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

FORM 10-Q

(Mark One)

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

For the quarterly period ended May 31, 2003.

OR

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

For the transition period from ______ to ______.

Commission file number 001-16583

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

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

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

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

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

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

Common Stock—$0.01 Par Value—41,548,825 shares as of June 30, 2003.

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Item 1. ***Financial Statements***

ACUITY BRANDS, INC.

CONSOLIDATED BALANCE SHEETS (Unaudited)

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

	MAY 31, 2003	AUGUST 31, 2002
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 10,414	$ 2,694
Receivables, less allowance for doubtful accounts of $9,792 at May 31, 2003 and $8,560 at August 31, 2002	319,486	322,735
Inventories	196,249	216,942
Deferred income taxes	26,085	24,247
Prepayments and other current assets	31,151	24,379
Total Current Assets	583,385	590,997
Property, Plant, and Equipment, at cost:		
Land	14,435	14,746
Buildings and leasehold improvements	164,978	162,296
Machinery and equipment	351,874	339,198
Total Property, Plant, and Equipment	531,287	516,240
Less: Accumulated depreciation and amortization	304,886	275,561
Property, Plant, and Equipment, net	226,401	240,679
Other Assets:		
Goodwill	347,055	344,218
Other intangibles	130,640	133,030
Other	43,271	49,030
Total Other Assets	520,966	526,278
Total Assets	$ 1,330,752	$ 1,357,954
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$ 1,128	$ 746
Short-term secured borrowings	101,200	129,200
Notes payable	—	2,545
Accounts payable	156,013	161,713
Accrued salaries, commissions, and bonuses	46,051	36,459
Other accrued liabilities	91,419	100,144
Total Current Liabilities	395,811	430,807
Long-Term Debt, less current maturities	392,077	410,630
Deferred Income Taxes	24,916	23,480
Self-Insurance Reserves, less current portion	15,922	16,517
Other Long-Term Liabilities	73,522	74,568
Commitments and Contingencies (Note 10)		
Stockholders' Equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized, none issued	—	—
Common stock, $0.01 par value, 500,000,000 shares authorized, 41,515,843 shares issued and outstanding	415	414
Paid-in capital	405,384	403,389
Retained earnings	36,714	21,884
Unearned compensation on restricted stock	(377)	(500)
Accumulated other comprehensive loss items	(13,632)	(23,235)
Total Stockholders' Equity	428,504	401,952
Total Liabilities and Stockholders' Equity	$ 1,330,752	$ 1,357,954

The accompanying notes to the consolidated financial statements are an integral part of these statements.

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ACUITY BRANDS, INC.

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(In thousands, except per-share data)

	THREE MONTHS ENDED MAY 31,		NINE MONTHS ENDED MAY 31,	
	2003	2002	2003	2002
Net Sales	$ 521,041	$ 507,576	$ 1,515,654	$ 1,457,512
Cost of Products Sold	302,417	299,185	894,737	862,629
Gross Profit	218,624	208,391	620,917	594,883
Selling, Distribution, and Administrative Expenses	185,908	175,571	542,513	505,557
Operating Profit	32,716	32,820	78,404	89,326
Other Income (Expense):				
Interest expense, net	(9,230)	(10,303)	(28,523)	(30,912)
Miscellaneous income, net	455	989	2,452	725
Total Other Expense	(8,775)	(9,314)	(26,071)	(30,187)
Income before Provision for Income Taxes	23,941	23,506	52,333	59,139
Provision for Income Taxes	8,619	8,935	18,840	22,476
Net Income	$ 15,322	$ 14,571	$ 33,493	$ 36,663
Earnings Per Share:				
Basic Earnings per Share	$ 0.37	$ 0.35	$ 0.81	n/a
Basic Weighted Average Number of Shares Outstanding	41,480	41,308	41,439	n/a
Diluted Earnings per Share	$ 0.37	$ 0.35	$ 0.81	n/a
Diluted Weighted Average Number of Shares Outstanding	41,604	41,919	41,466	n/a
Pro Forma Earnings Per Share:				
Basic Earnings per Share	n/a	n/a	n/a	$ 0.89
Basic Weighted Average Number of Shares Outstanding	n/a	n/a	n/a	41,267
Dividends Declared per Share	$ 0.15	$ 0.15	$ 0.45	$ 0.30

The accompanying notes to the consolidated financial statements are an integral part of these statements.

ACUITY BRANDS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)

	NINE MONTHS ENDED MAY 31,	
	2003	2002
Cash Provided by (Used for) Operating Activities:		
Net income	$ 33,493	$ 36,663
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	34,905	39,222
Provision for losses on accounts receivable	3,379	2,982
Gain on the sale of property, plant, and equipment	(853)	(124)
Restructuring and other charges	—	(853)
Change in assets and liabilities, net of effect of acquisitions and divestitures-		
Receivables	3,787	(15,322)
Inventories, net	22,899	8,207
Deferred income taxes	(402)	(4,262)
Prepayments and other current assets	(6,436)	879
Accounts payable	(5,700)	25,994
Other current liabilities	2,064	16,286
Other long-term assets and liabilities	3,025	(6,995)
Net Cash Provided by Operating Activities	90,161	102,677
Cash Provided by (Used for) Investing Activities:		
Purchases of property, plant, and equipment	(18,702)	(23,872)
Proceeds from sale of property, plant, and equipment	1,738	2,382
Acquisitions	—	(24,765)
Net Cash Used for Investing Activities	(16,964)	(46,255)
Cash Provided by (Used for) Financing Activities:		
Repayments of notes payable, net	(2,545)	(11,140)
Repayments on revolving credit facility, net	(40,000)	(46,900)
(Repayments) proceeds from short-term secured borrowings, net	(28,000)	27,400
Proceeds from issuance of long-term debt	22,202	—
Repayments of long-term debt	(373)	(2,615)
Dividends	(18,665)	(12,399)
Other financing activities	1,307	415
Net activity with NSI	—	(18,633)
Net Cash Used for Financing Activities	(66,074)	(63,872)
Effect of Exchange Rate Changes on Cash	597	(314)
Net Change in Cash and Cash Equivalents	7,720	(7,764)
Cash and Cash Equivalents at Beginning of Period	2,694	8,006
Cash and Cash Equivalents at End of Period	$ 10,414	$ 242
Supplemental Cash Flow Information:		
Income taxes paid during the period	$ 17,743	$ 6,938
Interest paid during the period	$ 30,663	$ 33,137

The accompanying notes to the consolidated financial statements are an integral part of these statements.

ACUITY BRANDS, INC.

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

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Acuity Brands, Inc. ("Acuity Brands" or the "Company") operates in two business segments—lighting equipment and specialty products. The lighting equipment segment produces a full range of indoor and outdoor lighting fixtures for commercial and institutional, industrial, and residential applications for markets throughout the United States, Canada, Mexico, and overseas. The specialty products segment produces specialty chemical products including cleaners, deodorizers, and pesticides for industrial and institutional, commercial, and residential applications for markets throughout North America and Western Europe.

Prior to November 30, 2001, Acuity Brands was a wholly owned subsidiary of National Service Industries, Inc. ("NSI") owning and operating the lighting equipment and specialty products businesses. Acuity Brands was spun off from NSI into a separate publicly traded company with its own management and board of directors through a tax-free distribution ("Distribution" or "Spin-off") of 100 percent of the outstanding shares of common stock of Acuity Brands on November 30, 2001. Each NSI stockholder of record as of November 16, 2001, the record date for the Distribution, received one share of Acuity Brands common stock for each share of NSI common stock held at that date.

The *Consolidated Financial Statements* have been prepared on the historical cost basis in accordance with accounting principles generally accepted in the United States and present the financial position, results of operations, and cash flows of Acuity Brands and its wholly-owned subsidiaries, including Acuity Lighting Group, Inc. ("ALG") and Acuity Specialty Products Group, Inc. ("ASP"). For periods prior to December 1, 2001, these financial statements were derived from the historical financial statements of NSI. Acuity Brands was allocated certain corporate assets, liabilities, and expenses of NSI during the periods prior to December 1, 2001 based on an estimate of the proportion of such amounts allocable to Acuity Brands, utilizing such factors as total revenues, employee headcount, and other relevant factors. The Company believes these allocations were made on a reasonable basis. The Company believes all amounts allocated to Acuity Brands are a reasonable representation of the costs that would have been incurred if Acuity Brands had performed these functions as a stand-alone company.

In conjunction with the Spin-off, Acuity Brands and NSI entered into various agreements that addressed the allocation of assets and liabilities and defined the Company's relationship with NSI after the Distribution, including a distribution agreement, a tax disaffiliation agreement, and a transition services agreement. See Note 10 of *Notes to Consolidated Financial Statements* for a discussion of the Company's contractual relationship with NSI.

The interim consolidated financial statements included herein have been prepared by the Company without audit. These interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary to present fairly the consolidated financial position as of May 31, 2003 and August 31, 2002, the consolidated results of operations for the three and nine months ended May 31, 2003 and 2002, and the consolidated cash flows for the nine months ended May 31, 2003 and 2002. Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Certain information and footnote disclosures normally included in the Company's annual financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. The Company believes that the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the consolidated financial statements of Acuity Brands as of and for the three years ended August 31, 2002 and notes thereto included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on November 12, 2002.

The results of operations for the three and nine months ended May 31, 2003 are not necessarily indicative of the results to be expected for the full fiscal year because the net sales and income of the Company are generally higher in the second half of its fiscal year and because of the continued uncertainty of general economic conditions impacting the key end markets of the Company.

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

2. RECENT ACCOUNTING STANDARDS

In August 2001, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 supersedes SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of* and supersedes the provisions of Accounting Principles Board (“APB”) Opinion No. 30, *Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions* with regard to reporting the effects of a disposal of a segment of a business. SFAS No. 144 provides a single accounting model for long-lived assets to be disposed of and significantly changes the criteria required to classify an asset as held-for-sale. Under SFAS No. 144, more dispositions will qualify for discontinued operations treatment in the income statement and expected future operating losses from discontinued operations will be displayed in discontinued operations in the period in which the losses are incurred. SFAS No. 144 is effective for all fiscal years beginning after December 15, 2001. Acuity Brands adopted this statement effective September 1, 2002. Adoption of this statement did not have a significant effect on the Company’s consolidated results of operations or financial position.

In June 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*. SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)*. The principal difference between SFAS No. 146 and Issue No. 94-3 relates to the requirements for recognition of a liability for a cost associated with an exit or disposal activity. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. SFAS No. 146 also establishes that fair value is the objective for initial measurement of the liability. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. Acuity Brands adopted SFAS No. 146 effective September 1, 2002. Adoption of this statement did not have a significant effect on the Company’s consolidated results of operations or financial position.

In November 2002, the FASB issued FASB Interpretation No. 45 (“FIN No. 45”), *Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.* FIN No. 45 elaborates on the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of the guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. This interpretation does not prescribe a specific approach for subsequently measuring the guarantor’s recognized liability over the term of the related guarantee. This interpretation also supersedes and incorporates the guidance in FASB Interpretation No. 34, *Disclosure of Indirect Guarantees of Indebtedness of Others*. The initial recognition and measurement provisions of FIN No. 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN No. 45, including those related to product warranties, are effective for financial statements for interim or annual periods ending after December 15, 2002. Acuity Brands adopted FIN No. 45 effective December 1, 2002. Adoption of this interpretation did not have a significant effect on the Company’s consolidated results of operations or financial position.

On December 31, 2002, the FASB issued SFAS No. 148, *Accounting for Stock-Based Compensation—Transition and Disclosure-an Amendment of FASB Statement No. 123.* SFAS No. 148 amends SFAS No. 123, *Accounting for Stock-Based Compensation*, to provide alternative methods of transition to the fair value method of accounting for stock-based employee compensation. Additionally, SFAS No. 148 amends the disclosure provisions of SFAS No. 123 to require disclosure in the summary of significant accounting policies of the effects of an entity’s accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. The statement does not require companies to account for stock-based employee compensation using the fair value method. However, the disclosure provisions are required for all companies with stock-based compensation, regardless of whether the company utilizes the fair value method of accounting described in SFAS No. 123 or the intrinsic value method described in APB Opinion No. 25, *Accounting for Stock Issued to Employees*. The transition and annual disclosure requirements of SFAS No. 148 are effective for all fiscal years ending after December 15, 2002. The disclosure requirements for interim financial statements are effective for interim periods beginning after December 15, 2002. See Note 12 of *Notes to Consolidated Financial Statements* for further information.

In January 2003, the FASB issued FIN No. 46, *Consolidation of Variable Interest Entities—An Interpretation of Accounting Research Bulletin No. 51.* FIN No. 46 requires the consolidation of entities in which an enterprise absorbs a majority of the entity’s expected losses, receives a majority of the entity’s expected residual returns, or both, as a result of ownership, contractual interests or other financial interests in the entity. FIN No. 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN No. 46 must be applied during the first interim or annual period beginning after June 15, 2003. Acuity Brands adopted FIN No. 46 effective February 1, 2003. Adoption of this interpretation did not have a significant effect on the Company’s consolidated results of operations or financial position.

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

3. GOODWILL AND INTANGIBLE ASSETS

In July 2001, the FASB issued SFAS No. 141, *Business Combinations*, and SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 141 prospectively prohibits the pooling of interests method of accounting for business combinations initiated after June 30, 2001. SFAS No. 142 requires companies to cease amortizing goodwill that existed at June 30, 2001 and establishes a new method for testing goodwill for impairment. Goodwill resulting from acquisitions completed after June 30, 2001 is not amortized. SFAS No. 142 also requires that an identifiable intangible asset which is determined to have an indefinite useful economic life not be amortized, but be separately tested for impairment using a fair-value-based approach. The Company is required to test its goodwill and intangibles with indefinite useful lives for impairment on an annual basis (or an interim basis if an event occurs that might reduce the fair value of a reporting unit or an intangible asset below its carrying value), which could have an adverse effect on the Company's *Consolidated Financial Statements* if these assets are deemed impaired.

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

	May 31, 2003		August 31, 2002	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Trade names and trademarks	$ 13,030	$ (1,674)	$ 13,030	$ (1,347)
Distribution network	53,000	(6,774)	53,000	(5,448)
Other	17,080	(9,036)	17,076	(8,295)
Total	$ 83,110	$ (17,484)	$ 83,106	$ (15,090)
Unamortized intangible assets:				
Trade names	$ 65,014		$ 65,014	

The Company has unamortized trade names with indefinite useful lives that have an aggregate carrying value of $65.0 million. Additionally, the Company has $13.0 million in trade names and trademarks with definite useful lives. The Company amortizes trade names with definite lives, trademarks, and the distribution network over their estimated useful lives of 30 years. Other amortized intangible assets consist primarily of patented technology and restrictive covenant agreements, which are amortized over their estimated useful lives of 12 years and 3 years, respectively. The Company recorded amortization expense of $2.4 million and $3.3 million related to intangible assets with definite lives in the first nine months of fiscal 2003 and fiscal 2002, respectively.

The changes in the carrying amount of goodwill during fiscal 2003 are summarized as follows:

	ALG	ASP	Total
Balance as of August 31, 2002	$314,103	$30,115	$344,218
Currency translation adjustments	2,107	730	2,837
Balance as of May 31, 2003	$316,210	$30,845	$347,055

ALG and ASP each tested goodwill and intangible assets with indefinite useful lives for impairment during the fourth quarter of fiscal 2002 as required by SFAS No. 142, utilizing a combination of valuation techniques including the expected present value of future cash flows, a market multiple approach, and a comparable transaction approach. This analysis did not result in an impairment to be recorded in the fourth quarter of fiscal 2002.

