreement, such agreement is superseded and replaced in its entirety by this Agreement. Unless it is specifically provided otherwise, this Agreement does not supersede any Change in Control Agreement between the parties that relates specifically to termination and severance benefits in connection with a Change in Control (as defined in such Change in Control Agreement) of the Company.

2. DEFINITIONS.

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

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

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

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

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

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

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

2.3 **"Change in Control Agreement."** An agreement between Executive and the Company providing for the payment of compensation and benefits to Executive in the event of Executive's termination of employment under certain circumstances following a "change in control" of the Company (as defined in such agreement).

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

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

2.6 **"Disability."** Disability shall have the meaning ascribed to such term in the Company's long-term disability plan covering the Executive, or in the absence of such plan, a meaning consistent with Section 22(e)(3) of the Code. The determination of Disability shall be made by the Company in a manner consistent with the requirements of Section 409A.

2.7 **"Good Reason."**

(a) For purposes of this Agreement, "Good Reason" shall mean the Executive terminated his employment with the Company and its subsidiaries because, during the term of this Agreement, after a Change in Control (without Executive's express consent), one or more of the following conditions arose and the Executive notified the Company of such condition within ninety (90) days of its occurrence and the Company did not remedy such condition within thirty (30) days:

(1) a material diminution in the Executive's authority, duties, or responsibilities (including reporting responsibilities) which, in the Executive's reasonable judgment, represents an adverse change from his status, title, position or responsibilities as in effect immediately prior thereto;

(2) a reduction in the Executive's base salary or any failure to pay the Executive any compensation or benefits to which he is entitled within five days of the date due;

(3) the Company's requiring Executive to be based more than 50 miles from the primary workplace where Executive is based upon execution of this Agreement except for reasonably required travel on the Company's business; or

(4) a material breach by the Company of any provision of this Agreement.

(b) The Executive's right to terminate his employment pursuant to this Section 2.7 shall not be affected by his incapacity due to physical or mental illness.

2.8 **"Notice of Termination."** A written notice from one party to the other party specifying the Date of Termination and which sets forth in reasonable detail the facts and circumstances relating to the basis for termination of Executive's employment.

2.9 **"Section 409A."** Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and rulings thereunder.

2.10 **"Severance Period."** A period equal to the lesser of (i) eighteen (18) months from the Executive's Date of Termination or (ii) the number of months (rounded to the nearest month) from the Executive's Date of Termination until the date he/she attains age 65; provided, however, that the Severance Period shall in no event be less than six (6) months or extend beyond December 31 of the second year following the year in which the Date of Termination occurs.

3. SCOPE OF AGREEMENT.

This Agreement provides for the payment of compensation and benefits to Executive in the event his employment (i) is involuntarily terminated by the Company without Cause, or (ii) is terminated by Executive for Good Reason. If Executive is terminated by the Company for Cause, dies, incurs a Disability or voluntarily terminates employment (other than for Good Reason), this Agreement shall terminate (except that the restrictive covenants contained herein shall survive termination of this Agreement), and Executive shall be entitled to no payments of compensation or benefits pursuant to the terms of this Agreement; provided that in such events, Executive will be entitled to whatever benefits are payable pursuant to the terms of any health, life insurance, disability, welfare, retirement, deferred compensation, or other plan or program maintained by the Company.

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

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

If Executive's employment is involuntarily terminated by the Company during the term of this Agreement without Cause (and such termination does not arise as a result of Executive's death or Disability), or if Executive terminates his employment for Good Reason, the Executive shall be entitled to the compensation and benefits described below, provided that Executive timely executes and does not revoke a valid release of claims in such form as may be required by the Company, and Executive abides by the provisions of this Agreement. If the Executive's release execution period begins in one taxable year and ends in another taxable year, payments under this Section 4 shall not be made until the beginning of the second taxable year.

4.1 **Base Salary.** Executive shall continue to receive his/her Base Salary (subject to withholding of all applicable taxes) for the entire Severance Period (as defined in Section 2 above), payable in the same manner as it was being paid on his Date of Termination.

4.2 **Annual Bonus.** Executive shall be paid an amount equal to the greater of (i) 125% of employee's gross salary, multiplied by a fraction (the "Pro Rata Fraction"), the numerator of which is the number of days that have elapsed in the then current fiscal year through Executive's Date of Termination and the denominator of which is 365, or (ii) the annual incentive bonus that would be paid or payable to Executive under the Incentive Plan based upon the Company's actual performance for such fiscal year, assuming 50% of the Company financial performance payout percentage for named executive officers that are subject to the application of negative discretion, multiplied by the Pro Rata Fraction. The bonus amount determined pursuant to Section 4.2(i) shall be paid to Executive within ten (10) days after the effective date of a confidential severance agreement and release entered into between Executive and the Company referenced in Section 4.8, and any additional amount payable pursuant to Section 4.2(ii) shall be payable at the same time as bonuses are payable to other executives under the Incentive Plan. "Incentive Plan" shall mean the Acuity Brands, Inc. Management Cash Incentive Plan for the fiscal year in which the Executive's Termination of Employment occurs. Terms used in this Section 4.2 shall have the meaning ascribed them in the Incentive Plan. The bonus paid pursuant to this section shall be subject to withholding of all applicable taxes.

4.3 **Accrued Vacation.** Executive shall be paid an amount equal to Executive's accrued but unused vacation (determined in accordance with Company policy) as of his/her Date of Termination. The amount (subject to withholding of all applicable taxes) shall be paid pursuant to applicable law.

4.4 **Restricted Stock.** Any Restricted Stock granted to Executive under the Acuity Brands, Inc. Omnibus Stock Incentive Compensation Plan for which the specific performance targets have been achieved and a Vesting Start Date (as defined in the agreement granting the Restricted Stock to Executive, the "Restricted Stock Agreement") has been established as of Executive's Date of Termination shall become fully vested and nonforfeitable as of Executive's Date of Termination and subject to the proviso at the end of this sentence, all Restricted Stock for which a Vesting Start Date has not been established shall be immediately forfeited; provided, that if the Restricted Stock Agreement granting the Restricted Stock to Executive provides for more favorable continued vesting after Executive's Date of Termination, the provisions of such Restricted Stock Agreement shall apply to the vesting of Executive's Restricted Stock after Executive's termination. The Vested Value (as defined in the Restricted Stock Agreement) of the shares of Restricted Stock vesting pursuant to this Section 4.4 shall be delivered to Executive in the manner provided in the Restricted Stock Agreement within ten (10) days of Executive's Date of Termination, using Executive's Date of Termination as the date for determining the Vested Value.

4.5 **Health Care and Life Insurance.** Subject to the terms of the group insurance contract and plan document, the term life insurance coverages provided to Executive at his Date of Termination shall be continued at the same level as for active executives and in the same manner as if his employment had not terminated, beginning on the Date of Termination and ending on the last day of the Severance Period. If the terms of such plan do not permit continued participation by Executive, then the Company will arrange for other coverage(s) satisfactory to Executive at Company's expense which provides substantially similar benefits or, at the Company's election, will pay Executive a lump sum amount equal to the annual costs of such coverage(s) for the Severance Period, less applicable withholding. A benefit provided under this Section 4.5 shall cease if Executive obtains other employment and, as a result of such employment, life insurance benefits are available to Executive.

If Executive timely elects continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") under the Company's group medical plan following termination of his/her employment, the Company will pay Executive a monthly amount equal to the Company's subsidy towards the cost of medical coverage for similarly-situated active employees enrolled in the same coverage in which the Executive was enrolled at the time of the Date of Termination (the "COBRA

Subsidy”), as reduced by any applicable withholding. The Company shall pay the COBRA Subsidy until the earliest of (a) the date Executive qualifies under another employer-sponsored medical plan, or (b) the end of eighteen (18) months of COBRA continuation coverage, or (c) the date on which the Severance Period ends.

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

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

4.8 Release of Claims. To be entitled to any of the compensation and benefits described above in this Section 4 (except for accrued vacation, which would be paid pursuant to applicable law), Executive shall sign a release of claims substantially in the form attached hereto as Exhibit A. No payments shall be made under this Section 4 until such release has been properly executed and delivered to the Company and until the expiration of the revocation period, if any, provided under the release. If the release is not properly executed by the Executive and delivered to the Company within the reasonable time periods specified in the release, the Company’s obligations under this Section 4 will terminate.

4.9 Section 409A. All payments hereunder are intended to satisfy the “short-term deferral” exemption under Treas. Reg. §1.409-1(b)(4) in tandem with the “separation pay” exemption under Treas. Reg. §1.409-1(b)(9) such that no payment hereunder shall be deemed “deferred compensation” within the meaning of Code Section 409A. Therefore, to the extent the amounts described in Sections 4.1, 4.2 and 4.5 which are payable after March 15 of the year following the Date of Termination exceed the “separation pay” limit prescribed under Treas. Reg. § 1.409A-1(b)(9) (generally, the lesser of two times the Code § 401(a)(17) limit or two times the Executive’s annual compensation), then the payment of such excess amounts shall be accelerated and paid in equal installment payments commencing with the start of the Severance Period and ending on the payroll period preceding the March 15 of the year following the Date of Termination. Each installment payment under this Agreement shall be treated as a separate payment for purposes of Code Section 409A.

EXAMPLE: Solely for illustration purposes, if Executive terminates without Cause or for Good Reason on November 1, 2017 and becomes entitled to Separation Pay totaling \$1 million, with \$700,000 of the Severance Pay otherwise scheduled to be paid after March 15, 2018, then \$160,000 (\$700,000 - \$540,000 (Code § 401(a)(17) limit)) of the post-March 15, 2018 Severance Pay will be accelerated and paid ratably for the payroll period following the executive’s Date of Termination and ending on the last payroll period preceding March 15, 2018. (Such example assumes the Executive’s annual compensation was equal to or greater than the Code § 401(a)(17) limit.)

Notwithstanding any provision of this Agreement to the contrary, no payments under Sections 4.1, 4.2 or 4.5 shall commence until the Executive has incurred a “Separation from Service.” For these purposes,

Separation from Service" means the termination of the Executive's employment with the Company for reasons other than death or Disability. Whether a Separation from Service takes place is determined based on the facts and circumstances surrounding the termination of the Executive's employment and whether the Company and the Executive intended for the Executive to provide significant services for the Company following such termination. A change in the Executive's employment status will not be considered a Separation from Service if:

(a) the Executive continues to provide services as an employee of the Company at an annual rate that is twenty percent (20%) or more of the services rendered, on average, during the immediately preceding three full calendar years of employment (or, if employed less than three years, such lesser period) and the annual remuneration for such services is twenty percent (20%) or more of the average annual remuneration earned during the final three full calendar years of employment (or, if less, such lesser period), or

(b) the Executive continues to provide services to the Company in a capacity other than as an employee of the Company at an annual rate that is fifty percent (50%) or more of the services rendered, on average, during the immediately preceding three full calendar years of employment (or if employed less than three years, such lesser period) and the annual remuneration for such services is fifty percent (50%) or more of the average annual remuneration earned during the final three full calendar years of employment (or if less, such lesser period).

The Company makes no representations that the payments and benefits provided under this Agreement comply with Code Section 409A, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Executive on account of non-compliance with Code Section 409A.

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

5.1 Purpose and Reasonableness of Provisions. Executive acknowledges that, during the term of his/her employment with the Company and during the Severance Period, the Company and its affiliates have furnished and may continue to furnish to Executive Trade Secrets and Confidential Information, which, if used by Executive on behalf of, or disclosed to, a competitor of the Company and its affiliates, or other person, could cause substantial detriment to the Company and its affiliates. Moreover, the parties recognize that Executive, during the term of his/her employment with the Company, has and will develop important relationships with customers, agents and others having valuable business relationships with the Company, and that these relationships may continue to develop during the Severance Period. In view of the foregoing, Executive acknowledges and agrees that the restrictive covenants contained in this Section 5 are reasonably necessary to protect the Company's and its affiliates' legitimate business interests, Confidential Information, and good will.

5.2 Trade Secrets and Confidential Information.

Executive agrees that he/she shall protect the Company's and its affiliates' Trade Secrets (as defined below) and Confidential Information (as defined below) and shall not disclose to any person or entity, or otherwise use or disseminate, except in connection with the performance of his/her duties for the Company, any Trade Secrets or Confidential Information; provided, however, that Executive may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, in which event Executive will promptly notify the Company or its affiliates of such order or subpoena to provide the Company or its affiliates an opportunity to protect their interests. Executive's obligations under this Section 5.2 shall apply during his/her employment and after his/her termination of employment, shall

continue through the Severance Period, and shall survive any expiration or termination of this Agreement, so long as the information or material remains Confidential Information or a Trade Secret, as applicable.

Executive further confirms that during his/her employment with the Company, he/she has not and will not offer, disclose or use on Executive's own behalf or on behalf of the Company, any information Executive received prior to employment by the Company which was supplied to Executive confidentially or which Executive should reasonably know to be confidential.

