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

Form 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended November 30, 2016.
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to .

Commission file number 001-16583.

ACUITY BRANDS, INC.

(Exact name of registrant as specified in its charter)

Delaware

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

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

58-2632672

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

30309-7676
(Zip Code)

(404) 853-1400

(Registrant's telephone number, including area code)

None

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

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

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

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

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

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

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

Common stock — \$0.01 par value — 44,092,620 shares as of January 5, 2017.

ACUITY BRANDS, INC.

Table of Contents

	<u>Page No.</u>
<u>Part I. FINANCIAL INFORMATION</u>	
<u>ITEM 1. FINANCIAL STATEMENTS</u>	
<u>CONSOLIDATED BALANCE SHEETS -- NOVEMBER 30, 2016 (Unaudited) AND AUGUST 31, 2016</u>	<u>1</u>
<u>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited) -- THREE MONTHS ENDED NOVEMBER 30, 2016 AND 2015</u>	<u>2</u>
<u>CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) -- THREE MONTHS ENDED NOVEMBER 30, 2016 AND 2015</u>	<u>3</u>
<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)</u>	<u>4</u>
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>21</u>
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>27</u>
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	<u>28</u>
<u>Part II. OTHER INFORMATION</u>	
<u>ITEM 1. LEGAL PROCEEDINGS</u>	<u>29</u>
<u>ITEM 1a. RISK FACTORS</u>	<u>29</u>
<u>ITEM 5. OTHER INFORMATION</u>	<u>29</u>
<u>ITEM 6. EXHIBITS</u>	<u>30</u>
<u>SIGNATURES</u>	<u>31</u>
EX-31.A	
EX-31.B	
EX-32.A	
EX-32.B	
EX-101.INSTANCE DOCUMENT	
EX-101.SCHEMA DOCUMENT	
EX-101.CALCULATION LINKBASE DOCUMENT	
EX-101.LABELS LINKBASE DOCUMENT	
EX-101.PRESENTATION LINKBASE DOCUMENT	
EX-101.DEFINITION LINKBASE DOCUMENT	

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	<u>November 30, 2016</u>	<u>August 31, 2016</u>
	<u>(unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 451.2	\$ 413.2
Accounts receivable, less reserve for doubtful accounts of \$1.6 and \$1.7, respectively	522.5	572.8
Inventories	334.4	295.2
Prepayments and other current assets	48.1	41.7
Total current assets	<u>1,356.2</u>	<u>1,322.9</u>
Property, plant, and equipment, at cost:		
Land	21.9	23.1
Buildings and leasehold improvements	178.5	174.4
Machinery and equipment	458.4	448.2
Total property, plant, and equipment	658.8	645.7
Less: accumulated depreciation and amortization	<u>(385.3)</u>	<u>(377.9)</u>
Property, plant, and equipment, net	273.5	267.8
Goodwill	941.8	947.8
Intangible assets, net	372.8	381.4
Deferred income taxes	4.8	5.1
Other long-term assets	14.3	23.0
Total assets	<u>\$ 2,963.4</u>	<u>\$ 2,948.0</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 390.9	\$ 401.0
Current maturities of long-term debt	0.3	0.2
Accrued compensation	26.6	95.2
Other accrued liabilities	192.0	176.1
Total current liabilities	<u>609.8</u>	<u>672.5</u>
Long-term debt	355.7	355.0
Accrued pension liabilities	117.6	119.9
Deferred income taxes	74.6	74.6
Self-insurance reserves	7.4	7.2
Other long-term liabilities	68.2	59.0
Total liabilities	<u>1,233.3</u>	<u>1,288.2</u>
Commitments and contingencies (see <i>Commitments and Contingencies</i> footnote)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 500,000,000 shares authorized; 53,503,317 and 53,415,687 issued, respectively	0.5	0.5
Paid-in capital	860.7	856.4
Retained earnings	1,436.8	1,360.9
Accumulated other comprehensive loss	(149.3)	(139.4)
Treasury stock, at cost — 9,679,752 and 9,679,457 shares, respectively	<u>(418.6)</u>	<u>(418.6)</u>
Total stockholders' equity	1,730.1	1,659.8
Total liabilities and stockholders' equity	<u>\$ 2,963.4</u>	<u>\$ 2,948.0</u>

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

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

	Three Months Ended	
	November 30, 2016	November 30, 2015
Net sales	\$ 851.2	\$ 736.6
Cost of products sold	491.6	417.2
Gross profit	359.6	319.4
Selling, distribution, and administrative expenses	231.8	206.6
Special charge	1.2	0.4
Operating profit	126.6	112.4
Other expense (income):		
Interest expense, net	8.2	7.9
Miscellaneous income, net	(7.9)	(0.7)
Total other expense	0.3	7.2
Income before provision for income taxes	126.3	105.2
Provision for income taxes	44.6	36.8
Net income	\$ 81.7	\$ 68.4
Earnings per share:		
Basic earnings per share	\$ 1.87	\$ 1.58
Basic weighted average number of shares outstanding	43.8	43.3
Diluted earnings per share	\$ 1.86	\$ 1.57
Diluted weighted average number of shares outstanding	44.0	43.6
Dividends declared per share	\$ 0.13	\$ 0.13
Comprehensive income:		
Net income	\$ 81.7	\$ 68.4
Other comprehensive income (loss) items:		
Foreign currency translation adjustments	(11.9)	(4.2)
Defined benefit pension plans, net of tax	2.0	1.4
Other comprehensive loss, net of tax	(9.9)	(2.8)
Comprehensive income	\$ 71.8	\$ 65.6

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

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

	Three Months Ended	
	November 30, 2016	November 30, 2015
Cash flows from operating activities:		
Net income	\$ 81.7	\$ 68.4
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	17.2	14.3
Share-based payment expense	7.9	6.4
Excess tax benefits from share-based payments	(5.8)	(13.9)
Loss (gain) on the sale or disposal of property, plant, and equipment	0.1	(1.1)
Gain on sale of investment in unconsolidated affiliate	(7.2)	—
Change in assets and liabilities, net of effect of acquisitions, divestitures, and exchange rate changes:		
Accounts receivable	47.6	12.4
Inventories	(40.3)	(13.6)
Prepayments and other current assets	(10.7)	(13.6)
Accounts payable	(7.2)	10.8
Other current liabilities	(45.7)	(15.8)
Other	1.1	(3.2)
Net cash provided by operating activities	38.7	51.1
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(19.5)	(23.1)
Proceeds from sale of property, plant, and equipment	5.4	2.1
Acquisition of businesses, net of cash acquired	—	(239.2)
Proceeds from sale of investment in unconsolidated affiliate	13.0	—
Net cash used for investing activities	(1.1)	(260.2)
Cash flows from financing activities:		
Issuance of long-term debt	0.9	—
Repurchases of common stock	(0.4)	—
Proceeds from stock option exercises and other	2.1	6.0
Excess tax benefits from share-based payments	5.8	13.9
Dividends paid	(5.8)	(5.7)
Net cash provided by financing activities	2.6	14.2
Effect of exchange rate changes on cash and cash equivalents	(2.2)	(1.7)
Net change in cash and cash equivalents	38.0	(196.6)
Cash and cash equivalents at beginning of period	413.2	756.8
Cash and cash equivalents at end of period	\$ 451.2	\$ 560.2
Supplemental cash flow information:		
Income taxes paid during the period	\$ 29.0	\$ 11.4
Interest paid during the period	\$ 12.1	\$ 11.4

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

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

1. Description of Business and Basis of Presentation

Acuity Brands, Inc. (“Acuity Brands”) is the parent company of Acuity Brands Lighting, Inc. (“ABL”) and other subsidiaries (Acuity Brands, ABL, and such other subsidiaries are collectively referred to herein as the “Company”). The Company’s lighting and building management solutions include devices such as luminaires, lighting controls, controllers for various building systems, power supplies, prismatic skylights, and drivers, as well as integrated systems designed to optimize energy efficiency and comfort for various indoor and outdoor applications. Additionally, the Company continues to expand its solutions portfolio, including software and services, to provide a host of other economic benefits resulting from data analytics that enables the Internet of Things (“IoT”) and supports the advancement of smart buildings, smart cities, and the smart grid. The Company has one reportable segment serving the North American and select international markets.

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

These unaudited interim consolidated financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary to present fairly the Company’s consolidated financial position as of November 30, 2016, the consolidated comprehensive income for the three months ended November 30, 2016 and November 30, 2015, and the consolidated cash flows for the three months ended November 30, 2016 and November 30, 2015. Certain information and footnote disclosures normally included in the Company’s annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. However, the Company believes that the disclosures included herein are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the audited consolidated financial statements of the Company as of and for the three years ended August 31, 2016 and notes thereto included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on October 27, 2016 (File No. 001-16583) (“Form 10-K”).

The results of operations for the three months ended November 30, 2016 and November 30, 2015 are not necessarily indicative of the results to be expected for the full fiscal year due primarily to seasonality, which results in the net sales and net income of the Company generally being higher in the second half of its fiscal year, the impact of any acquisitions, and among other reasons, the continued uncertainty of general economic conditions that may impact the key end markets of the Company for the remainder of fiscal 2017.

2. Significant Accounting Policies

Use of Estimates

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

Reclassifications

Certain prior-period amounts have been reclassified to conform to the current year presentation. No material reclassifications occurred during the current period.

3. Acquisitions and Investments

The Company does not consider acquisitions a critical element of its strategy but seeks opportunities for growth through acquisitions and investments. In recent years, the Company has acquired or made investments in a number of businesses that participate in the lighting, building management, and related markets, including the businesses described below. The acquisitions and investments were made with the intent to further expand and complement the Company's lighting and building management solutions portfolio. The purchased companies were fully integrated into the Company's operations.

DGLogik, Inc.

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

Juno Lighting LLC

On December 10, 2015, using cash on hand, the Company acquired for approximately \$380 million all of the equity interests of Juno Lighting LLC ("Juno Lighting"), a leading provider of downlighting and track lighting fixtures for both residential and commercial applications. Juno Lighting is headquartered in Des Plaines, Illinois. At the time of acquisition, Juno Lighting generated annual revenues of approximately \$250 million.

Geometri LLC

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

Distech Controls Inc.

On September 1, 2015, using cash on hand, the Company acquired for approximately \$240 million all of the outstanding capital stock of Distech Controls Inc. ("Distech Controls"), a provider of building automation solutions that allow for the integration of lighting, HVAC, access control, closed circuit television, and related systems. Distech Controls is headquartered in Quebec, Canada. At the time of acquisition, Distech Controls generated annual revenues of approximately C\$80 million.

4. New Accounting Pronouncements

Accounting Standards Adopted in Fiscal 2017

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU") No. 2015-05, Customer's Accounting For Fees Paid In A Cloud Computing Arrangement ("ASU 2015-05"), which provides guidance for a customer's accounting for cloud computing costs. ASU 2015-05 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2015. The provisions of ASU 2015-05 did not have a material effect on the Company's financial condition, results of operations, or cash flows.

Accounting Standards Yet to Be Adopted

In March 2016, the FASB issued ASU No. 2016-09, Improvements to Employee Share-Based Payment Accounting, ("ASU 2016-09"), which will change certain aspects of accounting for share-based payments to employees. ASU 2016-09 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2016. The standard requires that all excess tax benefits and deficiencies currently recorded as additional paid in capital be prospectively recorded in income tax expense. As such, implementation of this standard could create volatility in the Company's effective income tax rate on a quarter by quarter basis. The volatility in the effective income tax rate is due primarily to fluctuations in the Company's stock price and the timing of stock option exercises and vesting of restricted share grants. The standard also requires excess tax benefits to be presented as an operating activity on the statement of cash flows rather than as a financing activity. This element of the guidance may be applied retrospectively or prospectively. The Company intends to implement the standard as required in fiscal 2018.

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

In February 2016, the FASB issued ASU No. 2016-02, Leases (“ASU 2016-02”), which requires lessees to include most leases on the balance sheet. ASU 2016-02 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2018. The Company is currently evaluating the impact of the provisions of ASU 2016-02.

In July 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments (“ASU 2015-16”), which simplifies the accounting for measurement-period adjustments to provisional amounts recognized in a business combination. ASU 2015-16 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2016. The provisions of ASU 2015-16 are not expected to have a material effect on the Company's financial condition, results of operations, or cash flows.

In May 2014, the FASB issued ASU No. 2014-09, Revenue From Contracts With Customers (“ASU 2014-09”), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. ASU 2014-09 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2017. ASU 2014-09 permits the use of either the retrospective or cumulative effect transition method. The Company is currently evaluating the impact of the provisions of ASU 2014-09.

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

5. Fair Value Measurements

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

The Company's cash and cash equivalents (Level 1), which are required to be carried at fair value and measured on a recurring basis, were \$451.2 million and \$413.2 million as of November 30, 2016 and August 31, 2016, respectively.

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

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

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

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

The carrying values and estimated fair values of certain of the Company's financial instruments were as follows at November 30, 2016 and August 31, 2016 (in millions):

	November 30, 2016		August 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Investment in noncontrolling affiliate	\$ —	\$ —	\$ 8.0	\$ 14.4
Liabilities:				
Senior unsecured public notes, net of unamortized discount and deferred costs	\$ 348.8	\$ 386.2	\$ 348.7	\$ 388.8
Industrial revenue bond	4.0	4.0	4.0	4.0
Bank loans	3.2	3.2	2.5	2.6

Investment in noncontrolling affiliate represents a strategic investment accounted for using the cost method. The Company based the fair value of the investment as of August 31, 2016 on an offer by a third party to purchase the business (Level 3). The Company sold the investment during October 2016, resulting in the recognition of a gain of \$7.2 million, which is reflected in *Miscellaneous income, net* on the *Consolidated Statements of Comprehensive Income*.

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

The industrial revenue bond is carried at the outstanding balance as of the end of the reporting period. The industrial revenue bond is a tax-exempt, variable-rate instrument that resets on a weekly basis; therefore, the Company estimates that the face amount of the bond approximates fair value as of November 30, 2016 based on bonds of similar terms and maturity (Level 2).

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

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

6. Goodwill and Intangible Assets

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

The Company recorded amortization expense of \$5.9 million and \$5.0 million during the three months ended November 30, 2016 and 2015, respectively. Amortization expense is generally recorded on a straight-line basis and is expected to be approximately \$23.2 million in fiscal 2017, \$23.2 million in fiscal 2018, \$23.2 million in fiscal 2019, \$22.7 million in fiscal 2020, and \$22.6 million in fiscal 2021.