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

4. BUSINESS SEGMENT INFORMATION

Three Months Ended May 31, 2003	Net Sales	Operating Profit (Loss)	Depreciation and Amortization	Capital Expenditures and Acquisitions
ALG	$ 389,243	$ 25,100	$ 9,044	$ 3,153
ASP	131,798	12,494	2,194	2,000
Corporate	—	(4,878)	207	7
Total	$ 521,041	$ 32,716	$ 11,445	$ 5,160

Three Months Ended May 31, 2002	Net Sales	Operating Profit (Loss)	Depreciation and Amortization	Capital Expenditures and Acquisitions
ALG	$ 375,960	$ 23,219	$ 11,034	$ 3,865
ASP	131,616	13,777	2,052	3,225
Corporate	—	(4,176)	206	326
Total	$ 507,576	$ 32,820	$ 13,292	$ 7,416

Nine Months Ended May 31, 2003	Net Sales	Operating Profit (Loss)	Depreciation and Amortization	Capital Expenditures and Acquisitions
ALG	$1,140,693	$ 69,993	$ 28,094	$ 12,707
ASP	374,961	20,976	6,175	5,951
Corporate	—	(12,565)	636	44
Total	$1,515,654	$ 78,404	$ 34,905	$ 18,702

Nine Months Ended May 31, 2002	Net Sales	Operating Profit (Loss)	Depreciation and Amortization	Capital Expenditures and Acquisitions
ALG	$1,092,858	$ 70,288	$ 32,522	$ 42,560
ASP	364,654	29,075	6,106	5,709
Corporate	—	(10,037)	594	368
Total	$1,457,512	$ 89,326	$ 39,222	$ 48,637

	Total Assets	
	May 31, 2003	August 31, 2002
ALG	$1,068,433	$1,100,175
ASP	222,110	220,165
Corporate	40,209	37,614
Total	$1,330,752	$1,357,954

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

5. INVENTORIES

Major classes of inventory as of May 31, 2003 and August 31, 2002 were as follows:

	May 31, 2003	August 31, 2002
Raw materials and supplies	$ 82,594	$ 99,054
Work-in-process	21,091	19,884
Finished goods	105,670	109,910
	209,355	228,848
Less: reserves	(13,106)	(11,906)
Total	$196,249	$216,942

Inventories are stated at the lower of cost (as determined on a first-in, first-out basis) or market.

6. EARNINGS PER SHARE AND PRO FORMA EARNINGS PER SHARE

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

Pro forma basic earnings per share is calculated as net income divided by the pro forma weighted average number of common shares outstanding. Pro forma weighted average shares outstanding has been computed by applying the Distribution ratio of one share of Acuity Brands common stock to the historical NSI weighted average shares outstanding for the same period presented. Public trading of Acuity Brands stock did not commence until December 3, 2001; therefore, no historical market share prices exist for the calculation of the potential dilutive effect of stock options for periods prior to the second quarter of fiscal 2002. As a result, pro forma diluted earnings per share are not presented for the nine months ended May 31, 2002.

The following table calculates basic earnings per common share and diluted earnings per common share for the three and nine months ended May 31, 2003 and the three months ended May 31, 2002 and pro forma basic earnings per common share for the nine months ended May 31, 2002:

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2003	2002	2003	2002
				PRO FORMA
Basic earnings per common share:				
Net income	$15,322	$14,571	$33,493	$36,663
Basic weighted average shares outstanding	41,480	41,308	41,439	41,267
Basic earnings per common share	$ 0.37	$ 0.35	$ 0.81	$ 0.89
Diluted earnings per common share:				
Net income	$15,322	$14,571	$33,493	
Basic weighted average shares outstanding	41,480	41,308	41,439	
Add—Shares of common stock issuable upon assumed exercise of dilutive stock options	97	581	—	
Add—Unvested restricted stock	27	30	27	
Diluted weighted average shares outstanding	41,604	41,919	41,466	
Diluted earnings per common share	$ 0.37	$ 0.35	$ 0.81	

ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

7. COMPREHENSIVE INCOME

The Company accounts for comprehensive income as prescribed by SFAS No. 130, *Reporting Comprehensive Income*. SFAS No. 130 requires the reporting of a measure of all changes in equity that result from recognized transactions and other economic events other than transactions with owners in their capacity as owners. Other comprehensive income for the three and nine months ended May 31, 2003 and 2002 includes only foreign currency translation adjustments. The Company does not provide income taxes on these adjustments, as the Company is considered to be permanently invested in its foreign operations. The calculation of comprehensive income is as follows:

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2003	2002	2003	2002
Net income	$ 15,322	$14,571	$33,493	$36,663
Foreign currency translation adjustments	10,051	2,135	9,603	(314)
Comprehensive Income	$ 25,373	$16,706	$43,096	$36,349

8. SECURED BORROWINGS AND LONG-TERM DEBT

In May 2001, NSI entered into a three-year agreement (the "Receivables Facility") to borrow, on an ongoing basis, up to $150.0 million secured by an undivided interest in a defined pool of trade accounts receivable of the lighting equipment and specialty products businesses. Borrowings under the Receivables Facility are subject to the annual renewal of a supporting credit line. Effective November 30, 2001, Acuity Brands assumed all of the outstanding borrowings and other obligations under the Receivables Facility. Net trade accounts receivable pledged as security for borrowings under the Receivables Facility totaled $265.5 million at May 31, 2003. Borrowings at May 31, 2003 under the Receivables Facility totaled $101.2 million. Interest rates under the Receivables Facility vary with commercial paper rates plus an applicable margin. The effective interest rate, including the commitment and usage fee, was approximately 1.68 percent at May 31, 2003.

During fiscal 2002, the Company entered into a financing agreement ("Revolving Credit Facility") with a group of domestic and international banks that had two components allowing for borrowings of up to $210.0 million. The first component was a $105.0 million, 364-day committed credit facility that was scheduled to mature in April 2003. The second component was a three-year credit facility that allowed for borrowings up to $105.0 million and was scheduled to mature in April 2005. The Revolving Credit Facility contained financial covenants including a maximum leverage ratio of total indebtedness to EBITDA (earnings before interest, taxes, depreciation and amortization expense), subject to certain adjustments, and a minimum interest coverage ratio.

In April 2003, the Company modified certain terms and conditions of the Revolving Credit Facility, primarily to incorporate changes to the leverage ratio contained in the agreement and to extend the 364-day component of the credit facility. Under the new terms of the Revolving Credit Facility, the Company's maximum permitted ratio of total indebtedness to adjusted EBITDA, currently at 3.50, decreases to 3.25 at November 30, 2003, and then to 3.00 at May 31, 2004. The leverage ratio is computed at the end of each fiscal quarter. In addition, maximum available borrowings under the 364-day component of the Revolving Credit Facility, which now matures in April 2004, decreased to $92.5 million from $105.0 million. No changes were made to the maximum available borrowings or the maturity date of the three-year component of the credit facility. At May 31, 2003, the Company was in compliance with all financial covenants in the Revolving Credit Facility and had additional borrowing capacity of $68.8 million at May 31, 2003 under the most restrictive covenant in effect at that time. The Company had no outstanding borrowings under the Revolving Credit Facility at May 31, 2003.

In October 2002, Acuity Brands entered into a new loan agreement ("Term Loan"), secured by certain land and buildings of the Company. Proceeds from the Term Loan were used to reduce borrowings under the Revolving Credit Facility and to provide the Company additional liquidity. In April 2003, the financial covenants included in the Term Loan were modified to be consistent with the new financial covenants contained in the Revolving Credit Facility noted above. Interest rates under the Term Loan are based on one-month LIBOR plus a margin. Outstanding borrowings under the Term Loan were $19.6 million at May 31, 2003. The interest rate was approximately 2.82 percent at May 31, 2003.

ACUITY BRANDS, INC.

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9. ACQUISITION

In October 2001, the Company acquired certain assets and assumed certain liabilities of the American Electric Lighting® and Dark-to-Light® product lines of the Thomas & Betts Corporation. The allocation of the purchase price resulted in goodwill of approximately $9.3 million. Additionally, the Company recorded $2.5 million related to the trade names American Electric Lighting® and Dark-to-Light®. The Company will not amortize these trade names, as the Company believes the useful lives are indefinite. The Company believes that the acquisition provides the lighting equipment segment with greater presence in the utility and transportation infrastructure markets and adds breadth to the Company's current utility offerings in high-end decorative street and area lighting.

10. COMMITMENTS AND CONTINGENCIES

Litigation

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

Acuity Brands is currently a defendant in a lawsuit that was filed by Genlyte Thomas Group LLC ("Genlyte Thomas") on March 29, 2000, in the United States District Court, Western District of Kentucky. The lawsuit alleges that certain Lithonia Lighting® products (representing significantly less than 1 percent of total fiscal 2002 ALG sales) infringe a Genlyte Thomas patent claim. Genlyte Thomas is seeking an injunction and damages, including lost profits. Genlyte Thomas further alleges that the infringement is willful, and any damages awarded at trial may be multiplied by up to three times if willful infringement is found.

In discovery, which was substantially completed in August 2002, Genlyte Thomas submitted an expert report on its damages claim asserting that Genlyte Thomas has sustained approximately $20 million in damages, including lost profits. The Company's damage expert stated in his report that, assuming that the patent is valid, enforceable and infringed, total damages based on a reasonable royalty would be between $1.6 million and $2.4 million for the period 1994-2001. During the discovery process, this expert indicated that he does not believe that lost profits are an appropriate measure of damages.

The Company believes that the Genlyte Thomas patent claim is invalid and unenforceable because it was obvious in view of pre-existing public information (prior art references) not furnished to or otherwise considered by the United States Patent and Trademark Office. Therefore, the Company is continuing to defend these allegations vigorously. The case is scheduled for mediation on July 25, 2003, and for trial beginning on September 2, 2003. The Company has reserved for the expected defense costs of this litigation.

ACUITY BRANDS, INC.

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Environmental Matters

The operations of the Company are subject to comprehensive laws and regulations relating to the generation, storage, handling, transportation, and disposal of hazardous substances and solid and hazardous wastes and to the remediation of contaminated sites. Permits and environmental controls are required for certain of the Company's operations to limit air and water pollution, and these permits are subject to modification, renewal, and revocation by issuing authorities. Acuity Brands believes that it is in substantial compliance with all material environmental laws, regulations, and permits. On an ongoing basis, Acuity Brands incurs capital and operating costs relating to environmental compliance. Environmental laws and regulations have generally become stricter in recent years, and the cost of responding to future changes may be substantial.

Acuity Brands establishes reserves for known environmental claims when the costs associated with the claims become probable and can be reasonably estimated. The environmental reserves of Acuity Brands, for all periods presented in the *Consolidated Financial Statements*, are immaterial. The actual cost of environmental issues may be higher than that reserved due to difficulty in estimating such costs and potential changes in the status of government regulations.

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

Acuity Brands is currently a party to, or otherwise involved in, legal proceedings in connection with state and federal Superfund sites. Based on information currently available, the Company believes its liability is immaterial at each of the currently active sites which it does not own where it has been named as a responsible party or a potentially responsible party ("PRP") due to its limited involvement at the site and/or the number of viable PRPs. For example, the preliminary allocation among 48 PRPs at the Crymes Landfill site in Georgia indicates that Acuity Brands' liability is not significant, and there are more than 1,000 PRPs at the M&J Solvents site in Georgia. For property that Acuity Brands owns on Seaboard Industrial Boulevard in Atlanta, Georgia, the Company has conducted an investigation on its property and adjoining properties and submitted a Compliance Status Report ("CSR") and a proposed Corrective Action Plan ("CAP") to the State of Georgia Environmental Protection Division ("EPD") pursuant to the Georgia Hazardous Site Response Act. Until the EPD approves the CSR and CAP, Acuity Brands will not be able to determine whether corrective action will be required and what the costs of such action will be.

Guarantees and Indemnities

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

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

Additionally, in conjunction with the separation of their businesses, Acuity Brands and NSI entered into various agreements that addressed the allocation of assets and liabilities and defined the Company's relationship with NSI after the Distribution, including a distribution agreement, a transition services agreement, and a tax disaffiliation agreement. The Company has previously accrued for those liabilities existing at the time of the Distribution that were considered probable and reasonably estimable. The Company has not accrued any additional amounts as a result of the following indemnities:

Distribution Agreement-

The distribution agreement provides that Acuity Brands will indemnify NSI for pre-Distribution liabilities related to the businesses that comprise Acuity Brands and previously owned businesses in the lighting equipment and specialty products segments. This indemnity does not expire and there is no stated maximum potential liability.

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Transition Services Agreement-

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

Period		
Beginning	Ending	Letters of Credit
November 1, 2002	October 31, 2003	$ 8.0 million
November 1, 2003	October 31, 2004	$ 5.0 million
November 1, 2004	October 31, 2005	$ 2.0 million

At May 31, 2003, Acuity Brands had approximately $8.0 million of outstanding standby letters of credit that were issued for the benefit of NSI under the transition services agreement. In the event NSI is unable to fulfill its obligations under certain of its casualty insurance programs, the standby letters of credit could be drawn upon and Acuity Brands would be required to fund the drawn amount. In such event, NSI would be obligated to reimburse Acuity Brands for such amounts. The management of Acuity Brands currently believes it is unlikely that these letters of credit will be drawn upon.

Tax Disaffiliation Agreement-

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

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

Product Warranty

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

The changes in the product warranty reserve during the nine months ended May 31, 2003 are summarized as follows:

Balance as of August 31, 2002	$ 6,879
Additions charged to costs and expenses	1,925
Deductions	(3,052)
Balance as of May 31, 2003	$ 5,752

Risks and Uncertainties Related to the Distribution

Creditors of NSI May Challenge the Distribution as a Fraudulent Conveyance

On November 7, 2001, the NSI board of directors made a determination, based on information provided by management and financial experts, that the Distribution was permissible under applicable dividend and solvency laws. There is no certainty, however, that a court would find the decision of the NSI board to be binding on creditors of NSI and Acuity Brands or that a court would reach the same conclusions as the NSI board in determining whether NSI or Acuity Brands was solvent and adequately capitalized at the time of, or after giving effect to, the Distribution. If a court in a lawsuit by an unpaid creditor or representative of creditors, such as a trustee in bankruptcy, were to find that at the time NSI effected the Distribution, NSI or Acuity Brands (1) was insolvent; (2) was rendered insolvent by reason of the Distribution; (3) was engaged in a business or transaction for which their respective remaining assets constituted unreasonably small capital; or (4) intended to incur, or believed it would incur, debts beyond its ability to pay as such debts matured, such court may be asked to void the Distribution (in whole or in part) as a fraudulent conveyance and require that the NSI stockholders return the Acuity Brands shares (in whole or in part) to NSI or require Acuity Brands to fund certain liabilities for the benefit of creditors. The measure of insolvency for purposes of the foregoing would vary depending upon the jurisdiction whose law is being applied. Generally, however, NSI or Acuity Brands would be

considered insolvent if the fair value of their respective assets was less than the amount of their respective liabilities or if either incurred debt beyond its ability to repay such debt as it matures.

As noted above, the NSI board of directors determined that the Distribution was permissible under applicable dividend and solvency laws. This conclusion was based on numerous factors including, but not limited to, the allocation of assets and liabilities contemplated by the Spin-off. The allocation of assets and liabilities associated with the Distribution left NSI appropriately capitalized with approximately $5.0 million in debt. In addition, certain assets with substantial market value, such as the real property related to NSI's corporate headquarters, remained with NSI. Accordingly, management believes the likelihood that creditors of NSI could successfully challenge the Distribution is remote.

During the third quarter of fiscal 2003, a third party acquired NSI through a merger approved by NSI shareholders. Management believes that this transaction is strong confirmation that NSI was solvent at the time of the Distribution and remained solvent when it was acquired by the third party. The acquirer invested equity as well as funds borrowed from secured lenders. The willingness of the acquirer to invest funds, as well as the willingness of the lenders to loan funds to acquire NSI, represents an independent market assessment of NSI's continuing solvency which the Company believes further diminishes the likelihood that creditors of NSI could successfully challenge the Distribution.

