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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, 2005.

OR

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

For the transition period from to .

Commission file number 001-16583.

ACUITY BRANDS, INC.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**58-2632672** **(I.R.S. Employer Identification Number)**
1170 Peachtree Street, N.E., Suite 2400, Atlanta, Georgia **(Address of principal executive offices)**	**30309** **(Zip Code)**

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

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of Each Class	Name of Each Exchange on which Registered
Common Stock ($0.01 Par Value)	**New York Stock Exchange**
Preferred Stock Purchase Rights	**New York Stock Exchange**

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

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

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 $27.65 as quoted on the New York Stock Exchange on February 28, 2005, the aggregate market value of the voting stock held by nonaffiliates of the registrant, was $1,203,247,207.

The number of shares outstanding of the registrant's common stock, $0.01 par value, was 45,013,123 shares as of October 25, 2005.

DOCUMENTS INCORPORATED BY REFERENCE

Location in Form 10-K	Incorporated Document
Part II, Item 5	Proxy Statement for 2005 Annual Meeting of Stockholders
Part III, Items 10, 11, 12, 13, and 14	Proxy Statement for 2005 Annual Meeting of Stockholders

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ACUITY BRANDS, INC.

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PART I

Item 1. ***Business***

Acuity Brands, Inc. ("Acuity Brands" or the "Company") is a holding company that owns and manages two businesses that serve distinctive markets – lighting equipment and specialty products. The lighting equipment segment designs, produces, and distributes a broad array of indoor and outdoor lighting fixtures for commercial and institutional, industrial, infrastructure, and residential applications for various markets throughout North America and select international markets. The specialty products segment formulates, produces, and distributes specialty chemical products including cleaners, deodorizers, sanitizers, and pesticides for industrial and institutional, commercial, and residential applications primarily for various markets throughout North America and Europe. Of the Company's fiscal 2005 net sales of approximately $2.2 billion, the lighting equipment segment generated approximately 75% of total net sales while the specialty products segment provided the remaining 25%. Financial information relating to the Company's two segments for the past three fiscal years is reported in Note 11 to the *Consolidated Financial Statements* included in this report.

Business Segments

Lighting Equipment

The lighting equipment business of Acuity Brands is operated by Acuity Lighting Group, commonly known as Acuity Brands Lighting ("ABL"). Acuity Brands Lighting is one of the world's leading manufacturers of lighting fixtures for new construction, renovation, and facility maintenance applications. Products include a full range of indoor and outdoor lighting for commercial and institutional ("C&I"), industrial, infrastructure, and residential applications. ABL manufactures and procures lighting products in the United States, Mexico, Europe, and China. These products are marketed under numerous brand names, including Lithonia Lighting®, Holophane®, Gotham®, Hydrel®, Peerless®, Antique Street Lamps™, Carandini™, American Electric Lighting®, SpecLight®, and Metal Optics™. ABL manufactures products in 15 plants in North America and three plants in Europe.

Principal customers include electrical distributors, retail home improvement centers, national accounts, lighting showrooms, municipalities, and electric utilities located in North America and select international markets. In North America, ABL's products are sold through independent sales agents and factory sales representatives who cover specific geographic areas and market segments. Products are delivered through a network of distribution centers, regional warehouses, and commercial warehouses using both common carriers and a company-owned truck fleet. To serve international customers, ABL employs a sales force that adopts distribution methods to meet individual customer or country requirements. In fiscal 2005, North American sales accounted for approximately 97% of ABL's net sales. See Note 11 of the *Notes to Consolidated Financial Statements* for more information concerning the domestic and international net sales of the Company.

Specialty Products

The specialty products business of Acuity Brands is operated by Acuity Specialty Products ("ASP"). ASP is a leading provider of specialty chemical products in the industrial and institutional ("I&I") and retail markets. Products include cleaners, sanitizers, disinfectants, polishes, floor finishes, degreasers, deodorizers, pesticides, insecticides, and herbicides. ASP manufactures products in four North American plants and two European plants.

Acuity Specialty Products sells products to customers primarily in North America and Western Europe. In fiscal 2005, North American sales accounted for approximately 92% of the net sales of ASP. ASP serves a broad range of industrial and institutional customers, including municipalities and businesses ranging from small sole proprietorships to the largest corporations in the U.S. The core I&I business is made up of varying sized customers to whom cleaning chemicals are important to the business and, typically, where the decision to purchase is local. While ASP services a wide array of business segments, individual markets in the I&I channel include food processing and preparation, transportation, education, automotive, government, and hospitality. Retail channels include large and small home improvement centers, mass merchandisers, and hardware stores. ASP sells numerous products under such well-known brands as Zep®, Enforcer®, Zep Commercial™, and Selig™.

Industry Overview

Lighting Equipment

The current size of the North American lighting fixture market is estimated at $10.1 billion. The North American lighting fixture market consists of non-portable lighting fixtures and complementary lighting products such as emergency lighting, outdoor poles, and control and flexible wiring systems. The U.S. market, which represents approximately 85% of the North American market, is relatively fragmented. The Company estimates that the top four manufacturers (including Acuity Brands Lighting) represent approximately 50% of the total North American lighting market. The remainder of the market is made up of hundreds of providers.

The primary demand driver for ABL's core businesses is non-residential construction, which includes a broad range of commercial, institutional, and industrial buildings. Construction spending on infrastructure projects such as highways, streets, and downtown developments also has a material impact on ABL's infrastructure-focused segments. ABL's retail lighting segments are highly dependent on economic drivers such as consumer spending and discretionary income, along with housing construction and home improvement spending.

Based on industry data, new construction and additions account for approximately 80% of the non-residential market, while renovations account for approximately 20%, though this mix can vary depending on economic conditions. Major trends that can impact the industry include the development of new technologies for lamps and ballasts, more effective optical designs, federal and state requirements for updated energy codes, and design technologies addressing environmental sustainability.

There has been a significant increase in the size and relative presence of the retail home improvement center segment in the past several years. In addition, imports of foreign-sourced lighting fixtures continue to grow, driven by both the foreign production of U.S. manufacturers and imports of low-cost fixtures from Asian manufacturers. European-based electrical distributors have increased their presence in the U.S. with the acquisition of U.S.-based local and regional distributor chains, and smaller U.S. distributors continue to seek leverage through alignment with buying groups.

Specialty Products

The Company estimates that the current size of the U.S. I&I market is $9.1 billion and is highly fragmented. The Company believes that six major players (including Acuity Specialty Products) represent approximately 50% of the total U.S. I&I market with the remainder divided among hundreds of regional players. In general, the Company estimates that the U.S. I&I market grows at a rate approximating Gross Domestic Product ("GDP"). To some extent, consumption of janitorial cleaning and sanitation products is discretionary, but in a health-driven, sophisticated market such as the U.S., the Company believes that health and safety regulations and customer expectations somewhat buffer demand downturns. Increasing legislation in the areas of food and occupational health that require increased ranges of application and frequency of use is fueling growth in demand. In addition to the U.S. I&I market, there is a U.S. retail chemical market that is estimated at $4.3 billion, including an estimated $2.8 billion market for cleaners and an estimated $1.5 billion market for pest control.

The Company believes that two major trends are continuing to reshape the industry. First, health and safety regulations are shrinking the pool of available chemicals while at the same time increasing total use rates. This has pushed development of improved product formulations and application methods. Second, increased centralized corporate buying and consolidation of the supply chain are threatening reselling distributors and requiring increased base manufacturing and logistics skills.

Products

Lighting Equipment

Acuity Brands Lighting produces a wide variety of lighting fixtures used in the following applications:

- ***Commercial & Institutional*** — Applications are represented by stores, hotels, offices, schools, and hospitals, as well as other government and public buildings. Products that serve these applications include recessed, surface and suspended fluorescent lighting products, recessed downlighting, and track lighting, as well as special application lighting products. The outdoor areas associated with these application segments are addressed by a variety of outdoor lighting products, such as area and flood lighting, decorative site lighting, and landscape lighting.
- ***Industrial*** — Applications primarily include warehouses and manufacturing facilities. The lighting equipment business serves these applications with a variety of glass and acrylic high intensity discharge ("HID") and fluorescent lighting products.
- ***Infrastructure*** — Applications include highways, tunnels, airports, railway yards, and ports. Products that serve these applications include street, area, high-mast, off-set roadway, and sign lighting.
- ***Residential*** — Applications are addressed with a combination of decorative fluorescent and downlighting products, as well as utilitarian fluorescent products.
- ***Other Applications & Products*** — Other products include emergency lighting fixtures, which are primarily used in non-residential buildings, and lighting control and flexible wiring systems.

Lighting fixtures for numerous applications in a multitude of industry segments accounted for approximately 65% of total consolidated net sales for Acuity Brands during fiscal years 2005, 2004, and 2003. This does not include sales related to items such as wiring products, controls, and emergency lighting.

Specialty Products

ASP produces and supplies a wide variety of specialty chemical products that are used in numerous applications in a broad range of markets. These include:

- ***Food Processing*** — Applications include integrated and customized dispensing systems and innovative approaches to antimicrobial control.
- ***Food Preparation*** — Applications include a suite of cleaning products designed specifically for the prepared food industry.
- ***Transportation*** — Applications include cleaning and maintenance products for automobiles, aircraft, public transport, trucks, trains, and construction vehicles.
- ***Industrial*** — Applications include cleaning and maintenance products used by professional maintenance staff.
- ***Hospitality*** — Applications include products and dispensing solutions for customers to supply maintenance, housekeeping, and laundry services.
- ***Government*** — Applications include a suite of products and maintenance solutions for cities, school districts, military, and police and fire departments.
- ***Contractors and Homeowners*** — Applications include products for contract cleaners, small business owners, and homeowners and are supplied through retail channels. Products include a comprehensive range of floor care, general-purpose cleaners and sanitizers, drain maintenance, and pest control in convenient ready-to-use packaging.

Sales of specialty chemical products, excluding items sold to facilitate the use of chemicals, accounted for approximately 20% of total consolidated net sales for Acuity Brands during fiscal years 2005, 2004, and 2003.

Sales and Marketing

Lighting Equipment

Sales. ABL calls on customers in the North American market with separate sales forces targeted at delivering appropriate products and services to specific customer, channel, and geographic segments. These sales forces consist of approximately 200 company-employed salespeople and a network of approximately 200 independent sales agencies, each of which employs numerous salespeople. ABL also operates two separate European sales forces and an international sales group coordinating sales outside of North America and Europe.

Marketing. ABL markets its products to a multitude of end users through a broad spectrum of marketing and promotional vehicles, including direct customer contact, on-site training, print advertising in industry publications, product brochures, and other literature, as well as the internet and other electronic media. On-site training is conducted at dedicated product training facilities in Conyers, Georgia, Newark, Ohio, and Austin, Texas.

Specialty Products

Sales. The sales organization at ASP consists of approximately 1,700 sales representatives worldwide. The compensation model in the I&I channel is primarily commission-based. Net sales are largely dependent on the hiring, training, and retention of the commissioned sales representatives.

The ASP sales organization covers the U.S., Canada, Italy, the Benelux countries, and certain other smaller markets. The I&I market is serviced primarily through four U.S. divisions, as well as Canadian and European divisions. Each of the four U.S. divisions includes approximately 235 to 350 sales representatives, supplemented by a complement of customer and technical service personnel. The Canadian and European operations have approximately 150 and 270 sales representatives, respectively. The retail sales division utilizes approximately 50 salaried sales and management personnel to focus primarily on the home center channel.

Marketing. ASP's marketing efforts are focused on supporting a sell-through program from ASP through the sales organization and to the customer. ASP's marketing focus is in four distinct areas: market planning, product management, market-based pricing, and marketing services. Market planning includes comprehensive strategic and tactical plan development and support emphasizing financial objectives and accountability. Product management includes new product development and chemical dispensing equipment management. Market-based pricing takes into account competitive analysis and leverages the flexibility of the ASP operating platform. Marketing services provides sales support tools and collateral sales information to ASP's worldwide sales force and customer base.

Customers

A single customer in the home improvement channel, The Home Depot, accounted for approximately 13%, 12%, and 10% of net sales of Acuity Brands in fiscal years 2005, 2004, and 2003, respectively. The loss of that customer could adversely affect the Company's results of operations.

Lighting Equipment

Customers of Acuity Brands Lighting include electrical distributors, retail home improvement centers, national accounts, electric utilities, utility distributors, municipalities, contractors, catalogs, and lighting showrooms. In addition, there are a variety of other buying influences, which for any given project could represent a significant influence in the product specification process. These generally include engineers, architects, and lighting designers.

Specialty Products

Customers of ASP consist of I&I customers (approximately 80% of ASP net sales) and retail customers (approximately 20% of ASP net sales). I&I customers range from sole proprietorships to the largest corporations in the U.S. and government agencies. These customers are in various markets, including food processing and preparation, transportation, industrial, hospitality, government, and contractors and homeowners. The core I&I business is made up of varying sized customers to whom cleaning chemicals are important to the business and, typically, where the decision to purchase is local. Retail customers primarily include large and small home improvement centers, mass merchandisers, and hardware stores.

Manufacturing

Acuity Brands, through its businesses, operates 24 manufacturing facilities, including 12 facilities in the United States, one facility in Canada, six facilities in Mexico, and five facilities in Europe.

Lighting Equipment

ABL utilizes a blend of internal and outsourced manufacturing processes and capabilities to fulfill a variety of customer needs in the most cost-effective manner. Critical processes, such as reflector forming and anodizing and high-end glass production, are primarily performed at company-owned facilities, offering the ability to differentiate end products through superior capabilities. Other critical components, such as ballasts, are purchased primarily from outside vendors. Investment is focused on improving capabilities, product quality, and manufacturing efficiency. The integration of local suppliers' factories and warehouses also provides an opportunity to lower ABL-owned component inventory while maintaining high service levels through frequent just-in-time deliveries. ABL also utilizes contract manufacturing from U.S., Asian, and European sources for certain products and purchases certain finished goods, including poles, to complement its area lighting fixtures and a variety of residential and commercial lighting equipment. Net sales of product manufactured by others currently accounts for 20% of the total net sales of ABL. Of total product manufactured by ABL, U.S. operations produce approximately 45%; Mexico produces approximately 52%; and Europe produces approximately 3%. ABL has one supplier of significance and a loss of that supplier could have a material adverse impact on operations for up to approximately six months. ABL purchased approximately $76.1 million in finished goods from this supplier in 2005.

During fiscal 2005, management continued to focus on initiatives to make the Company more globally competitive. One of these initiatives at ABL related to enhancing its global supply chain and included the consolidation of certain manufacturing facilities into more efficient locations. Since 2004, ABL has closed eight facilities as part of this initiative, with two additional facilities expected to be closed in the next twelve months. This initiative, the Manufacturing Network Transformation ("MNT"), will result in increased production in international locations, primarily Mexico, and greater sourcing from its network of worldwide vendors. Total square footage used for manufacturing at ABL has been reduced by approximately 15% over the past two years as a result of MNT.

Specialty Products

ASP manufactures products at six facilities located in the United States, Canada, Holland, and Italy. The three U.S. facilities produce approximately 89% of manufactured product; the Canadian facility produces approximately 5%; and the two European facilities produce approximately 6%. Certain finished goods purchased from contract manufacturers and finished goods suppliers supplement the manufactured product line. Sales of outsourced product currently account for approximately 26% of the net sales volume of ASP. Outsourced product is predominately manufactured in the U.S. Management does not believe the loss of any one supplier of outsourced product would have a material adverse impact on the results of operations of ASP.

Distribution

Lighting Equipment

Products are delivered through a network of strategically located distribution centers, regional warehouses, and commercial warehouses in North America using both common carriers and a company-owned truck fleet. For international customers, distribution methods are adapted to meet individual customer or country requirements.

Specialty Products

Products sold to I&I markets are shipped from strategically located distribution centers and local branch warehouses throughout North America and in Europe, while retail products are distributed nationwide from the Georgia plants and warehouses. Products are primarily delivered through common carriers.

Research and Development

Lighting Equipment

Research and development efforts at ABL are targeted toward the development of products with an ever-increasing performance-to-cost ratio and energy efficiency, while close relationships with lamp and ballast manufacturers are maintained to understand technology enhancements and incorporate them in ABL's fixture designs. ABL operates five separate product development model facilities, incorporating eight photometers for testing and optimizing fixture photometric performance. The Conyers, Georgia lab is approved by the National Voluntary Laboratory Accreditation Program for both fluorescent and high intensity discharge fixtures. For the fiscal years 2005, 2004, and 2003, research and development expense at ABL was $27.1 million, $27.9 million, and $26.1 million, respectively.

Specialty Products

At ASP, research and development is directed at developing product systems that provide comprehensive solutions for broad-based customer applications. Additionally, efforts to enhance existing formulations by utilizing new raw materials or combinations of raw materials have resulted in both new and improved products. Technical expertise is employed to move proven technologies into new applications. Research and development expense at ASP for the fiscal years 2005, 2004, and 2003, excluding technical services, was $1.8 million, $2.1 million, and $1.3 million, respectively.

Competition

Lighting Equipment

The lighting equipment industry served by ABL is highly competitive, with the largest suppliers serving many of the same markets and competing for the same customers. Competition is based on numerous factors, including brand name recognition, price, product quality and design, customer relationships, and service capabilities. Primary competitors in the lighting industry include Cooper Industries Ltd., The Genlyte Group Incorporated, and Hubbell Incorporated. The management of Acuity Brands believes that the four largest lighting manufacturers (including ABL) possess approximately a 50% share of the total North American lighting market.

Specialty Products

The specialty products industry served by ASP is highly competitive. Overall, competition is fragmented, with numerous local and regional operators selling directly to customers, distributors, and a few national competitors. Many of these competitors offer products in some, but not all, of the markets served by ASP. Competition is based primarily on brand name recognition, price, product quality, and customer service.

Competitors in the specialty products industry include NCH Corporation, Rochester Midland Corporation, State Chemical Manufacturing Company, JohnsonDiversey, Inc., and Ecolab, Inc. Management estimates ASP and its major competitors have approximately 50% of the total U.S. I&I market and the remainder is divided among hundreds of regional competitors.

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, Acuity Brands invests capital and incurs operating costs relating to environmental compliance. Environmental laws and regulations have generally become stricter in recent years. The cost of responding to future changes may be substantial. See Item 3: *Legal Proceedings* below for a discussion of certain environmental matters.

Raw Materials

The products produced by Acuity Brands require certain raw materials, including aluminum, plastics, electrical components, solvents, surfactants, other petroleum-based materials and components, and certain grades of steel. For example, Acuity Brands purchases approximately 100,000 tons of steel and aluminum on an annual basis depending on various factors including product mix. The Company estimates that approximately 7% of the raw materials purchased are petroleum-based. Acuity Brands purchases most raw materials on the open market and relies on third parties for the sourcing of some finished goods. Accordingly, the cost of products sold may be affected by changes in the market price of the above-mentioned raw materials or the sourcing of finished goods. Due to the mix of purchases (raw materials, components parts, and finished goods), timing of price increases, and other economic and competitive forces within the supply chain, it is not possible to determine the financial impact of changes in the market price of these raw materials.

Acuity Brands does not 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 twelve months. Significant increases in the prices of Acuity Brands' products due to increases in the cost of raw materials could have a negative effect on demand for products and on profitability, as well as a material adverse effect on the results of operations of Acuity Brands.

Each business constantly monitors and investigates alternative suppliers and materials based on numerous attributes including quality, service, and price. Additionally, each business has conducted internet auctions as a method of competitive bidding. 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. A reduction in the number of suppliers could cause increased risk associated with reliance on a limited number of suppliers for certain raw materials, component parts (such as ballasts), and finished goods. As a result of limited availability of certain materials due to recent hurricanes in the Gulf region of the United States, ASP is receiving certain raw materials on an allocation basis and through force majeure, which excuses vendors' performance under existing contracts. Current prices for these materials have risen dramatically in 2005, reflecting these market conditions. However, the Company has received and expects to continue to receive these goods, at acceptable quality standards, without interruption, at prevailing market prices. While the Company has generally been able to pass along these increases in cost in the form of higher selling prices for its products, the higher selling prices have lagged behind the increases in cost. There can be no assurance that future disruptions in either supply or price of these materials will not negatively affect future results.

Backlog Orders

The Company produces and stocks large quantities of inventory at key distribution centers and warehouses throughout North America. ASP satisfies a significant portion of customer demand within 24 to 48 hours from the time a customer's order is placed, and therefore, sales order backlogs for the specialty products business were not material. Sales order backlogs of the lighting equipment business believed to be firm as of August 31, 2005 and 2004 were $152.2 million and $152.8 million, respectively.

Patents, Licenses and Trademarks

Acuity Brands owns or has licenses to use various domestic and foreign patents and trademarks related to its products, processes, and businesses. These intellectual property rights, particularly the trademarks relating to the products of Acuity Brands, are important factors for its businesses. To protect these proprietary rights, Acuity Brands relies on copyright, patent, trade secret, and trademark laws. Despite these protections, unauthorized parties may attempt to infringe on the intellectual property of Acuity Brands. Management of Acuity Brands is not aware of any such material unauthorized use or of any pending claims where Acuity Brands does not have the right to use any intellectual property material to the businesses of Acuity Brands. While patents and patent applications in the aggregate are important to the competitive position of Acuity Brands, no single patent or patent application is material to the Company.

Seasonality and Cyclicality

The businesses of Acuity Brands exhibit some seasonality, with net sales being affected by the impact of weather and seasonal demand on construction and installation programs, as well as the annual budget cycles of major customers. Because of these seasonal factors, Acuity Brands has experienced, and generally expects to experience, its highest sales in the last two quarters of its fiscal year ended August 31.

A significant portion of the net sales of ABL relates to customers in the new construction and renovation industries, primarily for commercial and institutional applications. These industries are cyclical in nature and subject to changes in general economic conditions. Volume has a major impact on the profitability of ABL and Acuity Brands as a whole. In addition, net sales at ASP are dependent on the retail, wholesale, and industrial markets and demand for these markets is generally associated with GDP in the United States. Economic downturns and the potential decline in key construction markets and demand for specialty chemicals may have a material adverse effect on the net sales and operating income of Acuity Brands.

International Operations

Acuity Brands manufactures and assembles products at numerous facilities, some of which are located outside the United States. Approximately 55% and 11% of the products manufactured by the lighting equipment and specialty products segments, respectively, are manufactured outside the United States.

Of total product manufactured by ABL, approximately 52% is produced in Mexico. Most of these operations are authorized to operate as Maquiladoras by the Ministry of Economy of Mexico. Maquiladora status allows Acuity Brands to import certain items from the United States into Mexico duty-free, provided that such items, after processing, are re-exported from Mexico within 18 months. Maquiladora status, which is renewed every year, is subject to various restrictions and requirements, including compliance with the terms of the Maquiladora program and other local regulations. Many companies have established Maquiladora operations, increasing demand for labor, particularly skilled labor and professionals. This increase in demand, from new and existing Maquiladora operations, has resulted in increased labor costs and could result in increased labor costs in the future. Acuity Brands may be required to make additional investments in automated equipment to partially offset potential increased labor and wage costs and limited availability of outbound trucking.

The Company's initiatives to become more globally competitive include streamlining each segment's global supply chain by reducing the number of manufacturing facilities and enhancing the Company's worldwide procurement and sourcing capabilities. Management believes these initiatives will result in increased production in international locations, primarily Mexico, and will result in increased worldwide procurement and sourcing of certain raw materials, component parts, and finished goods. As a consequence, economic, political, military, or other events in a country where the Company manufactures, procures, or sources a significant amount of raw materials, component parts, or finished goods, could interfere with the Company's operations and negatively impact the Company's business.

For fiscal year 2005, net sales outside the U.S. represented approximately 10% and 18% of the total net sales of the lighting equipment and specialty products businesses, respectively. See Note 11 of the *Notes to Consolidated Financial Statements* for additional information regarding the geographic distribution of net sales, operating profit, and long-lived assets.

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), 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 SEC. Information included on the Company's website is not incorporated by reference into this Annual Report on Form 10-K.

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. This Code of Ethics and Business Conduct is being filed as Exhibit 14 to this Annual Report on Form 10-K. 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. 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.

Employees

Acuity Brands employs approximately 10,000 people, of whom approximately 6,600 are employed in the United States, 2,600 in Mexico, 300 in Canada, and 500 in other international locations, including Europe and the Asia/Pacific region. Union recognition and collective bargaining arrangements are in place, covering approximately 4,500 persons (including approximately 2,000 in the United States). Management believes that it generally has a good relationship with both its unionized and non-unionized employees.

Item 2. *Properties*

The general corporate offices of Acuity Brands 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 by business:

Division	Owned	Leased	Nature of Facilities
Lighting Equipment	13	5	Manufacturing Facilities
	—	6	Warehouses
	1	6	Distribution Centers
	7	23	Offices
Specialty Products	4	2	Manufacturing Facilities
	4	39	Warehouses/Branches
	—	3	Distribution Centers
	—	8	Offices

The following table provides additional geographic information related to Acuity Brands' manufacturing facilities:

	United States	Canada	Mexico	Europe	Total
Lighting Equipment					
Owned	7	—	5	1	13
Leased	2	—	1	2	5
Specialty Products					
Owned	3	—	—	1	4
Leased	—	1	—	1	2
Total	12	1	6	5	24

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

Item 3. *Legal Proceedings*

General

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

Environmental Matters

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

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

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

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

In August 2003, ASP received a grand jury subpoena from the United States Department of Justice through the United States Attorney for the Northern District of Georgia concerning the operation of ASP's wastewater pretreatment plant and ASP's management of hazardous waste at a facility in Atlanta, Georgia. ASP received a supplemental subpoena in April 2005 related to this matter. The grand jury investigation appears to relate to the discharge of wastewater from the facility to the City of Atlanta's sanitary sewer system and ASP's practices in connection with the sampling and reporting of the facility's wastewater discharges for permitting purposes. ASP is cooperating fully with the investigation by the Department of Justice. The Department of Justice investigation follows an inquiry by the City of Atlanta, which regulates the wastewater discharge at the facility. The Company has settled with the City of Atlanta all issues arising from the inquiry. As of August 31, 2005, the Company had an accrued liability for the estimated costs of resolution of proceedings with the Department of Justice and certain associated legal expenses. The grand jury proceedings are ongoing, and developments in the investigation and the terms of any final settlement or adjudication of this matter, including whether the final resolution results in civil or criminal charges against the Company, could result in actual costs higher or lower than the amount reserved.