Amortization expense recorded by the Company, as well as expected amortization expense, include a preliminary estimate related to intangibles acquired with Geometri and Juno Lighting. These amounts are deemed to be provisional until disclosed otherwise, as the Company continues to gather information related to the identification and valuation of intangible assets acquired. Refer to the *Acquisitions & Investments* footnote for additional information regarding the preliminary purchase price allocation.

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

The change in the carrying amount of goodwill during the three months ended November 30, 2016 is summarized below (in millions):

Balance at August 31, 2016	\$	947.8
Foreign currency translation adjustments		(6.0)
Balance at November 30, 2016	\$	941.8

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

7. Inventories

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

	November 30, 2016	August 31, 2016
Raw materials, supplies, and work in process ⁽¹⁾	\$ 181.7	\$ 170.3
Finished goods	174.0	145.3
Inventories excluding reserves	355.7	315.6
Less: reserves	(21.3)	(20.4)
Total inventories	\$ 334.4	\$ 295.2

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

8. Earnings Per Share

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

As of November 30, 2016, the impact of participating securities was not material. Therefore, basic earnings per share for the three months ended November 30, 2016 is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding. Diluted earnings per share is computed similarly but reflects the potential dilution that would occur if dilutive options were exercised, all unvested share-based payment awards were vested, and other distributions related to deferred stock agreements were incurred.

Stock options of approximately 81,487 and 28,133 were excluded from the diluted earnings per share calculation for the three months ended November 30, 2016 and 2015, respectively, as the effect of inclusion would have been antidilutive. Restricted stock shares of 25,994 and 45,555 were excluded from the diluted earnings per share calculation for the three months ended November 30, 2016 and 2015, respectively, as the effect of inclusion would have been antidilutive. Further discussion of the Company's stock options and restricted stock awards is included within the *Common Stock and Related Matters* and *Share-Based Payments* footnotes of the *Notes to Consolidated Financial Statements* within the Company's Form 10-K.

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

The following table calculates basic earnings per common share and diluted earnings per common share for the three months ended November 30, 2016 and 2015 (in millions, except per share data):

	Three Months Ended	
	November 30, 2016	November 30, 2015
Net income	\$ 81.7	\$ 68.4
Basic weighted average shares outstanding	43.8	43.3
Common stock equivalents	0.2	0.3
Diluted weighted average shares outstanding	44.0	43.6
Basic earnings per share	\$ 1.87	\$ 1.58
Diluted earnings per share	\$ 1.86	\$ 1.57

9. Comprehensive Income (Loss)

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

The following table presents the changes in each component of accumulated other comprehensive income (loss) (in millions):

	Foreign Currency Items	Defined Benefit Pension Plans	Accumulated Other Comprehensive Loss Items
Balance at August 31, 2016	\$ (47.7)	\$ (91.7)	\$ (139.4)
Other comprehensive loss before reclassifications	(11.9)	—	(11.9)
Amounts reclassified from accumulated other comprehensive income	—	2.0	2.0
Net current period other comprehensive (loss) income	(11.9)	2.0	(9.9)
Balance at November 30, 2016	\$ (59.6)	\$ (89.7)	\$ (149.3)

The following tables present the tax expense or benefit allocated to each component of other comprehensive income (loss) for the three months ended November 30, 2016 and 2015 (in millions):

	Three Months Ended					
	November 30, 2016			November 30, 2015		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Foreign currency translation adjustments	\$ (11.9)	\$ —	\$ (11.9)	\$ (4.2)	\$ —	\$ (4.2)
Defined benefit pension plans:						
Amortization of defined benefit pension items:						
Prior service cost	0.8 ⁽¹⁾	(0.3)	0.5	0.8 ⁽¹⁾	(0.2)	0.6
Actuarial losses	2.2 ⁽¹⁾	(0.7)	1.5	1.2 ⁽¹⁾	(0.4)	0.8
Total defined benefit pension plans, net	3.0	(1.0)	2.0	2.0	(0.6)	1.4
Other comprehensive loss	\$ (8.9)	\$ (1.0)	\$ (9.9)	\$ (2.2)	\$ (0.6)	\$ (2.8)

⁽¹⁾ These accumulated other comprehensive income (loss) components are included in net periodic pension cost. See *Pension and Profit Sharing Plans* footnote within the *Notes to Consolidated Financial Statements* for additional details.

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

10. Debt***Lines of Credit***

On August 27, 2014, the Company executed a \$250.0 million revolving credit facility (the "Revolving Credit Facility"). The Revolving Credit Facility will mature, and all amounts outstanding will be due and payable, on August 27, 2019.

The Revolving Credit Facility contains financial covenants, including a minimum interest coverage ratio ("Minimum Interest Coverage Ratio") and a leverage ratio ("Maximum Leverage Ratio") of total indebtedness to earnings before interest, taxes, depreciation, and amortization expense ("EBITDA"), as such terms are defined in the Revolving Credit Facility agreement. These ratios are computed at the end of each fiscal quarter for the most recent 12-month period. The Revolving Credit Facility allows for a Minimum Interest Coverage Ratio of 2.50 and a Maximum Leverage Ratio of 3.50, subject to certain conditions defined in the financing agreement. As of November 30, 2016, the Company was in compliance with all financial covenants under the Revolving Credit Facility. At November 30, 2016, the Company had additional borrowing capacity under the Revolving Credit Facility of \$243.9 million under the most restrictive covenant in effect at the time, which represents the full amount of the Revolving Credit Facility less outstanding letters of credit of \$6.1 million issued under the Revolving Credit Facility. As of November 30, 2016, the Company had outstanding letters of credit totaling \$11.0 million, primarily for securing collateral requirements under the casualty insurance programs for Acuity Brands and for providing credit support for the Company's industrial revenue bond, including \$6.1 million issued under the Revolving Credit Facility.

Generally, amounts outstanding under the Revolving Credit Facility bear interest at a Eurocurrency Rate. Eurocurrency Rate advances can be denominated in a variety of currencies, including U.S. Dollars, and amounts outstanding bear interest at a periodic fixed rate equal to the London Inter Bank Offered Rate ("LIBOR") for the applicable currency plus a margin as determined by the Company's leverage ratio ("Applicable Margin"). The Applicable Margin is based on the Company's leverage ratio, as defined in the Revolving Credit Facility, with such margin ranging from 1.000% to 1.575%.

The Company is required to pay certain fees in connection with the Revolving Credit Facility, including administrative service fees and an annual facility fee. The annual facility fee is payable quarterly, in arrears, and is determined by the Company's leverage ratio as defined in the Revolving Credit Facility. This facility fee ranges from 0.125% to 0.300% of the aggregate \$250.0 million commitment of the lenders under the Revolving Credit Facility.

Long-term Debt

At November 30, 2016, the Company had \$350.0 million of publicly-traded, senior unsecured notes outstanding at a 6% interest rate that are scheduled to mature in December 2019 (the "Notes") and \$4.0 million of tax-exempt industrial revenue bonds that are scheduled to mature in 2021. The Company also had \$3.2 million outstanding under fixed-rate bank loans. Further discussion of the Company's long-term debt is included within the *Debt and Lines of Credit* footnote of the *Notes to Consolidated Financial Statements* within the Company's Form 10-K.

Interest Expense, net

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

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

	Three Months Ended	
	November 30, 2016	November 30, 2015
Interest expense	\$ 8.6	\$ 8.3
Interest income	(0.4)	(0.4)
Interest expense, net	<u>\$ 8.2</u>	<u>\$ 7.9</u>

11. Commitments and Contingencies

In the normal course of business, the Company is subject to the effects of certain contractual stipulations, events, transactions, and laws and regulations that may, at times, require the recognition of liabilities, such as those related to self-insurance reserves and claims, legal and contractual issues, environmental laws and regulations, guarantees, and indemnities. The Company establishes reserves when the associated costs related to uncertainties or guarantees become probable and can be reasonably estimated. For the period ended November 30, 2016, no material changes have occurred in the Company's reserves for self-insurance, litigation, environmental matters, guarantees and indemnities, or relevant events and circumstances, from those disclosed in the *Commitments and Contingencies* footnote of the *Notes to Consolidated Financial Statements* within the Company's fiscal 2016 Annual Report (Form 10-K).

Trade Compliance Matters

Prior to the close of the acquisition, Distech Controls discovered shipments by it and its subsidiaries during the past five years of standard commercial building control products directly or indirectly to customers in a country that may constitute violations of U.S. and Canadian sanctions or export regulations, including those administered by the U.S. Office of Foreign Asset Control ("OFAC") and the Export Controls Division of the Canadian Department of Foreign Affairs, Trade and Development ("DFATD"). Distech Controls estimates that it received total revenue of approximately \$0.3 million from these shipments. Distech Controls has voluntarily self-reported the potential violations to OFAC and DFATD and retained outside counsel that conducted an investigation of the matter and filed a full voluntary disclosure with these agencies. The Company has assessed the matter and implemented related ongoing compliance and remediation efforts.

The Company intends to fully cooperate with respect to any investigations by governmental agencies of the potential violations. The former shareholders of Distech Controls have jointly agreed to indemnify the Company for damages, if any, as a result of, in respect of, connected with or arising out of the potential violations or any inaccuracy or breach of the representations made by Distech Controls to the Company related thereto, up to a specified aggregate amount, which is not material to the Company's consolidated financial statements. These indemnity obligations are supported by an escrow account containing proceeds from the transaction equal to the specified aggregate amount. The Company currently believes that this indemnity will be sufficient to cover any damages related to the potential violations and the costs and expenses related to the investigation thereof and any related remedial actions. The Company therefore does not expect this matter to have a material adverse effect on the business, financial condition, cash flow, or results of operations of the Company. There can be no assurance, however, that actual damages, costs and expenses will not be in excess of the indemnity or that the Company and its affiliates will not be subject to other damages, including but not limited to damage to the Company's reputation or monetary or non-monetary penalties as permitted under applicable trade laws, that may not be fully covered by the indemnity. Estimated liabilities for legal fees as well as potential fines or penalties related to this matter are included in *Other accrued liabilities* within the *Consolidated Balance Sheets*.

The Company discovered through a review of shipment activity that it may have misclassified certain shipments of component parts to its manufacturing facilities under applicable import/export regulations. Although no claim has been asserted against the Company, the Company is reviewing these shipments to determine the extent of any liabilities and the extent of available remedial measures. The Company is unable at this time to determine the likelihood or amount of any loss associated with the misclassification of these shipments.

Product Warranty and Recall Costs

Acuity Brands records an allowance for the estimated amount of future warranty costs when the related revenue is recognized. Estimated costs related to product recalls based on a formal campaign soliciting repair or return of that product are accrued when they are deemed to be probable and can be reasonably estimated. Estimated future warranty and recall costs are primarily based on historical experience of identified warranty and recall claims. However, there can be no assurance that future warranty or recall costs will not exceed historical amounts or that new technology products, which may include extended warranties, may not generate unexpected costs. If actual future warranty or recall costs exceed historical amounts, additional allowances may be required, which could have a material adverse impact on the Company's results of operations and cash flows.

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

Reserves for product warranty and recall costs are included in *Other accrued liabilities* and *Other long-term liabilities* on the *Consolidated Balance Sheets*. The changes in the reserves for product warranty and recall costs during the three months ended November 30, 2016 and 2015 are summarized as follows (in millions):

	Three Months Ended	
	November 30, 2016	November 30, 2015
Beginning of period	\$ 15.5	\$ 9.6
Warranty and recall costs	9.2	6.9
Payments and other deductions	(7.2)	(4.9)
End of period	<u>\$ 17.5</u>	<u>\$ 11.6</u>

Litigation

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

12. Share-Based Payments

The Company accounts for share-based payments through the measurement and recognition of compensation expense for share-based payment awards made to employees and directors of the Company, including stock options and restricted shares (all part of the Company's equity incentive plan), and share units representing certain deferrals into the Company's director deferred compensation plan or the Company's supplemental deferred savings plan. The Company recorded \$7.9 million and \$6.4 million of share-based payment expense for the three months ended November 30, 2016 and 2015, respectively. New shares issued upon exercise of stock options were 12,030 and 117,289 for the three months ended November 30, 2016 and 2015, respectively.

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

13. Pension Plans

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

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

Net periodic pension cost for the Company's defined benefit pension plans during the three months ended November 30, 2016 and 2015 included the following components before tax (in millions):

	Three Months Ended	
	November 30, 2016	November 30, 2015
Service cost	\$ 0.9	\$ 0.9
Interest cost	2.0	2.3
Expected return on plan assets	(2.8)	(2.7)
Amortization of prior service cost	0.8	0.8
Recognized actuarial loss	2.2	1.2
Net periodic pension cost	<u>\$ 3.1</u>	<u>\$ 2.5</u>

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

14. Special Charge

During fiscal 2017 and 2016, the Company recorded a pre-tax special charge for actions initiated to streamline the organization, including the integration of recent acquisitions. These streamlining activities include the consolidation of selected production activities and realignment of certain responsibilities, primarily within various selling, distribution, and administrative departments. The Company expects that these actions to streamline its business activities, in addition to those taken in previous fiscal years, will allow it to reduce spending in certain areas while permitting continued investment in future growth initiatives, such as new products, expanded market presence, and technology and innovation.

The details of the special charge during the three months ended November 30, 2016 and 2015 are summarized as follows (in millions):

	Three Months Ended	
	November 30, 2016	November 30, 2015
Severance and employee-related costs	\$ (0.2)	\$ 0.4
Lease termination costs	1.1	—
Production transfer costs	0.3	—
Special charge	<u>\$ 1.2</u>	<u>\$ 0.4</u>

As of November 30, 2016, remaining restructuring reserves were \$4.7 million and are included in *Accrued compensation* and *Other long-term liabilities* on the *Consolidated Balance Sheets*. The changes in the reserves related to these programs during the three months ended November 30, 2016 are summarized as follows (in millions):

	Severance and Employee-Related Costs	Lease Termination Costs	Total Restructuring Reserves
Balance at August 31, 2016	\$ 6.4	\$ 0.2	\$ 6.6
Costs incurred	(0.2)	1.1	0.9
Payments made during the period	(2.8)	—	(2.8)
Balance at November 30, 2016	<u>\$ 3.4</u>	<u>\$ 1.3</u>	<u>\$ 4.7</u>

15. Supplemental Guarantor Condensed Consolidating Financial Statements

In December 2009, ABL, the 100% owned and principal operating subsidiary of the Company, refinanced the then current outstanding debt through the issuance of the Notes. See *Debt and Lines of Credit* footnote of the *Notes to Consolidated Financial Statements* within the Company's Form 10-K for further information.