Failure to Qualify as a Tax-Free Transaction Could Result in Substantial Liability

NSI and Acuity Brands intended for the Distribution to be tax-free for U.S. Federal income tax purposes. Management of Acuity Brands believes the Distribution was tax-free for U.S. Federal income tax purposes. The Distribution was conditioned upon the receipt by each of NSI and Acuity Brands of opinions from each of King & Spalding, counsel to NSI and Acuity Brands, and Ernst & Young LLP, special tax advisor to NSI and Acuity Brands, that for U.S. Federal income tax purposes the Distribution, as well as the internal reorganization transactions effected in order to separate the Acuity Brands businesses from NSI's remaining businesses, was tax-free to NSI, Acuity Brands, and the stockholders of NSI. Neither NSI nor Acuity Brands requested an advance ruling from the Internal Revenue Service as to the tax consequences of the Distribution. The opinions of King & Spalding and Ernst & Young LLP are subject to certain assumptions and the accuracy and completeness of certain factual representations and statements made by NSI and Acuity Brands and certain other data, documentation and other materials that each of King & Spalding and Ernst & Young LLP deemed necessary for purposes of their respective opinions. If these assumptions and factual representations were incorrect or incomplete in a material respect, the conclusions set forth in the opinions may not be correct. These opinions represent the views of King & Spalding and Ernst & Young LLP as to the interpretation of existing tax law and, accordingly, such opinions are not binding on the Internal Revenue Service or the courts and no assurance can be given that the Internal Revenue Service or the courts will agree with their opinions.

As required under the tax disaffiliation agreement, King & Spalding issued an opinion to NSI to the effect that the third party acquisition of all of the outstanding shares of NSI through a merger and the transactions contemplated therein will not cause Section 355(e) or 355(f) of the Internal Revenue Code of 1986, as amended, to apply to NSI's spin-off of Acuity Brands.

11. RESTRICTED STOCK PROGRAM UNDER THE LONG-TERM INCENTIVE PLAN

In December 2002, the Company reserved 491,560 shares of performance-based restricted stock for issuance to officers and other key employees under the shareholder-approved Acuity Brands, Inc. Long-Term Incentive Plan. The shares are granted in 25 percent increments upon the achievement of at least two of three progressive defined performance measures and the completion of related target years (as defined in the agreement). The performance measures relate to specified levels of debt reduction, cumulative earnings per share measured at each fiscal quarter-end for the trailing four quarters, and stock price targets. The shares vest at the later of determination by the Compensation Committee of the board of directors that at least two of the three performance measures are achieved or November 30 of the specified target year. Two-thirds of the value of the restricted shares at the vesting date is paid to the participants in unrestricted shares of the Company and the remainder is paid in cash. Participants may elect to defer payments under this performance-based restricted stock plan into a separate deferred compensation plan. In the event payments are deferred into the deferred compensation plan, the value of the restricted shares would be converted to share units that ultimately would be paid in cash.

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12. STOCK-BASED COMPENSATION

The Company issues stock options to employees and directors under certain of its benefit plans. Under all stock option plans, the options expire no later than 10 years from the date of grant and have an exercise price equal to the fair market value of the Company's stock on the date of grant. The Company accounts for the employee and director plans under the Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* and related interpretations. Additionally, Acuity Brands has adopted the disclosure provisions of SFAS No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure an Amendment to FASB Statement No. 123*. Accordingly, no compensation expense has been recognized for these stock option plans in the *Consolidated Financial Statements*. Had compensation cost for the Company's stock option plans been determined based on the fair value at the grant date for awards during fiscal 2003 and fiscal 2002, consistent with the recognition provisions of SFAS No. 123, the Company's net income and earnings per share would have been impacted as follows:

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2003	2002	2003	2002 (1)
Net income, as reported	$15,322	$14,571	$33,493	$36,663
Less: Stock-based compensation determined under fair value based method for all awards, net of tax	670	929	1,952	1,845
Pro forma net income	$14,652	$13,642	$31,541	$34,818
Earnings per share:				
Basic earnings per share—as reported	$ 0.37	$ 0.35	$ 0.81	$ 0.89
Basic earnings per share—pro forma	$ 0.35	$ 0.33	$ 0.76	$ 0.84
Diluted earnings per share—as reported	$ 0.37	$ 0.35	$ 0.81	n/a
Diluted earnings per share—pro forma	$ 0.35	$ 0.33	$ 0.76	n/a

(1) Weighted average shares outstanding for the nine months ended May 31, 2002 has been computed by applying the distribution ratio of one share of Acuity Brands common stock to the historical NSI weighted average shares outstanding for the same period presented.

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

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

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

Overview

History and Purpose

On November 30, 2001, National Service Industries, Inc. spun off its lighting equipment and specialty products businesses into a separate publicly traded company with its own management and board of directors through a tax-free distribution to NSI stockholders ("Distribution" or "Spin-off") of 100 percent of the outstanding shares of common stock of Acuity Brands, Inc. ("Acuity Brands" or "the Company"), which at that time was a wholly-owned subsidiary of NSI owning and operating the lighting equipment and specialty products businesses. Each NSI stockholder of record as of November 16, 2001, the record date for the Distribution, received one share of Acuity Brands common stock for each share of NSI common stock held at that date. The Company operates on a fiscal year end of August 31. Therefore, the results of operations prior to November 30, 2001 are based on certain assumptions more fully described in Note 1 of the *Notes to Consolidated Financial Statements*.

The purpose of this discussion and analysis is to enhance the understanding and evaluation of the results of operations, financial position, cash flows, indebtedness and other key financial information of Acuity Brands and its subsidiaries for the periods ended May 31, 2003 and 2002 and to describe certain potential risk factors associated with the Company. For a more complete understanding of this discussion, please read the *Notes to Consolidated Financial Statements* included in this report. Also, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2002, filed with the Securities and Exchange Commission on November 12, 2002, for additional information regarding the Company, its formation, and potential risk factors associated with the Spin-off.

Company

Acuity Brands is a holding company that owns and manages two business units, each operating a collection of businesses, which sell products and provide services to customers in numerous channels, primarily for consumer, commercial, institutional and industrial applications. The business units of Acuity Brands operate in two distinct segments based on the different products manufactured and the customers served: Acuity Lighting Group ("ALG") and Acuity Specialty Products Group ("ASP"). ALG produces a full range of indoor and outdoor lighting fixtures for commercial and institutional, industrial, and residential applications for markets throughout the United States, Canada, Mexico, and overseas. The Company believes ALG is the world's leading manufacturer and distributor of lighting fixtures, with a broad, highly configurable product offering consisting of roughly 500,000 active products as part of over 2,000 product groups that are sold to approximately 5,000 customers. ALG operates 31 factories and distribution facilities to serve its extensive customer base. ASP is a leading producer of specialty chemical products including cleaners, deodorizers, and pesticides for industrial and institutional, commercial, and residential applications for markets throughout North America and Western Europe. ASP sells, through its salaried and commissioned direct sales force, over 9,000 different products, operates six plants, and serves over 300,000 customers through a network of distribution centers and warehouses. Acuity Brands, with its principal office in Atlanta, Georgia, has approximately 11,800 employees worldwide.

Critical Accounting Policies

Management's Discussion and Analysis of Financial Condition and Results of Operations addresses the financial condition and results of operations as reflected in the Company's *Consolidated Financial Statements*, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to inventory valuation; depreciation, amortization and the recoverability of long-lived assets, including intangible assets; medical, casualty, product warranty, and other reserves; litigation; and environmental matters. Management bases its estimates and judgments on its substantial historical experience and other relevant factors, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

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

Inventories

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

Long-Lived and Intangible Assets and Goodwill

Acuity Brands reviews goodwill and intangible assets with indefinite useful lives for impairment on an annual basis or on an interim basis if an event occurs that might reduce the fair value of the long-lived asset below its carrying value. All other long-lived and intangible assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss would be recognized based on the difference between the carrying value of the asset and its estimated fair value, which would be determined based on either discounted future cash flows or other appropriate fair value methods.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142 ("SFAS No. 142"), *Goodwill and Other Intangible Assets*. Acuity Brands adopted SFAS No. 142 as of September 1, 2001. SFAS No. 142 requires companies to cease amortizing goodwill that existed at June 30, 2001 and establishes a new method for testing goodwill for impairment. SFAS No. 142 also requires that an identifiable intangible asset that is determined to have an indefinite useful economic life not be amortized, but be separately tested for impairment using a fair-value-based approach. The evaluation of goodwill and intangibles with indefinite useful lives for impairment requires management to use significant judgments and estimates including, but not limited to, projected future revenue, operating results, and cash flow of each of the Company's businesses.

Although management currently believes that the estimates used in the evaluation of goodwill and intangibles with indefinite lives are reasonable, differences between actual and expected revenue, operating results, and cash flow could cause these assets to be deemed impaired. If this were to occur, the Company would be required to charge to earnings the write-down in value of such assets, which could have a material adverse effect on the Company's results of operations and financial position.

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

Differences between expected and actual results can result in significantly different valuations. If future operating results are unfavorable compared to forecasted amounts, the Company may be required to reduce the theoretical royalty rate used in the fair value model. A reduction in the theoretical royalty rate would result in lower expected, future after-tax cash flow in the valuation model. Accordingly, an impairment charge would be recorded at that time. To illustrate the potential impact of unfavorable changes in the assumptions underlying the fair value model, a one hundred basis point reduction in the theoretical royalty rate related to the Holophane trade name acquired in 1999, would result in a pre-tax impairment charge of approximately 27 percent, or $17.0 million, of the carrying value of the trade name.

Self-Insurance

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

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

Product Warranty

Acuity Brands records an allowance for the estimated amount of future warranty claims when the related revenue is recognized, primarily based on historical experience. Although historical warranty costs have been within expectations, there can be no assurance that future warranty costs will not exceed historical amounts. If future warranty costs exceed historical amounts, additional allowances may be required, which could have a material adverse impact on the Company's operating results in future periods. See Note 10 of the *Notes to Consolidated Financial Statements* for additional information.

Litigation

Acuity Brands reserves for legal claims when costs associated with the claims become probable and can be reasonably estimated. Due to the difficulty in estimating costs of resolving legal claims, actual costs may be substantially higher than the amounts reserved. See Note 10 of the *Notes to Consolidated Financial Statements* for additional information.

Environmental Matters

The Company reserves for known environmental claims when costs associated with the claims become probable and can be reasonably estimated. Acuity Brands' environmental reserves, for all periods presented, are immaterial. The actual cost of resolving environmental issues may be higher than that reserved primarily due to difficulty in estimating such costs and potential changes in the status of government regulations. See Note 10 of the *Notes to Consolidated Financial Statements* for additional information.

Liquidity and Capital Resources

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

Based on current earnings projections and prevailing market conditions, both for customer demand and various capital markets, the Company believes that during fiscal 2003 it will have sufficient liquidity and availability under its financing arrangements to fund its operations as currently planned and its anticipated capital investment and profit improvement initiatives, to repay borrowings as currently scheduled, and to pay the same quarterly stockholder dividends as were paid in 2002. The Company expects to continue to reduce outstanding borrowings during its fourth quarter of 2003, though most likely at a slower pace than the $25.2 million reduction in debt in third quarter. The Company also expects to invest between $28.0 million and $32.0 million in new tooling, machinery and equipment during fiscal 2003.

Cash Flow

Acuity Brands generated $90.2 million of cash flow from operations during the first nine months of 2003 compared to $102.7 million generated in the prior year period. Cash flow from operations declined $12.5 million due primarily to lower earnings and higher payments for income taxes, partially offset by improved operating working capital (defined as accounts receivable, net, plus inventory, minus accounts payable) and the timing of certain payroll distributions. Operating working capital declined approximately $18.2 million to $359.7 million at May 31, 2003 from $378.0 million at August 31, 2002. The decline in operating working capital was due primarily to lower inventory at ALG as improvements in manufacturing efficiency and productivity allowed ALG to reduce inventory levels while supporting its sales growth initiatives.

Capital expenditures were $18.7 million in the first nine months of 2003, down approximately $5.2 million from the prior year. The Company continues to invest in new tooling and equipment primarily to improve productivity and product quality, increase manufacturing efficiencies, and enhance customer service capabilities in each segment. The decline in capital expenditures was due primarily to lower investment at ALG as the Company continues to better utilize its manufacturing and information systems infrastructure. The Company anticipates that in its fourth quarter of 2003 it will begin to accelerate investment in manufacturing and information systems as it consolidates certain operations to take advantage of efficiency improvements and economies of scale.

The Company used its cash flow from operations in the first nine months of 2003 primarily to reduce debt, to fund capital expenditures, and to pay dividends. Cash flow from operations in 2002 was used primarily to reduce debt, to fund capital expenditures, to acquire American Electric Lighting, to fund the activity with NSI prior to the Distribution, and to pay dividends.

Capitalization

Total debt outstanding at May 31, 2003 was $494.4 million, down $48.7 million from August 31, 2002, as the Company used its cash flow from operations during the first nine months of 2003 primarily to reduce debt, to fund capital expenditures, and to pay dividends. In addition, cash increased to $10.4 million at May 31, 2003 from $2.7 million at August 31, 2002 primarily due to the timing of certain receipts from customers. Excess cash is generally used to reduce outstanding debt. In April 2003, the Company amended and restated the 364-day component and amended the three-year component of its Revolving Credit Facility, which management believes improved its financial flexibility. The amended Revolving Credit Facility consists of two components and allows for borrowings up to $197.5 million. The first component is a 364-day, $92.5 million facility to be used for general corporate purposes, primarily working capital requirements, and is due in April 2004. The second component is a three-year, $105.0 million revolving credit facility to be used for general corporate purposes and is due April 2005. At May 31, 2003, there were no borrowings drawn on either component of this facility.

In October 2002, the Company entered into a new loan agreement (“Term Loan”), secured by certain land and buildings of the Company. Proceeds from the Term Loan of approximately $20.0 million were used to reduce borrowings under the Revolving Credit Facility and to provide the Company additional liquidity. See Note 8 of the *Notes to Consolidated Financial Statements* for additional information regarding restrictions contained in the Term Loan and the Revolving Credit Facility.

Available borrowings under the Company’s Revolving Credit Facility and Term Loan are limited by certain financial covenants in those agreements, the most restrictive of which is a leverage ratio calculated at the end of each fiscal quarter. The leverage ratio is calculated by dividing total indebtedness at the end of the quarter by EBITDA (earnings before interest, taxes, depreciation and amortization expense), subject to certain adjustments, for the trailing four quarters. As noted above, the Company modified its Revolving Credit Facility in April 2003 primarily to incorporate changes to certain financial covenants contained in the agreement. In addition, the size of the Revolving Credit Facility was reduced to $197.5 million from $210.0 million. The financial covenants included in the Revolving Credit Facility were modified to allow the Company greater flexibility to more aggressively pursue certain business activities, including profit improvement initiatives and cost reduction programs.

Under the terms of the amended agreement, the Company’s maximum permitted leverage ratio, currently at 3.50, decreases to 3.25 at November 30, 2003, and then to 3.00 at May 31, 2004. Where applicable, the financial covenants included in the Company’s other financing agreements were modified to be consistent with the financial covenants contained in the Revolving Credit Facility. The Company was in compliance with all covenants contained in its financing agreements at May 31, 2003 and had additional borrowing capacity of $68.8 million at May 31, 2003 under the most restrictive covenant in effect at that time.

During 2003, the Company’s consolidated stockholders’ equity increased $26.6 million to $428.5 million at May 31, 2003. The increase was due primarily to net income earned during the period and favorable fluctuations in foreign exchange rates, partially offset by the payment of dividends. The Company’s debt to total capital ratio was 54 percent at May 31, 2003, down from approximately 58 percent at August 31, 2002 and approximately 60 percent at May 31, 2002.

Dividends

The Company paid cash dividends on common stock of $18.7 million ($0.45 per share) during the first nine months of fiscal 2003. Prior to November 30, 2001, the Company was a subsidiary of NSI, as more fully described above, and did not pay dividends separately to stockholders of NSI. The Company expects to pay annual stockholder dividends of $0.60 per share during fiscal 2003.