Nothing in this Agreement prohibits Executive from reporting possible violations of federal law or regulation to any governmental agency or entity including but not limited to the Department of Justice, the Securities and Exchange Commission, Congress, or any Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Executive does not need the prior authorization of Company to make any such reports or disclosures, and Executive is not required to notify Company that Executive has made such reports or disclosures

5.3 Return of Property. On or before the start of the Severance Period, Executive agrees to deliver promptly to the Company all files, customer lists, management reports, memoranda, research, Company forms and documents, financial data and reports and other documents (including all such data and documents in electronic form or on flash or external hard drives) of the Company or its affiliates, supplied to or created by him/her in connection with his/her employment hereunder (including all copies of the foregoing) in his/her possession or control, and all of the Company's equipment (e.g., mobile devices, laptop, computer, flash or hard drives, etc.) and other materials in his/her possession or control. Executive's obligations under this Section 5.3 shall survive any expiration or termination of this Agreement. Executive agrees and covenants to permanently delete any such information residing in electronic format to the best of his/her ability and to not attempt to retrieve it.

5.4 Inventions. Executive does hereby assign to the Company the entire right, title and interest in any Invention which is or was made or conceived, either solely or jointly with others, during his/her employment with the Company. Executive attests that he/she has disclosed (or promptly will disclose, if during the Severance Period) to the Company all such Inventions. Executive will, if requested, promptly execute and deliver to the Company a specific assignment of title for any such Invention and will at the expense of the Company, take all reasonably required action by the Company to patent, copyright or otherwise protect the Invention.

5.5 Non-Competition. Executive acknowledges and agrees that both during his/her employment and for twelve (12) months after the last day of his/her employment with the Company, he/she has not and will not, directly or indirectly, engage in, provide, or perform any duties or services of the type conducted, authorized, offered, provided by employee in his/her capacity as an employee on behalf of the Company within twelve (12) months prior to the Date of Termination, on behalf of any person or entity (or in the case of an entity that is organized into divisions or units, any distinct division or operating unit of such entity in the Territory (as defined below)) that derives income from providing goods or services substantially similar to those which comprise the Company's Business.

5.6 Non-Solicitation of Customers and Sales Agents. Executive acknowledges and agrees that both during his/her employment and for twenty-four (24) months after the last day of his/her employment with the Company, Executive has not and will not directly or indirectly solicit Customers (as defined below) or Sales Agents (as defined below) with whom he/she had Material Contact (as defined below) for the purpose of providing goods and/or services competitive with the Company's Business. Notwithstanding the foregoing, this Section shall not prevent Executive, during the course of his/her Severance Period, from soliciting a person or entity that has since discontinued all business communications with the Company

5.7 **Non-Solicitation of Employees and Agents.** Executive acknowledges and agrees that both during his/her employment and for twenty-four (24) months after the last day of his/her employment with the Company, Executive has not and will not, directly or indirectly, whether on behalf of Executive or others, solicit, lure or attempt to hire away any of the Company's or its affiliates' employees or agents. Notwithstanding the foregoing, this Section shall not prevent Executive from soliciting an employee or agent that has since discontinued all business dealings with the Company.

5.8 **Non-Disparagement.** Executive agrees that he/she will not make any disparaging statements or comments to any person or entity by any medium, whether oral or written, about Company, any of its affiliates or any of its respective officers, directors, employees, shareholders, agents, representatives or independent contractors. Nor shall Executive communicate to any person or entity by any medium, whether oral or written, any information harmful or adverse to Company, any of its affiliates or any of its respective officers, directors, employees, shareholders, agents, representatives or independent contractors. Nothing in this Section shall prevent Executive from providing truthful testimony pursuant to a lawful subpoena or other court order.

5.9 **Injunctive Relief.** Executive acknowledges that if he/she breaches or threatens to breach any of the provisions of this Section 5, his/her actions may cause irreparable harm and damage to the Company or its affiliates which could not be compensated in damages. Accordingly, if Executive breaches or threatens to breach any of the provisions of this Section 5, the Company (or, if applicable, an affiliate) shall be entitled to seek injunctive relief, in addition to any other rights or remedies the Company (or, if applicable, an affiliate) may have. The existence of any claim or cause of action by Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company (or, if applicable, an affiliate) of Executive's agreements under this Section 5.

5.11 **Definitions.** For purposes of this Section 5, the following definitions shall apply:

(a) "Confidential Information" Confidential Information" means:

(i) Data and information relating to the Company's Business; disclosed to Executive or of which Executive became aware of as a consequence of Executive's relationship with the Company; having value to the employer; not generally known to the competitors for the employer; and which includes trade secrets, methods of operation, names of customers, price lists, financial information and projections, route books, personnel data, and similar information For purposes of this Agreement, subject to the foregoing, and according to terminology commonly used by the Company, the Company's Confidential Information shall include, but not be limited to, information pertaining to: (1) Business Opportunities (as defined below); (2) data and compilations of data relating to the Company's Business (as defined below); (3) compilations of information about, and communications and agreements with, customers and potential customers of the Company; (4) computer software, hardware, network and internet technology utilized, modified or enhanced by the Company or by Executive in furtherance of Executive's duties with the Company; (5) compilations of data concerning Company products, services, customers, and end users including but not limited to compilations concerning projected sales, new project timelines, inventory reports, sales, and cost and expense reports; (6) compilations of information about the Company's employees and independent contracting consultants; (7) the Company's financial information, including, without limitation, amounts charged to customers and amounts charged to the Company by its vendors, suppliers, and service providers; (8) proposals submitted to the Company's customers, potential customers, wholesalers, distributors, vendors, suppliers and service providers; (9) the Company's marketing strategies and compilations of marketing data; (10) compilations of data or information concerning, and communications and agreements with, vendors, suppliers and licensors to the Company and other sources of technology, products, services or components used in the Company's Business; (11) any information concerning services requested and services performed on behalf of customers of the Company, including planned products or services; and (12) the Company's

research and development records and data. Confidential Information also includes any summary, extract or analysis of such information together with information that has been received or disclosed to the Company by any third party as to which the Company has an obligation to treat as confidential.

(ii) Confidential Information shall not include:

- (A) Information generally available to the public other than as a result of improper disclosure by Executive;
- (B) Information that becomes available to Executive from a source other than the Company (provided Executive has no knowledge that such information was obtained from a source in breach of a duty to the Company);
- (C) Information disclosed pursuant to law, regulations or pursuant to a subpoena, court order or legal process; and/or
- (D) Information obtained in filings with the Securities and Exchange Commission.

(b) “Trade Secrets” means Confidential Information constituting a trade secret under Georgia Law, O.C.G.A. §§ 10-1-760, *et seq.*

(c) “Inventions” means contributions, discoveries, improvements and ideas and works of authorship, whether or not patentable or copyrightable, and: (i) which relate directly to the business of the Company, or (ii) which result from any work performed by Executive or by Executive’s fellow employees for the Company, or (iii) for which equipment, supplies, facilities, Confidential Information or Trade Secrets of the Company or its affiliates are used, or (iv) which is developed on the Company’s time.

(d) “Customers” means those entities and/or individuals who are customers of the Company and/or its affiliates with respect to which, within the two-year period preceding the start of the Severance Period: (i) Executive had Material Contact on behalf of the Company; (ii) Executive acquired, directly or indirectly, Confidential Information or Trade Secrets as a result of his employment with the Company; and/or (iii) Executive exercised oversight or responsibility of subordinates who engaged in Material Contact on behalf of the Company.

(e) “Company’s Business” means the design, manufacture, installation, servicing, and/or sale of one or more of the following and any related products and/or services: lighting fixtures and systems; lighting control components and systems (including but not limited to dimmers, switches, relays, programmable lighting controllers, sensors, timers, and range extenders for lighting and energy management and other purposes); building management and/or control systems; commercial building lighting controls; intelligent building automation and energy management technologies, products, software and solutions with respect to HVAC systems and HVAC controls and sensors; motorized shading and blind controls; building security and access control and monitoring for fire and life safety; emergency lighting fixtures and systems (including but not limited to exit signs, emergency light units, inverters, back-up power battery packs, and combinations thereof); battery powered and/or photovoltaic lighting fixtures; electric lighting track units; hardware for mounting and hanging electrical lighting fixtures; aluminum, steel and fiberglass fixture poles for electric lighting; light fixture lenses; sound and electromagnetic wave receivers and transmitters; flexible and modular wiring systems and components (namely, flexible branch circuits, attachment plugs, receptacles, connectors and fittings); LED drivers and other power supplies; daylighting systems including but not limited to prismatic skylighting and related controls; organic LED products and technology; medical and patient care lighting devices and systems; indoor positioning products and technology; sensor based information networks; distributed software services; and any wired or wireless communications and monitoring hardware or software related to any of the above.

(f) "Territory" means the United States and Canada. Executive acknowledges that the Company is licensed to do business and in fact does business in all fifty states in the United States and all provinces in Canada. Executive further acknowledges that the services he has performed and may continue to perform on behalf of the Company or its affiliates, including executive services, are at a senior managerial level and are not limited in their territorial scope to any particular city, state, or region, but instead affect the Company's activity within the entire United States and Canada. Specifically, Executive provides executive services on the Company's behalf, travels throughout the United States and Canada to attend Company meetings, visit Company factories and distribution centers, meet with Company agents and distributors, and attend trade shows. Accordingly, Executive agrees that these restrictions are reasonable and necessary to protect the Confidential Information, trade secrets, business relationships, and goodwill of the Company.

(g) "Material Contact" shall have the meaning set forth in O.C.G.A. § 13-8-51(10), which includes contact between an employee and each customer or potential customer: with whom or which the employee dealt on behalf of the employer; whose dealings with the employer were coordinated or supervised by the employee; about whom the employee obtained confidential information in the ordinary course of business as a result of such employee's association with the employer; or who receives products or services authorized by the employer, the sale or provision of which results of resulted in compensation, commissions, or earnings for the employee within two years prior to the date of the start of the Severance Period.

(h) "Sales Agent" is any third-party agency, and/or its representatives, with which or whom the Company has contracted for the purpose of facilitating the sale of the Company's products.

6. MISCELLANEOUS.

6.1 **No Obligation to Mitigate.** Executive shall not be required to mitigate the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by Executive as a result of employment by another employer after the Date of Termination or otherwise, except as provided in Section 4.5 with respect to benefits coverages.

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

6.3 Successors; Binding Agreement.

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

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

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

Acuity Brands, Inc.
Attention: General Counsel
1170 Peachtree Street, NE, Suite 2300
Atlanta, GA 30309

If to the Company:

Laurent J. Vernerey
17 Laurel Hollow Road
Boxford, MA 01921

If to the Executive:

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

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

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

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

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

6.9 Disputes; Legal Fees.

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

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

sentence, each party shall pay its own legal fees and other expenses associated with any dispute under this Agreement.

6.10 **Integration.** This Agreement, along with any Exhibit hereto, encompasses the entire agreement of the parties with respect to the subject matter hereto, including but not limited to prior severance agreements, and supersedes all previous understandings and agreements between them, whether oral or written, except that the restrictive covenants in this Agreement shall not supersede any restrictive covenants set forth in any other agreement between the Company and Executive (“Other Restrictive Covenants”). To the extent that the Other Restrictive Covenants conflict with the provisions contained in this Agreement, the provisions that are more restrictive on Executive will control. The parties hereby acknowledge and represent, that they have not relied on any representation, assertion, guarantee, warranty, collateral contract or other assurance, except those set out in this Agreement, made by or on behalf of any other party or any other person or entity whatsoever, prior to the execution of this Agreement.

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

ACUITY BRANDS, INC.

By: /s/ Vernon J. Nagel

Vernon J. Nagel

Chairman, President & Chief Executive Officer

EXECUTIVE

/s/ Laurent J. Vernerey

Laurent J. Vernerey

Exhibit A

Form of Release of Claims

CONFIDENTIAL SEVERANCE AGREEMENT AND RELEASE

_____ (“Employee”) and _____ (“Employer” or the “Company”) (collectively referred to as “the Parties”) are entering into this **CONFIDENTIAL SEVERANCE AGREEMENT AND RELEASE** (the “Agreement”).

RECITALS

A. Employee has previously been employed with the Company and Employee’s employment with the Company is being terminated.

B. The Company has agreed to provide severance compensation to Employee in an amount not normally provided to employees, assuming Employee upholds certain ongoing obligations, and the Parties to this Agreement desire to resolve all issues between them including but not limited to Employee's employment and the termination of that employment.