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

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

CONDENSED CONSOLIDATING BALANCE SHEETS
(In millions)

	November 30, 2016					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 389.3	\$ —	\$ —	\$ 61.9	\$ —	\$ 451.2
Accounts receivable, net	—	454.4	—	68.1	—	522.5
Inventories	—	311.1	—	23.3	—	334.4
Other current assets	12.2	15.5	—	20.4	—	48.1
Total current assets	<u>401.5</u>	<u>781.0</u>	<u>—</u>	<u>173.7</u>	<u>—</u>	<u>1,356.2</u>
Property, plant, and equipment, net	0.3	224.1	—	49.1	—	273.5
Goodwill	—	735.8	2.7	203.3	—	941.8
Intangible assets, net	—	165.5	112.5	94.8	—	372.8
Deferred income taxes	47.5	—	—	6.5	(49.2)	4.8
Other long-term assets	0.1	12.2	—	2.0	—	14.3
Investments in and amounts due from affiliates	1,400.2	426.8	211.1	—	(2,038.1)	—
Total assets	<u>\$ 1,849.6</u>	<u>\$ 2,345.4</u>	<u>\$ 326.3</u>	<u>\$ 529.4</u>	<u>\$ (2,087.3)</u>	<u>\$ 2,963.4</u>
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Accounts payable	\$ 0.5	\$ 360.7	\$ —	\$ 29.7	\$ —	\$ 390.9
Current maturities of long-term debt	—	—	—	0.3	—	0.3
Other accrued liabilities	17.2	166.7	—	34.7	—	218.6
Total current liabilities	<u>17.7</u>	<u>527.4</u>	<u>—</u>	<u>64.7</u>	<u>—</u>	<u>609.8</u>
Long-term debt	—	352.8	—	2.9	—	355.7
Deferred income taxes	—	95.8	—	28.0	(49.2)	74.6
Other long-term liabilities	101.8	64.4	—	27.0	—	193.2
Amounts due to affiliates	—	—	—	107.8	(107.8)	—
Total stockholders' equity	1,730.1	1,305.0	326.3	299.0	(1,930.3)	1,730.1
Total liabilities and stockholders' equity	<u>\$ 1,849.6</u>	<u>\$ 2,345.4</u>	<u>\$ 326.3</u>	<u>\$ 529.4</u>	<u>\$ (2,087.3)</u>	<u>\$ 2,963.4</u>

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

CONDENSED CONSOLIDATING BALANCE SHEETS
(In millions)

	August 31, 2016					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 368.2	\$ —	\$ —	\$ 45.0	\$ —	\$ 413.2
Accounts receivable, net	—	503.0	—	69.8	—	572.8
Inventories	—	274.7	—	20.5	—	295.2
Other current assets	2.5	14.3	—	24.9	—	41.7
Total current assets	<u>370.7</u>	<u>792.0</u>	<u>—</u>	<u>160.2</u>	<u>—</u>	<u>1,322.9</u>
Property, plant, and equipment, net	0.3	217.8	—	49.7	—	267.8
Goodwill	—	735.8	2.7	209.3	—	947.8
Intangible assets, net	—	168.1	113.4	99.9	—	381.4
Deferred income taxes	47.5	—	—	6.5	(48.9)	5.1
Other long-term assets	1.4	20.4	—	1.2	—	23.0
Investments in and amounts due from affiliates	1,347.6	299.6	200.5	—	(1,847.7)	—
Total assets	<u>\$ 1,767.5</u>	<u>\$ 2,233.7</u>	<u>\$ 316.6</u>	<u>\$ 526.8</u>	<u>\$ (1,896.6)</u>	<u>\$ 2,948.0</u>
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Accounts payable	\$ 1.2	\$ 371.3	\$ —	\$ 28.5	\$ —	\$ 401.0
Current maturities of long-term debt	—	—	—	0.2	—	\$ 0.2
Other accrued liabilities	14.5	215.4	—	41.4	—	271.3
Total current liabilities	<u>15.7</u>	<u>586.7</u>	<u>—</u>	<u>70.1</u>	<u>—</u>	<u>672.5</u>
Long-term debt	—	352.8	—	2.2	—	355.0
Deferred income taxes	—	95.5	—	28.0	(48.9)	74.6
Other long-term liabilities	92.0	64.8	—	29.3	—	186.1
Amounts due to affiliates	—	—	—	96.9	(96.9)	—
Total stockholders' equity	1,659.8	1,133.9	316.6	300.3	(1,750.8)	1,659.8
Total liabilities and stockholders' equity	<u>\$ 1,767.5</u>	<u>\$ 2,233.7</u>	<u>\$ 316.6</u>	<u>\$ 526.8</u>	<u>\$ (1,896.6)</u>	<u>\$ 2,948.0</u>

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

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Three Months Ended November 30, 2016					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
Net sales:						
External sales	\$ —	\$ 746.3	\$ —	\$ 104.9	\$ —	\$ 851.2
Intercompany sales	—	—	11.5	51.6	(63.1)	—
Total sales	—	746.3	11.5	156.5	(63.1)	851.2
Cost of products sold	—	426.9	—	114.9	(50.2)	491.6
Gross profit	—	319.4	11.5	41.6	(12.9)	359.6
Selling, distribution, and administrative expenses	11.8	199.9	0.9	32.1	(12.9)	231.8
Intercompany charges	(1.2)	0.2	—	1.0	—	—
Special charge	—	1.2	—	—	—	1.2
Operating (loss) profit	(10.6)	118.1	10.6	8.5	—	126.6
Interest expense, net	2.8	4.0	—	1.4	—	8.2
Equity earnings in subsidiaries	(90.4)	(9.1)	—	0.2	99.3	—
Miscellaneous income, net	—	(7.3)	—	(0.6)	—	(7.9)
Income before provision for income taxes	77.0	130.5	10.6	7.5	(99.3)	126.3
(Benefit) provision for income taxes	(4.7)	47.8	0.9	0.6	—	44.6
Net income	\$ 81.7	\$ 82.7	\$ 9.7	\$ 6.9	\$ (99.3)	\$ 81.7
Other comprehensive income (loss) items:						
Foreign currency translation adjustments	(11.9)	(11.9)	—	—	11.9	(11.9)
Defined benefit pension plans, net	2.0	0.7	—	0.7	(1.4)	2.0
Other comprehensive (loss) income items, net of tax	(9.9)	(11.2)	—	0.7	10.5	(9.9)
Comprehensive income (loss)	\$ 71.8	\$ 71.5	\$ 9.7	\$ 7.6	\$ (88.8)	\$ 71.8

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

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Three Months Ended November 30, 2015					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
Net sales:						
External sales	\$ —	\$ 651.4	\$ —	\$ 85.2	\$ —	\$ 736.6
Intercompany sales	—	—	10.8	32.0	(42.8)	—
Total sales	—	651.4	10.8	117.2	(42.8)	736.6
Cost of products sold	—	366.0	—	82.2	(31.0)	417.2
Gross profit	—	285.4	10.8	35.0	(11.8)	319.4
Selling, distribution, and administrative expenses	11.0	180.4	1.0	26.0	(11.8)	206.6
Intercompany charges	(0.8)	0.3	—	0.5	—	—
Special charge	—	0.4	—	—	—	0.4
Operating (loss) profit	(10.2)	104.3	9.8	8.5	—	112.4
Interest expense, net	2.6	4.0	—	1.3	—	7.9
Equity earnings in subsidiaries	(76.7)	(7.1)	—	0.1	83.7	—
Miscellaneous income, net	—	0.1	—	(0.8)	—	(0.7)
Income before provision for income taxes	63.9	107.3	9.8	7.9	(83.7)	105.2
(Benefit) provision for income taxes	(4.5)	35.4	4.0	1.9	—	36.8
Net income	\$ 68.4	\$ 71.9	\$ 5.8	\$ 6.0	\$ (83.7)	\$ 68.4
Other comprehensive income (loss) items:						
Foreign currency translation adjustments	(4.2)	(4.2)	—	—	4.2	(4.2)
Defined benefit pension plans, net	1.4	0.4	—	0.3	(0.7)	1.4
Other comprehensive (loss) income items, net of tax	(2.8)	(3.8)	—	0.3	3.5	(2.8)
Comprehensive income (loss)	\$ 65.6	\$ 68.1	\$ 5.8	\$ 6.3	\$ (80.2)	\$ 65.6

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

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(In millions)

	Three Months Ended November 30, 2016					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
Net cash provided by operating activities	\$ 19.4	\$ 2.2	\$ —	\$ 17.1	\$ —	\$ 38.7
Cash flows from investing activities:						
Purchases of property, plant, and equipment	—	(16.5)	—	(3.0)	—	(19.5)
Proceeds from sale of property, plant, and equipment	—	—	—	5.4	—	5.4
Proceeds from sale of investment	—	13.0	—	—	—	13.0
Net cash (used for) provided by investing activities	—	(3.5)	—	2.4	—	(1.1)
Cash flows from financing activities:						
Issuance of long-term debt	—	—	—	0.9	—	0.9
Proceeds from stock option exercises and other	2.1	—	—	—	—	2.1
Repurchases of common stock	(0.4)	—	—	—	—	(0.4)
Excess tax benefits from share-based payments	5.8	—	—	—	—	5.8
Dividends paid	(5.8)	—	—	—	—	(5.8)
Net cash provided by financing activities	1.7	—	—	0.9	—	2.6
Effect of exchange rates changes on cash	—	1.3	—	(3.5)	—	(2.2)
Net change in cash and cash equivalents	21.1	—	—	16.9	—	38.0
Cash and cash equivalents at beginning of period	368.2	—	—	45.0	—	413.2
Cash and cash equivalents at end of period	\$ 389.3	\$ —	\$ —	\$ 61.9	\$ —	\$ 451.2

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

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(In millions)

	Three Months Ended November 30, 2015					Consolidated
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non-Guarantors	Consolidating Adjustments	
Net cash provided by operating activities	\$ 24.7	\$ 21.0	\$ —	\$ 5.4	\$ —	\$ 51.1
Cash flows from investing activities:						
Purchases of property, plant, and equipment	—	(21.7)	—	(1.4)	—	(23.1)
Proceeds from sale of property, plant, and equipment	—	0.1	—	2.0	—	2.1
Acquisition of businesses, net of cash acquired	—	—	—	(239.2)	—	(239.2)
Net cash used for investing activities	—	(21.6)	—	(238.6)	—	(260.2)
Cash flows from financing activities:						
Proceeds from stock option exercises and other	6.0	—	—	—	—	6.0
Excess tax benefits from share-based payments	13.9	—	—	—	—	13.9
Dividends paid	(5.7)	—	—	—	—	(5.7)
Net cash provided by financing activities	14.2	—	—	—	—	14.2
Effect of exchange rate changes on cash	—	0.6	—	(2.3)	—	(1.7)
Net change in cash and cash equivalents	38.9	—	—	(235.5)	—	(196.6)
Cash and cash equivalents at beginning of period	479.9	—	—	276.9	—	756.8
Cash and cash equivalents at end of period	\$ 518.8	\$ —	\$ —	\$ 41.4	\$ —	\$ 560.2

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

The purpose of this discussion and analysis is to enhance the understanding and evaluation of the results of operations, financial position, cash flows, indebtedness, and other key financial information of Acuity Brands, Inc. ("Acuity Brands") and its subsidiaries as of November 30, 2016 and for the three months ended November 30, 2016 and 2015. 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, 2016, filed with the Securities and Exchange Commission (the "SEC") on October 27, 2016 ("Form 10-K"). The following discussion should be read in conjunction with the *Consolidated Financial Statements* and related notes included within this report.

Overview

Company

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

The Company is one of the world's leading providers of lighting and building management solutions and services for commercial, institutional, industrial, infrastructure, and residential applications throughout North America and select international markets. The Company's lighting and building management solutions include devices such as luminaires, lighting controls, controllers for various building systems, power supplies, prismatic skylights, and drivers, as well as integrated systems designed to optimize energy efficiency and comfort for various indoor and outdoor applications. Additionally, the Company continues to expand its solutions portfolio, including software and services, to provide a host of other economic benefits resulting from data analytics that enables the Internet of Things ("IoT") and supports the advancement of smart buildings, smart cities, and the smart grid. As of November 30, 2016, the Company operates nineteen manufacturing facilities and seven distribution facilities along with one warehouse to serve its extensive customer base.

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

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

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

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

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

Please refer to the *Description of Business and Basis of Presentation* footnote of the *Notes to Consolidated Financial Statements* for more information.

Liquidity and Capital Resources

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

Based on its cash on hand, availability under existing financing arrangements, and current projections of cash flow from operations, the Company believes that it will be able to meet its liquidity needs over the next 12 months. Short-term needs are expected to include funding operations as currently planned, making anticipated capital investments, paying quarterly stockholder dividends as currently anticipated, paying principal and interest on

borrowings as currently scheduled, making required contributions to its employee benefit plans, funding potential acquisitions, and potentially repurchasing shares of its outstanding common stock as authorized by the Board of Directors (the "Board"). Approximately two million shares of the Company's common stock are currently authorized and available for repurchase under an existing repurchase program. The Company expects to repurchase these shares on an opportunistic basis. The Company currently expects to invest approximately two and a half percent of net sales during fiscal 2017, of which \$19.5 million had been invested as of November 30, 2016, primarily for equipment, tooling, and facility enhancements, as well as for new and enhanced information technology capabilities. Additionally, management believes that the Company's cash flows from operations and sources of funding, including, but not limited to, borrowing capacity, will sufficiently support the long-term liquidity needs of the Company.

Cash Flow

The Company uses available cash and cash flow from operations, as well as proceeds from the exercise of stock options, to fund operations and capital expenditures, repurchase common stock of the Company, fund acquisitions, and pay dividends. The Company's cash position at November 30, 2016 was \$451.2 million, an increase of \$38.0 million from August 31, 2016. During the three months ended November 30, 2016, the Company generated net cash flows from operations of \$38.7 million and received proceeds from the sale of an investment in an unconsolidated affiliate of \$13.0 million. Cash generated from operating activities, as well as cash on-hand, was used during the current period primarily to fund capital expenditures of \$19.5 million as well as to pay dividends to stockholders of \$5.8 million.

The Company generated \$38.7 million of cash flow from operating activities during the three months ended November 30, 2016 compared with \$51.1 million in the prior-year period, a decrease of \$12.4 million, due primarily to higher operating working capital requirements and increased variable incentive compensation payments partially offset by higher net income. Operating working capital (calculated by adding accounts receivable plus inventories, and subtracting accounts payable-net of acquisitions and the impact of foreign exchange rate changes) remained relatively flat during the first three months of fiscal 2017 compared to a decrease of \$9.6 million during the first three months of fiscal 2016.