Results of Operations

Third Quarter of Fiscal 2003 Compared to Third Quarter of Fiscal 2002

Consolidated Results

Net sales for the quarter ended May 31, 2003 were $521.0 million compared to $507.6 million reported in the year ago period, an increase of $13.5 million, or 2.7 percent. The sales increase occurred primarily at ALG and was due largely to greater shipments to the home improvement channel and selected national accounts, increased sales in Europe, and the impact of the previously announced price increases, partially offset by continued weakness in certain other key markets at both ALG and ASP.

Consolidated operating profit in the third quarter of fiscal 2003 was essentially flat with the year ago period as the improvement in gross profit was offset by higher operating expenses. Overall, consolidated gross profit margins increased to 42.0 percent of sales in the third quarter of fiscal 2003, from 41.1 percent reported in the year-ago period, due primarily to the increased sales noted above and the impact of profit improvement programs that helped offset the higher cost of raw materials, rising medical costs, and

expenses associated with the consolidation of certain manufacturing facilities at ALG. Consolidated operating expenses increased to 35.7 percent of sales in the third quarter of fiscal 2003, compared to 34.6 percent reported in the year-ago period, due primarily to higher costs associated with sales and marketing initiatives, legal and logistics costs, and increased corporate expenses associated with stock-based benefit programs.

Net income for the third quarter of fiscal 2003 increased 5.2 percent to $15.3 million from $14.6 million reported in the third quarter of fiscal 2002. The increase in net income resulted primarily from lower interest expense associated with the decline in outstanding borrowings and a lower effective tax rate throughout the current period. Earnings per share in the third quarter of 2003 was $0.37 compared to $0.35 reported in the third quarter of 2002, an increase of 5.7 percent.

Acuity Lighting Group

Net sales at ALG in the third quarter of fiscal 2003 were $389.2 million compared to $376.0 million reported in the year ago period, an increase of $13.3 million, or 3.5 percent. The increase was due primarily to greater shipments of products through channels of distribution serving home improvement centers and national accounts, growth in the European operations due primarily to increased volume and favorable changes in exchange rates, and the impact of price increases for certain products. This was partially offset by lower shipments to certain other key commercial and industrial markets due primarily to the continued economic weakness that prevailed throughout the current period. As expected, the backlog at ALG decreased approximately $31.0 million, or 18.9 percent, from February 28, 2003 to $133.0 million at May 31, 2003. The decline was due primarily to the impact of the significant increase in second quarter orders, placed in advance of a previously announced price increase, that were shipped during the third quarter.

Operating profit at ALG increased $1.9 million to $25.1 million in the third quarter of fiscal 2003 from $23.2 million reported in the prior year. Operating profit margins improved to 6.4 percent of sales from 6.2 percent reported a year ago. The increase in operating profit was due primarily to the contribution margin from the higher sales noted above and continuous improvement programs, including sourcing initiatives to lower material costs, and significant improvements in the operations at the facility in Matamoros, Mexico. This was partially offset by costs associated with the consolidation of certain manufacturing facilities, higher material costs for certain components, greater spending for sales and marketing initiatives associated with new product introductions and penetration of the home improvement channel, higher logistics costs, and additional legal costs associated with pending litigation.

Acuity Specialty Products

Net sales at ASP in the third quarter of fiscal 2003 were $131.8 million, which represented a nominal increase of $0.2 million over the same period one year earlier. Sales were essentially flat as greater shipments to mass merchandisers and home improvement centers and higher sales in Europe and Canada were offset by softness in the core industrial and institutional (“I&I”) channel attributable to weak economic conditions. European and Canadian sales were higher due primarily to increased volume and favorable changes in exchange rates.

Operating profit at ASP in the third quarter of fiscal 2003 declined $1.3 million to $12.5 million from $13.8 million reported in the year-ago period. Operating margins declined to 9.5 percent from 10.5 percent a year ago. The decline in operating profit was due primarily to startup costs associated with a number of initiatives, including new product introductions, spending to further penetrate the mass merchandise channel, and expanded sales, marketing, and logistics programs, all of which are expected to benefit future periods. In addition, ASP continued to incur higher costs for certain raw materials and purchased finished goods that were partially offset by the benefits of sourcing initiatives.

Corporate

Corporate expenses were $4.9 million in the third quarter of fiscal 2003 compared to $4.2 million in the year ago period. The increase was primarily due to higher expense associated with certain stock-based benefit plans, liability insurance, and expanded audit services.

Other Expense (Income)

Other expense (income) for Acuity Brands consists primarily of interest expense and other miscellaneous non-operating activity including gains or losses on the sale of assets and foreign currency transactions. Interest expense, net was $9.2 million, a decrease of $1.1 million (10.4 percent) from the year-ago period. This decrease is the result of reductions in both debt balances and interest rates. Miscellaneous income, net, primarily includes gains on foreign currency transactions.

Nine Months Ended May 31, 2003 Compared to the Nine Months Ended May 31, 2002

Consolidated Results

Net sales for the nine months ended May 31, 2003 were $1,515.7 million compared to $1,457.5 million reported in the year ago period, an increase of $58.1 million, or 4.0 percent. The increase was due to sales gains of 4.4 percent and 2.8 percent at ALG and ASP, respectively, resulting primarily from the impact of new customers, new product introductions, and greater penetration of certain channels, including home improvement, at both ALG and ASP.

Consolidated operating profit for the nine months ended May 31, 2003 was $78.4 million compared to $89.3 million reported in the year ago period, a decrease of $10.9 million, or 12.2 percent. Operating profit margins were 5.2 percent in fiscal 2003 compared to 6.1 percent in the respective prior year period. The decline in operating profit and margin was due primarily to higher operating expenses largely attributable to increased non-discretionary expenses, including medical and casualty insurance, legal and logistics costs, costs associated with new product introductions and certain sales and marketing programs at both ALG and ASP, and increased corporate expenses primarily associated with stock-based benefit programs.

Net income for the first nine months of fiscal 2003 was $33.5 million, or $0.81 per share, compared to $36.7 million, or $0.89 per share, reported in the year ago period. The decrease in net income was primarily due to lower operating profit primarily at ASP and higher corporate expenses, partially offset by gains on the sale of non-core assets, lower interest expense, and a lower effective tax rate.

Acuity Lighting Group

Net sales at ALG for the first nine months of fiscal 2003 were $1,140.7 million compared to $1,092.9 million reported in the year-ago period, an increase of $47.8 million, or 4.4 percent. The increase was due primarily to greater shipments of products through channels of distribution serving home improvement centers and national accounts, growth in the European operations due primarily to increased volume and favorable changes in exchange rates, and the impact of price increases for certain products, partially offset by weak demand in key commercial and industrial channels caused by continued economic softness.

Operating profit at ALG was $70.0 million in the first nine months of fiscal 2003, a slight decrease over the prior-year period. Operating profit margins decreased to 6.1 percent from 6.4 percent, as the variable contribution from the higher sales noted above and the benefits of profit improvement initiatives were more than offset by higher operating expenses related to sales and marketing initiatives associated with new product introductions and penetration of the home improvement channel; higher logistics costs; greater spending for certain non-discretionary expenses, including insurance; and additional legal costs associated with pending litigation.

Acuity Specialty Products

Net sales at ASP in the first nine months of fiscal 2003 were $375.0 million, an increase of 2.8 percent over the same period one year earlier. The increase in sales was driven by greater product penetration in key channels of distribution including home improvement centers, mass merchandisers, and certain industrial market segments, such as food processing and preparation and transportation. In the retail channel, sales grew over the same period in the prior year due primarily to increases in the number of home improvement centers served and greater shipments to mass merchandisers. Sales in the I&I channel were greater in the first nine months of fiscal 2003 than the year-ago period primarily as a result of increased international sales, partially offset by lower shipments in the U.S. International sales were higher due primarily to increased volume and favorable changes in exchange rates. U.S. I&I sales were lower than the prior year as a result of softness in the core I&I channel attributable to weak economic conditions.

Operating profit at ASP declined $8.1 million to $21.0 million from $29.1 million reported in the year-ago period. Operating margins decreased to 5.6 percent from 8.0 percent a year ago. The decline in operating profit was due primarily to startup costs associated with a number of initiatives, including new product introductions, increased spending to further penetrate the mass merchandise channel, and expanded sales, marketing, and logistics programs, all of which are expected to benefit future periods. ASP continued to experience higher costs for certain raw materials and purchased finished goods, partially offset by the benefits of sourcing initiatives, and certain non-discretionary spending, including medical and casualty insurance and legal costs. The impact of the higher costs was partially offset by increased selling prices and greater contribution margin from the higher sales volume.

Corporate

Corporate expenses were $12.6 million in the first nine months of fiscal 2003 compared to $10.0 million in the year-ago period. The increase was primarily due to higher expense associated with certain stock-based benefit plans, expanded audit services, and greater non-discretionary costs, including insurance.

Other Expense (Income)

Other expense (income) for Acuity Brands consists primarily of interest expense and other miscellaneous non-operating activity including gains or losses on the sale of assets and foreign currency transactions. Interest expense, net, was $28.5 million, a decrease of $2.4 million (7.7 percent) from the year-ago period. This decrease was the result of reductions in both debt balances and interest rates. Miscellaneous income, net, primarily includes a pretax gain of approximately $0.9 million related to the sale of property, plant, and equipment, principally at ASP, and a pretax gain of approximately $0.9 million related to the sale of certain non-core assets at ALG, and gains on foreign currency transactions.

Outlook

Management remains optimistic about the long-term potential of the businesses that comprise Acuity Brands. However, management continues to be cautious about near-term results due primarily to uncertainty in the economic environment, including non-residential construction, which is one of the key drivers of the lighting fixture market, and weak demand for specialty chemical products in key channels of distribution. Management does not expect any meaningful rebound in the Company's key markets in the fourth quarter of fiscal 2003 and, accordingly, expects full-year earnings to be at the low end of the range of the previous forecast of $1.20 to $1.40 per share.

Risks Relating to the Distribution

On November 30, 2001, National Service Industries, Inc. spun off its lighting equipment and specialty products businesses into a separate publicly traded company with its own management and board of directors through a tax-free distribution of 100 percent of the outstanding shares of common stock of Acuity Brands, at that time a wholly-owned subsidiary of NSI owning and operating the lighting equipment and specialty products businesses. Each NSI stockholder of record as of November 16, 2001, the record date for the Distribution, received one share of Acuity Brands common stock for each share of NSI common stock held at that date. The following risks associated with Acuity Brands relate principally to the Distribution. If any of these risks develops into an actual event, the business, financial condition or results of operations of Acuity Brands could be materially adversely affected.

Creditors of NSI May Challenge the Distribution as a Fraudulent Conveyance

On November 7, 2001, the NSI board of directors, in approving the Distribution, made a determination, based on information provided by management and financial experts, that the Distribution was permissible under applicable dividend and solvency laws. There is no certainty, however, that a court would find the decision of the NSI board to be binding on creditors of NSI and Acuity Brands or that a court would reach the same conclusions as the NSI board in determining whether NSI or Acuity Brands was insolvent at the time of, or after giving effect to, the Distribution. If a court in a lawsuit by an unpaid creditor or representative of creditors, such as a trustee in bankruptcy, were to find that at the time NSI effected the Distribution, NSI or Acuity Brands (1) was insolvent; (2) was rendered insolvent by reason of the Distribution; (3) was engaged in a business or transaction for which their respective remaining assets constituted unreasonably small capital; or (4) intended to incur, or believed it would incur, debts beyond its ability to pay as such debts matured, such court may be asked to void the Distribution (in whole or in part) as a fraudulent conveyance and require that the NSI stockholders return the Acuity Brands shares (in whole or in part) to NSI or require Acuity Brands to fund certain liabilities for the benefit of creditors. The measure of insolvency for purposes of the foregoing would vary depending upon the jurisdiction whose law is being applied. Generally, however, NSI or Acuity Brands would be considered insolvent if the fair value of their respective assets were less than the amount of their respective liabilities or if they incurred debt beyond their ability to repay such debt as it matures.

As noted above, the NSI board of directors determined that the Distribution was permissible under applicable dividend and solvency laws. This conclusion was based on numerous factors including, but not limited to, the allocation of assets and liabilities contemplated by the Spin-off. The allocation of assets and liabilities associated with the Distribution left NSI appropriately capitalized with approximately $5.0 million in debt. In addition, certain assets with substantial market value, such as the real property related to NSI's corporate headquarters, remained with NSI. Accordingly, management believes the likelihood that creditors of NSI could successfully challenge the Distribution is remote.

During the third quarter of fiscal 2003, a third party acquired NSI through a merger approved by NSI shareholders. Management believes that this transaction is strong confirmation that NSI was solvent at the time of the Distribution and remained solvent when it was acquired by the third party. The acquirer invested equity as well as funds borrowed from secured lenders. The willingness of the acquirer to invest funds, as well as the willingness of the lenders to loan funds to acquire NSI, represents an independent market assessment of NSI's continuing solvency which the Company believes further diminishes the likelihood that creditors of NSI could successfully challenge the Distribution.

Failure to Qualify as a Tax-Free Transaction Could Result in Substantial Liability

NSI and Acuity Brands intended for the Distribution to be tax-free for U.S. Federal income tax purposes. Management of Acuity Brands believes the Distribution was tax-free for U.S. Federal income tax purposes. The Distribution was conditioned upon the receipt by each of NSI and Acuity Brands of opinions from each of King & Spalding, counsel to NSI and Acuity Brands, and Ernst & Young LLP, special tax advisor to NSI and Acuity Brands, that for U.S. Federal income tax purposes the Distribution, as well as the internal reorganization transactions effected in order to separate the Acuity Brands businesses from NSI's remaining business, was tax-free to NSI, Acuity Brands, and the stockholders of NSI. Neither NSI nor Acuity Brands requested an advance ruling from the Internal Revenue Service as to the tax consequences of the Distribution. The opinions of King & Spalding and Ernst & Young LLP are subject to certain assumptions and the accuracy and completeness of certain factual representations and statements made by NSI and Acuity Brands and certain other data, documentation and other materials that each of King & Spalding and Ernst & Young LLP deemed necessary for purposes of their respective opinions. If these assumptions and factual representations were incorrect or incomplete in a material respect, the conclusions set forth in the opinions may not be correct. These opinions represent the views of King & Spalding and Ernst & Young LLP as to the interpretation of existing tax law and, accordingly, such opinions are not binding on the Internal Revenue Service or the courts and no assurance can be given that the Internal Revenue Service or the courts will agree with their opinions.

If the Distribution does not qualify for tax-free treatment, a substantial corporate tax would be payable by the consolidated group of which NSI is the common parent measured by the difference between (1) the aggregate fair market value of the Acuity Brands shares on the Distribution Date and (2) NSI's adjusted tax basis in the Acuity Brands shares on the Distribution Date. The corporate level tax would be payable by NSI. However, Acuity Brands agreed under certain circumstances to indemnify NSI for all or a portion of this tax liability. This indemnification obligation, if triggered, could have a material adverse effect on the results of operations and financial position of Acuity Brands. In addition, under the applicable treasury regulations, each member of NSI's consolidated group (including Acuity Brands) is severally liable for such tax liability. Furthermore, if the Distribution does not qualify as tax-free, each NSI stockholder who received Acuity Brands shares in the Distribution would be taxed as if he had received a cash dividend equal to the fair market value of his Acuity Brands shares on the Distribution Date.

Even if the Distribution qualifies as tax-free, NSI could nevertheless incur a substantial corporate tax liability under Section 355(e) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code" or the "Code"), if NSI or Acuity Brands were to undergo a change in control (whether by acquisition, additional share issuance or otherwise) pursuant to a plan or series of related transactions which include the Distribution. Any transaction, which occurs within the four-year period beginning two years prior to the Distribution, is presumed to be part of a plan or series of related transactions that includes the Distribution unless NSI establishes otherwise. Under certain circumstances, Acuity Brands would be obligated to indemnify NSI for all or a portion of this substantial corporate tax liability under the tax disaffiliation agreement. This indemnification obligation would have a material adverse effect on the results of operations and financial position of Acuity Brands.