Item 4. ***Submission of Matters to a Vote of Security Holders***

No matters were submitted for a vote of the security holders during the three months ended August 31, 2005.

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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 25, 2005, there were 5,234 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
	High	Low	Per Share
2005			
First Quarter	$30.34	$22.75	$ 0.15
Second Quarter	$32.24	$24.53	$ 0.15
Third Quarter	$29.07	$23.22	$ 0.15
Fourth Quarter	$29.67	$23.90	$ 0.15
2004			
First Quarter	$24.34	$17.73	$ 0.15
Second Quarter	$26.44	$22.60	$ 0.15
Third Quarter	$26.89	$21.63	$ 0.15
Fourth Quarter	$27.83	$21.44	$ 0.15
2003			
First Quarter	$15.60	$11.00	$ 0.15
Second Quarter	$15.26	$12.24	$ 0.15
Third Quarter	$16.57	$12.71	$ 0.15
Fourth Quarter	$19.05	$14.90	$ 0.15

The information required by this item with respect to equity compensation plans is included under the caption *Disclosure with Respect to Equity Compensation Plans* in the Company's proxy statement for the annual meeting of stockholders to be held January 12, 2006, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 6. ***Selected Financial Data***

The following table sets forth certain selected consolidated financial data of Acuity Brands which have been derived from the *Consolidated Financial Statements* of Acuity Brands for each of the five years in the period ended August 31, 2005. The 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. Prior to November 30, 2001, Acuity Brands was a wholly-owned subsidiary of National Service Industries, Inc. ("NSI") owning and operating the lighting equipment and specialty products businesses. Acuity Brands was spun off from NSI into a separate publicly traded company with its own management and Board of Directors through a tax-free distribution ("Distribution") of 100% of the outstanding shares of common stock of Acuity Brands on November 30, 2001. Operating expenses in the historical income statements prior to December 1, 2001 reflect direct expenses of the businesses of Acuity Brands together with allocations of certain NSI corporate expenses that were charged to Acuity Brands based on usage or other methodologies appropriate for such expenses. In the opinion of Acuity Brands management, these allocations have been made on a reasonable basis. Actual per-share data prior to August 31, 2003 has not been presented since the businesses that comprise Acuity Brands were wholly-owned subsidiaries of NSI during all or a portion of such periods. Pro forma basic earnings per share as shown is calculated as net income divided by the historical NSI weighted average shares outstanding during the period.

	Years Ended August 31,				
	2005	2004	2003	2002	2001
	(In thousands, except per-share data)				
Net sales	$ 2,172,854	$ 2,104,167	$ 2,049,308	$ 1,972,796	$ 1,982,700
Net income	52,229	67,214	47,782	52,024	40,503
Basic earnings per share	1.21	1.60	1.15	n/a	n/a
Diluted earnings per share	1.17	1.56	1.15	n/a	n/a
Pro forma basic earnings per share	n/a	n/a	n/a	1.26	0.99
Cash and cash equivalents	98,533	14,135	16,053	2,694	8,006
Total assets	1,442,215	1,356,452	1,284,113	1,357,954	1,330,575
Long-term debt (less current maturities)	371,736	390,210	391,469	410,630	373,707
Total debt	372,303	395,721	445,808	543,121	608,830
Stockholders’ equity	541,793	477,977	408,294	401,952	383,298
Cash dividends declared per common share	0.60	0.60	0.60	0.45	n/a

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

The following discussion should be read in conjunction with the *Consolidated Financial Statements* and related notes. References made to years are for fiscal year periods. Dollar amounts are in thousands, except share and per-share data and as indicated.

The purpose of this discussion and analysis is to enhance the understanding and evaluation of the results of operations, financial position, cash flows, indebtedness, and other key financial information of Acuity Brands and its subsidiaries for the years ended August 31, 2005, 2004, and 2003. For a more complete understanding of this discussion, please read the *Notes to Consolidated Financial Statements* included in this report.

Overview

Company

Acuity Brands, Inc. ("Acuity Brands" or the "Company"), is a holding company that owns and manages two businesses that serve distinctive markets—lighting equipment and specialty products. The lighting equipment segment designs, produces, and distributes a broad array of indoor and outdoor lighting fixtures for commercial and institutional, industrial, infrastructure, and residential applications for various markets throughout North America and select international markets. The specialty products segment formulates, produces, and distributes specialty chemical products including cleaners, deodorizers, sanitizers, and pesticides for industrial and institutional, commercial, and residential applications primarily for various markets throughout North America and Europe. Acuity Brands, with its principal office in Atlanta, Georgia, employs approximately 10,000 people worldwide.

Acuity Lighting Group, commonly known as Acuity Brands Lighting ("ABL"), produces a broad array of indoor and outdoor lighting fixtures for commercial and institutional, industrial, infrastructure, and residential applications for various markets throughout North America and select international markets. ABL is one of the world's leading producers and distributors of lighting fixtures, with a broad, highly configurable product offering, consisting of roughly 500,000 active products as part of over 2,000 product groups that are sold to approximately 5,000 customers. ABL operates 25 factories and distribution facilities to serve its extensive customer base. Acuity Specialty Products ("ASP") is a leading producer of specialty chemical products including cleaners, deodorizers, sanitizers, and pesticides for industrial and institutional, commercial, and residential applications primarily for various markets throughout North America and Europe. ASP sells over 9,000 catalog-listed products and over 6,000 other products through its salaried and commissioned direct sales force, operates six plants, and serves over 300,000 customers through a network of distribution centers and warehouses. While Acuity Brands has been publicly held as a stand-alone company for approximately four years, the two segments that make up the Company are comprised of organizations with long histories and well-known brands.

Strategy

A long-term objective of Acuity Brands is to be a broader, more diversified industrial manufacturing company capable of delivering consistent growth in earnings and cash flow. A broader and more diversified company has less dependency on a single customer or market and generally experiences reduced volatility in earnings and cash flow caused by the cyclicality of a dominant industry. In 2005, Acuity Brands continued to focus on key initiatives designed to enhance and streamline its business processes to create a stronger, more effective organization that is capable of consistently achieving its long-term financial goals, which are as follows:

- Generating consolidated operating margins in excess of 10%
- Growing earnings per share in excess of 15% per annum
- Providing a return on stockholders' equity of 15% or better
- Maintaining the Company's debt to total capitalization ratio below 40%
- Generating cash flow from operations less capital expenditures that is in excess of net income.

To increase the probability for the Company to achieve its long-term financial goals, management will continue to implement programs to enhance its capabilities at providing unparalleled customer service, creating a globally competitive cost structure by eliminating non-value added activities and lowering transactional costs, and introducing new and innovative products 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. 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

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

Based on current earnings projections and prevailing market conditions, both for customer demand and various capital markets, the Company believes that over the next twelve months it will have sufficient liquidity and availability under its financing arrangements to fund its operations as currently planned and its anticipated capital investment and profit improvement initiatives, to repay borrowings as currently scheduled, to repurchase up to two million shares of the Company's outstanding common stock as authorized by the Company's Board of Directors, to pay the same quarterly stockholder dividends in 2006 as were paid in 2005, and to make required contributions into the Company's defined benefit plans. The Company expects to invest between $40.0 million and $45.0 million for new plant and equipment and new and enhanced information technology capabilities at both businesses during 2006. See further information in the *Outlook* section below. The Company expects to contribute approximately $5.2 million in 2006 to fund its defined benefit plans.

Cash Flow

Acuity Brands used available cash, cash flow from operations, and borrowings in 2005 to fund operations and capital expenditures, to reduce outstanding debt, and to pay dividends. Contributing to available cash was $27.1 million in cash received from the stock issuances during the year. The Company's available cash position at August 31, 2005 was $98.5 million, up $84.4 million from August 31, 2004 and $82.5 million from August 31, 2003.

In 2005, the Company generated $137.1 million in cash flow from operations compared to $113.3 million and $160.3 million reported in 2004 and 2003, respectively. Cash flow from operations increased in 2005 compared to 2004 by $23.8 million due primarily to improvement in cash flow from operating working capital (operating working capital is calculated by adding accounts receivable, net, plus inventory, and subtracting accounts payable). The Company used its cash flow in 2005 primarily to reduce debt, to fund capital expenditures, and to fund quarterly dividend payments.

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 spent $32.6 million and $53.8 million in 2005 and 2004, respectively, for new tooling, machinery, and equipment. The Company continues to invest in these items primarily to improve productivity and product quality, increase manufacturing efficiencies, and enhance customer service capabilities in each segment. The significant amount of capital spending in 2004 was due primarily to the consolidation of certain manufacturing facilities and enhancements to information technology capabilities within ABL and investments to improve manufacturing and waste management capabilities at ASP. As noted above, management expects capital spending in 2006 to increase over spending in 2005, primarily for greater investments in tooling for new products and for further enhancements in its manufacturing and service capabilities. The Company believes that these investments will enhance its operations and financial performance in the future.

Consolidated working capital (calculated as current assets minus current liabilities) at August 31, 2005 was $318.3 million compared to $255.4 million at August 31, 2004, an increase of $62.9 million. The increase in working capital in 2005 compared to 2004 was due primarily to the significant increase in cash and cash equivalents and an increase in accounts receivable, partially offset by increases in accounts payable and accrued compensation. Accrued compensation was higher than the prior year due primarily to severance to be paid in connection with the reduction in workforce in 2005 – see further discussion in *Results of Operations*. Operating working capital decreased $7.8 million to $339.5 million at August 31, 2005 from the end of 2004. The decrease in operating working capital was due primarily to better working capital management, partially offset by the impact of greater net sales during the year. Operating working capital as a percentage of net sales at the end of 2005 decreased to 15.6% from 16.5% in 2004. At August 31, 2005, the current ratio (calculated as current assets divided by current liabilities) of the Company improved to 1.8 compared to 1.7 at the end of 2004.

Contractual Obligations

The following table summarizes the Company's contractual obligations at August 31, 2005:

		Payments Due by Period			
	Total	Less than One Year	1 to 3 Years	4 to 5 Years	After 5 Years
Long-Term Debt (1)	$ 371,736	$ —	$ 848	$ 359,738	$ 11,150
Operating Leases (2)	92,505	19,162	26,837	19,895	26,611
Purchase Obligations (3)	100,658	100,658	—	—	—
Other Long-term Liabilities (4)	56,655	6,121	10,111	14,826	25,597
Total	$ 621,554	$ 125,941	$ 37,796	$ 394,459	$ 63,358

(1) These amounts (which represent the amounts outstanding at August 31, 2005) are included in the Company's *Consolidated Balance Sheets*. See Note 4: Short-Term Borrowings and Long-Term Debt for additional information regarding debt and other matters.

(2) The Company's operating lease obligations are described in Note 6: Commitments and Contingencies.

(3) 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.

(4) These amounts are included in the Company's *Consolidated Balance Sheets* and largely represent other liabilities for which the Company is obligated to make future payments under certain long-term incentive programs. Estimates of the amounts and timing of these amounts are based on various assumptions, including expected return on plan assets, interest rates, stock price fluctuations, 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 as well and also depend on whether or not the Company elects to make contributions to the pension plans in excess of those required under ERISA. Such voluntary contributions may reduce or defer the funding obligations absent those contributions. See Note 3: Pension and Profit Sharing Plans for additional information. Additionally, the amounts in this table do not include amounts related to certain deferred compensation arrangements for which there is an offsetting asset included in the Company's *Consolidated Balance Sheets*.

Capitalization

The current capital structure of the Company is comprised principally of senior notes and the equity of its stockholders. As of August 31, 2005, the Company had no amounts outstanding under its asset-backed securitization program or borrowings from banks. Total debt outstanding at August 31, 2005 was $372.3 million compared to $395.7 million at August 31, 2004. Total debt decreased $23.4 million, or 5.9%, from August 31, 2004. The decrease in fiscal 2005 was due primarily to the strong cash flow from operations and cash from option exercises, partially offset by capital expenditures and the payment of dividends.

On April 2, 2004, the Company executed a $200.0 million revolving credit facility ("Revolving Credit Facility") maturing in January 2009. This facility replaced the Company's $92.5 million, 364-day committed credit facility scheduled to mature in April 2004 and the Company's $105.0 million, three-year credit facility scheduled to mature in April 2005. The Revolving Credit Facility contains financial covenants including a leverage ratio ("Maximum Leverage Ratio") of total indebtedness to EBITDA (earnings before interest, taxes, depreciation and amortization expense), as such terms are defined in the Revolving Credit Facility agreement, and a minimum interest coverage ratio. These ratios are computed at the end of each fiscal quarter for the most recent 12-month period. The Revolving Credit Facility allows for a Maximum Leverage Ratio of 3.50, subject to certain conditions defined in the financing agreement. The Company was in compliance with all financial covenants and had no borrowings outstanding at August 31, 2005. The Company was in compliance with all financial covenants and had $4.0 million in outstanding borrowings under the Revolving Credit Facility at August 31, 2004. At August 31, 2005, the Company had additional borrowing capacity of $186.3 million under the Revolving Credit Facility, under the most restrictive covenant in effect at the time, representing the full amount of the Revolving Credit Facility less $13.7 million of outstanding letters of credit issued under the facility. See Note 4 of the *Notes to Consolidated Financial Statements* for additional information regarding restrictions contained in the Revolving Credit Facility.

During 2005, the Company's consolidated stockholders' equity increased $63.8 million to $541.8 million at August 31, 2005 due primarily to net income earned during the year, stock option exercises, the issuance of shares under its compensation programs, and the favorable impact of foreign currency translation adjustments, partially offset by dividend payments and an increase in the Company's pension obligation. The Company's debt to total capitalization ratio (calculated by dividing total debt by the sum of total debt and total stockholders' equity) was approximately 40.7% at August 31, 2005, down from approximately 45.3% at August 31, 2004. The ratio of debt, net of cash, to total capitalization was 29.9% at August 31, 2005, down from approximately 43.7% at August 31, 2004.

Dividends

The Company paid cash dividends on common stock of $26.3 million ($0.60 per share) during 2005 compared to $25.4 million ($0.60 per share) in 2004. The Company does not currently have any plans to change its dividend rate; however, each quarterly dividend must be approved by the Board of Directors.

Results of Operations

Fiscal 2005 Compared with Fiscal 2004

Consolidated Results

Consolidated net sales were $2,172.9 million in 2005 compared to $2,104.2 million reported in 2004, an increase of $68.7 million, or 3.3%. For the year ended August 31, 2005, the Company reported net income of $52.2 million compared to $67.2 million earned in 2004. Diluted earnings per share were $1.17 in 2005 compared to $1.56 reported in 2004.

Economic conditions in key markets continued to be challenging in fiscal 2005. The Company continued to experience weakness in certain key markets, including non-residential construction, electrical utilities, and industrial manufacturing, many of which have reported declines from the previous year. Non-residential construction is estimated to decline in calendar year 2005 for the sixth year in a row. For Acuity Brands, these conditions created a challenging business environment in 2005 characterized by weak demand in key markets coupled with significantly higher costs for certain components and raw materials. While the Company was able to pass along much of the cost increases through higher selling prices, the price increases lagged the rise in raw material costs creating a drag on profits and margins.

Net sales increased approximately 3.6% and 2.2% at ABL and ASP, respectively, in spite of weak economic conditions in key markets. The growth in net sales was due primarily to improved pricing, a more favorable mix of product sold within certain channels in the commercial, institutional, and industrial portions of the lighting and chemical businesses, and benefits from foreign currency fluctuation, partially offset by lower shipments in certain channels of the commercial and institutional lighting business and the retail channel of ASP. Consolidated gross profit margins decreased to 39.1% of net sales in 2005 from 40.4% reported in 2004. The decrease in gross profit margins was due primarily to higher selling prices offsetting much of the raw material increases resulting in no significant increase in gross profit, thus negatively impacting the calculation for margins. Gross profit declined by approximately $2.2 million in 2005 compared to 2004 due primarily to increases in raw material costs and the negative impact of lower production and shipment volume, partially offset by higher selling prices. The Company estimates that material and component costs were approximately $75.0 million higher in 2005 as compared to 2004.

Consolidated operating expenses were $741.8 million (34.1% of net sales), which included an aggregate special charge of $23.0 million, in 2005, compared to $712.9 million (33.9% of net sales) in 2004. On February 22, 2005, the Company announced additional actions to accelerate its efforts to streamline and improve the effectiveness of its operations. As part of this program, the Company recorded a pretax charge of $17.0 million to reflect the costs associated with the elimination of approximately 1,100 positions worldwide. This number is comprised of approximately 500 hourly and 600 salaried personnel. This ongoing Company-wide streamlining effort includes facility consolidations and process improvement initiatives and involves ABL, ASP, and the corporate office. The Company took an additional pretax charge of $6.0 million in the fourth quarter of 2005 related to the February reduction in workforce as well as certain follow-on actions under the Company's ongoing restructuring program. The Company expects to have completed a significant portion of these efforts by the end of calendar 2005 and to have realized approximately $50.0 million in annualized savings by the end of its second quarter in fiscal 2006. As of August 31, 2005, the Company has realized approximately $13.0 million in benefits from these efforts. The remaining $5.9 million increase in operating expenses in 2005 was due primarily to costs related to product recalls and higher costs for commissions, freight, and distribution, partially offset by benefits from the streamlining efforts mentioned above. See further discussion in Note 7 of *Notes to Consolidated Financial Statements*.

Consolidated operating profit was $106.7 million (4.9% of net sales) in 2005 compared to $137.9 million (6.6% of net sales) reported in 2004, a decrease of $31.2 million, or 22.6%. Operating profit in 2005 included the $23.0 million special charge discussed above. The decline in operating profit was due to the special charge, lower gross profit, and higher costs for commissions, freight, and distribution, partially offset by benefits from the streamlining efforts mentioned above.

Other expense for Acuity Brands was made up primarily of interest expense and other miscellaneous, non-operating activity including gains related to sales of property of $1.9 million. Interest expense, net, was $35.7 million and $34.9 million in 2005 and 2004, respectively. Interest expense, net, increased 2.3% in 2005 compared to 2004 due to a higher weighted average interest rate for 2005 as compared to 2004, partially offset by lower debt balances over the course of the year in comparison to 2004.

The effective income tax rate reported by the Company was 30.2% and 34.5% in 2005 and 2004, respectively. The decrease in the rate in fiscal 2005 was primarily the result of certain tax credits associated with the Mexican operations and state tax benefits. The Company expects its effective income tax rate in fiscal 2006 to be approximately 35%.

Acuity Brands Lighting

Acuity Brands Lighting reported net sales of approximately $1,637.9 million and $1,580.5 million for the years ending August 31, 2005, and 2004, respectively, an increase of $57.4 million, or 3.6%. The increase in net sales during 2005 was due primarily to improved pricing, a more favorable mix of products sold, and benefits from foreign currency fluctuation, partially offset by a decline in shipments in the commercial and institutional channel and to a non-strategic customer in the home improvement channel. In 2005, non-residential construction, a core market for ABL, declined for the sixth consecutive year, negatively impacting both shipments and production. The backlog at ABL of $152.2 million at August 31, 2005 approximated the backlog at the end of the prior year.

Operating profit decreased $24.3 million, or 20.4% in 2005 to $94.6 million from $118.9 million reported in 2004. Operating profit margins declined to 5.8% in 2005 from 7.5% in 2004. Operating profit in 2005 included $15.7 million of the special charge noted above. In addition to the special charge, operating profit was negatively impacted by higher raw material costs, lower absorption of manufacturing costs due to decreased production, and increased costs for freight and distribution. The decline in production volume was due primarily to lower orders from certain key channels, the impact of better inventory utilization, and greater sourcing from the Company’s network of worldwide vendors. These factors were partially offset by the improved pricing and a more favorable mix of products sold as well as benefits from the streamlining efforts noted above.

Acuity Specialty Products

Net sales at ASP were $535.0 million in 2005 compared to $523.7 million in 2004, representing an increase of $11.3 million or 2.2%. The increase in 2005 net sales was due primarily to improved pricing in the industrial and institutional channel and the favorable impact of foreign currency exchange rate fluctuations, partially offset by lower shipments to certain non-core customers in the retail channel.

Operating profit decreased $1.3 million, or 3.0%, in 2005 to $42.3 million from $43.6 million reported in 2004. Operating profit margins declined to 7.9% in 2005 from 8.3% in 2004. Operating profit in 2005 included $3.6 million of the special charge discussed above. In addition to the special charge, operating profit was negatively impacted by rising raw material costs, largely offset by improved pricing and benefits from the streamlining efforts mentioned above.

Corporate

Corporate expenses increased to $30.2 million in 2005 (including $3.8 million of the special charge discussed above) from $24.5 million reported in 2004. The increase in corporate expense in 2005 was due primarily to the special charge, miscellaneous gains recognized in the year-ago period, increased expenses related to long-term incentive programs, and higher costs for compliance with the Sarbanes-Oxley Act, partially offset by lower employee-related costs.

Fiscal 2004 Compared with Fiscal 2003

Consolidated Results

Consolidated net sales were $2,104.2 million in 2004 compared to $2,049.3 million reported in 2003, an increase of 2.7%. For the year ended August 31, 2004, the Company reported net income of $67.2 million compared to $47.8 million earned in 2003. Diluted earnings per share were $1.56 in 2004 compared to $1.15 reported in 2003.

Net sales increased approximately 2.7% and 2.6% at ABL and ASP, respectively, in spite of weak economic conditions in key markets. The growth in net sales was due primarily to greater shipments to the home improvement channel at ABL, better pricing and product mix, and increased shipments to the industrial and institutional channel at ASP. This was partially offset by a decline in demand in the non-residential construction market and the absence of sales from a small product line divested during the first quarter of fiscal 2004. Consolidated gross profit margins increased to 40.4% of net sales in 2004 from 39.7% reported in 2003. Gross profit and margins increased due primarily to improvements in pricing, the mix of products sold, gains in manufacturing efficiencies, and the impact of initiatives to reduce product costs, partially offset by higher costs associated with certain raw materials and costs associated with programs to streamline the supply chain at ABL.

Consolidated operating expenses at Acuity Brands in 2004 were 33.9% of net sales compared to 34.3% of net sales in 2003. Consolidated operating profit was $137.9 million (6.6% of net sales) in 2004 compared to $110.3 million (5.4% of net sales) reported in 2003, an increase of 25.0%. The increase was due primarily to the contribution margin from higher net sales, benefits from continuous improvement programs (including sourcing initiatives to lower product costs), efficiencies resulting from the Manufacturing Network Transformation (“MNT”) initiative at ABL, and certain pre-tax charges of $10.7 million that were not repeated in fiscal 2004 and are more fully described below. These improvements were partially offset by higher costs for certain purchased components and raw materials (particularly steel which increased approximately $9.0 million in 2004), higher costs associated with programs to streamline the supply chain at ABL, and costs associated with a product recall. Operating profit margins improved 120 basis points due primarily to higher gross profit margins. See further information related to the product recall in Note 6 of *Notes to Consolidated Financial Statements*.

During fiscal 2004, management focused on initiatives to make the Company more globally competitive. One of these initiatives, MNT, related to enhancing its global supply chain, included the consolidation of certain manufacturing facilities into more efficient locations at ABL. This initiative is expected to result in increased production in international locations, primarily Mexico, and greater sourcing from its network of worldwide vendors. In 2004, total square footage was reduced to 3.2 million from 3.6 million as a result of MNT. The overall net impact of MNT on financial results in 2004 was minimal.

Other expense for Acuity Brands was made up primarily of interest expense and other miscellaneous, non-operating activity including the gain or loss on the sale of assets and gains or losses on foreign currency transactions. Interest expense, net, was $34.9 million and $37.4 million in 2004 and 2003, respectively. Interest expense, net, was down 6.7% in 2004 compared to 2003 primarily because of reduced levels of debt outstanding throughout the period, offset slightly by a higher weighted average interest rate resulting from less short-term debt. Miscellaneous expense (income), net, was $1.4 million of expense and $1.9 million of income in 2004 and 2003, respectively. The change was due primarily to an increase in losses on the sale of property, plant, and equipment, and the unfavorable impact of foreign currency fluctuations.

The effective tax rate reported by the Company was 34.5% and 35.9% in 2004 and 2003, respectively. The decrease in the rate in fiscal 2004 was primarily the result of the recognition of certain non-taxable gains.

Acuity Brands Lighting

Acuity Brands Lighting reported net sales of approximately $1,580.5 million and $1,538.8 million for the years ending August 31, 2004, and 2003, respectively, an increase of 2.7%. The increase in net sales during 2004 was due primarily to greater shipments of products to the home improvement channel and the impact of initiatives to improve price and product mix. This was partially offset by a decrease in shipments to certain key commercial, industrial, and electric utility channels, reflecting continued weakness in customer demand. The backlog at ABL increased $16.7 million, or 12.3%, to $152.8 million at August 31, 2004 from $136.1 million at August 31, 2003.