Management believes that investing in assets and programs that will over time increase the overall return on its invested capital is a key factor in driving stockholder value. The Company invested \$19.5 million and \$23.1 million in the first three months of fiscal 2017 and 2016, respectively, primarily related to investments in new equipment, tooling, facility enhancements, and information technology. As noted above, the Company expects to invest approximately two and a half percent of net sales primarily for equipment, tooling, facility enhancements, and new and enhanced information technology capabilities during fiscal 2017.

Capitalization

The current capital structure of the Company is comprised principally of senior unsecured notes and equity of its stockholders. As of November 30, 2016, total debt outstanding was \$356.0 million, compared with \$355.2 million at August 31, 2016, and consisted primarily of fixed-rate obligations. During fiscal 2017, the Company borrowed \$0.9 million under recently-executed fixed-rate long-term bank loans.

On August 27, 2014, the Company executed a Revolving Credit Facility ("Revolving Credit Facility") with a borrowing capacity of \$250.0 million. The Revolving Credit Facility will mature and all amounts outstanding thereunder will be due and payable on August 27, 2019. The Company was in compliance with all financial covenants under the Revolving Credit Facility as of November 30, 2016. At November 30, 2016, the Company had additional borrowing capacity under the Revolving Credit Facility of \$243.9 million under the most restrictive covenant in effect at the time, which represents the full amount of the Revolving Credit Facility less outstanding letters of credit of \$6.1 million issued under the Revolving Credit Facility. As of November 30, 2016, the Company had outstanding letters of credit totaling \$11.0 million, primarily for securing collateral requirements under the casualty insurance programs for Acuity Brands and providing credit support for the Company's industrial revenue bond, including \$6.1 million issued under the Revolving Credit Facility. See the *Debt* footnote of the *Notes to Consolidated Financial Statements*.

During the first three months of fiscal 2017, the Company's consolidated stockholders' equity increased \$70.3 million to \$1.73 billion at November 30, 2016, from \$1.66 billion at August 31, 2016. The increase was due primarily to net income earned in the period, stock issuances resulting primarily from the exercise of stock options and the related excess tax benefits, and amortization of pension plan prior service costs and actuarial losses partially offset by dividend payments and foreign currency translation adjustments. The Company's debt to total capitalization ratio (calculated by dividing total debt by the sum of total debt and total stockholders' equity) was 17.1% and 17.6% at November 30, 2016 and August 31, 2016, respectively. The ratio of debt, net of cash, to total capitalization, net of cash, was (5.8)% at November 30, 2016 and (3.6)% at August 31, 2016.

Dividends

Acuity Brands paid dividends on its common stock of \$5.8 million and \$5.7 million (\$0.13 per share) during the three months ended November 30, 2016 and 2015, respectively. All decisions regarding the declaration and payment of dividends by Acuity Brands are at the discretion of the Board and are evaluated regularly in light of the Company's financial condition, earnings, growth prospects, funding requirements, applicable law, and any other factors the Board deems relevant.

Results of Operations

First Quarter of Fiscal 2017 Compared with First Quarter of Fiscal 2016

The following table sets forth information comparing the components of net income for the three months ended November 30, 2016 and 2015 (in millions except per share data):

	Three Months Ended		Increase (Decrease)	Percent Change
	November 30, 2016	November 30, 2015		
Net sales	\$ 851.2	\$ 736.6	\$ 114.6	15.6 %
Cost of products sold	491.6	417.2	74.4	17.8 %
Gross profit	359.6	319.4	40.2	12.6 %
<i>Percent of net sales</i>	42.2%	43.4%	(120) bps	
Selling, distribution, and administrative expenses	231.8	206.6	25.2	12.2 %
Special charge	1.2	0.4	0.8	NM
Operating profit	126.6	112.4	14.2	12.6 %
<i>Percent of net sales</i>	14.9%	15.3%	(40) bps	
Other expense (income):				
Interest expense, net	8.2	7.9	0.3	3.8 %
Miscellaneous income, net	(7.9)	(0.7)	(7.2)	NM
Total other expense	0.3	7.2	(6.9)	(95.8)%
Income before provision for income taxes	126.3	105.2	21.1	20.1 %
<i>Percent of net sales</i>	14.8%	14.3%	50 bps	
Provision for income taxes	44.6	36.8	7.8	21.2 %
<i>Effective tax rate</i>	35.3%	35.0%		
Net income	\$ 81.7	\$ 68.4	\$ 13.3	19.4 %
Diluted earnings per share	\$ 1.86	\$ 1.57	\$ 0.29	18.5 %

NM - not meaningful

Net sales were \$851.2 million for the three months ended November 30, 2016 compared with \$736.6 million reported for the three months ended November 30, 2015, an increase of \$114.6 million, or 15.6%. For the three months ended November 30, 2016, the Company reported net income of \$81.7 million, an increase of \$13.3 million, or 19.4%, compared with \$68.4 million for the three months ended November 30, 2015. For the first quarter of fiscal 2017, diluted earnings per share increased 18.5% to \$1.86 compared with \$1.57 reported in the year-ago period.

The following table reconciles certain U.S. generally accepted accounting principles ("U.S. GAAP") financial measures to the corresponding non-U.S. GAAP measures referred to in the discussion of the Company's results of operations, which exclude the impact of acquisition-related items, amortization of acquired intangible assets, share-based payment expense, special charges associated primarily with continued efforts to streamline the organization, manufacturing inefficiencies, and the sale of an investment in an unconsolidated affiliate. Although special charges, amortization of acquired intangible assets, and share-based payment expense have been recognized in prior periods and could recur in future periods, management typically excludes these charges during internal reviews of performance and uses these non-U.S. GAAP measures for baseline comparative operational analysis, decision making, and other activities. Primarily due to the impact of the four acquisitions completed during fiscal 2016, the Company experienced noticeable increases in amortization of acquired intangibles, share-based payments used to improve retention and align the interest of key leaders of acquired businesses, and special charges due to activities to streamline and integrate those acquisitions. These non-U.S. GAAP financial measures, including adjusted gross profit and margin, adjusted

[Table of Contents](#)

selling, distribution, and administrative (“SD&A”) expenses, adjusted operating profit and margin, adjusted other expense (income), adjusted net income, and adjusted diluted earnings per share, are provided to enhance the user’s overall understanding of the Company’s current financial performance. Specifically, the Company believes these non-U.S. GAAP measures provide greater comparability and enhanced visibility into the results of operations. The non-U.S. GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with U.S. GAAP. Amounts in the following table are shown in millions except per share data.

	Three Months Ended		Increase (Decrease)	Percent Change
	November 30, 2016	November 30, 2015		
Gross profit	\$ 359.6	\$ 319.4		
Add-back: Acquisition-related items ⁽¹⁾	—	0.6		
Add-back: Manufacturing inefficiencies ⁽²⁾	1.6	—		
Adjusted gross profit	<u>\$ 361.2</u>	<u>\$ 320.0</u>	\$ 41.2	12.9%
<i>Percent of net sales</i>	<i>42.4%</i>	<i>43.4%</i>	<i>(100) bps</i>	
Selling, distribution, and administrative expenses	\$ 231.8	\$ 206.6		
Less: Amortization of acquired intangible assets	(5.9)	(5.0)		
Less: Share-based payment expense	(7.9)	(6.4)		
Less: Acquisition-related items ⁽¹⁾	—	(1.1)		
Adjusted selling, distribution and administrative expenses	<u>\$ 218.0</u>	<u>\$ 194.1</u>	\$ 23.9	12.3%
<i>Percent of net sales</i>	<i>25.6%</i>	<i>26.4%</i>	<i>(80) bps</i>	
Operating profit	\$ 126.6	\$ 112.4		
Add-back: Amortization of acquired intangible assets	5.9	5.0		
Add-back: Share-based payment expense	7.9	6.4		
Add-back: Acquisition-related items ⁽¹⁾	—	1.7		
Add-back: Manufacturing inefficiencies ⁽²⁾	1.6	—		
Add-back: Special charge	1.2	0.4		
Adjusted operating profit	<u>\$ 143.2</u>	<u>\$ 125.9</u>	\$ 17.3	13.7%
<i>Percent of net sales</i>	<i>16.8%</i>	<i>17.1%</i>	<i>(30) bps</i>	
Other expense	\$ 0.3	\$ 7.2		
Add-back: Gain on sale of investment in unconsolidated affiliate	7.2	—		
Adjusted other expense	<u>\$ 7.5</u>	<u>\$ 7.2</u>	\$ 0.3	4.2%
Net Income	\$ 81.7	\$ 68.4		
Add-back: Amortization of acquired intangible assets	5.9	5.0		
Add-back: Share-based payment expense	7.9	6.4		
Add-back: Acquisition-related items ⁽¹⁾	—	1.7		
Add-back: Manufacturing inefficiencies ⁽²⁾	1.6	—		
Add-back: Special charge	1.2	0.4		
Less: Gain on sale of investment in unconsolidated affiliate	(7.2)	—		
Total pre-tax adjustments to net income	9.4	13.5		
Income tax effects	(3.3)	(4.5)		
Adjusted net income	<u>\$ 87.8</u>	<u>\$ 77.4</u>	\$ 10.4	13.4%
Diluted earnings per share	\$ 1.86	\$ 1.57		
Adjusted diluted earnings per share	\$ 2.00	\$ 1.77	\$ 0.23	13.0%

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

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

Net Sales

Net sales for the three months ended November 30, 2016 increased 15.6% compared with the prior-year period due primarily to a 10% increase in sales volume and an approximately 9% favorable impact of acquired revenues from acquisitions, partially offset by the unfavorable impact of changes in product prices and the mix of products sold ("price/mix") of approximately 2% and an unfavorable change in foreign currency rates of approximately 1%. Sales volume was higher across most product categories and key sales channels. Sales of LED-based products during the first quarter of fiscal 2017 represented approximately two-thirds of total net sales. The change in price/mix was due primarily to changes in the mix of products sold and, to a lesser degree, lower pricing on certain LED luminaires, reflecting the decline in certain LED component costs. Due to the changing dynamics of the Company's product portfolio, including the increase of integrated lighting and building management solutions as well as the proliferation of new products due to the adoption of solid-state lighting, it is not possible to precisely quantify or differentiate the individual components of volume, price, and mix.

Gross Profit

Gross profit for the first quarter of fiscal 2017 increased \$40.2 million, or 12.6%, to \$359.6 million compared with \$319.4 million in the prior-year period. Gross profit margin decreased 120 basis points to 42.2% for the three months ended November 30, 2016 compared with 43.4% in the prior-year period. Gross profit margin was lower than the prior-year period due primarily to increased manufacturing expenses and higher quality costs, partially offset by the additional contribution on higher net sales. Additionally, unfavorable price/mix was offset by lower material and component costs. Adjusted gross profit for the three months ended November 30, 2016 was \$361.2 million (42.4% of net sales) compared with \$320.0 million (43.4% of net sales) in the prior-year period.

Operating Profit

SD&A expenses for the three months ended November 30, 2016 were \$231.8 million compared with \$206.6 million in the prior-year period, an increase of \$25.2 million, or 12.2%. The increase in SD&A expenses was due primarily to higher costs to support the greater sales volume, including freight and commissions, investment in additional headcount, the additional costs associated with acquired businesses, and increased amortization expense of acquired intangible assets, partially offset by lower incentive compensation expense. SD&A expenses for the first quarter of fiscal 2017 were 27.2% of net sales compared with 28.0% for the prior-year period. Adjusted SD&A expenses for the three months ended November 30, 2016 were \$218.0 million (25.6% of net sales) compared with \$194.1 million (26.4% of net sales) in the prior-year period.

The Company recognized a pre-tax special charge of \$1.2 million during the first quarter of fiscal 2017, compared with \$0.4 million during the first quarter of fiscal 2016. These charges related primarily to previously announced actions to streamline the organization, including the integration of recent acquisitions. These streamlining activities include the consolidation of selected production activities and realignment of certain responsibilities, primarily within various SD&A departments. Further details regarding the Company's special charges are included in the *Special Charge* footnote of the *Notes to Consolidated Financial Statements*.

Operating profit for the first quarter of fiscal 2017 was \$126.6 million (14.9% of net sales) compared with \$112.4 million (15.3% of net sales) for the prior-year period, an increase of \$14.2 million, or 12.6%. The increase in operating profit was due primarily to an increase in sales volume, lower material and component costs, and lower incentive compensation expense, partially offset by higher SD&A costs to support the greater sales volume, investment in additional headcount, increased amortization expense related to recent acquisitions, and higher special charges.

Adjusted operating profit increased by \$17.3 million, or 13.7%, to \$143.2 million for the first quarter of fiscal 2017 compared with \$125.9 million for the first quarter of fiscal 2016. Adjusted operating profit margin decreased 30 basis points to 16.8% for the first quarter of fiscal 2017 compared with 17.1% for the year-ago period.

Other Expense (Income)

Other expense (income) consists principally of net interest expense and net miscellaneous income/expense, which includes gains and losses associated with foreign currency-related transactions and non-operating gains and losses. Interest expense, net, was \$8.2 million and \$7.9 million for the three months ended November 30, 2016 and 2015, respectively. The Company reported net miscellaneous income of \$7.9 million and \$0.7 million for the three months ended November 30, 2016 and November 30, 2015, respectively. Net miscellaneous income for the three months ended November 30, 2016 included a \$7.2 million gain associated with the sale of an investment in an unconsolidated affiliate.

Provision for Income Taxes and Net Income

The Company's effective income tax rate was 35.3% and 35.0% for the three months ended November 30, 2016 and 2015, respectively. The Company estimates that the effective tax rate for fiscal 2017 will be approximately 35.5% before any discrete items and if the rates in its taxing jurisdictions remain generally consistent throughout the year.

Net income for the first quarter of fiscal 2017 increased \$13.3 million to \$81.7 million from \$68.4 million reported for the prior-year period. The increase in net income resulted primarily from higher operating profit and lower other net expense, partially offset by a higher provision for income taxes. Diluted earnings per share for the three months ended November 30, 2016 increased \$0.29 to \$1.86 compared with diluted earnings per share of \$1.57 for the prior-year period.

Adjusted net income for the first quarter of fiscal 2017 was \$87.8 million compared with \$77.4 million in the prior-year period, which represented an increase of \$10.4 million, or 13.4%. Adjusted diluted earnings per share for the three months ended November 30, 2016 increased \$0.23, or 13.0%, to \$2.00 compared with \$1.77 for the prior-year period.