As required under the tax disaffiliation agreement, King & Spalding issued an opinion to NSI to the effect that the third party acquisition of all of the outstanding shares of NSI through a merger and the transactions contemplated therein will not cause Section 355(e) or 355(f) of the Internal Revenue Code of 1986, as amended, to apply to NSI's spin-off of Acuity Brands.

Cautionary Statement Regarding Forward-Looking Information

This filing contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Consequently, actual results may differ materially from those indicated by the forward-looking statements. Statements made herein that may be considered forward looking include statements concerning: (a) expected future earnings; (b) the Company's ongoing liquidity including availability under its financing arrangements to: fund operations, anticipated capital investments, and profit improvement initiatives as currently planned; repay borrowings as currently scheduled; pay the same quarterly stockholder dividends as were paid in 2002; reduce debt; and invest between $28.0 million and $32.0 million in new tooling, machinery and equipment during fiscal 2003; (c) anticipated investments in manufacturing and information systems during the fourth quarter of fiscal 2003; (d) expected future benefits of a number of initiatives for which startup costs were incurred including: new product introductions; spending to further penetrate the mass merchandise channel; and expanded sales, marketing, and logistics programs at Acuity Specialty Products Group; (e) the outcome of pending or future legal or regulatory proceedings; (f) the likelihood that creditors of NSI could successfully challenge the Distribution as a fraudulent conveyance; (g) management's beliefs regarding the third party acquisition of NSI; and (h) the impact of accounting standards yet to be adopted. A variety of risks and uncertainties could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. The risks and uncertainties include without limitation the following: (a) the uncertainty of general business and economic conditions, including the potential for a more severe slowdown in non-residential construction and weak demand for specialty chemical products in key channels of distribution, changes in interest rates, and fluctuations in commodity and raw material prices or foreign currency rates; (b) the Company's ability to realize the anticipated benefits of initiatives expected to reduce costs, improve profits, enhance customer service, increase manufacturing efficiency, reduce debt, and expand product offerings and brands in the market through a variety of channels; (c) the risk that projected future earnings or cash flows from operations are not realized; (d) unexpected developments in the Company's legal and environmental proceedings; (e) the impact of competition; (f) the uncertainty caused by operations in cyclical industries; (g) the risk that underlying assumptions or expectations related to the Distribution, including, without limitation, expectations regarding projected liabilities and cash flow, prove to be inaccurate or unrealized; (h) the risk that the Distribution fails to qualify as a tax-free transaction; (i) the risk of a work stoppage or an increase in organized labor activity; and (j) the potential for the Company's growth to be limited by the payment of dividends.

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

General. Acuity Brands is exposed to market risks that may impact the *Consolidated Balance Sheets*, *Consolidated Statements of Income*, and *Consolidated Statements of Cash Flows* due primarily to changing interest rates and foreign exchange rates. Acuity Brands does not currently participate in any significant hedging activities, nor does it currently utilize any significant derivative financial instruments. The following discussion provides additional information regarding Acuity Brands' market risks.

Interest Rates. Interest rate fluctuations expose variable-rate debt of Acuity Brands to changes in interest expense and cash flows. The variable-rate debt of Acuity Brands, primarily short-term secured borrowings and amounts outstanding under the Company's Term Loan, amounted to $134.3 million at May 31, 2003. Based on outstanding borrowings at quarter end, a 10 percent increase in market interest rates at May 31, 2003 would have resulted in additional annual after-tax interest expense of approximately $0.2 million. A fluctuation in interest rates would not affect interest expense or cash flows related to the $360.0 million publicly traded notes, Acuity Brands' primary fixed-rate debt. A 10 percent increase in market interest rates at May 31, 2003 would have decreased the fair value of these notes by approximately $12.0 million. See Note 8 of the *Notes to Consolidated Financial Statements* for additional information regarding the Company's long-term debt.

Foreign Exchange Rates. The majority of Acuity Brands' revenue, expense, and capital purchases are transacted in U.S. dollars. Acuity Brands does not believe a 10 percent fluctuation in average foreign currency rates would have a material effect on its consolidated financial position or results of operations. Acuity Brands does not engage in speculative transactions, nor does Acuity Brands hold or issue financial instruments for trading purposes.

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

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

As required by Commission rules, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures during the 90 days prior to the filing date of this quarterly report. 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. In addition, consistent with past practices, the Company has continued to enhance its disclosure controls and procedures during fiscal 2003 including formalizing certain policies and procedures, primarily those involving analyzing and reporting the financial results of its businesses. However, because all disclosure procedures must rely to some degree on actions or decisions made by employees throughout the organization, such as reporting of material events, the Company and its reporting officers believe that they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company will be detected. Limitations within any control system, including the Company's control system, include faulty judgments in decision-making or simple errors or mistakes. In addition, controls can be circumvented by an individual, 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 not be detected.

Internal controls are designed to provide reasonable, not absolute, assurances that: (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary (i) to permit preparation of financial statements in conformity with accounting principles generally accepted in the United States or any other criteria applicable to such statements, and (ii) to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's general or specific authorization; and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. There were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date they were evaluated. During the first nine months, the Company enhanced its internal controls by formalizing the documentation and review of certain judgments and estimates. The Company has an on-going process of reviewing internal controls and other risk areas, including a comprehensive assessment of internal controls utilizing its internal audit efforts, and changes to the internal control structure could result from that process.

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

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

Acuity Brands is currently a defendant in a lawsuit that was filed by Genlyte Thomas Group LLC ("Genlyte Thomas") on March 29, 2000, in the United States District Court, Western District of Kentucky. The lawsuit alleges that certain Lithonia Lighting® products (representing significantly less than 1 percent of total fiscal 2002 ALG sales) infringe a Genlyte Thomas patent claim. Genlyte Thomas is seeking an injunction and damages, including lost profits. Genlyte Thomas further alleges that the infringement is willful, and any damages awarded at trial may be multiplied by up to three times if willful infringement is found.

In discovery, which was substantially completed in August 2002, Genlyte Thomas submitted an expert report on its damages claim asserting that Genlyte Thomas has sustained approximately $20 million in damages, including lost profits. The Company's damage expert stated in his report that, assuming that the patent is valid, enforceable and infringed, total damages based on a reasonable royalty would be between $1.6 million and $2.4 million for the period 1994-2001. During the discovery process, this expert indicated that he does not believe that lost profits are an appropriate measure of damages.

The Company believes that the Genlyte Thomas patent claim is invalid and unenforceable because it was obvious in view of previously disclosed public information (prior art references) not furnished or otherwise considered by the United States Patent and Trademark Office. Therefore, the Company is continuing to defend these allegations vigorously. The case is scheduled for mediation on July 25, 2003, and for trial beginning on September 2, 2003. The Company has reserved for the expected defense costs of this litigation.

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

None.

Item 6. ***Exhibits and Reports on Form 8-K***

(a) Exhibits are listed on the Index to Exhibits (page 30).

(b) The Company filed Current Reports on Form 8-K on March 12, 2003 relating to the appointment of Robert McCullough to the Company's Board of Directors and on March 25, 2003 related to the Company's second quarter 2003 earnings release.

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SIGNATURES

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

ACUITY BRANDS, INC.
REGISTRANT

DATE: July 14, 2003

/s/ James S. Balloun

JAMES S. BALLOUN
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

DATE: July 14, 2003

/s/ Vernon J. Nagel

VERNON J. NAGEL
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

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CERTIFICATIONS

I, James S. Balloun, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acuity Brands, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b) evaluated the effectiveness of the registrant’s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the “Evaluation Date”); and
   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):
   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant’s ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls; and
6. The registrant’s other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: July 14, 2003

/s/ James S. Balloun

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

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I, Vernon J. Nagel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acuity Brands, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: July 14, 2003

/s/ Vernon J. Nagel

Vernon J. Nagel
Executive Vice President and Chief Financial Officer

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INDEX TO EXHIBITS

EXHIBIT 3	(a) Restated Certificate of Incorporation of Acuity Brands, Inc.	Reference is made to Exhibit 3.1 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(b) Amended and Restated By-Laws of Acuity Brands, Inc.	Reference is made to Exhibit 3.2 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
EXHIBIT 4	(a) Form of Certificate representing Acuity Brands, Inc. Common Stock	Reference is made to Exhibit 4.1 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(b) Stockholder Protection Rights Agreement, dated as of November 12, 2001, between Acuity Brands, Inc. and Wells Fargo Bank Minnesota, N.A.	Reference is made to Exhibit 4.2 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(c) Letter Agreement appointing Successor Rights Agent	Filed with the Commission as part of this Form 10-Q.
	(d) First Supplemental Indenture, dated as of October 23, 2001, to Indenture dated January 26, 1999, between National Service Industries, Inc., L&C Spinco, Inc., L&C Lighting Group, Inc., The Zep Group, Inc. and SunTrust Bank.	Reference is made to Exhibit 10.10 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	(e) Indenture dated as of January 26, 1999.	Reference is made to Exhibit 10.11 to Amendment No. 2 to the Registration Statement on Form 10, filed by L&C Spinco, Inc. on September 6, 2001, which is incorporated herein by reference.
	(f) Form of 6 percent Note due February 1, 2009	Reference is made to Exhibit 10.12 to Amendment No. 2 to the Registration Statement on Form 10, filed by L&C Spinco, Inc. on September 6, 2001, which is incorporated herein by reference.
	(g) Form of 8.375 percent Note due August 1, 2010.	Reference is made to Exhibit 10.13 to Amendment No. 2 to the Registration Statement on Form 10, filed by L&C Spinco, Inc. on September 6, 2001, which is incorporated herein by reference.
EXHIBIT 10(i)A	(1) Amended and Restated 364-Day Revolving Credit Agreement dated as of April 4, 2003 among Acuity Brands, Inc., the Subsidiary Borrowers from time to time hereto, the Lenders from time to time parties hereto, Bank One, N.A., as Administrative Agent, and Wachovia Bank, N.A. as Syndication Agent	Reference is made to Exhibit 10(i)A(1) of registrant's Form 10-Q as filed with the Commission on April 14, 2003, which is incorporated herein by reference.
	(2) Amendment No. 1 to 3-Year Revolving Credit Agreement	Reference is made to Exhibit 10(i)A(2) of registrant's Form 10-Q as filed with the Commission on April 14, 2003, which is incorporated herein by reference.

	(3)	First Modification to Deed to Secure Debt and Security Agreement	Filed with the Commission as part of this Form 10-Q.
	(4)	Letter Agreement amending Agreement and Plan of Distribution	Filed with the Commission as part of this Form 10-Q.
	(5)	Agreement and Consent Relating to Tax Disaffiliation Agreement	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 10(iii)A	(1)	Amended Acuity Brands, Inc. Management Compensation and Incentive Plan	Reference is made to Exhibit A of registrant's proxy statement for the Annual Meeting of Stockholders as filed with the Commission on November 12, 2002, which is incorporated herein by reference.
	(2)	Amendment No. 1 to Acuity Brands, Inc. Supplemental Retirement Plan for Executives	Reference is made to Exhibit 10(iii)A(2) of registrant's Form 10-Q as filed with the Commission on April 14, 2003, which is incorporated herein by reference.
	(3)	Letter Agreement relating to Supplemental Executive Retirement Plan between Acuity Brands, Inc. and James H. Heagle	Filed with the Commission as part of this Form 10-Q.
	(4)	Letter Agreement relating to Supplemental Executive Retirement Plan between Acuity Brands, Inc. and Vernon J. Nagel	Filed with the Commission as part of this Form 10-Q.
	(5)	Letter Agreement relating to Supplemental Executive Retirement Plan between Acuity Brands, Inc. and Joseph G. Parham, Jr.	Filed with the Commission as part of this Form 10-Q.
	(6)	Letter Agreement relating to Supplemental Executive Retirement Plan between Acuity Brands, Inc. and Kenyon W. Murphy	Filed with the Commission as part of this Form 10-Q.
	(7)	Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan	Reference is made to Exhibit 10(iii)A(3) of registrant's Form 10-Q as filed with the Commission on April 14, 2003, which is incorporated herein by reference.
	(8)	Amendment No. 2 to Acuity Brands, Inc. Supplemental Deferred Savings Plan	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 99	(1)	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by James S. Balloun.	Filed with the Commission as part of this Form 10-Q.
	(2)	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed by Vernon J. Nagel.	Filed with the Commission as part of this Form 10-Q.

EXHIBIT 4(c)

AcuityBrands

Acuity Brands, Inc
1170 Peachtree Street, NE
Suite 2400
Atlanta, GA 30309

Tel: 404 853 1400
Fax: 404 853 1440

AcuityBrands.com

June 5, 2003

The Bank of New York
101 Barc1ay Street 11E
New York, New York 10286

Re: Shareholder Protection Rights Agreement dated as of November 12, 2001

Dear Sir or Madam:

Acuity Brands, Inc. hereby appoints The Bank of New York, effective June 9, 2003, as successor Rights Agent under the above-referenced Agreement originally entered into by and between Acuity Brands, Inc. and Wells Fargo Bank Minnesota, N.A,

Sincerely,

/s/ Helen D. Haines

Helen D. Haines
Vice President and Secretary

Appointment accepted:
The Bank of New York

By: /s/ Eon Canzius

Date: June 9, 2003

Lighting Group

Lithonia Holophane Peerless Hydrel

Specialty Products

Zep Selig Enforcer National Chemical

Return to:
Stites & Harbison
3350 Riverwood Parkway, Suite 1700
Atlanta, Georgia 30339
Our File No. 934A.84800

Cross Reference to:
DB 2455, PG 124
Rockdale County, Georgia Records

FIRST MODIFICATION TO
DEED TO SECURE DEBT AND SECURITY AGREEMENT

THIS FIRST MODIFICATION TO DEED TO SECURE DEBT AND SECURITY AGREEMENT (this "First Modification") is made and entered into this ______ day of April, 2003, to be effective as of April 7, 2003, by and between ACUITY LIGHTING GROUP, INC., a Delaware corporation (hereinafter referred to as "Owner") and REGIONS BANK, an Alabama banking corporation (hereinafter referred to as "Lender"), and is consented to by ACUITY BRANDS, INC. (occasionally referred to as "Parent"), ACUITY LIGHTING GROUP, INC. and ACUITY SPECIALTY PRODUCTS GROUP, INC., all Delaware corporations (such corporations being hereinafter referred to individually as "Each Borrower" and collectively as "Borrower").

W I T N E S S E T H

WHEREAS, Owner entered into and executed for the benefit of Lender that certain Deed to Secure Debt and Security Agreement, dated as of October 11, 2002, recorded October 14, 2002 in Deed Book 2455, Page 124, Rockdale County, Georgia Records (the "Security Deed"); and

WHEREAS, by their signatures thereto, Each Borrower consented to the representations and covenants contained in the Security Deed; and

WHEREAS, Owner, Borrower and Lender are now desirous of making certain modifications and amendments to the Security Deed, as herein set forth below;

NOTE TO CLERK OF SUPERIOR COURT OF ROCKDALE COUNTY: No intangible recording tax is due with respect to the recording of this First Modification. The initial term of the indebtedness as set forth in the Deed to Secure Debt and Security Agreement was for a period of less than three (3) years, and such term is not now being extended.

NOW, THEREFORE, in consideration of the continued extension of credit by Lender to Borrower, Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is herein acknowledged, Owner, Borrower and Lender do herein agree as follows:

1. Section 4.1(a) of the Security Deed is herein deleted in its entirety and substituted in lieu thereof is the following:

"(a) 3.50 to 1.00 as of February 28, 2003;"

2. Section 4.1(b) of the Security Deed is herein deleted in its entirety and substituted in lieu thereof is the following:

"(b) 3.50 to 1.00 as of each of May 31, 2003 and August 31, 2003;"

3. Section 4.1(c) of the Security Deed is herein deleted in its entirety and substituted in lieu thereof is the following:

"(c) 3.25 to 1:00 as of each of November 30, 2003 and February 29, 2004; and"

4. Section 4.1 of the Security Deed is herein amended by adding an additional subsection to be designated as Subsection (d) to read as follows:

"(d) 3.00 to 1.00 as of the end of each fiscal quarter thereafter."

