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

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**Form 10-Q**

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(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended February 28, 2018.
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from to .

**Commission file number 001-16583.**

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**ACUITY BRANDS, INC.**

*(Exact name of registrant as specified in its charter)*

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**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**1170 Peachtree Street, N.E., Suite 2300, Atlanta, Georgia**  
*(Address of principal executive offices)*

**58-2632672**

*(I.R.S. Employer  
Identification Number)*

**30309-7676**  
*(Zip Code)*

**(404) 853-1400**

**(Registrant's telephone number, including area code)**

**None**

**(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)**

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large Accelerated Filer  Accelerated Filer  Smaller Reporting Company   
Non-accelerated Filer  (Do not check if a smaller reporting company) Emerging growth Company

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

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

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

Common stock — \$0.01 par value — 40,999,421 shares as of March 29, 2018.

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**ACUITY BRANDS, INC.**

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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

	<u>February 28, 2018</u>	<u>August 31, 2017</u>
	<u>(unaudited)</u>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 229.8	\$ 311.1
Accounts receivable, less reserve for doubtful accounts of \$2.1 and \$1.9, respectively	500.2	573.3
Inventories	322.1	328.6
Prepayments and other current assets	41.3	32.6
Total current assets	<u>1,093.4</u>	<u>1,245.6</u>
Property, plant, and equipment, at cost:		
Land	22.3	22.5
Buildings and leasehold improvements	183.1	180.7
Machinery and equipment	500.4	484.6
Total property, plant, and equipment	705.8	687.8
Less — Accumulated depreciation and amortization	(423.0)	(400.1)
Property, plant, and equipment, net	<u>282.8</u>	<u>287.7</u>
Goodwill	911.9	900.9
Intangible assets, net	447.5	448.8
Deferred income taxes	3.2	3.4
Other long-term assets	11.7	13.2
Total assets	<u>\$ 2,750.5</u>	<u>\$ 2,899.6</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 341.9	\$ 395.1
Current maturities of long-term debt	0.4	0.4
Accrued compensation	38.2	41.8
Other accrued liabilities	129.1	163.6
Total current liabilities	509.6	600.9
Long-term debt	356.5	356.5
Accrued pension liabilities	94.3	96.9
Deferred income taxes	76.1	108.2
Self-insurance reserves	9.0	7.9
Other long-term liabilities	69.2	63.6
Total liabilities	<u>1,114.7</u>	<u>1,234.0</u>
Commitments and contingencies (see <i>Commitments and Contingencies</i> footnote)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 500,000,000 shares authorized; 53,634,418 and 53,549,840 issued, respectively	0.5	0.5
Paid-in capital	892.5	881.0
Retained earnings	1,828.5	1,659.9
Accumulated other comprehensive loss	(115.4)	(99.7)
Treasury stock, at cost — 12,876,689 and 11,678,002 shares, respectively	(970.3)	(776.1)
Total stockholders' equity	<u>1,635.8</u>	<u>1,665.6</u>
Total liabilities and stockholders' equity	<u>\$ 2,750.5</u>	<u>\$ 2,899.6</u>

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

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

	Three Months Ended		Six Months Ended	
	February 28, 2018	February 28, 2017	February 28, 2018	February 28, 2017
Net sales	\$ 832.1	\$ 804.7	\$ 1,674.9	\$ 1,655.9
Cost of products sold	497.2	468.9	989.8	960.5
Gross profit	334.9	335.8	685.1	695.4
Selling, distribution, and administrative expenses	246.3	227.8	477.7	459.6
Special charge	0.6	—	0.8	1.2
Operating profit	88.0	108.0	206.6	234.6
Other expense (income):				
Interest expense, net	8.0	8.0	16.1	16.2
Miscellaneous expense (income), net	1.3	0.6	0.9	(7.3)
Total other expense	9.3	8.6	17.0	8.9
Income before income taxes	78.7	99.4	189.6	225.7
Income tax (benefit) expense	(18.2)	32.1	21.2	76.7
Net income	\$ 96.9	\$ 67.3	\$ 168.4	\$ 149.0
Earnings per share:				
Basic earnings per share	\$ 2.34	\$ 1.54	\$ 4.05	\$ 3.40
Basic weighted average number of shares outstanding	41.4	43.8	41.6	43.8
Diluted earnings per share	\$ 2.33	\$ 1.53	\$ 4.04	\$ 3.39
Diluted weighted average number of shares outstanding	41.5	44.0	41.7	44.0
Dividends declared per share	\$ 0.13	\$ 0.13	\$ 0.26	\$ 0.26
Comprehensive income:				
Net income	\$ 96.9	\$ 67.3	\$ 168.4	\$ 149.0
Other comprehensive income (loss) items:				
Foreign currency translation adjustments	2.5	3.3	(8.0)	(8.6)
Defined benefit pension plans, net of tax	1.8	2.1	3.4	4.1
Other comprehensive income (loss), net of tax	4.3	5.4	(4.6)	(4.5)
Comprehensive income	\$ 101.2	\$ 72.7	\$ 163.8	\$ 144.5

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

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

	Six Months Ended	
	February 28, 2018	February 28, 2017
Cash flows from operating activities:		
Net income	\$ 168.4	\$ 149.0
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	38.3	36.5
Share-based payment expense	16.8	16.0
Loss on sale or disposal of property, plant, and equipment	0.1	0.1
Gain on sale of investment in unconsolidated affiliate	—	(7.2)
Deferred income taxes	(32.0)	(2.7)
Change in assets and liabilities, net of effect of acquisitions, divestitures, and exchange rate changes:		
Accounts receivable	73.2	69.7
Inventories	6.8	(59.5)
Prepayments and other current assets	(9.2)	(8.9)
Accounts payable	(54.0)	(32.2)
Other current liabilities	(39.8)	(83.6)
Other	9.7	12.8
Net cash provided by operating activities	<u>178.3</u>	<u>90.0</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(20.9)	(35.8)
Proceeds from sale of property, plant, and equipment	—	5.4
Acquisition of businesses, net of cash acquired	(26.4)	—
Proceeds from sale of investment in unconsolidated affiliate	—	13.2
Other investing activities	—	(0.2)
Net cash used for investing activities	<u>(47.3)</u>	<u>(17.4)</u>
Cash flows from financing activities:		
Issuances of long-term debt	—	0.9
Repayments of long-term debt	(0.2)	—
Repurchases of common stock	(194.3)	(0.4)
Proceeds from stock option exercises and other	1.4	2.3
Payments for employee taxes on net settlement of equity awards	(6.7)	(12.2)
Dividends paid	(10.9)	(11.5)
Net cash used for financing activities	<u>(210.7)</u>	<u>(20.9)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1.6)</u>	<u>(1.7)</u>
Net change in cash and cash equivalents	(81.3)	50.0
Cash and cash equivalents at beginning of period	311.1	413.2
Cash and cash equivalents at end of period	<u>\$ 229.8</u>	<u>\$ 463.2</u>
Supplemental cash flow information:		
Income taxes paid during the period	\$ 80.3	\$ 97.8
Interest paid during the period	\$ 23.4	\$ 22.8

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

**ACUITY BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

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## **1. Description of Business and Basis of Presentation**

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

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

These unaudited interim consolidated financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary to present fairly the Company’s consolidated financial position as of February 28, 2018, the consolidated comprehensive income for the three and six months ended February 28, 2018 and 2017, and the consolidated cash flows for the six months ended February 28, 2018 and 2017. Certain information and footnote disclosures normally included in the Company’s annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. However, the Company believes that the disclosures included herein are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the audited consolidated financial statements of the Company as of and for the three years ended August 31, 2017 and notes thereto included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on October 26, 2017 (File No. 001-16583) (“Form 10-K”).

The results of operations for the three and six months ended February 28, 2018 and 2017 are not necessarily indicative of the results to be expected for the full fiscal year due primarily to seasonality, which results in the net sales and net income of the Company generally being higher in the second half of its fiscal year, the impact of any acquisitions, and, among other reasons, the continued uncertainty of general economic conditions that may impact the key end markets of the Company for the remainder of fiscal 2018.

## **2. Significant Accounting Policies**

### ***Use of Estimates***

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

### ***Reclassifications***

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

### 3. Acquisitions and Investments

The Company does not consider acquisitions a critical element of its strategy but seeks opportunities for growth through acquisitions and investments. Acquisitions and investments are made with the intent to further expand and complement the Company's portfolio of solutions. There was one acquisition during the six months ended February 28, 2018. No acquisitions occurred during fiscal 2017.

#### *Lucid Design Group, Inc.*

On February 12, 2018, using cash on hand, the Company acquired Lucid Design Group, Inc. ("Lucid"). Lucid is headquartered in Oakland, California and provides a data and analytics platform to make data-driven decisions to improve building efficiency and drive energy conservation and savings. The operating results of Lucid have been included in the Company's consolidated financial statements since the date of acquisition and are not material to the Company's financial condition, results of operations, or cash flows. Preliminary amounts related to the acquisition accounting are reflected in the *Consolidated Balance Sheets* as of February 28, 2018. These amounts are deemed to be provisional until disclosed otherwise, as the Company continues to gather information related to the identification and valuation of intangible and other acquired assets and liabilities.

### 4. New Accounting Pronouncements

#### *Accounting Standards Adopted in Fiscal 2018*

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*, ("ASU 2016-09"), which changes certain aspects of accounting for share-based payments to employees. The standard requires that all excess tax benefits and deficiencies previously recorded as additional paid-in capital be prospectively recorded in income tax expense, which could create volatility in the Company's effective income tax rate on a quarter by quarter basis due primarily to fluctuations in the Company's stock price and the timing of stock option exercises and vesting of restricted share grants. The standard also requires excess tax benefits to be presented as an operating activity on the statement of cash flows rather than as a financing activity and taxes paid for employee withholdings to be presented as a financing activity. The Company adopted ASU 2016-09 effective as of September 1, 2017. Excess tax benefits and deficiencies are recorded within *Income tax (benefit) expense* within the *Consolidated Statements of Comprehensive Income* on a prospective basis as required by the standard; however, the Company elected to present changes to the statement of cash flows on a retrospective basis as allowed by the standard in order to maintain comparability between fiscal years. As such, cash flows from operations for the six months ended February 28, 2017 increased \$18.4 million, with a corresponding decrease to cash flows from financing activities, compared to amounts previously reported.

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

#### *Accounting Standards Yet to Be Adopted*

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

**ACUITY BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

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

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

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"), which requires lessees to include most leases on the balance sheet. ASU 2016-02 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2018. In January 2018, the FASB issued ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*, which establishes an optional transition practical expedient when applying the guidance in ASU 2016-02 and has the same effective date as the original standard. The Company is currently evaluating the impact of the provisions of ASU 2016-02 and intends to implement the standard as required in fiscal 2020.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which will replace most existing revenue recognition guidance in U.S. GAAP. Since the issuance of ASU 2014-09, the FASB released several amendments to improve and clarify the implementation guidance, as well as to change the effective date. These standards have been collectively codified within Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("ASC 606"). ASC 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard also requires additional disclosures about the nature, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASC 606 permits two transition methods: the full retrospective method and the modified retrospective method. Under the full retrospective method, the standard would be applied to each prior reporting period presented with the cumulative effect of applying the standard recognized at the earliest period shown. Under the modified retrospective method, the cumulative effect of applying the standard would be recognized at the date of initial application. ASC 606 is effective for annual reporting periods beginning after December 15, 2017. The Company will adopt the requirements of the new standard on September 1, 2018.

The Company has an implementation team tasked with identifying potential differences that will result from applying the new revenue recognition standard to the Company's contracts with its customers. The implementation team reports the findings and progress of the project to management on a frequent basis and to the Audit Committee of the Board of Directors on a quarterly basis. The implementation team has completed its initial phase of contract reviews and continues to evaluate the results of those reviews with respect to potential changes from adopting the new standard on the Company's consolidated financial statements. Management anticipates the most significant changes will relate to additional deferral of revenue recognition for certain services provided and the gross presentation of right of return assets and refund liabilities for sales with a right of return. Based on the current portfolio of the Company's revenue generating activities, these changes are not expected to have a material impact on the Company's consolidated financial condition, results of operations, or cash flows. Additionally, the implementation team is in the process of identifying appropriate changes to the Company's business processes, systems, and controls to support recognition and disclosure under the new standard. Based on the implementation team's current findings and the overall expected immaterial impact of adoption, the implementation team is currently evaluating which adoption method would provide the most meaningful information to the Company's stakeholders.

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

**ACUITY BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

## 5. Fair Value Measurements

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

The Company's cash and cash equivalents (Level 1), which are required to be carried at fair value and measured on a recurring basis, were \$229.8 million and \$311.1 million as of February 28, 2018 and August 31, 2017, respectively.

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

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

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

The carrying values and estimated fair values of certain of the Company's financial instruments were as follows at February 28, 2018 and August 31, 2017 (in millions):

	February 28, 2018		August 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior unsecured public notes, net of unamortized discount and deferred costs	\$ 349.3	\$ 369.3	\$ 349.1	\$ 379.7
Industrial revenue bond	4.0	4.0	4.0	4.0
Bank loans	3.6	3.6	3.8	3.8

The senior unsecured public notes are carried at the outstanding balance, net of unamortized bond discount and deferred costs, as of the end of the reporting period. Fair value is estimated based on discounted future cash flows using rates currently available for debt of similar terms and maturity (Level 2).

The industrial revenue bond is carried at the outstanding balance as of the end of the reporting period. The industrial revenue bond is a tax-exempt, variable-rate instrument that resets on a weekly basis; therefore, the Company estimates that the face amount of the bond approximates fair value as of February 28, 2018 based on bonds of similar terms and maturity (Level 2).

The bank loans are carried at the outstanding balance as of the end of the reporting period. Fair value is estimated based on discounted future cash flows using rates currently available for debt of similar terms and maturity (Level 2).

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

**ACUITY BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

## 6. Goodwill and Intangible Assets

Through multiple acquisitions, the Company acquired intangible assets consisting primarily of trademarks and trade names associated with specific products with finite lives, definite-lived distribution networks, patented technology, non-compete agreements, and customer relationships, which are amortized over their estimated useful lives. Indefinite-lived intangible assets consist of trade names that are expected to generate cash flows indefinitely.

The Company recorded amortization expense of \$6.7 million and \$7.8 million during the three months ended February 28, 2018 and 2017, respectively, and \$13.3 million and \$13.7 million during the six months ended February 28, 2018 and 2017, respectively. Amortization expense is generally recorded on a straight-line basis and is expected to be approximately \$26.3 million in fiscal 2018, \$26.0 million in fiscal 2019, \$26.0 million in fiscal 2020, \$23.1 million in fiscal 2021, and \$21.4 million in fiscal 2022.

These projections exclude the impact to amortization expense related to potential intangible assets associated with the Lucid transaction, which is not expected to be material to the Company's operations. The acquisition accounting and the related useful lives and amortization for the Lucid acquisition are preliminary as the Company continues to gather information related to the identification and valuation of intangible assets acquired.

The change in the carrying amount of goodwill during the six months ended February 28, 2018 is summarized below (in millions):

Balance at August 31, 2017	\$	900.9
Additions from acquired businesses		13.4
Foreign currency translation adjustments		(2.4)
Balance at February 28, 2018	\$	<u>911.9</u>

Further discussion of the Company's goodwill and other intangible assets is included within the *Significant Accounting Policies* footnote of the *Notes to Consolidated Financial Statements* within the Company's Form 10-K.

## 7. Inventories

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

	February 28, 2018	August 31, 2017
Raw materials, supplies, and work in process <sup>(1)</sup>	\$ 167.5	\$ 176.5
Finished goods	187.2	180.8
Inventories excluding reserves	354.7	357.3
Less: Reserves	(32.6)	(28.7)
Total inventories	<u>\$ 322.1</u>	<u>\$ 328.6</u>

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

## 8. Earnings Per Share

Basic earnings per share for the periods presented is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding. Diluted earnings per share is computed similarly but reflects the potential dilution that would occur if dilutive options were exercised, all unvested share-based payment awards were vested, and other distributions related to deferred stock agreements were incurred.

The following table calculates basic earnings per common share and diluted earnings per common share for the three and six months ended February 28, 2018 and 2017 (in millions, except per share data):

**ACUITY BRANDS, INC.**  
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	Three Months Ended		Six Months Ended	
	February 28, 2018	February 28, 2017	February 28, 2018	February 28, 2017
Net income	\$ 96.9	\$ 67.3	\$ 168.4	\$ 149.0
Basic weighted average shares outstanding	41.4	43.8	41.6	43.8
Common stock equivalents	0.1	0.2	0.1	0.2
Diluted weighted average shares outstanding	41.5	44.0	41.7	44.0
Basic earnings per share	\$ 2.34	\$ 1.54	\$ 4.05	\$ 3.40
Diluted earnings per share	\$ 2.33	\$ 1.53	\$ 4.04	\$ 3.39

The following table presents stock options and restricted stock awards that were excluded from the diluted earnings per share calculation for the three and six months ended February 28, 2018 and 2017 as the effect of inclusion would have been antidilutive:

	Three Months Ended		Six Months Ended	
	February 28, 2018	February 28, 2017	February 28, 2018	February 28, 2017
Stock options	189,428	128,867	176,549	105,047
Restricted stock awards	198,186	103,752	216,746	78,188

Further discussion of the Company's stock options and restricted stock awards is included within the *Common Stock and Related Matters* and *Share-based Payments* footnotes of the *Notes to Consolidated Financial Statements* within the Company's Form 10-K.

## 9. Changes in Equity

The following table summarizes changes in the components of stockholders' equity for the six months ended February 28, 2018 (in millions):

	Common Stock Outstanding		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock, at cost	Total
	Shares	Amount					
Balance, August 31, 2017	41.9	\$ 0.5	\$ 881.0	\$ 1,659.9	\$ (99.7)	\$ (776.1)	\$ 1,665.6
Net income	—	—	—	168.4	—	—	168.4
Other comprehensive loss	—	—	—	—	(4.6)	—	(4.6)
Reclassification of stranded tax effects of the TCJA <sup>(1)</sup>	—	—	—	11.1	(11.1)	—	—
Amortization, issuance, and cancellations of restricted stock grants	0.1	—	10.1	—	—	0.1	10.2
Employee stock purchase plan issuances	—	—	0.3	—	—	—	0.3
Cash dividends of \$0.26 per share paid on common stock	—	—	—	(10.9)	—	—	(10.9)
Stock options exercised	—	—	1.1	—	—	—	1.1
Repurchases of common stock	(1.2)	—	—	—	—	(194.3)	(194.3)
Balance, February 28, 2018	40.8	\$ 0.5	\$ 892.5	\$ 1,828.5	\$ (115.4)	\$ (970.3)	\$ 1,635.8

<sup>(1)</sup> See *Income Taxes* footnote within the *Notes to Consolidated Financial Statements* for additional details.

**ACUITY BRANDS, INC.**  
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## 10. Comprehensive Income

Comprehensive income represents a measure of all changes in equity that result from recognized transactions and other economic events other than transactions with owners in their capacity as owners. Other comprehensive income (loss) for the Company includes foreign currency translation and pension adjustments.

The following table presents the changes in each component of accumulated other comprehensive loss during the six months ended February 28, 2018 (in millions):

	Foreign Currency Items	Defined Benefit Pension Plans	Accumulated Other Comprehensive Loss Items
Balance at August 31, 2017	\$ (28.7)	\$ (71.0)	\$ (99.7)
Other comprehensive loss before reclassifications	(8.0)	—	(8.0)
Amounts reclassified from accumulated other comprehensive income	—	3.4	3.4
Net current period other comprehensive (loss) income	(8.0)	3.4	(4.6)
Reclassification of stranded tax effects of TCJA <sup>(1)</sup>	—	(11.1)	(11.1)
Balance at February 28, 2018	<u>\$ (36.7)</u>	<u>\$ (78.7)</u>	<u>\$ (115.4)</u>

<sup>(1)</sup> See *Income Taxes* footnote within the *Notes to Consolidated Financial Statements* for additional details.

The following table presents the tax expense or benefit allocated to each component of other comprehensive income (loss) for the three and six months ended February 28, 2018 and 2017 (in millions):

	Three Months Ended					
	February 28, 2018			February 28, 2017		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Foreign currency translation adjustments	\$ 2.5	\$ —	\$ 2.5	\$ 3.3	\$ —	\$ 3.3
Defined benefit pension plans:						
Amortization of defined benefit pension items:						
Prior service cost <sup>(1)</sup>	0.8	(0.2)	0.6	0.8	(0.2)	0.6
Actuarial losses <sup>(1)</sup>	1.7	(0.5)	1.2	2.2	(0.7)	1.5
Total defined benefit pension plans, net	2.5	(0.7)	1.8	3.0	(0.9)	2.1
Other comprehensive income	<u>\$ 5.0</u>	<u>\$ (0.7)</u>	<u>\$ 4.3</u>	<u>\$ 6.3</u>	<u>\$ (0.9)</u>	<u>\$ 5.4</u>

	Six Months Ended					
	February 28, 2018			February 28, 2017		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Foreign currency translation adjustments	\$ (8.0)	\$ —	\$ (8.0)	\$ (8.6)	\$ —	\$ (8.6)
Defined benefit pension plans:						
Amortization of defined benefit pension items:						
Prior service cost <sup>(1)</sup>	1.6	(0.6)	1.0	1.6	(0.5)	1.1
Actuarial losses <sup>(1)</sup>	3.4	(1.0)	2.4	4.4	(1.4)	3.0
Total defined benefit pension plans, net	5.0	(1.6)	3.4	6.0	(1.9)	4.1
Other comprehensive loss	<u>\$ (3.0)</u>	<u>\$ (1.6)</u>	<u>\$ (4.6)</u>	<u>\$ (2.6)</u>	<u>\$ (1.9)</u>	<u>\$ (4.5)</u>

<sup>(1)</sup> The before tax amount of these other comprehensive income (loss) components is included in net periodic pension cost. See *Pension Plans* footnote within the *Notes to Consolidated Financial Statements* for additional details.

**ACUITY BRANDS, INC.**  
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**11. Debt*****Lines of Credit***

On August 27, 2014, the Company executed a \$250.0 million revolving credit facility (the "Revolving Credit Facility"). The Revolving Credit Facility will mature, and all amounts outstanding will be due and payable, on August 27, 2019. Generally, amounts outstanding under the Revolving Credit Facility bear interest at a Eurocurrency Rate. Eurocurrency Rate advances can be denominated in a variety of currencies, including U.S. Dollars, and amounts outstanding bear interest at a periodic fixed rate equal to the London Inter Bank Offered Rate ("LIBOR") for the applicable currency plus a margin as determined by the Company's leverage ratio ("Applicable Margin"). The Applicable Margin is based on the Company's leverage ratio, as defined in the Revolving Credit Facility, with such margin ranging from 1.000% to 1.575%. The Company had no borrowings outstanding under the Revolving Credit Facility as of February 28, 2018. Additionally, the Company is required to pay certain fees in connection with the Revolving Credit Facility, including administrative service fees and an annual facility fee. The annual facility fee is payable quarterly, in arrears, and is determined by the Company's leverage ratio as defined in the Revolving Credit Facility. This facility fee ranges from 0.125% to 0.300% of the aggregate \$250.0 million commitment of the lenders under the Revolving Credit Facility.

The Revolving Credit Facility contains financial covenants, including a minimum interest coverage ratio ("Minimum Interest Coverage Ratio") and a leverage ratio ("Maximum Leverage Ratio") of total indebtedness to earnings before interest, taxes, depreciation, and amortization expense ("EBITDA"), as such terms are defined in the Revolving Credit Facility agreement. These ratios are computed at the end of each fiscal quarter for the most recent 12-month period. The Revolving Credit Facility allows for a Minimum Interest Coverage Ratio of 2.50 and a Maximum Leverage Ratio of 3.50, subject to certain conditions defined in the financing agreement.

As of February 28, 2018, the Company was in compliance with all financial covenants under the Revolving Credit Facility. As of February 28, 2018, the Company had outstanding letters of credit totaling \$10.2 million, primarily for securing collateral requirements under the Company's casualty insurance programs and for providing credit support for the Company's industrial revenue bond (not an outstanding amount under the Revolving Credit Facility). At February 28, 2018, the Company had additional borrowing capacity under the Revolving Credit Facility of \$244.7 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 \$5.3 million issued under the Revolving Credit Facility.

***Long-term Debt***

At February 28, 2018, the Company had \$350.0 million of publicly-traded, senior unsecured notes outstanding at a 6% interest rate that are scheduled to mature in December 2019 (the "Unsecured Notes") and \$4.0 million of tax-exempt industrial revenue bonds that are scheduled to mature in 2021. The Company also had \$3.6 million outstanding under fixed-rate bank loans. Further discussion of the Company's long-term debt is included within the *Debt and Lines of Credit* footnote of the *Notes to Consolidated Financial Statements* within the Company's Form 10-K.

***Interest Expense, net***

Interest expense, net, is comprised primarily of interest expense on long-term debt, obligations in connection with non-qualified retirement benefits, and Revolving Credit Facility borrowings, partially offset by interest income earned on cash and cash equivalents.

The following table summarizes the components of interest expense, net for the three and six months ended February 28, 2018 and 2017 (in millions):

	Three Months Ended		Six Months Ended	
	February 28, 2018	February 28, 2017	February 28, 2018	February 28, 2017
Interest expense	\$ 8.7	\$ 8.5	\$ 17.4	\$ 17.1
Interest income	(0.7)	(0.5)	(1.3)	(0.9)
Interest expense, net	<u>\$ 8.0</u>	<u>\$ 8.0</u>	<u>\$ 16.1</u>	<u>\$ 16.2</u>

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## 12. Commitments and Contingencies

In the normal course of business, the Company is subject to the effects of certain contractual stipulations, events, transactions, and laws and regulations that may, at times, require the recognition of liabilities, such as those related to self-insurance reserves and claims, legal and contractual issues, environmental laws and regulations, guarantees, and indemnities. The Company establishes reserves when the associated costs related to uncertainties or guarantees become probable and can be reasonably estimated. For the period ended February 28, 2018, no material changes have occurred in the Company's reserves for self-insurance, litigation, environmental matters, guarantees and indemnities, or relevant events and circumstances, from those disclosed in the *Commitments and Contingencies* footnote of the *Notes to Consolidated Financial Statements* within the Company's Form 10-K.

### **Trade Compliance Matters**

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

### **Product Warranty and Recall Costs**

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

Reserves for product warranty and recall costs are included in *Other accrued liabilities* and *Other long-term liabilities* on the *Consolidated Balance Sheets*. The changes in the reserves for product warranty and recall costs during the six months ended February 28, 2018 and 2017 are summarized as follows (in millions):

	Six Months Ended	
	February 28, 2018	February 28, 2017
Beginning balance	\$ 22.0	\$ 15.5
Warranty and recall costs	15.1	15.4
Payments and other deductions	(13.1)	(12.5)
Ending balance	<u>\$ 24.0</u>	<u>\$ 18.4</u>

### **Securities Class Action**

On January 3, 2018, a shareholder filed a class action complaint in the United States District Court for the District of Delaware against the Company and certain of its officers on behalf of all persons who purchased or otherwise acquired the Company's stock between June 29, 2016 and April 3, 2017. On February 20, 2018, a different shareholder filed a second class action complaint in the same venue against the same parties on behalf of all persons who purchased or otherwise acquired the Company's stock between October 15, 2015 and April 3, 2017. A motion to consolidate the cases has been filed and is presently pending, unopposed. The complaints allege that the defendants violated the federal securities laws by making false or misleading statements and/or omitting to disclose material adverse facts that (i) concealed known trends negatively impacting sales of the Company's products and (ii) overstated the Company's ability to achieve profitable sales growth. The plaintiffs seek class certification, unspecified monetary damages, costs, and attorneys' fees. The Company disputes the allegations in the complaints and intends to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult,

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particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matters described above. The Company is insured, in excess of a self-retention, for Directors and Officers liability.