AGREEMENT

NOW THEREFORE, in consideration of the mutual promises, obligations and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties agree to be bound as follows:

SECTION 1 - BENEFITS

(a) Payment and Consideration to Employee:

(i) Benefits to Employee:

(ii) **Section 409A:** The Company will have the authority to delay the commencement of payments under this Section 1 to “key employees” of the Company (as determined by the Company in accordance with procedures established by the Company that are consistent with Section 409A) to a date which is six months after the Separation Date (and on such date, the payments that would otherwise have been made during such six-month period shall be made) to the extent such delay is required under the provisions of Section 409A, provided that the Company and Employee may agree to take into account any transitional rule available under Section 409A.

SECTION 2 - RELEASE BY EMPLOYEE

(a) **Released Claims:** Employee irrevocably and unconditionally fully and finally releases, acquits and forever discharges all the claims described herein that he/she may now have against the Released Parties listed in Section (b), below, except that he/she is not releasing any claim that relates to: (1) his/her right to enforce this Agreement; (2) any rights or claims that arise after the

execution of this Agreement; or (3) any rights or claims that he/she cannot lawfully release. Subject only to the exceptions just noted, Employee is releasing any and all claims, demands, actions, causes of action, liabilities, debts, losses, costs, expenses, or proceedings of every kind and nature, whether direct, contingent, or otherwise, known or unknown, past, present, or future, suspected or unsuspected, accrued or unaccrued, whether in law, equity, or otherwise, and whether in contract, warranty, tort, strict liability, or otherwise, which he/she now has, may have had at any time in the past, or may have at any time in the future arising or resulting from, or in any matter incidental to, any and every matter, thing, or event occurring or failing to occur at any time in the past up to and including the date of this agreement. Employee understands that the claims he/she is releasing might arise under many different laws (including statutes, regulations, other administrative guidance, and common law doctrines), such as, but not limited to, the following:

Anti-discrimination and retaliation statutes, such as Title VII of the Civil Rights Act of 1964, which prohibits discrimination and harassment based on race, color, national origin, religion, and sex and prohibits retaliation; **[If Executive is 40+-years-old: the Age Discrimination in Employment Act (“ADEA”), which prohibits age discrimination in employment]**; the Equal Pay Act, which prohibits paying men and women unequal pay for equal work; the Americans With Disabilities Act and Sections 503 and 504 of the Rehabilitation Act of 1973, which prohibit discrimination based on disability; Sections 1981 and 1983 of the Civil Rights Act of 1866, which prohibit discrimination and harassment on the basis of race, color, national origin, religion or sex; the Genetic Information Nondiscrimination Act of 2008, which prohibits discrimination on the basis of genetic information; the Family and Medical Leave Act of 1993, which extends certain rights to leave and reinstatement; the Sarbanes-Oxley Act of 2002, which prohibits retaliation against employees who participate in any investigation or proceeding related to an alleged violation of mail, wire, bank, or securities laws; Georgia anti-discrimination statutes, which prohibit retaliation and discrimination on the basis of age, disability, gender, race, color, religion, and national origin; and any other federal, state, or local laws prohibiting employment discrimination or retaliation.

Federal employment statutes, such as the WARN Act, which requires that advance notice be given of certain work force reductions; the Employee Retirement Income Security Act of 1974, which, among other things, protects employee benefits; the Family and Medical Leave Act of 1993, which requires employers to provide leaves of absence under certain circumstances; and any other federal laws relating to employment, such as veterans’ reemployment rights laws.

Other laws, such as any federal, state, or local laws providing workers’ compensation benefits (except as otherwise prohibited by law), restricting an employer’s right to terminate employees, or otherwise regulating employment; any federal, state, or local law enforcing express or implied employment contracts or requiring an employer to deal with employees fairly or in good faith; any state and federal whistleblower laws, any other federal, state, or local laws providing recourse for alleged wrongful discharge, improper garnishment, assignment, or deduction from wages, health and/or safety violations, improper drug and/or alcohol testing, tort, physical or personal injury, emotional distress, fraud, negligence, negligent misrepresentation, abusive litigation, and similar or related claims, willful or negligent infliction of emotional harm, libel, slander, defamation and/or any other common law or statutory causes of action.

Examples of released claims, include, but are not limited to the following (except to the extent explicitly preserved by Section 2 (a), above, of this Agreement): (i) claims that in any way

relate to allegations of alleged discrimination, retaliation or harassment; (ii) claims that in any way relate to Employee's employment with the Company and/or its conclusion, such as claims for breach of contract, compensation, overtime wages, benefits, promotions, upgrades, bonuses, commissions, lost wages, or unused accrued vacation or sick pay; (iii) claims that in any way relate to any state law contract or tort causes of action; and (iv) any claims to attorneys' fees, costs and/or expenses or other indemnities with respect to claims Employee is releasing.

(b) **Released Parties:** The Released party/parties is/are Acuity Brands Lighting, Inc., all current, future and former parents, subsidiaries, affiliates, related companies, partnerships, or joint ventures related thereto, and, with respect to each of them, their predecessors and successors; and, with respect to each such entity, all of its past, present, and future employees, officers, directors, stockholders, owners, representatives, assigns, attorneys, agents, and any other persons acting by, through, under or in concert with any of the persons or entities listed in this subsection, and their successors (hereinafter the "Released Parties").

(c) **Unknown Claims:** Employee understands that he/she is releasing the Released Parties from claims that he/she may not know about as of the date of the execution of this Agreement, and that is his/her knowing and voluntary intent even though Employee recognizes that someday he/she might learn that some or all of the facts he/she currently believes to be true are untrue and even though he/she might then regret having signed this Agreement. Nevertheless, Employee is expressly assuming that risk and agrees that this Agreement shall remain effective in all respects in any such case. Employee expressly waives all rights he/she might have under any law that is intended to protect him/her from waiving unknown claims Employee understands the significance of doing so. If Employee resides in California, Employee hereby expressly waives the provisions of California Civil Code Section 1542, which provides as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." Moreover, this Release does not extend to those rights which, as a matter of law, cannot be waived, including but not limited to, unwaivable rights that Employee may have under the California Labor Code and/or the right to file a charge or complaint with any relevant government agency.

(d) **Ownership of Claims:** Employee represents and warrants that he/she has not sold, assigned or transferred any claim he/she is purporting to release, nor has he/she attempted to do so. Employee expressly represents and warrants that he/she has the full legal authority to enter into this Agreement for himself/herself and his/her estate, and does not require the approval of anyone else to do so.

(e) **Pursuit of Released Claims:** Employee represents that he/she has not filed or caused to be filed any lawsuit, complaint, or charge with respect to any claim this Agreement purports to waive, and he/she promises never to file or prosecute any lawsuit, complaint, or charge based on such claims. This provision shall not apply to any non-waivable charges or claims brought before any governmental agency. With respect to any such non-waivable claims, however, Employee agrees to waive his/her right (if any) to any monetary or other recovery, including but not limited to reinstatement, should any governmental agency or other third party pursue any claims on his/her behalf, either individually or as part of any class or collective action.

SECTION 3 - PROMISES

(a) **Separation Date:** Employee's employment with the Company will terminate effective _____ ("Separation Date").

(b) **Taxes:** Employee understands that Employer will withhold applicable state and federal taxes from the payments referenced in Section 1(a) of this Agreement. Employee agrees that he/she is ultimately and solely responsible for paying the correct amount of taxes on any amounts he/she receives in connection with this Agreement. Employer will issue Employee an IRS Form W-2 in connection with the payments described in Section 1(a), above. Employee agrees not to make any claim against any Released Party based on how Employer reports amounts paid under this Agreement to tax authorities or if an adverse determination

is made as to the tax treatment of any amounts payable under this Agreement. Employee understands and agrees that the Released Parties have no duty to try to prevent such an adverse determination. Employee further agrees to fully indemnify and hold the Released Parties harmless from all expenses, penalties, damages, fees and/or interest charges he/she incurs as a result of not paying taxes on, or withholding taxes from amounts paid to him/her and his/her attorneys under this Agreement.

(c) **Implementation:** Employee agrees to promptly sign any documents and do anything else that is necessary in the future to implement this Agreement.

(d) **FMLA and FLSA Rights Honored:** Employee acknowledges that he/she has received all of the leave from work for family and/or personal medical reasons and/or other benefits to which he/she believes he/she is entitled under Employer's policy and the Family and Medical Leave Act of 1993 ("FMLA"), as amended. Employee has no pending request for FMLA leave with Employer; nor has Employer mistreated Employee in any way on account of any illness or injury to Employee or any member of Employee's family. Employee further acknowledges that he/she has received all of the monetary compensation, including hourly wages, salary and/or overtime compensation, to which he/she believes he/she is entitled under the Fair Labor Standards Act ("FLSA"), as amended.

(e) **False Claims Representations, Cooperation, and Promises:** With this Separation Agreement, Employee acknowledges that he/she has disclosed to the Company's General Counsel in writing any information he/she has concerning any conduct involving the Company that he/she has any reason to believe may be unlawful, unethical or otherwise inappropriate, including conduct in violation of the Sarbanes-Oxley Act of 2002. Employee certifies that to the best of his/her knowledge, information and belief, no member of management or any other employee (including himself) who has a significant role in Employer's internal control over financial reporting has committed any fraud or engaged in any act, practice, or course of conduct that operates or would operate as a fraud or deceit upon any person or entity. Employee promises to cooperate fully with the Company in any investigation the Company undertakes into matters which occurred during his/her employment with the Company. If requested by the Company, Employee will promptly and fully respond to all inquiries from the Company and its representatives relating to any claims or lawsuits which relate to matters which occurred during his/her employment with the Company. If Employee is contacted to participate in any way in any claim, investigation or litigation at any time, he/she agrees to provide the Company's General Counsel with prompt notice; and in no event shall such notice be delivered to the Company later than two (2) days after receipt by Employee, providing the Company with the opportunity to object to and/or be present at or participate in the proceeding. This Section does not prohibit Employee's participation as a witness if he/she is compelled to appear through an enforceable subpoena or an enforceable court order, but it does require that he/she provide the Company with notice and the opportunity to object and/or participate. Before Employee discloses any Company information or engages in any other activity that could possibly violate the promises he/she has made herein, Employee promises that he/she will discuss his/her proposed actions with the Company's General Counsel, who will inform him/her within seventy-two (72) hours whether the proposed actions would violate these promises.

(f) **ADEA Release Requirements Have Been Satisfied:** Employee understands that this Agreement has to meet certain requirements to validly release any ADEA claims Employee might have had, and Employee represents and warrants that all such requirements have been satisfied. Employee acknowledges that, before signing this Agreement, he/she was given at least twenty one (21) days to consider this Agreement. Employee further acknowledges that: (1) he/she took advantage of as much of this period to consider this Agreement as he/she wished before signing it; (2) he/she carefully read this Agreement; (3) he/she fully understands it; (4) he/she entered into this Agreement knowingly and voluntarily (i.e., free from fraud, duress, coercion, or mistake of fact); (5) this Agreement is in writing and is understandable; (6) in this Agreement, Employee waives current ADEA claims; (7) Employee has not waived future ADEA claims; (8) Employee is receiving valuable consideration in exchange for execution of this Agreement that he/she would not otherwise be entitled to receive such consideration; and (9) Employer hereby encourages and advises

Employee in writing to discuss this Agreement with his/her attorney (at his/her own expense) before signing it, and that he/she has done so to the extent he/she deemed appropriate.

SECTION 4 - CONFIDENTIALITY, NON-SOLICITATION AND NON-COMPETITION

(a) **Purpose and Reasonableness of Provisions.** Employee acknowledges that the Company and the Parent Company (collectively referred to hereinafter, where applicable, as the "Protected Parties") have furnished and may continue to furnish to Employee Trade Secrets and Confidential Information, which, if used by Employee on behalf of, or disclosed to, a competitor of the Protected Parties or other person, could cause substantial detriment to the Protected Parties. Moreover, the parties recognize that Employee, during the term of her employment with the Company, has developed important relationships with customers, agents and others having valuable business relationships with the Company, and that these relationships may continue to develop during the Severance Period. In view of the foregoing, Employee acknowledges and agrees that the restrictive covenants contained in this Section 4 are reasonably necessary to protect the Protected Parties' legitimate business interests, Confidential Information, and good will.

(b) **Trade Secrets and Confidential Information.** Employee agrees that he/she shall protect the Protected Parties' Trade Secrets (as defined in Paragraph 4(k)(ii) below) and Confidential Information (as defined in Paragraph 4(k)(i) below) and shall not disclose to any person or entity, or otherwise use or disseminate, except in connection with the performance of his/her duties for the Company, any Trade Secrets or Confidential Information; provided, however, that Employee may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, in which event Employee will promptly notify the Protected Parties of such order or subpoena to provide the Protected Parties an opportunity to protect their interests. Employee's obligations under this Section 4(b) shall apply after his/her Separation Date, shall continue through the Severance Period, and shall survive any expiration or termination of this Agreement, so long as the information or material remains Confidential Information or a Trade Secret, as applicable. Employee further confirms that he/she has not and will not offer, disclose or use on Employee's own behalf or on behalf of the Company, any information Employee received prior to employment by the Company which was supplied to Employee confidentially or which Employee should reasonably know to be confidential.