Outlook

Management believes that the execution of the Company's strategy will provide opportunities for continued profitable growth. The Company's strategy is to capitalize on market growth opportunities by continuing to expand and leverage its industry-leading lighting and building management solutions portfolio combined with its extensive market presence and financial strength. Management will continue to drive the creation of a world-class, cost-efficient supply chain and service capability, while also reducing and/or eliminating resources allocated to specific areas of slower and/or declining growth. Management continues to position the Company to optimize short-term performance while investing in and deploying resources for long-term profitable growth opportunities.

Management believes the softness in demand over the last quarter or so was due to temporary circumstances that for the most part have passed; however, some softness could linger into the second quarter. The Company's December order activity continues to reflect growth albeit at a slower pace than experienced over the previous several quarters. Similar to prior years, the second fiscal quarter, typically the Company's weakest quarter, is expected to once again be influenced by normal seasonality and the potential for year-end inventory rebalancing by certain customers. Long-term fundamental drivers of the markets the Company serves appear to be intact and positive, while independent third-party forecasts and leading indicators continue to suggest positive growth rates for the Company's fiscal 2017. Therefore, management has not meaningfully changed its previous expectations that the fiscal 2017 growth rate for lighting and building management solutions in the North American market, which includes renovation and retrofit activity and comprises approximately 97% of the Company's revenues, will be in the mid-to-upper single digit range.

Additionally, management believes that overall demand in the Company's end markets will continue to experience solid growth over the next several years, and remain bullish regarding the Company's prospects for continued future profitable growth. Management continues to target an annual variable contribution margin on an incremental dollar of sales in the mid-to-upper 20% range over the course of a full year knowing that it is not possible to predict with precision what the rate will be by quarter. Management expects to continue to outperform the growth rates of the markets the Company serves by executing strategies focused on growth opportunities for new construction and renovation projects, expansion into underpenetrated geographies and channels, and growth from the continued introduction of new lighting and building management solutions as part of an integrated, tiered solutions strategy.

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

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

Critical Accounting Estimates

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

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

Cautionary Statement Regarding Forward-Looking Information

This filing contains forward-looking statements within the meaning of the federal securities laws. Statements made herein that may be considered forward-looking include statements incorporating terms such as "expects," "believes," "intends," "anticipates," and similar terms that relate to future events, performance, or results of the Company. In addition, the Company, or the executive officers on the Company's behalf, may from time to time make forward-looking statements in reports and other documents the Company files with the SEC or in connection with oral statements made to the press, current and potential investors, or others. Forward-looking statements include, without limitation: (a) the Company's projections regarding financial performance (including, but not limited to, targeted variable contribution margin), liquidity, capital structure, capital expenditures, and dividends; (b) expectations about the impact of softness in demand as well as volatility and uncertainty in general economic conditions; (c) external forecasts projecting the North American lighting and building automation solutions market growth rate and growth in the Company's addressable markets; (d) the Company's ability to execute and realize benefits from initiatives related to streamlining its operations, capitalize on growth opportunities, expand in key markets as well as underpenetrated geographies and channels, and introduce new lighting and building management solutions; (e) the Company's estimate of its fiscal 2017 tax rate; (f) the Company's estimate of future amortization expense; (g) the Company's ability to achieve its long-term financial goals and measures and outperform the markets it serves; and (h) the Company's expectations about the resolution of the trade compliance matter. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this report. Except as required by law, the Company undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events. The Company's forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the historical experience of the Company and management's present expectations or projections. These risks and uncertainties include, but are not limited to, customer and supplier relationships and prices; competition; ability to realize anticipated benefits from initiatives taken and timing of benefits; market demand; litigation and other contingent liabilities; and economic, political, governmental, and technological factors affecting the Company. Also, additional risks that could cause the Company's actual results to differ materially from those expressed in the Company's forward-looking statements are discussed in Part I, "Item 1a. Risk Factors" of the Company's Form 10-K, and are specifically incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Item 4. Controls and Procedures

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

As required by SEC rules, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of November 30, 2016. This evaluation was carried out under the supervision and with the participation of management, including the principal executive officer and principal financial officer. Based on this evaluation, these officers have concluded that the design and operation of the Company's disclosure controls and procedures are effective at a reasonable assurance level as of November 30, 2016. However, because all disclosure procedures must rely to a significant degree on actions or decisions made by employees throughout the organization, such as reporting of material events, the Company and its reporting officers believe that they cannot provide absolute assurance that all control issues and instances of fraud or errors and omissions, if any, within the Company will be detected. Limitations within any control system, including the Company's control system, include faulty judgments in decision-making or simple errors or mistakes. In addition, controls can be circumvented by an individual, by collusion between two or more people, or by management override of the control. Because of these limitations, misstatements due to error or fraud may occur and may not be detected.

During the second quarter of fiscal 2016, the Company completed its acquisition of Juno Lighting LLC ("Juno Lighting"). SEC guidance permits management to omit an assessment of an acquired business' internal control over financial reporting from management's assessment of internal control over financial reporting for a period not to exceed one year from the date of the acquisition. Accordingly, management has not assessed Juno Lighting's internal control over financial reporting as of November 30, 2016.

The Company began integrating Juno Lighting into its existing control procedures from the date of acquisition. The Company does not anticipate the integration to result in changes that would materially affect its internal control over financial reporting.

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

PART II. OTHER INFORMATION**Item 1. Legal Proceedings**

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

Information regarding reportable legal proceedings is contained in Part I, "Item 3. Legal Proceedings" in the Company's Form 10-K. Information set forth in this report's *Commitments and Contingencies* footnote of the *Notes to Consolidated Financial Statements* describes any legal proceedings that became reportable during the quarter ended November 30, 2016, and updates any descriptions of previously reported legal proceedings in which there have been material developments during such quarter. The discussion of legal proceedings included within the *Commitments and Contingencies* footnote of the *Notes to Consolidated Financial Statements* is incorporated into this Item 1 by reference.

Item 1a. Risk Factors

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

Item 5. Other Information**Results of Annual Stockholders Meeting**

At the Company's annual meeting of stockholders held on January 6, 2017, in Atlanta, Georgia, the stockholders considered and voted on the following proposals.

PROPOSAL 1 — Votes regarding the persons elected to serve as Directors of the Company were as follows:

	Term Expiring at the Annual Meeting for	Votes For	Votes Withheld	Broker Non-Votes
W. Patrick Battle	2019	37,241,067	573,580	2,599,073
Gordon D. Harnett	2019	37,186,523	628,124	2,599,073
Robert F. McCullough	2019	36,410,958	1,403,689	2,599,073
Dominic J. Pileggi	2019	37,244,452	570,195	2,599,073

In addition to the above elected directors, the directors whose term of office continued after the meeting are as follows:

Peter C. Browning, James H. Hance, Jr., Vernon J. Nagel, Julia B. North, Ray M. Robinson, and Norman H. Wesley

PROPOSAL 2 — Votes cast regarding the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm were as follows:

Votes For	Votes Against	Votes Abstained
39,876,813	526,624	10,283

PROPOSAL 3 — The results of the advisory vote on the compensation of the named executive officers of the Company were as follows:

Votes For	Votes Against	Votes Abstained	Broker Non-Votes
35,236,678	2,164,070	413,899	2,599,073

PROPOSAL 4 — The results of the vote on the amendment to the Company's Certificate of Incorporation to declassify the Board of Directors:

Votes For	Votes Against	Votes Abstained	Broker Non-Votes
37,577,674	203,589	33,384	2,599,073

PROPOSAL 5 — The results of the shareholder proposal related to the Company's dividend policy were as follows:

Votes For	Votes Against	Votes Abstained	Broker Non-Votes
1,372,715	36,367,610	74,322	2,599,073

Pursuant to the foregoing votes, the Company's stockholders: (i) elected four directors nominated by the Board of Directors and listed above for three-year terms; (ii) approved the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm; (iii) approved, on an advisory basis, the Company's named executive officer compensation; (iv) approved the amendment to the Company's Certificate of Incorporation to declassify the Board of Directors; and (v) did not approve the proposal related to the Company's dividend policy.

Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

At the Company's annual meeting of stockholders held on January 6, 2017, stockholders approved an amendment to Article VII of the Company's Restated Certificate of Incorporation to phase out the Company's Board's classified structure. As a result of the adoption of the amendment, the director nominees standing for election at the Company's 2017 Annual Meeting will stand for election for one-year terms expiring at the Company's annual meeting for fiscal 2018 (the "2018 Annual Meeting"). At the Company's 2018 Annual Meeting, the directors elected at the 2017 Annual Meeting and the directors with terms expiring at the 2018 Annual Meeting would stand for election for one-year terms expiring at the 2019 Annual Meeting. Beginning with election of directors at the Company's Annual Meeting for fiscal year 2019, all directors, regardless of their original term of office, will stand for election every year for a term of one year. The amendment is included in this report as Exhibit 3(c).

Effective January 6, 2017, the Board of Directors of the Company amended Article II, Section 2 of the Company's amended and restated by-laws to conform that provision to the amended Restated Certificate of Incorporation. The full text of the amended and restated by-laws is included in this report as Exhibit 3(d).

Declaration of Dividend

On January 6, 2017, the Board of Directors of the Company declared a quarterly dividend of \$0.13 per share. The dividend is payable on February 1, 2017 to stockholders of record on January 23, 2017.

Item 6. Exhibits

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

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.

Date: January 9, 2017

By:

/S/ VERNON J. NAGEL

VERNON J. NAGEL
CHAIRMAN, PRESIDENT, AND CHIEF EXECUTIVE OFFICER

Date: January 9, 2017

By:

/S/ RICHARD K. REECE

RICHARD K. REECE
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER (Principal Financial and
Accounting Officer)

INDEX TO EXHIBITS

EXHIBIT 3	(a) Restated Certificate of Incorporation of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.	Reference is made to Exhibit 3.1 of registrant's Form 8-K as filed with the Commission on September 26, 2007, which is incorporated herein by reference.
	(b) Certificate of Amendment of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.	Reference is made to Exhibit 3.2 of registrant's Form 8-K as filed with the Commission on September 26, 2007, which is incorporated herein by reference.
	(c) Certificate of Amendment to the Restated Certificate of Incorporation of Acuity Brands, Inc., dated as of January 6, 2017.	Filed with the Commission as part of this Form 10-Q.
	(d) Amended and Restated Bylaws of Acuity Brands, Inc., dated as of January 6, 2017.	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 31	(a) Certification of the Chief Executive Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
	(b) Certification of the Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 32	(a) Certification of the Chief Executive Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
	(b) Certification of the Chief Financial Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended November 30, 2016, filed on January 9, 2017, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Cash Flows, and (iv) the Notes to Consolidated Financial Statements.	Filed with the Commission as part of this Form 10-Q.

**CERTIFICATE OF AMENDMENT
TO THE
RESTATED CERTIFICATE OF INCORPORATION
OF
ACUITY BRANDS, INC.**

Acuity Brands, Inc. (the “Corporation”), a corporation organized and existing under the General Corporation Law of the State of Delaware (the “DGCL”), does hereby certify as follows:

1. This Certificate of Amendment (the “Certificate of Amendment”) amends the provisions of the Corporation’s Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on September 26, 2007, as amended by a Certificate of Amendment filed with the Secretary of State of the State of Delaware on September 26, 2007 (as so amended, the “Certificate of Incorporation”).
2. This amendment was duly adopted in accordance with the provisions of Section 242 of the DGCL.
3. Article VII of the Certificate of Incorporation is hereby amended and restated in its entirety as follows:

The number of directors of the Corporation and the number of directors in each class of directors (if more than one) shall be fixed only by resolutions of the board of directors of the Corporation from time to time. Subject to the other provisions of this paragraph, the board of directors of the Corporation (other than those directors elected by the holders of any series of Preferred Stock provided for or fixed pursuant to the provisions of Article IV hereof (the “Preferred Stock Directors”)) is and shall remain divided into three classes, with the directors in each Class serving for a term expiring at the third annual meeting of stockholders held after their election. Subject to any provisions relating to Preferred Stock Directors, the terms of the members of the board of directors of the Corporation shall be as follows: (i) at the annual meeting of stockholders for fiscal year 2017, the directors whose terms expire at that meeting or such directors’ successors shall be elected to hold office for a one-year term expiring at the annual meeting of stockholders for fiscal year 2018; (ii) at the annual meeting of stockholders for fiscal year 2018, the directors whose terms expire at that meeting or such directors’ successors shall be elected to hold office for a one-year term expiring at the annual meeting of stockholders for fiscal year 2019; and (iii) at the annual meeting of stockholders for fiscal year 2019 and at each annual meeting of stockholders thereafter, all directors shall be elected for a one-year term expiring at the next annual meeting after their election. The division of directors into classes shall terminate at the annual meeting of stockholders for fiscal year 2019, and all directors elected at the annual meeting of stockholders for fiscal year 2019 and thereafter shall be elected in accordance with clause (iii) in the immediately preceding sentence. Subject to any provisions relating to Preferred Stock Directors, directors shall remain in office until the election and qualification of their respective successors in office or until their earlier death, resignation or removal.

No director elected prior to the annual meeting of stockholders for fiscal year 2017 (or such directors' successors elected pursuant to this Article VII) who is part of any class of directors may be removed except both for cause and with the affirmative vote of the holders of not less than 80% of the voting power of all outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, considered for this purpose as a single class. Except as set forth in the immediately preceding sentence, any director may be removed from office at any time, with or without cause, by the affirmative vote of the holders of not less than 80% of the voting power of all outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, considered for this purpose as a single class.

Vacancies and newly created directorships resulting from any increase in the authorized number of directors or from any other cause (other than vacancies and newly created directorships which the holders of any class or classes of stock or series thereof are expressly entitled by this Certificate of Incorporation to fill) shall be filled by, and only by, a majority of the directors then in office, although less than a quorum, or by the sole director (and not by stockholders). Any director elected in accordance with the immediately preceding sentence to fill a vacancy on the board of directors of the Corporation resulting from the death, resignation or removal of any director in a class elected prior to the annual meeting of stockholders for fiscal year 2017 shall hold office for a term expiring at the next election of the class of directors of the director which such director replaced and shall remain in office until his or her successor shall be elected and qualified or until such director's death, resignation or removal, whichever first occurs. Any director elected in accordance with the first sentence of this paragraph to (i) fill a newly created directorship resulting from any increase in the authorized number of directors or (ii) fill a vacancy on the board of directors of the Corporation resulting from the death, resignation or removal of any director in a class elected at or after the annual meeting of stockholders for fiscal year 2017 shall hold office for a term expiring at the next annual meeting of stockholders and shall remain in office until his or her successor shall be elected and qualified or until such director's death, resignation or removal, whichever first occurs.