5. Section 4.3 is herein amended by deleting the definition of "EBIT" as set forth therein and substituting in lieu thereof a new definition for "EBIT" to read as follows:

> "EBIT" means, for any period for Parent and its consolidated subsidiaries, the sum of the amounts for such period, without duplication, calculated in each case in accordance with generally accepted accounting principles applied in a manner consistent with that used in preparing the Borrower's financial statements of (i) Net Income, plus (ii) Interest Expense to the extent deducted in computing Net Income, plus (iii) charges against income for foreign, federal, state and local taxes to the extent deducted in computing Net Income, plus (iv) any other non-recurring non-cash charges to the extent deducted in computing Net Income, plus (v) non-cash expenses associated with the restricted stock program of Parent and its consolidated subsidiaries, minus (vi) any non-recurring non-cash credits to the extent added in computing Net Income.

6. All other terms, covenants, conditions and provisions of the Security Deed not herein specifically amended and modified shall remain in full force and effect as originally set forth therein.

7. The parties herein specifically agree that this First Modification shall not constitute a novation of the Security Deed.

8. Owner and Borrower herein affirm and agree that all covenants contained in the Security Deed and all representations and warranties contained therein are true and correct as of the date hereof as if restated herein in their entirety.

9. Borrower herein represents and warrants that it is not in default under the terms of the Security Deed, the Note secured by the Security Deed, or any of the other Loan Documents executed in connection with the Security Deed, and further, Borrower represents that it knows of no event that has occurred which, but for the passage of time or the giving of notice, would constitute an Event of Default under the terms of the Security Deed or any of the other Loan Documents executed in connection with the Security Deed.

10. This First Modification contains the complete understanding of the parties with respect to the subject matter hereof, supersedes all prior negotiations and proposals with respect thereto, and may not be amended except in writing executed by the party to be bound hereunder. This First Modification shall be governed by and construed, interpreted and enforced in accordance with the laws of the State of Georgia without reference to Georgia conflicts of law principles. The parties hereto waive application of the legal principle that an instrument is to be construed against the party drafting it.

11. The execution and delivery of this First Modification shall not, in any way (except as may be herein expressly provided), operate as a waiver of any right or remedy of Lender under or with respect to the Security Deed, the Note secured by the Security Deed or any of the other Loan Documents executed in connection with the Security Deed.

12. This First Modification shall be binding upon and shall inure to the benefit of the parties hereto, and their respective heirs, successors, legal representatives, and permitted assigns, whether voluntary by act of the parties, or involuntary by operation of law, as the case may be.

IN WITNESS WHEREOF, this First Modification has been executed by Owner and consented to and acknowledged by Borrower, the day and year first above written.

OWNER AND BORROWER:

ACUITY LIGHTING GROUP, INC.,
a Delaware corporation

By: /s/ Vernon J. Nagel

Vernon J. Nagel, Executive
Vice President, Finance

[CORPORATE SEAL]

Signed, sealed and delivered in the presence of:

/s/ Barry Goldman

Unofficial Witness

/s/ Sherene Orr

Notary Public
My Commission Expires:

[Notary Seal]

The undersigned herein execute this First Modification to Deed to Secure Debt and Security Agreement, not as one having an ownership interest in the Premises as defined and described in said Deed to Secure Debt and Security Agreement, but for the purpose of confirming and consenting to the representations and covenants of the undersigned as contained herein.

BORROWER:

ACUITY BRANDS, INC.,
a Delaware corporation

By: /s/ Vernon J. Nagel

Vernon J. Nagel, Executive Vice President and CFO

[CORPORATE SEAL]

Signed, sealed and delivered in the presence of:

/s/ Barry Goldman

Unofficial Witness

/s/ Sherene Orr

Notary Public
My Commission Expires:

[Notary Seal]

BORROWER:

ACUITY SPECIALTY PRODUCTS GROUP, INC., a Delaware corporation

By: /s/ Vernon J. Nagel

Vernon J. Nagel, Executive Vice President, Finance

[CORPORATE SEAL]

Signed, sealed and delivered in the presence of:

/s/ Barry Goldman

Unofficial Witness

/s/ Sherene Orr

Notary Public
My Commission Expires:

[Notary Seal]

LENDER:

REGIONS BANK, an Alabama banking corporation

By: /s/ W. Brad Davis

W. Brad Davis, Vice President

[CORPORATE SEAL]

Signed, sealed and delivered in the presence of:

____

Unofficial Witness

/s/ Antoinette Hughes

Notary Public
My Commission Expires:

____

[Notary Seal]

STITES & HARBISON
Suite 1700 Riverwood 100 Building
3350 Riverwood Parkway
Atlanta, Georgia 30339
(770) 850-7000

LOAN MODIFICATION CLOSING STATEMENT

BORROWERS:	ACUITY BRANDS, INC., ACUITY LIGHTING GROUP, INC. and ACUITY SPECIALTY PRODUCTS GROUP, INC., Delaware corporations
LENDER:	REGIONS BANK
PROPERTY:	1400 LESTER ROAD AND ONE LITHONIA WAY, CONYERS, ROCKDALE COUNTY, GEORGIA
DATE:	APRIL 14, 2003
FILE NUMBER:	934A.848

ADVANCED BY BORROWER AT CLOSING			1,112.00
DISBURSEMENTS AT CLOSING:			
A.	Loan Modification Fee—Regions Bank	00.00	
B.	Stites & Harbison—Attorney's Fees and Expenses	1,000.00	
C.	Clerk, Superior Court of Rockdale County—Recording	22.00	
D.	Secretary of State (Georgia)—Certificates of Existence	30.00	
E.	Secretary of State (Delaware)—Certificates of Existence	60.00	
TOTAL DISBURSEMENTS AT CLOSING:		1,112.00	1,112.00

Borrowers acknowledge that they have received, reviewed, and approved the entries appearing on the within Loan Modification Closing Statement, and acknowledge receipt of a copy of the same.

Borrowers agree that should any inadvertent errors or omissions later be discovered in any documents executed at settlement, including the Loan Closing Statement, they shall promptly execute such corrective documents and remit such sums as may be reasonably required to adjust or correct such errors or omissions.

This 14th day of April, 2003.

BORROWERS:

ACUITY BRANDS, INC.,
a Delaware corporation

By: /s/ Vernon J. Nagel

Vernon J. Nagel, Executive Vice President and Chief Financial Officer

[CORPORATE SEAL]

ACUITY LIGHTING GROUP, INC.,
a Delaware corporation

By: /s/ Vernon J. Nagel

Vernon J. Nagel, Executive Vice President, Finance

[CORPORATE SEAL]

ACUITY SPECIALTY PRODUCTS GROUP, INC.,
a Delaware corporation

By: /s/ Vernon J. Nagel

Vernon J. Nagel, Executive Vice President, Finance

[CORPORATE SEAL]

CLOSING CERTIFICATE

The undersigned, being an Executive Vice President of ACUITY BRANDS, INC., ACUITY LIGHTING GROUP, INC. and ACUITY SPECIALTY PRODUCTS GROUP, INC., Delaware corporations (the "Borrowers"), hereby gives this certificate on behalf of Borrowers to induce REGIONS BANK, an Alabama banking corporation ("Lender"), to modify certain financial accommodations with Borrowers pursuant to and in accordance with the terms of that certain Promissory Note in the original principal amount of $20,000,000.00 (the "Note"), which modifications are contained in that certain First Modification to Deed to Secure Debt and Security Agreement of even date herewith (the "First Modification") between Borrowers and Lender.

The undersigned hereby certifies that:

(1) He is an Executive Vice President of each of the Borrowers and is authorized without further action of the Boards of Directors of Borrowers to represent Borrowers in signing this Certificate and all modification documents required by Lender in connection with the loan modification transaction between Borrowers and Lender;

(2) Borrowers are corporations duly organized, validly existing and in good standing under the laws of the State of Delaware, are authorized to do business in Georgia, and have full power and authority to execute and deliver and to carry out and perform their obligations under the First Modification;

(3) The Articles of Incorporation and Bylaws of Borrowers and all amendments thereto were provided and certified to Lender on October 11, 2002. There have been no changes, amendments or modifications to the Articles of Incorporation or Bylaws of Borrowers since they were last certified to Lender on October 11, 2002;

(4) The First Modification has been duly authorized, executed and delivered by and on behalf of Borrowers;

(5) Borrowers' execution and delivery of the First Modification and the other instruments and agreements contemplated thereby, and Borrowers' compliance with the provisions thereof and their performance of the covenants contained therein, do not and will not conflict with or constitute on the part of Borrowers a violation of, breach of, or default under any existing law, court or administrative regulation or order, agreement or other instrument to which to my knowledge Borrowers are subject or parties or by which they or their properties are bound;

(6) Borrowers are, on the date hereof, in compliance with all terms and provisions set forth in the First Modification on their part to be observed and performed, which terms and provisions are incorporated herein by reference;

(7) On the date hereof, no Event of Default, as such term is defined in the Deed to Secure Debt and Security Agreement, nor any event or condition which with notice or lapse of

time would constitute an Event of Default, has occurred or is continuing under the Deed to Secure Debt and Security Agreement, as amended this day, or under any of the other Loan Documents executed in connection therewith;

(8) Borrowers are not in default under nor are Borrowers in material violation of (i) any provision of their Articles of Incorporation or Bylaws, (ii) any indenture, mortgage, lien, agreement, contract, deed, lease, loan agreement or note to which it is a party or by which any of its properties may be bound or (iii) any order, judgment or decree by which Borrowers or any of their properties may be bound, and neither the execution and delivery of the First Modification, nor the compliance with the terms, conditions and provisions thereof, will conflict in any respect with or result in a breach of or constitute a default under any of the foregoing;

(9) There is no action or proceeding pending or, to the knowledge of the undersigned, threatened, looking toward the dissolution or liquidation of any of the Borrowers;

(10) There is no action, suit, proceeding, inquiry or investigation of any kind, now pending or threatened against any Borrower, before any court or other public body, which would affect title to the property subject to the First Modification;

(11) No approval, consent or withholding of objection on the part of any regulatory body, federal, state or local, is required in connection with the execution or delivery of or compliance by Borrowers with the terms and conditions of the Deed to Secure Debt and Security Agreement, as amended this day; and

(12) There are no agreements among the officers, directors or shareholders of Borrowers which restrict in any way whatsoever material to the First Modification the power and authority of Borrowers to (a) execute and deliver and perform all of their obligations under the Deed to Secure Debt and Security Agreement, as amended this day, (b) incur liabilities, borrow money or issue notes, bonds or other obligations or (c) secure any of Borrowers’ obligations with mortgages, deeds to secure debt, pledges, security interests or other encumbrances upon all or any portion of Borrowers’ assets.

IN WITNESS WHEREOF, the undersigned has set his hand and seal, this 14th day of April, 2003.

/s/ Vernon J. Nagel (SEAL)

VERNON J. NAGEL

EXHIBIT 10(i)A4

National Service Industries, Inc.

NSI CENTER
1420 Peachtree Street, NE
Atlanta, Georgia 30309-3002
(404) 853-1000

[GRAPHIC APPEARS HERE]

Carol Ellis Morgan
Senior Vice President,
General Counsel, and Secretary

(404) 853-1281
(404) 853-1015 FAX
carol.morgan@nationalservice.com

June 3,2003

Acuity Brands, Inc.
Attention: Kenyon W, Murphy
1170 Peachtree Street, NE, Suite 2400
Atlanta, Georgia 30309-7676

Re: Agreement and Plan of Distribution (the "Distribution Agreement"), dated as of November 30, 2001, by and between National Service Industries, Inc. and Acuity Brands, Inc.

Dear Ken:

Reference is hereby made to the Distribution Agreement. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Distribution Agreement.

Notwithstanding anything contained in Section 2. 10(a)(ii) of the Distribution Agreement to the contrary, the parties agree that: (a) SpinCo shall be permitted to manufacture products using labels, containers or other product literature bearing the "National Service Industries, Inc." name, logo and any other trademark or service mark or other intellectual property included in the Parent Assets until November 30, 2003; and (b) SpinCo shall be permitted to ship products described in clause (a) above until November 30, 2004.

All other terms and provisions of the Distribution Agreement shall remain and continue in full force and effect. Please indicate your concurrence with the foregoing by executing and retuning a copy of this letter to the undersigned.

Sincerely,

NATIONAL SERVICE INDUSTRIES, INC.

By: /s/ Carol Ellis Morgan

Carol Ellis Morgan
Senior Vice President,
General Counsel, and Secretary

AGREED TO AND ACCEPTED THIS
4th DAY OF June, 2003:

ACUITY BRANDS, INC.

By: /s/ Kenyon W. Murphy

Kenyon W. Murphy
Senior Vice President and General Counsel

AGREEMENT AND CONSENT RELATING TO TAX DISAFFILIATION AGREEMENT

This AGREEMENT AND CONSENT RELATING TO TAX DISAFFILIATION AGREEMENT dated as of June 11, 2003 by and between NATIONAL SERVICE INDUSTRIES, INC. ("NSI-Del"), a Delaware corporation, NATIONAL SERVICE INDUSTRIES, INC. ("NSI Enterprises"), a California corporation, and ACUITY BRANDS, INC. ("Spinco"), a Delaware corporation.

RECITALS

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

B. On April 1, 2003, NSI-Del entered into the Agreement and Plan of Merger (the "Merger Agreement") by and between NSI-Del and NS Acquisition Corp., a Delaware corporation ("Buyer"), pursuant to which Buyer will be merged with and into NSI-Del, with NSI-Del as the surviving corporation (the "Merger").

C. In contemplation of the Merger, the parties hereto have agreed to enter into this Agreement and Consent Relating to Tax Disaffiliation Agreement (the "Agreement and Consent").

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

1. The parties acknowledge that, as of the date of this Agreement and Consent, the provisions of the Agreement relating to the obligations of Spinco and NSI-Del with respect to the federal income tax liability reflected in the consolidated federal income tax return filed by NSI-Del for the taxable year ended August 31, 2002, have been fully satisfied. For the avoidance of doubt, the parties agree that the provisions of the Agreement relating to the special allocation of $5,258,977 of tax liability to NSI-Del, including the provisions of the second sentence of Section 2.03(b) of the Agreement that "NSI-Del shall be liable for, and shall hold the Spinco Group harmless on an After Tax Basis against, $5,258,977 of tax liability of any member of the Spinco Group or any member of the NSI-Del Group for any Period Before the Second Distribution," are satisfied by the inclusion of the taxable income associated with the Oglethorpe Power safe harbor lease in determining the federal income tax liability of the NSI-Del Group for the taxable year ended August 31, 2002.

2. To the extent permitted by law, any member of the NSI-Del Group may elect to carry back, pursuant to Section 3.01(b), (i) any net operating loss attributable to

the fiscal year ended August 31, 2002, to the taxable year ended August 31, 1997, and (ii) any wage credits attributable to the fiscal year ended August 31, 2002, to the taxable year ended August 31, 2001. Such carrybacks shall be governed by all of the provisions of Section 3.01(b) (including the indemnity obligations of NSI-Del set forth in the fourth sentence thereof, which indemnity obligations shall, for sake of clarification, include any amount which may be assessed solely by reason of Section 6501(k) of the Code). Spinco hereby consents to the carrybacks and approves filing any claim for refund relating to such carrybacks.

3. The parties acknowledge that they have a dispute concerning the application and interpretation of the Agreement with respect to certain credits for increasing research activities and foreign tax credits attributable to activities of members of the Spinco Group during the portion of the Stub Period ended on the Date of the Second Distribution. Notwithstanding such dispute, the parties agree that such credits for increasing research activities shall be carried back to the taxable year ended August 31, 2001, and that such foreign tax credits shall be carried back to the taxable year ended August 31, 2000. The parties hereby consent to those carrybacks and approve filing any claim for refund relating to such carrybacks. However, neither the facts of the execution of this Agreement and Consent nor any provision contained herein is intended or shall be construed to affect in any way the resolution of the dispute between the parties concerning the application and interpretation of the Agreement with respect to such credits.