Operating profit increased 22.8% in 2004 to $118.9 million from $96.8 million reported in 2003. Operating profit margins improved to 7.5% in 2004 from 6.3% in 2003. The increase in operating profit and margin in 2004 was primarily the result of the contribution margin from the higher sales noted above, gains in manufacturing efficiencies, savings from sourcing initiatives, and a prior year charge of $8.0 million for a patent litigation settlement which was not repeated in fiscal 2004. These items were partially offset by higher costs of certain raw materials, unanticipated costs of approximately $11.0 million related to programs to streamline the supply chain, and estimated costs of $2.5 million associated with an expected product recall. See Note 6 in *Notes to Consolidated Financial Statements* for more information on the product recall.

Acuity Specialty Products

Net sales at ASP were $523.7 million in 2004 compared with $510.6 million in 2003, representing an increase of $13.1 million or 2.6%. The increase in 2004 net sales was due primarily to improved pricing in the U.S. I&I channel and greater shipments to I&I customers in international markets, partially offset by the absence of sales from a small product line divested during the first quarter of fiscal 2004, and lower shipments of non-core products. International sales were also favorably impacted by changes in exchange rates.

Operating profit increased 39.3% in 2004 to $43.6 million from $31.3 million reported in 2003. Operating profit margins advanced to 8.3% in 2004 from 6.1% in 2003. The increase in operating profit and margin in 2004 was primarily the result of the contribution margin from the higher sales noted above, 2003 charges of $2.7 million related to environmental matters, and charges related to inventory that were recorded in the prior year. These items were partially offset by higher employee-related expenses.

Corporate

Corporate expenses increased to $24.5 million in 2004 from $17.9 million reported in 2003. The increase in corporate expense in 2004 was due primarily to greater expense for Company-wide restricted stock incentives and other share-based programs, reflecting, in part, a greater mix of restricted stock compared to stock options used in the year-ago period, the effect of appreciation in the Company's stock price on certain share-based programs during fiscal 2004, and an increase in the number of awards outstanding. This increase was partially offset by miscellaneous corporate gains of $1.8 million. Corporate expenses in 2004 also included expenditures to facilitate compliance with the Sarbanes-Oxley Act of 2002.

Outlook

The Company expects the implementation of its many profit improvement programs and its ongoing continuous improvement efforts will result in more efficient and effective operations. The Company's service to customers has improved in key channels and the Company continues to make progress in creating a leaner, more efficient company. The Company believes that it is on target to achieve the previously announced annualized savings run-rate of approximately $50.0 million by the end of its second quarter in fiscal 2006 from actions associated with the Company's ongoing efforts to better structure and streamline operations. Additionally, the Company is encouraged by external forecasts that are projecting unit volume growth in calendar year 2006 in the non-residential construction industry, a core market for the Company. To the extent this occurs, the Company believes it will have a positive impact on its unit volume. In 2006, the Company expects to invest approximately $40.0 to $45.0 million in capital expenditures, to pay annual dividends consistent with the year-ago period, and to repurchase up to two million shares of the Company's outstanding common stock as authorized by the Company's Board of Directors.

Although these influences should bode well for the Company in 2006, the Company expects to be faced with formidable challenges, including the impact of rising prices for commodities used in its products, generating profitable growth within the retail channel, and continued escalating costs in key portions of its operations. However, in spite of these challenges, the Company expects to make positive progress in growing its business and improving its operations in 2006 sufficient to allow it to make meaningful progress towards the long-term goals including growing earnings per share in excess of 15% per annum and providing a return on stockholders' equity of 15% or better.

Accounting Standards Yet to Be Adopted

In May 2005, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 154, *Accounting Changes and Error Corrections, a replacement of APB No. 20 and FASB Statement No. 3*. SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. APB Opinion No. 20 "Accounting Changes," previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. This statement is effective for the Company as of September 1, 2006 and the Company continues to evaluate the impact the adoption of the standard will have on the Company's results of operations, if any.

In December 2004, the FASB issued SFAS No. 123 (Revised 2004), *Share-Based Payment*. The Statement requires that compensation cost relating to share-based payment transactions be recognized in financial statements and that this cost be measured based on the fair value of the equity or liability instruments issued. It does not specify a preference for a type of valuation model to be used to measure fair value. SFAS No. 123 (Revised 2004) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. The Company adopted SFAS No. 123 (Revised 2004) on September 1, 2005 and expects to incur additional annual pretax expense of approximately $3.0 million as a result of adoption. The Company continues to evaluate the impact the adoption of the final standard will have on the Company's results of operations. See Note 2 of *Notes to Consolidated Financial Statements* for further information.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs, an amendment of ARB No. 43, Chapter 4*. The statement requires that items such as abnormal freight, handling costs, and amounts of wasted materials be recognized as current-period charges regardless of whether or not they meet the criteria currently dictated by ARB No. 43. Additionally, SFAS No. 151 requires that fixed overhead be allocated based on the normal capacity of the production capabilities. The Company adopted SFAS No. 151 on September 1, 2005 and has determined the impact of adoption to be immaterial to the Company's results of operations.

On October 22, 2004, the American Jobs Creation Act of 2004 ("Jobs Creation Act") was signed into law. This legislation provides for the optional repatriation of cash from foreign subsidiaries allowing an 85% dividends received deduction. The deduction is subject to a number of limitations. In December 2004, the FASB issued Staff Position 109-2, *Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004* ("FSP No. 109-2"), indicating that the lack of clarification of certain provisions within the Jobs Creation Act and the timing of the enactment necessitate a practical exception to the SFAS No. 109, *Accounting for Income Taxes*, requirement to reflect in the period of enactment the effect of a new tax law. Accordingly, an enterprise is allowed time beyond the financial reporting period to evaluate the effect of the Jobs Creation Act on its plans for reinvestment or repatriation of foreign earnings. FSP No. 109-2 requires that the provisions of SFAS No. 109 be applied as an enterprise decides on its plan for reinvestment or repatriation of its unremitted foreign earnings. The Company has not yet determined if it will repatriate any overseas earnings pursuant to this provision.

The FASB also recently issued Staff Position FSP 109-1, *Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004* ("FSP No. 109-1"). Under the guidance in FSP No. 109-1, the deduction will be treated as a "special deduction" as described in SFAS No. 109. As such, the special deduction has no effect on deferred tax assets and liabilities existing at the enactment date. Rather, the impact of this deduction, if any, will be reported in the period in which the deduction is claimed on our income tax return. The Company will not be able to claim this tax benefit until the first quarter of fiscal 2006.

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 C*onsolidated Financial Statements*, which have been prepared in accordance with U.S. generally accepted accounting principles. As discussed in Note 1 of the *Notes to Consolidated Financial Statements*, the preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expense during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to inventory valuation; depreciation, amortization and the recoverability of long-lived assets, including intangible assets; medical, product warranty, and other reserves; litigation; and environmental matters. Management bases its estimates and judgments on its substantial historical experience and other relevant factors, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Management discusses the development of accounting estimates with the Company's Audit Committee. See Note 2 of the *Notes to Consolidated Financial Statements* for a summary of the accounting policies of Acuity Brands.

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

Inventories

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

Long-Lived and Intangible Assets and Goodwill

Acuity Brands reviews goodwill and intangible assets with indefinite useful lives for impairment on an annual basis or on an interim basis if an event occurs that might reduce the fair value of the long-lived asset 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 would be recognized based on the difference between the carrying value of the asset and its estimated fair value, which would be determined based on either discounted future cash flows or other appropriate fair value methods. The evaluation of goodwill and intangibles with indefinite useful lives for impairment requires management to use significant judgments and estimates including, but not limited to, projected future net sales, operating results, and cash flow of each of the Company's businesses.

Although management currently believes that the estimates used in the evaluation of goodwill and intangibles with indefinite lives are reasonable, differences between actual and expected net sales, operating results, and cash flow could cause these assets to be deemed impaired. If this were to occur, the Company would be required to charge to earnings 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 flow from operations.

Specifically, Acuity Brands has two unamortized trade names with an aggregate carrying value of $65.0 million. Management estimates the fair value of these unamortized trade names using a fair value model based on discounted future cash flows. Future cash flows associated with each of the Company's unamortized trade names are calculated by applying a theoretical royalty rate a willing third party would pay for use of the particular trade name to estimated future net sales. The present value of the resulting after-tax cash flow is management's current estimate of the fair value of the trade names. This fair value model requires management to make several significant assumptions, including estimated future net sales, the royalty rate, and the discount rate.

Differences between expected and actual results can result in significantly different valuations. If future operating results are unfavorable compared to forecasted amounts, the Company may be required to reduce the theoretical royalty rate used in the fair value model. A reduction in the theoretical royalty rate would result in lower expected, future after-tax cash flow in the valuation model. Accordingly, an impairment charge would be recorded at that time. To illustrate the potential impact of unfavorable changes in the assumptions underlying the fair value model, a one hundred basis point reduction in the theoretical royalty rate related to the 2005 valuation of the Holophane trade name acquired in 1999 would result in a pre-tax impairment charge of approximately $19.6 million, or 31.4% of the carrying value of the trade name.

Self-Insurance

It is the policy of the Company to self-insure for certain insurable property and casualty risks consisting primarily of physical loss to property, business interruptions resulting from property losses, workers' compensation, comprehensive general liability, and auto liability. Insurance coverage is obtained for catastrophic property and casualty exposures as well as those risks required to be insured by law or contract. Based on an independent actuary's estimate of the aggregate liability for claims incurred, a provision for claims under the self-insured program is recorded and revised annually. 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 Acuity Brands believes that the actuarial estimates are reasonable, significant differences related to the items noted above could materially affect the Company's self-insurance obligations and future expense.

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

Product Warranty

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

Litigation

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

Environmental Matters

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

Cautionary Statement Regarding Forward-Looking Information

This filing contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. 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, including, without limitation, statements made relating to: (a) the expected lack of engagement in significant commodity hedging transactions for raw materials and advanced purchases of certain materials; (b) the expected impact of increases in the cost of raw materials or a reduction in the number of suppliers on the Company’s operations; (c) the seasonality of the business; (d) the expected impact of the Company’s initiatives to become more globally competitive; (e) the activities that will be implemented to help the Company achieve its long-term goals, the expected outcome of these activities, and the Company’s progress towards those goals; (f) the potential impact of the loss of certain of the Company’s facilities and the related impact of various insurance programs in place; (g) the ability to increase production without substantial capital expenditures; (h) the Company’s expectations regarding liquidity and availability under its financing arrangements to fund its operations as currently planned and its anticipated capital investment and profit improvement initiatives, debt payments, dividend payments, potential repurchase of up to two million shares of the Company’s outstanding common stock, and required contributions into its defined benefit plans; (i) the planned spending of approximately $40.0 million to $45.0 million for new plant and equipment and new and enhanced information technology capabilities at both businesses during 2006; (j) the expected contribution by the Company to fund its defined benefit plans and the planned payment of annual dividends in 2006 consistent with those paid in 2005; (k) the expected realization of benefits from the additional actions to accelerate its efforts to streamline and improve its operations and to enhance the efficiencies of its facilities, the timing of the realization of those benefits, and the impact on fiscal 2006; (l) the expected effective income tax rate in fiscal 2006; (m) external forecasts that are projecting unit volume growth in calendar 2006 in the non-residential construction industry and the impact on the Company’s unit volume; (n) the impact of SFAS No. 123 (Revised 2004) and SFAS No. 151 on the results of operations; and (o) the impact of changes in critical accounting estimates on the results of operations.

A variety of risks and uncertainties could cause the Company’s actual results to differ materially from the anticipated results or other expectations expressed in the Company’s forward-looking statements. The risks and uncertainties include without limitation the following: (a) the uncertainty of general business and economic conditions, including the potential for a more severe slowdown in non-residential construction and other industrial markets, changes in interest rates, and fluctuations in commodity and raw material prices or foreign currency rates; (b) the risk of economic, political, military, or other events in a country where the Company manufactures, procures, or sources a significant amount of raw materials, component parts, or finished goods; (c) the Company’s ability to realize the anticipated benefits of initiatives expected to reduce costs, improve profits, improve working capital, enhance customer service, increase manufacturing efficiency, and expand product offerings and brands in the market through a variety of channels; (d) the risk that the Company will be unable to execute its various initiatives within expected timeframes; (e) unexpected developments in the Company’s legal and environmental matters, including CPSC proceedings and the investigation related to the operation of ASP’s wastewater pretreatment plant and ASP’s management of hazardous waste at a facility in Atlanta, Georgia; (f) the risk that projected future cash flows from operations are not realized; (g) the impact of unforeseen factors on the Company’s critical accounting estimates; (h) the impact of competition; (i) customer and supplier relationships and prices; and (j) unexpected changes in the Company’s share price.

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

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

Interest Rates. Interest rate fluctuations expose the variable-rate debt of Acuity Brands to changes in interest expense and cash flows. The variable-rate debt of Acuity Brands, primarily long-term industrial revenue bonds, amounted to $12.6 million at August 31, 2005. Based on outstanding borrowings at year end, a 10% increase in market interest rates at August 31, 2005 would have resulted in additional annual after-tax interest expense of approximately $0.04 million. A fluctuation in interest rates would not affect interest expense or cash flows related to the $360.0 million publicly traded notes, the Company's primary fixed-rate debt. A 10% increase in market interest rates at August 31, 2005 would have decreased the fair value of these notes by approximately $7.4 million. See Note 4 of the *Notes to Consolidated Financial Statements*, contained in this Form 10-K, for additional information regarding the Company's long-term debt.

Foreign Exchange Rates. The majority of net sales, expense, and capital purchases of Acuity Brands are transacted in U.S. dollars. Acuity Brands does not believe a 10% fluctuation in average foreign currency rates would have a material effect on its consolidated financial position or results of operations.

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Item 8. ***Financial Statements and Supplementary Data***

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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, 2005. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework. Based on this assessment, management believes that, as of August 31, 2005, the Company's internal control over financial reporting is effective.

The Company's independent registered public accounting firm has issued an audit report on this assessment of the Company's internal control over financial reporting. This report dated October 25, 2005 appears on page 32 of this Form 10-K.

/s/ Vernon J. Nagel	/s/ Karen J. Holcom
Vernon J. Nagel Chairman, President, and Chief Executive Officer	Karen J. Holcom Vice President, Controller, and Interim Chief Financial Officer

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Acuity Brands, Inc.

We have audited the accompanying consolidated balance sheets of Acuity Brands, Inc. as of August 31, 2005 and 2004, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended August 31, 2005. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Acuity Brands, Inc. at August 31, 2005 and 2004, and the consolidated results of its operations and its cash flows for each of the three years in the period ended August 31, 2005, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Acuity Brands, Inc.'s internal control over financial reporting as of August 31, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated October 25, 2005 expressed an unqualified opinion thereon.

Ernst & Young LLP

Atlanta, Georgia
October 25, 2005

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Acuity Brands, Inc.

We have audited management's assessment, included in Management's Report on Internal Control over Financial Reporting, that Acuity Brands, Inc. maintained effective internal control over financial reporting as of August 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Acuity Brands, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, management's assessment that Acuity Brands, Inc. maintained effective internal control over financial reporting as of August 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Acuity Brands, Inc. maintained, in all material respects, effective internal control over financial reporting as of August 31, 2005, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Acuity Brands, Inc. as of August 31, 2005 and 2004, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended August 31, 2005 of Acuity Brands, Inc. and our report dated October 25, 2005 expressed an unqualified opinion thereon.

Ernst & Young LLP

Atlanta, Georgia
October 25, 2005

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ACUITY BRANDS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per-share data)

	August 31, 2005	August 31, 2004
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 98,533	$ 14,135
Accounts receivable, less reserve for doubtful accounts of $6,999 at August 31, 2005 and $8,285 at August 31, 2004	345,770	331,157
Inventories	215,590	222,260
Deferred income taxes	24,873	18,152
Prepayments and other current assets	33,008	36,534
Total Current Assets	717,774	622,238
Property, Plant, and Equipment, at cost:		
Land	12,303	13,037
Buildings and leasehold improvements	166,934	167,707
Machinery and equipment	382,729	375,750
Total Property, Plant, and Equipment	561,966	556,494
Less-Accumulated depreciation and amortization	342,772	330,195
Property, Plant, and Equipment, net	219,194	226,299
Other Assets:		
Goodwill	344,836	343,595
Intangible assets	123,473	126,658
Deferred income taxes	4,249	3,271
Other long-term assets	32,689	34,391
Total Other Assets	505,247	507,915
Total Assets	$ 1,442,215	$ 1,356,452
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 567	$ 1,511
Revolving credit facility	—	4,000
Accounts payable	221,844	206,064
Accrued compensation	59,122	45,335
Other accrued liabilities	117,939	109,973
Total Current Liabilities	399,472	366,883
Long-Term Debt, less current maturities	371,736	390,210
Deferred Income Taxes	4,707	16,767
Self-Insurance Reserves, less current portion	16,759	17,484
Other Long-Term Liabilities	107,748	87,131
Commitments and Contingencies (see Note 6)		
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, 44,976,720 and 42,596,015 shares issued and outstanding at August 31, 2005 and August 31, 2004	450	426
Paid-in capital	476,034	425,807
Retained earnings	112,447	86,560
Unearned compensation on restricted stock	(12,536)	(5,609)
Accumulated other comprehensive loss items	(34,602)	(29,207)
Total Stockholders' Equity	541,793	477,977
Total Liabilities and Stockholders' Equity	$ 1,442,215	$ 1,356,452

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

ACUITY BRANDS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per-share data)

	Years Ended August 31,		
	2005	**2004**	**2003**
Net Sales	$ 2,172,854	$ 2,104,167	$ 2,049,308
Cost of Products Sold	1,324,311	1,253,380	1,235,900
Gross Profit	848,543	850,787	813,408
Selling, Distribution, and Administrative Expenses	710,263	704,470	701,217
Special Charge	23,000	—	—
Impairment Charge	664	1,929	—
Stock Compensation Expense	7,871	6,461	1,915
Operating Profit	106,745	137,927	110,276
Other Expense (Income):			
Interest expense, net	35,731	34,876	37,383
(Gain) loss on sale of businesses	(538)	(999)	227
Miscellaneous (income) expense, net	(3,280)	1,433	(1,915)
Total Other Expense	31,913	35,310	35,695
Income before Provision for Income Taxes	74,832	102,617	74,581
Provision for Income Taxes	22,603	35,403	26,799
Net Income	$ 52,229	$ 67,214	$ 47,782
Earnings Per Share:			
Basic Earnings per Share	$ 1.21	$ 1.60	$ 1.15
Basic Weighted Average Number of Shares Outstanding	43,135	41,906	41,459
Diluted Earnings per Share	$ 1.17	$ 1.56	$ 1.15
Diluted Weighted Average Number of Shares Outstanding	44,752	43,201	41,721
Dividends Declared per Share	$ 0.60	$ 0.60	$ 0.60

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

ACUITY BRANDS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended August 31,		
	2005	2004	2003
Cash Provided by (Used for) Operating Activities:			
Net income	$ 52,229	$ 67,214	$ 47,782
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Depreciation and amortization	41,075	42,960	46,039
(Gain) loss on the sale of property, plant, and equipment	(1,871)	623	(699)
(Gain) loss on sale of business	(538)	(999)	227
Provision for losses on accounts receivable	4,570	3,200	4,399
Other non-cash charges	9,110	4,619	1,139
Change in assets and liabilities net of effect of acquisitions and divestitures -			
Accounts receivable	(17,439)	(33,713)	15,935
Inventories	6,670	(34,114)	28,043
Deferred income taxes	(2,239)	2,684	6,108
Prepayments and other current assets	2,213	(2,107)	(3,782)
Accounts payable	14,657	40,408	3,987
Other current liabilities	19,518	7,594	2,707
Other	9,132	14,885	8,460
Net Cash Provided by Operating Activities	137,087	113,254	160,345
Cash Provided by (Used for) Investing Activities:			
Purchases of property, plant, and equipment	(32,636)	(53,821)	(28,154)
Proceeds from the sale of property, plant, and equipment	2,987	1,761	1,907
Sale of business	251	2,477	(92)
Net Cash Used for Investing Activities	(29,398)	(49,583)	(26,339)
Cash Provided by (Used for) Financing Activities:			
Repayments of revolving credit facility, net	(4,000)	(1,000)	(35,000)
Repayments of short-term secured borrowings	—	(48,000)	(81,200)
Proceeds from issuances of long-term debt	—	—	22,202
Repayments of long-term debt	(19,486)	(1,153)	(3,315)
Employee stock purchase plan issuances	1,589	1,506	1,666
Stock options exercised	25,519	8,158	128
Dividends	(26,342)	(25,409)	(24,911)
Net Cash Used for Financing Activities	(22,720)	(65,898)	(120,430)
Effect of Exchange Rate Changes on Cash	(571)	309	(217)
Net Change in Cash and Cash Equivalents	84,398	(1,918)	13,359
Cash and Cash Equivalents at Beginning of Year	14,135	16,053	2,694
Cash and Cash Equivalents at End of Year	$ 98,533	$ 14,135	$ 16,053
Supplemental Cash Flow Information:			
Income taxes paid during the year	$ 27,147	$ 27,220	$ 25,674
Interest paid during the year	36,517	35,245	37,650

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

ACUITY BRANDS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(In thousands, except share and per-share data)

					Accumulated Other Comprehensive Income (Loss) Items				
	Comprehensive Income	Common Stock	Paid-in Capital	Retained Earnings	Minimum Pension Liability	Forward Contracts	Currency Translation Adjustment	Unearned Compensation on Restricted Stock	Total
Balance, August 31, 2002		$ 414	$403,389	$ 21,884	$ (8,391)	$ —	$ (14,844)	$ (500)	$401,952
Comprehensive income:									
Net income	$ 47,782	—	—	47,782	—	—	—	—	47,782
Other comprehensive income (loss):									
Foreign currency translation adjustment	2,757	—	—	—	—	—	2,757	—	2,757
Reclassification adjustment for translation loss included in net income	185	—	—	—	—	—	185	—	185
Minimum pension liability adjustment (net of tax benefit of $13,197)	(22,472)	—	—	—	(22,472)	—	—	—	(22,472)
Other comprehensive income (loss)	(19,530)								
Comprehensive income	$ 28,252								
Amortization, issuance, and forfeitures of restricted stock grants		1	2,259	—	—	—	—	(1,234)	1,026
Employee Stock Purchase Plan issuances		2	1,664	—	—	—	—	—	1,666
Stock issued in connection with long-term incentive plan		—	181	—	—	—	—	—	181
Cash dividends of $0.60 per share paid on common stock		—	—	(24,911)	—	—	—	—	(24,911)
Stock options exercised		—	128	—	—	—	—	—	128
Balance, August 31, 2003		417	407,621	44,755	(30,863)	—	(11,902)	(1,734)	408,294
Comprehensive income:									
Net income	$ 67,214	—	—	67,214	—	—	—	—	67,214
Other comprehensive income (loss):									
Foreign currency translation adjustment (net of tax benefit of $427)	5,740	—	—	—	—	—	5,740	—	5,740
Forward contracts adjustment	(54)	—	—	—	—	(54)	—	—	(54)
Minimum pension liability adjustment (net of tax benefit of $4,623)	7,872	—	—	—	7,872	—	—	—	7,872
Other comprehensive income (loss)	13,558								
Comprehensive income	$ 80,772								
Amortization, issuance, and forfeitures of restricted stock grants		3	6,496	—	—	—	—	(3,875)	2,624
Employee Stock Purchase Plan issuances		1	1,505	—	—	—	—	—	1,506
Stock issued in connection with long-term incentive plan		—	140	—	—	—	—	—	140
Cash dividends of $0.60 per share paid on common stock		—	—	(25,409)	—	—	—	—	(25,409)
Stock options exercised		5	8,153	—	—	—	—	—	8,158
Tax effect on stock options and restricted stock		—	1,892	—	—	—	—	—	1,892
Balance, August 31, 2004		426	425,807	86,560	(22,991)	(54)	(6,162)	(5,609)	477,977
Comprehensive income:									
Net income	$ 52,229	—	—	52,229	—	—	—	—	52,229
Other comprehensive income (loss):									
Foreign currency translation adjustment (net of tax expense of $1,169)	6,131	—	—	—	—	—	6,131	—	6,131
Forward contracts adjustment	54	—	—	—	—	54	—	—	54
Minimum pension liability adjustment (net of tax benefit of $6,801)	(11,580)	—	—	—	(11,580)	—	—	—	(11,580)
Other comprehensive income (loss)	(5,395)								
Comprehensive income	$ 46,834								
Amortization, issuance, and forfeitures of restricted stock grants		6	14,941	—	—	—	—	(6,927)	8,020
Employee Stock Purchase Plan issuances		1	1,588	—	—	—	—	—	1,589
Cash dividends of $0.60 per share paid on common stock		—	—	(26,342)	—	—	—	—	(26,342)
Stock options exercised		17	25,502	—	—	—	—	—	25,519
Tax effect on stock options and restricted stock		—	8,196	—	—	—	—	—	8,196
Balance, August 31, 2005		$ 450	$476,034	$ 112,447	$ (34,571)	$ —	$ (31)	$ (12,536)	$541,793

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

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in thousands, except share and per-share data and as indicated)

Note 1: Description of Business and Basis of Presentation

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

The *Consolidated Financial Statements* have been prepared by the Company in accordance with U.S. generally accepted accounting principles and present the financial position, results of operations, and cash flows of Acuity Brands and its wholly-owned subsidiaries, including Acuity Lighting Group, Inc. ("Acuity Brands Lighting" or "ABL") and Acuity Specialty Products Group, Inc. ("Acuity Specialty Products" or "ASP"), and their respective subsidiaries, all of which are wholly-owned.