Notwithstanding the foregoing, in the event that the holders of any class or series of Preferred Stock of the Corporation shall be entitled, voting separately as a class, to elect any directors of the Corporation, then the number of directors that may be elected by such holders voting separately as a class shall be in addition to the number fixed pursuant to a resolution of the board of directors of the Corporation. Except as otherwise provided in the terms of such class or series, (i) the terms of the directors elected by such holders voting separately as a class shall expire at the annual meeting of stockholders next succeeding their election without regard to the classification of other directors and (ii) any director or directors elected by such holders voting separately as a class may be removed, without cause, by the holders of a majority of the voting power of all outstanding shares of stock of the Corporation entitled to vote separately as a class in an election of such directors.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed this 6th day of January, 2017.

ACUITY BRANDS, INC.

By: /s/ Vernon J. Nagel

Name: Vernon J. Nagel

Title: Chairman, President and Chief Executive Officer

ACUITY BRANDS, INC.
AMENDED AND RESTATED BY-LAWS
Amended and Restated as of January 6, 2017

ARTICLE I - STOCKHOLDERS

Section 1. Annual Meetings, Proposals and Nominations.

(a) An annual meeting of the stockholders, for (i) the election of directors to succeed those whose terms expire and (ii) the transaction of such other business, each as shall properly come before the meeting pursuant to the provisions of this Section 1, shall be held at such place, on such date, and at such time as the Board of Directors shall each year fix.

(b) Business at Annual Meetings of Stockholders.

(i) Only such business (other than nominations of persons for election to the Board of Directors, which must be made in compliance with and are governed exclusively by Section 1(c) and Section 9 of this Article I) shall be conducted at an annual meeting of the stockholders as shall have been brought before the meeting (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (B) by or at the direction of the Board of Directors, or (C) by any stockholder of the Corporation who (1) was a stockholder of record at the time of giving of notice provided for in this Section 1(b) and at the time of the meeting, (2) is entitled to vote at the meeting and (3) complies with the notice procedures set forth in this Section 1(b). For the avoidance of doubt, the foregoing clause (C) shall be the exclusive means for a stockholder to propose such business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended) before an annual meeting of stockholders.

(ii) For business (other than nominations of persons for election to the Board of Directors, which must be made in compliance with and are governed exclusively by Section 1(c) and Section 9 of this Article I) to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in proper written form as described in Section 1(b)(iii) of this Article I to the Secretary of the Corporation and such business must otherwise be appropriate for stockholder action under the Delaware General Corporation Law. To be timely, a stockholder's notice for such business must be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation in proper written form not less than ninety (90) days and not more than one hundred twenty (120) days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided, however, that if and only if the annual meeting is not scheduled to be held within a period that commences thirty (30) days before such anniversary date and ends thirty (30) days after such anniversary date, such stockholder's notice must be delivered by the later of (A) the tenth day following the day of the Public Announcement (as defined in Section 1(1) of this Article I) of the date of the annual meeting or (B) the date which is ninety (90) days prior to the date of the annual meeting. In no event shall any adjournment,

deferral or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(iii) To be in proper written form, a stockholder's notice to the Secretary of the Corporation shall set forth as to each matter of business the stockholder proposes to bring before the annual meeting (A) a brief description of the business desired to be brought before the annual meeting (including the specific text of any resolutions or actions proposed for consideration and if such business includes a proposal to amend the Corporation's certificate of incorporation or these By-Laws, the specific language of the proposed amendment) and the reasons for conducting such business at the annual meeting, (B) the name and address of the stockholder proposing such business, as they appear on the Corporation's books, the residence name and address (if different from the Corporation's books) of such proposing stockholder, and the name and address of any Stockholder Associated Person (as defined in Section 1(f) of this Article I) covered by clauses (C), (D) and (F) below, (C) the class and number of shares of stock of the Corporation which are directly or indirectly held of record or beneficially owned by such stockholder or by any Stockholder Associated Person with respect to the Corporation's securities, a description of any Derivative Positions (as defined in Section 1(f) of this Article I) directly or indirectly held or beneficially held by the stockholder or any Stockholder Associated Person, and whether and the extent to which a Hedging Transaction (as defined in Section 1(f) of this Article I) has been entered into by or on behalf of such stockholder or any Stockholder Associated Person, (D) a description of all arrangements or understandings between such stockholder or any Stockholder Associated Person and any other person or entity (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder, any Stockholder Associated Person or such other person or entity in such business, (E) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting and (F) a representation as to whether such stockholder or any Stockholder Associated Person intends to deliver a proxy statement or form of proxy to holders of at least the percentage of the Corporation's outstanding shares required to approve the proposal or otherwise to solicit proxies from stockholders in support of the proposal. In addition, any stockholder who submits a notice pursuant to this Section 1(b) is required to update and supplement the information disclosed in such notice, if necessary, in accordance with Section 1(d) of this Article I.

(iv) Notwithstanding anything in these By-Laws to the contrary, no business (other than nominations of persons for election to the Board of Directors, which must be made in compliance with and are governed exclusively by Section 1(c) and Section 9 of this Article I) shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 1(b). At an annual meeting, the chairman of the meeting shall determine, if the facts warrant, that business was not properly brought before the meeting and in accordance with the provisions prescribed by these By-Laws, and if the chairman should so determine, the chairman shall so declare to the meeting, and any such business not properly brought before the meeting shall not be transacted.

(c) Nominations at Annual Meetings of Stockholders.

(i) Only persons who are nominated in accordance and compliance with the procedures set forth in this Section 1(c) or Section 9 of this Article I shall be eligible for election to the Board of Directors at an annual meeting of stockholders.

(ii) Nominations of persons for election to the Board of Directors of the Corporation may be made at an annual meeting of stockholders only (A) by or at the direction of the Board of Directors, (B) by any stockholder of the Corporation who (1) was a stockholder of record at the time of giving of notice provided for in this Section 1(c)(ii) and at the time of the meeting, (2) is entitled to vote at the meeting and (3) complies with the notice procedures set forth in this Section 1(c)(ii), or (C) by any stockholder of the Corporation pursuant to Section 9 of Article I of these Bylaws. Clause (B) of this Section 1(c)(ii) shall be the exclusive means for a stockholder to make nominations of persons for election to the Board of Directors (other than nominations included in the Corporation's proxy materials pursuant to Section 9 of this Article I) at an annual meeting of stockholders. Any nominations by stockholders at an annual meeting of stockholders shall be made pursuant to timely notice in proper written form as described in Section 1(c)(iii) of this Article I to the Secretary of the Corporation. To be timely, a stockholder's notice for the nomination of persons for election to the Board of Directors pursuant to this Section 1(c) must be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation in proper written form not less than ninety (90) days and not more than one hundred twenty (120) days prior to the first anniversary of the preceding year's annual meeting of stockholders; provided, however, that if and only if the annual meeting is not scheduled to be held within a period that commences thirty (30) days before such anniversary date and ends thirty (30) days after such anniversary date, such stockholder's notice must be delivered by the later of (C) the tenth day following the day of the Public Announcement of the date of the annual meeting or (D) the date which is ninety (90) days prior to the date of the annual meeting. In no event shall any adjournment, deferral or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(iii) To be in proper written form, a stockholder's notice for nomination of persons for election to the Board of Directors shall set forth (A) as to each person whom the stockholder proposes to nominate for election or re-election as a director of the Corporation, (1) the name, age, business address and residence address of the person, (2) the principal occupation or employment of the person, (3) the class or series and number of shares of capital stock of the Corporation which are directly or indirectly owned beneficially or of record by the person, (4) the date such shares were acquired and the investment intent of such acquisition and (5) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for a contested election of directors (even if an election contest or proxy solicitation is not involved), or is otherwise required, pursuant to Section 14 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement

as a nominee, if applicable, and to serving if elected); and (B) as to the stockholder giving the notice (1) the name and address of such stockholder, as they appear on the Corporation's books, the residence name and address (if different from the Corporation's books) of such proposing stockholder, and the name and address of any Stockholder Associated Person covered by clauses (2), (3), (5) and (6) below, (2) the class and number of shares of stock of the Corporation which are directly or indirectly held of record or beneficially owned by such stockholder or by any Stockholder Associated Person with respect to the Corporation's securities, a description of any Derivative Positions directly or indirectly held or beneficially held by the stockholder or any Stockholder Associated Person, and whether and the extent to which a Hedging Transaction has been entered into by or on behalf of such stockholder or any Stockholder Associated Person, (3) a description of all arrangements or understandings (including financial transactions and direct or indirect compensation) between such stockholder or any Stockholder Associated Person and each proposed nominee and any other person or entity (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (4) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice, (5) any other information relating to such stockholder or any Stockholder Associated Person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for a contested election of directors (even if an election contest or proxy solicitation is not involved), or otherwise required, pursuant to Section 14 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, and (6) a representation as to whether such stockholder or any Stockholder Associated Person intends to deliver a proxy statement or form of proxy to the holders of a sufficient number of the Corporation's outstanding shares to elect such nominee or otherwise to solicit proxies from stockholders in support of the nomination. In addition, any stockholder who submits a notice pursuant to this Section 1(c) is required to update and supplement the information disclosed in such notice, if necessary, in accordance with Section 1(d) of this Article I. At an annual meeting, the chairman of the meeting shall determine, if the facts warrant, that a nomination was not made in accordance with the procedures prescribed by these By-Laws, and if the chairman should so determine, the chairman shall so declare to the meeting, and the defective nomination shall be disregarded.

(iv) Notwithstanding anything in the third sentence of Section 1(c)(ii) of this Article I to the contrary, if the number of directors to be elected to the Board of Directors is increased and there is no Public Announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by Section 1(c)(ii) of this Article I shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such Public Announcement is first made by the Corporation.

(d) Update and Supplement of Stockholder's Notice. Any stockholder who submits a notice of proposal for business or nomination for election pursuant to this Section 1 is required to

update and supplement the information disclosed in such notice, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting of stockholders and as of the date that is twelve (12) days prior to such meeting of the stockholders or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than seven (7) days after the record date for the meeting of stockholders (in the case of the update and supplement required to be made as of the record date), and not later than ten (10) days prior to the date for the meeting of stockholders or any adjournment or postponement thereof (in the case of the update and supplement required to be made as of twelve (12) days prior to the meeting of stockholders or any adjournment or postponement thereof).

(e) Requirements of Exchange Act. In addition to the foregoing provisions of this Section 1, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in these By-Laws; provided, however, that any references in these By-Laws to the Securities Exchange Act of 1934, as amended, or the rules and regulations promulgated thereunder are not intended to and shall not limit the requirements of these By-Laws applicable to proposals as to any other business to be considered pursuant to these By-Laws regardless of the stockholder's intent to utilize Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended. Nothing in this Section 1 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended.

(f) Definitions. For purposes of these By-Laws, the term:

(i) "Derivative Positions" means, with respect to a stockholder or any Stockholder Associated Person, any derivative positions including, without limitation, any short position, profits interest, option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise and any performance-related fees to which such stockholder or any Stockholder Associated Person is entitled based, directly or indirectly, on any increase or decrease in the value of shares of capital stock of the Corporation;

(ii) "Hedging Transaction" means, with respect to a stockholder or any Stockholder Associated Person, any hedging or other transaction (such as borrowed or loaned shares) or series of transactions, or any other agreement, arrangement or understanding, the effect or intent of which is to increase or decrease the voting power of such stockholder or any Stockholder Associated Person with respect to the Corporation's securities;

(iii) "Public Announcement" means disclosure in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or comparable news service or in a document publicly filed by the Corporation with the Securities and

Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended; and

(iv) “Stockholder Associated Person” of any stockholder means (A) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (B) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder or (C) any person directly or indirectly controlling, controlled by or under common control with such Stockholder Associated Person.

Section 2. Special Meetings of Stockholders.

(a) Special meetings of the stockholders may be called at any time by the Board of Directors acting pursuant to a resolution adopted by a majority of the Whole Board. For purposes of these By-Laws, the term “Whole Board” shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. The Board of Directors may postpone or reschedule any previously scheduled special meeting.

(b) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Board of Directors’ notice of meeting. Only persons who are nominated in accordance and compliance with the procedures set forth in this Section 2 shall be eligible for election to the Board of Directors at a special meeting of stockholders. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Board of Directors’ notice of meeting only (i) by or at the direction of the Board of Directors or (ii) provided that the Board of Directors has determined that directors are to be elected at such special meeting, by any stockholder of the Corporation who (A) was a stockholder of record at the time of giving of notice provided for in this Section 2(b) and at the time of the special meeting, (B) is entitled to vote at the meeting and (C) complies with the notice procedures provided for in this Section 2(b). For the avoidance of doubt, the foregoing clause (ii) shall be the exclusive means for a stockholder to propose nominations of persons for election to the Board of Directors at a special meeting of stockholders. Any nominations by stockholders at a special meeting of stockholders shall be made pursuant to timely notice in proper written form as described in this Section 2 to the Secretary of the Corporation. To be timely, a stockholder’s notice for the nomination of persons for election to the Board of Directors must be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which a Public Announcement is made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment, deferral or postponement of a special meeting or the announcement thereof commence a new time period for the giving of a stockholder’s notice as described above. To be in proper written form, such stockholder’s notice shall set forth all of the information required by, and otherwise be in compliance with, Section 1(c)(iii) of this Article I. In addition, any stockholder who submits a notice pursuant to this Section 2(b) is required to update and supplement the information disclosed in such notice, if necessary, in accordance with Section 2(c) of this Article I. At a special meeting, the chairman of the meeting shall determine, if the facts warrant, that a proposal or nomination was not made in accordance with the procedures prescribed by these By-Laws, and if the chairman should so

determine, the chairman shall so declare to the meeting, and the defective proposal or nomination shall be disregarded.

(c) Any stockholder who submits a notice pursuant to this Section 2 is required to update and supplement the information disclosed in such notice, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the special meeting of stockholders and as of the date that is twelve (12) days prior to such special meeting of the stockholders or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than seven (7) days after the record date for the special meeting of stockholders (in the case of the update and supplement required to be made as of the record date), and not later than ten (10) days prior to the date for the special meeting of stockholders or any adjournment or postponement thereof (in the case of the update and supplement required to be made as of twelve (12) days prior to the special meeting of stockholders or any adjournment or postponement thereof).