**Other Litigation**

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

**13. Share-based Payments**

The Company accounts for share-based payments through the measurement and recognition of compensation expense for share-based payment awards made to employees and directors of the Company, including stock options and restricted shares (all part of the Company's equity incentive plan), and share units representing certain deferrals into the Company's director deferred compensation plan or the Company's supplemental deferred savings plan.

The following table presents share-based payment expense and new shares issued upon exercise of stock options for the three and six months ended February 28, 2018 and 2017 (in millions, except shares):

	Three Months Ended		Six Months Ended	
	February 28, 2018	February 28, 2017	February 28, 2018	February 28, 2017
Share-based payment expense	\$ 8.3	\$ 8.1	\$ 16.8	\$ 16.0
Shares issued from option exercises	3,208	—	9,364	12,030

Further details regarding each of these award programs and the Company's share-based payments are included within the *Share-based Payments* footnote of the *Notes to Consolidated Financial Statements* within the Company's Form 10-K.

**14. Pension Plans**

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

Net periodic pension cost for the Company's defined benefit pension plans during the three and six months ended February 28, 2018 and 2017 included the following components before tax (in millions):

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	Three Months Ended		Six Months Ended	
	February 28, 2018	February 28, 2017	February 28, 2018	February 28, 2017
Service cost	\$ 0.7	\$ 0.9	\$ 1.4	\$ 1.8
Interest cost	2.2	2.0	4.4	4.0
Expected return on plan assets	(3.1)	(2.8)	(6.2)	(5.6)
Amortization of prior service cost	0.8	0.8	1.6	1.6
Recognized actuarial loss	1.7	2.2	3.4	4.4
Net periodic pension cost	<u>\$ 2.3</u>	<u>\$ 3.1</u>	<u>\$ 4.6</u>	<u>\$ 6.2</u>

Further details regarding the Company's pension plans are included within the *Pension and Defined Contribution Plans* footnote of the *Notes to Consolidated Financial Statements* within the Company's Form 10-K.

## 15. Special Charge

During fiscal 2017, the Company recognized pre-tax special charges consisting primarily of severance and employee-related benefit costs for the elimination of certain operations and positions following a realignment of the Company's operating structure, including positions within various selling, distribution, and administrative ("SD&A") departments. During fiscal 2016, the Company recognized pre-tax special charges primarily related to the Company's continued efforts to integrate recent acquisitions and to streamline the organization by realigning certain responsibilities primarily within various SD&A departments, as well as the consolidation of certain production activities. The Company did not initiate any such actions during fiscal 2018.

Costs reflected within *Special charge* on the *Consolidated Statements of Income* for the three and six months ended February 28, 2018 primarily include severance and employee-related costs for the 2017 initiative. Special charges for the six months ended February 28, 2017 primarily reflect lease termination costs associated with fiscal 2016 actions. No special charges were recorded during the three months ended February 28, 2017.

As of February 28, 2018, remaining restructuring reserves were \$9.0 million and are included in *Accrued compensation* and *Other long-term liabilities* on the *Consolidated Balance Sheets*. The changes in the reserves related to these programs during the six months ended February 28, 2018 are summarized as follows (in millions):

	Fiscal 2017 Actions	Fiscal 2016 Actions	Total
Balance at August 31, 2017	\$ 11.2	\$ 1.4	\$ 12.6
Severance costs	0.9	(0.1)	0.8
Payments made during the period	(3.4)	(1.0)	(4.4)
Balance at February 28, 2018	<u>\$ 8.7</u>	<u>\$ 0.3</u>	<u>\$ 9.0</u>

## 16. Income Taxes

On December 22, 2017, the President of the United States signed into law the TCJA, which reduces the federal corporate tax rate from 35% to 21% effective January 1, 2018 and requires a one-time transition tax on accumulated unremitted foreign earnings. Following the enactment of the TCJA, the Company recognized a provisional tax benefit estimate of \$31.2 million within *Income tax (benefit) expense* on the *Consolidated Statements of Comprehensive Income*. This provisional amount includes a benefit of \$32.3 million to decrease the Company's deferred income taxes to a revised statutory federal rate as well as a current estimate for the provision for unremitted foreign earnings of approximately \$1.1 million.

Amounts reflected in the current period are not finalized as the Company continues to evaluate the impact of the TCJA on these components of the Company's ultimate tax liability. Although the Company is able to make a reasonable estimate of the impact of the corporate rate change to its deferred taxes, further evaluation of the TCJA may change the measurement of, or identify new, deferred tax amounts. Additionally, the Company has not completed its analysis of the total post-1986 earnings and profits not previously subject to income taxes, including the determination of amounts

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held in cash and other certain assets specified by the TCJA. Upon finalization of this calculation, the provisional amount recorded for unremitted foreign earnings may change.

The TCJA also includes a provision for a global intangible low-taxed income (“GILTI”) tax. Companies can either account for taxes on GILTI in the period in which they are incurred or establish deferred tax liabilities for the expected future taxes associated with GILTI. The Company has not yet made a policy election with respect to its treatment of these taxes.

Additionally, the Company reclassified \$11.1 million from *Accumulated other comprehensive loss* to *Retained earnings* in relation to the revaluation of deferred tax assets related to the Company's defined benefit plans during the current period.

#### **17. Supplemental Guarantor Condensed Consolidating Financial Statements**

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

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

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**CONDENSED CONSOLIDATING BALANCE SHEETS**  
*(In millions)*

	February 28, 2018					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 142.6	\$ —	\$ —	\$ 87.2	\$ —	\$ 229.8
Accounts receivable, net	—	435.5	—	64.7	—	500.2
Inventories	—	295.6	—	26.5	—	322.1
Other current assets	15.9	13.6	—	11.8	—	41.3
Total current assets	158.5	744.7	—	190.2	—	1,093.4
Property, plant, and equipment, net	0.2	223.4	—	59.2	—	282.8
Goodwill	—	677.9	2.7	231.3	—	911.9
Intangible assets, net	—	229.4	108.1	110.0	—	447.5
Deferred income taxes	35.4	—	—	(0.1)	(32.1)	3.2
Other long-term assets	0.2	9.4	—	2.1	—	11.7
Investments in and amounts due from affiliates	1,553.9	468.9	255.6	—	(2,278.4)	—
Total assets	\$ 1,748.2	\$ 2,353.7	\$ 366.4	\$ 592.7	\$ (2,310.5)	\$ 2,750.5
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Current liabilities:						
Accounts payable	\$ 0.5	\$ 317.0	\$ —	\$ 24.4	\$ —	\$ 341.9
Current maturities of long-term debt	—	—	—	0.4	—	0.4
Other accrued liabilities	8.9	123.8	—	34.6	—	167.3
Total current liabilities	9.4	440.8	—	59.4	—	509.6
Long-term debt	—	353.3	—	3.2	—	356.5
Deferred income taxes	—	81.3	—	26.9	(32.1)	76.1
Other long-term liabilities	103.0	49.4	—	20.1	—	172.5
Amounts due to affiliates	—	—	—	155.3	(155.3)	—
Total stockholders' equity	1,635.8	1,428.9	366.4	327.8	(2,123.1)	1,635.8
Total liabilities and stockholders' equity	\$ 1,748.2	\$ 2,353.7	\$ 366.4	\$ 592.7	\$ (2,310.5)	\$ 2,750.5

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**CONDENSED CONSOLIDATING BALANCE SHEETS**  
*(In millions)*

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

**ACUITY BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

**CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME**  
*(In millions)*

	<b>Three Months Ended February 28, 2018</b>					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non-Guarantors	Consolidating Adjustments	Consolidated
<b>Net sales:</b>						
External sales	\$ —	\$ 740.4	\$ —	\$ 91.7	\$ —	\$ 832.1
Intercompany sales	—	—	12.5	41.2	(53.7)	—
Total sales	—	740.4	12.5	132.9	(53.7)	832.1
Cost of products sold	—	440.6	—	95.3	(38.7)	497.2
Gross profit	—	299.8	12.5	37.6	(15.0)	334.9
Selling, distribution, and administrative expenses	11.1	211.7	0.8	37.7	(15.0)	246.3
Intercompany charges	(0.9)	(0.3)	—	1.2	—	—
Special charge	—	0.6	—	—	—	0.6
Operating (loss) profit	(10.2)	87.8	11.7	(1.3)	—	88.0
Interest expense, net	2.6	4.0	—	1.4	—	8.0
Equity earnings in subsidiaries	(106.2)	(1.0)	—	0.1	107.1	—
Miscellaneous expense, net	—	1.2	—	0.1	—	1.3
Income (loss) before income taxes	93.4	83.6	11.7	(2.9)	(107.1)	78.7
Income tax (benefit) expense	(3.5)	(15.0)	0.9	(0.6)	—	(18.2)
Net income (loss)	96.9	98.6	10.8	(2.3)	(107.1)	96.9
<b>Other comprehensive income (loss) items:</b>						
Foreign currency translation adjustments	2.5	2.5	—	—	(2.5)	2.5
Defined benefit pension plans, net	1.8	1.3	—	0.5	(1.8)	1.8
Other comprehensive income items, net of tax	4.3	3.8	—	0.5	(4.3)	4.3
Comprehensive income (loss)	\$ 101.2	\$ 102.4	\$ 10.8	\$ (1.8)	\$ (111.4)	\$ 101.2

**ACUITY BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

**CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME**  
*(In millions)*

**Three Months Ended February 28, 2017**

	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
<b>Net sales:</b>						
External sales	\$ —	\$ 712.7	\$ —	\$ 92.0	\$ —	\$ 804.7
Intercompany sales	—	—	11.7	37.0	(48.7)	—
Total sales	—	712.7	11.7	129.0	(48.7)	804.7
Cost of products sold	—	406.8	—	97.7	(35.6)	468.9
Gross profit	—	305.9	11.7	31.3	(13.1)	335.8
Selling, distribution, and administrative expenses	12.6	196.3	0.9	31.0	(13.0)	227.8
Intercompany charges	(0.8)	0.2	—	0.6	—	—
Operating (loss) profit	(11.8)	109.4	10.8	(0.3)	(0.1)	108.0
Interest expense, net	2.7	4.0	—	1.3	—	8.0
Equity earnings in subsidiaries	(76.7)	1.2	—	—	75.5	—
Miscellaneous expense (income), net	—	0.8	—	(0.2)	—	0.6
Income (loss) before income taxes	62.2	103.4	10.8	(1.4)	(75.6)	99.4
Income tax (benefit) expense	(5.1)	32.4	3.8	1.0	—	32.1
Net income (loss)	67.3	71.0	7.0	(2.4)	(75.6)	67.3
<b>Other comprehensive income (loss) items:</b>						
Foreign currency translation adjustments	3.3	3.3	—	—	(3.3)	3.3
Defined benefit pension plans, net	2.1	0.7	—	0.7	(1.4)	2.1
Other comprehensive income items, net of tax	5.4	4.0	—	0.7	(4.7)	5.4
Comprehensive income (loss)	\$ 72.7	\$ 75.0	\$ 7.0	\$ (1.7)	\$ (80.3)	\$ 72.7

**ACUITY BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

**CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME**  
*(In millions)*

	Six Months Ended February 28, 2018					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non-Guarantors	Consolidating Adjustments	Consolidated
<b>Net sales:</b>						
External sales	\$ —	\$ 1,484.6	\$ —	\$ 190.3	\$ —	\$ 1,674.9
Intercompany sales	—	—	24.5	84.7	(109.2)	—
Total sales	—	1,484.6	24.5	275.0	(109.2)	1,674.9
Cost of products sold	—	870.4	—	200.2	(80.8)	989.8
Gross profit	—	614.2	24.5	74.8	(28.4)	685.1
Selling, distribution, and administrative expenses	23.8	406.4	1.6	74.3	(28.4)	477.7
Intercompany charges	(1.9)	(0.8)	—	2.7	—	—
Special charge	—	0.8	—	—	—	0.8
Operating (loss) profit	(21.9)	207.8	22.9	(2.2)	—	206.6
Interest expense, net	5.3	8.0	—	2.8	—	16.1
Equity earnings in subsidiaries	(187.1)	(2.1)	—	0.1	189.1	—
Miscellaneous expense (income), net	—	2.0	—	(1.1)	—	0.9
Income (loss) before income taxes	159.9	199.9	22.9	(4.0)	(189.1)	189.6
Income tax (benefit) expense	(8.5)	27.2	3.1	(0.6)	—	21.2
Net income (loss)	168.4	172.7	19.8	(3.4)	(189.1)	168.4
<b>Other comprehensive income (loss) items:</b>						
Foreign currency translation adjustments	(8.0)	(8.0)	—	—	8.0	(8.0)
Defined benefit pension plans, net	3.4	2.5	—	0.9	(3.4)	3.4
Other comprehensive (loss) income items, net of tax	(4.6)	(5.5)	—	0.9	4.6	(4.6)
Comprehensive income (loss)	\$ 163.8	\$ 167.2	\$ 19.8	\$ (2.5)	\$ (184.5)	\$ 163.8

**ACUITY BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

**CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME**  
*(In millions)*

	Six Months Ended February 28, 2017					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non-Guarantors	Consolidating Adjustments	Consolidated
<b>Net sales:</b>						
External sales	\$ —	\$ 1,459.0	\$ —	\$ 196.9	\$ —	\$ 1,655.9
Intercompany sales	—	—	23.2	88.6	(111.8)	—
Total sales	—	1,459.0	23.2	285.5	(111.8)	1,655.9
Cost of products sold	—	833.7	—	212.6	(85.8)	960.5
Gross profit	—	625.3	23.2	72.9	(26.0)	695.4
Selling, distribution, and administrative expenses	24.4	396.2	1.8	63.1	(25.9)	459.6
Intercompany charges	(2.0)	0.4	—	1.6	—	—
Special charge	—	1.2	—	—	—	1.2
Operating (loss) profit	(22.4)	227.5	21.4	8.2	(0.1)	234.6
Interest expense, net	5.5	8.0	—	2.7	—	16.2
Equity earnings in subsidiaries	(167.1)	(7.9)	—	0.2	174.8	—
Miscellaneous income, net	—	(6.5)	—	(0.8)	—	(7.3)
Income before income taxes	139.2	233.9	21.4	6.1	(174.9)	225.7
Income tax (benefit) expense	(9.8)	80.2	4.7	1.6	—	76.7
Net income	149.0	153.7	16.7	4.5	(174.9)	149.0
<b>Other comprehensive income (loss) items:</b>						
Foreign currency translation adjustments	(8.6)	(8.6)	—	—	8.6	(8.6)
Defined benefit pension plans, net	4.1	1.4	—	1.4	(2.8)	4.1
Other comprehensive (loss) income items, net of tax	(4.5)	(7.2)	—	1.4	5.8	(4.5)
Comprehensive income	\$ 144.5	\$ 146.5	\$ 16.7	\$ 5.9	\$ (169.1)	\$ 144.5

**ACUITY BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

**CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS**  
*(In millions)*

	<b>Six Months Ended February 28, 2018</b>					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
Net cash provided by operating activities	\$ 141.8	\$ 14.4	\$ —	\$ 22.1	\$ —	\$ 178.3
Cash flows from investing activities:						
Purchases of property, plant, and equipment	—	(15.2)	—	(5.7)	—	(20.9)
Investments in subsidiaries	(26.4)	—	—	—	26.4	—
Acquisition of businesses, net of cash acquired	—	—	—	(26.4)	—	(26.4)
Net cash used for investing activities	(26.4)	(15.2)	—	(32.1)	26.4	(47.3)
Cash flows from financing activities:						
Repayments of long-term debt	—	—	—	(0.2)	—	(0.2)
Proceeds from stock option exercises and other	1.4	—	—	—	—	1.4
Repurchases of common stock	(194.3)	—	—	—	—	(194.3)
Employee taxes on net settlement of equity awards	(6.7)	—	—	—	—	(6.7)
Intercompany capital	—	—	—	26.4	(26.4)	—
Dividends paid	(10.9)	—	—	—	—	(10.9)
Net cash (used for) provided by financing activities	(210.5)	—	—	26.2	(26.4)	(210.7)
Effect of exchange rates changes on cash	—	0.8	—	(2.4)	—	(1.6)
Net change in cash and cash equivalents	(95.1)	—	—	13.8	—	(81.3)
Cash and cash equivalents at beginning of period	237.7	—	—	73.4	—	311.1
Cash and cash equivalents at end of period	<u>\$ 142.6</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 87.2</u>	<u>\$ —</u>	<u>\$ 229.8</u>

**ACUITY BRANDS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

**CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS**  
*(In millions)*

	<b>Six Months Ended February 28, 2017</b>					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
Net cash provided by operating activities	\$ 53.5	\$ 15.8	\$ —	\$ 20.7	\$ —	\$ 90.0
Cash flows from investing activities:						
Purchases of property, plant, and equipment	—	(29.8)	—	(6.0)	—	(35.8)
Proceeds from sale of property, plant, and equipment	—	—	—	5.4	—	5.4
Proceeds from sale of investment	—	13.2	—	—	—	13.2
Other investing activities	—	(0.2)	—	—	—	(0.2)
Net cash used for investing activities	—	(16.8)	—	(0.6)	—	(17.4)
Cash flows from financing activities:						
Issuance of long-term debt	—	—	—	0.9	—	0.9
Proceeds from stock option exercises and other	2.3	—	—	—	—	2.3
Repurchases of common stock	(0.4)	—	—	—	—	(0.4)
Employee taxes on net settlement of equity awards	(12.2)	—	—	—	—	(12.2)
Dividends paid	(11.5)	—	—	—	—	(11.5)
Net cash (used for) provided by financing activities	(21.8)	—	—	0.9	—	(20.9)
Effect of exchange rate changes on cash	—	1.0	—	(2.7)	—	(1.7)
Net change in cash and cash equivalents	31.7	—	—	18.3	—	50.0
Cash and cash equivalents at beginning of period	368.2	—	—	45.0	—	413.2
Cash and cash equivalents at end of period	<u>\$ 399.9</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 63.3</u>	<u>\$ —</u>	<u>\$ 463.2</u>

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

The purpose of this discussion and analysis is to enhance the understanding and evaluation of the results of operations, financial position, cash flows, indebtedness, and other key financial information of Acuity Brands, Inc. ("Acuity Brands") and its subsidiaries as of February 28, 2018 and for the three and six months ended February 28, 2018 and 2017. The following discussion should be read in conjunction with the *Consolidated Financial Statements* and *Notes to Consolidated Financial Statements* included within this report. Also, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2017, filed with the Securities and Exchange Commission (the "SEC") on October 26, 2017 ("Form 10-K").

### **Overview**

#### **Company**

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

The Company is one of the world's leading providers of lighting and building management solutions and services for commercial, institutional, industrial, infrastructure, and residential applications throughout North America and select international markets. The Company's lighting and building management solutions include devices such as luminaires, lighting controls, controllers for various building systems, power supplies, prismatic skylights, and drivers, as well as integrated systems designed to optimize energy efficiency and comfort for various indoor and outdoor applications. Additionally, the Company continues to expand its solutions portfolio to provide a host of other economic benefits, including software and services that enable the Internet of Things ("IoT"). The Company's IoT solutions provide customers with access to robust data analytics; support the advancement of smart buildings, smart cities, and the smart grid; and allow businesses to develop custom applications to scale their operations. As of February 28, 2018, the Company operates 19 manufacturing facilities and seven distribution facilities along with one warehouse to serve its extensive customer base.

The Company does not consider acquisitions a critical element of its strategy but seeks opportunities to expand and enhance its portfolio of solutions, including the acquisition of Lucid Design Group, Inc. ("Lucid") on February 12, 2018, using cash on hand. Lucid is headquartered in Oakland, California and provides a data and analytics platform to make data-driven decisions to improve building efficiency and drive energy conservation and savings. No acquisitions were completed during fiscal 2017.

#### **Liquidity and Capital Resources**

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

The Company currently expects to invest approximately two percent of net sales in capital expenditures during fiscal 2018. For the first half of fiscal 2018, \$20.9 million had been invested, primarily for equipment, tooling, facility enhancements, and new and enhanced information technology capabilities.

In June 2017, the Board of Directors (the "Board") authorized the repurchase of two million shares of the Company's outstanding common stock in the future. As of February 28, 2018, 1.2 million shares had been purchased under this authorization. In March 2018, the Board authorized the repurchase of six million shares, which includes the remaining 0.8 million shares available for repurchase under the June 2017 authorization. The Company expects to repurchase the shares on an opportunistic basis.

The Company's short-term cash needs are expected to include funding operations as currently planned, making anticipated capital investments, paying quarterly stockholder dividends as currently anticipated, paying principal and interest on borrowings as currently scheduled, making required contributions to its employee benefit plans, funding possible acquisitions, and potentially repurchasing up to six million shares of its outstanding common stock as authorized by the Board. Management believes that the Company will be able to meet its liquidity needs over the next 12 months based on its cash on hand, current projections of cash flow from operations, and borrowing availability under existing financing arrangements, as well as potential additional borrowings for stock repurchases. The type of debt instruments, amount, terms, and timing of additional borrowings will be dependent on the extent of share

repurchase activity. Additionally, management believes that the Company's cash flows from operations and sources of funding, including, but not limited to, future borrowings and capacity, will sufficiently support the long-term liquidity needs of the Company.

### **Cash Flow**

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

The Company's cash position at February 28, 2018 was \$229.8 million, a decrease of \$81.3 million from August 31, 2017. During the six months ended February 28, 2018, the Company generated net cash flows from operations of \$178.3 million. Cash generated from operating activities, as well as cash on-hand, was used during the current period primarily to repurchase 1.2 million shares of the Company's outstanding common stock for \$194.3 million, to fund acquisitions of \$26.4 million, to fund capital expenditures of \$20.9 million, to pay dividends to stockholders of \$10.9 million, and to pay employee taxes on the net settlement of equity awards of \$6.7 million.

The Company generated \$178.3 million of cash flow from operating activities during the six months ended February 28, 2018 compared with \$90.0 million in the prior-year period, an increase of \$88.3 million, due primarily to lower operating working capital requirements and lower variable incentive payments for prior year performance. Operating working capital (calculated by adding accounts receivable plus inventories, and subtracting accounts payable-net of acquisitions and the impact of foreign exchange rate changes) decreased approximately \$26.0 million during the first six months of fiscal 2018 compared to a \$22.0 million increase during the first six months of fiscal 2017. Operating working capital during the six months ended February 28, 2018 was favorably impacted by a reduction in inventory, driven primarily by reduced on-hand raw materials and work in process.

Management believes that investing in assets and programs that will over time increase the overall return on its invested capital is a key factor in driving stockholder value. The Company invested \$20.9 million and \$35.8 million in the first six months of fiscal 2018 and 2017, respectively, primarily related to investments in new equipment, tooling, facility enhancements, and information technology. The Company expects to invest approximately two percent of net sales primarily for new equipment, tooling, facility enhancements, and information technology capabilities during fiscal 2018.

### **Capitalization**

The current capital structure of the Company is comprised principally of senior unsecured notes and equity of its stockholders. Total debt outstanding was \$356.9 million at February 28, 2018 and August 31, 2017, and consisted primarily of fixed-rate obligations.

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

On August 27, 2014, the Company executed a revolving credit facility ("Revolving Credit Facility") with a borrowing capacity of \$250.0 million. The Revolving Credit Facility will mature and all amounts outstanding thereunder will be due and payable on August 27, 2019. The Company had no borrowings outstanding under the Revolving Credit Facility as of February 28, 2018. The Company was in compliance with all financial covenants under the Revolving Credit Facility as of February 28, 2018. At February 28, 2018, the Company had additional borrowing capacity under the Revolving Credit Facility of \$244.7 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 \$5.3 million issued under the Revolving Credit Facility. As of February 28, 2018, the Company had outstanding letters of credit totaling \$10.2 million, primarily for securing collateral requirements under the Company's casualty insurance programs and for providing credit support for the Company's industrial revenue bond, including \$5.3 million issued under the Revolving Credit Facility. See the *Debt* footnote of the *Notes to Consolidated Financial Statements* for more information.

During the first six months of fiscal 2018, the Company's consolidated stockholders' equity decreased \$29.8 million to \$1.64 billion at February 28, 2018, from \$1.67 billion at August 31, 2017. The decrease was due primarily to share repurchases, the payment of dividends, shares withheld for employee taxes on vested restricted stock grants, and foreign currency translation adjustments, partially offset by net income earned in the period, stock issuances resulting primarily from the exercise of stock options, and amortization of pension plan prior service costs and actuarial losses. The Company's debt to total capitalization ratio (calculated by dividing total debt by the sum of total debt and total stockholders' equity) was 17.9% and 17.6% at February 28, 2018 and August 31, 2017, respectively. The ratio of debt, net of cash, to total capitalization, net of cash, was 7.2% at February 28, 2018 and 2.7% at August 31, 2017.

### Dividends

Acuity Brands paid dividends on its common stock of \$10.9 million and \$11.5 million (\$0.26 per share) during the six months ended February 28, 2018 and 2017, respectively. All decisions regarding the declaration and payment of dividends by Acuity Brands are at the discretion of the Board and are evaluated regularly in light of the Company's financial condition, earnings, growth prospects, funding requirements, applicable law, and any other factors the Board deems relevant.

### Results of Operations

#### Second Quarter of Fiscal 2018 Compared with Second Quarter of Fiscal 2017

The following table sets forth information comparing the components of net income for the three months ended February 28, 2018 and 2017 (in millions except per share data):

	Three Months Ended		Increase (Decrease)	Percent Change
	February 28, 2018	February 28, 2017		
Net sales	\$ 832.1	\$ 804.7	\$ 27.4	3.4 %
Cost of products sold	497.2	468.9	28.3	6.0 %
Gross profit	334.9	335.8	(0.9)	(0.3)%
<i>Percent of net sales</i>	40.2%	41.7%	(150) bps	
Selling, distribution, and administrative expenses	246.3	227.8	18.5	8.1 %
Special charge	0.6	—	0.6	NM
Operating profit	88.0	108.0	(20.0)	(18.5)%
<i>Percent of net sales</i>	10.6 %	13.4%	(280) bps	
Other expense (income):				
Interest expense, net	8.0	8.0	—	— %
Miscellaneous expense, net	1.3	0.6	0.7	NM
Total other expense	9.3	8.6	0.7	NM
Income before income taxes	78.7	99.4	(20.7)	(20.8)%
<i>Percent of net sales</i>	9.5 %	12.4%	(290) bps	
Income tax (benefit) expense	(18.2)	32.1	(50.3)	NM
<i>Effective tax rate</i>	(23.1)%	32.3%		
Net income	\$ 96.9	\$ 67.3	\$ 29.6	44.0 %
Diluted earnings per share	\$ 2.33	\$ 1.53	\$ 0.80	52.3 %

NM - not meaningful

Net sales were \$832.1 million for the three months ended February 28, 2018 compared with \$804.7 million reported for the three months ended February 28, 2017, an increase of \$27.4 million, or 3.4%. For the three months ended February 28, 2018, the Company reported net income of \$96.9 million, an increase of \$29.6 million, or 44.0%, compared with \$67.3 million for the three months ended February 28, 2017. For the second quarter of fiscal 2018, diluted earnings per share increased 52.3% to \$2.33 compared with \$1.53 reported in the year-ago period.