Note 2: Summary of Significant Accounting Policies

Principles of Consolidation

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

Revenue Recognition

Acuity Brands 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 collectibility is reasonably assured. Delivery is not considered to have occurred until the customer assumes the risks and rewards of ownership. Customers take delivery at the time of shipment for terms designated free on board shipping point. For sales designated free on board destination, customers take delivery when the product is delivered to the customer's delivery site. Provisions for certain rebates, sales incentives, product returns, and discounts to customers are recorded in the same period the related revenue is recorded.

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

Use of Estimates

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollar amounts in thousands, except share and per-share data and as indicated)

Cash and Cash Equivalents

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

Accounts Receivable

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

Concentrations of Credit Risk

Concentrations of credit risk with respect to receivables, which are typically unsecured, are generally limited due to the wide variety of customers and markets using Acuity Brands' products, as well as their dispersion across many different geographic areas. Receivables from The Home Depot were approximately $60.2 million and $55.5 million at August 31, 2005 and 2004, respectively. No other single customer accounted for more than 10% of consolidated receivables at August 31, 2005. Additionally, The Home Depot accounted for approximately 13% and 12% of the net sales of Acuity Brands in fiscal years 2005 and 2004, respectively.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current year presentation. These reclassifications, among others, included tax-related balance sheet reclassifications between current and long-term deferred income tax assets and liabilities. Additionally, the Company reclassified certain costs related to field scrap, customer accommodations, and other product-related costs from *selling, distribution, and administrative expenses* to *cost of products sold*. Operating profit, net income, and earnings per share were not impacted by these reclassifications.

Inventories

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

	August 31,	
	2005	2004
Raw materials and supplies	$ 74,048	$ 86,027
Work in progress	15,561	19,623
Finished goods	136,825	126,255
	226,434	231,905
Less: Reserves	(10,844)	(9,645)
	$215,590	$222,260

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollar amounts in thousands, except share and per-share data and as indicated)

Goodwill and Other Intangibles

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

	August 31, 2005		August 31, 2004	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Trademarks	$ 13,030	$ (2,652)	$ 13,030	$ (2,217)
Distribution network	53,000	(10,750)	53,000	(8,981)
Other	11,857	(6,026)	11,857	(5,045)
Total	$ 77,887	$ (19,428)	$ 77,887	$ (16,243)
Unamortized intangible assets:				
Trade names	$ 65,014		$ 65,014	

The Company amortizes trademarks associated with specific products with finite lives and the distribution network over their estimated useful lives of 30 years. Other amortized intangible assets consist primarily of patented technology that is amortized over its estimated useful life of 12 years. Unamortized intangible assets consist of trade names that are expected to generate cash flows indefinitely. The Company tests unamortized intangible assets for impairment on an annual basis, as required by SFAS No. 142. This analysis did not result in an impairment charge during fiscal years 2005, 2004, or 2003. The Company recorded amortization expense of $3.2 million related to intangible assets with finite lives during fiscal 2005, fiscal 2004, and fiscal 2003. Amortization expense is projected to be approximately $3.2 million in each of the next five years.

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

	ABL	ASP	Total
Balance as of August 31, 2004	$ 312,703	$ 30,892	$ 343,595
Currency translation adjustments	910	331	1,241
Balance as of August 31, 2005	$ 313,613	$ 31,223	$ 344,836

The Company tests goodwill for impairment at the reporting unit level on an annual basis in the fiscal fourth quarter or sooner if events or changes in circumstances indicate that the carrying amount of goodwill may exceed its fair value. The Company's reporting units are ABL and ASP. The goodwill impairment test has two steps. The first step identifies potential impairments by comparing the fair value of a reporting unit with its carrying value, including goodwill. The fair value of ABL and ASP are determined based on a combination of valuation techniques including the expected present value of future cash flows, a market multiple approach, and a comparable transaction approach. If the calculated fair value of a reporting unit exceeds the carrying value, goodwill is not impaired and the second step is not necessary. If the carrying value of a reporting unit exceeds the fair value, the second step calculates the possible impairment loss by comparing the implied fair value of goodwill with the carrying value. If the implied fair value of the goodwill is less than the carrying value, an impairment charge is recorded. This analysis did not result in an impairment charge during fiscal years 2005 or 2004.

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollar amounts in thousands, except share and per-share data and as indicated)

Other Long-Term Assets

Other long-term assets consist of the following:

	August 31,	
	2005	2004
Long-term investments (1)	$ 17,668	$ 23,903
Intangible pension asset	1,027	1,464
Note receivable, net	2,145	—
Debt issue costs	1,466	1,573
Assets held for sale	9,508	5,956
Miscellaneous	875	1,495
	$ 32,689	$ 34,391

(1) Long-term investments—The Company maintains certain investments that generate returns that offset changes in certain liabilities related to deferred compensation arrangements. The investments primarily consist of marketable equity securities and fixed income securities, are stated at fair value, and are classified as trading in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. Realized and unrealized gains and losses are included in the *Consolidated Statements of Income* and generally offset the change in the deferred compensation liability. The decrease since August 31, 2004 was due primarily to payments made to certain participants in these deferred compensation arrangements.

Other Long-Term Liabilities

Other long-term liabilities consist of the following:

	August 31,	
	2005	2004
Accrued pension liability	$ 49,391	$ 31,827
Postretirement benefits other than pensions (1)	53,934	52,042
Director stock unit plan	3,240	2,135
Postemployment benefit obligation (2)	430	430
Miscellaneous	753	697
	$ 107,748	$ 87,131

(1) Postretirement benefits other than pensions—The Company maintains several non-qualified retirement plans for the benefit of eligible employees, primarily deferred compensation plans. The deferred compensation plans provide for elective deferrals of an eligible employee's compensation and, in some cases, matching contributions by the Company. In addition, one plan provides for an automatic contribution by the Company of 3% of an eligible employee's compensation. Deferred compensation associated with these plans, together with the Company's contributions and accumulated earnings, is generally distributable in cash pursuant to the terms of the plans, either after specified periods of time or after retirement. The Company maintains certain long-term investments that generally offset a portion of the deferred compensation liability. The Company maintains life insurance policies on certain current and former officers and other key employees as a means of satisfying a portion of these obligations.

(2) Postemployment benefit obligation—SFAS No. 112, *Employers' Accounting for Postemployment Benefits*, requires the accrual of the estimated cost of benefits provided by an employer to former or inactive employees after employment but before retirement. Acuity Brands' accrual relates primarily to the liability for life insurance coverage for certain eligible employees.

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollar amounts in thousands, except share and per-share data and as indicated)

Shipping and Handling Fees and Costs

The Company includes shipping and handling fees billed to customers in *Net Sales*. Shipping and handling costs associated with inbound freight and freight between manufacturing facilities and distribution centers are generally recorded in *Cost of Products Sold*. Other shipping and handling costs are included in *Selling, Distribution, and Administrative Expenses* and totaled $104.1 million, $103.4 million, and $98.6 million in fiscal 2005, 2004, and 2003, respectively.

Stock-Based Compensation

The Company issues stock options to employees and directors under certain of its benefit plans. Under all stock option plans, the options expire no later than 10 years from the date of grant and have an exercise price no less than the fair market value of the Company's stock on the date of grant. The Company accounts for the employee and director plans under the Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* and related interpretations. Additionally, Acuity Brands has adopted the disclosure provisions portion only of SFAS No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure – an Amendment to FASB Statement No. 123*. Accordingly, no compensation expense has been recognized for these stock option plans in the *Consolidated Financial Statements*. Had compensation cost for the Company's stock option plans been determined based on the fair value at the grant date for awards subsequent to the Distribution (see definition of Distribution in the *Long-term debt* section of Note 4 of *Notes to Consolidated Financial Statements*), consistent with the recognition provisions of SFAS No. 123, the Company's net income and earnings per share would have been impacted as follows:

	Year Ended August 31,		
	2005	**2004**	**2003**
Net income, as reported	$52,229	$67,214	$47,782
Less: Compensation expense related to the Employee Stock Purchase Plan, net of tax	232	281	287
Less: Stock-based compensation determined under fair value based method for stock option awards, net of tax	2,693	5,424	2,326
Net income, pro forma	$49,304	$61,509	$45,169
Earnings per share:			
Basic earnings per share – as reported	$ 1.21	$ 1.60	$ 1.15
Basic earnings per share – pro forma	$ 1.14	$ 1.47	$ 1.09
Diluted earnings per share – as reported	$ 1.17	$ 1.56	1.15
Diluted earnings per share – pro forma	$ 1.10	$ 1.42	1.08

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

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollar amounts in thousands, except share and per-share data and as indicated)

The following weighted average assumptions were used to estimate the fair value of stock options granted in the fiscal year:

	2005	2004	2003
Dividend yield	2.3%	3.1%	4.4%
Expected volatility	42.4%	43.8%	43.8%
Risk-free interest rate	4.2%	3.3%	3.0%
Expected life of options	6 years	8 years	8 years
Weighted-average fair value of options granted	$ 10.89	$ 8.71	$ 4.36

See Note 5 of *Notes to Consolidated Financial Statements* 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 (20 to 40 years for buildings and 5 to 15 years for machinery and equipment) while accelerated depreciation methods are used for income tax purposes. Leasehold improvements are amortized over the life of the lease or the useful life of the improvement, whichever is shorter.

Research and Development

Research and development costs are expensed as incurred. Research and development expenses amounted to $28.9 million, $30.0 million, and $27.4 million during fiscal years 2005, 2004, and 2003, respectively.

Advertising

Advertising costs are expensed as incurred and were $20.7 million, $21.0 million, and $16.3 million during fiscal years 2005, 2004, and 2003, respectively.

Foreign Currency Translation

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

Gains or losses resulting from foreign currency transactions are included in *Miscellaneous (income) expense, net* in the *Consolidated Statements of Operations* and were insignificant in fiscal years 2005, 2004, and 2003.

Interest Expense, Net

Interest expense, net, is comprised primarily of interest expense on long-term debt, revolving credit facility borrowings, and short-term secured borrowings partially offset by interest income on cash and cash equivalents.

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

	Years Ended August 31,		
	2005	2004	2003
Interest expense	$36,735	$35,553	$37,804
Interest income	(1,004)	(677)	(421)
Interest expense, net	$35,731	$34,876	$37,383

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollar amounts in thousands, except share and per-share data and as indicated)

Miscellaneous (Income) Expense, Net

Miscellaneous (income) expense, net, is comprised primarily of gains or losses resulting from the sale of property, plant, and equipment and gains or losses on foreign currency transactions.

Accounting Standards Yet to Be Adopted

In May 2005, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 154, *Accounting Changes and Error Corrections, a replacement of APB No. 20 and FASB Statement No. 3*. SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. APB Opinion No. 20 "Accounting Changes," previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. This statement is effective for the Company as of September 1, 2006 and the Company continues to evaluate the impact the adoption of the standard will have on the Company's results of operations, if any.

In December 2004, the FASB issued SFAS No. 123 (Revised 2004), *Share-Based Payment*. The Statement requires that compensation cost relating to share-based payment transactions be recognized in financial statements and that this cost be measured based on the fair value of the equity or liability instruments issued. It does not specify a preference for a type of valuation model to be used to measure fair value. SFAS No. 123 (Revised 2004) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. The Company adopted SFAS No. 123 (Revised 2004) on September 1, 2005 and expects to incur additional annual pretax expense of approximately $3.0 million as a result of adoption. The Company continues to evaluate the impact the adoption of the final standard will have on the Company's results of operations. See *Stock-Based Compensation* section of this note for further information.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs, an amendment of ARB No. 43, Chapter 4*. The statement requires that items such as abnormal freight, handling costs, and amounts of wasted materials be recognized as current-period charges regardless of whether or not they meet the criteria currently dictated by ARB No. 43. Additionally, SFAS No. 151 requires that fixed overhead be allocated based on the normal capacity of the production capabilities. The Company adopted SFAS No. 151 on September 1, 2005 and has determined the impact of adoption to be immaterial to the Company's results of operations.

On October 22, 2004, the American Jobs Creation Act of 2004 ("Jobs Creation Act") was signed into law. This legislation provides for the optional repatriation of cash from foreign subsidiaries allowing an 85% dividends received deduction. The deduction is subject to a number of limitations. In December 2004, the FASB issued Staff Position 109-2, *Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004* ("FSP No. 109-2"), indicating that the lack of clarification of certain provisions within the Jobs Creation Act and the timing of the enactment necessitate a practical exception to the SFAS No. 109, *Accounting for Income Taxes*, requirement to reflect in the period of enactment the effect of a new tax law. Accordingly, an enterprise is allowed time beyond the financial reporting period to evaluate the effect of the Jobs Creation Act on its plans for reinvestment or repatriation of foreign earnings. FSP No. 109-2 requires that the provisions of SFAS No. 109 be applied as an enterprise decides on its plan for reinvestment or repatriation of its unremitted foreign earnings. The Company has not yet determined if it will repatriate any overseas earnings pursuant to this provision.

The FASB also recently issued Staff Position FSP 109-1, *Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004* ("FSP No. 109-1"). Under the guidance in FSP No. 109-1, the deduction will be

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollar amounts in thousands, except share and per-share data and as indicated)

treated as a "special deduction" as described in SFAS No. 109. As such, the special deduction has no effect on deferred tax assets and liabilities existing at the enactment date. Rather, the impact of this deduction, if any, will be reported in the period in which the deduction is claimed on our income tax return. The Company will not be able to claim this tax benefit until the first quarter of fiscal 2006.

Note 3: Pension and Profit Sharing Plans

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

The following tables reflect the status of Acuity Brands' domestic (U.S. based) and international pension plans at August 31, 2005 and 2004, using measurement dates of May 31, 2005 and 2004, respectively:

	Domestic Plans August 31,		International Plans August 31,	
	2005	2004	2005	2004
Change in Benefit Obligation:				
Benefit obligation at beginning of year	$ 96,896	$ 98,544	$ 26,111	$ 21,673
Service cost	2,396	3,493	743	1,085
Interest cost	6,121	5,775	1,517	1,375
Curtailment	—	—	23	—
Actuarial (gain) loss	18,432	(6,305)	1,414	(501)
Benefits paid	(5,981)	(4,611)	(1,163)	(573)
Other	—	—	(18)	3,052
Benefit obligation at end of year	$117,864	$ 96,896	$ 28,627	$ 26,111
Change in Plan Assets:				
Fair value of plan assets at beginning of year	$ 71,579	$ 64,730	$ 15,439	$ 12,214
Actual return on plan assets	6,570	8,512	2,220	994
Employer contributions	5,130	2,949	832	661
Employee contributions	—	—	242	300
Benefits paid	(5,981)	(4,612)	(1,090)	(473)
Other	—	—	(38)	1,743
Fair value of plan assets at end of year	$ 77,298	$ 71,579	$ 17,605	$ 15,439
Funded Status:				
Funded status	$ (40,566)	$ (25,317)	$ (11,021)	$ (10,672)
Unrecognized actuarial loss	45,946	29,423	10,300	10,534
Unrecognized transition asset	(108)	(239)	—	—
Unrecognized prior service cost	754	1,148	—	—
Net amount recognized at end of year	$ 6,026	$ 5,015	$ (721)	$ (138)
Amounts Recognized in the Consolidated Balance Sheets Consist of:				
Accrued benefit liability	$ (39,850)	$ (24,859)	$ (10,691)	$ (8,167)
Intangible asset	1,027	1,464	—	—
Accumulated other comprehensive loss	44,849	28,410	9,970	8,029
Net amount recognized at end of year	$ 6,026	$ 5,015	$ (721)	$ (138)

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollar amounts in thousands, except share and per-share data and as indicated)

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for domestic defined benefit pension plans with both projected and accumulated benefit obligations in excess of plan assets were $117.9 million, $117.1 million, and $77.3 million, respectively, as of August 31, 2005, and $96.9 million, $96.4 million, and $71.6 million, respectively, as of August 31, 2004. The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for international defined benefit pension plans with both projected and accumulated benefit obligations in excess of plan assets were $28.6 million, $28.2 million, and $17.6 million, respectively, as of August 31, 2005, and $26.1 million, $23.5 million, and $15.4 million, respectively, as of August 31, 2004.

Components of net periodic pension cost for the fiscal years ended August 31, 2005, 2004, and 2003 included the following:

	Domestic Plans			International Plans		
	2005	2004	2003	2005	2004	2003
Service cost	$ 2,396	$ 3,493	$ 2,729	$ 743	$1,085	$ 928
Interest cost	6,121	5,775	5,532	1,517	1,375	1,196
Expected return on plan assets	(6,089)	(5,392)	(6,261)	(1,183)	(988)	(964)
Amortization of prior service cost	89	102	385	—	—	—
Amortization of transitional asset	(131)	(131)	(133)	—	—	—
Recognized actuarial loss (gain)	1,428	2,259	764	368	375	(257)
Net periodic pension cost	$ 3,814	$ 6,106	$ 3,016	$ 1,445	$1,847	$ 903

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

	Domestic Plans		International Plans	
	2005	2004	2005	2004
Discount rate	5.3%	6.5%	5.0%	5.8%
Rate of compensation increase	5.5%	5.5%	3.5%	4.8%

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

	Domestic Plans			International Plans		
	2005	2004	2003	2005	2004	2003
Discount rate	6.5%	6.0%	7.5%	5.8%	5.5%	6.0%
Expected return on plan assets	8.5%	8.5%	9.5%	7.3%	7.0%	8.0%
Rate of compensation increase	5.5%	5.1%	5.1%	4.8%	4.3%	4.3%

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. The Company estimates that each 100 basis point reduction in the discount rate would result in additional net periodic pension cost, the Company's primary pension obligation, of approximately $1.3 million and $0.4 million for domestic plans and international plans, respectively. The Company's discount rate used in computing the net periodic benefit cost for its domestic plans decreased by 150 basis points in 2005. 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. As a result of this study during 2003, the expected return on plan assets for the Company's domestic plans decreased by 100 basis points to 8.5% in 2004. The Company estimates that each 100 basis point reduction in the expected return on plan assets would result in additional net periodic pension cost of $0.8 million

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and $0.2 million for domestic plans and international plans, respectively. The rate of compensation increase is also evaluated and is adjusted by the Company, if necessary, annually.

The Company's investment objective for U.S. plan assets is to earn a rate of return sufficient to match or exceed the long-term growth of the Plans' liabilities without subjecting plan assets to undue risk. The plan assets are invested primarily in high quality equity and debt securities. The Company conducts a periodic strategic asset allocation study to form a basis for the allocation of pension assets between various asset categories. Specific allocation percentages are assigned to each asset category with minimum and maximum ranges established for each. The assets are then managed within these ranges. During 2005, 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 2005, the international asset allocation was 80% equity securities, 15% fixed income securities, and 5% real estate securities.

Acuity Brands' pension plan asset allocation at August 31, 2005 and 2004 by asset category is as follows:

	% of Plan Assets			
	Domestic Plans		International Plans	
	2005	2004	2005	2004
Equity securities	58.0%	58.0%	83.8%	82.1%
Debt securities	35.0%	36.0%	6.8%	9.2%
Real estate	6.0%	5.0%	2.3%	4.4%
Other	1.0%	1.0%	7.1%	4.3%
Total	100.0%	100.0%	100.0%	100.0%

The Company expects to contribute approximately $4.1 million and $1.1 million to its domestic and international defined benefit plans, respectively, during 2006. These amounts are based on the total contributions needed during 2006 to satisfy current law minimum funding requirements.

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

	Domestic	International
2006	$ 5,097	$ 344
2007	5,149	354
2008	5,315	388
2009	5,798	411
2010	5,855	436
2011-2015	34,886	3,365

Acuity Brands also has defined contribution plans to which both employees and the Company make contributions. The cost to Acuity Brands for these plans was $5.6 million in 2005, $5.8 million in 2004, and $5.5 million in 2003. Effective February 2002, participants in all of the Company's defined contribution plans were permitted to direct the investments of all funds in their respective plan, thereby eliminating the nonparticipant-directed funds. Employer matching amounts are allocated in accordance with the participants' investment elections for elective deferrals. At August 31, 2005, assets of the defined contribution plans included shares of the Company's common stock with a market value of approximately $13.5 million, which represented approximately 3.7% of the total fair market value of the assets in the Company's defined contribution plans.

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Note 4: Short-Term Borrowings and Long-Term Debt

Short-Term Borrowings

The Company's short-term borrowings at August 31, 2005 and 2004, consisted of the following:

	2005	2004
Current maturities of long-term debt	$567	$1,511
Revolving credit facility	—	4,000
	$567	$5,511

The Company maintains an agreement ("Receivables Facility") to borrow, on an ongoing basis, funds secured by undivided interests in a defined pool of trade accounts receivable of the lighting equipment and specialty products segments. Effective September 29, 2005, the Company renewed the $100.0 million Receivables Facility for a one-year period with similar terms and conditions. Net trade accounts receivable pledged as security for borrowings under the Receivables Facility totaled $301.2 million at August 31, 2005. There were no outstanding borrowings at August 31, 2005 and 2004 under the Receivables Facility. Interest rates under the Receivables Facility vary with commercial paper rates plus an applicable margin.

On April 2, 2004, the Company executed a $200.0 million revolving credit facility ("Revolving Credit Facility"), which matures in January 2009. This facility replaced the Company's $92.5 million, 364-day committed credit facility scheduled to mature in April 2004 and the Company's $105.0 million, three-year credit facility scheduled to mature in April 2005. The Revolving Credit Facility contains financial covenants including a leverage ratio ("Maximum Leverage Ratio") of total indebtedness to EBITDA (earnings before interest, taxes, depreciation and amortization expense), as such terms are defined in the Revolving Credit Facility agreement, and a minimum interest coverage ratio. These ratios are computed at the end of each fiscal quarter for the most recent 12-month period. The Revolving Credit Facility allows for a Maximum Leverage Ratio of 3.50, subject to certain conditions defined in the financing agreement. The Company was in compliance with all financial covenants and had no outstanding borrowings at August 31, 2005 and had $4.0 million in outstanding borrowings under the Revolving Credit Facility at August 31, 2004. At August 31, 2005, the Company had additional borrowing capacity under the Revolving Credit Facility of $186.3 million under the most restrictive covenant in effect at the time, which represents the full amount of the Revolving Credit Facility less outstanding letters of credit of $13.7 million discussed below.

The Company's Receivables Facility and Revolving Credit Facility each contain "Material Adverse Effect" provisions. Generally, if the Company were to experience an event causing a material adverse effect on the Company's financial condition, operations, or properties, as defined in the agreements, additional future borrowings under either facility could be denied and payments on outstanding borrowings could be accelerated.

At August 31, 2005, the Company had outstanding letters of credit totaling $25.4 million primarily for the purpose of securing collateral requirements under the casualty insurance programs for Acuity Brands and for providing credit support for the Company's industrial revenue bonds. At August 31, 2005, a total of $13.7 million of the letters of credit were issued under the Revolving Credit Facility, thereby reducing the total availability under the line by such amount.

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Long-Term Debt

The Company's long-term debt at August 31, 2005 and 2004, consisted of the following:

	2005	2004
Term Loan	$ —	$ 18,734
6% notes due February 2009 with an effective interest rate of 6.04%, net of unamortized discount of $143 in 2005 and $184 in 2004	159,857	159,816
8.375% notes due August 2010 with an effective interest rate of 8.398%, net of unamortized discount of $121 in 2005 and $146 in 2004	199,879	199,854
Other notes	12,567	13,317
	372,303	391,721
Less – Amounts payable within one year included in current liabilities	567	1,511
	$ 371,736	$ 390,210

Future annual principal payments of long-term debt are as follows:

Fiscal Year	Amount
2006	$ 567
2007	565
2008	282
2009	159,859
2010	199,879
Thereafter	11,151
	$ 372,303

In October 2002, Acuity Brands entered into a three-year loan agreement ("Term Loan") secured by certain land and buildings of the Company. Proceeds from the Term Loan were used to reduce borrowings under the revolving credit facility then in effect and to provide the Company additional liquidity. The Term Loan was paid in full in July 2005. Outstanding borrowings under the Term Loan at August 31, 2004 were $18.7 million at an interest rate of approximately 3.0%.

Prior to November 30, 2001, Acuity Brands was a wholly-owned subsidiary of National Service Industries, Inc. ("NSI") owning and operating the lighting equipment and specialty products businesses. Acuity Brands was spun off from NSI into a separate publicly traded company with its own management and Board of Directors through a tax-free distribution ("Distribution") of 100% of the outstanding shares of common stock of Acuity Brands on November 30, 2001.

In January 1999, NSI issued $160.0 million in ten-year publicly traded notes bearing a coupon rate of 6.0%. In August 2000, NSI issued $200.0 million in ten-year publicly traded notes bearing a coupon rate of 8.375%. Pursuant to a supplemental indenture executed in contemplation of the Distribution, Acuity Brands and its principal operating subsidiaries have become the obligors of the notes, and NSI, effective as of the Distribution, was relieved of all obligations with respect to the notes. Because the $160.0 million and the $200.0 million notes trade infrequently, it is difficult to obtain an accurate fair market value of the notes. However, based on comparison of notes of similar size, ratings, and tenor, the fair values of the $160.0 million and $200.0 million notes are believed to approximate $164.8 million and $225.8 million, respectively at August 31, 2005. Excluding

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the $160.0 million and $200.0 million notes, long-term debt recorded in the accompanying *Consolidated Balance Sheets* approximates fair value based on similar instruments with similar terms and average maturities.