Nothing in this Agreement prohibits Employee from reporting possible violations of federal law or regulation to any governmental agency or entity including but not limited to the Department of Justice, the Securities and Exchange Commission, Congress, or any Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Employee does not need the prior authorization of Employer to make any such reports or disclosures, and Employee is not required to notify Employer that Employee has made such reports or disclosures.

(c) **Return of Property.** Employee agrees to deliver promptly to the Company all files, customer lists, management reports, memoranda, research, Company forms and documents, financial data and reports and other documents (including all such data and documents in electronic form or on flash or external hard drives) of the Protected Parties, supplied to or created by him/her in connection with his/her employment hereunder (including all copies of the foregoing) in his/her possession or control, and all of the Company's equipment (e.g., mobile devices, laptop, computer, flash or hard drives, etc.) and other materials in his/her possession or control. Employee's obligations under this Section 4(c) shall survive any expiration or termination of this Agreement. Employee agrees and covenants to permanently delete any such information residing in electronic format to the best of his/her ability and to not attempt to retrieve it.

(d) **Inventions.** Employee does hereby assign to the Company the entire right, title and interest in any Invention which is or was made or conceived, either solely or jointly with others, during his/her employment with the Company, including during the Severance Period. Employee attests that he/she has disclosed (or promptly will disclose, if during the Severance Period) to the Company all such Inventions.

Employee will, if requested, promptly execute and deliver to the Company a specific assignment of title for any such Invention and will at the expense of the Company, take all reasonably required action by the Company to patent, copyright or otherwise protect the Invention.

(e) **Non-Competition.** Employee acknowledges and agrees that, for twelve (12) months after the last day of his/her employment with the Company, he/she will not, directly or indirectly, engage in, provide, or perform any Executive Services on behalf of any person or entity (or in the case of an entity that is organized into divisions or units, any distinct division or operating unit of such entity) in the Territory (as defined below) that derives income from providing goods or services substantially similar to those which comprise the Company's Business.

(f) **Non-Solicitation of Customers and Sales Agents.** Employee acknowledges and agrees that, for twenty-four (24) months after the last day of his/her employment with the Company, Employee will not directly or indirectly solicit Customers (as defined in Paragraph 4(k)(v) below) or Sales Agents (as defined in Paragraph 4(k)(ix) below) of the Company and its affiliates with whom he/she had Material Contact (as defined in Paragraph 4(k)(viii) below) for the purpose of providing goods and/or services competitive with the Company's Business. Notwithstanding the foregoing, this Section shall not prevent Employee, during the course of his/her Severance Period, from soliciting a person or entity that has since discontinued all business communications with the Company.

(g) **Non-Solicitation of Employees and Agents.** Employee acknowledges and agrees that, for twenty-four (24) months after the last day of his/her employment with the Company, Employee will not, directly or indirectly, whether on behalf of Employee or others, solicit, lure or attempt to hire away any of the Company's or its affiliates' employees or agents. Notwithstanding the foregoing, this Section shall not prevent Employee from soliciting an employee or agent that has since discontinued all business dealings with the Company.

(h) **Non-Disparagement:** Employee agrees that he/she will not make any disparaging statements or comments to any person or entity by any medium, whether oral or written, about Employer, any of its affiliates or any of its respective officers, directors, employees, shareholders, agents, representatives or independent contractors. Nor shall Employee communicate to any person or entity by any medium, whether oral or written, any information harmful or adverse to Employer, any of its affiliates or any of its respective officers, directors, employees, shareholders, agents, representatives or independent contractors. Nothing in this section shall prevent Employee from providing truthful testimony pursuant to a lawful subpoena or other court order.

(i) **Injunctive Relief.** Employee acknowledges that if he/she breaches or threatens to breach any of the provisions of this Section 4, his/her actions may cause irreparable harm and damage to the Protected Parties which could not be compensated in damages. Accordingly, if Employee breaches or threatens to breach any of the provisions of this Section 4, the Company (or, if applicable, the Protected Parties) shall be entitled to seek injunctive relief, in addition to any other rights or remedies the Company (or, if applicable, the Protected Parties) may have. The existence of any claim or cause of action by Employee against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company (or, if applicable, the Protected Parties) of Employee's agreements under this Section 4.

(j) **Provisions Severable.** If any provision in this Section 4 is determined to be in violation of any law, rule or regulation or otherwise unenforceable, and cannot be modified to be enforceable, such determination shall not affect the validity of any other provisions of this Agreement, but such other provisions shall remain in full force and effect. Each and every provision, paragraph and subparagraph of this Section 4 is severable from the other provisions, paragraphs and subparagraphs and constitutes a separate and distinct covenant.

(k) **Definitions:**

(1) "Confidential Information" means:

a. Data and information relating to the Company's Business; disclosed to Employee or of which Employee became aware of as a consequence of Employee's relationship with the Company; having value to the employer; not generally known to the competitors for the employer; and which includes trade secrets, methods of operation, names of customers, price lists, financial information and projections, route books, personnel data, and similar information. For purposes of this Agreement, subject to the foregoing, and according to terminology commonly used by the Company, the Company's Confidential Information shall include, but not be limited to, information pertaining to: (1) Business Opportunities (as defined below); (2) data and compilations of data relating to the Company's Business; (3) compilations of information about, and communications and agreements with, customers and potential customers of the Company; (4) computer software, hardware, network and internet technology utilized, modified or enhanced by the Company or by Employee in furtherance of Employee's duties with the Company; (5) compilations of data concerning Company products, services, customers, and end users including but not limited to compilations concerning projected sales, new project timelines, inventory reports, sales, and cost and expense reports; (6) compilations of information about the Company's employees and independent contracting consultants; (7) the Company's financial information, including, without limitation, amounts charged to customers and amounts charged to the Company by its vendors, suppliers, and service providers; (8) proposals submitted to the Company's customers, potential customers, wholesalers, distributors, vendors, suppliers and service providers; (9) the Company's marketing strategies and compilations of marketing data; (10) compilations of data or information concerning, and communications and agreements with, vendors, suppliers and licensors to the Company and other sources of technology, products, services or components used in the Company's Business; (11) any information concerning services requested and services performed on behalf of customers of the Company, including planned products or services; and (12) the Company's research and development records and data. Confidential Information also includes any summary, extract or analysis of such information together with information that has been received or disclosed to the Company by any third party as to which the Company has an obligation to treat as confidential.

b. Confidential Information shall not include:

i. Information generally available to the public other than as a result of improper disclosure by Employee;

ii. Information that becomes available to Employee from a source other than the Company (provided Employee has no knowledge that such information was obtained from a source in breach of a duty to the Company);

iii. Information disclosed pursuant to law, regulations or pursuant to a subpoena, court order or legal process; and/or

iv. Information obtained in filings with the Securities and Exchange Commission.

(2) "Trade Secrets" means Confidential Information constituting a trade secret under Georgia Law, O.C.G.A. §§ 10-1-760, *et seq.*

(3) "Executive Services" shall mean the duties and services the Employee performed in his/her executive capacity on behalf of the Company, including anything of the type conducted,

authorized, offered, or provided by the Employee in his/her Executive Capacity, within twelve (12) months prior the start of the Severance Period. Employee acknowledges that through the Company's investment of time, training, money, trust, exposure to the public or exposure to customers, vendors or other business relationships during the course of Employee's employment with the Company, Employee was an employee who gained a degree of notoriety, fame, reputation as the Company's representative, as well as a degree of influence or credibility with the employer's customers, vendors, or other business relationships and is intimately involved in the planning for the direction of the Company's business or a defined unit of the business of the Company.

(4) "Inventions" means contributions, discoveries, improvements and ideas and works of authorship, whether or not patentable or copyrightable, and: (i) which relate directly to the business of the Company, or (ii) which result from any work performed by Employee or by Employee's fellow employees for the Company, or (iii) for which equipment, supplies, facilities, Confidential Information or Trade Secrets of the Protected Parties are used, or (iv) which was developed on the Company's time.

(5) "Customers" means those entities and/or individuals who are customers of Company and/or its affiliates with respect to which, within the two-year period preceding the start of the Severance Period: (i) Employee had material contact on behalf of the Company; (ii) Employee acquired, directly or indirectly, Confidential Information or Trade Secrets as a result of his employment with the Company; and/or (iii) Employee exercised oversight or responsibility of subordinates who engaged in material contact on behalf of the Company.

(6) **[To be updated as the business evolves during Executive's tenure with the Company:]** "Company's Business" means the design, manufacture, installation, servicing, and/or sale of one or more of the following and any related products and/or services: lighting fixtures and systems; lighting control components and systems (including but not limited to dimmers, switches, relays, programmable lighting controllers, sensors, timers, and range extenders for lighting and energy management and other purposes); building management and/or control systems; commercial building lighting controls; intelligent building automation and energy management technologies, products, software and solutions with respect to HVAC systems and HVAC controls and sensors; motorized shading and blind controls; building security and access control and monitoring for fire and life safety; emergency lighting fixtures and systems (including but not limited to exit signs, emergency light units, inverters, back-up power battery packs, and combinations thereof); battery powered and/or photovoltaic lighting fixtures; electric lighting track units; hardware for mounting and hanging electrical lighting fixtures; aluminum, steel and fiberglass fixture poles for electric lighting; light fixture lenses; sound and electromagnetic wave receivers and transmitters; flexible and modular wiring systems and components (namely, flexible branch circuits, attachment plugs, receptacles, connectors and fittings); LED drivers and other power supplies; daylighting systems including but not limited to prismatic skylighting and related controls; organic LED products and technology; medical and patient care lighting devices and systems; indoor positioning products and technology; sensor based information networks; distributed software services; and any wired or wireless communications and monitoring hardware or software related to any of the above.

(7) **[To be updated based on the scope of geography for which Executive worked while at the Company:]** "Territory" means the United States and Canada. Executive acknowledges that the Company is licensed to do business and in fact does business in all fifty states in the United States and all provinces in Canada. Executive further acknowledges that the services he has performed and may continue to perform on behalf of the Company or its affiliates, including executive services, are at a senior managerial level and are not limited in their territorial scope to any particular city,

state, or region, but instead affect the Company's activity within the entire United States and Canada. Specifically, Executive provides executive services on the Company's behalf, travels throughout the United States and Canada to attend Company meetings, visit Company factories and distribution centers, meet with Company agents and distributors, and attend trade shows. Accordingly, Executive agrees that these restrictions are reasonable and necessary to protect the Confidential Information, trade secrets, business relationships, and goodwill of the Company.

(8) "Material Contact" shall have the meaning set forth in O.C.G.A. § 13-8-51(10), which includes contact between an employee and each customer or potential customer: with whom or which the employee dealt on behalf of the employer; whose dealings with the employer were coordinated or supervised by the employee; about whom the employee obtained confidential information in the ordinary course of business as a result of such employee's association with the employer; or who receives products or services authorized by the employer, the sale or provision of which results of resulted in compensation, commissions, or earnings for the employee within two years prior to the date of the start of the Severance Period.

(9) "Sales Agent" is any third-party agency and/or systems integrator, and/or its representatives, with which or whom the Company or its affiliates has contracted for the purpose of facilitating the sale of the Company's or its affiliates' products or services during the last two years of Employee's employment with the Company.

SECTION 5 - CONFIDENTIALITY AND DAMAGES FOR BREACH

(a) Employee represents and warrants that he/she has kept and will keep the nature and content of the discussions related to this Agreement, the existence and/or content of this Agreement, the amount of payment and consideration paid to Employee, and all terms of this Agreement completely confidential. Employee represents and warrants that he/she will not hereafter disclose any information concerning the fact, nature and/or content of the discussions related to this Agreement, the existence and/or content of this Agreement, the amount of payment and consideration paid to Employee, and/or terms of this Agreement to any other person or entity.

(b) Excepted from Section 5(a) for Employee shall be: (i) disclosure under seal in an arbitration to enforce this Agreement, but even then only the paragraph(s) at issue in the proceeding; (ii) legal counsel and tax advisors for the purpose of complying with tax laws and regulations for the preparation and filing of all relevant tax returns; and (iii) his/her spouse. Prior to disclosing any information permitted by this Paragraph, Employee must obtain the agreement by the person or entity permitted hereunder to maintain the information as Confidential. Any breach of this Confidentiality agreement by any person or entity shall be deemed a breach by Employee.

(c) Employee and his/her agents shall not under any circumstances bring to the attention of, solicit or otherwise encourage any person or entity, to solicit or otherwise encourage any inquiry into the fact, nature, and/or content of the discussions related to this Agreement, the existence and/or content of this Agreement, the amount of payment and consideration paid to Employee, and/or any of the terms of this Agreement. If contacted or asked by any person or entity as to the status of the Agreement, the disposition, fact, nature, or content of the discussions related to this Agreement, the existence and/or content of this Agreement, the amount of payment and consideration paid to Employee, and/or any of the terms of this Agreement, Employee agrees that he/she will say only that "I will not comment."