The following table reconciles certain U.S. generally accepted accounting principles ("U.S. GAAP") financial measures to the corresponding non-U.S. GAAP measures referred to in the discussion of the Company's results of operations, which exclude the impact of acquisition related items, amortization of acquired intangible assets, share-

based payment expense, special charges associated primarily with continued efforts to streamline the organization, and certain discrete income tax benefits of the U.S. Tax Cuts and Jobs Act (the "TCJA"). Although the impacts of some of these items have been recognized in prior periods and could recur in future periods, management typically excludes these charges during internal reviews of performance and uses these non-U.S. GAAP measures for baseline comparative operational analysis, decision making, and other activities. Primarily due to the impact of the four acquisitions completed during fiscal 2016, the Company experienced noticeable increases in amortization of acquired intangibles, share-based payments used to improve retention and align the interest of key leaders of acquired businesses, and special charges due to activities to streamline and integrate those acquisitions. These non-U.S. GAAP financial measures, including adjusted gross profit and margin, adjusted selling, distribution, and administrative ("SD&A") expenses, adjusted operating profit and margin, adjusted net income, and adjusted diluted earnings per share, are provided to enhance the user's overall understanding of the Company's current financial performance. Specifically, the Company believes these non-U.S. GAAP measures provide greater comparability and enhanced visibility into the Company's results of operations. The non-U.S. GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with U.S. GAAP.

(In millions, except per share data)

	Three Months Ended		Increase (Decrease)	Percent Change
	February 28, 2018	February 28, 2017		
Selling, distribution, and administrative expenses	\$ 246.3	\$ 227.8		
Less: Amortization of acquired intangible assets	(6.7)	(7.8)		
Less: Share-based payment expense	(8.3)	(8.1)		
Less: Acquisition-related items <sup>(1)</sup>	(0.2)	—		
Adjusted selling, distribution, and administrative expenses	\$ 231.1	\$ 211.9	\$ 19.2	9.1 %
Percent of net sales	27.8%	26.3%	150 bps	
Operating profit	\$ 88.0	\$ 108.0		
Add-back: Amortization of acquired intangible assets	6.7	7.8		
Add-back: Share-based payment expense	8.3	8.1		
Add-back: Acquisition-related items <sup>(1)</sup>	0.2	—		
Add-back: Special charge	0.6	—		
Adjusted operating profit	\$ 103.8	\$ 123.9	\$ (20.1)	(16.2)%
Percent of net sales	12.5%	15.4%	(290) bps	
Net income	\$ 96.9	\$ 67.3		
Add-back: Amortization of acquired intangible assets	6.7	7.8		
Add-back: Share-based payment expense	8.3	8.1		
Add-back: Acquisition-related items <sup>(1)</sup>	0.2	—		
Add-back: Special charge	0.6	—		
Total pre-tax adjustments to net income	15.8	15.9		
Income tax effects	(3.0)	(5.5)		
Less: Discrete income tax benefits of the TCJA <sup>(2)</sup>	(31.2)	—		
Adjusted net income	\$ 78.5	\$ 77.7	\$ 0.8	1.0 %
Diluted earnings per share	\$ 2.33	\$ 1.53		
Adjusted diluted earnings per share	\$ 1.89	\$ 1.77	\$ 0.12	6.8 %

<sup>(1)</sup> Acquisition-related items include professional fees.

<sup>(2)</sup> Discrete income tax benefits of the TCJA include provisional estimates recognized within *Income tax (benefit) expense* on the *Consolidated Statements of Comprehensive Income*. See *Income Taxes* footnote within the *Notes to Consolidated Financial Statements* for additional details.

### *Net Sales*

Net sales for the three months ended February 28, 2018 increased 3.4% compared with the prior-year period due primarily to an increase of over 6% in sales volume and the favorable impact from foreign exchange rate changes of approximately 1%, partially offset by the unfavorable impact of changes in product prices and the mix of products sold ("price/mix") of approximately 3.5%. The increase in net sales was due primarily to greater shipments of Atrius-based luminaires to customers in certain key vertical applications, partially offset by lower shipments through the home center/showroom sales channel as well as for larger commercial projects due to continued tepid conditions within the North American non-residential lighting market. Unfavorable price/mix reflected changes in both product mix, which included substitutions to certain products with lower price points, and sales channel mix, which included declines in generally higher priced solutions, primarily for larger commercial projects. Price/mix was also impacted by lower pricing on certain luminaires, reflecting the decline in certain LED component costs as well as increased competition in more basic, lesser-featured products. Sales of LED-based products accounted for over two-thirds of total net sales during the second quarter of fiscal 2018 and approximately two-thirds of total net sales during the second quarter of fiscal 2017. Due to the changing dynamics of the Company's product portfolio, including the increase of integrated lighting and building management solutions, it is not possible to precisely quantify or differentiate the individual components of volume, price, and mix.

### *Gross Profit*

Gross profit for the second quarter of fiscal 2018 decreased \$0.9 million, or 0.3%, to \$334.9 million compared with \$335.8 million in the prior-year period. Gross profit margin decreased 150 basis points to 40.2% for the three months ended February 28, 2018 compared with 41.7% in the prior-year period. Gross profit margin was lower than the prior-year period due primarily to unfavorable price/mix, partially offset by higher sales volumes and productivity improvements.

### *Operating Profit*

SD&A expenses for the three months ended February 28, 2018 were \$246.3 million compared with \$227.8 million in the prior-year period, an increase of \$18.5 million, or 8.1%. The increase in SD&A expenses was due primarily to higher employee related costs, including compensation, increased freight charges to support the greater sales volume, and to a lesser degree, certain other operating expenses. SD&A expenses for the second quarter of fiscal 2018 were 29.6% of net sales compared with 28.3% for the prior-year period. Adjusted SD&A expenses for the three months ended February 28, 2018 were \$231.1 million (27.8% of net sales) compared with \$211.9 million (26.3% of net sales) in the prior-year period.

The Company recognized pre-tax special charges related to prior fiscal year actions of \$0.6 million during the second quarter of fiscal 2018. No special charges were recorded during the second quarter of fiscal 2017. Further details regarding the Company's special charges are included in the *Special Charge* footnote of the *Notes to Consolidated Financial Statements*.

Operating profit for the second quarter of fiscal 2018 was \$88.0 million (10.6% of net sales) compared with \$108.0 million (13.4% of net sales) for the prior-year period, a decrease of \$20.0 million, or 18.5%. The decrease in operating profit was primarily due to the impact of price/mix on gross profit and higher SD&A expenses.

Adjusted operating profit decreased by \$20.1 million, or 16.2%, to \$103.8 million for the second quarter of fiscal 2018 compared with \$123.9 million for the second quarter of fiscal 2017. Adjusted operating profit margin decreased 290 basis points to 12.5% for the second quarter of fiscal 2018 compared with 15.4% for the year-ago period.

### *Other Expense (Income)*

Other expense (income) consists principally of net interest expense and net miscellaneous income/expense, which includes gains and losses associated with foreign currency-related transactions and non-operating gains and losses. Interest expense, net, was \$8.0 million for both the three months ended February 28, 2018 and 2017. The Company reported net miscellaneous expense of \$1.3 million and \$0.6 million for the three months ended February 28, 2018 and 2017, respectively.

*Income Taxes and Net Income*

The Company's effective income tax rate was (23.1)% and 32.3% for the three months ended February 28, 2018 and 2017, respectively. The effective income rate for the three months ended February 28, 2018 was significantly impacted by the provisional tax benefit estimate of \$31.2 million recognized within *Income tax (benefit) expense* on the *Consolidated Statements of Comprehensive Income* as a result of the TCJA, which was enacted during the quarter. Further details regarding the TCJA are included in the *Income Taxes* footnote of the *Notes to Consolidated Financial Statements*. The Company currently estimates that the Company's blended consolidated effective income tax rate, before any discrete items, will approximate 26% to 28% for the remainder of fiscal 2018 and 23% to 25% for fiscal 2019.

Net income for the second quarter of fiscal 2018 increased \$29.6 million to \$96.9 million from \$67.3 million reported for the prior-year period. The increase in net income resulted primarily from the benefit from income taxes recognized during the quarter related to the TCJA, partially offset by a decrease in operating profit. Diluted earnings per share for the three months ended February 28, 2018 increased \$0.80 to \$2.33 compared with diluted earnings per share of \$1.53 for the prior-year period.

Adjusted net income for the second quarter of fiscal 2018 was \$78.5 million compared with \$77.7 million in the prior-year period, which represented an increase of \$0.8 million, or 1.0%. Adjusted diluted earnings per share for the three months ended February 28, 2018 increased \$0.12, or 6.8%, to \$1.89 compared with \$1.77 for the prior-year period.

**First Six Months of Fiscal 2018 Compared with First Six Months of Fiscal 2017**

The following table sets forth information comparing the components of net income for the six months ended February 28, 2018 and 2017 (in millions except per share data):

	<u>Six Months Ended</u>		<u>Increase (Decrease)</u>	<u>Percent Change</u>
	<u>February 28, 2018</u>	<u>February 28, 2017</u>		
Net sales	\$ 1,674.9	\$ 1,655.9	\$ 19.0	1.1 %
Cost of products sold	989.8	960.5	29.3	3.1 %
Gross profit	685.1	695.4	(10.3)	(1.5)%
<i>Percent of net sales</i>	<i>40.9%</i>	<i>42.0%</i>	<i>(110) bps</i>	
Selling, distribution, and administrative expenses	477.7	459.6	18.1	3.9 %
Special charge	0.8	1.2	(0.4)	NM
Operating profit	206.6	234.6	(28.0)	(11.9)%
<i>Percent of net sales</i>	<i>12.3%</i>	<i>14.2%</i>	<i>(190) bps</i>	
Other expense (income)				
Interest expense, net	16.1	16.2	(0.1)	(0.6)%
Miscellaneous expense (income), net	0.9	(7.3)	8.2	NM
Total other expense	17.0	8.9	8.1	NM
Income before income taxes	189.6	225.7	(36.1)	(16.0)%
<i>Percent of net sales</i>	<i>11.3%</i>	<i>13.6%</i>	<i>(230) bps</i>	
Income tax expense	21.2	76.7	(55.5)	NM
<i>Effective tax rate</i>	<i>11.2%</i>	<i>34.0%</i>		
Net income	<u>\$ 168.4</u>	<u>\$ 149.0</u>	<u>\$ 19.4</u>	<u>13.0 %</u>
Diluted earnings per share	<u>\$ 4.04</u>	<u>\$ 3.39</u>	<u>\$ 0.65</u>	<u>19.2 %</u>
NM - not meaningful				

Net sales were \$1.67 billion for the six months ended February 28, 2018 compared with \$1.66 billion reported for the six months ended February 28, 2017, an increase of \$19.0 million, or 1.1%. For the six months ended February 28, 2018, the Company reported net income of \$168.4 million, an increase of \$19.4 million, or 13.0%, compared with \$149.0 million for the six months ended February 28, 2017. For the first six months of fiscal 2018, diluted earnings per share increased 19.2% to \$4.04 compared with \$3.39 reported in the year-ago period.

The following table reconciles certain U.S. GAAP financial measures to the corresponding non-U.S. GAAP measures referred to in the discussion of the Company's results of operations, which exclude the impact of acquisition-related items, certain manufacturing inefficiencies, amortization of acquired intangible assets, share-based payment expense, special charges associated primarily with continued efforts to streamline the organization, certain discrete income tax benefits of the TCJA, and the sale of an investment in an unconsolidated affiliate. These non-U.S. GAAP financial measures, including adjusted gross profit and margin, adjusted SD&A expenses, adjusted operating profit and margin, adjusted other expense, adjusted net income, and adjusted diluted earnings per share, are provided to enhance the user's overall understanding of the Company's current financial performance. Specifically, the Company believes these non-U.S. GAAP measures provide greater comparability and enhanced visibility into the results of operations. The non-U.S. GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with U.S. GAAP. Amounts in the following table are shown in millions except per share data.

	Six Months Ended		Increase (Decrease)	Percent Change
	February 28, 2018	February 28, 2017		
Gross profit	\$ 685.1	\$ 695.4		
Add-back: Manufacturing inefficiencies <sup>(2)</sup>	—	1.6		
Adjusted gross profit	<u>\$ 685.1</u>	<u>\$ 697.0</u>	\$ (11.9)	(1.7)%
<i>Percent of net sales</i>	<i>40.9%</i>	<i>42.1%</i>	<i>(120) bps</i>	
Selling, distribution, and administrative expenses	\$ 477.7	\$ 459.6		
Less: Amortization of acquired intangible assets	(13.3)	(13.7)		
Less: Share-based payment expense	(16.8)	(16.0)		
Less: Acquisition-related items <sup>(1)</sup>	(0.2)	—		
Adjusted selling, distribution, and administrative expenses	<u>\$ 447.4</u>	<u>\$ 429.9</u>	\$ 17.5	4.1 %
<i>Percent of net sales</i>	<i>26.7%</i>	<i>26.0%</i>	<i>70 bps</i>	
Operating profit	\$ 206.6	\$ 234.6		
Add-back: Amortization of acquired intangible assets	13.3	13.7		
Add-back: Share-based payment expense	16.8	16.0		
Add-back: Acquisition-related items <sup>(1)</sup>	0.2	—		
Add-back: Manufacturing inefficiencies <sup>(2)</sup>	—	1.6		
Add-back: Special charge	0.8	1.2		
Adjusted operating profit	<u>\$ 237.7</u>	<u>\$ 267.1</u>	\$ (29.4)	(11.0)%
<i>Percent of net sales</i>	<i>14.2%</i>	<i>16.1%</i>	<i>(190) bps</i>	
Other expense	\$ 17.0	\$ 8.9		
Add-back: Gain on sale of investment in unconsolidated affiliate	—	7.2		
Adjusted other expense	<u>\$ 17.0</u>	<u>\$ 16.1</u>	\$ 0.9	5.6 %
Net income	\$ 168.4	\$ 149.0		
Add-back: Amortization of acquired intangible assets	13.3	13.7		
Add-back: Share-based payment expense	16.8	16.0		
Add-back: Acquisition-related items <sup>(1)</sup>	0.2	—		
Add-back: Manufacturing inefficiencies <sup>(2)</sup>	—	1.6		
Add-back: Special charge	0.8	1.2		
Less: Gain on sale of investment in unconsolidated affiliate	—	(7.2)		
Total pre-tax adjustments to net income	31.1	25.3		
Income tax effect	(8.3)	(8.8)		
Less: Discrete income tax benefits of the TCJA <sup>(3)</sup>	(31.2)	—		
Adjusted net income	<u>\$ 160.0</u>	<u>\$ 165.5</u>	\$ (5.5)	(3.3)%
Diluted earnings per share	\$ 4.04	\$ 3.39		
Adjusted diluted earnings per share	\$ 3.84	\$ 3.76	\$ 0.08	2.1 %

<sup>(1)</sup> Acquisition-related items include professional fees.

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

<sup>(3)</sup> Discrete income tax benefits of the TCJA include provisional estimates recognized within *Income tax (benefit) expense* on the *Consolidated Statements of Comprehensive Income*. See *Income Taxes* footnote within the *Notes to Consolidated Financial Statements* for additional details.

### *Net Sales*

Net sales for the six months ended February 28, 2018 increased \$19.0 million, or 1.1%, compared with the prior-year period due primarily to an increase in sales volume of approximately 2% and the favorable impact from foreign exchange rate changes of approximately 1%, partially offset by the unfavorable impact of changes in price/mix of approximately 2%. The increase in net sales was due primarily to greater shipments of Atrius-based luminaires to customers in certain key vertical applications, partially offset by lower shipments through the home center/showroom sales channel and certain international channels as well as for larger commercial projects due to continued tepid conditions within the North American non-residential lighting market. Unfavorable price/mix reflected changes in both product mix, which included substitutions to certain products with lower price points, and sales channel mix, which included declines in generally higher priced solutions, primarily for commercial projects. Price/mix was also impacted by lower pricing on certain luminaires, reflecting the decline in certain LED component costs as well as increased competition in more basic, lesser-featured products. Sales of LED-based luminaires during the first six months of fiscal 2018 and fiscal 2017 accounted for approximately two-thirds of total net sales. Due to the changing dynamics of the Company's product portfolio, including the increase of integrated lighting and building management solutions, it is not possible to precisely quantify or differentiate the individual components of volume, price, and mix.

### *Gross Profit*

Gross profit for the first six months of fiscal 2018 decreased \$10.3 million, or 1.5%, to \$685.1 million compared with \$695.4 million in the prior-year period. Gross profit margin decreased to 40.9% for the six months ended February 28, 2018 compared with 42.0% in the prior-year period. Gross profit margin was lower than the prior-year period primarily due to unfavorable price/mix and higher input costs for certain materials and commodity-related items, such as steel. These declines were partially offset by higher sales volumes, lower component costs for certain LED fixtures, and productivity improvements. Adjusted gross profit for the six months ended February 28, 2018 was \$685.1 million (40.9% of net sales) compared with \$697.0 million (42.1% of net sales) in the prior-year period.

### *Operating Profit*

SD&A expenses for the six months ended February 28, 2018 were \$477.7 million compared with \$459.6 million in the prior-year period, an increase of \$18.1 million, or 3.9%. The increase in SD&A expenses was primarily due to higher employee related costs, including compensation, increased freight charges to support the greater sales volume, and to a lesser degree, certain other operating expenses. SD&A expenses for the first six months of fiscal 2018 were 28.5% of net sales compared with 27.8% for the prior-year period. Adjusted SD&A expenses for the six months ended February 28, 2018 were \$447.4 million (26.7% of net sales) compared with \$429.9 million (26.0% of net sales) in the prior-year period.

The Company recognized a pre-tax special charge of \$0.8 million during the first six months of fiscal 2018, compared with a pre-tax special charge of \$1.2 million during the first six months of fiscal 2017. Further details regarding the Company's special charges are included in the *Special Charge* footnote of the *Notes to Consolidated Financial Statements*.

Operating profit for the first six months of fiscal 2018 was \$206.6 million compared with \$234.6 million for the prior-year period, a decrease of \$28.0 million, or 11.9%. The decrease in operating profit was due primarily to an increase in SD&A expenses and lower gross profit, partially offset by a lower special charge.

Adjusted operating profit decreased by \$29.4 million, or 11.0%, to \$237.7 million for the first six months of fiscal 2018 compared with \$267.1 million for the first six months of fiscal 2017. Adjusted operating profit margin for the first six months of fiscal 2018 decreased 190 basis points to 14.2% compared with 16.1% in the year-ago period.

### *Other Expense (Income)*

Other expense (income) consists principally of net interest expense and net miscellaneous income, which includes gains and losses associated with foreign currency-related transactions. Interest expense, net, was \$16.1 million for the six months ended February 28, 2018 compared with \$16.2 million for the six months ended February 28, 2017. The Company reported net miscellaneous expense of \$0.9 million in the first six months of fiscal 2018 compared with net miscellaneous income of \$7.3 million in the prior-year period. Net miscellaneous income for the six months ended February 28, 2017 included a \$7.2 million gain associated with the sale of an investment in an unconsolidated affiliate.

### *Income Taxes and Net Income*

The Company's effective income tax rate was 11.2% and 34.0% for the six months ended February 28, 2018 and 2017, respectively. The effective income rate for the six months ended February 28, 2018 was significantly impacted by the TCJA, which was enacted during the second quarter. Further details regarding the TCJA are included in the *Income Taxes* footnote of the *Notes to Consolidated Financial Statements*.

Net income for the first six months of fiscal 2018 increased \$19.4 million to \$168.4 million from \$149.0 million reported for the prior-year period. The increase in net income resulted primarily from the benefit from income taxes recognized related to the TCJA, partially offset by a decrease in operating profit and lower miscellaneous income. Diluted earnings per share for the six months ended February 28, 2018 increased \$0.65 to \$4.04 compared with diluted earnings per share of \$3.39 for the prior-year period.

Adjusted net income for the first six months of fiscal 2018 was \$160.0 million compared with \$165.5 million in the prior-year period, which represented a decrease of \$5.5 million, or 3.3%. Adjusted diluted earnings per share for the six months ended February 28, 2018 increased \$0.08, or 2.1%, to \$3.84 compared with \$3.76 for the prior-year period.

### **Outlook**

Management continues to believe the execution of the Company's strategy will provide attractive opportunities for profitable growth over the long-term. The Company's strategy is to capitalize on market growth and share gain opportunities by continuing to expand and leverage its industry-leading lighting and building management solutions portfolio, coupled with its extensive market presence and financial strength, to produce attractive financial performance over the long-term. These opportunities include serving its traditional new construction and renovation markets as well as leveraging its unique, technology driven solutions portfolio to capture market share in the nascent, but rapidly growing, market for data capture, analytics, and other services, transforming buildings and campuses from cost centers to strategic assets.

The current weakness in the lighting industry has created a challenging environment for managing for financial performance in the short term while continuing to invest in attractive longer-term opportunities. Third-party forecasts and leading indicators suggest that demand in the North American lighting market, the Company's primary market, will improve later in calendar 2018; however, management believes existing weak market conditions may persist for the foreseeable near future based on soft order activity in certain sales channels. In addition, management expects headwinds in the home center/showroom channel to continue in the near term, giving way to growth in the second half of calendar 2018 as the Company brings new solutions to key customers and expands its access to market in this important sales channel. While current quoting activity for lighting equipment in portions of the non-residential market remains tepid, particularly for larger projects, both short and long-term fundamental drivers of the markets that the Company serves remain positive. Additionally, the Company continues to see growing demand for its Atrius-based lighting solutions in certain key vertical markets. Management expects to continue to outperform the growth rates of the markets that the Company serves by executing its strategies focused on growth opportunities for new construction and renovation projects, expansion into underpenetrated geographies and channels, and growth from the continued introduction of new lighting and building management solutions as part of the Company's integrated, tiered solutions strategy.

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

Management expects the TCJA that was passed on December 22, 2017, to favorably impact the Company's net income, diluted earnings per share, and cash flows in future periods, due primarily to the reduction in the federal corporate tax rate from 35% to 21% effective for periods beginning January 1, 2018. Additionally, positive business sentiment and other favorable aspects of the new tax law could incentivize additional investments in facilities and infrastructure in the U.S. that may increase future demand in the end-markets that the Company serves. Management currently estimates that the Company's blended consolidated effective income tax rate ("tax rate") for full-year fiscal 2018 will approximate 26% to 28% before discrete items, compared with nearly 35% for the prior year. Management currently estimates that the fiscal 2019 tax rate will approximate 23% to 25% before discrete items. The aforementioned tax related estimates may differ from actual results, possibly materially, due to changes in interpretations of the TCJA and assumptions made by the Company, as well as guidance that may be issued and actions the Company may take as a result of the TCJA.

Notwithstanding the TCJA, a great amount of rhetoric and debate remains regarding a wide range of policy options with respect to monetary, regulatory, and trade, amongst others, that may be pursued by the U.S. federal government. Any additional policy changes that may be implemented could have a positive or negative consequence on the Company's financial performance depending on how the changes would influence many factors, including business and consumer sentiment. While management is proactively identifying and evaluating potential contingency options under various policy scenarios, it is too early to comment or speculate at this time on the potential ramifications of these endless scenarios.

In light of the current weakness in the lighting industry, balanced against the Company's long-term optimism in its prospects, the Board recently increased the authorization to repurchase up to six million shares, or approximately 15%, of the Company's outstanding common stock. The Board believes this represents an effective use of the Company's cash flow to generate shareholder value, especially during periods of high stock price volatility. Additionally, the Board believes that repurchases of the Company's stock support the objective to maximize long-term stockholder value, while continuing to fund investments to better serve its customers, grow its businesses, and improve its operating and financial performance. The extent and timing of actual stock repurchases will be subject to various factors, including stock price, company performance, expected future market conditions, and other possible uses of cash, including acquisitions. Management believes that repurchasing the full authorization under the program within a twelve-month period would require additional resources beyond the Company's current available cash and borrowing capacity. Therefore, the Company may increase its leverage to accommodate repurchases at attractive price levels. Under the current authorization, the Company may acquire shares through open market transactions, subject to market conditions and other factors. The Company may also enter into Rule 10b5-1 plans to facilitate open market repurchases. A Rule 10b5-1 plan would generally permit the Company to repurchase shares at times when it might otherwise be prevented from doing so under certain securities laws provided the plan is adopted when the Company is not in possession of material non-public information. Shares repurchased under the authorization may be retired or used for general corporate purposes, which may include transactions related to the Company's share-based compensation and employee benefit plans.

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

### **Critical Accounting Estimates**

*Management's Discussion and Analysis of Financial Condition and Results of Operations* addresses the financial condition and results of operations as reflected in the Company's *Consolidated Financial Statements*, which have been prepared in accordance with U.S. GAAP. As discussed in the *Description of Business and Basis of Presentation* footnote of the *Notes to Consolidated Financial Statements*, the preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expense during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to revenue recognition; impacts of the TCJA; inventory valuation; amortization and the recoverability of long-lived assets, including goodwill and intangible assets; share-based payment expense; medical, product warranty and recall, and other reserves; retirement benefits; and litigation. Management bases its estimates and judgments on its substantial historical experience and other relevant factors, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Management discusses the development of accounting estimates with the Company's Audit Committee of the Board.

There have been no material changes in the Company's critical accounting estimates during the current period. For a detailed discussion of significant accounting policies that may involve a higher degree of judgment, please refer to the Company's Form 10-K.

### **Cautionary Statement Regarding Forward-Looking Information**

This filing contains forward-looking statements within the meaning of the federal securities laws. Statements made herein that may be considered forward-looking include statements incorporating terms such as “expects,” “believes,” “intends,” “anticipates,” and similar terms that relate to future events, performance, or results of the Company. In addition, the Company, or the executive officers on the Company’s behalf, may from time to time make forward-looking statements in reports and other documents the Company files with the SEC or in connection with oral statements made to the press, current and potential investors, or others. Forward-looking statements include, without limitation: (a) the Company’s projections regarding financial performance, liquidity, capital structure, capital expenditures, and dividends; (b) expectations about the impact of softness in demand as well as volatility and uncertainty in general economic conditions and the pricing environment; (c) external forecasts projecting the North American lighting and building management solutions market growth rate and growth in the Company’s addressable markets; (d) the Company’s ability to execute and realize benefits from initiatives related to streamlining its operations, capitalize on growth opportunities, expand in key markets as well as underpenetrated geographies and channels, and introduce new lighting and building management solutions; (e) the Company’s estimate of its fiscal 2018 and 2019 tax rates, as well as the impact of the TCJA on the Company’s financial position, results of operations, and cash flows; (f) the Company’s estimate of future amortization expense; (g) the Company’s ability to achieve its long-term financial goals and measures and outperform the markets it serves; (h) the impact to the Company of changes in the political landscape and related policy changes; (i) the Company’s projected future capital expenditures, investments, and share repurchases; and (j) the Company’s expectations about the resolution of trade compliance, securities class action, and/or other legal matters. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this annual report. Except as required by law, the Company undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events. The Company’s forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the historical experience of the Company and management’s present expectations or projections. These risks and uncertainties include, but are not limited to, customer and supplier relationships and prices; competition; ability to realize anticipated benefits from initiatives taken and timing of benefits; market demand; litigation and other contingent liabilities; and economic, political, governmental, and technological factors affecting the Company. Also, additional risks that could cause the Company’s actual results to differ materially from those expressed in the Company’s forward-looking statements are discussed in *Part I, Item 1a. Risk Factors* of this Annual Report on Form 10-K, and are specifically incorporated herein by reference.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

*General.* The Company is exposed to market risks that may impact its *Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, and Consolidated Statements of Cash Flows* due primarily to fluctuations in interest rates, foreign exchange rates, and commodity prices. There have been no material changes to the Company’s exposure from market risks from those disclosed in *Part II, Item 7a. Quantitative and Qualitative Disclosures About Market Risk* of the Company’s Form 10-K.