(d) In addition to the foregoing provisions of this Section 2, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in these By-Laws; provided, however, that any references in these By-Laws to the Securities Exchange Act of 1934, as amended, or the rules and regulations promulgated thereunder are not intended to and shall not limit the requirements of these By-Laws applicable to nominations to be considered pursuant to these By-Laws regardless of the stockholder's intent to utilize Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended. Nothing in this Section 2 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended.

Section 3. Notice of Meetings.

Notice of the place, if any, date, and time of all meetings of the stockholders, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and the record date for determining the stockholders entitled to vote at the meeting if the date is different from the record date for determining stockholders entitled to notice of the meeting, shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the certificate of incorporation of the Corporation).

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting,

notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 4. Quorum.

At any meeting of the stockholders, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes or series is required, a majority of the shares of such class or classes or series present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

If a quorum shall fail to attend any meeting, the chairman of the meeting may adjourn the meeting to another place, if any, date, or time.

Section 5. Organization.

Such person as the Board of Directors may have designated or, in the absence of such a person, the Chairman of the Board or, in his or her absence, the President of the Corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints.

Section 6. Conduct of Business.

The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The chairman shall have the power to adjourn the meeting to another place, if any, date and time. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

Section 7. Proxies and Voting.

At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

The Corporation may, and to the extent required by law shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Every vote taken by ballots shall be counted by a duly appointed inspector or inspectors.

Excepted as provided in Article II, Section 2 and in this paragraph, in uncontested director elections, each director shall be elected by the affirmative vote of the majority of the votes cast at an annual meeting of stockholders. The affirmative vote of the majority of the votes cast means that the number of shares cast “for” a director’s election exceeds the number of votes cast “against” that director. Incumbent directors who fail to receive a majority of the vote shall remain in office until such director’s successor is elected and qualified or until such director’s earlier resignation or removal. In a contested election, the directors shall be elected by a plurality of the votes cast. Except as otherwise required by law, all other matters shall be determined by a majority of the votes cast affirmatively or negatively.

Section 8. Stock List.

A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder for a period of at least 10 days prior to the meeting in the manner provided by law.

The stock list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

Section 9. Proxy Access.

(a) Inclusion of Stockholder Nominee in Corporation’s Proxy Materials. Whenever the Board of Directors solicits proxies with respect to the election of directors at an annual meeting of stockholders, subject to the provisions of this Section 9 of Article I, the Corporation shall include in its proxy statement for such annual meeting, in addition to any persons nominated for election by or at the direction of the Board of Directors (or any duly authorized committee thereof), the name, together with the Required Information (as defined below), of any person nominated for election (the “Stockholder Nominee”) to the Board of Directors by a stockholder or group of no more than twenty (20) stockholders (counting as one stockholder, for this purpose, any two (2) or more funds under common management and sharing a common investment adviser) that satisfies the requirements of this Section 9 of Article I (the “Eligible Stockholder”) and that expressly elects at the time of providing the notice required by this Section 9 of Article I to have such nominee included in the Corporation’s proxy materials pursuant to this Section 9 of Article I. For purposes of this Section 9 of Article I, the “Required Information” that the Corporation will include in its

proxy statement is (i) the information provided to the Secretary of the Corporation concerning the Stockholder Nominee and the Eligible Stockholder that the Corporation determines is required to be disclosed in the Corporation's proxy statement pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, and (ii) if the Eligible Stockholder so elects, a Supporting Statement (as defined in Section 9(g) hereof). Subject to the provisions of this Section 9 of Article I, the name of any Stockholder Nominee included in the Corporation's proxy statement for an annual meeting of stockholders shall also be set forth on the form of proxy distributed by the Corporation in connection with such annual meeting. For the avoidance of doubt, and any other provision of these Bylaws notwithstanding, the Corporation may in its sole discretion solicit against, and include in the proxy statement its own statements or other information relating to, any Eligible Stockholder or Stockholder Nominee. This Section 9 of Article I provides the exclusive method for a stockholder to include nominees for election to the Board of Directors in the Corporation's proxy materials.

(b) Notice of Proxy Access Nomination. In addition to any other applicable requirements, for a Stockholder Nominee to be eligible for inclusion in the Corporation's proxy materials pursuant to this Section 9 of Article I, the Eligible Stockholder must give timely notice of such nomination (the "Notice of Proxy Access Nomination") in proper written form to the Secretary of the Corporation. To be timely, the Notice of Proxy Access Nomination must be delivered to the Secretary at the principal executive offices of the Corporation in proper written form not less than 120 or more than 150 days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials with respect to the preceding year's annual meeting; provided, however, that, if and only if the annual meeting is not scheduled to be held within a period that commences thirty (30) days before such anniversary date and ends thirty (30) days after such anniversary date, or if no annual meeting was held in the preceding year, notice by the Eligible Stockholder must be so received not later than the close of business on the later of (i) the 135th day before such annual meeting or (ii) the 10th day following the day on which Public Announcement (as defined in Section 4(f) of Article I) of the date of such meeting is first made by the Corporation. In no event shall any adjournment, deferral or postponement of an annual meeting or the Public Announcement thereof commence a new time period for the giving of an Eligible Stockholder's Notice of Proxy Access Nomination pursuant to this Section 9 of Article I.

(c) Permitted Number of Stockholder Nominees. The maximum number of Stockholder Nominees nominated by all Eligible Stockholders that will be included in the Corporation's proxy materials with respect to an annual meeting of stockholders (the "Permitted Number") shall be the greater of (i) two (2) or (ii) twenty percent (20%) of the number of directors in office as of the last day on which a Notice of Proxy Access Nomination may be delivered pursuant to and in accordance with this Section 9 of Article I (the "Final Proxy Access Nomination Date") or, if such amount is not a whole number, the closest whole number below twenty percent (20%); provided, however, that if the Corporation has a classified Board of Directors, the Permitted Number is subject to reduction so that the Permitted Number for any annual meeting shall not exceed one-half of the number of directors to be elected at such annual meeting as noticed by the Corporation (rounded down to the nearest whole number); and provided further that the Permitted Number for any particular annual meeting shall be reduced but not below zero by:

(i) the number of individuals nominated by an Eligible Stockholder for inclusion in the Corporation's proxy materials pursuant to this Section 9 of Article I whose nominations are subsequently withdrawn,

(ii) the number of individuals nominated by an Eligible Stockholder for inclusion in the Corporation's proxy materials pursuant to this Section 9 of Article I whom the Board of Directors decides to nominate for election to the Board of Directors,

(iii) the number of nominees recommended by the Board of Directors who will be included in the Corporation's proxy materials pursuant to an agreement, arrangement or other understanding with a stockholder or group of stockholders (other than any such agreement, arrangement or understanding entered into in connection with an acquisition of stock from the Corporation by such stockholder or group of stockholders),

(iv) the number of directors serving on the Board of Directors as of the Final Proxy Access Nomination Date who were previously included in the Corporation's proxy materials as Stockholder Nominees (including any individual counted as a Stockholder Nominee pursuant to the preceding clause (ii)) during the prior two annual meetings; and

(v) the number of individuals for whom the Secretary of the Corporation shall have received one or more valid stockholder's notices (whether or not subsequently withdrawn) relating to the nomination of such individuals for election to the Board of Directors pursuant to Section 1(c) of Article I.

In the event that one or more vacancies occurs on the Board of Directors for any reason after the Final Proxy Access Nomination Date but on or before the date of the annual meeting and the Board of Directors resolves to reduce the number of directors on the Board of Directors in connection therewith, the Permitted Number shall be calculated based on the number of directors on the Board of Directors as so reduced. Any Eligible Stockholder submitting more than one Stockholder Nominee for inclusion in the Corporation's proxy materials pursuant to this Section 9 of Article I shall rank such Stockholder Nominees based on the order in which the Eligible Stockholder desires such Stockholder Nominees to be selected for inclusion in the Corporation's proxy materials in the event that the total number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 9 of Article I exceeds the Permitted Number. In the event that the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 9 of Article I exceeds the Permitted Number, the highest ranking Stockholder Nominee who meets the requirements of this Section 9 of Article I from each Eligible Stockholder will be selected for inclusion in the Corporation's proxy materials until the Permitted Number is reached, going in order of the amount (largest to smallest) of shares of common stock of the Corporation each Eligible Stockholder disclosed as owned in its Notice of Proxy Access Nomination (with any Stockholder Nominee who is the sole nominee of an Eligible Stockholder deemed to have its highest ranking). If the Permitted Number is not reached after the highest ranking Stockholder Nominee who meets the requirements of this Section 9 of Article I from each Eligible Stockholder has been selected, then the next highest ranking Stockholder Nominee who meets the requirements of this Section 9 of Article I from each Eligible Stockholder will be selected for inclusion in the Corporation's proxy

materials, and this process will continue as many times as necessary, following the same order each time, until the Permitted Number is reached.

(d) Eligible Stockholder Requirements. In order to make a nomination pursuant to this Section 9 of Article I, an Eligible Stockholder must have owned (as defined below) at least three percent (3%) of the Corporation's outstanding common stock (the "Required Shares") continuously for at least three (3) years (the "Minimum Holding Period") as of both the date the Notice of Proxy Access Nomination is received by the Secretary of the Corporation in accordance with this Section 9 of Article I and the record date for the determination of stockholders entitled to vote at the annual meeting, and must continue to own the Required Shares through the date of the annual meeting. For purposes of this Section 9 of Article I, an Eligible Stockholder shall be deemed to "own" only those outstanding shares of common stock of the Corporation as to which the stockholder possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity for profit from and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (x) sold by such stockholder or any of its affiliates in any transaction that has not been settled or closed, (y) borrowed by such stockholder or any of its affiliates for any purposes or purchased by such stockholder or any of its affiliates pursuant to an agreement to resell or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar instrument or agreement entered into by such stockholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of outstanding common stock of the Corporation, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, such stockholder's or its affiliates' full right to vote or direct the voting of any such shares or (2) hedging, offsetting or altering to any degree any gain or loss realized or realizable from maintaining the full economic ownership of such shares by such stockholder or affiliate, but not including any hedging across a broad multi-industry investment portfolio solely with respect to currency risk, interest-rate risk or, using a broad index-based hedge, equity risk. A stockholder shall "own" shares held in the name of a nominee or other intermediary so long as the stockholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A stockholder's ownership of shares shall be deemed to continue during any period in which (i) the stockholder has loaned such shares, provided that the stockholder has the power to recall such loaned shares and includes in its Notice of Proxy Access Nomination an agreement that it (A) will promptly recall such loaned shares upon being notified that any of its Shareholder Nominees will be included in the Corporation's proxy materials and prior to the record date for the meeting and (B) will continue to hold such shares through the date of the annual meeting or (ii) the stockholder has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement that is revocable at any time by the stockholder. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings. For purposes of this Section 9 of Article I, the term "affiliate" or "affiliates" shall have the meaning ascribed thereto under the General Rules and Regulations under the Exchange Act.

(e) Proper Form of Proxy Access Nomination. To be in proper written form for purposes of this Section 9 of Article I, the Notice of Proxy Access Nomination must include or be accompanied by the following:

(i) a written statement by the Eligible Stockholder certifying as to the number of shares it owns and has owned (as defined in Section 9(d) hereof) continuously during the Minimum Holding Period;

(ii) one or more written statements from the record holder of the Required Shares (and from each intermediary through which the Required Shares are or have been held during the Minimum Holding Period) verifying that, as of a date within seven (7) days prior to the date the Notice of Proxy Access Nomination is received by the Secretary of the Corporation, the Eligible Stockholder owns, and has owned continuously for the Minimum Holding Period, the Required Shares, and the Eligible Stockholder's agreement to provide to the Secretary of the Corporation (A) within ten (10) days after the record date for the determination of stockholders entitled to vote at the annual meeting, one or more written statements from the record holder and such intermediaries verifying the Eligible Stockholder's continuous ownership of the Required Shares through the record date and (B) immediate notice if the Eligible Stockholder ceases to own any of the Required Shares prior to the date of the annual meeting;

(iii) a copy of the Schedule 14N that has been or is concurrently being filed with the United States Securities and Exchange Commission as required by Rule 14a-18 under the Exchange Act;

(iv) the information and consent that would be required to be set forth in a stockholder's notice of a nomination pursuant to Section 1(c) of Article I of these Bylaws, together with the written consent of each Stockholder Nominee to being named in the proxy statement as a nominee and to serving as a director, if elected;

(v) a representation that the Eligible Stockholder (A) will continue to hold the Required Shares through the date of the annual meeting, (B) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent, (C) has not nominated and will not nominate for election to the Board of Directors at the annual meeting any person other than the Stockholder Nominee(s) it is nominating pursuant to this Section 9 of Article I, (D) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any person as a director at the annual meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors, (E) has not distributed and will not distribute to any stockholder of the Corporation any form of proxy for the annual meeting other than the form distributed by the Corporation, (F) has complied and will comply with all laws and regulations applicable to solicitations and the use, if any, of soliciting material in connection with the annual meeting, and (G) has provided and will provide facts, statements and other information in all communications with the Corporation and its stockholders that are or will be true and correct in all material respects and do not and will

not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(vi) an undertaking that the Eligible Stockholder agrees to (A) assume all liability resulting from any legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the Corporation or relating to the information that the Eligible Stockholder provided to the Corporation and indemnify and hold harmless the Corporation and each of its directors, officers and employees individually from and against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees relating to any legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the Corporation or relating to the information that the Eligible Stockholder provided to the Corporation, or arising out of any activity by the Eligible Stockholder in connection with any such nomination and (B) file with the Securities and Exchange Commission any solicitation or other communication with the stockholders of the Corporation relating to the meeting at which its Stockholder Nominee(s) will be nominated, regardless of whether any such filing is required under Regulation 14A of the Exchange Act or whether any exemption from filing is available for such solicitation or other communication under Regulation 14A of the Exchange Act;

(vii) in the case of a nomination by a group of stockholders together constituting an Eligible Stockholder, the designation by all group members of one member of the group that is authorized to receive communications, notices and inquiries from the Corporation and to act on behalf of all members of the group with respect to all matters relating to the nomination under this Section 9 of Article I (including withdrawal of the nomination);

(viii) in the case of a nomination by a group of stockholders together constituting an Eligible Stockholder in which two or more funds under common management and sharing a common investment adviser are counted as one stockholder for purposes of qualifying as an Eligible Stockholder, documentation reasonably satisfactory to the Corporation that demonstrates that the funds are under common management and share a common investment adviser;

(ix) information as necessary to permit the Board of Directors to determine that the Stockholder Nominee is independent under the applicable listing standards, any applicable rules of the Securities and Exchange Commission, the Corporate Governance Guidelines of the Corporation and any publicly disclosed standards used by the Board of Directors ("Independence Standards") to determine and disclose the independence of the Corporation's directors;

(x) a written representation and agreement, in the form provided by the Secretary of the Corporation, that the Stockholder Nominee will comply, in his or her individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, if elected as a director, with the Corporation's Corporate Governance Guidelines, corporate policies, corporate directives, and policies and guidelines regarding conflicts of

interest, confidentiality, stock ownership and trading, any other codes of conduct, codes of ethics, policies and guidelines of the Corporation or any rules, regulations and listing standards, in each case as applicable to the Corporation's directors;

(xi) a written representation and agreement that the Stockholder Nominee is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question, (2) any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director, in each case, unless the terms of such agreement, arrangement or understanding has been disclosed to the Corporation or (3) any voting commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law;

(xii) a description of all agreements, arrangements or understandings between the Eligible Stockholder and each Stockholder Nominee and any other person or persons, including the Stockholder Nominee, such beneficial owners and control persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the Eligible Stockholder or that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K of the Exchange Act if the Eligible Stockholder making the nomination and any beneficial owner or control person on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the Stockholder Nominee were a director or executive officer of such registrant;

(xiii) any information as may be requested in a written questionnaire provided by the Secretary of the Corporation upon written request, with such completed questionnaire signed by the Stockholder Nominee; and

(xiv) an irrevocable letter of resignation signed by the Stockholder Nominee providing that such resignation shall become effective upon a determination by the Board of Directors or any committee thereof that (1) the information provided to the Corporation with respect to such Stockholder Nominee pursuant to this Section 9(e) of Article I was untrue in any material respect or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, or (2) such Stockholder Nominee, or the Eligible Stockholder who nominated such Stockholder Nominee, failed to comply with any obligation owed to the Corporation or breached any representation made under or pursuant to these Bylaws.