4. The parties hereby acknowledge and agree that NSI-Del has satisfied in full its obligations to provide notice to Spinco with respect to the Merger Agreement and the Merger as provided in Section 2.04(d) of the Agreement.

5. The Agreement shall be read together and shall have the same force and effect as if the provisions of the Agreement and this Agreement and Consent were contained in one document. The Agreement shall remain in full force and effect in accordance with its terms. Capitalized terms used but not defined in this Agreement and Consent shall have the meanings ascribed to them in the Agreement.

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

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

ACUITY BRANDS, INC.,
a Delaware corporation

By: /s/ Kenyon W. Murphy

Name: Kenyon W. Murphy
Title: Sr. V.P. & General Counsel

Witness: /s/ Helen D. Haines

Name: Helen D. Haines

NATIONAL SERVICE INDUSTRIES, INC.,
a Delaware corporation

By: /s/ Brock Hattox

Name: Brock Hattox
Title: Chairman of the Board, CEO & President

Witness: /s/ Carol Ellis Morgan

Name: Carol Ellis Morgan

NATIONAL SERVICE INDUSTRIES, INC.,
a California corporation

By: /s/ Brock Hattox

Name: Brock Hattox
Title: Chairman of the Board, CEO & President

Witness: /s/ Carol Ellis Morgan

Name: Carol Ellis Morgan

EXHIBIT 10(iii)A3

June 20, 2003

James H. Heagle
Executive Vice President
Acuity Brands, Inc.
1170 Peachtree Street, NE
Suite 2400
Atlanta, GA 30309

Dear Jim:

Acuity Brands recently undertook a review of its retirement programs and, as a result of that review, a number of changes to the plans covering employees at the corporate office were implemented on January 1, 2003. This letter provides an overview of the changes that affect you.

The 401(k) Plan covering corporate office employees was changed effective January 1, 2003, in a number of respects:

- For administrative and compliance purposes, the 401(k) Plan was combined with the Acuity Lighting Group 401(k) Plan. The resulting plan, called the Acuity Brands, Inc. 401(k) Plan, is substantially the same as the current plan. To facilitate this merger, there was a short "blackout period," described on Exhibit A.
- Matching contributions were increased to 60% of the participant's deferrals up to 6% of compensation (a total match of 3.6% or a 20% increase over the current plan).
- Vesting in the Company's matching contributions will be based upon the period from your date of hire to your date of termination rather than hours of service worked each calendar year, but in no event will a current participant receive fewer years of service than under the prior rules.
- The minimum hardship withdrawal will be reduced to $500 from $1,000.

Except for the changes outlined above, the combined 401(k) Plan will operate in the same manner as the plan in which you currently participate, including employee deferrals, investment options and changes, payouts and loan rules.

With respect to the Acuity Brands, Inc. Pension Plan, the defined benefit pension plan that covers corporate office employees:

- Benefit accruals under the Pension Plan ceased effective as of December 31, 2002, and no compensation earned or service credited after that date will count under the plan (see attached Notice of Cessation of Benefit Accruals).
- Your accrued benefit in the Pension Plan (if any) will be paid to you after you terminate employment in accordance with the terms of the plan.

You are currently a participant in the Acuity Brands, Inc. Supplemental Retirement Plan for Executives ("Current SERP"). As you are aware, your participation in the Current SERP will cease effective as of December 31, 2002, contingent upon your waiver of the benefits due you under that plan, at which time you will become a participant in the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan ("New SERP"). As shown on Exhibit B attached hereto, your benefits are greater under the New SERP than under the Current SERP.

Please indicate your waiver of benefits under the Current SERP and your acceptance of benefits under the New SERP, effective as of December 31, 2002, by signing and dating both copies of this letter in the space provided below. Please return one copy of the signed letter to Helen Haines at the Peachtree office at your earliest convenience, but no later than July 1, 2003.

If you have any questions concerning these plan changes, please contact Jane Struble at 770-860-3545.

Very truly yours,

/s/ Larry Miller

Larry Miller

J. H. Heagle

James H. Heagle

6-23-03

Date

EXHIBIT A

ACUITY BRANDS, INC.
401(K) PLAN

TRANSITION PERIOD AND BLACKOUT PERIOD

DECEMBER 20TH—Last day to submit distribution paperwork to Acuity Brands.

DECEMBER 30TH—Up to 4 p.m. ET—Last day to make any of the following transactions until blackout period is over:

- Change your contribution percentage
- Request a loan
- Make changes to future investment elections
- Transfer balances among investment funds

During this period participants will still be able to view their account balances; however, no transaction can be made.

JANUARY 1, 2003—Plan accounts transferred to merged 401(k) Plan. At this point, accounts will no longer be available for viewing until blackout is over.

JANUARY 4, 2003—Blackout over and participants have access to their account for all purposes.

Exhibit B
SERP Benefit Comparison
James H. Heagle

Present Value of Benefits at January 1, 2003	
Current SERP	243,200
Plan C Benefit Loss	56,897
EDCP Match Loss	7,100
Total Current Plans	307,197
New SERP	396,100
Decrease in Benefits	NA

June 20, 2003

Vernon J. Nagel
Executive Vice President and Chief Financial Officer
Acuity Brands, Inc.
1170 Peachtree Street, NE
Suite 2400
Atlanta, GA 30309

Dear Vern:

Acuity Brands recently undertook a review of its retirement programs and, as a result of that review, a number of changes to the plans covering employees at the corporate office were implemented on January 1, 2003. This letter provides an overview of the changes that affect you.

The 401(k) Plan covering corporate office employees was changed effective January 1, 2003, in a number of respects:

- For administrative and compliance purposes, the 401(k) Plan was combined with the Acuity Lighting Group 401(k) Plan. The resulting plan, called the Acuity Brands, Inc. 401(k) Plan, is substantially the same as the current plan. To facilitate this merger, there was a short “blackout period,” described on Exhibit A.
- Matching contributions were increased to 60% of the participant’s deferrals up to 6% of compensation (a total match of 3.6% or a 20% increase over the current plan).
- Vesting in the Company’s matching contributions will be based upon the period from your date of hire to your date of termination rather than hours of service worked each calendar year, but in no event will a current participant receive fewer years of service than under the prior rules.
- The minimum hardship withdrawal will be reduced to $500 from $1,000.

Except for the changes outlined above, the combined 401(k) Plan will operate in the same manner as the plan in which you currently participate, including employee deferrals, investment options and changes, payouts and loan rules.

With respect to the Acuity Brands, Inc. Pension Plan, the defined benefit pension plan that covers corporate office employees:

- Benefit accruals under the Pension Plan ceased effective as of December 31, 2002, and no compensation earned or service credited after that date will count under the plan (see attached Notice of Cessation of Benefit Accruals).
- Your accrued benefit in the Pension Plan (if any) will be paid to you after you terminate employment in accordance with the terms of the plan.

You are currently a participant in the Acuity Brands, Inc. Supplemental Retirement Plan for Executives ("Current SERP"). As you are aware, your participation in the Current SERP will cease effective as of December 31, 2002, contingent upon your waiver of the benefits due you under that plan, at which time you will become a participant in the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan ("New SERP"). Because this change may cause the projected overall retirement benefits provided to you by the Company to be reduced, the Company has decided (subject to certain conditions), to provide you with an annual contribution to the Supplemental Deferred Savings Plan to "make-up" for such potentially reduced benefits. The general terms of the SERP Make-Up Contribution are described on Exhibit B and the calculation of your individual Make-Up Contribution is shown on Exhibit C, each attached hereto.

Please indicate your waiver of benefits under the Current SERP and your acceptance of benefits under the New SERP and the SERP Make-Up Contribution, effective as of December 31, 2002, by signing and dating both copies of this letter in the space provided below. Please return one copy of the signed letter to Helen Haines at the Peachtree office at your earliest convenience, but no later than July 1, 2003.

If you have any questions concerning these plan changes, please contact Jane Struble at 770-860-3545.

Very truly yours,

/s/ Larry Miller

Larry Miller

/s/ Vernon J. Nagel

Vernon J. Nagel

6-30-03

Date

EXHIBIT A

ACUITY BRANDS, INC.
401(K) PLAN

TRANSITION PERIOD AND BLACKOUT PERIOD

DECEMBER 20TH—Last day to submit distribution paperwork to Acuity Brands.

DECEMBER 30TH—Up to 4 p.m. ET—Last day to make any of the following transactions until blackout period is over:

- Change your contribution percentage
- Request a loan
- Make changes to future investment elections
- Transfer balances among investment funds

During this period participants will still be able to view their account balances; however, no transaction can be made.

JANUARY 1, 2003—Plan accounts transferred to merged 401(k) Plan. At this point, accounts will no longer be available for viewing until blackout is over.

JANUARY 4, 2003—Blackout over and participants have access to their account for all purposes.

EXHIBIT B

**MAKE-UP CONTRIBUTION TO
SUPPLEMENTAL DEFERRED SAVINGS PLAN**

(a) In General—For Plan Years (calendar years) commencing January 1, 2003, the Company shall for each Plan Year during the SERP Make-Up Contribution Period (as defined in subsection (b) below) for each Participant make a SERP Make-Up Contribution credit to the Supplemental Deferred Savings Plan ("Plan") (determined in accordance with subsection (b) below) for the benefit of such Participant. The SERP Make-Up Contribution for each Plan Year shall be credited to the Participant's SERP Make-Up Contribution Subaccount under the Plan. The SERP Make-Up Contribution Subaccount shall at all times be fully vested and nonforfeitable. The SERP Make-Up Contribution Subaccount shall be credited with interest at the Prime Rate on each Annual Valuation Date based upon the amount credited to such Subaccount as of the preceding Annual Valuation Date and at such other times, if any, as may be determined by the Plan Administrator. The SERP Make-up Contribution Subaccount shall be distributed in accordance with the other provisions of the Plan if the Participant terminates prior to age 55 and in the same manner as the Participant's Supplemental Subaccount if the Participant terminates on or after attaining age 55. The SERP Make-Up Contribution for each Plan Year shall be credited on the last day of the Plan Year, unless the Employer elects to make such credit on an earlier date. In order to be eligible to receive the SERP Make-Up Contribution credit for the Plan Year, the Participant must be actively employed on the last day of the Plan Year and complete a Year of Service (e.g., 1,000 hours of service) for such year.

(b) Amount of SERP Make-Up Contribution Credit—The SERP Make-Up Contribution credit for a Participant for the Plan Year shall be equal to the Present Value determined as of January 1, 2003 of the Annual Benefit Loss of the Participant divided by the number of years in the SERP Make-Up Contribution Period, adjusted by the Discount Percentage. The Annual Benefit Loss for a Participant is the difference between (A) the aggregate annual supplemental retirement benefit the Participant was projected to receive at age 60 assuming that the Pension Plan, the Current SERP (as defined in subsection (d) below) and the EDCP (as defined in subsection (d) below) continued in operation in accordance with their terms as in effect on August 31, 2002, and (B) the aggregate supplemental annual retirement benefit the Participant is projected to receive at age 60 from the New SERP. The Participant's SERP Make-Up Contribution Period is the period commencing January 1, 2003 and ending on the last day of the Plan Year in which the Participant attains age 60. The Present Value of the Annual Benefit Loss shall be determined by taking the amount of the Annual Benefit Loss on the date the Participant attains age 60 and discounting such amount to January 1, 2003 using an interest rate of 5.12% per year and the mortality table prescribed by the IRS in Rev. Rul. 95-6.

(ii) The SERP Make-Up Contribution to be credited to a Participant for a Plan Year shall be increased over the amount credited for the prior Plan Year by the Discount Percentage to account for the passage of a year and the related foregone interest earnings potential.

(c) Discretion of Company—The Company shall have the discretion to determine the amount of the SERP Make-Up Contribution for a Participant each Plan Year and the Company's determination of the SERP Make-Up Contribution credit shall be final and binding upon all parties.

(d) Definitions—The following definitions shall apply for purposes of this Exhibit B:

(i) Pension Plan—The Acuity Brands, Inc. Pension Plan, as amended through December 31, 2002.

(ii) Discount Percentage—A percentage rate equal to 5.12% per year.

(iii) Current SERP—The Acuity Brands, Inc. Supplemental Retirement Plan for Executives as amended through December 31, 2002.

(iv) New SERP—The Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan, which will be effective January 1, 2003.

(v) EDCP—The Acuity Brands, Inc. Executives' Deferred Compensation Plan as amended through August 31, 2002.

Exhibit C
SERP Benefit Comparison and Make-Up Contribution
Vernon J. Nagel

Present Value of Benefits at January 1, 2003		
Current SERP		868,300
Plan C Benefit Loss		170,014
EDCP Match Loss		32,400
Total Current Plans		1,070,714
New SERP		718,200
Decrease in Benefits		352,514
÷ Years to Age 60		15
PV of Annual SERP Make-Up Contribution		23,500.93
Annual SERP Make-Up Contribution:		
At Age	46	24,704.18
	47	25,969.03
	48	27,298.64
	49	28,696.33
	50	30,165.58
	51	31,710.06
	52	33,333.62
	53	35,040.30
	54	36,834.36
	55	38,720.28
	56	40,702.76
	57	42,786.74
	58	44,977.42
	59	47,280.26
	60	49,701.01

June 20, 2003

Joseph G. Parham, Jr.
Senior Vice President, Human Resources
Acuity Brands, Inc.
1170 Peachtree Street, NE
Suite 2400
Atlanta, GA 30309

Dear Joe:

Acuity Brands recently undertook a review of its retirement programs and, as a result of that review, a number of changes to the plans covering employees at the corporate office were implemented on January 1, 2003. This letter provides an overview of the changes that affect you.

The 401(k) Plan covering corporate office employees was changed effective January 1, 2003, in a number of respects:

- For administrative and compliance purposes, the 401(k) Plan was combined with the Acuity Lighting Group 401(k) Plan. The resulting plan, called the Acuity Brands, Inc. 401(k) Plan, is substantially the same as the current plan. To facilitate this merger, there was a short “blackout period,” described on Exhibit A.
- Matching contributions were increased to 60% of the participant’s deferrals up to 6% of compensation (a total match of 3.6% or a 20% increase over the current plan).
- Vesting in the Company’s matching contributions will be based upon the period from your date of hire to your date of termination rather than hours of service worked each calendar year, but in no event will a current participant receive fewer years of service than under the prior rules.
- The minimum hardship withdrawal will be reduced to $500 from $1,000.

Except for the changes outlined above, the combined 401(k) Plan will operate in the same manner as the plan in which you currently participate, including employee deferrals, investment options and changes, payouts and loan rules.

With respect to the Acuity Brands, Inc. Pension Plan, the defined benefit pension plan that covers corporate office employees:

- Benefit accruals under the Pension Plan ceased effective as of December 31, 2002, and no compensation earned or service credited after that date will count under the plan (see attached Notice of Cessation of Benefit Accruals).
- Your accrued benefit in the Pension Plan (if any) will be paid to you after you terminate employment in accordance with the terms of the plan.

You are currently a participant in the Acuity Brands, Inc. Supplemental Retirement Plan for Executives ("Current SERP"). As you are aware, your participation in the Current SERP will cease effective as of December 31, 2002, contingent upon your waiver of the benefits due you under that plan, at which time you will become a participant in the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan ("New SERP"). Because this change may cause the projected overall retirement benefits provided to you by the Company to be reduced, the Company has decided (subject to certain conditions), to provide you with an annual contribution to the Supplemental Deferred Savings Plan to "make-up" for such potentially reduced benefits. The general terms of the SERP Make-Up Contribution are described on Exhibit B and the calculation of your individual Make-Up Contribution is shown on Exhibit C, each attached hereto.