### **Item 4. Controls and Procedures**

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

As required by SEC rules, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of February 28, 2018. This evaluation was carried out under the supervision and with the participation of management, including the principal executive officer and principal financial officer. Based on this evaluation, these officers have concluded that the design and operation of the Company’s disclosure controls and procedures are effective at a reasonable assurance level as of February 28, 2018. However, because all disclosure procedures must rely to a significant degree on actions or decisions made by employees throughout the organization, such as reporting of material events, the Company and its reporting officers believe that they cannot provide absolute assurance that all control issues and instances of fraud or errors and omissions, if any, within the Company will be

detected. Limitations within any control system, including the Company's control system, include faulty judgments in decision-making or simple errors or mistakes. In addition, controls can be circumvented by an individual, by collusion between two or more people, or by management override of the control. Because of these limitations, misstatements due to error or fraud may occur and may not be detected.

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.

## PART II. OTHER INFORMATION

### Item 1. **Legal Proceedings**

On January 3, 2018, a shareholder filed a class action complaint in the United States District Court for the District of Delaware against the Company and certain of its officers on behalf of all persons who purchased or otherwise acquired the Company's stock between June 29, 2016 and April 3, 2017. On February 20, 2018, a different shareholder filed a second class action complaint in the same venue against the same parties on behalf of all persons who purchased or otherwise acquired the Company's stock between October 15, 2015 and April 3, 2017. A motion to consolidate the cases has been filed and is presently pending, unopposed. The complaints allege that the defendants violated the federal securities laws by making false or misleading statements and/or omitting to disclose material adverse facts that (i) concealed known trends negatively impacting sales of the Company's products and (ii) overstated the Company's ability to achieve profitable sales growth. The plaintiffs seek class certification, unspecified monetary damages, costs, and attorneys' fees. The Company disputes the allegations in the complaints and intends to vigorously defend against the claims. Estimating an amount or range of possible losses resulting from litigation proceedings is inherently difficult, particularly where the matters involve indeterminate claims for monetary damages and are in the stages of the proceedings where key factual and legal issues have not been resolved. For these reasons, the Company is currently unable to predict the ultimate timing or outcome of or reasonably estimate the possible losses or a range of possible losses resulting from the matters described above. The Company is insured, in excess of a self-retention, for Directors and Officers liability.

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

Information regarding reportable legal proceedings is contained in *Part I, Item 3. Legal Proceedings* in the Company's Form 10-K. Information set forth in this report's *Commitments and Contingencies* footnote of the *Notes to Consolidated Financial Statements* describes any legal proceedings that became reportable during the quarter ended February 28, 2018, and updates any descriptions of previously reported legal proceedings in which there have been material developments during such quarter. The discussion of legal proceedings included within the *Commitments and Contingencies* footnote of the *Notes to Consolidated Financial Statements* is incorporated into this Item 1 by reference.

### Item 1a. **Risk Factors**

There have been no material changes in the Company's risk factors from those disclosed in *Part I, Item 1a. Risk Factors* of the Company's Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

The following table reflects activity related to equity securities purchased by the Company during the quarter ended February 28, 2018:

Period	Purchases of Equity Securities			
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans
12/1/2017 through 12/31/2017	—	\$ —	—	2,000,000
1/1/2018 through 1/31/2018	1,000,000	\$ 164.51	1,000,000	1,000,000
2/1/2018 through 2/28/2018	200,000	\$ 148.72	200,000	800,000
Total	1,200,000	\$ 161.88	1,200,000	800,000

In March 2018, the Board of Directors authorized the repurchase of six million shares, which includes the remaining 0.8 million shares available for repurchase under the June 2017 authorization.

**Item 5. Other Information****Declaration of Dividend**

On March 29, 2018, the Board declared a quarterly dividend of \$0.13 per share. The dividend is payable on May 1, 2018 to stockholders of record on April 17, 2018.

**Item 6. Exhibits**

Exhibits are listed on the [Index to Exhibits](#).

INDEX TO EXHIBITS

EXHIBIT 3	(a) <a href="#">Restated Certificate of Incorporation of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.</a>	Reference is made to Exhibit 3.1 of registrant's Form 8-K as filed with the Commission on September 26, 2007, which is incorporated herein by reference.
	(b) <a href="#">Certificate of Amendment of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.</a>	Reference is made to Exhibit 3.2 of registrant's Form 8-K as filed with the Commission on September 26, 2007, which is incorporated herein by reference.
	(c) <a href="#">Certificate of Amendment to the Restated Certificate of Incorporation of Acuity Brands, Inc., dated as of January 6, 2017.</a>	Reference is made to Exhibit 3.C of registrant's Form 10-Q as filed with the Commission on January 9, 2017, which is incorporated herein by reference.
	(d) <a href="#">Amended and Restated Bylaws of Acuity Brands, Inc., dated as of January 6, 2017.</a>	Reference is made to Exhibit 3.D of registrant's Form 10-Q as filed with the Commission on January 9, 2017, which is incorporated herein by reference.
EXHIBIT 10(iii)A	(1) <a href="#">Form of Restricted Stock Award Agreement for U.S. Employees.</a>	Filed with the Commission as part of this Form 10-Q.
	(2) <a href="#">Form of Restricted Stock Unit Notification and Award Agreement for Non-U.S. Grantees.</a>	Filed with the Commission as part of this Form 10-Q.
	(3) <a href="#">Form of Restricted Stock Award Agreement for Directors.</a>	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 31	(a) <a href="#">Certification of the Chief Executive Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>	Filed with the Commission as part of this Form 10-Q.
	(b) <a href="#">Certification of the Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 32	(a) <a href="#">Certification of the Chief Executive Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	Filed with the Commission as part of this Form 10-Q.
	(b) <a href="#">Certification of the Chief Financial Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2018, filed on April 4, 2018, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Cash Flows, and (iv) the Notes to Consolidated Financial Statements.	Filed with the Commission as part of this Form 10-Q.



/\$CurrentDate\$

**ACUITY BRANDS, INC.**  
**Amended and Restated 2012 Omnibus Stock Incentive Compensation Plan**  
**Restricted Stock Award Agreement for U.S. Grantees**

Grantee:	/\$ParticipantName\$
Grant Type:	/\$GrantType\$
Grant ID:	/\$GrantID\$
Grant Date:	/\$GrantDate\$
Award Amount:	/\$AwardsGranted\$
Vest Schedule:	/\$VestingDescription\$
Grantee Level:	/\$UserCode2\$
Accept by Date:	/\$AcceptByDate\$

**GRANT OF RESTRICTED STOCK**

**WHEREAS**, Acuity Brands, Inc., including its subsidiaries and other affiliates (the “Company”) maintains the Amended and Restated Acuity Brands, Inc. 2012 Omnibus Stock Incentive Compensation Plan (the “Plan”), under which the Compensation Committee of the Company’s Board of Directors (the “Committee”) has authority to make awards of restricted shares of the Company’s common stock to select employees and members of the Board of Directors of the Company and its Subsidiaries; and

**WHEREAS**, the Committee has determined that it is in the best interest of the Company and its stockholders to grant this restricted stock award provided herein (the “Restricted Stock Award”) to the Grantee identified above, such grant to be subject to the terms and conditions set forth in the Plan and this Restricted Stock Notification and Award Agreement, together with its exhibits (“Agreement”).

**NOW, THEREFORE**, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. **Incorporation by Reference, Etc.** The provisions of the Plan are hereby incorporated by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Grantee and the Grantee’s legal representative with respect to any questions arising under the Plan or this Agreement.
2. **Grant of Restricted Stock Award.** The Committee, on behalf of the Company, hereby grants to the Grantee, effective as of the Grant Date, Restricted Stock equal to the Award Amount set forth above, on the terms and conditions set forth in this Agreement, including the specific vesting requirements set forth in the preamble, and as otherwise provided in the Plan.
3. **Terms and Conditions.**
  - (a) **Restrictions.**
    - i. This award of Restricted Stock is conditioned upon Grantee’s acceptance of the terms of this Agreement, as evidenced by Grantee’s execution of this Agreement or by Grantee’s electronic acceptance of this Agreement in a manner and during the time period allowed by the Company. If the terms of this Agreement are not timely accepted by execution or by such electronic means, the award of Restricted Stock may be cancelled by the Committee.

- ii. Except for death, Disability, or Change in Control, as defined in the Plan and as set forth below, if Grantee remains employed by the Company, a Subsidiary or Affiliate, the Restricted Stock shall vest pursuant to the schedule set forth above. For purposes of this Agreement, providing services as an Employee or as a member of the Board of Directors of the Company shall be considered employment.
- iii. If prior to the date on which the Restricted Stock vests and the restrictions with respect to the Restricted Stock lapse (the "Vesting Date"), (i) Grantee dies while actively employed by the Company, or (ii) Grantee has his or her employment terminated by reason of Disability, any Restricted Stock shall become fully vested and nonforfeitable as of the date of Grantee's death or Disability. The Company shall transfer the Shares to be issued upon vesting of the Restricted Stock, as a result of Grantee's death or Disability, free and clear of any restrictions imposed by this Agreement (except for restrictions set forth in Section (3)(a)(viii)) to Grantee (or, in the event of death, to Grantee's heirs, subject to the applicable laws of descent and distribution) as soon as practical after his or her date of death or termination for Disability.
- iv. Except for death or Disability as provided above, or except as otherwise provided in a severance agreement with Grantee, if Grantee terminates his or her employment or if the Company, or if different, the Subsidiary or Affiliate employing the Grantee (the "Employer"), terminates Grantee prior to the Vesting Date (even in the case of unfair dismissal and whether or not later to be found invalid or in breach of employment laws in the jurisdiction where Grantee is employed or the terms of Grantee's employment agreement, if any), the Grantee expressly acknowledges that the Restricted Stock shall cease to vest further, the unvested Restricted Stock shall be immediately forfeited, and Grantee shall only be entitled to the Shares of Restricted Stock that have vested prior to the "Date of Termination." "Date of Termination" means the last day of active employment of the Grantee with the Employer. For greater certainty, the Date of Termination of the Grantee shall be deemed to be the date on which the notice of termination of employment provided is stated to be effective (in the case of alleged constructive dismissal, the date on which the alleged constructive dismissal is alleged to have occurred), and not during or as of the end of any notice or other period following such date during which the Grantee is in receipt of, or eligible to receive, statutory, contractual or common law notice of termination or any compensation in lieu of such notice or severance pay. The Board or the Committee shall have the exclusive discretion to determine when Grantee is no longer actively providing services for purposes of the Restricted Stock grant (including whether Grantee may still be considered to be providing services while on a leave of absence).
- v. Except as otherwise provided in this Agreement, including Exhibits A and B attached hereto, and subject to the Company's Incentive-Based Compensation Recoupment Policy (described below), on each Vesting Date, Grantee shall own vested Shares of Restricted Stock free and clear of all restrictions imposed by this Agreement (except those restrictions imposed in Section (3)(a)(viii) below). The Company shall transfer the vested Shares of Restricted Stock to an unrestricted account in the name of the Grantee as soon as practical after each Vesting Date.
- vi. In exchange for receipt of consideration in the form of the Restricted Stock award pursuant to this Agreement, and other good and valuable consideration, Grantee agrees that Grantee shall comply with the confidentiality, inventions, non-solicitation and non-competition provisions attached hereto as Exhibit B.
- vii. Notwithstanding the other provisions of this Agreement, in the event of a Change in Control prior to the Vesting Date, all Shares of Restricted Stock shall become fully vested and nonforfeitable as of the date of the Change in Control. The Company shall transfer the Shares of Restricted Stock that become vested pursuant to this provision to an unrestricted account in the name of the Grantee as soon as practical after the date of the Change in Control.
- viii. All awards of Restricted Stock designated as "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), whether unvested or

vested, shall be subject to the Company's Incentive-Based Compensation Recoupment Policy (the "Recoupment Policy"), such that any award that was made to a Grantee, who is deemed a "Covered Employee" under the Recoupment Policy, within the three (3) year period preceding the date on which the Company announces that it will prepare an accounting restatement under the Recoupment Policy, shall be subject to deduction, clawback or forfeiture, as applicable.

xi. The Restricted Stock may not be sold, assigned, transferred, pledged, or otherwise encumbered prior to the Vesting Date.

**(b) Stock; Dividends; Voting.**

- i. The Restricted Stock shall be registered in the name of the Grantee as of the respective Grant Date for such Shares of Restricted Stock. The Company may issue stock certificates or evidence Grantee's interest by using a restricted book entry account with the Company's transfer agent. Physical possession or custody of any stock certificates that are issued shall be retained by the Company until such time as the Shares of Restricted Stock are vested. The Company reserves the right to place a legend on such stock certificate(s) restricting the transferability of such certificates and referring to the terms and conditions (including forfeiture) of this Agreement and the Plan.
- ii. During the Period of Restriction in which Grantee holds the Shares of Restricted Stock, Grantee shall be entitled to vote such Restricted Stock and the Company shall credit to a non-interest bearing account on its books for the Grantee any cash dividends paid with respect to such Shares of Restricted Stock while they are so held, and such dividends shall be paid to Grantee if and when Grantee's rights vest at the end of the Period of Restriction. The Company will pay the cash dividends to the Grantee as soon as practical after each Vesting Date. Any dividends credited to Grantee's non-interest bearing account shall be forfeited in the event the Restricted Stock is forfeited.
- iii. In the event of a Share Change (as defined in the Plan), the number and class of Shares or other securities that Grantee shall be entitled to, and shall hold, pursuant to this Agreement shall be appropriately adjusted or changed to reflect the Share Change, provided that any such additional Shares or additional or different shares or securities shall remain subject to the restrictions in this Agreement.
- iv. Grantee represents and warrants that he or she is acquiring the Restricted Stock for investment purposes only, and not with a view to distribution thereof. Grantee is aware that the Restricted Stock may not be registered under United States ("U.S.") federal or any state or foreign securities laws and that in that event, in addition to the other restrictions on the Shares, they will not be able to be transferred unless an exemption from registration is available or the Shares are registered. By making this award of Restricted Stock, the Company is not undertaking any obligation to register the Restricted Stock under any federal, state or foreign securities laws.

**(c) No Right to Continued Employment or Additional Grants.** Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon Grantee any right with respect to continuance of employment by the Company or the Employer, nor shall this Agreement or the Plan interfere in any way with the right of the Employer to terminate Grantee's employment at any time. The Plan may be terminated at any time, and even if the Plan is not terminated, Grantee shall not be entitled to any additional awards under the Plan.

**(d) Responsibility for Taxes.**

- i. Grantee acknowledges that, regardless of any action taken by the Company or the Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Grantee's participation in the Plan and legally applicable to Grantee ("Tax-Related Items"), is and remains Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. Grantee further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-

Related Items in connection with any aspect of the Restricted Stock, including, but not limited to, the grant or vesting of the Restricted Stock, the subsequent sale of Shares acquired due to applicable restrictions on the Restricted Stock having lapsed and the receipt or payment of any dividends and (2) do not commit to and is under no obligation to structure the terms of the grant or any aspect of the Restricted Stock to reduce or eliminate Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if Grantee is subject to Tax-Related Items in more than one jurisdiction, Grantee acknowledges that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

- ii. Grantee shall have the right to make such elections under the Code as are available in connection with this award of Restricted Stock. The Company and Grantee agree to report the value of the Restricted Stock in a consistent manner for U.S. federal income tax purposes.
- iii. Prior to any relevant taxable or tax withholding event, as applicable, Grantee agrees to make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items.
- iv. In this regard, Grantee authorizes the Company, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:
  - (A) withholding from Grantee's wages or other cash compensation paid to Grantee by the Company; or
  - (B) withholding from proceeds of the sale of Shares acquired upon vesting of the Restricted Stock either through a voluntary sale or through a mandatory sale arranged by the Company (on Grantee's behalf pursuant to this authorization); or
  - (C) withholding by canceling (in whole or in part) a number of Shares of Restricted Stock having a fair market value not less than the amount of the Tax-Related Items, provided, that if Grantee is a Section 16 officer under the Exchange Act, then the Committee shall establish the method of withholding from alternatives (A)-(C) herein, and, if the Committee does not exercise its discretion prior to the Tax-Related Items withholding event, then Grantee shall be entitled to elect the method of withholding from the alternatives above.
- v. Depending on the withholding method and subject to Section 17.2 of the Plan, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case Grantee will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent.
- vi. Grantee agrees to pay to the Company or the Employer, including through withholding from Grantee's wages or other cash compensation paid to Grantee by the Company and/or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if Grantee fails to comply with Grantee's obligations in connection with the Tax-Related Items.

(e) **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Grantee's participation in the Plan, or Grantee's acquisition or sale of the underlying Shares of Common Stock. Grantee should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

(f) **Governing Law and Venue.** Except with respect to Exhibit B, the Restricted Stock grant and the provisions of this Agreement and the validity, interpretation, construction and performance of same shall be governed by, and subject to, the laws of the State of Delaware, without regard to its conflict of law provisions. Any

and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Restricted Stock or this Agreement, shall be brought and heard exclusively in the U.S. District Court for the District of Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

(g) **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Grantee's participation in the Plan, on the Restricted Stock and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

(h) **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

(i) **Waiver.** Grantee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Grantee.

(j) **Pronouns; Including.** Wherever appropriate in this Agreement, personal pronouns shall be deemed to include the other genders and the singular to include the plural. Wherever used in this Agreement, the term "including" means "including, without limitation."

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

(l) **Interpretation.** The Committee shall have the sole and absolute authority with respect to the interpretation, construction, or application of this Agreement. Any determination made hereunder shall be final, binding, and conclusive on Grantee and the Company for all purposes.

(m) **Integration.** This Agreement, along with any Exhibit hereto, encompasses the entire agreement of the parties related to the subject matter of this Agreement, and supersedes all previous understandings and agreements between them, whether oral or written, except as otherwise described specifically in Exhibit B. The parties hereby acknowledge and represent, that they have not relied on any representation, assertion, guarantee, warranty, collateral contract or other assurance, except those set out in this Agreement, made by or on behalf of any other party or any other person or entity whatsoever, prior to the execution of this Agreement.

(n) **Grantee Bound by the Plan.** Grantee hereby acknowledges receipt of a copy of the Plan and the prospectus for the Plan and agrees to be bound by all the terms and provisions thereof.

(o) **Insider Trading/Market Abuse Restrictions.** Grantee may be subject to insider trading restriction and/or market abuse laws, which may affect Grantee's ability to acquire or sell Shares or rights to Shares (e.g., Restricted Stock) under the Plan during such times as Grantee is considered to have "inside information" regarding the Company. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Grantee is responsible for ensuring Grantee's own compliance with any applicable restrictions and is advised to speak with his or her personal legal advisor on this matter.

(p) **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party designated by the Company. By Grantee's electronic signature and the electronic signature of the Company's representative, Grantee and the Company agree that this Restricted Stock award is granted under and governed by the terms and conditions of the Plan and this Agreement.

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

Vernon J. Nagel  
Chairman, President and CEO

C. Dan Smith  
SVP, Treasurer and Secretary

**PLEASE RETAIN THIS AGREEMENT AND ALL EXHIBITS FOR YOUR RECORDS.**

**EXHIBIT A**  
**SHARE OWNERSHIP AND RETENTION REQUIREMENT**

It is the Company's belief and expectation that executives should own a reasonable amount of Company stock to further align their interests with those of our shareholders. Accordingly, you are expected to adhere to share ownership and share retention requirements in connection with awards under the Plan.

The share ownership requirement is stated as a multiple of your base salary and mandates that you own a number of shares with a value equal to the applicable multiple of your base salary. The share retention requirement is stated as a percentage of shares acquired under the Plan that must be retained, net of the cost of exercising shares and/or the taxes associated with the shares. You have until four years from first becoming subject to the requirements to satisfy your share ownership requirement. However, if you do not currently satisfy the share ownership requirement, you are subject to the share retention requirement.

Your share ownership and retention requirements are set forth below based on the Grantee Level stated on the first page of this Agreement.

<u>Grantee Level</u>	<u>Ownership Multiple of Annual Base Salary</u>	<u>Retention Requirement Percentage</u>
0	4	50%
1	3	40%
2	2	35%
3	1	30%
4 or 5	0.5	20%
6 or 7	0	0%

Your ownership multiple is multiplied by your annual base salary and your share retention requirement is the percent of net shares acquired through the Plan. Your Restricted Stock counts toward satisfying your share ownership requirement beginning at the Grant Date.

## EXHIBIT B

CONFIDENTIALITY, INVENTIONS, NON-SOLICITATION  
AND NON-COMPETITION PROVISIONS1. **Definitions.**

- (a) **“Confidential Information”** “Confidential Information” means the following:
- i. data and information relating to the Company’s Business (as defined herein); which is disclosed to Grantee or of which Grantee became aware of as a consequence of Grantee’s relationship with the Company; has value to the Company; is not generally known to the competitors of the Company; and which includes trade secrets, methods of operation, names of customers, price lists, financial information and projections, personnel data, and similar information. For purposes of the Confidentiality, Inventions, Non-Solicitation and Non-Competition Provisions (the “Confidentiality Provisions”), subject to the foregoing, and according to terminology commonly used by the Company, the Company’s Confidential Information shall include, but not be limited to, information pertaining to: (1) business opportunities; (2) data and compilations of data relating to the Company’s Business; (3) compilations of information about, and communications and agreements with, customers and potential customers of the Company; (4) computer software, hardware, network and internet technology utilized, modified or enhanced by the Company or by Grantee in furtherance of Grantee’s duties with the Company; (5) compilations of data concerning Company products, services, customers, and end users including but not limited to compilations concerning projected sales, new project timelines, inventory reports, sales, and cost and expense reports; (6) compilations of information about the Company’s employees and independent contracting consultants; (7) the Company’s financial information, including, without limitation, amounts charged to customers and amounts charged to the Company by its vendors, suppliers, and service providers; (8) proposals submitted to the Company’s customers, potential customers, wholesalers, distributors, vendors, suppliers and service providers; (9) the Company’s marketing strategies and compilations of marketing data; (10) compilations of data or information concerning, and communications and agreements with, vendors, suppliers and licensors to the Company and other sources of technology, products, services or components used in the Company’s Business; (11) any information concerning services requested and services performed on behalf of customers of the Company, including planned products or services; and (12) the Company’s research and development records and data. Confidential Information also includes any summary, extract or analysis of such information, together with information that has been received or disclosed to the Company by any third party as to which the Company has an obligation to treat as confidential.
  - ii. Confidential Information shall not include:
    - (A) Information generally available to the public other than as a result of improper disclosure by Grantee;
    - (B) Information that becomes available to Grantee from a source other than the Company (provided Grantee has no knowledge that such information was obtained from a source in breach of a duty to the Company);
    - (C) Information disclosed pursuant to law, regulations or pursuant to a subpoena, court order or legal process; and/or
    - (D) Information obtained in filings with the Securities and Exchange Commission.
- (b) **“Trade Secrets”** has the meaning set forth under Georgia law, O.C.G.A. §§ 10-1-760, et seq.

(c) **“Customers”** means those entities and/or individuals which, within the two-year period preceding the Date of Termination (as that term is defined in the Restricted Stock Award Agreement): (i) Grantee had material contact on behalf of the Company; (ii) about whom Grantee acquired, directly or indirectly, Confidential Information or Trade Secrets as a result of his/her employment with the Company; and/or (iii) Grantee exercised oversight or responsibility of subordinates who engaged in Material Contact on behalf of the Company. Additionally, “Customers” references only those entities and/or individuals with whom the Company currently has a business relationship, or with whom it expended resources to have or resume the same during the two-year period referenced herein.

(d) **“Company”** means Acuity Brands, Inc., along with its Subsidiaries or other Affiliates.

(e) **“Company’s Business”** means the design, manufacture, installation, servicing, and/or sale of one or more of the following and any related products and/or services: lighting fixtures and systems; lighting control components and systems (including but not limited to dimmers, switches, relays, programmable lighting controllers, sensors, timers, and range extenders for lighting and energy management and other purposes); building management and/or control systems; commercial building lighting controls; intelligent building automation and energy management products, software and solutions; motorized shading and blind controls; building security and access control and monitoring for fire and life safety; emergency lighting fixtures and systems (including but not limited to exit signs, emergency light units, inverters, back-up power battery packs, and combinations thereof); battery powered and/or photovoltaic lighting fixtures; electric lighting track units; hardware for mounting and hanging electrical lighting fixtures; aluminum, steel and fiberglass fixture poles for electric lighting; light fixture lenses; sound and electromagnetic wave receivers and transmitters; flexible and modular wiring systems and components (namely, flexible branch circuits, attachment plugs, receptacles, connectors and fittings); LED drivers and other power supplies; daylighting systems including but not limited to prismatic skylighting and related controls; organic LED products and technology; medical and patient care lighting devices and systems; indoor positioning products and technology; software and hardware solutions that collect data about building and business operations and occupant activities via sensors and use that data to provide software services or data analytics; sensor based information networks; and any wired or wireless communications and monitoring hardware or software related to any of the above. This shall not include any product or service of the Company if the Company is no longer in the business of providing such product or service to its customers at the relevant time of enforcement.

(f) **“Employee Services”** shall mean the duties and services of the type conducted, authorized, offered, or provided by Grantee in his/her capacity as an Employee on behalf of the Company within twelve (12) months prior to the Date of Termination.

(g) **“Territory”** means the United States. Grantee acknowledges that the Company is licensed to do business and in fact does business in all fifty states in the United States. Grantee further acknowledges that the services she/he has performed on behalf of the Company are at a senior level and are not limited in their territorial scope to any particular city, state, or region, but instead affect the Company’s activity within the entire United States. Specifically, Grantee provides Employee Services on the Company’s behalf throughout the United States, meets with Company agents and distributors, develops products and/or contacts throughout the country, and otherwise engages in his/her work on behalf of the Company on a national level. Accordingly, Grantee agrees that these restrictions are reasonable and necessary to protect the Confidential Information, trade secrets, business relationships, and goodwill of the Company.

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

(i) **“Termination for Cause”** or **“Terminated for Cause”** shall mean the involuntary termination of Grantee by the Company for the following reasons:

- i. If termination shall have been the result of an act or acts by Grantee which constitute a felony or any crime involving dishonesty, theft, fraud or moral turpitude;
- ii. If termination shall have been the result of an act or acts by Grantee which are determined, in the good faith judgment of the Company, to be in violation of written policies of the Company;
- iii. If termination shall have been the result of an act or acts of dishonesty by Grantee resulting or intended to result directly or indirectly in gain or personal enrichment to Grantee at the expense of the Company;
- iv. Upon the willful and continued failure by Grantee to substantially perform the duties assigned to Grantee (other than any such failure resulting from incapacity due to mental or physical illness constituting a Disability), after a demand in writing for substantial performance of such duties is delivered by the Company, which demand specifically identifies the manner in which the Company believes that Grantee has not substantially performed his or her duties; or
- v. If termination shall have been the result of the unauthorized disclosure by Grantee of the Company’s Confidential Information or violation of any other provision of the Confidentiality Provisions.

(j) **“Inventions”** and **“Works For Hire.”** The term “Invention” means contributions, discoveries, improvements and ideas and works of authorship, whether or not patentable or copyrightable, and: (i) which relate directly to the Company’s Business, or (ii) which result from any work performed by Grantee or by Grantee’s fellow employees for the Company, or (iii) for which equipment, supplies, facilities, Confidential Information or Trade Secrets of the Company are used, or (iv) which is developed on the Company’s time. The term “Works For Hire” (“Works”) means all documents, programs, software, creative works and other expressions and information in any tangible medium created, in whole or in part, by Grantee during the period of and relating to his/her employment with the Company, whether copyrightable or otherwise protectable, other than Inventions.