(d) Employee agrees that he/she will not solicit or otherwise encourage any person or entity to seek this Agreement or the terms of this Agreement in any proceeding, agency investigation, litigation or arbitration. Likewise, Employee will not voluntarily participate in any proceeding, litigation or arbitration against Employer. Should Employee receive an enforceable subpoena or an enforceable court order, he/she agrees to provide Employer with prompt notice; and in no event shall such notice be delivered to the Company

later than two (2) days after receipt by Employee, providing Employer with the opportunity to object to and/or be present at or participate in the proceeding. Employee agrees to fully cooperate with Employer in opposing any effort by any person or entity to obtain this Agreement or its terms and to refrain from responding or otherwise participating with respect to the disclosure of this Agreement or its terms until a Court of competent jurisdiction has ruled on Employer's and Employee's joint objections. Nothing in this Paragraph shall require Employee to disobey a final Court or other final enforceable order to produce this Agreement or disclose its terms.

(e) Any disclosure of the terms of this Agreement by Employee or anyone permitted hereunder to any person or entity not permitted by this Agreement shall be deemed a violation by Employee of this Agreement and subject to the damages articulated in Section 5(f) of this Agreement.

(f) In addition to any other remedies or relief that may be available, Employee agrees that Employer will be irreparably harmed by any actual or threatened violation of the Sections 5(a) - 5(d) of this Agreement, and that Employer will be entitled to an injunction prohibiting Employee from committing any such violation. Employee agrees that damages to Employer arising from a breach of this Agreement are likely to be difficult to quantify, and therefore agree that if an arbitrator determines that there has been a breach of this Agreement by Employee, Employer will necessarily have suffered some injury and will be entitled to liquidated minimum damages in the amount of fifteen percent (15%) of the amount paid by Employer to Employee following the execution of this Agreement, **per breach**, unless Employer proves greater damages. Employee agrees that the amount set forth as liquidated damages is not a penalty, but is instead a minimum amount of damages per incident for a breach of this Agreement. Employee is solely liable and responsible for his/her breach of the Agreement. The amount shall be payable to Employer. In addition, if an arbitrator finds that Employee breached any of the Confidentiality provisions, Sections 5(a) - 5(d), Employee agrees to pay the reasonable attorneys' fees incurred by each affected entity bringing the action.

SECTION 6 - ARBITRATION

(a) Any dispute relating to the interpretation or enforcement of this Agreement, Employee's employment with Employer, or the termination thereof will be subject to confidential, binding arbitration under the Federal Arbitration Act and the rules of the American Arbitration Association. Such arbitration will occur in Conyers, GA. Judgment upon the award rendered may be entered in any court of competent jurisdiction. The arbitrator's fee will be paid by Employer, except that if Employee is the initiating party, he/she will pay \$250.00 towards the cost of arbitration. Each side shall otherwise bear their own attorneys' fees, costs, and expenses incurred during the arbitration. Nothing in this Section limits the right of Employer to enjoin in a court of competent jurisdiction any breach of Sections 4 and 5 under this Agreement.

SECTION 7 - MISCELLANEOUS

(a) **Entire Agreement:** This is the entire agreement between the Parties with respect to the subject matter hereto. This Agreement may not be changed, modified, waived, discharged or terminated orally, or in any manner other than by an instrument in writing signed by Employee and an authorized official of Employer. Employee acknowledges that neither Employer nor any of its agents, representatives or attorneys has made any representations or promises to him/her other than those in or expressly referred to by this Agreement.

(b) **Nonadmission of Liability:** Employee agrees that this Agreement shall not in any way be construed or interpreted as an admission of liability or wrongdoing by Employer, any such liability or wrongdoing being expressly denied.

(c) **Successors:** Employee agrees that this Agreement binds all of his/her heirs, administrators, representatives, executors, successors, attorneys and assigns, and will inure to the benefit of all Released Parties and their respective heirs, administrators, representatives, executors, successors, and assigns.

(d) **Interpretation:** This Agreement shall be construed as a whole according to its fair meaning. It shall not be construed strictly for or against Employee or Employer. Unless the context indicates otherwise, the term "or" shall be deemed to include the term "and" and the singular or plural number shall be deemed to include the other. Captions are intended solely for convenience of reference and shall not be used in the interpretation of this Agreement.

(e) **Waiver:** The failure of any party hereto to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach.

(f) **Severability:** In the event any section, paragraph, clause, phrase or word of this Agreement is declared or adjudged to be invalid or unenforceable, such declaration or adjudication shall not affect the remaining sections of this Agreement. If any waiver or release contained in this Agreement is determined to be contrary to any applicable law or public policy, such waiver or release shall be effective to the maximum extent permitted by law.

(g) **Counterparts:** This Agreement may be signed in two or more identical counterparts, each of which shall be deemed an original and all of which, together, shall be deemed one and the same instrument. A signature transmitted by facsimile shall be deemed the equivalent of an original signature. This Agreement will not be effective until all parties have duly executed it. The effective date of this Agreement will be the date on which the last of the parties executes it.

(h) **Governing Law:** Except to the extent governed by federal law, this Agreement shall be deemed to have been executed in the State of Georgia without giving effect to its conflict of law principles, and all matters pertaining to the validity, construction, interpretation, and effect of this Agreement shall be governed by the laws of the State of Georgia. The language contained in this Agreement shall be deemed to be that negotiated and approved by both Parties and no rule of strict construction shall be applied against either party.

(i) **Revocation:** For a period of at least seven (7) days following the execution of such agreement, Employee may revoke this Agreement. If Employee wishes to revoke this Agreement in its entirety, he/she must make a revocation in writing which must be delivered by hand or confirmed facsimile before 5:00 p.m. of the seventh day of the revocation period to Carrie Russell, One Lithonia Way, Conyers, Georgia 30012, otherwise the revocation will not be effective. If Employee timely revokes this Agreement, Employer shall retain payments and benefits otherwise payable to Employee under this Agreement. Employee's employment shall be immediately terminated, and no further remuneration shall be paid to Employee.

(j) **Access to Independent Legal Counsel; Knowing and Voluntary Execution:** EMPLOYEE ACKNOWLEDGES THAT HE/SHE HAS BEEN ADVISED TO SEEK INDEPENDENT LEGAL COUNSEL OF HIS/HER OWN CHOOSING IN CONNECTION WITH ENTERING INTO THIS AGREEMENT. EMPLOYEE FURTHER ACKNOWLEDGES THAT IF DESIRED, HIS/HER LEGAL COUNSEL HAS REVIEWED THIS AGREEMENT, THAT EMPLOYEE FULLY UNDERSTANDS THE TERMS AND CONDITIONS OF THIS AGREEMENT AND THAT EMPLOYEE AGREES TO BE FULLY BOUND BY AND SUBJECT THERETO. EMPLOYEE HAS CAREFULLY READ THIS AGREEMENT AND KNOWS AND UNDERSTANDS THE CONTENTS THEREOF, AND THAT HE/SHE EXECUTES THE SAME AS HIS/HER OWN FREE ACT AND DEED.

CHANGE IN CONTROL AGREEMENT

THIS CHANGE IN CONTROL AGREEMENT (“Agreement”) is made as of January 5, 2018, by and between ACUITY BRANDS, INC. (the “Company”) and LAURENT J. VERNEREY (the “Executive”).

WHEREAS, Executive is a key executive employee of the Company; and

WHEREAS, the Board of Directors of the Company (the “Board”) recognizes that the possibility of a Change in Control (as hereinafter defined) exists and can result in significant distractions of its key executive personnel because of the uncertainties inherent in such a situation;

WHEREAS, the Board has determined that it is essential and in the best interest of the Company and its stockholders to retain the services of the Executive in the event of a Change in Control and to ensure Executive’s continued dedication and efforts in such event without undue concern for Executive’s personal financial and employment security; and

WHEREAS, in order to continue to induce the Executive to provide services to the Company (including its subsidiary corporations), particularly in the event of the occurrence of a Change in Control, the Company desires to enter into this Agreement with the Executive to provide the Executive with certain benefits in the event his/her employment is terminated as a result of, or in connection with, a Change in Control and to provide the Executive with certain other benefits whether or not the Executive’s employment is terminated; and

WHEREAS, this Agreement is not intended to provide for the deferral of compensation within the meaning of Section 409A of the Code, but rather, is intended to satisfy the short-term deferral exemption under Treasury Regulation (“Treas. Reg.”) §1.409A-1(b)(4) in tandem with the separation pay exemption under Treas. Reg. §1.409A-1(b)(9); and

NOW, THEREFORE, in consideration of the respective agreements of the parties contained herein, it is agreed as follows:

1. Term of Agreement.

1.1 This Agreement shall commence on the date hereof and shall continue unless or until terminated as provided herein. This Agreement shall not be considered an employment agreement and in no way guarantees Executive the right to continue in the employment of the Company or its affiliates. Executive’s employment is considered employment at will, subject to Executive’s right to receive payments and benefits upon certain terminations of employment as provided below.

1.2 Each place in this Agreement where a reference to the “Company” appears that relates to the Executive’s employment, restrictive covenants, termination of employment, or performing services, including the definitions of “Cause” and “Good Reason”, such reference shall mean and include any subsidiary of the Company which is the primary service recipient of the Executive’s services. Further, in each place where this Agreement refers to a benefit plan or program, payment of compensation, compensation arrangement or other similar plan or program maintained by the Company, such reference shall include any plan, program or arrangement maintained or established by a subsidiary of the Company. Notwithstanding the foregoing, the references in the definition of “Change in Control” and similar references to changes in ownership and control of the Company shall mean and refer only to Acuity Brands, Inc., a Delaware corporation.

2. Definitions

2.1 Cause. For purposes of this Agreement, a termination for “Cause” is a termination evidenced by a resolution adopted in good faith by two-thirds of the Board that the Executive (a) intentionally and continually failed to substantially perform Executive’s duties with the Company (other than a failure resulting from the Executive’s incapacity due to physical or mental illness) which failure continued for a period of at least thirty (30) days after a written notice of demand for substantial performance has been delivered to the Executive specifying the manner in which the Executive has failed to substantially perform, or (b) intentionally engaged in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise; provided, however, that no termination of the Executive’s employment shall be for Cause as set forth in clause (b) above until (x) there shall have been delivered to the Executive a copy of a written notice setting forth that the Executive was guilty of the conduct set forth in clause (b) and specifying the particulars thereof in detail, and (y) the Executive shall have been provided an opportunity to be heard by the Board or a committee of the Board (with the assistance of the Executive’s counsel if the Executive so desires). No act, nor failure to act, on the Executive’s part, shall be considered “intentional” unless he has acted, or failed to act, with a lack of good faith and without a reasonable belief that Executive’s action or failure to act was in the best interest of the Company. Notwithstanding anything contained in this Agreement to the contrary, no failure to perform by the Executive after a Notice of Termination is given by the Executive shall constitute Cause for purposes of this Agreement.

2.2 Change in Control. For purposes of this Agreement, a “Change in Control” shall mean any of the following events:

(a) The acquisition (other than from the Company in an acquisition that is approved by the Incumbent Board) by any “Person” (as the term person is used for purposes of Sections 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the “1934 Act”), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of thirty percent (30%) or more of the combined voting power of the Company’s then outstanding voting securities; or

(b) The individuals who, as of the day and year first written above, are members of the Board (the “Incumbent Board”), cease for any reason to constitute at least fifty percent (50%) of the Board; provided, however, that if the election, or nomination for election by the Company’s stockholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board; or

(c) Consummation of a merger or consolidation involving the Company if the stockholders of the Company, immediately before such merger or consolidation do not, as a result of such merger or consolidation, own, directly or indirectly, more than sixty percent (60%) of the combined voting power of the then outstanding voting securities of the corporation resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the voting securities of the Company outstanding immediately before such merger or consolidation;

(d) Consummation of a complete liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets of the Company; or

(e) The stockholders of the Company approve the sale of all or substantially all of the assets of the Company or any merger, consolidation, issuance of securities or purchase of assets, the result of which would be the occurrence of any event described in clause (c) or (d) above.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur pursuant to Section 2.2(a), solely because thirty percent (30%) or more of the combined voting power of the Company’s then outstanding securities is acquired by (i) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Company or any of its subsidiaries or (ii) any corporation which, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Company in the same proportion

as their ownership of stock in the Company immediately prior to such acquisition (hereinafter referred to as “Related Persons”).