Other notes consist primarily of two industrial revenue bonds (a $7.1 million bond maturing in 2018 and a $4.0 million bond maturing in 2021) and a five-year note with an outstanding balance of approximately $1.5 million at August 31, 2005. The industrial revenue bonds are tax-exempt variable rate instruments that reset on a weekly basis. The interest rates were approximately 2.5% and 1.4% for the $4.0 million bond and 2.5% and 1.3% for the $7.1 million bond at August 31, 2005 and 2004, respectively. The five-year note is denominated in Euros and bears interest at a variable rate, which was 4.5% and 4.3% at August 31, 2005 and 2004, respectively. Principal payments are made in equal semi-annual installments. In addition, Acuity Brands also had uncommitted foreign bank lines of credit totaling $2.0 million at August 31, 2005 and 2004. There were no outstanding borrowings under the foreign bank lines at August 31, 2005 or 2004.

None of the Company's existing debt instruments, neither short-term nor long-term, include provisions that would require an acceleration of repayments based solely on changes in the Company's credit ratings.

Note 5: Common Stock and Related Matters

Stockholder Protection Rights Agreement

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

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Common Stock

Changes in common stock for the periods ended August 31, 2003, 2004, and 2005 were as follows:

	Common Stock	
	Shares	Amount
Balance, August 31, 2002	41,379	$ 414
Issuance of restricted stock grants, net of forfeitures	120	1
Employee stock purchase plan issuances	144	2
Stock issued in connection with long-term incentive plan	23	—
Stock options exercised	9	—
Balance, August 31, 2003	41,675	$ 417
Issuance of restricted stock grants, net of forfeitures	278	3
Employee stock purchase plan issuances	86	1
Stock options exercised	557	5
Balance, August 31, 2004	42,596	$ 426
Issuance of restricted stock grants, net of forfeitures	603	6
Employee stock purchase plan issuances	77	1
Stock options exercised	1,701	17
Balance, August 31, 2005	44,977	$ 450

Preferred Stock

The Company has 50,000,000 shares of preferred stock authorized, 5,000,000 of which have been reserved for issuance under the Stockholder Protection Rights Agreement. No shares of preferred stock had been issued at August 31, 2005 and 2004.

Earnings per Share

The Company computes earnings per share in accordance with SFAS No. 128, *Earnings per Share*. Under this Statement, basic earnings per share is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed similarly but reflects the potential dilution that would occur if dilutive options were exercised and restricted stock awards were vested.

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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, 2005, 2004, and 2003:

	Years Ended August 31,		
	2005	2004	2003
Basic earnings per share:			
Net income	$52,229	$67,214	$47,782
Basic weighted average shares outstanding	43,135	41,906	41,459
Basic earnings per share	$ 1.21	$ 1.60	$ 1.15
Diluted earnings per share:			
Net income	$52,229	$67,214	$47,782
Basic weighted average shares outstanding	43,135	41,906	41,459
Common stock equivalents (stock options and restricted stock)	1,617	1,295	262
Diluted weighted average shares outstanding	44,752	43,201	41,721
Diluted earnings per share	$ 1.17	$ 1.56	$ 1.15

Stock-Based Compensation

NSI stock options held by employees of Acuity Brands were converted to, and replaced by, Acuity Brands stock options at the time of the Distribution using an agreed-upon conversion ratio. All other terms of the converted stock options remain the same as those in effect immediately prior to the Distribution. Accordingly, no compensation expense resulted from the replacement of the options.

Effective November 30, 2001, Acuity Brands adopted the Acuity Brands, Inc. Long-Term Incentive Plan (the "Plan") for the benefit of officers and other key management personnel ("Participants"). An aggregate of 8.1 million shares was originally authorized for issuance under the Plan. In October 2003, the Board of Directors approved the Acuity Brands, Inc. Amended and Restated Long-Term Incentive Plan (the "Amended Plan"), including an increase of 5.0 million in the number of shares available for grant. However, the Board of Directors subsequently committed that not more than 3.0 million are available without further shareholder approval. In December 2003, the shareholders approved the Amended Plan. Stock options generally become exercisable over a three or four-year period from the date of grant. The Amended Plan also provides for the issuance of performance-based and restricted stock awards.

In January 2005, the Company awarded approximately 306,000 shares of restricted stock to officers and other key employees under the Plan. The shares vest over a four-year period. At August 31, 2005, approximately 290,000 shares had been issued under this award. Compensation expense recognized related to this award was $1.3 million in fiscal 2005.

In December 2003, the Company awarded approximately 420,000 shares of restricted stock to officers and other key employees under the Amended Plan. The shares vest over a four-year period. Participants could elect to defer payments under this time-based restricted stock plan into a separate deferred compensation plan. If shares were deferred into the deferred compensation plan, the value of the restricted shares was converted to share units that ultimately would be paid in cash. Approximately 150,000 shares were deferred into the deferred compensation plan. At August 31, 2005, approximately 210,000 shares had been issued under this award. Compensation expense recognized related to this award was $2.3 million and $1.8 million in fiscal 2005 and 2004, respectively.

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In December 2002, the Company reserved approximately 490,000 shares of performance-based restricted stock for issuance to officers and other key employees under the Plan. The shares are issued in 25% increments upon the achievement of at least two of three progressive defined performance measures and the completion of related target years (as defined in the agreement). The performance measures relate to specified levels of debt reduction, cumulative earnings per share measured at each fiscal quarter-end for the trailing four quarters, and stock price targets. The shares vest at the later of (a) determination by the Compensation Committee of the Board of Directors that at least two of the three performance measures are achieved or (b) November 30 of the specified target year. Originally, approximately two-thirds of the value of the restricted shares at the vesting date was paid to the participants in unrestricted shares of the Company and the remainder was paid in cash to offset taxes on the award. This provision was eliminated in August 2005 by an amendment to the award agreement that provides for the entire award to be payable in shares. Participants could elect to defer payments under this performance-based restricted stock plan into a separate deferred compensation plan. If shares were deferred into the deferred compensation plan, the value of the restricted shares was converted to share units that ultimately would be paid in cash. Approximately 110,000 shares were deferred into the deferred compensation plan. As of August 31, 2005, approximately 330,000 shares had been issued under this award, of which approximately 60,000 were subsequently cancelled and used to offset taxes. Compensation expense recognized related to this award was $2.6 million, $3.6 million, and $1.6 million in fiscal 2005, 2004 and 2003, respectively.

In October 2000, NSI reserved approximately 240,000 shares of performance-based restricted stock for issuance to officers and other key employees. Under this award, restricted shares are granted in 20% increments when the Company’s stock price equals or exceeds certain stock price targets for thirty consecutive calendar days (the vesting start date) and vest ratably in four equal annual installments beginning one year from the vesting start date. At the time of the Distribution and in accordance with the employee benefits agreement, each employee of Acuity Brands holding outstanding shares of NSI restricted stock received a dividend of one Acuity Brands restricted share for each NSI restricted share held. Acuity Brands restricted shares received as a dividend on NSI restricted stock are subject to the same restrictions and terms, including vesting provisions, of the NSI restricted stock. Restricted share awards that had not reached a vesting start date, and their related stock price targets, were converted to Acuity Brands restricted share awards in the same manner as stock options. Shares that have not reached a vesting start date expire five years from the date of the grant. All other terms of the converted grants remain the same as those in effect immediately prior to the Distribution. As of August 31, 2005, approximately 210,000 shares had been issued under this award. Compensation expense recognized related to this award was $1.2 million, $0.9 million, and $0.3 million in fiscal 2005, 2004, and 2003, respectively.

Additionally, the Company awarded restricted stock to certain employees on an individual basis in fiscal 2004 and 2005. As of August 31, 2005, approximately 60,000 shares related to these awards had been issued. Compensation expense recognized related to these awards was $0.5 million and $0.2 million in fiscal 2005 and fiscal 2004, respectively.

In November 2001, the Company adopted the Acuity Brands, Inc. 2001 Directors’ Stock Option Plan, under which 300,000 shares are authorized for issuance. The stock options granted under this plan become exercisable one year from the date of grant. As of August 31, 2005 approximately 100,000 shares had been granted under this plan.

Under all stock option plans, the options generally expire 10 years from the date of grant and have an exercise price equal to the fair market value of the Company’s stock on the date of grant. Shares available for grant under all plans were approximately 2,200,000 at August 31, 2005, with additional shares available upon further shareholder approval. Shares available for grant under all plans were 2,250,000 and 710,000 at August 31,

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2004 and 2003, respectively. Forfeited shares and shares that are exchanged to offset taxes are returned to the pool of shares available for grant.

Stock option transactions for the stock option plans and stock option agreements during the years ended August 31, 2003, 2004, and 2005 were as follows:

	Outstanding		Exercisable	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at August 31, 2002	7,081,298	$ 19.15	2,712,343	$ 25.25
Granted	132,500	$ 14.26		
Exercised	(8,448)	$ 13.80		
Cancelled	(265,211)	$ 20.68		
Outstanding at August 31, 2003	6,940,139	$ 19.08	4,179,243	$ 21.78
Granted	1,242,453	$ 24.87		
Exercised	(573,107)	$ 14.94		
Cancelled	(184,836)	$ 21.40		
Outstanding at August 31, 2004	7,424,649	$ 20.32	4,936,004	$ 20.62
Granted	212,000	$ 28.54		
Exercised	(1,891,813)	$ 16.36		
Cancelled	(187,075)	$ 28.67		
Outstanding at August 31, 2005	5,557,761	$ 21.70	4,604,388	$ 20.87
Range of option exercise prices:				
$10.00 – $15.00 (average life – 6.3 years)	1,492,454	$ 13.84	1,485,794	$ 13.84
$15.01 – $20.00 (average life – 5.2 years)	1,005,513	$ 16.59	1,005,513	$ 16.59
$20.01 – $25.00 (average life – 6.6 years)	1,483,060	$ 23.70	933,347	$ 23.68
$25.01 – $30.00 (average life – 4.3 years)	1,020,864	$ 28.36	723,864	$ 28.58
$30.01 – $40.00 (average life – 3.5 years)	555,870	$ 34.48	455,870	$ 35.24

Employee Stock Purchase Plan

In November 2001, the Company adopted the Acuity Brands, Inc. Employee Stock Purchase Plan for the benefit of eligible employees. Under the plan, employees could purchase, through payroll deduction, the Company's common stock at a 15% discount. Shares are purchased quarterly at 85% of the lower of the fair market value of the Company's common stock on the first business day of the quarterly plan period or the last business day of the quarterly plan period. Employee contributions to this plan were suspended at the end of the third quarter fiscal 2005. The Company expects to resume accepting contributions in the first quarter of 2006 under new terms. Employees will be able to purchase common stock at a 5% discount and shares will be purchased on a monthly basis. There were 1,500,000 shares of the Company's common stock reserved for purchase under the plan, of which approximately 1,100,000 shares remain available as of August 31, 2005. Employees may participate at their discretion.

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Note 6: Commitments and Contingencies

Self-Insurance

It is the current policy of Acuity Brands to self insure, up to certain limits, for certain insurable risks consisting primarily of physical loss to property; business interruptions resulting from such loss; and workers' compensation, comprehensive general, and auto liability. Insurance coverage is obtained for catastrophic property and casualty exposures as well as those risks required to be insured by law or contract. Based on an independent actuary's estimate of the aggregate liability for claims incurred, a provision for claims under the self-insured program is revised and recorded annually.

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

Leases

Acuity Brands leases certain of its buildings and equipment under noncancelable lease agreements. Minimum lease payments under noncancelable leases for years subsequent to August 31, 2005, are as follows: 2006 — $19.2 million; 2007 — $14.4 million; 2008 — $12.4 million; 2009 — $10.6 million; 2010 — $9.3 million; after 2010 — $26.6 million.

Total rent expense was $27.7 million in 2005, $25.2 million in 2004, and $23.4 million in 2003.

Purchase Obligations

The Company has incurred purchase obligations in the ordinary course of business that are enforceable and legally binding. Obligations for years subsequent to August 31, 2005 are as follows: 2006 — $121.3 million; 2007 — $22.9 million; 2008 — $6.8 million; 2009 — $6.9 million; and 2010 — $1.8 million. As of August 31, 2005, the Company had no purchase obligations extending past August 31, 2010.

Collective Bargaining Agreements

Approximately 45% of the Company's total work force is covered by collective bargaining agreements. Collective bargaining agreements representing approximately 25% of the Company's work force will expire within one year.

Litigation

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

The Company has certain matters pending before the United States Consumer Product Safety Commission ("CPSC") involving certain product recalls and has accrued a liability for estimated costs associated with the recalls and CPSC proceedings. See further discussion in *Product Warranty* section of this note.

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Environmental Matters

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

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

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

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

In August 2003, ASP received a grand jury subpoena from the United States Department of Justice through the United States Attorney for the Northern District of Georgia concerning the operation of ASP's wastewater pretreatment plant and ASP's management of hazardous waste at a facility in Atlanta, Georgia. ASP received a supplemental subpoena in April 2005 related to this matter. The grand jury investigation appears to relate to the discharge of wastewater from the facility to the City of Atlanta's sanitary sewer system and ASP's practices in connection with the sampling and reporting of the facility's wastewater discharges for permitting purposes. ASP

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollar amounts in thousands, except share and per-share data and as indicated)

is cooperating fully with the investigation by the Department of Justice. The Department of Justice investigation follows an inquiry by the City of Atlanta, which regulates the wastewater discharge at the facility. The Company has settled with the City of Atlanta all issues arising from the inquiry. As of August 31, 2005, the Company had an accrued liability for the estimated costs of resolution of proceedings with the Department of Justice and certain associated legal expenses. The grand jury proceedings are ongoing, and developments in the investigation and the terms of any final settlement or adjudication of this matter, including whether the final resolution results in civil or criminal charges against the Company, could result in actual costs higher or lower than the amount reserved.

Guarantees and Indemnities

The Company is a party to contracts entered into in the normal course of business in which it is common for the Company to agree to indemnify third parties for certain liabilities that may arise out of or relate to the subject matter of the contract. In some cases, the Company cannot estimate the potential amount of future payments under these indemnities until events arise that would result in a liability under the indemnities. In connection with the sale of assets and the divestiture of businesses, the Company has from time to time agreed to indemnify the purchaser from liabilities relating to events occurring prior to the sale and conditions existing at the time of the sale. These indemnities generally include potential environmental liabilities, general representations and warranties concerning the asset or business, and certain other liabilities not assumed by the purchaser. Indemnities associated with the divestiture of businesses are generally limited in amount to the sales price of the specific business or are based on a lower negotiated amount and expire at various times, depending on the nature of the indemnified matter, but in some cases do not expire until the applicable statute of limitations expires. The Company does not believe that any amounts that it may be required to pay under these indemnities will be material to the Company’s results of operations, financial position, or liquidity.

In conjunction with the separation of their businesses, Acuity Brands and NSI entered into various agreements that addressed the allocation of assets and liabilities and defined the Company’s relationship with NSI after the Distribution, including a distribution agreement and a tax disaffiliation agreement. The distribution agreement provides that Acuity Brands will indemnify NSI for pre-Distribution liabilities related to the businesses that comprise Acuity Brands and previously owned businesses in the lighting equipment and specialty products segments. The tax disaffiliation agreement provides that Acuity Brands will indemnify NSI for certain taxes and liabilities that may arise related to the Distribution and, generally, for deficiencies, if any, with respect to federal, state, local, or foreign taxes of NSI for periods before the Distribution. Liabilities determined under the tax disaffiliation agreement terminate upon the expiration of the applicable statutes of limitation for such liabilities. There is no stated maximum potential liability included in the tax disaffiliation agreement or the distribution agreement. The Company does not believe that any amounts it is likely to be required to pay under these indemnities will be material to the Company’s results of operations, financial position, or liquidity. The Company cannot estimate the potential amount of future payments under these indemnities until events arise that would result in a liability under the indemnities.

Product Warranty

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

The Company, in cooperation with the CPSC, is conducting a voluntary product recall involving approximately 93,000 lighting fixtures manufactured by ABL from April 2002 through October 2003 that may have incorporated faulty capacitors produced by one of ABL's suppliers. The Company initiated this recall in March 2004 and expanded it in March 2005. The recalled fixtures are certain models of indoor high intensity discharge ("HID") lighting fixtures with at least one acrylic component (reflector or lens). The capacitor used in the recalled fixtures can leak polypropylene glycol ("PPG") fluid onto the acrylic lens and/or reflector of the fixture, causing the acrylic component(s) to degrade. In a number of reported instances, this has resulted in lenses or reflectors cracking and pieces of acrylic falling from the installed fixtures. To date, there have been only limited reports of personal injury and property damage. ABL is providing a replacement fixture or capacitor for every fixture that meets the product recall criteria. In addition to the expenses associated with this product recall, ABL expects to incur higher-than-normal warranty expenses in connection with certain other types of indoor and outdoor HID fixtures that may incorporate the faulty capacitor but exhibit a less serious failure mode. In the case of these fixtures, the PPG fluid may accumulate in or drip from the fixture. ABL will repair or replace these fixtures upon failure.

The Company, in cooperation with the CPSC, is also conducting a voluntary product recall of certain indoor HID lighting fixtures involving approximately 120,000 lighting fixtures that incorporate acrylic reflectors and that utilize cords manufactured by one of ABL's suppliers. The cords used in the fixtures may emit a plasticizer fluid that can potentially drip onto the exterior of the acrylic reflectors, which could cause them to degrade, crack, and fall. To date, there have been no reports of personal injury or significant property damage in connection with this issue. The product recall involves the replacement of the cord and reflector for each fixture subject to the recall.

During the 2005 fiscal year, the Company received document and information requests from the CPSC in connection with investigations by the CPSC as to whether the Company had complied with the reporting requirements of section 15(b) of the Consumer Product Safety Act with respect to products involved in the initial scope and the expanded scope of the capacitor-related recall of HID fixtures, the cord-related recall of HID fixtures, and a 2001 recall of emergency lighting fixtures. Between February 2005 and August 2005, the Company received letters from the CPSC staff stating that the CPSC staff had concluded that the Company had violated those reporting requirements with respect to each of these matters and that the staff intended to recommend to the Commission that it take action to seek a civil penalty in each matter, and that the Company had the opportunity in each matter to negotiate a resolution by submitting a penalty settlement offer. The Company is currently negotiating with the CPSC staff the global resolution of these matters. The Company has also submitted to the CPSC staff additional information about capacitor-related issues outside the date range of the expanded recall.

At August 31, 2005, the Company had an aggregate accrued liability of $7.8 million with respect to the current capacitor-related recall and its possible expansion, the cord-related recall, the matters pending before the CPSC, and associated legal expenses. The actual cost of these matters could be substantially different than the liability recorded by the Company. The Company expects to be reimbursed by a supplier for substantially all product recall expenses and additional warranty expenses regarding the current scope of the capacitor-related matter and at August 31, 2005 had a remaining receivable of $4.8 million from that supplier. The Company also intends to pursue vigorously the recovery of all costs associated with the cord-related product recall, but there can be no assurance it will be able to recover any portion of the costs because of the financial condition of the supplier.

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollar amounts in thousands, except share and per-share data and as indicated)

The changes in product warranty reserve, which includes estimated recall costs, during the years ended August 31, 2005, 2004, and 2003 are summarized as follows:

	2005	2004	2003
Balance, beginning of year	$11,694	$ 4,289	$ 6,879
Increase in warranty reserve related to capacitors	—	5,700	—
Warranty and recall expense during the year	4,143	5,545	1,809
Payments made during the year	(5,799)	(3,840)	(4,399)
Balance, end of year	$10,038	$11,694	$ 4,289

Note 7: Special Charge and Impairment Charge

On February 22, 2005, the Company announced additional actions to accelerate its efforts to streamline and improve the effectiveness of its operations. As part of this program, the Company recorded a pretax charge of $17.0 million in the second quarter of 2005 to reflect the costs associated with the elimination of approximately 1,100 positions worldwide. This number is comprised of approximately 500 hourly and 600 salaried personnel. This ongoing Company-wide streamlining effort includes facility consolidations and process improvement initiatives and involves ABL, ASP, and the corporate office. The Company took an additional pretax charge of $6.0 million in the fourth quarter of 2005 related to the previously announced reduction in force as well as certain follow-on actions under the Company's ongoing restructuring program. The charges included severance and related employee benefits.

The changes in the special charge reserve (included in *Accrued compensation* on the *Consolidated Balance Sheets*) during the year ended August 31, 2005 are summarized as follows:

Balance as of August 31, 2004	$ —
Provision	23,000
Payments made during the period	(6,094)
Non-cash items	(2,401)
Balance as of August 31, 2005	$14,505

As part of ABL's ongoing initiative to enhance its global supply chain through the consolidation of certain manufacturing facilities, the Company recognized approximately $0.5 million and $1.9 million in impairment charges on assets held for sale related to these facilities in fiscal 2005 and 2004, respectively. The carrying amount of these assets at August 31, 2005 was approximately $9.0 million. The Company currently has the four facilities listed for sale and plans to sell the facilities during fiscal 2006. ABL also recognized $0.2 million in fiscal 2005 related to the impairment of a module of the Company's enterprise resource planning system that is no longer used.

Note 8: Derivative Financial Instruments

During fiscal 2004, the Company entered into certain foreign currency contracts to hedge its exposure to variability in exchange rates on certain anticipated intercompany transactions with a Canadian business unit. At August 31, 2005, the Company had no foreign currency contracts outstanding.

The Company accounts for these contracts in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 137, SFAS No. 138, and SFAS No. 149*. The

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollar amounts in thousands, except share and per-share data and as indicated)

Company's foreign currency contracts have been designated as foreign currency cash flow hedges and, accordingly, gains or losses resulting from changes in the fair value of these contracts are included in *Accumulated other comprehensive loss items* until the hedged transaction occurs, at which time the related gains or losses are recognized. Amounts included in future earnings related to these contracts may differ from amounts currently recorded in *Accumulated other comprehensive loss items*.

Note 9: Income Taxes

Prior to the Distribution, Acuity Brands was included in the consolidated federal income tax return of NSI. The Company's provision for income taxes in the accompanying *Consolidated Statements of Income*, prior to the Distribution, reflects federal, state, and foreign income taxes calculated using the separate return basis. Acuity Brands accounts for income taxes using the asset and liability approach as prescribed by SFAS No. 109, *Accounting for Income Taxes*. This approach requires recognition of deferred tax liabilities and assets 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:

	Years Ended August 31,		
	2005	2004	2003
Provision for current federal taxes	$ 24,910	$23,419	$16,168
Provision for current state taxes	1,392	1,044	1,097
Provision for current foreign taxes	7,890	8,758	6,623
Provision for deferred taxes	(11,589)	2,182	2,911
Total provision for income taxes	$ 22,603	$35,403	$26,799

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

	Years Ended August 31,		
	2005	2004	2003
Federal income tax computed at statutory rate	$26,191	$35,916	$26,103
State income tax, net of federal income tax benefit	722	559	891
Foreign permanent differences and rate differential	(951)	(513)	13
Other, net	(3,359)	(559)	(208)
Total provision for income taxes	$22,603	$35,403	$26,799

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollar amounts in thousands, except share and per-share data and as indicated)

Components of the net deferred income tax asset at August 31, 2005 and 2004 include:

	August 31, 2005	August 31, 2004
Deferred Income Tax Liabilities:		
Depreciation	$ 2,893	$ 6,095
Goodwill and intangibles	52,511	50,068
Other liabilities	2,237	303
Total deferred income tax liabilities	57,641	56,466
Deferred Income Tax Assets:		
Self-insurance	(9,386)	(9,360)
Pension	(15,411)	(10,442)
Deferred compensation	(29,391)	(24,928)
Bonuses	(539)	(1,095)
Foreign tax losses	(1,020)	(605)
Other accruals not yet deductible	(22,109)	(13,160)
Other assets	(6,515)	(3,498)
Total deferred income tax assets	(84,371)	(63,088)
Valuation allowance	2,315	1,966
Net deferred income tax asset	$(24,415)	$ (4,656)

Acuity Brands currently intends to indefinitely reinvest all undistributed earnings of and original investments in foreign subsidiaries, which amounted to approximately $56.0 million at August 31, 2005; however, this amount may be adjusted based on changes in business, economic, or other conditions. If these earnings were distributed to the U.S. in the form of dividends or otherwise, or if the shares of the relevant foreign subsidiaries were sold or otherwise transferred, the Company would be subject to additional U.S. income taxes (subject to an adjustment for foreign tax credits) and foreign withholding taxes. Determination of the amount of unrecognized deferred income tax liability related to these earnings or investments is not practicable.

Deferred tax assets were partially offset by valuation allowances of $2.3 million and $2.0 million at August 31, 2005 and August 31, 2004, respectively. These allowances are required to reflect the net realizable value of certain foreign temporary differences and state tax credit carryforwards.

At August 31, 2005, foreign net operating loss carryforwards were approximately $3.1 million. Approximately $1.6 million of the foreign net operating loss carryforwards have no expiration while the remaining carryforwards expire in 2015. Additionally, the Company has state tax credit carryforwards of approximately $2.1 million, which will expire between 2009 and 2014.