## 2. **Confidentiality, Inventions, Non-Solicitation and Non-Competition.**

(a) **Purpose and Reasonableness of Provisions.** Grantee acknowledges that, during the term of his/her employment with the Company and after the Date of Termination, the Company has furnished and may continue to furnish to Grantee Trade Secrets and Confidential Information, which, if used by Grantee on behalf of, or disclosed to, a competitor of the Company or other person, could cause substantial detriment to the Company. Moreover, the parties recognize that Grantee, during the term of his/her employment with the Company, has developed important relationships with customers, sales agents, and others having valuable business relationships with the Company, and that these relationships may continue to develop after the Date of Termination. In view of the foregoing, Grantee acknowledges and agrees that the restrictive covenants contained in this Section 2 are reasonably necessary to protect the Company’s legitimate business interests, Confidential Information, and good will.

(b) **Trade Secrets and Confidential Information.** Grantee agrees that he/she shall protect the Company’s Trade Secrets (as defined in Section 1(b) above) and Confidential Information (as defined in Section 1(a) above) and shall not disclose to any person or entity, or otherwise use or disseminate, except in connection with the performance of his/her duties for the Company, any Trade Secrets or Confidential Information. However, Grantee may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, in which event Grantee will promptly notify the Company of such order or subpoena to provide it an opportunity to protect its interests. Grantee’s obligations under this Section 2(b) have applied throughout his/her active employment, shall continue after the Date of Termination, and shall survive any expiration or termination of the Confidentiality Provisions, so long as the information or material remains Confidential Information or a Trade Secret, as applicable.

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

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

(c) **Return of Property.** On or before the Date of Termination, Grantee agrees to deliver promptly to the Company all 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) of the Company, supplied to or created by him/her in connection with his/her employment hereunder (including all copies of the foregoing) in his/her possession or control, and all of the Company's equipment and other materials in his/her possession or control. Grantee further agrees and covenants not to retain any such property and to permanently delete such information residing in electronic format to the best of his/her ability and not to attempt to retrieve it. Grantee's obligations under this Section 2(c) shall survive any expiration or termination of the Confidentiality Provisions.

(d) **Inventions.** Except to the extent prohibited by state and local laws, Grantee does hereby assign to the Company the entire right, title and interest in any Invention which is or was made or conceived, either solely or jointly with others, during his/her employment with the Company, including after the Date of Termination. Grantee attests that he/she has disclosed (or promptly will disclose, if after the Date of Termination) to the Company all such Inventions. Grantee will, if requested, promptly execute and deliver to the Company a specific assignment of title for any such Invention and will at the expense of the Company, take all reasonably required action by the Company to patent, copyright or otherwise protect the Invention. If Grantee is a resident of the State of California as of the Grant Date, then this Section 2(d) shall not apply to any Invention that qualifies fully as a nonassignable invention under Section 2870 of the California Labor Code, which provides as follows:

- i. Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:
  - (A) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
  - (B) Result from any work performed by the employee for the employer.
- ii. To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (i), the provision is against the public policy of this state and is unenforceable.

(e) **Non-Competition.** Except as otherwise provided in Section 12 below, in the event that Grantee,

- i. voluntarily resigns from the Company,
- ii. is Terminated for Cause (as defined above), or
- iii. declines to sign a Confidential Severance Agreement and Release offered by the Company in the event of a termination for any reason other than a Termination for Cause (including, for example, as a result of a position elimination),

Grantee acknowledges and agrees that during his/her employment, and for twelve (12) months after the Date of Termination, he/she has not and will not, directly or indirectly, engage in, provide, or perform any Employee Services on behalf of any person or entity (or, if organized into divisions or units, any distinct division or operating unit) in the Territory that derives revenue from providing goods or services substantially similar to those which comprise the Company's Business. Notwithstanding the foregoing, if the Company terminates Grantee's employment for any reason other than a Termination for Cause (including, for example, as a result of a position elimination), and Grantee signs a Confidential Severance Agreement and Release offered by the Company, the period covered by this non-competition covenant will be reduced to either: (i) the time within which severance payments are scheduled to be paid to Grantee under such agreement, or (ii) if severance is paid to Grantee in a lump sum, the number of weeks of Grantee's then-current regular salary that are used to calculate such lump sum payment; provided, however, that the restrictive period calculated hereunder shall not, in any event, exceed twelve (12) months following the Date of Termination.

(f) **Non-Solicitation of Customers.** Grantee acknowledges and agrees that during his/her employment, and for twenty-four (24) months after the Date of Termination, Grantee has not and will not directly or indirectly solicit Customers (as defined in Paragraph 1(c) above) with whom he/she had Material Contact (as defined in 1(h) above) for the purpose of providing goods and/or services competitive with the Company's Business.

(g) **Non-Solicitation of Employees and Agents.** Grantee acknowledges and agrees that during his/her employment, and for a period of twenty-four (24) months after the Date of Termination, Grantee has not and will not, directly or indirectly, whether on behalf of the Grantee or others, solicit or lure or attempt to solicit or lure any of the Company's employees or agents.

(h) **Non-Solicitation of Sales Agents.** Grantee acknowledges and agrees that during his/her employment, and for a period of twenty-four (24) months after the Date of Termination, Grantee has not and will not, directly or indirectly, whether on behalf of the Grantee or others, solicit any of the Company's Sales Agents for the purpose of disrupting their relationship with the Company and/or selling and/or facilitating the sale of products competitive with the Company's Business. For purposes of this Section 2, a "Sales Agent" is any third-party agency, and/or its representatives, with which or whom the Company has contracted for the purpose of facilitating the sale of the Company's products during the last twenty-four (24) months of Grantee's employment with the Company.

(i) **Injunctive Relief.** Grantee acknowledges that if he/she breaches or threatens to breach any of the provisions of this Section 2, his/her actions may cause irreparable harm and damage to the Company which could not be compensated in damages. Accordingly, if Grantee breaches or threatens to breach any of the provisions of this Section 2, the Company shall be entitled to seek injunctive relief, in addition to any other rights or remedies the Company may have. The existence of any claim or cause of action by Grantee against the Company, whether predicated on the Confidentiality Provisions or otherwise, shall not constitute a defense to the enforcement by the Company of Grantee's agreements under this Section 2.

3. **Non-Assignable by Grantee.** The parties acknowledge that the Confidentiality Provisions have been entered into due to, among other things, the special skills and knowledge of Grantee, and agree that the Confidentiality Provisions may not be assigned or transferred by Grantee.

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, postage prepaid, addressed as follows:

If to the Company: Acuity Brands, Inc.  
 Attention: Corporate Secretary  
 1170 Peachtree Street, NE, Suite 2300  
 Atlanta, Georgia 30309-7676

If to Grantee: To his/her 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.

5. **Provisions Severable.** If any provision or covenant, or any part thereof, contained in the Confidentiality Provisions is 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, in the Confidentiality Provisions, all of which shall remain in full force and effect. Each and every provision, paragraph and subparagraph of Section 2 above is severable from the other provisions, paragraphs and subparagraphs and constitutes a separate and distinct covenant.

The restrictive covenants set forth in Section 2 of the Confidentiality Provisions represent the entire agreement of the parties with respect to the subject matter thereof and supersede any prior agreement with respect thereto; provided, however, that the restrictive covenants described in this Exhibit B shall not supersede those set forth in either: (a) any Executive Severance Agreement applicable to Grantee, if any, or (b) any Confidentiality, Inventions and Non-Solicitation Agreement to which Grantee is a party, if any. To the extent that any Executive Severance Agreement and/or Confidentiality, Inventions and Non-Solicitation Agreement applicable to Grantee include restrictive covenant provisions that conflict with the provisions contained in the Confidentiality Provisions, the provisions that are more restrictive on Grantee will control.

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 the Confidentiality Provisions shall not be deemed a waiver or relinquishment of any right granted in the Confidentiality Provisions or the future performance of any such term or condition or of any other term or condition of the Confidentiality Provisions, unless such waiver is contained in a writing signed by the party making the waiver.

7. **Amendments and Modifications.** The Confidentiality Provisions and any Exhibit hereto may be amended or modified only by a writing signed by both parties hereto, which makes specific reference to the Confidentiality Provisions. However, this Section does not affect a court of competent jurisdiction or arbitrator's ability to modify the Confidentiality Provisions pursuant to O.C.G.A. §§ 13-8-51(11); 53(d); or 54 in the event that either party initiates legal proceedings that relate in any way to the Confidentiality Provisions, including any action brought by either party seeking to enforce any provision set forth herein.

8. **Governing Law and Venue.** Except with respect to employees who primarily work and reside in California, the validity and effect of the Confidentiality Provisions shall be governed by and construed and enforced in accordance with the laws of the State of Georgia, United States of America, without regard to its conflict of law provisions. With respect employees who primarily work and reside in California, the validity and effect of the Confidentiality Provisions shall be governed by and construed and enforced in accordance with the laws of the State of California, United States of America, without regard to its conflict of law provisions. Any and all disputes relating to, concerning or arising from the Confidentiality Provisions, or relating to, concerning or arising from the relationship between the parties evidenced by the Confidentiality Provisions, shall be brought and heard exclusively in the U.S. District Court for the District of Delaware or the Delaware Superior Court, New Castle County, except with respect to employees who primarily work and reside in California, whose disputes shall be brought and heard exclusively in the state and federal courts of Orange County, California. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

9. **Legal Fees.** Each party shall pay its own legal fees and other expenses associated with any dispute under the Confidentiality Provisions or any Exhibit hereto.

10. **Tender Back Provision.** If, in the context of a lawsuit involving Grantee or any other person or entity arguing on Grantee's behalf, any court determines that any provisions of Section 2 are void, invalid, illegal, or otherwise unenforceable, Grantee shall be required to immediately return to the Company 70% of all monies paid out under Paragraph 2 of the Restricted Stock Award Agreement, or to return 70% of any unsold shares the Grantee still owns of such Restricted Stock awarded under Paragraph 2 of the Restricted Stock Award Agreement. For purposes of this section, the amount to be paid back shall be determined by ascertaining the value and amount the share(s) sold at the time that the Grantee actually sold such share(s).

11. **Tolling Period.** If Grantee is found by a court to have violated any restriction in Section 2 of the Confidentiality Provisions, he/she agrees that the time period for such restriction shall be extended by one day for each day that he/she is found to have violated the restriction, up to a maximum of 18 months.

12. **Exclusions.** The restrictions set forth in Section 2(e) (Non-Competition), Section 2(f) (Non-Solicitation of Customers) and Section 2(h) (Non-Solicitation of Sales Agents) shall not apply to persons who primarily work and reside in California or where otherwise prohibited by state or local law.

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/\$CurrentDate\$

**ACUITY BRANDS, INC.**  
**Amended and Restated 2012 Omnibus Stock Incentive Compensation Plan**  
**Restricted Stock Unit Notification and Award Agreement for Non-U.S. Grantees**

Grantee:	/\$ParticipantName\$
Grant Type:	/\$GrantType\$
Grant ID:	/\$GrantID\$
Grant Date:	/\$GrantDate\$
Award Amount:	/\$AwardsGranted\$
Vest Schedule:	/\$VestingDescription\$
Grantee Level:	/\$UserCode2\$
Accept By Date:	/\$AcceptByDate\$

**GRANT OF RESTRICTED STOCK UNITS**

**WHEREAS**, Acuity Brands, Inc., including its subsidiaries and other affiliates (the “Company”) maintains the Amended and Restated Acuity Brands, Inc. 2012 Omnibus Stock Incentive Compensation Plan (the “Plan”), under which the Compensation Committee of the Company’s Board of Directors (the “Committee”) has authority to make awards of restricted units of the Company’s common stock to select employees and members of the Board of Directors of the Company and its Subsidiaries; and

**WHEREAS**, the Committee has determined that it is in the best interest of the Company and its stockholders to grant this restricted stock unit award provided herein (the “Restricted Stock Unit Award”) to the non-U.S. Grantee identified above, such grant to be subject to the terms and conditions set forth in the Plan and this Restricted Stock Unit Notification and Award Agreement for Non-U.S. Grantees, together with its exhibits (“Agreement”).

**NOW, THEREFORE**, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. **Incorporation by Reference, Etc.** The provisions of the Plan are hereby incorporated by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Grantee and the Grantee’s legal representative with respect to any questions arising under the Plan or this Agreement.
2. **Grant of Restricted Stock Unit Award.** The Committee, on behalf of the Company, hereby grants to the Grantee, effective as of the Grant Date, RSUs equal to the Award Amount set forth above, on the terms and conditions set forth in this Agreement, including the specific vesting requirements set forth in the preamble, and as otherwise provided in the Plan.
3. **Terms and Conditions.**
  - (a) **Restrictions**
    - i. This award of RSUs is conditioned upon Grantee’s acceptance of the terms of this Agreement, as evidenced by Grantee’s execution of this Agreement or by Grantee’s electronic acceptance of this Agreement in a manner and during the time period allowed by the Company. If the terms of this Agreement are not timely accepted by execution or by such electronic means, the award of RSUs may be cancelled by the Committee.

- ii. Except for death, Disability or Change in Control, as defined in the Plan and as set forth below, if Grantee remains employed by the Company, a Subsidiary or Affiliate, the RSUs shall vest pursuant to the schedule set forth above. For purposes of this Agreement, providing active services as an Employee or as a member of the Board of Directors of the Company shall be considered employment.
- iii. If prior to the date on which the RSUs vest and the restrictions with respect to the RSUs lapse (the "Vesting Date"), (i) Grantee dies while actively employed by the Company, or (ii) Grantee has his or her employment terminated by reason of Disability, any RSUs shall become fully vested and nonforfeitable as of the date of Grantee's death or Disability. The Company shall transfer the Shares to be issued upon the vesting of the RSUs as a result of Grantee's death or Disability, free and clear of any restrictions imposed by this Agreement (except for Section 3(a)(viii)) to Grantee (or, in the event of death, to Grantee's heirs, subject to the applicable laws of descent and distribution) as soon as practical after his or her date of death or termination for Disability.
- iv. Except for death or Disability as provided above, or except as otherwise provided in a severance agreement with Grantee, if Grantee terminates his or her employment or if the Company or if different, the Subsidiary or Affiliate employing the Grantee (the "Employer") terminates Grantee prior to the Vesting Date (even in the case of unfair dismissal and whether or not later to be found invalid or in breach of employment laws in the jurisdiction where Grantee is employed or the terms of Grantee's employment agreement, if any) the Grantee expressly acknowledges that the RSUs shall cease to vest further, the unvested RSUs shall be immediately forfeited, and Grantee shall only be entitled to the Shares issued as a result of RSUs that had vested prior to the date of termination. "Date of Termination" means the last day of active employment of the Grantee with the Employer. For greater certainty, the Date of Termination of the Grantee shall be deemed to be the date on which the notice of termination of employment provided is stated to be effective (in the case of alleged constructive dismissal the date on which the alleged constructive dismissal is alleged to have occurred), and not during or as of the end of any notice or other period following such date during which the Grantee is in receipt of, or eligible to receive, statutory, contractual or common law notice of termination or any compensation in lieu of such notice or severance pay. The Board or the Committee shall have the exclusive discretion to determine when Grantee is no longer actively providing services for purposes of the RSU grant (including whether Grantee may still be considered to be providing services while on a leave of absence).
- v. No Shares shall be issued to Grantee prior to the Vesting Date. After any RSUs vest, and subject to the Company's Incentive-Based Compensation Recoupment Policy (described below), the Company shall promptly cause Shares to be issued to an unrestricted account in the name of the Grantee as soon as practical after each Vesting Date, in payment of such vested RSUs. In addition, the Company will cause to be paid in cash the Dividend Equivalents (described below) attributed to the Shares issued as a result of the vesting of the RSUs, as soon as practical after the Vesting Date.
- vi. In exchange for receipt of consideration in the form of the RSU award pursuant to this Agreement and other good and valuable consideration, Grantee agrees that he/she shall comply with the confidentiality, inventions, non-solicitation and non-competition provisions attached hereto as Exhibit C.
- vii. Notwithstanding the other provisions of this Agreement, in the event of a Change in Control prior to the Vesting Date, all RSUs shall become fully vested and nonforfeitable as of the date of the Change in Control. The Company shall transfer the Shares to be issued upon the vesting of the RSUs pursuant to this provision to an unrestricted account in the name of the Grantee as soon as practical after the date of the Change in Control.

- viii. All awards of RSUs designated as “performance-based compensation” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), whether unvested or vested, shall be subject to the Company’s Incentive-Based Compensation Recoupment Policy (the “Recoupment Policy”), such that any award that was made to a Grantee, who is deemed a “Covered Employee” under the Recoupment Policy, within the three (3) year period preceding the date on which the Company announces that it will prepare an accounting restatement under the Recoupment Policy shall be subject to deduction, clawback or forfeiture, as applicable.
- ix. The RSUs may not be sold, assigned, transferred, pledged, or otherwise encumbered prior to the Vesting Date.

**(b) Stock; Dividends; Voting**

- i. The RSUs granted pursuant to this Agreement do not and shall not entitle the Grantee to any rights of a shareholder of the Company’s Common Stock. The rights of the Grantee with respect to the RSUs shall remain forfeitable at all times prior to the Vesting Date.
- ii. During the period that the Grantee holds RSUs granted pursuant to this Agreement, the Company shall credit to a non-interest bearing account on its books for Grantee, on each date that the Company pays a cash dividend to holders of its Common Stock, an amount equal to the United States (“U.S.”) Dollar amount paid per Share of the Company’s Common Stock that is subject to this Agreement and that has not vested (the “Dividend Equivalents”). The Company will cause to be paid in cash the Dividend Equivalents attributed to the RSUs as soon as practical after each Vesting Date. The Dividend Equivalents credited to Grantee’s non-interest bearing account shall be forfeited in the event that the RSUs are forfeited.
- iii. In the event of a Share Change (as defined in the Plan), the number and class of Shares or other securities that Grantee shall be entitled to, and shall hold, pursuant to this Agreement shall be appropriately adjusted or changed to reflect the Share Change, provided that any such additional Shares or additional or different shares or securities shall remain subject to the restrictions in this Agreement.
- iv. Grantee represents and warrants that he or she is acquiring the RSUs for investment purposes only, and not with a view to distribution thereof. Grantee is aware that the RSUs may not be registered under U.S. federal or any state securities laws and that in that event, in addition to the other restrictions on the Shares, they will not be able to be transferred unless an exemption from registration is available or the Shares are registered. By making this award of RSUs, the Company is not undertaking any obligation to register the Shares under any federal or state securities laws.

**(c) Nature of Grant.** In accepting the grant, Grantee acknowledges, understands and agree that:

- i. the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- ii. the grant of RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;
- iii. all decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;
- iv. the RSU grant and Grantee’s participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or services contract with the Company and shall

not interfere with the ability of the Employer to terminate Grantee's employment or service relationship (if any);

- v. Grantee is voluntarily participating in the Plan;
- vi. the RSUs and the Shares subject to the RSUs, and the income and value of same, are not intended to replace any pension rights or compensation;
- vii. the RSUs and the Shares subject to the RSUs, and the income and value of same, are not part of normal or expected compensation for any purposes including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- viii. the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- ix. no claim or entitlement to compensation or damages shall arise from any loss of any right or benefit, or prospective right or benefit, including the forfeiture of RSUs resulting from the termination of Grantee's employment or other service relationship (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Grantee is employed or the terms of Grantee's employment agreement, if any), and in consideration of the grant of RSUs, Grantee agrees not to institute any claim against the Company;
- x. unless otherwise agreed with the Company, the RSUs and Shares subject to the RSUs, and the income and value of same, are not granted as consideration for, or in connection with, the service Grantee may provide as a director of a Subsidiary of the Company; and
- xi. the Company shall not be liable for any foreign exchange rate fluctuation between Grantee's local currency and the U.S. Dollar that may affect the value of the RSUs or of any amounts due to Grantee pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

**(d) Responsibility for Taxes.**

- i. Grantee acknowledges that, regardless of any action taken by the Company or the Employer, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Grantee's participation in the Plan and legally applicable to Grantee ("Tax-Related Items"), is and remains Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. Grantee further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs or the Dividend Equivalents, including, but not limited to, the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt or payment of any dividends and/or any Dividend Equivalents and (2) do not commit to and is under no obligation to structure the terms of the grant or any aspect of the RSUs or the Dividend Equivalents to reduce or eliminate Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if Grantee is subject to Tax-Related Items in more than one jurisdiction, Grantee acknowledges that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction.
- ii. Prior to any relevant taxable or tax withholding event, as applicable, Grantee agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items.
- iii. In this regard, Grantee authorizes the Company, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

1. withholding from Grantee's wages or other cash compensation paid to Grantee by the Company and/or the Employer; or
  2. withholding from proceeds of the sale of Shares acquired upon vesting/settlement of the RSU either through a voluntary sale or through a mandatory sale arranged by the Company (on Grantee's behalf pursuant to this authorization); or
  3. withholding in Shares to be issued upon settlement of the RSU, provided, that if Grantee is a Section 16 officer under the Exchange Act, then the Committee shall establish the method of withholding from alternatives (1)-(3) herein, and, if the Committee does not exercise its discretion prior to the Tax-Related Items withholding event, then Grantee shall be entitled to elect the method of withholding from the alternatives above.
- iv. Depending on the withholding method and subject to Section 17.2 of the Plan, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case Grantee will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Grantee is deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.
  - v. Finally, Grantee agrees to pay to the Company or the Employer, including through withholding from Grantee's wages or other cash compensation paid to Grantee by the Company and/or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Grantee fails to comply with Grantee's obligations in connection with the Tax-Related Items.
  - vi. Notwithstanding anything in this Section 3(d) to the contrary, for U.S. taxpayer Grantees, to avoid a prohibited acceleration under Code Section 409A, if Shares subject to RSUs will be withheld (or sold on Grantee's behalf) to satisfy any-Tax Related Items arising prior to the date of settlement of the RSUs for any portion of the RSUs that is considered nonqualified deferred compensation subject to Code Section 409A, then the number of Shares withheld (or sold on Grantee's behalf) shall not exceed the number of Shares that equals the liability for Tax-Related Items.

**(e) Data Privacy.**

*Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Grantee's personal data as described in this Agreement and any other RSU grant materials ("Data") by and among, as applicable, the Company and its other Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan.*

*Grantee understands that the Company may hold certain personal information about Grantee, including, but not limited to, Grantee's name, home address, email address, telephone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any Shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Grantee's favor, for the exclusive purpose of implementing, administering and managing the Plan.*

*Grantee understands that Data will be transferred to Bank of America Merrill Lynch ("Merrill Lynch"), or such other stock plan service provider as may be selected by the Company in the future, which is assisting the*

*Company with the implementation, administration and management of the Plan. Grantee understands that the recipients of the Data may be located in the U.S. or elsewhere, and that the recipients' country (e.g., the U.S.) may have different data privacy laws and protections than Grantee's country. Grantee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Grantee authorizes the Company, Merrill Lynch and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Grantee understands that Data will be held only as long as is necessary to implement, administer and manage Grantee's participation in the Plan. Grantee understands he or she may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Grantee understands that he or she is providing the consents herein on a purely voluntary basis. If Grantee does not consent, or if Grantee later seeks to revoke his or her consent, his or her employment status will not be adversely affected; the only consequence of refusing or withdrawing Grantee's consent is that the Company would not be able to grant RSUs or other equity awards to Grantee or administer or maintain such awards. Therefore, Grantee understands that refusing or withdrawing his or her consent may affect Grantee's ability to participate in the Plan. For more information on the consequences of Grantee's refusal to consent or withdrawal of consent, Grantee understands that he or she may contact his or her local human resources representative.*

(f) **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Grantee's participation in the Plan, or Grantee's acquisition or sale of the underlying Shares of Common Stock. Grantee should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

(g) **Governing Law and Venue.** Except with respect to Exhibit C, the RSU grant and the provisions of this Agreement and the validity, interpretation, construction and performance of same shall be governed by, and subject to, the laws of the State of Delaware, without regard to its conflict of law provisions. Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the RSUs or this Agreement, shall be brought and heard exclusively in the U.S. District Court for the District of Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

(h) **Appendix.** Notwithstanding any provisions in this Agreement, the RSU grant shall be subject to any special terms and conditions set forth in any Appendix to this Agreement for Grantee's country. Moreover, if Grantee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

(i) **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Grantee's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

(j) **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

(k) **Waiver.** Grantee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Grantee.

(l) **Language.** If Grantee has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

(m) **Pronouns; Including.** Wherever appropriate in this Agreement, personal pronouns shall be deemed to include the other genders and the singular to include the plural. Wherever used in this Agreement, the term “including” means “including, without limitation.”

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

(o) **Interpretation.** The Committee shall have the sole and absolute authority with respect to the interpretation, construction, or application of this Agreement. Any determination made hereunder shall be final, binding, and conclusive on Grantee and the Company for all purposes.

(p) **Integration.** This Agreement, along with any Exhibit hereto, encompasses the entire agreement of the parties related to the subject matter of this Agreement, and supersedes all previous understandings and agreements between them, whether oral or written, except as otherwise described specifically in Exhibit C. The parties hereby acknowledge and represent, that they have not relied on any representation, assertion, guarantee, warranty, collateral contract or other assurance, except those set out in this Agreement, made by or on behalf of any other party or any other person or entity whatsoever, prior to the execution of this Agreement.

(q) **Grantee Bound by the Plan.** Grantee hereby acknowledges receipt of a copy of the Plan and the prospectus for the Plan and agrees to be bound by all the terms and provisions thereof.

(r) **Insider Trading/Market Abuse Restrictions.** Depending on Grantee’s country, Grantee may be subject to insider trading restriction and/or market abuse laws, which may affect Grantee’s ability to acquire or sell Shares or rights to Shares (e.g., RSUs) under the Plan during such times as Grantee is considered to have “inside information” regarding the Company (as defined by the laws in Grantee’s country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Grantee is responsible for ensuring Grantee’s own compliance with any applicable restrictions and is advised to speak with his or her personal legal advisor on this matter.

(s) **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party designated by the Company. By Grantee’s electronic signature and the electronic signature of the Company’s representative, Grantee and the Company agree that this RSU is granted under and governed by the terms and conditions of the Plan and this Agreement.

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

Vernon J Nagel  
Chairman, President and CEO

C. Dan Smith  
SVP, Treasurer and Secretary

**PLEASE RETAIN THIS AGREEMENT AND ALL EXHIBITS FOR YOUR RECORDS.**

## EXHIBIT A

## SPECIAL TERMS AND CONDITIONS FOR GRANTEES OUTSIDE THE U.S.

This Appendix includes additional country-specific terms and conditions that apply to Grantees residing in the countries listed below. This Appendix is part of the Agreement and contains terms and conditions material to participation in the Plan. Unless otherwise provided below, capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement.

The information is based on the securities and other laws in effect in the respective countries as of August 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Grantee not rely on the information in this Appendix as the only source of information relating to the consequences of the Grantee's participation in the Plan because the information may be out of date when the Grantee vests in the RSUs or Shares acquired under the Plan are sold.

In addition, the information contained herein is general in nature and may not apply to the Grantee's particular situation, and the Company is not in a position to assure the Grantee of a particular result. Accordingly, the Grantee is advised to seek appropriate professional advice as to how the relevant laws in the Grantee's country may apply to his or her situation.

Finally, if the Grantee is a citizen or resident of a country other than the one in which he or she is currently working or the Grantee transfers employment or residency after the Grant Date, or if the Grantee is considered resident of another country for local law purposes, then the provisions contained herein may not be applicable to the Grantee. The Company shall, in its sole discretion, determine to what extent the terms and conditions included herein will apply under these circumstances.

CANADA***Sale of Shares.***

The Grantee acknowledges that he or she is permitted to sell the Shares acquired under the Plan through Bank of America Merrill Lynch or other such stock plan service provider as may be selected by the Company in the future, provided the sale of the Shares takes place outside of Canada through facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange.

***Consent to Receive Information in English for Quebec Employees.***

The Grantee acknowledges that it is the express wish of the parties that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be written in English.