2.3 Code. For purposes of this Agreement, “Code” means the Internal Revenue Code of 1986, as amended.

2.4 Company’s Business. For purposes of this Agreement, “Company’s Business” means the design, manufacture, installation, servicing, and/or sale of one or more of the following and any related products and/or services: lighting fixtures and systems; lighting control components and systems (including but not limited to dimmers, switches, relays, programmable lighting controllers, sensors, timers, and range extenders for lighting and energy management and other purposes); building management and/or control systems; commercial building lighting controls; intelligent building automation and energy management technologies, products, software and solutions with respect to HVAC systems and HVAC controls and sensors; motorized shading and blind controls; building security and access control and monitoring for fire and life safety; emergency lighting fixtures and systems (including but not limited to exit signs, emergency light units, inverters, back-up power battery packs, and combinations thereof); battery powered and/or photovoltaic lighting fixtures; electric lighting track units; hardware for mounting and hanging electrical lighting fixtures; aluminum, steel and fiberglass fixture poles for electric lighting; light fixture lenses; sound and electromagnetic wave receivers and transmitters; flexible and modular wiring systems and components (namely, flexible branch circuits, attachment plugs, receptacles, connectors and fittings); LED drivers and other power supplies; daylighting systems including but not limited to prismatic skylighting and related controls; organic LED products and technology; medical and patient care lighting devices and system; indoor positioning products and technology; sensor based information networks; distributed software services; and any wired or wireless communications and monitoring hardware or software related to any of the above.

2.5 Confidential Information. For purposes of this Agreement, “Confidential Information” means:

(a) Data and information relating to the Company’s Business; disclosed to Executive or of which Executive became aware of as a consequence of Executive’s relationship with the Company; having value to the employer; not generally known to the competitors for the employer; and which includes trade secrets, methods of operation, names of customers, price lists, financial information and projections, route books, personnel data, and similar information For purposes of this Agreement, subject to the foregoing, and according to terminology commonly used by the Company, the Company’s Confidential Information shall include, but not be limited to, information pertaining to: (1) business opportunities; (2) data and compilations of data relating to the Company’s Business; (3) compilations of information about, and communications and agreements with, customers and potential customers of the Company; (4) computer software, hardware, network and internet technology utilized, modified or enhanced by the Company or by Executive in furtherance of Executive’s duties with the Company; (5) compilations of data concerning Company products, services, customers, and end users including but not limited to compilations concerning projected sales, new project timelines, inventory reports, sales, and cost and expense reports; (6) compilations of information about the Company’s employees and independent contracting consultants; (7) the Company’s financial information, including, without limitation, amounts charged to customers and amounts charged to the Company by its vendors, suppliers, and service providers; (8) proposals submitted to the Company’s customers, potential customers, wholesalers, distributors, vendors, suppliers and service providers; (9) the Company’s marketing strategies and compilations of marketing data; (10) compilations of data or information concerning, and communications and agreements with, vendors, suppliers and licensors to the Company and other sources of technology, products, services or components used in the Company’s Business; (11) any information concerning services requested and services performed on behalf of customers of the Company, including planned products or services; and (12) the Company’s research and development records and data. Confidential Information also includes any summary, extract or analysis of such information together with

information that has been received or disclosed to the Company by any third party as to which the Company has an obligation to treat as confidential.

(b) Confidential Information shall not include:

- (i) Information generally available to the public other than as a result of improper disclosure by Executive;
- (ii) Information that becomes available to Executive from a source other than the Company (provided Executive has no knowledge that such information was obtained from a source in breach of a duty to the Company);
- (iii) Information disclosed pursuant to law, regulations or pursuant to a subpoena, court order or legal process; and/or
- (iv) Information obtained in filings with the Securities and Exchange Commission.

2.6 Covered Period. For purposes of this Agreement, “Covered Period” means the period of time beginning on the first occurrence of a Change in Control and lasting through the twenty-four month anniversary of the occurrence of the Change in Control. The Covered Period shall also include the six-month period before the occurrence of the Change in Control if a Qualifying Termination occurs during such period at the request of a Third Party in anticipation of the Change in Control and the Change in Control occurs.

2.7 Customers. For purposes of this Agreement, “Customers” means those entities and/or individuals who are customers of the Company and/or its affiliates with respect to which, within the two-year period preceding Executive’s Termination Date: (i) Executive had Material Contact on behalf of the Company; (ii) Executive acquired, directly or indirectly, Confidential Information or Trade Secrets as a result of Executive’s employment with the Company; and/or (iii) Executive exercised oversight or responsibility of subordinates who engaged in Material Contact on behalf of the Company.

2.8 Disability. For purposes of this Agreement, “Disability” shall have the meaning ascribed to such term in the Company’s long-term disability plan or policy covering the Executive, or in the absence of such plan or policy, a meaning consistent with Code Section 22(e)(3).

2.9 Good Reason.

(a) For purposes of this Agreement, “Good Reason” shall mean the Executive terminated his/her employment with the Company and its subsidiaries because, during the Covered Period, one or more of the following conditions arose and the Executive notified the Company of such condition within ninety (90) days of its occurrence and the Company did not remedy such condition within thirty (30) days:

- (i) a material diminution in the Executive’s authority, duties, or responsibilities (including reporting responsibilities) which, in the Executive’s reasonable judgment, represents an adverse change from Executive’s status, title, position or responsibilities as in effect immediately prior thereto;
- (ii) a reduction in the Executive’s base salary or any failure to pay the Executive any compensation or benefits to which he is entitled within five days of the date due;
- (iii) the Company’s requiring Executive to be based more than 50 miles from the primary workplace where Executive is based immediately prior to the Change in Control except for reasonably required travel on the Company’s business which is not greater than such travel requirements prior to the Change in Control; or
- (iv) any material breach by the Company of any provision of this Agreement.

(b) Any event or condition described in this Section 2.9 which occurs during the Covered Period and which the Executive reasonably demonstrates was at the request of a third party

who has indicated an intention or taken steps reasonably calculated to effect a Change in Control (a "Third Party") shall constitute Good Reason for purposes of this Agreement.

(c) The Executive's right to terminate his/her employment pursuant to this Section 2.9 shall not be affected by Executive's incapacity due to physical or mental illness.

2.10 Inventions. For purposes of this Agreement, "Inventions" means contributions, discoveries, improvements, ideas and works of authorship, whether or not patentable or copyrightable (i) which relate directly to the business of the Company, (ii) which result from any work performed by Executive or by Executive's fellow employees for the Company, (iii) for which equipment, supplies, facilities, Confidential Information or Trade Secrets of the Company or its affiliates are used, or (iv) which is developed on the Company's time.

2.11 Material Contact. For purposes of this Agreement, "Material Contact" shall have the meaning set forth in O.C.G.A. § 13-8-51(10), which includes contact between an employee and each customer or potential customer: with whom or which the Executive dealt on behalf of the Company; whose dealings with the Company were coordinated or supervised by the Executive; about whom the Executive obtained Confidential Information in the ordinary course of business as a result of Executive's association with the Company; or who receives products or services authorized by the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for the Executive within two years prior to the Executive's Termination Date.

2.12 Sales Agent. For purposes of this Agreement, "Sales Agent" is any third-party agency, and/or its representatives, with which or whom the Company has contracted for the purpose of facilitating the sale of the Company's products.

2.13 Termination Date. For purposes of this Agreement, "Termination Date" shall mean the date the Executive ceases employment with the Company and its subsidiaries and has incurred a "Separation from Service" as such is defined under Treas. Reg. § 1.409A-1(h) which means the termination of the Executive's employment with the Company for reasons other than death or Disability. Whether a Separation from Service takes place is determined based on the facts and circumstances surrounding the termination of the Executive's employment and whether the Company and the Executive intended for the Executive to provide significant services for the Company following such termination. A change in the Executive's employment status will not be considered a Separation from Service if:

(a) the Executive continues to provide services as an employee of the Company at an annual rate that is twenty percent (20%) or more of the services rendered, on average, during the immediately preceding three full calendar years of employment (or, if employed less than three years, such lesser period) and the annual remuneration for such services is twenty percent (20%) or more of the average annual remuneration earned during the final three full calendar years of employment (or, if less, such lesser period), or

(b) the Executive continues to provide services to the Company in a capacity other than as an employee of the Company at an annual rate that is fifty percent (50%) or more of the services rendered, on average, during the immediately preceding three full calendar years of employment (or if employed less than three years, such lesser period) and the annual remuneration for such services is fifty percent (50%) or more of the average annual remuneration earned during the final three full calendar years of employment (or if less, such lesser period).

For purposes of determining whether a termination of employment has occurred, a reference to the Company shall also be deemed a reference to any affiliate thereof within the contemplation of Code Sections 414(b) and 414(c).

2.14 Territory. “Territory” means the United States and Canada. Executive acknowledges that the Company is licensed to do business and in fact does business in all fifty states in the United States and all provinces in Canada. Executive further acknowledges that the services he has performed and may continue to perform on behalf of the Company or its affiliates, including executive services, are at a senior managerial level and are not limited in their territorial scope to any particular city, state, or region, but instead affect the Company’s activity within the entire United States and Canada. Specifically, Executive provides executive services on the Company’s behalf, travels throughout the United States and Canada to attend Company meetings, visit Company factories and distribution centers, meet with Company agents and distributors, and attend trade shows. Accordingly, Executive agrees that these restrictions are reasonable and necessary to protect the Confidential Information, trade secrets, business relationships, and goodwill of the Company.

2.15 Trade Secrets. For purposes of this Agreement, “Trade Secrets.” means Confidential Information constituting a trade secret under Georgia Law, O.C.G.A. §§ 10-1-760, *et seq.*

2.16 1934 Act. For purposes of this Agreement, “1934 Act” means the Securities Exchange Act of 1934, as amended.

3. Termination of Employment.

2.1 If, during the term of this Agreement, the Executive’s employment with the Company shall be terminated during the Covered Period, the Executive shall be entitled to the following compensation and benefits depending upon the circumstances of such termination (in addition to any compensation and benefits provided for under any of the Company’s employee benefit plans, policies and practices):

(a) If the Executive’s employment is terminated (1) by the Company for Cause, (2) due to Disability, (3) by reason of the Executive’s death, or (4) by the Executive other than for Good Reason, then the Company shall pay the Executive or his/her estate, as applicable, on the next regular payroll cycle following the Termination Date, all amounts earned or accrued through the Termination Date but not paid as of the Termination Date, including (i) base salary, (ii) reimbursement for reasonable and necessary expenses incurred by the Executive on behalf of the Company during the period ending on the Termination Date, (iii) vacation pay, and (iv) sick leave (collectively, “Accrued Compensation”). In addition to the foregoing, if the Executive’s employment is terminated by the Company for Disability or by reason of the Executive’s death, the Company shall pay to the Executive or his/her beneficiaries an amount equal to the “Pro Rata Bonus” (as hereinafter defined). The “Pro Rata Bonus” is an amount equal to the Bonus Amount (as hereinafter defined) multiplied by a fraction the numerator of which is the number of days in such fiscal year through the Termination Date and the denominator of which is 365. The term “Bonus Amount” shall mean the greater of the following: (x) most recent annual bonus paid or payable to the Executive, or (y) the annual bonus payable for the fiscal year during which the Termination Date occurs, or, if greater, for the fiscal year during which a Change in Control occurred, or (z) average of the annual bonuses paid or payable during the three full fiscal years ended prior to the Termination Date or, if greater, the three full fiscal years ended prior to the Change in Control (or, in each case, such lesser period for which annual bonuses were paid or payable to the Executive). Executive’s entitlement to any other compensation or benefits shall be determined in accordance with the Company’s employee benefit plans and other applicable programs and practices then in effect. In the event Executive becomes entitled to the Pro Rata Bonus under this Section 3.1 and also to a bonus under the Company’s incentive plan in connection with a Change in Control, Executive shall be entitled to receive whichever bonus amount is greater and Executive shall not receive a duplicate bonus pursuant to such Sections.

(b) If during the Covered Period, the Executive’s employment with the Company is terminated, (1) by the Company other than for Cause, or (2) by the Executive for Good Reason, the Executive shall be entitled to the following:

3.2(a); (i) the Company shall pay the Executive all Accrued Compensation as set forth in Section

(ii) the Company shall pay the Executive as severance pay and in lieu of any further compensation for periods subsequent to the Termination Date, a single payment in an amount (the "Severance Amount") in cash equal to two and one-half (2.5) times the sum of (A) the greater of the Executive's base salary in effect on the Termination Date or at any time during the 90-day period prior to the Change in Control ("Base Salary") and (B) the Bonus Amount. Notwithstanding the foregoing, if the Executive has attained at least age 62 on the Termination Date the Severance Amount to be paid under this Subsection (ii) shall be the amount described in the preceding sentence multiplied by a fraction (which in no event shall be less than one-half) the numerator of which shall be the number of months (for this purpose any partial month shall be considered as a whole month) remaining until the Executive's 65th birthday (but in no event shall be less than 15) and the denominator of which shall be 30;

(iii) The term life insurance coverages provided to Executive at his/her Date of Termination shall be continued at the same level as for active executives and in the same manner as if Executive's employment had not terminated, beginning on the Date of Termination and ending on the last day of the severance period. If the terms of any benefit plan or the laws applicable to such plan do not permit continued participation by Executive, then the Company will arrange for other coverage(s) satisfactory to Executive at Company's expense which provides substantially similar benefits or, at Executive's election, will pay Executive a lump sum amount equal to the annual costs of such coverage(s) for the severance period. A benefit provided under this Section 3.1(b)(iii) shall cease if Executive obtains other employment and, as a result of such employment, health care or life insurance benefits are available to Executive. If Executive elects continuation coverage under the Company's group medical plan following termination of his/her employment, the Company will pay Executive an amount equal to the Company's subsidy toward the cost of medical coverage for similarly-situated active employees enrolled in the same coverage in which the Executive was enrolled at the time of the Termination Date (the "COBRA Subsidy"), as reduced by any applicable withholding. The Company shall pay the COBRA Subsidy until the earliest of (a) the date Executive qualifies under another employer-sponsored medical plan, or (b) the number of months equal to the lesser of 30 or the number of months until the Executive's 65th birthday.