(Dollar amounts in thousands, except share and per-share data and as indicated)

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Note 10: Quarterly Financial Data (Unaudited)

	Net Sales	Gross Profit	Income Before Taxes	Net Income	Basic Earnings Per Share	Diluted Earnings Per Share
2005						
1st Quarter	$525,202	$213,651	$ 20,285	$13,165	$ 0.31	$ 0.30
2nd Quarter	505,121	190,048	(13,056)	(8,437)	(0.20)	(0.20)
3rd Quarter	545,327	212,344	29,686	19,692	0.45	0.44
4th Quarter	597,204	232,500	37,917	27,809	0.63	0.61
2004						
1st Quarter	$517,538	$210,181	$ 20,183	$12,917	$ 0.31	$ 0.30
2nd Quarter	491,039	196,891	14,874	9,519	0.23	0.22
3rd Quarter	532,226	214,882	27,085	18,012	0.43	0.42
4th Quarter	563,364	228,833	40,475	26,766	0.63	0.62

Certain reclassifications were made to 2004 quarterly information to conform to 2005 presentation. The Company reclassified certain costs related to field scrap, customer accommodations, and other product-related costs from *selling, distribution, and administrative expenses* to *cost of products sold*. Gross profit in the table above is lower than what was previously reported by the following: $5.1 million, $5.2 million, and $3.7 million in the first, second, and third quarters of fiscal 2005, respectively, and $4.5 million, $4.6 million, $7.5 million, and $6.5 million in the first, second, third, and fourth quarters of fiscal 2004, respectively. Net sales, income before taxes, net income, basic earnings per share, and diluted earnings per share were not impacted by these reclassifications.

(Dollar amounts in thousands, except share and per-share data and as indicated)

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Note 11: Business Segment Information

	2005	2004	2003
Net Sales:			
ABL	$ 1,637,902	$ 1,580,498	$ 1,538,751
ASP	534,952	523,669	510,557
Total Net Sales	$ 2,172,854	$ 2,104,167	$ 2,049,308
Operating (Loss) Profit:			
ABL	$ 110,267	$ 118,904	$ 96,825
Special Charge*	(15,652)	—	—
ASP	45,901	43,570	31,313
Special Charge*	(3,595)	—	—
Corporate	(26,423)	(24,547)	(17,862)
Special Charge*	(3,753)	—	—
Total Operating Profit	$ 106,745	$ 137,927	$ 110,276
Depreciation:			
ABL	$ 28,470	$ 31,000	$ 33,664
ASP	8,947	8,031	8,356
Corporate	473	745	829
Total Depreciation	$ 37,890	$ 39,776	$ 42,849
Amortization:			
ABL	$ 3,159	$ 3,158	$ 3,158
ASP	26	26	32
Corporate	—	—	—
Total Amortization	$ 3,185	$ 3,184	$ 3,190
Capital Expenditures:			
ABL	$ 19,787	$ 44,251	$ 20,063
ASP	12,505	9,555	8,024
Corporate	344	15	67
Total Capital Expenditures	$ 32,636	$ 53,821	$ 28,154

* *See further discussion of Special Charge in Note 7.*

	Total Assets	
	August 31, 2005	August 31, 2004
ABL	$ 1,091,244	$ 1,094,762
ASP	236,363	222,940
Corporate	114,608	38,750
	$ 1,442,215	$ 1,356,452

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(Dollar amounts in thousands, except share and per-share data and as indicated)

The geographic distribution of Acuity Brands' net sales, operating profit, and long-lived assets is summarized in the following table:

	2005	2004 (4)	2003 (4)
Net sales (1)			
Domestic (2)	$ 1,915,904	$ 1,853,669	$ 1,797,298
International	256,950	250,498	252,010
	$ 2,172,854	$ 2,104,167	$ 2,049,308
Operating profit			
Domestic (2)	$ 84,776	$ 112,322	$ 94,325
International	21,969	25,605	15,951
	$ 106,745	$ 137,927	$ 110,276
Long-lived assets (3)			
Domestic (2)	$ 199,950	$ 209,073	$ 212,996
International	56,182	54,888	41,152
	$ 256,132	$ 263,961	$ 254,148

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

(2) Domestic amounts include net sales, operating profit, and long-lived assets 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.

(4) Certain net sales amounts in 2004 and 2003 were reclassified for disclosure purposes only from international to domestic to more accurately reflect intercompany transactions. The reclasses do not impact total net sales and were not material.

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

None.

Item 9a. ***Controls and Procedures***

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

As required by SEC rules, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of August 31, 2005. This evaluation was carried out under the supervision and with the participation of management, including the principal executive officer and principal financial officer. Based on this evaluation, these officers have concluded that the design and operation of the Company's disclosure controls and procedures are effective at a reasonable assurance level. However, because all disclosure procedures must rely to a significant degree on actions or decisions made by employees throughout the organization, such as reporting of material events, the Company and its reporting officers believe that they cannot provide absolute assurance that all control issues and instances of fraud or errors and omissions, if any, within the Company will be detected. Limitations within any control system, including the Company's control system, include faulty judgments in decision-making or simple errors or mistakes. In addition, controls can be circumvented by an individual, by collusion between two or more people, or by management override of the control. Because of these limitations, misstatements due to error or fraud may occur and may not be detected.

Management's annual report on the Company's internal control over financial reporting and the independent registered public accounting firm's attestation report are included in the Company's 2005 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", respectively, and are incorporated herein by reference.

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

CEO and CFO Certifications

The Company's Chief Executive Officer and Vice President, Controller, and Interim Chief Financial Officer have filed with the Securities and Exchange Commission the certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibits 31.1 and 31.2 to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2005. In addition, on November 15, 2004 the Company's CEO certified to the New York Stock Exchange that he was not aware of any violation by the Company of the NYSE corporate governance listing standards as in effect on November 14, 2004. The foregoing certification was unqualified.

PART III

Item 10. ***Directors and Executive Officers of the Registrant***

The information required by this item, with respect to directors, is included under the captions *Director Nominees for Terms Expiring at the 2008 Annual Meeting* and *Directors with Terms Expiring at the 2006 and 2007 Annual Meetings* of the Company's proxy statement for the annual meeting of stockholders to be held January 12, 2006, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The information required by this item, with respect to executive officers, is included under the caption *Management – Executive Officers* of the Company's proxy statement for the annual meeting of stockholders to be held January 12, 2006, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The information required by this item, with respect to beneficial ownership reporting, is included under the caption *Section 16(a) Beneficial Ownership Reporting Compliance* of the Company's proxy statement for the annual meeting of stockholders to be held January 12, 2006, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 11. ***Executive Compensation***

The information required by this item is included under the captions *Compensation of Directors, Other Information Concerning the Board and its Committees, Compensation Committee Interlocks and Insider Participation*, *Summary Compensation Table*, *Option Grants in Last Fiscal Year, Aggregated Option Exercises and Fiscal Year-End Option Values, Employment Contracts, Severance Arrangements, and Other Agreements,* and *Pension and Supplemental Retirement Benefits* of the Company's proxy statement for the annual meeting of stockholders to be held January 12, 2006, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

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

The information required by this item is included under the captions *Beneficial Ownership of the Corporation's Securities* and *Disclosure with Respect to Equity Compensation Plans* of the Company's proxy statement for the annual meeting of stockholders to be held January 12, 2006, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions***

The information required by this item is 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 12, 2006, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 14. ***Principal Accounting Fees and Services***

The information required by this item is included under the caption *Fees Billed by Independent Auditors* of the Company's proxy statement for the annual meeting of stockholders to be held January 12, 2006, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

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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

Reports of Independent Registered Public Accounting Firm (Ernst & Young LLP)

Consolidated Balance Sheets as of August 31, 2005 and 2004

Consolidated Statements of Income for the years ended August 31, 2005, 2004, and 2003

Consolidated Statements of Stockholders' Equity and Comprehensive Income for the years ended August 31, 2005, 2004, and 2003

Consolidated Statements of Cash Flows for the years ended August 31, 2005, 2004, and 2003

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules:

Schedule II Valuation and Qualifying Accounts

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 2400, Atlanta, Georgia 30309.

INDEX TO EXHIBITS

EXHIBIT 2	Agreement and Plan of Distribution by and between National Service Industries, Inc. and Acuity Brands, Inc., dated as of November 30, 2001.	Reference is made to Exhibit 2.1 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
EXHIBIT 3	(a) Restated Certificate of Incorporation of Acuity Brands, Inc.	Reference is made to Exhibit 3.1 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(b) Amended and Restated By-Laws of Acuity Brands, Inc.	Reference is made to Exhibit 3(b) of registrant's Form 10-Q as filed with the Commission on July 6, 2004, 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) Stockholder Protection Rights Agreement, dated as of November 12, 2001, between Acuity Brands, Inc. and Wells Fargo Bank Minnesota, N.A.	Reference is made to Exhibit 4.2 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(c) Letter Agreement appointing Successor Rights Agent.	Reference is made to Exhibit 4(c) of registrant's Form 10-Q as filed with the Commission on July 14, 2003, which is incorporated herein by reference.
	(d) First Supplemental Indenture, dated as of October 23, 2001, to Indenture dated January 26, 1999, between National Service Industries, Inc., L&C Spinco, Inc.*, L&C Lighting Group, Inc., The Zep Group, Inc. and SunTrust Bank.	Reference is made to Exhibit 10.10 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(e) Indenture dated as of January 26, 1999.	Reference is made to Exhibit 10.11 to Amendment No. 2 to the Registration Statement on Form 10, filed by L&C Spinco, Inc.* on September 6, 2001, which is incorporated herein by reference.
	(f) Form of 6% Note due February 1, 2009.	Reference is made to Exhibit 10.12 to Amendment No. 2 to the Registration Statement on Form 10, filed by L&C Spinco, Inc.* on September 6, 2001, which is incorporated herein by reference.
	(g) Form of 8.375% Note due August 1, 2010.	Reference is made to Exhibit 10.13 to Amendment No. 2 to the Registration Statement on Form 10, filed by L&C Spinco, Inc.* on September 6, 2001, which is incorporated herein by reference.

EXHIBIT 10(i)A	(1)	Tax Disaffiliation Agreement, dated as of November 30, 2001, by and between National Service Industries, Inc. and Acuity Brands, Inc.	Reference is made to Exhibit 10.1 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(2)	Transition Services Agreement, dated as of November 30, 2001, by and between National Service Industries, Inc. and Acuity Brands, Inc.	Reference is made to Exhibit 10.2 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(3)	Agreement and Plan of Distribution, dated as of November 30, 2001, by and between National Service Industries, Inc. and Acuity Brands, Inc.	Reference is made to Exhibit 2.1 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(4)	Deed to Secure Debt and Security Agreement, dated as of October 11, 2002.	Reference is made to Exhibit 10(i)A(12) of the registrant's Form 10-K as filed with the Commission on November 12, 2002, which is incorporated by reference.
	(5)	Promissory Note, dated as of October 11, 2002.	Reference is made to Exhibit 10(i)A(13) of the registrant's Form 10-K as filed with the Commission on November 12, 2002, which is incorporated by reference.
	(6)	Amended and Restated 364-Day Revolving Credit Agreement dated as of April 4, 2003 among Acuity Brands, Inc., the Subsidiary Borrowers from time to time hereto, the Lenders from time to time parties hereto, Bank One, NA, as Administrative Agent, and Wachovia Bank, N.A. as Syndication Agent.	Reference is made to Exhibit 10(i)A(1) of the registrant's Form 10-Q as filed with the Commission on April 14, 2003, which is incorporated by reference.
	(7)	First Modification to Deed to Secure Debt and Security Agreement.	Reference is made to Exhibit 10(i)A(3) of the registrant's Form 10-Q as filed with the Commission on July 14, 2003, which is incorporated by reference.
	(8)	Letter Agreement amending Agreement and Plan of Distribution.	Reference is made to Exhibit 10(i)A(4) of the registrant's Form 10-Q as filed with the Commission on July 14, 2003, which is incorporated by reference.
	(9)	Agreement and Consent Relating to Tax Disaffiliation Agreement.	Reference is made to Exhibit 10(i)A(5) of the registrant's Form 10-Q as filed with the Commission on July 14, 2003, which is incorporated by reference.
	(10)	Credit and Security Agreement dated as of September 2, 2003 among Acuity Enterprise, Inc. and Acuity Unlimited Inc., as Borrowers, Acuity Lighting Group, Inc. and Acuity Specialty Products Group, Inc., as Servicers, Blue Ridge Asset Funding Corporation, the Liquidity Banks from time to time party hereto and Wachovia Bank, National Association, as Agent.	Reference is made to Exhibit 10(i)A(19) of the registrant's Form 10-K as filed with the Commission on October 31, 2003, which is incorporated by reference.

	(11) Receivables Sale and Contribution Agreement dated as of September 2, 2003 between Acuity Specialty Products Group, Inc., as Seller, and Acuity Enterprise, Inc., as Buyer.	Reference is made to Exhibit 10(i)A(20) of the registrant's Form 10-K as filed with the Commission on October 31, 2003, which is incorporated by reference.
	(12) Amended and Restated Receivables Sale and Contribution Agreement dated as of September 2, 2003 between Acuity Lighting Group, Inc., successor to National Service Industries, Inc., as Seller, and Acuity Unlimited, Inc., formerly know as L&C Funding, Inc., as Buyer.	Reference is made to Exhibit 10(i)A(21) of the registrant's Form 10-K as filed with the Commission on October 31, 2003, which is incorporated by reference.
	(13) Performance Undertaking dated as of September 2, 2003, executed by Acuity Brands, Inc. in favor of Acuity Unlimited, Inc.	Reference is made to Exhibit 10(i)A(22) of the registrant's Form 10-K as filed with the Commission on October 31, 2003, which is incorporated by reference.
	(14) Performance Undertaking dated as of September 2, 2003, executed by Acuity Brands, Inc. in favor of Acuity Enterprise, Inc.	Reference is made to Exhibit 10(i)A(23) of the registrant's Form 10-K as filed with the Commission on October 31, 2003, which is incorporated by reference.
	(15) 5-Year Revolving Credit Agreement, dated as of April 2, 2004 among Acuity Brands, Inc., the Subsidiary Borrowers from time to time parties thereto, the Lenders from time to time parties thereto, Bank One, NA (Main Office Chicago), Wachovia Bank, N.A. and LaSalle Bank National Association and Key Bank National Association, Banc One Capital Markets, Inc.	Reference is made to Exhibit 10(i)A-1(1) of the registrant's Form 10-Q as filed with the Commission on April 6, 2004, which is incorporated by reference.
	(16) Reimbursement Agreement between Acuity Brands and The General Electric Company, dated February 27, 2004.	Reference is made to Exhibit 10(iii)A-(1) of the registrant's Form 10-Q as filed with the Commission on April 6, 2004, which is incorporated by reference.
	(17) Tax Disaffiliation Agreement, dated as of October 7, 2005, by and between National Service Industries, Inc. and Acuity Brands, Inc.	Filed with the Commission as part of this Form 10-K.
	(18) Amendment to Receivables Facility, dated as of September 29, 2005.	Filed with the Commission as part of this Form 10-K.
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. 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.

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(3)	Form of Indemnification Agreement.	Reference is made to Exhibit 10.7 to the Registration Statement on Form 10, filed by L&C Spinco, Inc.* with the Commission on July 3, 2001, which is incorporated herein by reference.
(4)	Form of Severance Protection Agreement.	Reference is made to Exhibit 10.8 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(5)	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.
(6)	Acuity Brands, Inc. Executives' Deferred Compensation Plan.	Reference is made to Exhibit 10.15 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(7)	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.
(8)	Acuity Brands, Inc. Nonemployee Director Deferred Stock Unit Plan.	Reference is made to Exhibit 10.17 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(9)	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.
(10)	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.
(11)	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.
(12)	Assumption Letter of Acuity Brands, Inc. with respect to Employment Letter Agreement between National Service Industries, Inc. and Joseph G. Parham, Jr.	Reference is made to Exhibit 10.22(b)(i) of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(13)	Employment Letter Agreement between National Service Industries, Inc. and Joseph G. Parham, Jr., dated May 3, 2000.	Reference is made to Exhibit 10(iii)A(2) of the Form 10-Q of National Service Industries, Inc. for the quarter ended May 31, 2000, which is incorporated herein by reference.
(14)	Assumption Letter of Acuity Brands, Inc., with respect to Employment Letter Agreement between National Service Industries, Inc. and James H. Heagle.	Reference is made to Exhibit 10.22(c) of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.

(15)	Employment Letter Agreement between National Service Industries, Inc. and James H. Heagle, dated March 28, 2000.	Reference is made to Exhibit 10.22(d) to Amendment No. 3 to the Registration Statement on Form 10, filed by L&C Spinco, Inc.* on September 27, 2001, which is incorporated herein by reference.
(16)	Employment Letter Agreement between Acuity Brands, Inc. and Vernon J. Nagel, dated as of October 30, 2001.	Reference is made to Exhibit 10(iii)A(20) of registrant's Form 10-Q as filed with the Commission on January 14, 2002, which is incorporated herein by reference.
(17)	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.
(18)	Amended Acuity Brands, Inc. Management Compensation and Incentive Plan.	Reference is made to Exhibit A of registrant's proxy statement for the Annual Meeting of Stockholders as filed with the Commission on November 12, 2002, which is incorporated herein by reference.
(19)	Amendment No. 1 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.	Reference is made to Exhibit 10(iii)A(2) of the registrant's Form 10-Q as filed with the Commission on January 14, 2003, which is incorporated by reference.
(20)	Amendment No. 1 to Acuity Brands, Inc. Executives' Deferred Compensation Plan.	Reference is made to Exhibit 10(iii)A(3) of the registrant's Form 10-Q as filed with the Commission on January 14, 2003, which is incorporated by reference.
(21)	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.
(22)	Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan.	Reference is made to Exhibit 10(iii)A(3) of the registrant's Form 10-Q as filed with the Commission on April 14, 2003, which is incorporated by reference.
(23)	Letter Agreement relating to Supplemental Executive Retirement Plan between Acuity Brands, Inc. and James H. Heagle.	Reference is made to Exhibit 10(iii)A(3) of the registrant's Form 10-Q as filed with the Commission on July 14, 2003, which is incorporated by reference.
(24)	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.
(25)	Letter Agreement relating to Supplemental Executive Retirement Plan between Acuity Brands, Inc. and Joseph G. Parham, Jr.	Reference is made to Exhibit 10(iii)A(5) of the registrant's Form 10-Q as filed with the Commission on July 14, 2003, which is incorporated by reference.
(26)	Letter Agreement relating to Supplemental Executive Retirement Plan between Acuity Brands, Inc. and Kenyon W. Murphy.	Reference is made to Exhibit 10(iii)A(6) of the registrant's Form 10-Q as filed with the Commission on July 14, 2003, which is incorporated by reference.
(27)	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.

(28)	Form of Severance Agreement.	Reference is made to Exhibit 10(iii)A(32) of the registrant's Form 10-K as filed with the Commission on October 31, 2003, which is incorporated by reference.
(29)	Severance Agreement between Acuity Brands, Inc. and James H. Heagle.	Reference is made to Exhibit 10(iii)A of the registrant's Form 10-Q as filed with the Commission on January 14, 2004, which is incorporated by reference.
(30)	Amended and Restated Acuity Brands, Inc. Long-Term Incentive Plan.	Reference is made to Exhibit A of registrant's proxy statement for the Annual Meeting of Stockholders as filed with the Commission on November 7, 2003, which is incorporated herein by reference.
(31)	Letter Agreement 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.
(32)	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.
(33)	Letter Agreement between Acuity Brands, Inc. and John K. Morgan, dated June 24, 2004.	Reference is made to Exhibit 10(III)A(3) of the registrant's Form 10-Q as filed with the Commission on July 6, 2004, which is incorporated by reference.
(34)	Amended and Restated Severance Agreement, entered into as of January 20, 2004, by and between Acuity Brands, Inc. and John K. Morgan.	Reference is made to Exhibit 10(III)A(4) of the registrant's Form 10-Q as filed with the Commission on July 6, 2004, which is incorporated by reference.
(35)	Letter Agreement between Acuity Brands, Inc. and Wesley E. Wittich, dated June 17, 2004.	Reference is made to Exhibit 10(III)A(5) of the registrant's Form 10-Q as filed with the Commission on July 6, 2004, which is incorporated by reference.
(36)	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.
(37)	Acuity Brands, Inc. Nonemployee Director Deferred Stock Unit Plan, amended and restated effective as of January 1, 2004.	Reference is made to Exhibit 10(III)A(1) of the registrant's Form 10-Q as filed with the Commission on January 6, 2005, which is incorporated by reference.
(38)	Acuity Brands, Inc. Management Compensation and Incentive Plan Fiscal Year 2005 Plan Rules for Executive Officers.	Reference is made to Exhibit 10(III)A(2) of the registrant's Form 10-Q as filed with the Commission on January 6, 2005, which is incorporated by reference.
(39)	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 as filed with the Commission on January 6, 2005, which is incorporated by reference.

	(40)	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.
	(41)	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.
	(42)	Form of Restricted Stock Award Agreement for Executive Officers.	Reference is made to Exhibit 10(III)A(6) of the registrant's Form 10-Q as filed with the Commission on January 6, 2005, which is incorporated by reference.
	(43)	Acuity Brands, Inc. Long-Term Incentive Plan Fiscal Year 2005 Plan Rules for Executive Officers.	Reference is made to Exhibit 10(III)A(7) of the registrant's Form 10-Q as filed with the Commission on January 6, 2005, which is incorporated by reference.
	(44)	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.
	(45)	Letter Agreement dated April 26, 2005 between Acuity Brands, Inc. and Edward H. Bastian.	Reference is made to Exhibit 10.1 of registrant's Form 8-K as filed with the Commission on April 27, 2005, which is incorporated herein by reference.
	(46)	Amended and Restated Severance Agreement, entered into as of August 1, 2005, by and between Acuity Brands, Inc. and John K. Morgan.	Filed with the Commission as part of this Form 10-K.
	(47)	Acuity Brands, Inc. Long-Term Incentive Plan Fiscal Year 2006 Plan Rules for Executive Officers.	Filed with the Commission as part of this Form 10-K.
	(48)	Acuity Brands, Inc. Management Compensation and Incentive Plan Fiscal Year 2006 Plan Rules for Executive Officers.	Filed with the Commission as part of this Form 10-K.
	(49)	Amendment to Severance Protection Agreement entered into as of August 1, 2005, by and between Acuity Brands, Inc. and John K. Morgan.	Filed with the Commission as part of this Form 10-K.
	(50)	Letter Agreement dated August 1, 2005 between Acuity Brands, Inc. and John K. Morgan.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 14		Code of Ethics and Business Conduct.	Reference is made to Exhibit 14 of registrant's Form 8-K as filed with the Commission on January 12, 2005, 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 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)	Rule 13a-14(a)/15d-14(a) Certification, signed by Vernon J. Nagel.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 31	(b)	Rule 13a-14(a)/15d-14(a) Certification, signed by Karen J. Holcom.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 32	(a)	Section 1350 Certification, signed by Vernon J. Nagel.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 32	(b)	Section 1350 Certification, signed by Karen J. Holcom.	Filed with the Commission as part of this Form 10-K.

* Acuity Brands, Inc. operated under the name L&C Spinco, Inc. from July 27, 2001 – November 9, 2001.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ACUITY BRANDS, INC.

Date: November 1, 2005

By: /s/ VERNON J. NAGEL

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/S/ VERNON J. NAGEL **Vernon J. Nagel**	Chairman, President, and Chief Executive Officer	November 1, 2005
/S/ KAREN J. HOLCOM **Karen J. Holcom**	Vice President, Controller, and Interim Chief Financial Officer	November 1, 2005
* **Peter C. Browning**	Director	November 1, 2005
* **John L. Clendenin**	Director	November 1, 2005
* **Jay M. Davis**	Director	November 1, 2005
* **Earnest W. Deavenport, Jr.**	Director	November 1, 2005
* **Robert F. McCullough**	Director	November 1, 2005
* **Julia B. North**	Director	November 1, 2005
* **Ray M. Robinson**	Director	November 1, 2005
* **Neil Williams**	Director	November 1, 2005
*BY: /S/ KENYON W. MURPHY **Kenyon W. Murphy**	Attorney-in-Fact	November 1, 2005

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Schedule II

Acuity Brands, Inc.

Valuation and Qualifying Accounts
for the Years Ended August 31, 2005, 2004, and 2003
(In thousands)

	Balance at Beginning of Year	Additions Charged to: Costs and Expenses	Additions Charged to: Other Accounts (1)	Deductions	Balance at End of Year
Year Ended August 31, 2005:					
Reserve for doubtful accounts	$ 8,285	4,570	194	6,050	$ 6,999
Reserve for estimated warranty and recall costs	$ 11,694	4,143	—	5,799	$ 10,038
Reserve for estimated returns and allowances	$ 5,343	74,695	—	73,468	$ 6,570
Self-insurance reserve (2)	$ 23,057	10,166	—	11,908	$ 21,315
Year Ended August 31, 2004:					
Reserve for doubtful accounts	$ 8,634	3,200	161	3,710	$ 8,285
Reserve for estimated warranty and recall costs	$ 4,289	5,545	5,700	3,840	$ 11,694
Reserve for estimated returns and allowances (3)	$ 5,303	71,133	—	71,093	$ 5,343
Self-insurance reserve (2)	$ 23,408	13,264	—	13,615	$ 23,057
Year Ended August 31, 2003:					
Reserve for doubtful accounts	$ 8,560	4,399	—	4,325	$ 8,634
Reserve for estimated warranty costs	$ 6,879	1,809	—	4,399	$ 4,289
Reserve for estimated returns and allowances (3)	$ 4,317	68,960	—	67,974	$ 5,303
Self-insurance reserve (2)	$ 21,650	14,165	—	12,407	$ 23,408

(1) Includes recoveries credited to the reserve. During fiscal 2004, the Company accrued a liability of $5.7 million for the estimated recall expenses and additional related warranty expenses. The Company also recorded a receivable equal to the liability accrued because the supplier of the faulty component entered into a reimbursement agreement pursuant to which it has committed to reimburse the Company on a monthly basis for recall and warranty expenses up to the amount of the liability the Company accrued.