*Le participant reconnaît que c'est son souhait exprès d'avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.*

***Authorization to Release and Transfer Necessary Personal Information for Quebec Employees.***

The following provision supplements Section 3(e) of the Agreement:

**The Grantee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Grantee further authorizes the Company, any Subsidiary or Affiliate to disclose and discuss the Plan with their advisors. The Grantee further authorizes the Company and any Subsidiary or Affiliate to record such information and to keep such information in the Grantee's employee file.**

**Foreign Asset/Account Reporting Notice.**

Canadian residents may be required to report foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time in the year. Foreign property includes Shares acquired under the Plan and may include the RSUs, and their cost generally is the adjusted cost base (“ACB”) of the Shares. The ACB ordinarily would equal the fair market value of the Shares at the time of acquisition, but if the Canadian resident owns other Shares, this ACB may have to be leveraged with the ACB of the other Shares. The Form T1135 generally must be filed by April 30 of the following year. Canadian residents should consult with a personal advisor to ensure compliance with the applicable reporting requirements.

**Acknowledgement and Direction for Certain Employees in Canada.**

The Grantee acknowledges that: (1) Grantee has received this Award under the terms of the Plan; (2) upon the vesting of the Award under the Plan, shares purchased on the open market will be delivered to the Grantee; and (3) a remittance of cash in satisfaction of withholding requirements under the Canadian Income Tax Act will be made so that only a net number of shares, less the amount necessary to cover the tax withholding, will be delivered to the Grantee upon the vesting of the Award. The Grantee directs that (1) the Company engage the services of a broker licensed to transact in its shares (the “Broker”) and that it do so as Grantee’s agent and on Grantee’s behalf for the express purpose of acquiring and delivering to the Grantee shares that have vested under the Award pursuant to this authorization; and (2) the Company provide whatever instructions are necessary to the Broker in order to ensure that shares are delivered to Grantee’s account maintained by Merrill Lynch in connection with the operation of the Plan.

**FRANCE****Consent to Receive Information in English.**

By accepting the grant of the RSUs, the Grantee confirms having read and understood the Plan and the Agreement, which were provided in English language. The Grantee accepts the terms of those documents accordingly.

*En acceptant cette attribution gratuite d’actions, le Participant confirme avoir lu et compris le Plan et ce Contrat, incluant tous leurs termes et conditions, qui ont été transmis en langue anglaise. Le Participant accepte les dispositions de ces documents en connaissance de cause.*

**Foreign Asset/Account Reporting Notice.**

French residents may hold Shares outside France, provided that they declare all foreign accounts, whether open, current or closed, on their annual income tax return. Failure to comply could trigger significant penalties.

**MEXICO****Terms and Conditions**

**Labor Law Policy and Acknowledgment.** By participating in the Plan, Grantee expressly recognizes that Acuity Brands Inc., with registered offices at 1170 Peachtree Street, NE Suite 2300, Atlanta, GA 30309, U.S., is solely responsible for the administration of the Plan and that Grantee’s participation in the Plan and acquisition of Shares does not constitute a relationship as an Employee with the Company since Grantee is participating in the Plan on a wholly commercial basis and the sole Employer is a Subsidiary or Affiliate of the Company (“Acuity-Mexico”). Based on the foregoing, Grantee expressly recognizes that the Plan and the benefits that he may derive from participation in the Plan do not establish any rights between Grantee and the Employer, Acuity-Mexico, and do not form part of the employment conditions and/or benefits provided by Acuity-Mexico and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of Grantee’s relationship as an Employee.

Grantee further understands that Grantee's participation in the Plan is as a result of a unilateral and discretionary decision of the Company. Therefore, the Company reserves the absolute right to amend and/or discontinue Grantee's participation at any time without any liability to Grantee.

Finally, Grantee hereby declares that Grantee does not reserve to himself or herself any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and Grantee therefore grants a full and broad release to the Company, the Employer, its Subsidiaries and Affiliates, branches, representation offices, its shareholders, officers, agents or legal representatives with respect to any claim that may arise.

**Política de Ley Laboral y Reconocimiento.** *Participando en el Plan, el Participante reconoce expresamente que Acuity Brands Inc., con oficinas registradas en 1170 Peachtree Street, NE Suite 2300, Atlanta, GA 30309, U.S., es el único responsable de la administración del Plan y que la participación del Participante en el mismo y la compra de acciones bursátiles no constituye de ninguna manera una relación laboral entre Usted y la Compañía dado que su participación en el Plan deriva únicamente de una relación comercial y que su único empleador es una Subsidiaria o Afiliada de la Compañía ("Acuity-Mexico"). Derivado de lo anterior, el Participante expresamente reconoce que el Plan y los beneficios que pudieran derivar del mismo no establecen ningún derecho entre el Participante y el empleador, Acuity-Mexico, y no forman parte de las condiciones laborales y/o prestaciones otorgadas por Acuity-Mexico, y cualquier modificación al Plan o la terminación del mismo no podrá ser interpretada como una modificación o degradación de los términos y condiciones de su trabajo.*

*Asimismo, el Participante entiende que su participación en el Plan es resultado de la decisión unilateral y discrecional de la Compañía. Por lo tanto, la Compañía se reserva el derecho absoluto para modificar y/o terminar la participación del Participante en cualquier momento, sin ninguna responsabilidad ante el Participante.*

*Finalmente, el Participante manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de la Compañía por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia el Participante otorga un amplio y total finiquito a la Compañía, el Empleador, sus Subsidiarias y Afiliadas, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales con respecto a cualquier demanda que pudiera surgir.*

#### **NETHERLANDS**

No special provisions.

#### **SPAIN**

##### ***No Entitlement for Claims or Compensation.***

The following provisions supplement Section 3(a) and Section 3(c) of the Agreement:

The Grantee understands and agrees that, as a condition of the grant of the RSUs, the termination of the Grantee's status as an Employee prior to the Vesting Date will automatically result in the loss of the unvested RSUs that may have been granted to the Grantee, except in the event of the Employee's death or Disability. In particular, the Grantee understands and agrees that any unvested RSUs shall be forfeited without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination of status as an Employee, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (*i.e.*, subject to a "despido improcedente"), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985.

The Grantee understands that the Company has unilaterally, gratuitously and in its sole discretion decided to grant RSUs under the Plan to individuals who may be Employees or Directors throughout the world. The decision is limited and entered into based upon the express assumption and condition that any RSUs will not economically or otherwise bind the Company or any Subsidiary or Affiliate, including the Employer, on an ongoing basis, other than as expressly set forth in the Agreement. Consequently, the Grantee understands that the RSUs are granted on the assumption and condition that the RSUs shall not become part of any employment contract (whether with the Company or any Subsidiary or Affiliate, including the Employer) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever. Furthermore, the Grantee understands and freely accepts that there is no guarantee that any benefit whatsoever shall arise from the grant of RSUs, which is gratuitous and discretionary, since the future value of the RSUs and the underlying Shares is unknown and unpredictable. The Grantee also understands that the grant of RSUs would not be made but for the assumptions and conditions set forth hereinabove; thus, the Grantee understands, acknowledges and freely accepts that, should any or all of the assumptions be mistaken or any of the conditions not be met for any reason, the RSUs and any right to the underlying Shares shall be null and void.

***Securities Law Notice.***

No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of RSUs. The Agreement, the Appendix and the Plan have not been registered with the *Comisión Nacional del Mercado de Valores* (Spanish Securities Exchange Commission) and do not constitute a public offering prospectus.

***Exchange Control Notice.***

Spanish taxpayers must declare the acquisition, ownership and disposition of Shares in a foreign company (including Shares acquired under the Plan) to the *Spanish Dirección General de Comercio e Inversiones* (the “DGCI”), which is a department of the Ministry of Economy and Competitiveness. Generally, the declaration must be filed in January for Shares acquired or disposed of during the prior year and/or for Shares owned as of December 31 of the prior year; however, if the value of the Shares acquired under the Plan and/or the amount of the sale proceeds exceeds €1,502,530, the declaration must be filed within one month of the acquisition or disposition, as applicable.

In addition, Spanish taxpayers may be required to declare electronically to the Bank of Spain any foreign accounts (including brokerage accounts held abroad), any foreign instruments (including any Shares acquired under the Plan) and any transactions with non-Spanish residents (including any payments of Shares made by the Company) depending on the value of such accounts and instruments and the amount of the transactions during the relevant year as of December 31 of the relevant year. This reporting requirement will apply if the balances in such accounts together with the value of such instruments as of December 31, or the volume of transactions with non-Spanish residents during the prior or current year, exceed €1,000,000. Once the €1,000,000 threshold has been surpassed in either respect, a report is required on all foreign accounts, foreign instruments and transactions with non-Spanish residents, even if the relevant threshold has not been crossed for an individual item. Generally, the report is required on an annual basis (by January 20 of each year); however, if the balances in Grantee’s foreign accounts together with value of foreign instruments or the volume of transactions with non-Spanish residents exceed €100,000,000, more frequent reporting will be required.

***Foreign Asset/Account Reporting Notice.***

Spanish residents are required to report rights or assets deposited or held outside of Spain (including Shares acquired under the Plan or cash proceeds from the sale of such Shares or Dividend Equivalent payments) as of December 31 of each year, if the value of such rights or assets exceeds €50,000 per type of right or asset. After such rights and/or assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. If reporting is required, the report must be filed on form 720 by March 31 following the end of the relevant year.

**UNITED KINGDOM*****Form of Settlement.***

RSUs granted to Employee residents in the United Kingdom (“U.K.”) shall be paid in Shares only.

***Tax Withholding Obligations.***

The following supplements Section 3(d) of the Agreement:

The Grantee shall pay to the Company or the Employer any amount of income tax that the Company or the Employer may be required to account to HM Revenue and Customs (“HMRC”) with respect to the event giving rise to the income tax (the “Taxable Event”) that cannot be satisfied by the means described in Section 3(d) of the Agreement. If payment or withholding of the income tax due is not made within ninety (90) days of the end of the U.K. tax year (April 6 - April 5) in which the Taxable Event occurs or such other period as required under U.K. law (the “Due Date”), the Grantee agrees that the amount of any uncollected income tax shall constitute a loan owed by the Grantee to the Employer, effective on the Due Date. The Grantee agrees that the loan will bear interest at the then-current HMRC Official Rate, it will be immediately due and repayable, and the Company or the Employer may recover it at any time thereafter by any of the means referred to in Section 3(d) of the Agreement. If the Grantee fails to comply with his or her obligations in connection with the income tax as described in this section, the Company may refuse to deliver the Shares acquired under the Plan.

Notwithstanding the foregoing, if the Grantee is a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934), the Grantee shall not be eligible for a loan from the Company to cover income tax. In the event that the Grantee is a director or executive officer and income tax is not collected from or paid by the Grantee by the Due Date, the amount of any uncollected income tax may constitute a benefit to the Grantee on which additional income tax and National Insurance Contributions (“NICs”) may be payable. The Grantee will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime, and for reimbursing the Company or the Employer (as appropriate) for the value of any employee NICs due on this additional benefit which the Company or the Employer may recover from the Grantee any time thereafter by any of the means referred to in Section 3(d) of the Agreement.

**EXHIBIT B****SHARE OWNERSHIP AND RETENTION REQUIREMENT**

It is the Company's belief and expectation that executives should own a reasonable amount of Company stock to further align their interests with those of our shareholders. Accordingly, you are expected to adhere to share ownership and share retention requirements in connection with awards under the Plan.

The share ownership requirement is stated as a multiple of your base salary and mandates that you own a number of shares with a value equal to the applicable multiple of your base salary. The share retention requirement is stated as a percentage of shares acquired under the Plan that must be retained, net of the cost of exercising shares and/or the taxes associated with the shares. You have until four years from first becoming subject to the requirements to satisfy your share ownership requirement. However, if you do not currently satisfy the share ownership requirement, you are subject to the share retention requirement.

Your share ownership and retention requirements are set forth below based on the Grantee Level stated on the first page of this Agreement.

<u>Grantee Level</u>	<u>Ownership Multiple of Annual Base Salary</u>	<u>Retention Requirement Percentage</u>
0	4	50%
1	3	40%
2	2	35%
3	1	30%
4 or 5	0.5	20%
6 or 7	0	0%

Your ownership multiple is multiplied by your annual base salary and your share retention requirement is the percent of net shares acquired through the Plan (exercise of stock options or receipt of Shares). Your RSUs count toward satisfying your share ownership requirement beginning at the Grant Date.

## EXHIBIT C

CONFIDENTIALITY, INVENTIONS, NON-SOLICITATION  
AND NON-COMPETITION PROVISIONS

## 1. Definitions.

(a) **“Confidential Information”** “Confidential Information” means the following:

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

## ii. Confidential Information shall not include:

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

(b) **“Trade Secrets”** has the meaning set forth under Georgia law, O.C.G.A. §§ 10-1-760, et seq.

- (c) **“Customers”** means those entities and/or individuals which, within the two-year period preceding the Date of Termination (as that term is defined in Restricted Stock Unit Agreement): (i) Grantee had material contact on behalf of the Company; (ii) about whom Grantee acquired, directly or indirectly, Confidential Information or Trade Secrets as a result of his/her employment with the Company; and/or (iii) Grantee exercised oversight or responsibility of subordinates who engaged in Material Contact on behalf of the Company. Additionally, “Customers” references only those entities and/or individuals with whom the Company currently has a business relationship, or with whom it expended resources to have or resume the same during the two-year period referenced herein.
- (d) **“Company”** means Acuity Brands, Inc., along with its Subsidiaries or other Affiliates.
- (e) **“Company’s Business”** means the design, manufacture, installation, servicing, and/or sale of one or more of the following and any related products and/or services: lighting fixtures and systems; lighting control components and systems (including but not limited to dimmers, switches, relays, programmable lighting controllers, sensors, timers, and range extenders for lighting and energy management and other purposes); building management and/or control systems; commercial building lighting controls; intelligent building automation and energy management products, software and solutions; motorized shading and blind controls; building security and access control and monitoring for fire and life safety; emergency lighting fixtures and systems (including but not limited to exit signs, emergency light units, inverters, back-up power battery packs, and combinations thereof); battery powered and/or photovoltaic lighting fixtures; electric lighting track units; hardware for mounting and hanging electrical lighting fixtures; aluminum, steel and fiberglass fixture poles for electric lighting; light fixture lenses; sound and electromagnetic wave receivers and transmitters; flexible and modular wiring systems and components (namely, flexible branch circuits, attachment plugs, receptacles, connectors and fittings); LED drivers and other power supplies; daylighting systems including but not limited to prismatic skylighting and related controls; organic LED products and technology; medical and patient care lighting devices and systems; indoor positioning products and technology; software and hardware solutions that collect data about building and business operations and occupant activities via sensors and use that data to provide software services or data analytics; sensor based information networks; and any wired or wireless communications and monitoring hardware or software related to any of the above. This shall not include any product or service of the Company if the Company is no longer in the business of providing such product or service to its customers at the relevant time of enforcement.
- (f) **“Employee Services”** shall mean the duties and services of the type conducted, authorized, offered, or provided by Grantee in his/her capacity as an Employee on behalf of the Company within twelve (12) months prior to the Date of Termination.
- (g) **“Territory”** means the country in which Grantee is employed by the Company (the “Country”). Grantee acknowledges that the Company is licensed to do business in the Country and in fact does business in all states, territories, provinces and other parts of the Country. Grantee further acknowledges that the services she/he has performed on behalf of the Company are at a senior level and are not limited in their territorial scope to any particular city, state, or region, but instead affect the Company’s activity within the Country. Specifically, Grantee provides Employee Services on the Company’s behalf throughout the Country, meets with Company agents and distributors, develops products and/or contacts throughout the Country, and otherwise engages in his/her work on behalf of the Company on a national level. Accordingly, Grantee agrees that these restrictions are reasonable and necessary to protect the Confidential Information, trade secrets, business relationships, and goodwill of the Company.
- (h) **“Material Contact”** shall have the meaning set forth in O.C.G.A. § 13-8-51(10), which includes contact between an employee and each Customer or potential Customer: with whom or which Grantee dealt on behalf of the Company; whose dealings with the Company were coordinated or supervised by Grantee; about whom Grantee obtained confidential information in the ordinary course of business as a result of such employee’s association with the Company; and/or who receives products or services authorized by the

Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for Grantee within two years prior to the Date of Termination.

- (i) **“Termination for Cause” or “Terminated for Cause”** shall mean the involuntary termination of Grantee by the Company for the following reasons:
- i. If termination shall have been the result of an act or acts by Grantee which constitute an indictable offense, a felony or any crime involving dishonesty, theft, fraud or moral turpitude;
  - ii. If termination shall have been the result of an act or acts by Grantee which are determined, in the good faith judgment of the Company, to be in violation of written policies of the Company;
  - iii. If termination shall have been the result of an act or acts of dishonesty by Grantee resulting or intended to result directly or indirectly in gain or personal enrichment to Grantee at the expense of the Company;
  - iv. Upon the willful and continued failure by Grantee to substantially perform the duties assigned to Grantee (other than any such failure resulting from incapacity due to mental or physical illness constituting a Disability), after a demand in writing for substantial performance of such duties is delivered by the Company, which demand specifically identifies the manner in which the Company believes that Grantee has not substantially performed his or her duties; or
  - v. If termination shall have been the result of the unauthorized disclosure by Grantee of the Company’s Confidential Information or violation of any other provision of the Confidentiality Provisions.
- (j) **“Inventions” and “Works For Hire.”** The term “Invention” means contributions, discoveries, improvements and ideas and works of authorship, whether or not patentable or copyrightable, and: (i) which relate directly to the Company’s Business, or (ii) which result from any work performed by Grantee or by Grantee’s fellow employees for the Company, or (iii) for which equipment, supplies, facilities, Confidential Information or Trade Secrets of the Company are used, or (iv) which is developed on the Company’s time. The term “Works For Hire” (“Works”) means all documents, programs, software, creative works and other expressions and information in any tangible medium created, in whole or in part, by Grantee during the period of and relating to his/her employment with the Company, whether copyrightable or otherwise protectable, other than Inventions.

## 2. Confidentiality, Inventions, Non-Solicitation and Non-Competition.

- (a) **Purpose and Reasonableness of Provisions.** Grantee acknowledges that, during the term of his/her employment with the Company and after the Date of Termination, the Company has furnished and may continue to furnish to Grantee Trade Secrets and Confidential Information, which, if used by Grantee on behalf of, or disclosed to, a competitor of the Company or other person, could cause substantial detriment to the Company. Moreover, the parties recognize that Grantee, during the term of his/her employment with the Company, has developed important relationships with customers, agents, and others having valuable business relationships with the Company, and that these relationships may continue to develop after the Date of Termination. In view of the foregoing, Grantee acknowledges and agrees that the restrictive covenants contained in this Section 2 are reasonably necessary to protect the Company’s legitimate business interests, Confidential Information, and good will.
- (b) **Trade Secrets and Confidential Information.** Grantee agrees that he/she shall protect the Company’s Trade Secrets (as defined in Section 1(b) above) and Confidential Information (as defined in Section 1(a) above) and shall not disclose to any person or entity, or otherwise use or disseminate, except in connection with the performance of his/her duties for the Company, any Trade Secrets or Confidential Information. However, Grantee may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, in which event Grantee will promptly notify the Company

of such order or subpoena to provide it an opportunity to protect its interests. Grantee's obligations under this Section 2(b) have applied throughout his/her active employment, shall continue after the Date of Termination, and shall survive any expiration or termination of the Confidentiality Provisions, so long as the information or material remains Confidential Information or a Trade Secret, as applicable.

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

Nothing in this section prohibits Grantee from reporting possible violations of law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of law or regulation. Grantee does not need the prior authorization of the Company to make any such reports or disclosures, and Grantee is not required to notify the Company that Grantee has made such reports or disclosures.

- (c) **Return of Property.** On or before the Date of Termination, Grantee agrees to deliver promptly to the Company all 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) of the Company, supplied to or created by him/her in connection with his/her employment hereunder (including all copies of the foregoing) in his/her possession or control, and all of the Company's equipment and other materials in his/her possession or control. Grantee further agrees and covenants not to retain any such property and to permanently delete such information residing in electronic format to the best of his/her ability and not to attempt to retrieve it. Grantee's obligations under this Section 2(c) shall survive any expiration or termination of the Confidentiality Provisions.
- (d) **Inventions.** Grantee does hereby assign to the Company the entire right, title and interest in any Invention which is or was made or conceived, either solely or jointly with others, during his/her employment with the Company, including after the Date of Termination. Grantee attests that he/she has disclosed (or promptly will disclose, if after the Date of Termination) to the Company all such Inventions. Grantee will, if requested, promptly execute and deliver to the Company a specific assignment of title for any such Invention and will at the expense of the Company, take all reasonably required action by the Company to patent, copyright or otherwise protect the Invention.
- (e) **Non-Competition.** In the event that Grantee,
- i. voluntarily resigns from the Company,
  - ii. is Terminated for Cause (as defined above), or
  - iii. declines to sign a Confidential Severance Agreement and Release offered by the Company in the event of a termination for any reason other than a Termination for Cause (including, for example, as a result of a position elimination).

Grantee acknowledges and agrees that during his/her employment, and for twelve (12) months after the Date of Termination, he/she has not and will not, directly or indirectly, engage in, provide, or perform any Employee Services on behalf of any person or entity (or, if organized into divisions or units, any distinct division or operating unit) in the Territory that derives revenue from providing goods or services substantially similar to those which comprise the Company's Business. Notwithstanding the foregoing, if the Company terminates Grantee's employment for any reason other than a Termination for Cause (including, for example, as a result of a position elimination), and Grantee signs a Confidential Severance Agreement and Release offered by the Company, the period covered by this non-competition covenant will be reduced to either: (i) the time within which severance payments are scheduled to be paid to Grantee under such agreement, or (ii) if severance is paid to Grantee in a lump sum, the number of weeks of

Grantee's then-current regular salary that are used to calculate such lump sum payment; provided, however, that the restrictive period calculated hereunder shall not, in any event, exceed twelve (12) months following the Date of Termination.

- (f) **Non-Solicitation of Customers.** Grantee acknowledges and agrees that during his/her employment, and for twenty-four (24) months after the Date of Termination, Grantee has not and will not directly or indirectly solicit Customers (as defined in Paragraph 1(c) above) with whom he/she had Material Contact (as defined in 1(g) above) for the purpose of providing goods and/or services competitive with the Company's Business.
- (g) **Non-Solicitation of Employees and Agents.** Grantee acknowledges and agrees that during his/her employment, and for a period of twenty-four (24) months after the Date of Termination, Grantee has not and will not, directly or indirectly, whether on behalf of the Grantee or others, solicit, lure or attempt to hire away any of the Company's employees or agents.
- (h) **Non-Solicitation of Sales Agents.** Grantee acknowledges and agrees that during his/her employment, and for a period of twenty-four (24) months after the Date of Termination, Grantee has not and will not, directly or indirectly, whether on behalf of the Grantee or others, solicit any of the Company's Sales Agents for the purpose of disrupting their relationship with the Company and/or selling and/or facilitating the sale of products competitive with the Company's Business. For purposes of this Section 2, a "Sales Agent" is any third-party agency, and/or its representatives, with which or whom the Company has contracted for the purpose of facilitating the sale of the Company's products during the last twenty-four (24) months of Grantee's employment with the Company.
- (i) **Injunctive Relief.** Grantee acknowledges that if he/she breaches or threatens to breach any of the provisions of this Section 2, his/her actions may cause irreparable harm and damage to the Company which could not be compensated in damages. Accordingly, if Grantee breaches or threatens to breach any of the provisions of this Section 2, the Company shall be entitled to seek injunctive relief, in addition to any other rights or remedies the Company may have. The existence of any claim or cause of action by Grantee against the Company, whether predicated on the Confidentiality Provisions or otherwise, shall not constitute a defense to the enforcement by the Company of Grantee's agreements under this Section 2.

3. **Non-Assignable by Grantee.** The parties acknowledge that the Confidentiality Provisions have been entered into due to, among other things, the special skills and knowledge of Grantee, and agree that the Confidentiality Provisions may not be assigned or transferred by Grantee.

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: Corporate Secretary  
 1170 Peachtree Street, NE, Suite 2300  
 Atlanta, Georgia 30309-7676

If to Grantee: To his or her 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.

5. **Provisions Severable.** If any provision or covenant, or any part thereof, contained in the Confidentiality Provisions is 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, in the Confidentiality Provisions, all of which shall remain in full force and effect.

Each and every provision, paragraph and subparagraph of Section 2 above is severable from the other provisions, paragraphs and subparagraphs and constitutes a separate and distinct covenant.

The restrictive covenants set forth in Section 2 of the Confidentiality Provisions represent the entire agreement of the parties with respect to the subject matter thereof and supersede any prior agreement with respect thereto; provided, however, that the restrictive covenants described in this Exhibit C shall not supersede those set forth in either: (a) any Executive Severance Agreement applicable to Grantee, if any, (b) any Confidentiality, Inventions and Non-Solicitation Agreement to which Grantee is a party, if any, or (c) any restrictive covenants to which Grantee is a party under any employment agreement or offer letter, if any. To the extent that any agreement applicable to Grantee include restrictive covenant provisions that conflict with the provisions contained in these Confidentiality Provisions, the provisions that are more restrictive on Grantee will control.

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 the Confidentiality Provisions shall not be deemed a waiver or relinquishment of any right granted in the Confidentiality Provisions or the future performance of any such term or condition or of any other term or condition of the Confidentiality Provisions, unless such waiver is contained in a writing signed by the party making the waiver.

7. **Amendments and Modifications.** The Confidentiality Provisions and any Exhibit hereto may be amended or modified only by a writing signed by both parties hereto, which makes specific reference to the Confidentiality Provisions. However, this Section does not affect a court of competent jurisdiction or arbitrator's ability to modify the Confidentiality Provisions, pursuant to O.C.G.A. §§ 13-8-51(11); 53(d); or 54 in the event that either party initiates legal proceedings that relate in any way to this Confidentiality Provisions, including any action brought by either party seeking to enforce any provision set forth herein.

8. **Governing Law and Venue.** The validity and effect of the Confidentiality Provisions shall be governed by and construed and enforced in accordance with the laws of the State of Georgia, United States of America, without regard to its conflict of law provisions. Any and all disputes relating to, concerning or arising from the Confidentiality Provisions, or relating to, concerning or arising from the relationship between the parties evidenced by the Confidentiality Provisions, shall be brought and heard exclusively in the U.S. District Court for the District of Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

9. **Legal Fees.** Each party shall pay its own legal fees and other expenses associated with any dispute under the Confidentiality Provisions or any Exhibit hereto.

10. **Tender Back Provision.** If, in the context of a lawsuit involving Grantee or any other person or entity arguing on Grantee's behalf, any court determines that any provisions of Section 2 are void, invalid, illegal, or otherwise unenforceable, Grantee shall be required to immediately return to the Company 70% of all monies paid out under Paragraph 2 of the Restricted Stock Unit Agreement, or to return 70% of any unsold shares the Grantee still owns of such RSUs awarded under Paragraph 2 of the Restricted Stock Unit Agreement. For purposes of this section, the amount to be paid back shall be determined by ascertaining the value and amount the share(s) sold at the time that the Grantee actually sold such share(s). You acknowledge and agree that this covenant does not constitute a penalty clause.

11. **Tolling Period.** If Grantee is found by a court to have violated any restriction in Section 2 of the Confidentiality Provisions, he/she agrees that the time period for such restriction shall be extended by one day for each day that he/she is found to have violated the restriction, up to a maximum of 18 months.

12. **Language.** The parties acknowledge that they have requested and are satisfied that the Confidentiality Provisions and all related documents be in the English language.