(iv) the Company shall pay in a single payment an amount in cash equal to the excess of (A) the Supplemental Retirement Benefit (as defined below) had (x) the Executive remained employed by the Company for an additional two and one half (2.5) complete years of credited service (or until Executive's 65th birthday if earlier), (y) Executive's annual compensation during each year of such period been equal to Executive's Base Salary and the Bonus Amount, and (z) Executive had been fully (100%) vested in his/her benefit under each retirement plan in which the Executive was a participant, over (B) the lump sum actuarial equivalent of the aggregate retirement benefit the Executive is actually entitled to receive under such retirement plans. For purposes of this Subsection (iv), the "Supplemental Retirement Benefit" shall mean the lump sum actuarial equivalent of the aggregate retirement benefit the Executive would have been entitled to receive under the Company's supplemental executive retirement plans including, but not limited to, the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan ("SERP"), provided, however, if the Executive has attained at least age 50 and has at least 3 years of credited service (including the additional years credited under this subsection (iv)) as of the Termination Date the calculation of the Supplemental Retirement Benefit shall be made pursuant to the Early Retirement provisions under the SERP, without regard to the Executive's attained age or years of credited service. For purposes of this Subsection (iv), the "actuarial equivalent" shall be determined in accordance with the actuarial assumptions used for the calculation of benefits under the SERP as applied prior to the Termination Date in accordance with such plan's past practices;

(v) the Company shall pay in a single payment an amount in cash equal to the amount the Executive would have received if he remained employed for an additional two and one-half (2.5) years (or until Executive's 65th birthday, if earlier), Executive's annual compensation during such period

had been equal to Executive's Base Salary and the Bonus Amount and the Company had continued to make employer contributions or credits on Executive's behalf to each defined contribution plan in which Executive was a participant at the Termination Date including, without limitation, the Acuity Brands, Inc. 401(k) Plan (assuming Executive participated in such plan at the maximum permissible contribution level) and the Acuity Brands, Inc. Supplemental Deferred Savings Plan ("SDSP"). For purposes of the SDSP, the Executive shall be credited with the contribution to the Supplemental Subaccount (but not the Matching Subaccount), the Make-Up Contribution Credit and the SERP Make-Up Contribution Credit for such two-and-one-half-year period (to the extent Executive is eligible under the SDSP for each such contribution), provided that the requirements of the SDSP that the Executive have a Year of Service for each year and be employed on the last day of the year shall not apply to the eligibility to receive such contributions; and

(vi) (A) the restrictions on any outstanding incentive awards (including restricted stock, restricted stock units and granted Performance Shares) granted to the Executive under the 2012 Omnibus Equity Incentive Plan or under any other incentive plan or arrangement shall lapse and such incentive awards shall become one hundred percent (100%) vested, all stock options and stock appreciation rights granted to the Executive shall become immediately exercisable and shall become 100% vested, and Performance Units granted to Executive shall become 100% vested and (B) the Executive shall have the right to require the Company to purchase, for cash, any shares of unrestricted stock or shares purchased upon exercise of any options, at a price equal to the fair market value of such shares on the date of purchase by the Company.

(c) The amounts provided for in Sections 3.1(a) and 3.1(b)(i), (ii), (iv) and (v) shall be paid within twenty (20) days after the Executive's Termination Date (and in no event later than March 15th of the year following the Termination Date) and all amounts shall be subject to applicable Federal, state and local tax withholding.

(d) The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and no such payment shall be offset or reduced by the amount of any compensation or benefits provided to the Executive in any subsequent employment except as provided in Section 3.1(b)(iii).

2.2 Code Section 280G.

(a) Notwithstanding any other provision of this Agreement or any other plan, arrangement or agreement to the contrary, if any of the payments or benefits provided or to be provided by the Company or its affiliates to the Executive or for the Executive's benefit pursuant to the terms of this Agreement or otherwise ("Covered Payments") constitute parachute payments ("Parachute Payments") within the meaning of Section 280G of the Code and would, but for this Section 3.2 be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then prior to making the Covered Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to the Executive of the Covered Payments after payment of the Excise Tax to (ii) the Net Benefit payable to the Executive if the Covered Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the Covered Payments be reduced to the minimum extent necessary to ensure that no portion of the Covered Payments is subject to the Excise Tax (that amount, the "Reduced Amount"). "Net Benefit" shall mean the present value of the Covered Payments net of all federal, state, local, foreign income, employment and excise taxes.

(b) The Covered Payments shall be reduced in a manner that maximizes the Executive's economic position. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A of the Code, and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero.

(c) Any determination required under this Section 3.2, including whether any payments or benefits are parachute payments, shall be made by the Company in its sole discretion. The Executive shall

provide the Company with such information and documents as the Company may reasonably request in order to make a determination under this Section 3.2. The Company's determination shall be final and binding on the Executive.

(d) It is possible that after the determinations and selections made pursuant to this Section 3.2 the Executive will receive Covered Payments that are in the aggregate more than the amount provided under this Section 3.2 ("Overpayment") or less than the amount provided under this Section 3.2 ("Underpayment").

(i) In the event that it is established pursuant to a final determination of a court or an Internal Revenue Service proceeding that has been finally and conclusively resolved that an Overpayment has been made, then the Executive shall pay any such Overpayment to the Company together with interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Code) from the date of the Executive's receipt of the Overpayment until the date of repayment.

(ii) In the event that a court of competent jurisdiction determines that an Underpayment has occurred, any such Underpayment will be paid promptly by the Company to or for the benefit of the Executive together with interest at the applicable federal rate (as defined in Section 7872(f)(2)(A) of the Code) from the date the amount would have otherwise been paid to the Executive until the payment date.

2.3 If, as a result of Executive's termination of employment, Executive becomes entitled to compensation and benefits under this Agreement and under any Severance Agreement ("Severance Agreement"), between Executive and the Company or under any severance plan provided by the Company, there shall be no duplication of benefits and Executive shall only be entitled to receive benefits under whichever agreement or plan provides Executive the greater aggregate amount. The Executive will be fully bound by all of the terms and conditions of the agreement under which he receives benefits. Except as provided in the preceding sentences, the severance pay and benefits provided for in Sections 3.1(a) and 3.1(b) shall be in lieu of any other severance pay to which the Executive may be entitled under any Company severance plan, program or arrangement for a termination of employment covered by such circumstances, except that if the severance pay of the type referenced in Section 3.1(b)(2) and provided under such other plans, programs or arrangements is greater than the amount calculated under Section 3.1(b)(2), then that greater amount and not the amount under Section 3.1(b)(2) shall be paid.

To the extent applicable, this Agreement is intended to provide for compensation which satisfies the short-term deferral exemption under Treas. Reg. §1.409A-1(b)(4) and/or the separation pay exemption under Treas. Reg. §1.409A-1(b)(9). To the extent any benefits hereunder may be deferred compensation within the meaning of Code Section 409A, the Company shall have authority to take action, or refrain from taking any action, with respect to the payments of such benefits under this Agreement that is reasonably necessary to comply with Code Section 409A. Specifically, the Company shall have the authority to delay the commencement of payments to "key employees" of the Company (as determined by the Company in accordance with procedures established by the Company that are consistent with Code Section 409A) to a date which is six months after the date of Executive's Termination Date (and on such date the payments that would otherwise have been made during such six-month period shall be made) to the extent such delay is required under the provisions of Code Section 409A.

3.4 Notice of Termination. During the Covered Period, any purported termination by the Company or by the Executive shall be communicated by written Notice of Termination to the other. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which indicates the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

For purposes of this Agreement, no such purported termination shall be effective without such Notice of Termination.

2.4 Trade Secrets and Confidential Information, Non-Disparagement.

(a) Executive agrees that he/she shall protect the Company's and its affiliates' Trade Secrets and Confidential Information and shall not disclose to any person or entity, or otherwise use or disseminate, except in connection with the performance of his/her duties for the Company, any Trade Secrets or Confidential Information; provided, however, that Executive may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, in which event Executive will promptly notify the Company or its affiliates of such order or subpoena to provide the Company or its affiliates an opportunity to protect their interests. Executive's obligations under this Section 3.5 shall apply during his/her employment and after his/her Termination Date, shall continue through any severance period, and shall survive any expiration or termination of this Agreement, so long as the information or material remains Confidential Information or a Trade Secret, as applicable.

(b) Executive further confirms that during his/her employment with the Company, he/she has not and will not offer, disclose or use on Executive's own behalf or on behalf of the Company, any information Executive received prior to employment by the Company which was supplied to Executive confidentially or which Executive should reasonably know to be confidential.

(c) Nothing in this Agreement prohibits Executive from reporting possible violations of federal law or regulation to any governmental agency or entity including but not limited to the Department of Justice, the Securities and Exchange Commission, Congress, or any Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. Executive does not need the prior authorization of Company to make any such reports or disclosures, and Executive is not required to notify Company that Executive has made such reports or disclosures.

(d) Executive agrees that he/she will not make any disparaging statements or comments to any person or entity by any medium, whether oral or written, about Company, any of its affiliates or any of its respective officers, directors, employees, shareholders, agents, representatives or independent contractors. Nor shall Executive communicate to any person or entity by any medium, whether oral or written, any information harmful or adverse to Company, any of its affiliates or any of its respective officers, directors, employees, shareholders, agents, representatives or independent contractors. Nothing in this section shall prevent Executive from providing truthful testimony pursuant to a lawful subpoena or other court order.

4. Non-Competition, Non-Solicitation, Inventions.

2.1 Executive acknowledges and agrees that both during his/her employment and for twelve (12) months after the Termination Date, he/she has not and will not, directly or indirectly, engage in, provide, or perform any duties or services of the type conducted, authorized, offered, or provided by Executive in his/her capacity as an employee on behalf of the Company within twelve (12) months prior to the Termination Date, on behalf of any person or entity (or in the case of an entity that is organized into divisions or units, any distinct division or operating unit of such entity) in the Territory that derives income from providing goods or services substantially similar to those which comprise the Company's Business.

2.2 Executive acknowledges and agrees that both during his/her employment and for twenty-four (24) months after the last day of his/her employment with the Company, Executive has not and will not directly or indirectly solicit Customers or Sales Agents with whom he/she had Material Contact for the purpose of providing goods and/or services competitive with the Company's Business.

2.3 Executive acknowledges and agrees that both during his/her employment and for twenty-four (24) months after the last day of his/her employment with the Company, Executive has not and will not, directly or indirectly, whether on behalf of Executive or others, solicit, lure or attempt to hire away any of the Company's or its affiliates' employees or agents. Notwithstanding the foregoing, this Section shall not

prevent Executive from soliciting an employee or agent that has since discontinued all business dealings with the Company.

2.4 Executive does hereby assign to the Company the entire right, title and interest in any Invention which is or was made or conceived, either solely or jointly with others, during his/her employment with the Company. Executive attests that he/she has disclosed or will disclose to the Company all such Inventions. Executive will, if requested, promptly execute and deliver to the Company a specific assignment of title for any such Invention and will at the expense of the Company, take all reasonably required action by the Company to patent, copyright or otherwise protect the Invention.

5. Successors; Binding Agreement.

2.1 This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and assigns and the Company shall require any successor or assign to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive were to terminate the Executive's employment for Good Reason, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Termination Date. The term "the Company" as used herein shall include such successors and assigns. The term "successors and assigns" as used herein shall mean a corporation or other entity acquiring all or substantially all the assets and business of the Company (including this Agreement) whether by operation of law or otherwise.

2.2 Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by the Executive, his/her beneficiaries or legal representatives, except by will or by the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal personal representative.