(2) Includes reserves for workers' compensation, auto, product, and general liability claims.

(3) Certain prior year amounts have been adjusted to show activity on a gross basis to be comparable to 2005 presentation.

THIRD AGREEMENT AND CONSENT
RELATING TO TAX DISAFFILIATION AGREEMENT

This THIRD AGREEMENT AND CONSENT RELATING TO TAX DISAFFILIATION AGREEMENT is dated as of October 7, 2005 by and among NATIONAL SERVICE INDUSTRIES, INC. ("NSI-Del"), a Delaware corporation, NATIONAL SERVICE INDUSTRIES, INC. ("NSI Enterprises"), a California corporation, (NSI Enterprises and NSI-Del being jointly refereed to herein as "NSI"), and ACUITY BRANDS, INC. ("Spinco"), a Delaware corporation.

RECITALS

A. In connection with the transactions contemplated by the Agreement and Plan of Distribution (the "Distribution Agreement"), dated November 30, 2001, by and between NSI-Del and Spinco, NSI-Del, NSI Enterprises, and Spinco entered into the Tax Disaffiliation Agreement, dated as of November 30, 2001 (the "Agreement"), to set forth their rights and obligations with respect to taxes.

B. The Internal Revenue Service (the "IRS") has made a written request to NSI-Del to extend until November 30, 2006 the statute of limitations period for assessing additional income tax on federal tax returns made by NSI-Del for the periods ended August 31, 2001 and August 31, 2002 (the "Request for Extension"), a copy of which has been previously furnished to Spinco.

D. Pursuant to Article V of the Agreement, NSI-Del has requested the prior written consent of Spinco to the Request for Extension.

E. The parties hereto are entering into this Third Agreement and Consent Relating to Tax Disaffiliation Agreement (the "Agreement and Consent") in order to evidence their agreement regarding Spinco's consent to the Request for Extension.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Spinco hereby consents to the Request for Extension.

2. In the event the IRS audits the federal tax return filed by NSI-Del for the taxable year ended August 31, 2001 and/or the taxable year ended August 31, 2002, NSI agrees that it will pay 100% of the reasonable costs incurred by Spinco in responding to such audits and defending the positions taken in such returns, including, without limitation, the reasonable costs of all accounting firms and law firms retained to locate, collect, and submit documents and otherwise respond to the audits or to represent Spinco in any presentation, hearing, or proceeding related to such returns (the "Spinco Audit Costs"), up to a maximum of $100,000. NSI further agrees to pay one-half of the Spinco Audit Costs in excess of $100,000, provided, however, that NSI's total share of the Spinco Audit Costs will not exceed $200,000. Except for this cost-sharing arrangement,

the rights and responsibilities of the parties remain as set forth in the Agreement, including, without limitation, the cost allocation and payment obligations set forth in Section 3.01(b) of the Agreement with respect to the contest of any denial of any claim for refund.

3. The Agreement shall be read together and shall have the same force and effect as if the provisions of the Agreement and the Agreement and Consent were contained in one document. This Agreement and Consent constitutes the entire agreement of the parties hereto and supersedes all other prior agreements, written or oral, between the parties with respect to the subject matter hereof. The Agreement shall remain in full force and effect in accordance with its terms. Capitalized terms used but not defined in the Agreement and Consent shall have the meanings ascribed to them in the Agreement.

4. The Agreement and Consent may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

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

ACUITY BRANDS, INC.,
a Delaware corporation

By: /s/ Vernon J. Nagel
Chief Executive Officer

Witness: /s/ Kenyon W. Murphy
Senior Vice President and General Counsel

NATIONAL SERVICE INDUSTRIES, INC.,
a Delaware corporation

By: /s/ Carol E. Morgan
President

Witness: /s/ K. Gene Laminack
Chief Financial Officer

NATIONAL SERVICE INDUSTRIES, INC.,
a California corporation

By: /s/ Carol E. Morgan
President

Witness: /s/ K. Gene Laminack
Chief Financial Officer

Exhibit 10(i)A(18)

AMENDMENT #3 TO CREDIT AND SECURITY AGREEMENT

THIS AMENDMENT, dated as of September 29, 2005 (this ***"Amendment"***), is entered into by and among (a) Acuity Enterprise, inc., a Delaware corporation, and Acuity Unlimited, Inc., a Delaware corporation, as Borrowers, (b) Acuity Specialty Products Group, Inc., a Delaware corporation, and Acuity Lighting Group, Inc., a Delaware corporation, as initial Servicers, (c) Blue Ridge Asset Funding Corporation, a Delaware corporation, and (d) Wachovia Bank, National Association, individually and as agent (in such agency capacity, together with its successors and assigns in such capacity, the ***"Agent"***), and pertains to the credit and security agreement dated as of september 2, 2003 among the parties hereto, as amended (the ***"Existing Agreement"***). Unless defined elsewhere herein, capitalized terms used in this Amendment shall have the meanings assigned thereto in the Existing Agreement.

PRELIMINARY STATEMENT

Each of the parties desires to amend the Existing Agreement on the terms and subject to the conditions hereinafter set forth.

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

1. **Amendment**. The following definition in Exhibit I to the Existing Agreement is hereby amended and restated in its entirety to read as follows:

"Amortization Date" means the earliest to occur of (i) the Business Day immediately prior to the occurrence of an Event of Bankruptcy with respect to any Loan Party, (ii) the Business Day specified in a written notice from the Agent following the occurrence and during the continuation of any other Amortization Event, (iii) the date which is 10 Business Days after the Agent's receipt of written notice from a Borrower that it wishes to terminate the facility evidenced by this Agreement, and (iv) September 28, 2006.

2. **Conditions Precedent to Effectiveness**. The effectiveness of this Amendment is subject to the condition precedent that the Agent shall have received (a) counterparts hereof duly executed by each of the parties hereto, and (b) a fully-earned and non-refundable renewal fee of $10,000 in immediately available funds.

3. **Scope of Amendment**. Except as expressly amended hereby, the Existing Agreement remains in full force and effect in accordance with its terms, and this Amendment shall not by implication or otherwise alter, modify, amend or in any way affect any of the other terms, conditions, obligations, covenants or agreements contained in the Existing Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect.

4. **Governing Law**. THIS AMENDMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS THEREOF.

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

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

ACUITY ENTERPRISE, INC.

By: /s/ VERNON J. NAGEL
Name: **Vernon J. Nagel**
Title: **Chairman of the Board and Chief Executive Officer**

ACUITY UNLIMITED, INC.

By: /s/ VERNON J. NAGEL
Name: **Vernon J. Nagel**
Title: **Chairman of the Board and Chief Executive Officer**

ACUITY LIGHTING GROUP, INC.,
AS A SERVICER

By: /s/ VERNON J. NAGEL
Name: **Vernon J. Nagel**
Title: **Chairman of the Board**

ACUITY SPECIALTY PRODUCTS GROUP, INC.,
AS A SERVICER

By: /s/ VERNON J. NAGEL
Name: **Vernon J. Nagel**
Title: **Chairman of the Board**

BLUE RIDGE ASSET FUNDING CORPORATION
BY: WACHOVIA CAPITAL MARKETS, LLC,
ITS ATTORNEY-IN-FACT

By: /s/ DOUGLAS R. WILSON, SR.
Name: **Douglas R. Wilson, SR.**
Title: **Vice President**

WACHOVIA BANK, NATIONAL ASSOCIATION,
as a Liquidity Bank and as Agent

By: /s/ CECIL NOBLE
Name: **Cecil Noble**
Title: **Vice President**

ACUITY BRANDS, INC.
AMENDED AND RESTATED SEVERANCE AGREEMENT

THIS AMENDED AND RESTATED AGREEMENT (the "Agreement"), made and entered into as of this 1st day of August, 2005, by and between ACUITY BRANDS, INC., a Delaware corporation (the "Company"), and John K. Morgan (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 under certain circumstances; and

WHEREAS, the Company and the Executive entered into an Amended and Restated Severance Agreement, dated as of January 20, 2004, which the parties now desire to amend and restate as hereinafter provided; and

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

NOW, THEREFORE, the parties hereby agree as follows:

1. TERM OF AGREEMENT.

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

As of the date hereof, this Agreement is intended to, and shall, supersede and replace in their entirety the severance benefits provided under Executive's Amended and Restated Severance Agreement, dated as of January 20, 2004.

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

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

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

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

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

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

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

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

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

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

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

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

(a) a change in Executive's title of President and Chief Executive Officer of Acuity Lighting Group or Executive Vice President of the Company or a material adverse change in Executive's duties and responsibilities;

(b) the relocation of the principal office where Executive is required to work to a location more than fifty (50) miles from the City of Atlanta, Georgia (i) for more than six (6) months, or (ii) if for less than six (6) months, without providing for Executive to travel to and from Atlanta, Georgia on a periodic basis at the Company's expense;

(c) a reduction in base salary and target bonus opportunity (not the bonus actually earned) below the level in effect on the date of this Agreement, unless such reduction is consistent with reductions being made at the same time for other executive officers of the Company;

(d) a material reduction in the aggregate benefits provided to Executive by the Company under its "employee benefits plans", as defined in Section 3(3) of ERISA ("Company Employee Benefit Plans"), on the date of this Agreement, except in connection with a reduction in such benefits which is consistent with reductions being made at the same time for other executive officers of the Company;

(e) an insolvency or bankruptcy filing by the Company; or

(f) a material breach by the Company of this Agreement.

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

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

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

3. SCOPE OF AGREEMENT.

This Agreement provides for the payment of compensation and benefits to Executive in the event his employment (i) is involuntarily terminated by the Company without Cause, or (ii) is terminated by Executive for Good Reason. If Executive is terminated by the Company for Cause, dies, incurs a Disability or voluntarily terminates employment (other than for Good Reason), this Agreement shall terminate, and Executive shall be entitled to no payments of compensation or benefits pursuant to the terms of this Agreement; provided, that in such events, Executive shall be subject to the restrictive covenants set forth in the letter agreement, dated August 1, 2005, between the Company and Executive and not the Restrictive Covenants set forth in Section 5 below; provided, further, that in such events, Executive will be entitled to whatever benefits are payable pursuant to the terms of any health, life insurance, disability, welfare (except for a severance plan or program), retirement, deferred compensation, or other plan or program maintained by the Company.

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

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

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

4.1 Base Salary. Executive shall continue to receive his Base Salary (subject to withholding of all applicable taxes) for the entire Severance Period (as defined in Section 2.8

above), payable in the same manner as it was being paid on his Date of Termination. In the event of Executive's death prior to the end of the Severance Period, the payments of Base Salary shall cease.

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

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

4.4 Restricted Stock. Any performance-based Restricted Stock granted to Executive under the LTIP for which the specific performance targets have been achieved and a Vesting Start Date (as defined in the agreement granting the Restricted Stock to Executive, the "Restricted Stock Agreement") has been established as of Executive's Date of Termination, shall become fully vested and nonforfeitable as of Executive's Date of Termination. Performance-based Restricted Stock for which the specific performance targets are achieved and a Vesting Start Date is established during the Severance Period shall continue to vest during the Severance Period. If Executive dies during the Severance Period, any performance-based Restricted Stock for which a Vesting Start Date has been established during the Severance Period shall become fully vested and nonforfeitable and the Restricted Stock for which a Vesting State Date has not been established shall be forfeited. The Vested Value (as defined in the performance-based Restricted Stock 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 the vesting date, using the vesting date as the date for determining the Vested Value.

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

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

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

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

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

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

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

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

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

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

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

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

6. MISCELLANEOUS.

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

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

6.3 Successors; Binding Agreement.

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

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

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

If to the Company:	Acuity Brands, Inc. Attention: General Counsel 1170 Peachtree Street, Suite 2400 Atlanta, GA 30309
If to the Executive:	To his last known address on file with the Company

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

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

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

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

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

6.9 Disputes; Legal Fees; Indemnification.

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

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

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

EXECUTIVE:

/s/ JOHN K. MORGAN

JOHN K. MORGAN

ACUITY BRANDS, INC.

By: /s/ VERNON J. NAGEL

VERNON J. NAGEL, Chairman,
President and Chief Executive Officer

EXHIBIT A
TO ACUITY BRANDS, INC. AMENDED AND RESTATED SEVERANCE AGREEMENT

RELEASE OF CLAIMS

The undersigned, an Executive of Acuity Brands, Inc. (the “Company”), having entered into that certain Acuity Brands, Inc. Amended and Restated Severance Agreement (the “Agreement”), dated as of August 1, 2005, which Agreement is expressly incorporated herein by reference, hereby enters into the following Release of Claims effective as of the date listed below. Capitalized terms contained herein shall have the same meaning as those defined terms set forth in the Agreement. **This Release must be executed and returned to the General Counsel of the Company, without modification, within ten (10) days of the date of Executive’s Date of Termination in order for Executive to receive any of the compensation and benefits set forth in Section 4 of the Agreement.**

For the consideration set forth in the Agreement, including the various actual and prospective benefits described therein, which are more than I would otherwise have received in the event of my severance from the Company, I hereby release the Company, its current and former parents, subsidiaries, divisions, and affiliates, and their current or former directors, employees and agents and related parties from all known or unknown claims, if any, that I presently could have against any of them arising out of, or in connection with, my employment with the Company or my termination of employment with the Company, except Age Discrimination in Employment Act claims, of which I have none, provided that this Release is not intended to affect (i) any compensation or benefits to be paid or provided to me under the Agreement or any stock option or restricted stock agreement; or (ii) any benefits to which I am entitled under any Company Employee Benefit Plans (as defined in Section 2.6 of the Agreement). I promise never to file any lawsuit based on a claim purportedly released by this Release. I further promise never to seek any damages, remedies, or other relief for myself personally (any right to which I hereby waive) by prosecuting a charge with any administrative agency with respect to any claim purportedly released by this Release. I acknowledge and understand that this Release is binding upon my heirs and personal representatives. This Release, together with the Agreement, sets forth the entire agreement between the Company and me pertaining to the subject matter hereof and fully supersedes any and all prior agreements or understandings between us pertaining thereto.

I have carefully read this Release, I fully understand what it means, and I am entering into it voluntarily.

Date ______________________________ Signature of Executive

____
JOHN K. MORGAN

EXHIBIT B
TO ACUITY BRANDS, INC.
AMENDED AND RESTATED
SEVERANCE AGREEMENT

AGREED NON-COMPETITION RESTRICTIONS NEGOTIATED AND CONSENTED TO IN CONSIDERATION FOR THE AMENDED AND RESTATED SEVERANCE AGREEMENT

1. DEFINITIONS

Capitalized terms contained herein shall have the same meaning as those defined terms set forth in the Amended and Restated Severance Agreement. In addition, the following terms used in this Exhibit "B" shall have the following meanings:

(A) "Direct Competitor" means the following entities: (1) Cooper Lighting, Inc.; (2) Genlyte Thomas Group LLC; (3) Juno Lighting, Inc.; and (4) Hubbell Lighting, Inc., as well as any of their respective affiliates, subsidiaries and/or parent companies that are either located or transact business within the United States of America, but only to the extent each engages in the manufacture and/or sale of one or more of the following classes of products: lighting fixtures, electric linear modular lighting systems comprised of plug-in relocatable modular wiring components, emergency lighting fixtures and systems (comprised of exit signs, emergency light units, back-up power battery packs, and combinations thereof), battery powered lighting fixtures, electric lighting track units, hardware for mounting and hanging electrical lighting fixtures, LED replacement light emitting diode tubes, aluminum, steel and fiberglass fixture poles for electric lighting, light fixture lenses, sound and electromagnetic wave receivers and transmitters, flexible wiring systems and components (namely, flexible branch circuits, attachment plugs, receptacles, connectors and fittings), emergency lighting unit inverters, electrical lighting controls, electrical dimming controllers and light switches for electric fixtures, dimming units (comprised of cabinets, control stations and wiring for control of electrical lighting fixtures and electric loads), electronic sensing devices (namely, ultrasonic occupancy sensors and range extenders for lighting energy management), or lighting control systems (comprised of dimmers, low voltage switches, programmable lighting controllers, lighting energy management occupancy sensors and timers, and range extenders for energy management);

(B) "Executive Services" means those principal duties and responsibilities that Executive performs on behalf of the Company during his employment, as of the date hereof, as President and Chief Executive Officer of Acuity Lighting Group and Executive Vice President of Acuity Brands, Inc., in which capacity Executive: (1) serves as a member of a group of executives responsible for a multi-profit center organization, with responsibility for the profitability of two or more distinct profit centers; (2) develops, coordinates and executes efforts directed towards enhancing branding, marketing, and business development capabilities; (3) works to develop strategic customers and key channels of distribution; (4) coordinates with departmental heads concerning material business issues; (5) analyzes operations to pinpoint opportunities and areas that may need to be reorganized, down-sized, or eliminated; (6) confers with other executives to coordinate and prioritize planning concerning material business issues; (7) studies long-range economic trends and projects prospects for future growth in overall sales and market share, opportunities for acquisitions or expansion into new product areas; (8) serves as a member of the Acuity Leadership Team, reviewing, discussing, evaluating, and participating in decisions concerning material business and management issues, cost structures, sales and growth opportunities, crisis management, strategic prospects, personnel issues, litigation matters, leadership goals, and performance targets; and (9) provides support and analysis for key leadership analysis requirements; and

(C) “Restricted Period” means a period equal to the lesser of: (i) the “Severance Period” in the Severance Agreement, namely, a period equal to the lesser of: (x) twenty-four (24) months from the Executive’s Date of Termination, or (y) the number of months (rounded to the nearest month) from the Executive’s Date of Termination until the date he attains age 65; provided, however, that the Severance Period shall in no event be less than six (6) months; or (ii) the period Base Salary is paid to Executive under Section 4.1 of the Severance Agreement; provided, however, that if the Company’s cessation of payment of Base Salary results from Executive’s failure to comply with the Restrictive Covenants (as set forth in Exhibits B, C and D), the Restricted Period shall be the Severance Period.

2. <u>ACKNOWLEDGEMENTS</u>

Executive acknowledges that during the period of his employment with the Company as President and Chief Executive Officer of Acuity Lighting Group and Executive Vice President of Acuity Brands, Inc., he has and will render executive, strategic and managerial services, including the Executive Services, to and for the Company throughout the United States, which are special, unusual, extraordinary, and of peculiar value to the Company. Executive further acknowledges that the services he performs on behalf of the Company, including the 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 have nationwide impact throughout the United States. Executive further acknowledges and agrees that: (a) the Company’s business is, at the very least, national in scope; (b) these restrictions are reasonable and necessary to protect the Confidential Information, business relationships, and goodwill of the Company; and (c) should Executive engage in or threaten to engage in activities in violation of these restrictions, it would cause the Company irreparable harm which would not be adequately and fully redressed by the payment of damages to the Company. In addition to other remedies available to the Company, the Company shall accordingly be entitled to seek injunctive relief in any court of competent jurisdiction for any actual or threatened breach by Executive of the provisions of this Exhibit B. Executive further acknowledges that he will not be entitled to any compensation or benefits from the Company or any of its affiliates in the event of a final non-appealable judgment that he materially breached his duties or obligations under this Exhibit B.

3. NON-COMPETITION

Executive agrees that for a period equal to the Restricted Period, he will not, directly (i.e., as an officer or employee) or indirectly (i.e., as an independent contractor, consultant, advisor, board member, agent, shareholder, investor, joint venturer, or partner), engage in, provide or perform any of the Executive Services on behalf of any Direct Competitor anywhere within the United States. Nothing in this provision shall divest Executive from the right to acquire as a passive investor (with no involvement in the operations or management of the business) up to 1% of any class of securities which is: (i) issued by any Direct Competitor, and (ii) publicly traded on a national securities exchange or over-the-counter market.

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

4. SEPARABILITY

Executive acknowledges that the foregoing non-competition covenant as well as each of those covenants set forth in Exhibits C and D, is a separate and distinct obligation of Executive and is deemed to be separable from the remaining covenants of the Severance Agreement. If any of the provisions of the foregoing covenant should ever be deemed to exceed the time, geographic, product, or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic, product, or other limitations permitted by applicable law. If any particular provision of the foregoing covenant is held to be invalid, the remainder of the covenant and the remaining obligations of the Severance Agreement shall not be affected thereby and shall remain in full force and effect.

5. ENTIRE AGREEMENT

This non-competition covenant, together with the provisions set forth in Section 5.1 of the Agreement, constitute, under the circumstances covered by this Agreement, the entire agreement between the parties hereto with respect to non-competition, and supersede any and all prior communications, agreements and understandings, written or oral, with respect to Executive’s non-competition obligations. No provision of this Exhibit B may be modified, waived or discharged unless such waiver, modification or discharge is approved and agreed to in writing by both parties hereto. 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 Exhibit B shall not be deemed a waiver or relinquishment of any right granted in this Exhibit B or the future performance of any such term or condition or of any other term or condition of this Exhibit B, unless such waiver is contained in a writing signed by the party making the waiver. No agreements or representations, oral or otherwise, express or implied, with respect to Executive’s non-competition obligations have been made by either party which are not set forth expressly in this Exhibit B and/or in the Agreement.

EXHIBIT C
TO ACUITY BRANDS, INC.
AMENDED AND RESTATED
SEVERANCE AGREEMENT

NON-RECRUITMENT COVENANT

1. <u>DEFINITIONS</u>

The following terms used in this Exhibit "C" shall have the following meanings:

(A) "Person" means any individual, firm, partnership, association, corporation, limited liability entity, trust, venture or other business organization, entity or enterprise;

(B) "Restricted Period" means the period defined in Section 1(C) of Exhibit B.

2. <u>NON-RECRUITMENT COVENANT</u>

During the Restricted Period, the Executive will not, directly or indirectly, for himself or on behalf of any other Person, solicit, induce, persuade, or encourage, or attempt to solicit, induce, persuade, or encourage, any management-level employee of the Company or the Company's business unit in which the Executive was employed (if applicable) to terminate such employee's position with the Company, whether or not such employee is a full-time or temporary employee of the Company and whether or not such employment is pursuant to a written agreement, for a determined period or at will.

3. <u>SEPARABILITY</u>

The Executive acknowledges that the foregoing covenant, as well as each of those covenants set forth in Exhibits B and D to the Agreement, is a separate and distinct obligation of the Executive and is deemed to be separable from the remaining covenants. If any of the provisions of any other such covenant should ever be held invalid, the foregoing covenant shall not be affected thereby and shall remain in full force and effect.

EXHIBIT D
TO ACUITY BRANDS, INC.
AMENDED AND RESTATED
SEVERANCE AGREEMENT

NON-DISCLOSURE COVENANT

1. <u>DEFINITIONS</u>

The following terms used in this Exhibit “D” shall have the following meanings:

(A) “Trade Secrets” means information, without regard to form, relating to the Company’s business which is not commonly known by or available to the public and which derives economic value, actual or potential, from not being generally known to other persons and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality, including, but not limited to, technical or nontechnical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, or lists of actual or potential customers or suppliers.

(B) “Confidential Information” means information of the Company which is non-public, proprietary and confidential in nature but is not a Trade Secret.

(C) “Person” means any individual, firm, partnership, association, corporation, limited liability entity, trust, venture or other business organization, entity or enterprise;

(D) “Restricted Period” means the period defined in Section 1(C) of Exhibit B.

2. <u>NON-DISCLOSURE COVENANT</u>

The Executive will not, directly or indirectly, for himself or on behalf of any other Person, use for the Executive’s own benefit or disclose to any other party, any Trade Secrets or Confidential Information of the Company; provided, however, that Executive may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, provided, further that in the event disclosure is required by such an order or subpoena, Executive shall promptly notify the Company prior to making any such disclosure so that the Company may seek an appropriate protective order to protect its interests. The foregoing confidentiality obligations shall continue (A) with respect to all Trade Secrets, at all times so long as such Trade Secrets constitute trade secrets under applicable law, and (B) with respect to all Confidential Information, at all times during the Restricted Period.

3. <u>SEPARABILITY</u>

The Executive acknowledges that the foregoing covenant, as well as each of those covenants set forth in Exhibits B and C to the Agreement, is a separate and distinct obligation of the Executive and is deemed to be separable from the remaining covenants. If any of the provisions of any other such covenant should ever be held invalid, the foregoing covenant shall not be affected thereby and shall remain in full force and effect.

Exhibit 10(iii)A(47)

Acuity Brands, Inc.
Long-Term Incentive Plan
Fiscal Year 2006 Plan Rules for Executive Officers

During the first quarter of fiscal year 2006, the Compensation Committee of the Board of Directors of Acuity Brands, Inc. adopted plan rules for potential restricted stock awards to be earned by executive officers for performance during fiscal year 2006 under the Corporation's Long-Term Incentive Plan. The plan rules for each executive officer consist of a target award value, stated as a percentage of gross salary, subject to the application of negative discretion by the Committee. The target award is based on achievement of specified financial performance measures, and the actual award earned increases or decreases in relationship to the level of achievement of the financial performance measures, with no award earned (other than possible discretionary awards) if financial performance is below a specified threshold level.

The performance measures consist of specified targets for:

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

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

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

Acuity Brands, Inc.
Management Compensation and Incentive Plan
Fiscal Year 2006 Plan Rules for Executive Officers

During the first quarter of fiscal year 2006, the Compensation Committee of the Board of Directors of Acuity Brands, Inc. adopted plan rules for potential cash bonuses to be earned by executive officers for fiscal year 2006 under the Corporation's Management Compensation and Incentive Plan. The plan rules for each executive officer consist of a target bonus amount, stated as a percentage of gross salary, subject to the application of negative discretion by the Committee. The target bonus is based on achievement of specified financial performance measures, and the actual bonus earned increases or decreases in relationship to the level of achievement of the financial performance measures, with no bonus payable (other than possible discretionary bonuses) if financial performance is below a specified threshold level.