**SPECIAL TERMS AND CONDITIONS EXHIBIT TO THE CONFIDENTIALITY, INVENTIONS, NON-SOLICITATION AND NON-COMPETITION PROVISIONS FOR GRANTEES OUTSIDE THE U.S.**

This Appendix includes additional country-specific terms and conditions that apply to Grantees in the countries listed below with respect to the Confidentiality, Inventions, Non-Solicitation and Non-Competition Provisions (the “Confidentiality Provisions”). This Appendix is part of the Confidentiality Provisions and contains terms and conditions material to the Grantee’s rights and obligations under the Confidentiality Provisions. Unless otherwise provided below, capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Confidentiality Provisions.

**CANADA**

The following provision replaces Section 1(b) of the Confidentiality Provisions:

**“Trade Secrets”** means technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers which is not commonly known by or available to the public and which information: (A) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who obtain economic value from its disclosure or use; and (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

The following provision replaces Section 1(h) of the Confidentiality Provisions:

**“Material Contact”** means contact between an employee and each Customer or potential Customer: with whom or which Grantee dealt on behalf of the Company; whose dealings with the Company were coordinated or supervised by Grantee; about whom Grantee obtained confidential information in the ordinary course of business as a result of such employee’s association with the Company; and/or who receives products or services authorized by the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for Grantee within two years prior to the date of the Date of Termination.

The following provision shall be added to Section 1(i) as sub-section (vi):

“or (vi) Any other act or omission, or a series of acts or omissions, of the Grantee which, pursuant to applicable law, constitutes a serious reason for termination of employment without notice, payment in lieu of notice or any indemnity whatsoever.”

The following provision replaces Section 2(d) of the Confidentiality Provisions:

**Inventions.** Grantee does hereby assign to the Company the entire right, title and interest in any Invention which is or was made or conceived, either solely or jointly with others, and does hereby waive any and all other rights that are non-assignable, including common law rights, but not limited to moral rights in all Inventions or any non-economic rights, during his/her employment with the Company, including after the Date of Termination. Grantee attests that he/she has disclosed (or promptly will disclose, if after the Date of Termination) to the Company all such Inventions. Grantee will, if requested, promptly execute and deliver to the Company a specific assignment of title for any such Invention and will at the expense of the Company, take all reasonably required action by the Company to patent, copyright or otherwise protect the Invention.

The following provision replaces Section 7 of the Confidentiality Provisions:

**Amendments and Modifications.** The Confidentiality Provisions and any Exhibit hereto may be amended or modified only by a writing signed by both parties hereto, which makes specific reference to the Confidentiality Provisions. However, this Section does not affect a court of competent jurisdiction or arbitrator’s ability to modify the Confidentiality Provisions, as the case may be, in the event that either party initiates legal proceedings that

relate in any way to the Confidentiality Provisions, including any action brought by either party seeking to enforce any provision set forth herein.

The following provision replaces Section 12 of the Confidentiality Provisions:

**Language.** The parties acknowledge that they have requested and are satisfied that the Confidentiality Provisions and all related documents be drawn up in the English language. Les parties aux présentes reconnaissent avoir requis que la présente entente et les documents qui y sont relatifs soient rédigés en anglais.

## **FRANCE**

For the purpose of the provisions hereafter, the Company means the local entity in France by whom Grantee is employed.

The following provision replaces Section 1(b) of the Confidentiality Provisions:

**“Trade Secrets”** means technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers which is not commonly known by or available to the public and which information: (A) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who obtain economic value from its disclosure or use; and (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

The following provision replaces Section 1(g) of the Confidentiality Provisions:

**“Territory”** means the location in which the non-competition restriction will apply, hereby defined as the region(s) in France in which the Grantee worked. Grantee acknowledges that the Company is licensed to do business in the Territory. Accordingly, Grantee agrees that these restrictions are reasonable and necessary to protect the Confidential Information, trade secrets, business relationships, and goodwill of the Company.

The following provision replaces Section 1(h) of the Confidentiality Provisions:

**“Material Contact”** means contact between an employee and each Customer or potential Customer: with whom or which Grantee dealt on behalf of the Company; whose dealings with the Company were coordinated or supervised by Grantee; about whom Grantee obtained confidential information in the ordinary course of business as a result of such employee’s association with the Company; and/or who receives products or services authorized by the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for Grantee within two years prior to the date of the Date of Termination.

Section 1(i) of the Confidentiality Provisions is deleted.

Section 1(j) of the Confidentiality Provisions is deleted.

The following provision replaces Section 2(d) of the Confidentiality Provisions:

**Inventions.** Grantee will make full and prompt disclosure to the Company of all inventions, discoveries, designs, designations, developments, software, drawings, logos, sketches, models, articles, studies, reports, methods, modifications, improvements, processes, algorithms, databases, computer programs, formulae, techniques, trade secrets, graphics or images, and audio or visual works and other works of authorship (collectively **“Developments”**), whether or not patentable or copyrightable, that are created, made, conceived or reduced to practice by Grantee (alone or jointly with others) or under his/her direction in the course of Grantee’s employment. Grantee acknowledges and agree that, to the fullest extent permitted by law, (i) all Developments shall automatically belong to, and shall be the sole property of the Company and that (ii) to the extent that any Development do not vest in the Company automatically, Grantee irrevocably hereby assign to the Company by way

of present assignment, all right, title, and interest Grantee may have or may acquire in and to all Developments anywhere in the world. In particular, in accordance with the provisions of article L. 113-9 of the Intellectual Property Code, Grantee acknowledge that the intellectual property rights to any software and their documentation developed by Grantee in the course of his/her employment contract belong as a matter of law to the Company. In accordance with the provisions of article L. 611-7 of the Intellectual Property Code, Grantee further acknowledges that the inventions made within the context of his/her employment providing for an “inventive mission” which corresponds to his/her actual duties, or, as part of studies or research which have been specifically entrusted to Grantee, belong to the Company as a right (“Inventions of Mission”).

In accordance with the provisions of article L. 611-7 of the Intellectual Property Code, which provide that the employee is entitled to receive an additional remuneration for the Inventions of Mission, Grantee agrees that such additional remuneration, if any, will be determined in the following manner: Grantee will be paid an additional remuneration only to the extent Grantee personally contributed to the inventive process which led to the perfection of the Invention of Mission. Such additional remuneration shall be determined by the Company, pursuant to local law, upon development of the Invention of Mission, upon patent filing of the Invention of Mission, and/or upon the granting of the patent on an Invention of Mission. In addition, after 5 years of exploitation of the Invention of Mission, the Company may decide to pay Grantee an additional award, which amount should be mutually agreed on between Grantee and the Company, by taking into consideration the economic and scientific interest of the invention of mission, the difficulties of development of the Invention of Mission, and Grantee’s personal contribution. Grantee further acknowledge that for all the other inventions created either (i) in the performance of Grantee’s duties, (ii) in the field of the Company’s activity, or (iii) by using knowledge or technologies or Company’s specific methods or information acquired by the Company, the Company may require that all rights to ownership and use of such inventions and the patents protecting such inventions be assigned to it. Grantee further undertake, in particular, to disclose to the Company any copyrightable works that he/she may create, either alone or with the assistance of a third party including notably (but without limitation) any drawings, logos, sketches, models, designs, articles, studies, reports and all documentation which are susceptible to be protected under copyright law (hereafter the “Copyrightable Works”).

Grantee hereby assigns to the Company, in consideration of a lump sum already included in his/her salary as provided in his/her employment contract the exploitation rights on the Copyrightable Works including (but without limitation) the rights of reproduction on any analogical or digital media, in any form and format (whether known at the execution date of the contract or discovered in the future), of communication to the public by any process (whether known at the execution date of my employment contract or discovered in the future), of distribution, rental, loan and sale, of filing any trademark, design or model applications on whole or any part of the Copyrightable Works with the relevant authorities around the world, and of adaptation, translation and modification of the Copyrightable Works for any commercial or advertising purpose whether public or private. Media and processes shall include without limitation, any means of communication, direct or indirect, spatial or terrestrial, by satellite, cable, or over the air and any wired or wireless network including the Internet. The assignment occurs as soon as the Copyrightable Works are created and is valid for the entire world for the duration of the copyright, including any legal prorogation for whatever reason. Grantee hereby assigns and transfer to the Company all results from the use of Proprietary Information, premises or personal property (“Company Related Developments”). Grantee further undertake to execute all documents and take all additional actions as may be requested by the Company to give full and proper effect to the present assignment, whether during or after the term of his/her employment, and particularly to enter into a specific assignment agreement for each work, as soon as such work is created. To preclude any possible uncertainty, Grantee has set forth on Exhibit attached hereto a complete list of Developments that he/she has, alone or jointly with others, conceived, developed or reduced to practice prior to the commencement of his/her employment with the Company that he/she wishes to have excluded from the scope of this Agreement (“Prior Inventions”). Grantee has also listed this Exhibit all patents and patent applications in which he/she is named as an inventor, other than those which have been assigned to the Company (“Other Patent Rights”). If no such disclosure is attached, Grantee represents that there are no Prior Inventions or Other Patent Rights. If, in the course of Grantee’s employment with the Company, he/she incorporates a Prior Invention into a Company product, process or machine or other work done for the Company, Grantee hereby grant to the Company a nonexclusive, royalty-free, paid-up, worldwide license (with the full right to sublicense) for the duration of the

rights to make, have made, modify, use, reproduce, sell, offer for sale, publicly display and perform, import and otherwise fully exercise and exploit such Prior Invention. Notwithstanding the foregoing, Grantee will not incorporate, or permit to be incorporated, Prior Inventions in any Company-Related Development without the Company's prior written consent. Grantee will not incorporate into any Company product or otherwise deliver to the Company any open source software except as allowed pursuant to the Company's open source software policy, which is available on the Company's intranet.

Section 2(e) is re-titled as "Non-Competition and Non-Solicitation of Customers and Sales Agents."

The following Section 2(e) replaces Section 2(e), Section 2(f), and Section 2(h) of the Confidentiality Provisions:

- (i) Grantee acknowledges and agrees that during his/her employment, and for six (6) months as from the date of Grantee's actual departure from the Company, he/she has not and will not, directly or indirectly, engage in, provide, or perform any Employee Services on behalf of any person or entity (or, if organized into divisions or units, any distinct division or operating unit) in the Territory.
- (ii) Grantee also acknowledges and agrees that during his/her employment, and for six (6) months after the Date of Termination, Grantee has not and will not directly or indirectly solicit Customers (as defined in Paragraph 1(c) above) with whom he/she had Material Contact (as defined in 1(g) above) for the purpose of providing goods and/or services competitive with the Company's Business.
- (iii) Grantee further acknowledges and agrees that during his/her employment, and for a period of six (6) months after the Date of Termination, Grantee has not and will not, directly or indirectly, whether on behalf of the Grantee or others, solicit any of the Company's Sales Agents for the purpose of disrupting their relationship with the Company and/or selling and/or facilitating the sale of products competitive with the Company's Business. For purposes of this Section 2, a "Sales Agent" is any third-party agency, and/or its representatives, with which or whom the Company has contracted for the purpose of facilitating the sale of the Company's products during the last twenty-four (24) months of Grantee's employment with the Company.
- (iv) In the event Grantee's employment is terminated, for any reason whatsoever, during this post-employment period of non-competition, under the condition that Grantee complies with this non-competition obligation, Grantee will receive a monthly gross indemnity as determined by the Company pursuant to local law, to be no less than thirty three percent (33%) of his/her average gross monthly salary received over the last 12 months prior to termination of employment, it being understood that this indemnity will be subject to social security contributions.
- (v) It is agreed that, in any case, the Company shall be entitled, at the time of termination of the employment agreement, either to reduce the scope or the duration of the period of application of the non-competition and non-solicitation covenant, or to waive the latter, provided however that it informs Grantee thereof by registered letter with return receipt requested no later than within eight (3) days following the notification of the termination of the employment agreement and no later than Grantee's last day of effective work.
- (vi) If Grantee breaches the post-employment non-competition obligation, the Company will no longer be required to pay the gross monthly indemnity and Grantee will be required to reimburse the Company for any amount that he/she may have been granted in this respect.
- (vii) Given the extreme sensitiveness of the know-how and technical and commercial information to which Grantee has access in the framework of his/her functions and the extremely competitive and sensitive nature of the Company's activities, the parties expressly agree on the necessity of the non-competition and non-solicitation obligation in order to protect the Company's legitimate interests. Moreover, Grantee acknowledges that, in light of his/her training, the provision does not hinder his/her capacity to find new employment.

Section 2(f) of the Confidentiality Provisions is deleted.

Section 2(h) of the Confidentiality Provisions is deleted.

The following provision replaces Section 4 of the Confidentiality Provisions:

**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 the Company: To the principal place of business of Company in France.

If to Grantee: To his or her last known address on file with the Company.

The following provision replaces Section 7 of the Confidentiality Provisions:

**Amendments and Modifications.** The Confidentiality Provisions and any Exhibit hereto may be amended or modified only by a writing signed by Grantee and the Company, which makes specific reference to the Confidentiality Provisions provided however that the covenant of Section 2(e) can be waived unilaterally by the Company under the conditions specified therein. However, this Section does not affect a court of competent jurisdiction or arbitrator's ability to modify the Confidentiality Provisions, as the case may be, in the event that either party initiates legal proceedings that relate in any way to the Confidentiality Provisions, including any action brought by either party seeking to enforce any provision set forth herein.

The following provision replaces Section 8 of the Confidentiality Provisions:

**Governing Law and Venue.** The validity and effect of the Confidentiality Provisions shall be governed by and construed and enforced in accordance with the laws of France.

The following provision replaces Section 12 of the Confidentiality Provisions:

**Language.** The parties acknowledge that they have requested and are satisfied that the Confidentiality Provisions and all related documents be drawn up in the French language, the English version being provided for information purposes only. In the event of a contradiction between the two versions, the French version shall prevail.

## MEXICO

The following provision replaces Section 1(b) of the Confidentiality Provisions:

**"Trade Secrets"** has the meaning set forth under Article 84 of the Mexican Industrial Property Law.

The following provision replaces Section 1(d) of the Confidentiality Provisions:

**"Company"** means Acuity Brands, Inc., along with its Subsidiaries or other Affiliates, including but not limited to Acuity Brands Lighting de Mexico S de RL de CV, and Castlight de Mexico SA de CV, with the understanding that the sole and exclusive employer of the Grantee is the Mexican legal entity by whom he/she is employed.

The following provision replaces Section 1(h) of the Confidentiality Provisions:

**"Material Contact"** means contact between an employee and each Customer or potential Customer: with whom or which Grantee dealt on behalf of the Company; whose dealings with the Company were coordinated or supervised by Grantee; about whom Grantee obtained confidential information in the ordinary course of business as a result of such employee's association with the Company; and/or who receives products or services authorized by

the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for Grantee within two (2) years prior to the date of the Date of Termination.

Section 1(i) (“**Termination for Cause**” or “**Terminated for Cause**”) of the Confidentiality Provisions is hereby deleted.

The following provision shall be added to Section 2(b), at the end of first paragraph:

“Furthermore, Grantee expressly agrees and acknowledges that all Confidential Information and Trade Secrets, constitutes (i) an industrial secret under the Mexican Industrial Property Law and (ii) an industrial and trade secret under Articles 210 and 211 of the Penal Code for the Federal District of Mexico.”

The following provision shall be added to Section 2(b), at the end of the second paragraph:

“Grantee agrees to keep the Company free and clear from any claim or lawsuit that may be brought up against it by Grantee’s former employers or third parties for alleged or actual breach of confidentiality or trade secrets information obligations undertaken by Grantee during the course of his/her employment with former employers or during the course of former relationships with third parties. Likewise, Grantee will be responsible for paying any damages that he/she may cause to the Company due the breach of such confidentiality or trade secrets information obligations assumed with former employers and/or with third parties.”

The following provision shall be added to Section 2(d) of the Confidentiality Provisions:

“The Grantee acknowledges that any Invention he/she may conceive or reduce to practice during his/her employment with the Company and that relate to the Company’s current or future business are and shall be the Company’s sole and exclusive property and that the Grantee shall not have any patrimonial or other ownership rights in the work developed, expressly agreeing that he/she will not be entitled to the payment of royalties or any other right derived from such work, as they are already included in Grantee’s compensation referred to in his/her employment contract with the Company. In addition, the Grantee expressly authorizes the modification, adaptation, transport, translation, representation, exhibition and any use, total or partial, of the developed work, with the sole exception of his/her non-economic or moral rights. The Grantee will take all necessary steps to assign any property right to the Company at the Company’s expense, but without further compensation to the Grantee.”

The following provision replaces Section 2(e) of the Confidentiality Provisions:

**Non-Competition.** Grantee acknowledges and agrees that during his/her employment, and for twelve (12) months after the Date of Termination, he/she has not and will not, directly or indirectly, engage in, provide, or perform any Employee Services on behalf of any person or entity (or, if organized into divisions or units, any distinct division or operating unit) in the Territory that derives revenue from providing goods or services substantially similar to those which comprise the Company’s Business.

The following provision replaced Section 2(i) of the Confidentiality Provisions:

**Injunctive Relief.** Grantee acknowledges that if he/she breaches or threatens to breach any of the provisions of this Section 2, his/her actions may cause irreparable harm and damage to the Company which could not be compensated in damages. Accordingly, if Grantee breaches or threatens to breach any of the provisions of this Section 2, the Company shall be entitled to seek injunctive relief, in addition to any other rights or remedies the Company may have. The existence of any claim or cause of action by Grantee against the Company, whether predicated on the Confidentiality Provisions or otherwise, shall not constitute a defense to the enforcement by the Company of Grantee’s agreements under this Section 2.

The Grantee accepts that if he/she breaches any of the obligations set out in Sections 2(a), (b), (c), (d) related to the disclosure of Confidential Information, he/she shall be liable under applicable laws, including criminal liability referred to in Article 223(IV), (V), and (VI) of the Industrial Property Law.

The breach of any of the obligations assumed by virtue of Section 2(e), (f), (g), and (h), during the term of the employment relationship between the parties, will be considered disobedience to work, and therefore, a cause for termination of the employment relationship of Grantee, without any liability for the Company, whatsoever. Both parties agree that if the Grantee breaches any of the obligations, terms or conditions set out in Section 2 (e), (f), (g), and (h), after the termination of his/her employment relationship with the Company, the Grantee:

- (a) will have no right to the Payment referred in Section 2(j) of Exhibit C, as modified by these special provisions, and must then repay to the Company the total amount of the payments made in accordance with Section 2(j)(ii) after the termination of the employment relationship between the parties, if such breach occurs or is discovered after any Payments (as defined below) have been made.
- (b) In addition, he/she must pay to the Company liquidated damages equivalent to fifty percent (50%) of the gross amount paid to Grantee in consideration for the non-competition clause herein. The payment of liquidated damages shall be in addition to any other legal remedies that might be available to the Company, including moral damages, and nothing in this Section shall operate so as to prevent or limit the Company from seeking any other relief, including equitable or injunctive relief.

The following provisions are added as Section 2(j) to the Confidentiality Provisions:

**Consideration for Non-Competition and Non-Solicitation Obligations.**

(i) During the effective term of the employment relationship between the Company and the Grantee, the latter will not be entitled to any additional remuneration for the obligations assumed herein, but the payment of the monthly gross base salary and benefits, as agreed upon in the individual employment agreement executed between the Company and Grantee, since the obligations assumed herein represent orders given by the Company, as the employer, and are part of the obligations related to the work for which the Grantee is hired.

(ii) As fair and equal consideration for the execution of the obligations assumed under Sections 2(e), (f), (g), and (h) of this Exhibit C, upon termination of the labor relationship between the Company and the Grantee, the latter hereby accepts that the Company will pay him/her a gross amount equal to fifty percent (50%) of his/her last annual gross base salary as of the termination date of his/her employment relationship with the Company (without considering other labor benefits paid, whether in paid in cash or in kind, such as a Christmas bonus, vacation premium, and without considering any compensation derived from the 2012 Omnibus Stock Incentive Compensation Plan) (hereinafter the "Payment"), subject to the corresponding applicable tax withholdings. Such payment, will be paid by the Company to the Grantee proportionally in monthly installments, according to the dates established by the Company.

(iii) This Payment shall be considered as full consideration in exchange for the strict compliance with the future obligations that the Grantee assumes upon termination of his/her employment relationship with the Company, pursuant to the terms of these Confidentiality Provisions. Both parties agree that the Company shall determine whether the Grantee has fully complied with the Confidentiality Provision at its sole reasonable discretion. The Grantee expressly acknowledges that the Payment of the consideration after the term of the employment relationship, referred in this Section, is independent from the employment relationship he/she has with the Company, and that the payments made after the term of the employment relationship between the Company and the Grantee will not imply in any manner whatsoever, the continuation of such employment relationship or the beginning of a new labor relationship between the Company and the Grantee.

The following provision replaces Section 7 of the Confidentiality Provisions:

**Amendments and Modifications.** The Confidentiality Provisions and any Exhibit hereto may be amended or modified only by a writing signed by both parties hereto, which makes specific reference to the Confidentiality Provisions. However, this Section does not affect a court of competent jurisdiction or arbitrator's ability to modify the Confidentiality Provisions as applicable under local law in the event that either party initiates legal proceedings that relate in any way to this Confidentiality Provisions, including any action brought by either party seeking to enforce any provision set forth herein.

Both parties expressly acknowledge and agree that the Company reserves the right, at its sole discretion, to reduce or waive the enforcement of the restricted period, as referred to in Section 2 above, and the Company may relieve at any time the Grantee from his/her obligations under this Agreement. If the Company, at its sole discretion, decides to waive or reduce the restricted period of the obligations assumed in Section 2(e), (f), (g), and (h), for any reason, it will inform the Grantee in writing, with the understanding that the Company will not be responsible to pay or make further payments of any compensation, as set forth in Section 2(j)(ii), for the entire restricted period or the remaining restricted period, as applicable, at the time the Company waives enforcement. If the Company waives the entire enforcement of the restrictive period established after the term of the labor relationship, no compensation will be paid to the Grantee under this Agreement, and Grantee acknowledges that the Company will not be liable as a consequence of such non-payment."

The following provision replaces Section 8 of the Confidentiality Provisions:

**Governing Law and Venue.** The validity and effect of the Confidentiality Provisions shall be governed by and construed and enforced in accordance with the laws of United Mexican States, without regard to conflicts of law. Any and all disputes relating to, concerning or arising from the Confidentiality Provisions, or relating to, concerning or arising from the relationship between the parties evidenced by the Confidentiality Provisions, shall be brought and heard exclusively in competent courts of Mexico City, expressly waiving any other jurisdiction that may correspond to them by reason of their present or future domiciles or for any other cause.

### NETHERLANDS

The following provision replaces Section 1(b) of the Confidentiality Provisions:

**"Trade Secrets"** has the meaning set forth under applicable local law.

The following provision replaces Section 1(h) of the Confidentiality Provisions:

**"Material Contact"** shall include contacts between an employee and each Customer or potential Customer: with whom or which Grantee dealt on behalf of the Company; whose dealings with the Company were coordinated or supervised by Grantee; about whom Grantee obtained confidential information in the ordinary course of business as a result of such employee's association with the Company; and/or who receives products or services authorized by the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for Grantee within two years prior to the date of the Date of Termination.

The following provision replaces Section 1(i) of the Confidentiality Provisions:

**"Termination for Cause" or "Terminated for Cause"** shall entail any reasonable grounds the Company may have within the meaning of article 7:669 paragraph 3 subsection (d), (e), (g) of the Dutch Civil Code and article 7:678 of the Dutch Civil Code. Examples of this involuntary termination of Grantee by the Company are the following reasons:

- i. If termination shall have been the result of an act or acts by Grantee which constitute an indictable offense, a felony or any crime involving dishonesty, theft, fraud or moral turpitude;
- ii. If termination shall have been the result of an act or acts by Grantee which are determined, in the good faith judgment of the Company, to be in violation of written policies of the Company;

- iii. If termination shall have been the result of an act or acts of dishonesty by Grantee resulting or intended to result directly or indirectly in gain or personal enrichment to Grantee at the expense of the Company;
- iv. Upon the willful and continued failure by Grantee to substantially perform the duties assigned to Grantee (other than any such failure resulting from incapacity due to mental or physical illness constituting a Disability), after a demand in writing for substantial performance of such duties is delivered by the Company, which demand specifically identifies the manner in which the Company believes that Grantee has not substantially performed his or her duties; or
- v. If termination shall have been the result of the unauthorized disclosure by Grantee of the Company's Confidential Information or violation of any other provision of the Confidentiality Provisions.

The following provision replaces Section 2(e) of the Confidentiality Provisions:

References to "Confidential Severance Agreement and Release" will be replaced by "settlement agreement".

The following provision replaces Section 2(i) of the Confidentiality Provisions:

**Injunctive Relief.** Grantee acknowledges that if he/she breaches or threatens to breach any of the provisions of this Section 2, his/her actions may cause irreparable harm and damage to the Company which could not be compensated in damages. Accordingly, if Grantee breaches or threatens to breach any of the provisions of this Section 2, the Company shall be entitled to seek injunctive relief, instead of any other rights or remedies the Company may have.

The following provision replaces Section 5 of the Confidentiality Provisions:

**Provisions Severable.** If any provision or covenant, or any part thereof, contained in the Confidentiality Provisions is 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, in the Confidentiality Provisions, all of which shall remain in full force and effect. Each and every provision, paragraph and subparagraph of Section 2 above is severable from the other provisions, paragraphs and subparagraphs and constitutes a separate and distinct covenant.

The restrictive covenants set forth in Section 2 of the Confidentiality Provisions represent the entire agreement of the parties with respect to the subject matter thereof and supersede any prior agreement with respect thereto; provided, however, that the restrictive covenants described in this Exhibit C shall not supersede those set forth in either: (a) any Executive Severance Agreement applicable to Grantee, if any, (b) any Confidentiality, Inventions and Non-Solicitation Agreement to which Grantee is a party, if any, or (c) any restrictive covenants to which Grantee is a party under any employment agreement or offer letter, if any.

The following provision replaces Section 7 of the Confidentiality Provisions:

**Amendments and Modifications.** The Confidentiality Provisions and any Exhibit hereto may be amended or modified only by a writing signed by both parties hereto, which makes specific reference to the Confidentiality Provisions. However, this Section does not affect a court of competent jurisdiction or arbitrator's ability to modify the Confidentiality Provisions, in the event that either party initiates legal proceedings that relate in any way to this Confidentiality Provisions, including any action brought by either party seeking to enforce any provision set forth herein.

The following provision replaces Section 8 of the Confidentiality Provisions:

**Governing Law and Venue.** The validity and effect of the Confidentiality Provisions shall be governed by and construed and enforced in accordance with applicable local law.

## SPAIN

The following provision replaces Section 1(a)(ii) of the Confidentiality Provisions:

**Confidential Information** shall not include:

- (A) Information generally available to the public;
- (B) Information obtained by independent discovery or creation;
- (C) Information obtained by observation, study, disassembly or testing of a product or object that has been made available to the public or that is lawfully in the possession of the acquirer of the information who is free from any legally valid duty to limit the acquisition of the trade secret;
- (D) Information disclosed pursuant to law, regulations or pursuant to a court order or legal process; and/or
- (E) trivial information; and/or
- (F) the experience and skills gained by employees in the normal course of their employment.

The following provision replaces Section 1(b) of the Confidentiality Provisions:

**“Trade Secrets”** means information which meets all of the following requirements:

- (a) it is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
- (b) it has commercial value because it is secret; and
- (c) it has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

The following provision replaces Section 1(h) of the Confidentiality Provisions:

**“Material Contact”** means contact between an employee and each Customer or potential Customer: with whom or which Grantee dealt on behalf of the Company; whose dealings with the Company were coordinated or supervised by Grantee; about whom Grantee obtained confidential information in the ordinary course of business as a result of such employee’s association with the Company; and/or who receives products or services authorized by the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for Grantee within two (2) years prior to the date of the Date of Termination.