Please indicate your waiver of benefits under the Current SERP and your acceptance of benefits under the New SERP and the SERP Make-Up Contribution, effective as of December 31, 2002, by signing and dating both copies of this letter in the space provided below. Please return one copy of the signed letter to Helen Haines at the Peachtree office at your earliest convenience, but no later than July 1, 2003.

If you have any questions concerning these plan changes, please contact Jane Struble at 770-860-3545.

Very truly yours,

/s/ Larry Miller

Larry Miller

Joe Parham

Joseph G. Parham, Jr.

6-23-03

Date

EXHIBIT A

ACUITY BRANDS, INC.
401(K) PLAN

TRANSITION PERIOD AND BLACKOUT PERIOD

DECEMBER 20TH—Last day to submit distribution paperwork to Acuity Brands.

DECEMBER 30TH—Up to 4 p.m. ET—Last day to make any of the following transactions until blackout period is over:

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- Request a loan
- Make changes to future investment elections
- Transfer balances among investment funds

During this period participants will still be able to view their account balances; however, no transaction can be made.

JANUARY 1, 2003—Plan accounts transferred to merged 401(k) Plan. At this point, accounts will no longer be available for viewing until blackout is over.

JANUARY 4, 2003—Blackout over and participants have access to their account for all purposes.

EXHIBIT B

MAKE-UP CONTRIBUTION TO
SUPPLEMENTAL DEFERRED SAVINGS PLAN

(a) In General—For Plan Years (calendar years) commencing January 1, 2003, the Company shall for each Plan Year during the SERP Make-Up Contribution Period (as defined in subsection (b) below) for each Participant make a SERP Make-Up Contribution credit to the Supplemental Deferred Savings Plan (“Plan”) (determined in accordance with subsection (b) below) for the benefit of such Participant. The SERP Make-Up Contribution for each Plan Year shall be credited to the Participant’s SERP Make-Up Contribution Subaccount under the Plan. The SERP Make-Up Contribution Subaccount shall at all times be fully vested and nonforfeitable. The SERP Make-Up Contribution Subaccount shall be credited with interest at the Prime Rate on each Annual Valuation Date based upon the amount credited to such Subaccount as of the preceding Annual Valuation Date and at such other times, if any, as may be determined by the Plan Administrator. The SERP Make-up Contribution Subaccount shall be distributed in accordance with the other provisions of the Plan if the Participant terminates prior to age 55 and in the same manner as the Participant’s Supplemental Subaccount if the Participant terminates on or after attaining age 55. The SERP Make-Up Contribution for each Plan Year shall be credited on the last day of the Plan Year, unless the Employer elects to make such credit on an earlier date. In order to be eligible to receive the SERP Make-Up Contribution credit for the Plan Year, the Participant must be actively employed on the last day of the Plan Year and complete a Year of Service (e.g., 1,000 hours of service) for such year.

(b) Amount of SERP Make-Up Contribution Credit—The SERP Make-Up Contribution credit for a Participant for the Plan Year shall be equal to the Present Value determined as of January 1, 2003 of the Annual Benefit Loss of the Participant divided by the number of years in the SERP Make-Up Contribution Period, adjusted by the Discount Percentage. The Annual Benefit Loss for a Participant is the difference between (A) the aggregate annual supplemental retirement benefit the Participant was projected to receive at age 60 assuming that the Pension Plan, the Current SERP (as defined in subsection (d) below) and the EDCP (as defined in subsection (d) below) continued in operation in accordance with their terms as in effect on August 31, 2002, and (B) the aggregate supplemental annual retirement benefit the Participant is projected to receive at age 60 from the New SERP. The Participant’s SERP Make-Up Contribution Period is the period commencing January 1, 2003 and ending on the last day of the Plan Year in which the Participant attains age 60. The Present Value of the Annual Benefit Loss shall be determined by taking the amount of the Annual Benefit Loss on the date the Participant attains age 60 and discounting such amount to January 1, 2003 using an interest rate of 5.12% per year and the mortality table prescribed by the IRS in Rev. Rul. 95-6.

(ii) The SERP Make-Up Contribution to be credited to a Participant for a Plan Year shall be increased over the amount credited for the prior Plan Year by the Discount Percentage to account for the passage of a year and the related foregone interest earnings potential.

(c) Discretion of Company—The Company shall have the discretion to determine the amount of the SERP Make-Up Contribution for a Participant each Plan Year and the Company's determination of the SERP Make-Up Contribution credit shall be final and binding upon all parties.

(d) Definitions—The following definitions shall apply for purposes of this Exhibit B:

(i) Pension Plan—The Acuity Brands, Inc. Pension Plan, as amended through December 31, 2002.

(ii) Discount Percentage—A percentage rate equal to 5.12% per year.

(iii) Current SERP—The Acuity Brands, Inc. Supplemental Retirement Plan for Executives as amended through December 31, 2002.

(iv) New SERP—The Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan, which will be effective January 1, 2003.

(v) EDCP—The Acuity Brands, Inc. Executives' Deferred Compensation Plan as amended through August 31, 2002.

Exhibit C
SERP Benefit Comparison and Make-Up Contribution
Joseph G. Parham, Jr.

Present Value of Benefits at January 1, 2003		
Current SERP		547,527
Plan C Benefit Loss		109,508
EDCP Match Loss		20,500
Total Current Plans		677,535
New SERP		618,650
Decrease in Benefits		58,885
÷ Years to Age 60		7
PV of Annual SERP Make-Up Contribution		8,412.14
Annual SERP Make-Up Contribution:		
At Age	54	8,842.84
	55	9,295.59
	56	9,771.52
	57	10,271.82
	58	10,797.74
	59	11,350.58
	60	11,931.73

June 20, 2003

Kenyon W. Murphy
Senior Vice President and General Counsel
Acuity Brands, Inc.
1170 Peachtree Street, NE
Suite 2400
Atlanta, GA 30309

Dear Ken:

Acuity Brands recently undertook a review of its retirement programs and, as a result of that review, a number of changes to the plans covering employees at the corporate office were implemented on January 1, 2003. This letter provides an overview of the changes that affect you.

The 401(k) Plan covering corporate office employees was changed effective January 1, 2003, in a number of respects:

- For administrative and compliance purposes, the 401(k) Plan was combined with the Acuity Lighting Group 401(k) Plan. The resulting plan, called the Acuity Brands, Inc. 401(k) Plan, is substantially the same as the current plan. To facilitate this merger, there was a short "blackout period," described on Exhibit A.
- Matching contributions were increased to 60% of the participant's deferrals up to 6% of compensation (a total match of 3.6% or a 20% increase over the current plan).
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- The minimum hardship withdrawal will be reduced to $500 from $1,000.

Except for the changes outlined above, the combined 401(k) Plan will operate in the same manner as the plan in which you currently participate, including employee deferrals, investment options and changes, payouts and loan rules.

With respect to the Acuity Brands, Inc. Pension Plan, the defined benefit pension plan that covers corporate office employees:

- Benefit accruals under the Pension Plan ceased effective as of December 31, 2002, and no compensation earned or service credited after that date will count under the plan (see attached Notice of Cessation of Benefit Accruals).
- Your accrued benefit in the Pension Plan (if any) will be paid to you after you terminate employment in accordance with the terms of the plan.

You are currently a participant in the Acuity Brands, Inc. Supplemental Retirement Plan for Executives ("Current SERP"). As you are aware, your participation in the Current SERP will cease effective as of December 31, 2002, contingent upon your waiver of the benefits due you under that plan, at which time you will become a participant in the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan ("New SERP"). Because this change may cause the projected overall retirement benefits provided to you by the Company to be reduced, the Company has decided (subject to certain conditions), to provide you with an annual contribution to the Supplemental Deferred Savings Plan to "make-up" for such potentially reduced benefits. The general terms of the SERP Make-Up Contribution are described on Exhibit B and the calculation of your individual Make-Up Contribution is shown on Exhibit C, each attached hereto.

Please indicate your waiver of benefits under the Current SERP and your acceptance of benefits under the New SERP and the SERP Make-Up Contribution, effective as of December 31, 2002, by signing and dating both copies of this letter in the space provided below. Please return one copy of the signed letter to Helen Haines at the Peachtree office at your earliest convenience, but no later than July 1, 2003.

If you have any questions concerning these plan changes, please contact Jane Struble at 770-860-3545.

Very truly yours,

/s/ Larry Miller

Larry Miller

/s/ Kenyon W. Murphy

Kenyon W. Murphy

6-30-03

Date

EXHIBIT A

ACUITY BRANDS, INC.
401(K) PLAN

TRANSITION PERIOD AND BLACKOUT PERIOD

DECEMBER 20TH—Last day to submit distribution paperwork to Acuity Brands.

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JANUARY 4, 2003—Blackout over and participants have access to their account for all purposes.

EXHIBIT B

MAKE-UP CONTRIBUTION TO
SUPPLEMENTAL DEFERRED SAVINGS PLAN

(a) In General—For Plan Years (calendar years) commencing January 1, 2003, the Company shall for each Plan Year during the SERP Make-Up Contribution Period (as defined in subsection (b) below) for each Participant make a SERP Make-Up Contribution credit to the Supplemental Deferred Savings Plan (“Plan”) (determined in accordance with subsection (b) below) for the benefit of such Participant. The SERP Make-Up Contribution for each Plan Year shall be credited to the Participant’s SERP Make-Up Contribution Subaccount under the Plan. The SERP Make-Up Contribution Subaccount shall at all times be fully vested and nonforfeitable. The SERP Make-Up Contribution Subaccount shall be credited with interest at the Prime Rate on each Annual Valuation Date based upon the amount credited to such Subaccount as of the preceding Annual Valuation Date and at such other times, if any, as may be determined by the Plan Administrator. The SERP Make-up Contribution Subaccount shall be distributed in accordance with the other provisions of the Plan if the Participant terminates prior to age 55 and in the same manner as the Participant’s Supplemental Subaccount if the Participant terminates on or after attaining age 55. The SERP Make-Up Contribution for each Plan Year shall be credited on the last day of the Plan Year, unless the Employer elects to make such credit on an earlier date. In order to be eligible to receive the SERP Make-Up Contribution credit for the Plan Year, the Participant must be actively employed on the last day of the Plan Year and complete a Year of Service (e.g., 1,000 hours of service) for such year.

(b) Amount of SERP Make-Up Contribution Credit—The SERP Make-Up Contribution credit for a Participant for the Plan Year shall be equal to the Present Value determined as of January 1, 2003 of the Annual Benefit Loss of the Participant divided by the number of years in the SERP Make-Up Contribution Period, adjusted by the Discount Percentage. The Annual Benefit Loss for a Participant is the difference between (A) the aggregate annual supplemental retirement benefit the Participant was projected to receive at age 60 assuming that the Pension Plan, the Current SERP (as defined in subsection (d) below) and the EDCP (as defined in subsection (d) below) continued in operation in accordance with their terms as in effect on August 31, 2002, and (B) the aggregate supplemental annual retirement benefit the Participant is projected to receive at age 60 from the New SERP. The Participant’s SERP Make-Up Contribution Period is the period commencing January 1, 2003 and ending on the last day of the Plan Year in which the Participant attains age 60. The Present Value of the Annual Benefit Loss shall be determined by taking the amount of the Annual Benefit Loss on the date the Participant attains age 60 and discounting such amount to January 1, 2003 using an interest rate of 5.12% per year and the mortality table prescribed by the IRS in Rev. Rul. 95-6.

(ii) The SERP Make-Up Contribution to be credited to a Participant for a Plan Year shall be increased over the amount credited for the prior Plan Year by the Discount Percentage to account for the passage of a year and the related foregone interest earnings potential.

(c) Discretion of Company—The Company shall have the discretion to determine the amount of the SERP Make-Up Contribution for a Participant each Plan Year and the Company's determination of the SERP Make-Up Contribution credit shall be final and binding upon all parties.

(d) Definitions—The following definitions shall apply for purposes of this Exhibit B:

(i) Pension Plan—The Acuity Brands, Inc. Pension Plan, as amended through December 31, 2002.

(ii) Discount Percentage—A percentage rate equal to 5.12% per year.

(iii) Current SERP—The Acuity Brands, Inc. Supplemental Retirement Plan for Executives as amended through December 31, 2002.

(iv) New SERP—The Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan, which will be effective January 1, 2003.

(v) EDCP—The Acuity Brands, Inc. Executives' Deferred Compensation Plan as amended through August 31, 2002.

Exhibit C
SERP Benefit Comparison and Make-Up Contribution
Kenyon W. Murphy

Present Value of Benefits at January 1, 2003		
Current SERP		880,800
Plan C Benefit Loss		113,620
EDCP Match Loss		32,400
Total Current Plans		1,026,820
New SERP		626,700
Decrease in Benefits		400,120
÷ Years to Age 60		14
PV of Annual SERP Make-Up Contribution		28,580.00
Annual SERP Make-Up Contribution:		
At Age	47	30,043.30
	48	31,581.52
	49	33,198.49
	50	34,898.25
	51	36,685.04
	52	38,563.31
	53	40,537.75
	54	42,613.28
	55	44,795.08
	56	47,088.59
	57	49,499.53
	58	52,033.91
	59	54,698.05
	60	57,498.59

AMENDMENT NO. 2
TO
ACUITY BRANDS, INC.
SUPPLEMENTAL DEFERRED SAVINGS PLAN

THIS AMENDMENT made as of the 1st day of January, 2003, by ACUITY BRANDS, INC. (the “Company”);

WITNESSETH:

WHEREAS, the Company maintains the Acuity Brands, Inc. Supplemental Deferred Savings Plan (the “Plan”); and

WHEREAS, the Company now desires to amend the Plan to provide for the crediting of deferrals of Shares of Restricted Stock granted under the Acuity Brands, Inc. Long-Term Incentive Plan;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the Plan is hereby amended as follows:

1.

Section 2.7 is hereby amended by adding the words “or Deferred Vested Value Subaccount” in the second line of the present section after the word “Subaccount.”

2.

Section 4.1 is hereby amended by adding the following new subsection (f) to the end of the present section:

“(f) Deferred Vested Value Subaccount. The Company shall establish a Deferred Vested Value Subaccount for each Participant under the Plan. The Participant’s Deferred Vested Value Subaccount shall be credited at the earlier of the Vesting Start Date or the Performance Achievement Date (each as defined in the Restricted Stock Award Agreement) with a number of Shares equal to the number of shares of Restricted Stock granted under the Acuity Brands, Inc. Long-Term Incentive Plan (“LTIP”) the Participant elects to defer pursuant to the terms of the LTIP and shall be 100% vested and nonforfeitable following the Performance Achievement Date. The Deferred Vested Value Subaccount will be adjusted on each Annual Valuation Date (and at such other dates, if any, as may be determined by the Plan Administrator) as if it were invested in Shares to reflect any dividends (including reinvestment of such dividends in Shares), distributions, stock dividends, stock splits or similar actions with respect to the Shares since the preceding Annual Valuation Date (or such other date).

The amounts credited to a Participant’s Deferred Vested Value Subaccount for each Plan Year shall be credited to a Class Year Subaccount for such Plan Year and shall be distributed and subject to a further deferral election

(which may be separate or combined with the election for the same Class Year Subaccount for the Participant's Deferral Subaccount) in the same manner as provided in Section 4.3 for a Class Year Subaccount of the Participant's Deferral Subaccount. The amounts credited to a Participant's Deferred Vested Value Subaccount shall be subject to the hardship distribution rules of Section 4.4.

3.

This Amendment No. 2 to the Plan shall be effective as of January 1, 2003. Except as hereby modified, the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, the Company has executed this Amendment No. 2 as of the date first written above.

ACUITY BRANDS, INC.

By: /s/ James S. Balloun

Exhibit 99.1

**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 May 31, 2003, 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/ James S. Balloun

James S. Balloun
Chairman, President, and Chief Executive Officer
July 14, 2003

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

Exhibit 99.2

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 May 31, 2003, 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/ Vernon J. Nagel

Vernon J. Nagel
Executive Vice President and
Chief Financial Officer
July 14, 2003

[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.]