The performance measures consist of specified targets for:

Headquarters-Based Executive Officers

- Diluted Earnings per Share, including the effect of asset impairments and gains or losses on sales of property or business, and excluding miscellaneous other income or expense;
- Consolidated EBIT Margin, calculated as earnings before interest and taxes divided by net sales; and
- Cash Flow, calculated as cash flow from operations, less capital expenditures, plus cash received on sale of property of business, plus or minus cash flow from foreign currency fluctuations, and excluding cash used for acquisitions.

Executive Officers Serving as Business Unit Presidents

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

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

The percentage of gross salary applied to the actual bonus earned is based on competitive compensation information for positions of comparable responsibilities with comparably-sized manufacturing companies and is as follows for executive officers of the Corporation:

Chairman, President and Chief Executive Officer Acuity Brands, Inc.	75%
President and Chief Executive Officer, Acuity Lighting Group, Inc.	60%
President and Chief Executive Officer, Acuity Specialty Products Group, Inc.	55%
Senior Vice President, Acuity Brands, Inc.	50%

AMENDMENT
TO
SEVERANCE PROTECTION AGREEMENT

THIS AMENDMENT made and entered into as of the 1st day of August, 2005, by and between Acuity Brands, Inc. (the “Company”) and John K. Morgan (“Executive”);

W I T N E S S E T H:

WHEREAS, the Company and Executive entered into a Severance Protection Agreement dated as of November 30, 2001 (the “Agreement”), providing for the payment of certain compensation and benefits to Executive in the event Executive’s employment is terminated under certain circumstances in connection with a Change in Control of the Company; and

WHEREAS, the parties now desire to amend the Agreement as hereinafter provided;

NOW, THEREFORE, in consideration of the respective agreements of the parties contained herein, the Agreement is hereby amended as follows:

1.

Section 3.1 is hereby amended by deleting the lead-in paragraph to such section and substituting the following in lieu thereof.

> “3.1 If, during the term of this Agreement, the Executive’s employment with the Company shall be terminated within 24 months following a Change in Control or the circumstances in subsection (d) occur, the Executive shall be entitled to the following compensation and benefits depending upon the circumstances of such termination or occurrence (in addition to any compensation and benefits provided for under any of the Company’s employee benefit plans, policies and practices):”

Section 3.1 is hereby amended by adding a new subsection (d) as provided below and designating the current subsection “(d)” as subsection “(e)”:

“(d)(i) If, during the 12-month period following a Change in Control, there is a change in the status, title, position or responsibilities of the Chief Executive Officer of the Company (“CEO”) or other officer to whom Executive reported immediately prior to the Change in Control which, in the Executive’s reasonable judgment, represents an adverse change from the CEO’S or such other officer’s status, title, position or responsibilities immediately prior to the Change in Control, the Executive shall be entitled to receive the compensation and benefits provided in Sections 3.1(b)(ii), (iv) and (v) above on the date one year from the date of the Change in Control, provided that the Executive must remain employed by the Company until the date one year after the Change in Control to be eligible to receive the compensation and benefits provided pursuant to this subsection (d)(i). The amounts provided for in this subsection (d)(i) shall be paid on the date one year from the date of the Change in Control.

(ii) If the Executive is eligible for the compensation and benefits provided under subsection (d)(i) above, but his employment is terminated under circumstances that entitle him to compensation and benefits under Section 3.1(b) above, (A) less than one year after the Change in Control, the Executive shall be entitled to receive the compensation and benefits provided pursuant to Section 3.1(b) and not the compensation and benefits under subsection (d)(i), or (B) more than one year but less than 24 months after the Change in Control, the Executive shall be entitled to receive the compensation and benefits provided pursuant to Section 3.1(b), reduced by any compensation and benefits he has already received pursuant to subsection (d)(i). The adjustments under this subsection (d)(ii)(B) shall be made in an equitable manner such that the

Executive receives the full amount of compensation and benefits to which he is entitled pursuant to Section 3.1(b), provided that there shall be no duplication of benefits. If the Executive is eligible for compensation and benefits under subsection (d)(i), but his employment is terminated less than one year after a Change in Control under circumstances that do not entitle him to benefits under Section 3.1(b), the Executive shall not be entitled to any compensation or benefits under Section 3.1, except as specifically provided in Section 3.1(a)."

3.

Section 3.2 is hereby amended by deleting the present section in its entirety and substituting the following in lieu thereof:

"3.2 The severance pay and benefits provided for in Section 3.1 shall be in lieu of any other severance pay to which the Executive may be entitled under any Company severance plan, program or arrangement for a termination of employment covered by such circumstances."

4.

This Amendment shall be effective as of August 1, 2005. Except as hereby modified, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officer and the Executive has executed this Amendment as of the day and year first above written.

ACUITY BRANDS, INC.

By: /s/ VERNON J. NAGEL
VERNON J. NAGEL, Chairman,
President and Chief Executive Officer

EXECUTIVE:

/s/ JOHN K. MORGAN
John K. Morgan

AcuityBrands

Vernon J. Nagel
Chairman, President and
Chief Executive Officer
Acuity Brands, Inc.

1170 Peachtree Street, NE
Suite 2400
Atlanta, GA 30309-7676
Tel: 404 853 1413
Fax: 404 853 1411
vern.nagel@acuitybrands.com
www.AcuityBrands.com

August 1, 2005

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

Dear John:

This amended and restated letter agreement ("Agreement") sets forth the terms and conditions of your employment with Acuity Brands, Inc. ("Acuity") and Acuity Lighting Group ("ALG") (Acuity and ALG are sometimes referred to collectively hereinafter as the "Company") and your election as President and Chief Executive Officer of ALG, effective at the close of business on July 29, 2005 ("Effective Date"). As of the Effective Date, this Agreement shall supersede and replace in its entirety the employment letter, dated June 24, 2004, between you and Acuity. After you have reviewed the terms and conditions of this letter, please sign below to signify your acceptance.

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

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

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

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

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

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

4.3 Annual Incentive. Executive will be eligible for an annual incentive payment in accordance with the Management Compensation and Incentive Plan (the “Incentive Plan”) and the Plan Rules thereunder in effect for each year. Pursuant to Plan Rules: (a) the amount of the incentive payment will be determined by ALG’s overall financial performance and Executive’s individual performance, and (b) Executive’s target bonus will be 60% of base salary for the fiscal year ending August 31, 2006. Executive’s target bonus for future years will be determined by the Board. The Incentive Plan and the Plan Rules thereunder may be modified at any time in Acuity’s sole discretion, subject to any applicable shareholder approval requirements.

4.4 Stock Options. As of the Effective Date, Acuity has granted Executive options to acquire 160,000 shares of Company Stock which will vest annually over 4 years commencing one year from the grant date, such that the options will be fully vested upon the fourth anniversary of the date of grant. This Stock Option grant is subject to the additional terms and conditions set forth in a separate Stock Option Agreement, which will be consistent with the agreements for other executive officers except as otherwise provided herein.

4.5 Severance Agreement. Executive’s Severance Agreement with Acuity, dated as of January 20, 2004 (“Severance Agreement”), will continue in effect and will be amended to reflect Executive’s new title and responsibilities under this Agreement and to delete restrictions related to the business of Acuity Specialty Products. Executive and Acuity will enter into such amendments to the Severance Agreement (or an amended and restated Severance Agreement) as may be necessary to reflect the changes in this Paragraph 4.5

4.6 Change in Control of Acuity. Executive will continue to be covered by the Severance Protection Agreement, dated as of November 30, 2001 ("SPA"), with Acuity, which shall be amended in the manner provided in the amendment to the Severance Protection Agreement attached hereto (the "SPA Amendment").

4.7 Supplemental Retirement Benefits. Executive will continue to be covered by the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan ("SERP") and the Acuity Brands, Inc. Supplemental Deferred Savings Plan. Executive agrees that if he is entitled to a payment based upon the crediting of additional service under the SERP pursuant to Section 3.1 (d) of the SPA (as amended by the SPA Agreement) and such service is also separately credited under the SERP, his retirement benefit under the SERP shall be reduced in an equitable manner to reflect the payment under Section 3.1(d) of the SPA.

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

4.9 Legal Expenses. Acuity shall promptly pay the reasonable legal fees and expenses incurred by Executive in connection with the negotiation and execution of this Agreement, the Stock Option Agreement and the amendments to the Severance Agreement and the Severance Protection Agreement.

4.10 Supplemental Payment. If, during the three-year period commencing on the Effective Date, Acuity elects as its President an individual other than Vernon J. Nagel or Executive (the date of such election is hereinafter referred to as the "Election Date"), Executive shall be entitled to receive a lump sum payment of $500,000 (subject to all applicable withholding taxes), on the date six (6) months after the Election Date (such date is hereinafter referred to as the "Retention Date"), provided that Executive must remain employed by Acuity or ALG until the Retention Date to receive the payment under this Paragraph 4.10. The payment under this Section 4.10 shall be made within five (5) days after the Retention Date.

If the Executive is eligible for the payment under the preceding paragraph, but his employment is terminated under circumstances that entitle him to benefits under Section 3.1 (b) of the SPA or Section 4 of the Severance Agreement, less than six months after the Election Date, the Executive shall be entitled to receive the compensation and benefits provided pursuant to Section 3.1(b) of the Severance Protection Agreement or Section 4 of the Severance Agreement and not the payment under the preceding paragraph.

5. Confidentiality, Non-Solicitation and Non-Competition. In consideration of the compensation and benefits provided pursuant to this Agreement, Executive agrees that during the term of his employment by the Company and for the one year period following his termination of employment with the Company, Executive shall comply with the non-competition, non-recruitment and non-disclosure restrictions attached hereto as Exhibits A, B and C, respectively (the “Restrictive Covenants”), provided, that if Executive is terminated by the Company without Cause or Executive terminates his employment for Good Reason under circumstances that entitle Executive to receive compensation and benefits under the Severance Agreement, the restrictive covenants in Section 5.1 of the Severance Agreement shall apply to Executive after termination of employment and not the Restrictive Covenants as defined above. The Company and Executive recognize that Executive may experience periodic material changes in his job title and/or to the duties, responsibilities or services that he is called upon to perform on the behalf of Acuity and ALG. If Executive experiences such a material change, the parties shall, as soon as is practicable, enter into a signed, written addendum to Exhibit A hereto reflecting such material change. Moreover, in the event of any material change in corporate organization (including, without limitation, spin-offs, split-offs, or public offerings of subsidiaries’ stock) on the part of the Direct Competitors set forth in Exhibit A hereto, the parties agree to amend Exhibit A, as necessary, at the Company’s request, in order to reflect such change. Upon execution, any such written modification to Exhibit A shall represent an enforceable amendment to this Agreement and shall augment and supplant the definitions of the terms Executive Services or Direct Competitor set forth in Exhibit A hereto, as applicable.

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

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

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

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

Sincerely,

ACUITY BRANDS, INC.

By: /s/ Vernon J. Nagel
Vernon J. Nagel, Chairman,
President and Chief Executive Officer

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

/s/ John K. Morgan	9/26/05
John K. Morgan	Date

EXHIBIT A
TO ACUITY BRANDS, INC.
AGREEMENT WITH JOHN K. MORGAN
DATED AS OF AUGUST 1, 2005

NON-COMPETITION COVENANT

1. DEFINITIONS

Capitalized terms contained herein shall have the same meaning as those defined terms set forth in the Agreement. In addition, the following terms used in this Exhibit "A" shall have the following meanings:

(A) "Direct Competitor" means the following entities: (1) Cooper Lighting, Inc.; (2) Genlyte Thomas Group LLC; (3) Juno Lighting, Inc.; and (4) Hubbell Lighting, Inc., as well as any of their respective affiliates, subsidiaries and/or parent companies that are either located or transact business within the United States of America, but only to the extent each engages in the manufacture and/or sale of one or more of the following classes of products: lighting fixtures, electric linear modular lighting systems comprised of plug-in relocatable modular wiring components, emergency lighting fixtures and systems (comprised of exit signs, emergency light units, back-up power battery packs, and combinations thereof), battery powered lighting fixtures, electric lighting track units, hardware for mounting and hanging electrical lighting fixtures, LED replacement light emitting diode tubes, aluminum, steel and fiberglass fixture poles for electric lighting, water pumps, drum faucets, light fixture lenses, sound and electromagnetic wave receivers and transmitters, flexible wiring systems and components (namely, flexible branch circuits, attachment plugs, receptacles, connectors and fittings), emergency lighting unit inverters, electrical lighting controls, electrical dimming controllers and light switches for electric fixtures, dimming units (comprised of cabinets, control stations and wiring for control of electrical lighting fixtures and electric loads), electronic sensing devices (namely, ultrasonic occupancy sensors and range extenders for lighting energy management), or lighting control systems (comprised of dimmers, low voltage switches, programmable lighting controllers, lighting energy management occupancy sensors and timers, and range extenders for energy management);

(B) "Executive Services" means those principal duties and responsibilities that Executive performs on behalf of the Company during his employment, as of the date hereof, as Chief Executive Officer of Acuity Lighting Group and Executive Vice President of Acuity Brands, Inc., in which capacity Executive: (1) serves as a member of a group of Executives responsible for a multi-profit center organization, with responsibility for the profitability of two or more distinct profit centers; (2) develops, coordinates and executes efforts directed towards enhancing branding, marketing, and business development capabilities; (3) works to develop strategic customers and key channels of distribution; (4) coordinates with departmental heads concerning material business issues; (5) analyzes operations to pinpoint opportunities and areas that may need to be reorganized, down-sized, or eliminated; (6) confers with other Executives to coordinate and prioritize planning concerning material business issues; (7) studies long-range economic trends and projects prospects for future growth in overall sales and market share, opportunities for acquisitions or expansion into new product areas; (8) serves as a member of the Acuity Leadership Team, reviewing, discussing, evaluating, and participating in decisions concerning material business and management issues, cost structures, sales and growth opportunities, crisis management, strategic prospects, personnel issues, litigation matters, leadership goals, and performance targets; and (9) provides support and analysis for key leadership analysis requirements; and

(C) “Restricted Period” means a period of one (1) year following termination of Executive’s employment with the Company, other than a termination by the Company without Cause or by Executive for Good Reason (both as defined in the Severance Agreement).

2. ACKNOWLEDGEMENTS

Executive acknowledges that during the period of his employment as Chief Executive Officer of Acuity Lighting Group and Executive Vice President of Acuity Brands, Inc., he has and will render executive, strategic and managerial services, including the Executive Services, to and for the Company throughout the United States, which are special, unusual, extraordinary, and of peculiar value to the Company. Executive further acknowledges that the services he performs on behalf of the Company, including the 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 have nationwide impact throughout the United States. Executive further acknowledges and agrees that: (a) the Company’s business is, at the very least, national in scope; (b) these restrictions are reasonable and necessary to protect the Confidential Information, business relationships, and goodwill of the Company; and (c) should Executive engage in or threaten to engage in activities in violation of these restrictions, it would cause the Company irreparable harm which would not be adequately and fully redressed by the payment of damages to the Company. In addition to other remedies available to the Company, the Company shall accordingly be entitled to seek injunctive relief in any court of competent jurisdiction for any actual or threatened breach by Executive of the provisions of this Exhibit A. Executive further acknowledges that he will not be entitled to any compensation or benefits from the Company or any of its affiliates in the event of a final non-appealable judgment that he materially breached his duties or obligations under this Exhibit A.

3. NON-COMPETITION

Executive agrees that while employed by the Company and for a period equal to the Restricted Period thereafter, he will not, directly (i.e., as an officer or employee) or indirectly (i.e., as an independent contractor, consultant, advisor, board member, agent, shareholder, investor, joint venturer, or partner), engage in, provide or perform any of the Executive Services on behalf of any Direct Competitor anywhere within the United States. Nothing in this provision shall divest Executive from the right to acquire as a passive investor (with no involvement in the operations or management of the business) up to 1% of any class of securities which is: (i) issued by any Direct Competitor, and (ii) publicly traded on a national securities exchange or over-the-counter market.

4. SEPARABILITY

Executive acknowledges that the foregoing non-competition covenant is a separate and distinct obligation of Executive and is deemed to be separable from the remaining covenants of the Agreement and its various exhibits. If any of the provisions of the foregoing covenant should ever be deemed to exceed the time, geographic, product, or other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum time, geographic, product, or other limitations permitted by applicable law. If any particular provision of the foregoing covenant is held to be invalid, the remainder of the covenant and the remaining obligations of the Agreement and its various exhibits shall not be affected thereby and shall remain in full force and effect.

EXHIBIT B
TO ACUITY BRANDS, INC.
AGREEMENT WITH JOHN K. MORGAN
DATED AS OF AUGUST 1, 2005

NON-RECRUITMENT COVENANT

1. DEFINITIONS

The following terms used in this Exhibit “B” shall have the following meanings:

(A) “Person” means any individual, firm, partnership, association, corporation, limited liability entity, trust, venture or other business organization, entity or enterprise;

(B) “Restricted Period” means a period of one (1) year following termination of Executive’s employment with the Company, other than a termination by the Company without Cause or by Executive for Good Reason (both as defined in the Severance Agreement).

2. NON-RECRUITMENT COVENANT

During the Restricted Period, the Executive will not, directly or indirectly, for himself or on behalf of any other Person, solicit, induce, persuade, or encourage, or attempt to solicit, induce, persuade, or encourage, any management-level employee of the Company or the Company’s business unit in which the Executive was employed (if applicable) to terminate such employee’s position with the Company, whether or not such employee is a full-time or temporary employee of the Company and whether or not such employment is pursuant to a written agreement, for a determined period or at will.

3. SEPARABILITY

The Executive acknowledges that the foregoing covenant, as well as each of those covenants set forth in Exhibits A and C to the Agreement, is a separate and distinct obligation of the Executive and is deemed to be separable from the remaining covenants. If any of the provisions of any other such covenant should ever be held invalid, the foregoing covenant shall not be affected thereby and shall remain in full force and effect.

EXHIBIT C

**TO ACUITY BRANDS, INC.
AGREEMENT WITH JOHN K. MORGAN
DATED AS OF AUGUST 1, 2005**

NON-DISCLOSURE COVENANT

1. DEFINITIONS

The following terms used in this Exhibit "C" shall have the following meanings:

(A) "Trade Secrets" means information, without regard to form, relating to the Company's business which is not commonly known by or available to the public and which derives economic value, actual or potential, from not being generally known to other persons and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality, including, but not limited to, technical or nontechnical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, or lists of actual or potential customers or suppliers.

(B) "Confidential Information" means information of the Company which is non-public, proprietary and confidential in nature but is not a Trade Secret.

(C) "Person" means any individual, firm, partnership, association, corporation, limited liability entity, trust, venture or other business organization, entity or enterprise;

(D) "Restricted Period" means a period of one (1) year following termination of Executive's employment with the Company, other than a termination by the Company without Cause or by Executive for Good Reason (both as defined in the Severance Agreement).

2. NON-DISCLOSURE COVENANT

The Executive will not, directly or indirectly, for himself or on behalf of any other Person, use for the Executive's own benefit or disclose to any other party, any Trade Secrets or Confidential Information of the Company; provided, however, that Executive may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, provided, further that in the event disclosure is required by such an order or subpoena, Executive shall promptly notify the Company prior to making any such disclosure so that the Company may seek an appropriate protective order to protect its interests. The foregoing confidentiality obligations shall continue (A) with respect to all Trade Secrets, at all times so long as such Trade Secrets constitute trade secrets under applicable law, and (B) with respect to all Confidential Information, at all times during the Restricted Period.

3. SEPARABILITY

The Executive acknowledges that the foregoing covenant, as well as each of those covenants set forth in Exhibits A and B to the Agreement, is a separate and distinct obligation of the Executive and is deemed to be separable from the remaining covenants. If any of the provisions of any other such covenant should ever be held invalid, the foregoing covenant shall not be affected thereby and shall remain in full force and effect.

LIST OF SUBSIDIARIES

ACUITY BRANDS, INC.

Subsidiary or Affiliate	Principal Location	State or Other Jurisdiction of Incorporation or Organization
Acuity Brands Servicios S.A. de C.V.	Tultitlan, Mexico City	Mexico
Acuity Enterprise, Inc.	Atlanta, Georgia	Delaware
Acuity Holdings, Inc.	Montreal, Quebec, Canada	Canada
Acuity Insurance (Bermuda) Ltd.	Hamilton, Bermuda	Bermuda
Acuity Lighting Group, Inc.	Atlanta, Georgia	Delaware
Acuity Puerto Rico, Inc.	Atlanta, Georgia	Delaware
Acuity Specialty Products Group, Inc.	Atlanta, Georgia	Delaware
Acuity Unlimited, Inc.	Atlanta, Georgia	Delaware
C&G Carandini SA	Barcelona, Spain	Spain
Castlight de Mexico, S.A. de C.V.	Matamoros, Tamaulipas	Mexico
Graham International B.V.	Bergen op Zoom, Holland	Netherlands
Holophane S.A. de C.V.	Tultitlan, Mexico City	Mexico
Holophane Alumbrado Iberica S.r.l.	Barcelona, Spain	Spain
Holophane Canada, Inc.	Richmond Hill, Ontario	Canada
Holophane Europe Ltd.	Milton Keynes, England	United Kingdom
Holophane Lichttechnik GmbH	Düsseldorf, Germany	Germany
Holophane Lighting Ltd.	Milton Keynes, England	United Kingdom
HSA Acquisition Corporation	Atlanta, Georgia	Ohio
ID Limited	Douglas, Isle of Man	Isle of Man
Lithonia Lighting Mexico S.A. de C.V.	Monterrey, Nuevo Leon	Mexico
Lithonia Lighting Servicios S.A. de C.V.	Monterrey, Nuevo Leon	Mexico
Luxfab Ltd.	Milton Keynes, England	United Kingdom
NSI Leasing, Inc.	Atlanta, Georgia	Delaware
Precede Enterprises, Inc.	Atlanta, Georgia	Delaware
Productos Lithonia Lighting de Mexico, S.A. de C.V.	Monterrey, Nuevo Leon	Mexico
Zep Benelux B.V. (formerly Kem Europa B.V.)	Bergen op Zoom, Holland	Netherlands
Zep Belgium S.A.	Brussels, Belgium	Belgium
Zep Europe B.V.	Bergen op Zoom, Holland	Netherlands
Zep Industries B.V.	Bergen op Zoom, Holland	Netherlands
Zep Italia S.r.l.	Aprilia, Italy	Italy
Zep Manufacturing B.V.	Bergen Op Zoom, Holland	Netherlands

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of our reports dated October 25, 2005, with respect to the consolidated financial statements and schedule of Acuity Brands, Inc., Acuity Brands, Inc. management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Acuity Brands, Inc. included in this Annual Report (Form 10-K) for the year ended August 31, 2005:

(1) Registration Statement No. 333-74242 on Form S-8 (Acuity Lighting Group, Inc. Profit Sharing Retirement Plan for Salaried Employees, Zep Manufacturing Company 401(k) Plan, Selig Chemical Industries Retirement Plan, Acuity Brands, Inc. 401(k) Plan for Corporate Employees, Acuity Lighting Group, Inc. 401(k) Plan for Hourly Employees, Enforcer Products 401(k) Plan, 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 No. 333-74246 on Form S-8 (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 No. 333-123999 on Form S-8 (Acuity Brands, Inc. 401(k) Plan);

(4) Registration Statement No. 333-126521 on Form S-8 (Acuity Brands, Inc. Long-Term Incentive Plan).

/s/ Ernst & Young LLP

Atlanta, Georgia
October 25, 2005

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Kenyon W. Murphy 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, 2005, 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/ PETER C. BROWNING

Peter C. Browning

Dated: October 25, 2005

<u>POWER OF ATTORNEY</u>

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Kenyon W. Murphy 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, 2005, 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/ JOHN L. CLENDENIN

John L. Clendenin

Dated: October 25, 2005

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Kenyon W. Murphy 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, 2005, 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/ JAY M. DAVIS

Jay M. Davis

Dated: October 26, 2005

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Kenyon W. Murphy 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, 2005, 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/ EARNEST W. DEAVENPORT, JR.

Earnest W. Deavenport, Jr.

Dated: October 26, 2005

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Kenyon W. Murphy 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, 2005, 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/ ROBERT F. MCCULLOUGH

Robert F. McCullough

Dated: October 25, 2005

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Kenyon W. Murphy 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, 2005, 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/ JULIA B. NORTH

Julia B. North

Dated: October 28, 2005

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Kenyon W. Murphy 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, 2005, 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 31, 2005

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Kenyon W. Murphy 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, 2005, 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/ NEIL WILLIAMS

Neil Williams

Dated: October 25, 2005

EXHIBIT 31(a)

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 annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual 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 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 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: November 1, 2005

/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.]

EXHIBIT 31(b)

I, Karen J. Holcom, certify that:

1. I have reviewed this annual report on Form 10-K of Acuity Brands, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual 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 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 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: November 1, 2005

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

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

Exhibit 32(a)

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, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Chairman and Chief Executive Officer of the Corporation, certifies that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Vernon J. Nagel
Vernon J. Nagel
Chairman, President, and Chief Executive Officer
November 1, 2005

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

Exhibit 32(b)

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, 2005, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, the Vice President, Controller, and Interim Chief Financial Officer of the Corporation, certifies that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Karen J. Holcom
Karen J. Holcom
Vice President, Controller, and Interim Chief
Financial Officer
November 1, 2005

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