The following provision replaces Section 1(j) of the Confidentiality Provisions:

**“Inventions” and “Works”** The term “Invention” means contributions, developments, improvements and works of authorship, whether or not patentable or copyrightable, and: (i) which relate directly to the business of the Company, or (ii) which result from any work performed by Grantee or by Grantee’s fellow employees for the Company, or (iii) for which equipment, supplies, facilities, Confidential Information or Trade Secrets of the Company are used, or (iv) which is developed on the Company’s time. The term “Works” means all documents, programs, software, creative works and other expressions and information, in whole or in part, by Grantee during the period of and relating to his/her employment with the Company, whether copyrightable or otherwise protectable, other than Inventions.

The following provision replaces Section 2(b) of the Confidentiality Provisions:

**Trade Secrets and Confidential Information.** Grantee agrees that he/she shall protect the Company's Trade Secrets (as defined in Section 1(b) above) and Confidential Information (as defined in Section 1(a) above) and shall not disclose to any person or entity, or otherwise use or disseminate, except in connection with the performance of his/her duties for the Company, any Trade Secrets or Confidential Information. However, Grantee may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, in which event Grantee will promptly notify the Company of such order or subpoena to provide it an opportunity to protect its interests. Grantee's obligations under this Section 2(b) have applied throughout his/her active employment, shall continue after the Date of Termination during a period of ten (10) years, and shall survive any expiration or termination of the Confidentiality Provisions, so long as the information or material remains Confidential Information or a Trade Secret, as applicable.

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

Nothing in this section prohibits Grantee from reporting possible violations of law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of law or regulation. Grantee does not need the prior authorization of the Company to make any such reports or disclosures, and Grantee is not required to notify the Company that Grantee has made such reports or disclosures.

The following provision replaces Section 2(d) of the Confidentiality Provisions:

**Inventions.** Grantee does hereby assign to the Company, on an exclusive basis, the entire right, title and interest in any Invention which is or was made or conceived, either solely or jointly with others, during his or her employment with the Company, including after the Date of Termination. In the event that Grantee develops Inventions referred to above, Grantee must immediately inform the Company in writing, supplying all the information Grantee has at his/her disposal and within a maximum period of one month. In this regard, Grantee attests that he/she has disclosed (or promptly will disclose, if after the Date of Termination) to the Company all such Inventions. This information includes any data and reports that may be relevant for the Company to assess his/her Invention and to exercise the rights that correspond to it.

To the extent that the full legal title to any Inventions shall fail to automatically belong to the Company by virtue of the applicable law, Grantee hereby assigns to the Company all rights to such Inventions without Grantee being entitled to any additional kind of consideration, as such reward is considered to have been satisfied by the remuneration agreed to this Agreement. The assignment of rights shall be exclusive, worldwide, irrevocable and for the entire duration of the rights. In relation to author's and related rights, the assignment includes all economic exploitation rights (including the rights to reproduce, distribute, communicate to the public, make available to the public and transform). The Grantee acknowledges that, to the extent permitted by law, the Company will be considered the author of any computer program he/she creates within the scope of his/her employment. Grantee authorizes the Company to exploit these rights in the way and manner the Company considers convenient, using any method of exploitation, directly and indirectly, and in any activity sector. The Grantee authorizes the Company to sublicense and assign these rights to any third party.

The Grantee acknowledges and agrees that if Grantee makes an Invention (different to such that may arise from the performance of functions relating to his/her position and in the context of its employment relationship with the Company, related to his/her professional activity and the knowledge gained from the Company had a decisive influence on this Invention, or Grantee has used means provided by the Company (such as equipment, supplies and facilities), the Company will have the right to claim ownership of the Invention or to reserve a right to its use within three (3) months from the date the Grantee notifies the Company of it. In these cases, the Grantee acknowledges

that he/she may have the right to additional remuneration to be agreed with the Company, the amount of which will depend on the industrial and commercial relevance of the Invention, the value of the means and knowledge provided by the Company and the Grantee's own contributions.

Regarding any Invention that does not result from any work the Grantee has performed for the Company, where he/she has not used any means of knowledge provided by or gained from the Company, and that results in any product, service or development with potential commercial application, the Grantee will also inform the Company of this Invention, and the Company shall be given the right of first refusal to obtain exclusive rights to the Invention.

**Excluded Inventions and Licenses.** The Grantee has attached a list describing all Inventions belonging to him/her and made by him/her prior to Grantee's employment with the Company that Grantee wishes to have excluded from this Agreement. If no such list is attached, Grantee represents that there are no such Inventions. As to any Invention in which Grantee has an interest at any time prior to or during his/her employment (including any and all Inventions that he/she may have listed), if he/she uses or incorporates such an Invention in any released or unreleased Company's product, service, program, process, machine, development or work in progress, or if he/she permits, by act or inaction, the Company to use or incorporate such an Invention, the Company is hereby granted and shall have an irrevocable, for the entire duration of the rights, perpetual, royalty-free, worldwide license to exercise any and all rights with respect to such Invention, including without limitation the right to protect, make, have made, use and sell that Invention without restriction and the right to sublicense those rights to others. This license shall be exclusive, subject to any pre-existing, non-exclusive licenses or other pre-existing rights not subject to the Grantee's control.

The Grantee agrees to execute, acknowledge, verify and deliver to the Company, or cause the same to be accomplished, any and all further documents (including without limitation patent applications, certificates of authorship, and other instruments appropriate for the protection, maintenance and enforcement of intellectual and industrial property rights throughout the world, as well as their defense in relation to infringement by a third-party and the formalization of the exclusive and universal transfer of the rights in favor of the Company, its successors, assignees or other such persons as the Company may designate), that the Company may reasonably deem necessary or appropriate to carry out, evidence or effectuate the purposes or intent of this Agreement. The Grantee's obligations under this paragraph will apply both during and indefinitely after the term of employment, until the date of the expiration of all the rights. In furtherance of this Agreement, the Grantee will testify at Company's request and expense in any legal proceeding arising during or after his or her employment.

The following provision is added as Section 2(j) of the Agreement:

**Consideration for the Non-Solicitation and Non-Competition Restrictions.** The parties agree that, as consideration for the non-solicitation and non-competition restrictions set forth in this Exhibit C, the Grantee shall receive a total compensation which, if projected throughout the restrictive period (i.e., the period lapsing between the Date of Termination and the end of the restriction), would equal fifty percent (50%) of the fixed salary that the Grantee would have received if he/she was employed during that period. This compensation shall be paid in the form of the RSU award pursuant to this Restricted Stock Unit Agreement and/or any termination severance paid above the minimum statutory requirements (if any). The parties also agree that if the value of the compensation paid in this form throughout the employment relationship does not reach the percentage agreed, the Company would pay the Grantee the necessary additional compensation to ensure that the total compensation received by the Grantee reaches the percentage agreed.

The following provision replaces Section 3 of the Confidentiality Provisions:

**Contract Non-Assignable by Grantee.** The parties acknowledge that the Confidentiality Provisions have been entered into due to, among other things, the special position Grantee within the Company, and agree that the Confidentiality Provisions may not be assigned or transferred by Grantee.

The following provision replaces Section 7 of the Confidentiality Provisions:

**Amendments and Modifications.** The Confidentiality Provisions and any Exhibit hereto may be amended or modified only by a writing signed by both parties hereto, which makes specific reference to the Confidentiality Provisions. However, this Section does not affect a court of competent jurisdiction or arbitrator's ability to modify the Confidentiality Provisions, in the event that either party initiates legal proceedings that relate in any way to this Confidentiality Provisions, including any action brought by either party seeking to enforce any provision set forth herein.

The following provision replaces Section 8 of the Confidentiality Provisions:

**Governing Law and Venue.** The validity and effect of the Confidentiality Provisions shall be governed by and construed and enforced in accordance with the laws of Spain.

#### **UNITED KINGDOM**

The following provision replaces Section 1(b) of the Confidentiality Provisions:

**"Trade Secrets"** means information which meets all of the following requirements:

- (a) it is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
- (b) it has commercial value because it is secret; and
- (c) it has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

The following provision replaces Section 1(c) of the Confidentiality Provisions:

**"Customers"** means those entities and/or individuals which, within the twelve month period preceding the Date of Termination (as that term is defined in Restricted Stock Unit Agreement): (i) Grantee had material contact on behalf of the Company; (ii) about whom Grantee acquired, directly or indirectly, Confidential Information or Trade Secrets as a result of his/her employment with the Company; and/or (iii) Grantee exercised oversight or responsibility of subordinates who engaged in Material Contact on behalf of the Company. Additionally, "Customers" references only those entities and/or individuals with whom the Company currently has a business relationship, or with whom it expended resources to have or resume the same during the twelve-month period referenced herein.

The following provision replaces Section 1(h) of the Confidentiality Provisions:

**"Material Contact"** means material contact between an employee and each Customer or potential Customer: with whom or which Grantee dealt on behalf of the Company; whose dealings with the Company were coordinated or supervised by Grantee; about whom Grantee obtained confidential information in the ordinary course of business as a result of such employee's association with the Company; and/or who receives products or services authorized by the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for Grantee within two years prior to the date of the Date of Termination.

Section 1(i) ("Termination for Cause" or "Terminated for Cause") of the Confidentiality Provisions is hereby deleted.

The following provision replaces Section 1(j) of the Confidentiality Provisions:

**"Inventions" and "Intellectual Property"** The term "Invention" means contributions, discoveries, improvements, ideas, designs, designations, developments, methods, modifications, improvements, processes,

algorithms, databases, computer programs, formulae, techniques, trade secrets, graphics or images, and audio or visual works, written text, software, code, and other works of authorship, whether or not patentable or copyrightable, whether or not recorded in any medium and: (i) which relate directly to the business of the Company, or (ii) which result from any work performed by Grantee or by Grantee's fellow employees for the Company, or (iii) for which equipment, supplies, facilities, Confidential Information or Trade Secrets of the Company are used, or (iv) which is developed on the Company's time. The term "Intellectual Property" means all patents, rights in inventions, supplementary protection certificates, utility models, rights in designs, trademarks, service marks, trade and business names, logos, get up and trade dress and all associated goodwill, rights to sue for passing off and/or for unfair competition, copyright, moral rights and related rights, rights in computer software, rights in databases, topography rights, domain names, rights in information (including know-how and trade secrets) and the right to use, and protect the confidentiality of, confidential information, image rights, rights of personality, and all other similar or equivalent rights subsisting now or in the future in any part of the world, in each case whether registered or unregistered and including all applications for, and renewals or extensions of, and rights to claim priority from, such rights for their full term and the right to sue for damages for past and current infringement in respect of any of the same.

The following provision replaces Section 2(d) of the Confidentiality Provisions:

**Inventions.** Grantee does hereby assign and transfer to the Company and its successors and assigns the entire right, title and interest in any Invention which is or was made or conceived, either solely or jointly with others, during his/her employment with the Company, including after the Date of Termination. To the extent that any Intellectual Property which is or was created or conceived, either solely or jointly with others, during his/her employment with the Company does not vest in the Company automatically and/or pending any assignment of such Intellectual Property, Grantee shall hold such Intellectual Property on trust for the Company. Grantee hereby irrevocably and unconditionally waives all claims to any moral rights or other special rights which it may have or accrue in any Inventions or Intellectual Property. Grantee attests that he/she has disclosed (or promptly will disclose, if after the Date of Termination) to the Company all Inventions. Grantee will, if requested, promptly execute and deliver to the Company a specific assignment of title for any such Invention or Intellectual Property right and will at the expense of the Company, take all reasonably required action by the Company to patent, copyright or otherwise protect the Invention."

The following provision replaces Section 2(e) of the Confidentiality Provisions:

**Non-Competition.** Grantee acknowledges and agrees that during his/her employment, and for twelve (12) months after the Date of Termination, he/she has not and will not, directly or indirectly, in competition with the Company, engage in, provide, or perform any Employee Services on behalf of any person or entity (or, if organized into divisions or units, any distinct division or operating unit) in the Territory that derives revenue from providing goods or services substantially similar to those which comprise the Company's Business.

The following provision replaces Section 2(f) of the Confidentiality Provisions:

**Non-Solicitation of Customers.** Grantee acknowledges and agrees that during his/her employment, and for twelve (12) months after the Date of Termination, Grantee has not and will not directly or indirectly solicit Customers (as defined in Paragraph 1(c) above) with whom he/she had Material Contact (as defined above) for the purpose of providing goods and/or services competitive with the Company's Business with which Grantee was materially concerned in the period of twelve (12) months prior to the Date of Termination.

The following provision replaces Section 2(g) of the Confidentiality Provisions:

**Non-Solicitation of Employees and Agents.** Grantee acknowledges and agrees that during his/her employment, and for a period of twelve (12) months after the Date of Termination, Grantee has not and will not, directly or indirectly, whether on behalf of the Grantee or others, solicit, lure or attempt to hire away any of the Company's employees or agents with whom Grantee has material contact or managed in a direct line management

capacity in the period of twelve (12) months prior to the Date of Termination or who had Material Contact with Customers in performing his/her duties of employment with the Company.

The following provision replaces Section 2(h) of the Confidentiality Provisions:

**Non-Solicitation of Sales Agents.** Grantee acknowledges and agrees that during his/her employment, and for a period of twelve (12) months after the Date of Termination, Grantee has not and will not, directly or indirectly, whether on behalf of the Grantee or others, solicit any of the Company's Sales Agents for the purpose of disrupting their relationship with the Company and/or selling and/or facilitating the sale of products competitive with the Company's Business with which Grantee was materially concerned in the period of twelve (12) months prior to the Date of Termination. For purposes of this Section 2, a "Sales Agent" is any third-party agency, and/or its representatives, with which or whom the Company has contracted for the purpose of facilitating the sale of the Company's products during the last twelve (12) months of Grantee's employment with the Company and with whom Grantee had material contact or responsibility in his capacity as an employee of the Company during that period.

The following provision replaces Section 7 of the Confidentiality Provisions:

**Amendments and Modifications.** The Confidentiality Provisions and any Exhibit hereto may be amended or modified only by a writing signed by both parties hereto, which makes specific reference to the Confidentiality Provisions. However, this Section does not affect a court of competent jurisdiction or arbitrator's ability to modify the Confidentiality Provisions in the event that either party initiates legal proceedings that relate in any way to this Confidentiality Provisions, including any action brought by either party seeking to enforce any provision set forth herein.

The following provision replaces Section 8 of the Confidentiality Provisions:

**Governing Law and Venue.** The validity and effect of the Confidentiality Provisions shall be governed by and construed and enforced in accordance with the laws of England and Wales. Any and all disputes relating to, concerning or arising from the Confidentiality Provisions, or relating to, concerning or arising from the relationship between the parties evidenced by the Confidentiality Provisions, shall be brought and heard exclusively in the Courts of England and Wales. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

The following provisions are deleted in their entirety: Sections 10 ("**Tender Back Provision**") and Section 11 ("**Tolling Period**").

A following new Section 13 is inserted as follows:

**Subsidiaries.** The provisions of Sections 2(e) through Section 2(h) shall only apply in respect of those subsidiaries to whom Grantee provided his services, for whom he was responsible or with whom he was otherwise materially concerned in the period of twelve (12) months prior to the Date of Termination. The obligations under those provisions shall, with respect to each subsidiary, constitute a distinct and separate covenant and the invalidity or unenforceability of any such covenant shall not affect the validity or enforceability of the covenants in favor of any other Company. In relation to each subsidiary referred to in this Section 13, the Company contracts as trustee and agent for the benefit of each such subsidiary.

\*\*\*\*\*

/\$CurrentDate\$

**ACUITY BRANDS, INC.**  
**Amended and Restated 2012 Omnibus Stock Incentive Compensation Plan**

**Restricted Stock Award Agreement for Directors**

Grantee:	/\$ParticipantName\$
Grant Type:	/\$GrantType\$
Grant ID:	/\$GrantID\$
Grant Date:	/\$GrantDate\$
Award Amount:	/\$AwardsGranted\$
Vest Schedule:	/\$VestingDescription\$
Accept by Date:	/\$AcceptByDate\$

**GRANT OF RESTRICTED STOCK**

**WHEREAS**, Acuity Brands, Inc., including its subsidiaries and other affiliates (the “Company”) maintains the Amended and Restated Acuity Brands, Inc. 2012 Omnibus Stock Incentive Compensation Plan (the “Plan”), under which the Compensation Committee of the Company’s Board of Directors (the “Committee”) has authority to make awards of restricted shares of the Company’s Common Stock to members of the Board of Directors of the Company and its Subsidiaries; and

**WHEREAS**, the Committee has determined that it is in the best interest of the Company and its stockholders to grant this restricted stock award provided herein (the “Restricted Stock Award”) to Grantee identified above, such grant to be subject to the terms and conditions set forth in the Plan and this Restricted Stock Award Agreement (the “Agreement”).

**NOW, THEREFORE**, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. **Incorporation by Reference, Etc.** The provisions of the Plan are hereby incorporated by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon Grantee and Grantee’s legal representative with respect to any questions arising under the Plan or this Agreement.
2. **Grant of Restricted Stock Award.** The Committee, on behalf of the Company, hereby grants to Grantee, effective as of the Grant Date, Restricted Stock equal to the Award Amount set forth above, on the terms and conditions set forth in this Agreement, including the specific vesting requirements set forth in the preamble, and as otherwise provided in the Plan.
3. **Terms and Conditions.**
  - (a) **Restrictions**
    - i. This award of Restricted Stock is conditioned upon Grantee’s acceptance of the terms of this Agreement, as evidenced by Grantee’s execution of this Agreement or by Grantee’s electronic acceptance of this Agreement in a manner and during the time period allowed by the Company. If the terms of this Agreement are not timely accepted by execution or by such electronic means, the award of Restricted Stock may be cancelled by the Committee.
    - ii. Except for death, Disability, or Change in Control, as defined in the Plan and as set forth below, if Grantee remains in service with the Company, or with a Subsidiary or Affiliate, the Restricted Stock shall vest pursuant to the schedule set forth above. For purposes of this Agreement, providing services as a

member of the Board of Directors of the Company, or with a Subsidiary or Affiliate, shall be considered service with the Company.

iii. If prior to the date on which the Restricted Stock vests and the restrictions with respect to the Restricted Stock lapse (the "Vesting Date"), (i) Grantee dies while actively providing services to the Company, or a Subsidiary or Affiliate, or (ii) Grantee's service is terminated by reason of Disability, any Restricted Stock shall become fully vested and nonforfeitable as of the date of Grantee's death or Disability. The Company shall transfer the Shares to be issued upon vesting of the Restricted Stock, as a result of Grantee's death or Disability, free and clear of any restrictions imposed by this Agreement to Grantee (or, in the event of death, to Grantee's heirs, subject to the applicable laws of descent and distribution), subject to Section (3)(b)(iv), as soon as practical after his or her date of death or termination for Disability.

iv. Except for death or Disability as provided above, or except as otherwise determined by the Committee, if Grantee terminates his or her service with the Company, or a Subsidiary or Affiliate, or is terminated by the Company, or a Subsidiary or Affiliate, prior to the Vesting Date, regardless of the reason for the termination, Grantee expressly acknowledges that the Restricted Stock shall cease to vest further, the unvested Restricted Stock shall be immediately forfeited, and Grantee shall only be entitled to the Shares comprising the Restricted Stock that have vested prior to the "Date of Termination." "Date of Termination" means the last day of active service of Grantee with the Company, or a Subsidiary or Affiliate. The Board or the Committee shall have the exclusive discretion to determine when Grantee is no longer actively providing services for purposes of the Restricted Stock grant (including whether Grantee may still be considered to be providing services while on a leave of absence).

v. Except as otherwise provided in this Agreement, on each Vesting Date, Grantee shall own vested Shares free and clear of all restrictions imposed by this Agreement. The Company shall transfer the vested Shares to an unrestricted account in the name of Grantee as soon as practical after each Vesting Date.

vi. Notwithstanding the other provisions of this Agreement, in the event of a Change in Control prior to the Vesting Date, all Shares of Restricted Stock shall become fully vested and nonforfeitable as of the date of the Change in Control. The Company shall transfer the Shares of Restricted Stock that become vested pursuant to this provision to an unrestricted account in the name of Grantee as soon as practical after the date of the Change in Control.

vii. The Restricted Stock may not be sold, assigned, transferred, pledged, or otherwise encumbered prior to the Vesting Date.

(b) **Stock; Dividends; Voting.**

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

ii. During the Period of Restriction in which Grantee holds the Shares of Restricted Stock, Grantee shall be entitled to vote such Restricted Stock and the Company shall credit to a non-interest bearing account on its books for Grantee any cash dividends paid with respect to such Shares of Restricted Stock while they are so held, and such dividends shall be paid to Grantee if and when Grantee's rights vest at the end of the Period of Restriction. The Company will pay the cash dividends to Grantee as soon as practical after each Vesting Date. Any dividends credited to Grantee's non-interest bearing account shall be forfeited in the event the Restricted Stock is forfeited.

iii. In the event of a Share Change (as defined in the Plan), the number, class and kind of Shares or other securities that Grantee shall be entitled to, and shall hold, pursuant to this Agreement shall be appropriately adjusted or changed to reflect the Share Change, provided that any such additional Shares or additional or different shares or securities shall remain subject to the restrictions in this Agreement.

iv. Grantee represents and warrants that he or she is acquiring the Restricted Stock for investment purposes only, and not with a view to distribution thereof. Grantee is aware that the Restricted Stock may not be registered under United States ("U.S.") federal or any state or foreign securities laws and that in that event, in addition to the other restrictions on the Shares, they will not be able to be transferred unless an exemption

from registration is available or the Shares are registered. By making this award of Restricted Stock, the Company is not undertaking any obligation to register the Restricted Stock or the Shares under any federal, state or foreign securities laws.

(c) **No Right to Continued Service or Additional Grants.** Nothing in this Agreement or the Plan shall be interpreted or construed to confer upon Grantee any right with respect to continuance of service with the Company, or with any a Subsidiary or Affiliate, nor shall this Agreement or the Plan interfere in any way with any right of the Company, or a Subsidiary or Affiliate, to terminate Grantee's service at any time. The Plan may be terminated at any time, and even if the Plan is not terminated, Grantee shall not be entitled to any additional awards under the Plan.

(d) **Responsibility for Taxes.**

i. Grantee acknowledges that, regardless of any action taken by the Company, or a Subsidiary or Affiliate, the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Grantee's participation in the Plan and legally applicable to Grantee ("Tax-Related Items"), is and remains Grantee's responsibility and may exceed the amount (if any) withheld by the Company, or a Subsidiary or Affiliate. Grantee further acknowledges that the Company (1) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock, including, but not limited to, the grant or vesting of the Restricted Stock, the subsequent sale of Shares acquired due to applicable restrictions on the Restricted Stock having lapsed and the receipt or payment of any dividends, and (2) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the Restricted Stock to reduce or eliminate Grantee's liability for Tax-Related Items or achieve any particular tax result.

ii. Grantee shall have the right to make such elections under the Code as are available in connection with this award of Restricted Stock and shall deliver a copy of any such election to the Company upon or prior to the filing such election with the Internal Revenue Service (as applicable). The Company and Grantee agree to report the value of the Restricted Stock in a consistent manner for U.S. federal income tax purposes.

iii. Grantee acknowledges that Grantee will consult with his or her personal tax advisor regarding the Tax-Related Items (as defined below) that arise in connection with this Agreement. Grantee is relying solely on such advisor and is not relying in any part on any statement or representation of the Company or any of its agents. The Company, or any Subsidiary or Affiliate, shall not be responsible for withholding any Tax-Related Items, unless required by applicable law. If and to the extent required by applicable law, the Company may take such action as it deems appropriate to ensure that all Tax-Related Items are withheld or collected from Grantee and Grantee agrees to make adequate arrangements satisfactory to the Company to satisfy all Tax-Related Items. In this regard, Grantee authorizes the Company to satisfy any applicable withholding obligations with regard to all Tax-Related Items by canceling (in whole or in part) a number of Shares of Restricted Stock having a fair market value not less than the amount of the Tax-Related Items, as determined in accordance with Section 17.2 of the Plan. The Company may refuse to lift the restrictions on the Shares or otherwise deliver the Shares to an unrestricted account if Grantee fails to comply with Grantee's obligations in connection with the Tax-Related Items.

(e) **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Grantee's participation in the Plan, or Grantee's acquisition or sale of the underlying Shares of Common Stock. Grantee should consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

(f) **Governing Law and Venue.** The Restricted Stock grant and the provisions of this Agreement and the validity, interpretation, construction and performance of same shall be governed by, and subject to, the laws of the State of Delaware, without regard to its conflict of law provisions. Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Restricted Stock or this Agreement, shall be brought and heard exclusively in the U.S. District Court for the District of Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

(g) **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Grantee's participation in the Plan, on the Restricted Stock and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

(h) **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

(i) **Waiver.** Grantee acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Grantee.

(j) **Pronouns; Including.** Wherever appropriate in this Agreement, personal pronouns shall be deemed to include the other genders and the singular to include the plural. Wherever used in this Agreement, the term "including" means "including, without limitation."

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

(l) **Interpretation.** The Committee shall have the sole and absolute authority with respect to the interpretation, construction, or application of this Agreement. Any determination made hereunder shall be final, binding, and conclusive on Grantee and the Company for all purposes.

(m) **Integration.** This Agreement encompasses the entire agreement of the parties related to the subject matter of this Agreement, and supersedes all previous understandings and agreements between them, whether oral or written. The parties hereby acknowledge and represent, that they have not relied on any representation, assertion, guarantee, warranty, collateral contract or other assurance, except those set out in this Agreement, made by or on behalf of any other party or any other person or entity whatsoever, prior to the execution of this Agreement.

(n) **Grantee Bound by the Plan.** Grantee hereby acknowledges receipt of a copy of the Plan and the prospectus for the Plan and agrees to be bound by all the terms and provisions thereof.

(o) **Modification of Agreement.** This Agreement may be modified, amended, suspended, or terminated, and any terms or conditions may be waived, but only by mutual agreement of the parties in writing.

(p) **Insider Trading/Market Abuse Restrictions.** Grantee may be subject to insider trading restriction and/or market abuse laws, which may affect Grantee's ability to acquire or sell Shares or rights to Shares (e.g., Restricted Stock) under the Plan during such times as Grantee is considered to have "inside information" regarding the Company. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Grantee is responsible for ensuring Grantee's own compliance with any applicable restrictions and is advised to speak with his or her personal legal advisor on this matter.

(q) **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party designated by the Company. By Grantee's electronic signature and the electronic signature of the Company's representative, Grantee and the Company agree that this Restricted Stock award is granted under and governed by the terms and conditions of the Plan and this Agreement.

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

Vernon J. Nagel  
Chairman, President and CEO

C. Dan Smith  
SVP, Treasurer and Secretary

**PLEASE RETAIN THIS AGREEMENT FOR YOUR RECORDS.**

I, Vernon J. Nagel, certify that:

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

Date: April 4, 2018

/s/ Vernon J. Nagel

\_\_\_\_\_  
Vernon J. Nagel

Chairman, President, and Chief Executive Officer

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

I, Richard K. Reece, certify that:

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

Date: April 4, 2018

/s/ Richard K. Reece

Richard K. Reece

Executive Vice President and Chief Financial Officer

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

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Acuity Brands, Inc. (the "Corporation") for the quarter ended February 28, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Chairman, President, and Chief Executive Officer of the Corporation, certifies that:

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

/s/ Vernon J. Nagel

Vernon J. Nagel

Chairman, President, and Chief Executive Officer

April 4, 2018

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

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Acuity Brands, Inc. (the "Corporation") for the quarter ended February 28, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Executive Vice President and Chief Financial Officer of the Corporation, certifies that:

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

/s/ Richard K. Reece

Richard K. Reece

Executive Vice President and Chief Financial Officer

April 4, 2018

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