6. Fees and Expenses. The Company shall pay all legal fees and related expenses (including the costs of experts, evidence and counsel) incurred by the Executive as they become due as a result of (a) the Executive's termination of employment (including all such fees and expenses, if any, incurred in contesting or disputing any such termination of employment), (b) the Executive seeking to obtain or enforce any right or benefit provided by this Agreement or by any other plan or arrangement maintained by the Company under which the Executive is or may be entitled to receive benefits, including, without limitation, the plans listed on Appendix A in which Executive is participating, or (c) the Executive's hearing before the Board as contemplated in Section 2.1 of this Agreement; provided, however, that the circumstances which result in the Executive incurring the fees and related expenses occurred on or after a Change in Control.

7. Notice. For the purposes of this Agreement, notices and all other communications provided for in the Agreement (including the Notice of Termination) shall be in writing and shall be deemed to have been duly given when personally delivered or sent by certified mail, return receipt requested, postage prepaid, addressed to the respective addresses last given by each party to the other, provided that all notices to the Company shall be directed to the attention of the Board with a copy to the Secretary of the Company. All notices and communications shall be deemed to have been received on the date of delivery thereof or on the third business day after the mailing thereof, except that notice of change of address shall be effective only upon receipt.

8. Non-Exclusivity of Rights. Except as otherwise specifically provided herein, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Company or any of its subsidiaries and for which the Executive may qualify, nor shall anything herein limit or reduce such rights as the Executive may have under any other agreements with the Company or any of its subsidiaries. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan or program of the Company or any of

its subsidiaries shall be payable in accordance with such plan or program, except as explicitly modified by this Agreement.

9. Settlement of Claims. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Executive or others.

10. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

11. Indemnification. During the term of this Agreement and for a period of three (3) years after Executive's termination, the Company shall indemnify Executive and hold Executive harmless from and against any claim, loss or cause of action arising from or out of Executive's performance as an officer, director or employee of the Company or any of its subsidiaries or other affiliates or in any other capacity, including any fiduciary capacity, in which Executive serves at the Company's request, in each case to the maximum extent permitted by law and under the Company's Articles of Incorporation and By-Laws (the "Governing Documents"), provided that in no event shall the protection afforded to Executive hereunder be less than that afforded under the Governing Documents as in effect on the date of this Agreement except from changes mandated by law. During the Term and for a period of three (3) years, Executive shall be covered by any policy of directors' and officers' liability insurance maintained by the Company for the benefit of its then officers and directors.

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

13. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Georgia without giving effect to the conflict of laws principles thereof. Any action brought by any party to this Agreement shall be brought and maintained in a court of competent jurisdiction in Fulton County in the State of Georgia.

14. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

15. Entire Agreement. This Agreement encompasses the entire agreement of the parties with respect to the subject matter hereto and supersedes all previous understandings and agreements between them with respect to the subject matter hereto, whether oral or written, except that the restrictive covenants in this Agreement shall not supersede any restrictive covenants set forth in any other agreement between the Company and Executive ("Other Restrictive Covenants"). To the extent that the Other Restrictive Covenants conflict with the provisions contained in this Agreement, the provisions that are more restrictive on Executive will control. The parties hereby acknowledge and represent, that they have not relied on any representation, assertion, guarantee, warranty, collateral contract or other assurance, except those set out in this Agreement, made by or on behalf of any other party or any other person or entity whatsoever, prior to the execution of this Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer and the Executive has executed this Agreement as of the day and year first above written.

ACUITY BRANDS, INC.

By: /s/ Vernon J. Nagel

Vernon J. Nagel

Chairman, President & Chief Executive Officer

EXECUTIVE

/s/ Laurent J. Vernerey

Laurent J. Vernerey

APPENDIX A

BENEFIT PLANS AND AGREEMENTS

(Applicable to the Extent Executive Participates in Such Plans and Agreements)

- Management Cash Incentive Plan

- Supplemental Deferred Savings Plan

- Omnibus Stock Incentive Compensation Plan

- 401(k) Plan (or similar deferred compensation plan covering the Executive)

- 2002 Supplemental Executive Retirement Plan (or similar supplemental retirement plan covering the Executive)

List of Subsidiaries

Acuity Brands, Inc.

As of August 31, 2018

Subsidiary or Affiliate	Principal Location	State or Other Jurisdiction of Incorporation or Organization
A to Z Manufacturing LLC	Tucson, Arizona	Arizona
AB BMS C.V.	Cayman Islands	Netherlands
AB Netherlands Holdings, LLC	Atlanta, Georgia	Delaware
AB Netherlands Holdings C.V.	Cayman Islands	Netherlands
ABL IP Holding LLC	Atlanta, Georgia	Georgia
Acuity Aviation, LLC	Atlanta, Georgia	Georgia
Acuity Brands BMS B.V.	Amsterdam, the Netherlands	Netherlands
Acuity Brands BMS, LLC	Atlanta, Georgia	Delaware
Acuity Brands Insurance (Bermuda) Ltd.	Hamilton, Bermuda	Bermuda
Acuity Brands Lighting, Inc.	Atlanta, Georgia	Delaware
Acuity Brands Lighting Canada, Inc.	Markham, Ontario	Canada
Acuity Brands Lighting (Hong Kong) Ltd.	Hong Kong	Hong Kong
Acuity Brands Lighting de Mexico, S. de R.L. de C.V.	Monterrey, Nuevo Leon	Mexico
Acuity Brands Netherlands B.V.	Eindhoven, the Netherlands	Netherlands
Acuity Brands Services, Inc.	Atlanta, Georgia	Delaware
Acuity Brands Technology Services, Inc.	Atlanta, Georgia	Delaware
Acuity Mexico Holdings, LLC	Atlanta, Georgia	Delaware
Acuity Brands Mexico Holdings II LLC	Atlanta, Georgia	Delaware
Acuity Trading (Shanghai) Co. Ltd.	Shanghai, China	Shanghai
Arizona (Tianjin) Electronics Trade Co., Ltd	Tianjin, PRC	Peoples Republic of China
Arizona Trading Company Ltd	Hong Kong	Hong Kong
Castlight de Mexico, S.A. de C.V.	Matamoros, Tamaulipas	Mexico
eldoLAB Holding B.V.	Eindhoven, the Netherlands	Netherlands
eldoLED B.V.	Eindhoven, the Netherlands	Netherlands
Holophane S.A. de C.V.	Mexico City, Mexico	Mexico
Holophane Alumbrado Iberica SL	Barcelona, Spain	Spain
Holophane Europe Ltd.	Milton Keynes, England	United Kingdom
Holophane Lichttechnik GmbH	Düsseldorf, Germany	Germany
Holophane Lighting Ltd.	Milton Keynes, England	United Kingdom
HSA Acquisition Company, LLC	Atlanta, Georgia	Ohio
ID Limited	Douglas, Isle of Man	Isle of Man
Luxfab Ltd.	Milton Keynes, England	United Kingdom
Distech Controls, Inc.	Brossard, Quebec, Canada	British Columbia, Canada
Distech Controls Facility Solutions, Inc.	Ottawa, Ontario, Canada	Ontario, Canada
Distech Controls Energy Services (Canada) Inc.	Brossard, Quebec, Canada	Quebec, Canada
Distech France Holding SAS	Brindas, France	France
Distech Controls SAS	Brindas, France	France
Distech Controls LLC	Atlanta, Georgia	Delaware
Distech Controls USA Inc.	Atlanta, Georgia	Delaware
Distech Controls Energy Services, Inc.	Atlanta, Georgia	Texas

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-74242) pertaining to the Acuity Brands, Inc. 401(k) Plan, Acuity Lighting Group, Inc. 401(k) Profit Sharing Retirement Plan for Salaried Employees, Acuity Lighting Group, Inc. 401(k) Plan for Hourly Employees, Holophane Division of Acuity Lighting Group 401(k) Plan for Hourly Employees, Holophane Division of Acuity Lighting Group 401(k) Plan for Hourly Employees Covered by a Collective Bargaining Agreement,
- (2) Registration Statement (Form S-8 No. 333-74246) pertaining to the Acuity Brands, Inc. Long-Term Incentive Plan, Acuity Brands, Inc. Employee Stock Purchase Plan, Acuity Brands, Inc. 2001 Nonemployee Directors' Stock Option Plan,
- (3) Registration Statement (Form S-8 No. 333-123999) pertaining to the Acuity Brands, Inc. 401(k) Plan,
- (4) Registration Statement (Form S-8 No. 333-126521) pertaining to the Acuity Brands, Inc. Long-Term Incentive Plan (as amended and restated),
- (5) Registration Statement (Form S-8 No. 333-138384) pertaining to the Acuity Brands, Inc. 2005 Supplemental Deferred Savings Plan, Acuity Brands, Inc. Nonemployee Director Deferred Compensation Plan (as amended and restated),
- (6) Registration Statement (Form S-8 No. 333-152134) pertaining to the Acuity Brands, Inc. Long-Term Incentive Plan (as amended and restated),
- (7) Registration Statement (Form S-8 No. 333-179243) pertaining to the Acuity Brands, Inc. 2011 Nonemployee Director Deferred Compensation Plan,
- (8) Registration Statement (Form S-8 No. 333-185971) pertaining to the Acuity Brands, Inc. 2012 Omnibus Stock Incentive Compensation Plan, and
- (9) Registration Statement (Form S-8 No. 333-222510) pertaining to the Amended and Restated Acuity Brands, Inc. 2012 Omnibus Stock Incentive Compensation Plan;

of our reports dated October 25, 2018, with respect to the consolidated financial statements and schedule of Acuity Brands, Inc. and the effectiveness of internal control over financial reporting of Acuity Brands, Inc. included in this Annual Report (Form 10-K) of Acuity Brands, Inc., for the year ended August 31, 2018.

/s/ Ernst & Young LLP
Atlanta, Georgia
October 25, 2018

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Richard K. Reece and Vernon J. Nagel, and each of them individually, his true and lawful attorneys-in-fact (with full power of substitution and resubstitution) to act for him in his name, place, and stead in his capacity as a director or officer of Acuity Brands, Inc., to file a registrant's annual report on Form 10-K for the fiscal year ended **August 31, 2018**, and any and all amendments thereto, with any exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ W. Patrick Battle
W. Patrick Battle

Dated: October 25, 2018

POWER OF ATTORNEY

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/s/ Peter C. Browning _____
Peter C. Browning

Dated: October 25, 2018

POWER OF ATTORNEY

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/s/ G. Douglas Dillard, Jr
G. Douglas Dillard, Jr

Dated: October 25, 2018

POWER OF ATTORNEY

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/s/ James H. Hance, Jr.
James H. Hance, Jr.

Dated: October 25, 2018

POWER OF ATTORNEY

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/s/ Robert F. McCullough _____
Robert F. McCullough

Dated: October 25, 2018

POWER OF ATTORNEY

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/s/ Julia B. North
Julia B. North

Dated: October 25, 2018

POWER OF ATTORNEY

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/s/ Dominic J. Pileggi _____
Dominic J. Pileggi

Dated: October 25, 2018

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Richard K. Reece and Vernon J. Nagel, and each of them individually, his true and lawful attorneys-in-fact (with full power of substitution and resubstitution) to act for him in his name, place, and stead in his capacity as a director or officer of Acuity Brands, Inc., to file a registrant's annual report on Form 10-K for the fiscal year ended **August 31, 2018**, and any and all amendments thereto, with any exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ Ray M. Robinson
Ray M. Robinson

Dated: October 25, 2018

POWER OF ATTORNEY

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/s/ Norman H. Wesley _____
Norman H. Wesley

Dated: October 25, 2018

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Richard K. Reece and Vernon J. Nagel, and each of them individually, his true and lawful attorneys-in-fact (with full power of substitution and resubstitution) to act for him in his name, place, and stead in his capacity as a director or officer of Acuity Brands, Inc., to file a registrant's annual report on Form 10-K for the fiscal year ended **August 31, 2018**, and any and all amendments thereto, with any exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done in the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

/s/ Mary A. Winston
Mary A. Winston

Dated: October 25, 2018

I, Vernon J. Nagel, certify that:

1. I have reviewed this annual report on Form 10-K of Acuity Brands, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures 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
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth 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 the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses 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: October 25, 2018

/s/ Vernon J. Nagel

Vernon J. Nagel

Chairman, President, 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, Richard K. Reece, certify that:

1. I have reviewed this annual report on Form 10-K of Acuity Brands, Inc.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures 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
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth 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 the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses 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: October 25, 2018

/s/ Richard K. Reece

Richard K. Reece

Executive Vice President and Chief Financial Officer

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

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Annual Report on Form 10-K of Acuity Brands, Inc. (the "Corporation") for the year ended August 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Chairman, President, 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, President, and Chief Executive Officer

October 25, 2018

[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 Annual Report on Form 10-K of Acuity Brands, Inc. (the "Corporation") for the year ended August 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Executive Vice President and Chief Financial Officer of the Corporation, certifies that:

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

/s/ Richard K. Reece

Richard K. Reece

Executive Vice President and Chief Financial Officer

October 25, 2018

[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.]