(f) Additional Information. In addition to the information required pursuant to Section 9(e) of Article I or any other provision of these Bylaws, the Corporation may require (i) any proposed Stockholder Nominee to furnish any other information (x) that may reasonably be required by the Corporation to determine that the Stockholder Nominee would be independent under the Independence Standards, (y) that could be material to a reasonable stockholder's understanding of

the independence, or lack thereof, of such Stockholder Nominee or (z) that may reasonably be required by the Corporation to determine the eligibility of such Stockholder Nominee to serve as a director of the Corporation and (ii) the Eligible Stockholder to furnish any other information that may reasonably be required by the Corporation to verify the Eligible Stockholder's continuous ownership of the Required Shares for the Minimum Holding Period.

(g) Supporting Statement. The Eligible Stockholder may, at its option, provide to the Secretary of the Corporation, at the time the Notice of Proxy Access Nomination is provided, a written statement, not to exceed five hundred (500) words, in support of the Stockholder Nominee(s)' candidacy (a "Supporting Statement") for inclusion in the Corporation's proxy materials for the annual meeting. Only one Supporting Statement may be submitted by an Eligible Stockholder (including any group of stockholders together constituting an Eligible Stockholder) in support of its Stockholder Nominee(s). Notwithstanding anything to the contrary contained in this Section 9 of Article I, the Corporation may omit from its proxy materials any information or Supporting Statement (or portion thereof) that it, in good faith, believes is materially false or misleading, omits to state any material fact, or would violate any applicable law or regulation.

(h) Update and Supplement of Proxy Access Nomination. In the event any information or communications provided by an Eligible Stockholder or a Stockholder Nominee to the Corporation or its stockholders ceases to be true and correct in all material respects or omits to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, such Eligible Stockholder or Stockholder Nominee, as the case may be, shall promptly notify the Secretary of the Corporation of any defect in such previously provided information and of the information that is required to correct any such defect. In addition, any person providing any information to the Corporation pursuant to this Section 9 of Article I shall further update and supplement such information, if necessary, so that all such information shall be true and correct as of the record date for the determination of stockholders entitled to vote at the annual meeting, and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the Corporation not later than ten (10) days after the record date for the determination of stockholders entitled to vote at the annual meeting.

(i) Exclusion. Notwithstanding anything to the contrary contained in this Section 9 of Article I, the Corporation shall not be required to include, pursuant to this Section 9 of Article I, a Stockholder Nominee in its proxy materials, or, if the proxy statement has already been filed, to allow the nomination of a Stockholder Nominee, notwithstanding that proxies in respect of such vote have been received by the Corporation: (i) if the Eligible Stockholder who has nominated such Stockholder Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any person as a director at the annual meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors, (ii) who would not be an independent director under the Independence Standards, (iii) whose election as a member of the Board of Directors would cause the Corporation to be in violation of these Bylaws, the Certificate of Incorporation, the rules and listing standards of the principal United States securities exchanges upon which the common stock of the Corporation is listed or traded, or any applicable state or federal law, rule or regulation, (iv) who is or has been, within the three (3) years preceding the date on which the Notice of Proxy

Access Nomination is delivered, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, (v) who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the ten (10) years preceding the date on which the Notice of Proxy Access Nomination is delivered, (vi) who is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended, (vii) if such Stockholder Nominee or the applicable Eligible Stockholder shall have provided any information to the Corporation or its stockholders in respect of the nomination that was untrue in any material respect or that omitted to state a material fact necessary to make the statements made, in light of the circumstances in which they were made, not misleading, (viii) if such Stockholder Nominee or the applicable Eligible Stockholder otherwise breaches or fails to comply with any of the agreements or representations made by such Stockholder Nominee or Eligible Stockholder or fails to comply with its obligations under this Section 9 of Article I, or (ix) if the Eligible Stockholder ceases to be an Eligible Shareholder for any reason, including but not limited to not owning the Required Shares through the date of the annual meeting.

(j) Breach. Notwithstanding anything to the contrary set forth herein, if (i) a Stockholder Nominee or the applicable Eligible Stockholder breaches or fails to comply with any of its or their obligations, agreements or representations under this Section 9 of Article I or (ii) a Stockholder Nominee otherwise becomes ineligible for inclusion in the Corporation's proxy materials pursuant to this Section 9 of Article I or dies or otherwise becomes ineligible or unavailable for election at the annual meeting, (x) the Corporation may omit or, to the extent feasible, remove the information concerning such Stockholder Nominee and the related Supporting Statement from its proxy materials and/or otherwise communicate to its stockholders that such Stockholder Nominee will not be eligible for election at the annual meeting, (y) the Corporation shall not be required to include in its proxy materials any successor or replacement nominee proposed by the applicable Eligible Stockholder or any other Eligible Stockholder, and (z) the Board of Directors or the chairperson of the annual meeting shall declare such nomination to be invalid and such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the Corporation. In addition, if the Eligible Stockholder (or a representative thereof) does not appear at the annual meeting to present any nomination pursuant to this Section 9 of Article I, such nomination shall be declared invalid and disregarded as provided in clause (z) above.

(k) Nominating Stockholder Undertakings. Whenever the Eligible Stockholder consists of a group of stockholders (including two or more funds under common management and sharing a common investment adviser), (i) each provision in this Section 9 of Article I that requires the Eligible Stockholder to provide any written statements, representations, undertakings, agreements or other instruments or to meet any other conditions shall be deemed to require each stockholder (including each individual fund) that is a member of such group to provide such statements, representations, undertakings, agreements or other instruments and to meet such other conditions (except that the members of such group may aggregate their shareholdings in order to meet the three percent (3%) ownership requirement of the "Required Shares" definition) and (ii) a breach of, or failure to comply with, any obligation, agreement or representation under this Section 9 of Article I by any member of such group shall be deemed a breach by the Eligible Stockholder. No person

may be a member of more than one group of stockholders constituting an Eligible Stockholder with respect to any annual meeting.

(l) Loss of Eligibility by a Stockholder Nominee. Any Stockholder Nominee who is included in the Corporation's proxy materials for a particular annual meeting of stockholders but withdraws from or becomes ineligible or unavailable for election at the annual meeting will be ineligible to be a Stockholder Nominee pursuant to this Section 9 of Article I for the next two (2) annual meetings of stockholders. For the avoidance of doubt, the immediately preceding sentence shall not prevent any stockholder from nominating any person to the Board of Directors pursuant to and in accordance with Section 1(c).

(m) Interpretation. The Board of Directors (and any other person or body authorized by the Board of Directors) shall have the power and authority to interpret this Section 9 of Article I and Section 1(c) and to make any and all determinations necessary or advisable to apply such sections to any persons, facts or circumstances, including, without limitation, the power to determine (i) whether a person or group of persons qualifies as an Eligible Stockholder; (ii) whether outstanding shares of the Corporation's common stock are "owned" for the purposes of meeting the ownership requirements of this Section 9 of Article I; (iii) whether a Notice of Proxy Access Nomination complies with the requirements of this Section 9 of Article I; (iv) whether a person satisfies the qualifications and requirements imposed by this Section 9 of Article I to be a Stockholder Nominee; (v) whether the inclusion of the Required Information in the Corporation's proxy statement is consistent with all applicable laws, rules, regulations and listing standards; and (vi) whether any and all requirements of Section 1(c) and this Section 9 of Article I have been satisfied. Any such interpretation or determination adopted in good faith by the Board of Directors (or any other person or body authorized by the Board of Directors) shall be binding on all persons, including the Corporation and all record or beneficial owners of stock of the Corporation.

ARTICLE II - BOARD OF DIRECTORS

Section 1. Number of Directors.

Subject to the rights of the holders of any series of preferred stock to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the Whole Board.

Section 2. Newly Created Directorships and Vacancies.

Any vacancies and newly created directorships resulting from any increase in the authorized number of directors or any vacancies resulting from any other cause (other than vacancies and newly created directorships which the holders of any class or classes of stock or series thereof are entitled to fill under the Corporation's Certificate of Incorporation) shall be filled in accordance with Section VII of the Corporation's Certificate of Incorporation. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

Section 3. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

Section 4. Special Meetings.

Special meetings of the Board of Directors may be called by the Chairman of the Board, the President or by a majority of the Whole Board and shall be held at such place, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each such special meeting shall be given to each director by whom it is not waived by mailing written notice not less than five (5) days before the meeting or by telephone or by telegraphing or telexing or by facsimile or electronic transmission of the same not less than twenty-four (24) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 5. Quorum.

At any meeting of the Board of Directors, a majority of the total number of the Whole Board shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

Section 6. Participation in Meetings By Conference Telephone.

Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board of Directors or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

Section 7. Conduct of Business.

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board of Directors may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law. Action may be taken by the Board of Directors without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 8. Compensation of Directors.

Unless otherwise restricted by the certificate of incorporation, the Board of Directors shall have the authority to fix the compensation of the directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for

attendance at each meeting of the Board of Directors or paid a stated salary or paid other compensation as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed compensation for attending committee meetings.

ARTICLE III - COMMITTEES

Section 1. Committees of the Board of Directors.

The Board of Directors may from time to time designate committees of the Board of Directors, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board of Directors and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Section 2. Conduct of Business.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; a majority of the members shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event one (1) member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE IV - OFFICERS

Section 1. Generally.

The officers of the Corporation shall consist of a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers (including a Vice Chairman of the Board and a Chairman Emeritus) as may from time to time be appointed by the Board of Directors. Officers shall be elected by the Board of Directors, which shall consider that subject at its first meeting after every annual meeting of stockholders. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person. The salaries of officers elected by the Board of Directors shall be fixed from time to time by the Board of Directors or by such officers as may be designated by resolution of the Board of Directors.

Section 2. Chief Executive Officer.

The Board of Directors shall designate either the Chairman of the Board or the President as the chief executive officer of the Corporation. Subject to the provisions of these By-laws and to the direction of the Board of Directors, the chief executive officer shall have the responsibility for the general management and control of the business and affairs of the Corporation and shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to him or her by the Board of Directors. He or she shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision and direction of all of the other officers, employees and agents of the Corporation.

Section 3. Chief Financial Officer.

The Board of Directors may designate an officer of the Corporation as the chief financial officer of the Corporation. The chief financial officer shall have general responsibility for the management and control of the financial operations of the Corporation and shall perform all duties and have all powers which are commonly incident to the office of chief financial officer or which are delegated to him or her by the Board of Directors. Subject to the direction of the Board of Directors and the chief executive officer, the chief financial officer shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision of other officers (other than the Chairman of the Board, any Vice Chairman, and the Chief Operating Officer), employees and agents of the Corporation as directed by the Chief Executive Officer.

Section 4. Chief Operating Officer.

The Board of Directors may designate an officer of the Corporation as the chief operating officer of the Corporation. The chief operating officer shall have general responsibility for the management and control of the operations of the Corporation and shall perform all duties and have all powers which are commonly incident to the office of chief operating officer or which are delegated to him or her by the Board of Directors. Subject to the direction of the Board of Directors and the chief executive officer, the chief operating officer shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision of other officers (other than the Chairman of the Board, any Vice Chairman, and the Chief Financial Officer), employees and agents of the Corporation as directed by the Chief Executive Officer.

Section 5. Vice President.

Each Vice President shall have such powers and duties as may be delegated to him or her by the Board of Directors. One (1) Vice President shall be designated by the Board of Directors to perform the duties and exercise the powers of the President in the event of the President's absence or disability.

Section 6. Treasurer.

The Treasurer shall have the responsibility for maintaining the financial records of the Corporation. He or she shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions and of the financial condition of the Corporation. The Treasurer shall also perform such other duties as the Board of Directors may from time to time prescribe.

Section 7. Secretary.

The Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and the Board of Directors. He or she shall have charge of the corporate books and shall perform such other duties as the Board of Directors may from time to time prescribe.

Section 8. Delegation of Authority.

The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 9. Removal.

Any officer of the Corporation may be removed at any time, with or without cause, by the Board of Directors.

Section 10. Action with Respect to Securities of Other Corporations.

Unless otherwise directed by the Board of Directors, the President or any officer of the Corporation authorized by the President shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE V - STOCK

Section 1. Certificated and Uncertificated Stock.

Shares of the Corporation's stock may be certificated or uncertificated, as provided under the Delaware General Corporation Law. All certificates of stock of the Corporation shall be numbered and shall be entered in the books of the Corporation as they are issued. Such certificates shall exhibit the holder's name and number of shares and shall be signed by the Chairman or a Vice Chairman or the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary. Any or all of such signatures on the certificate may be a facsimile.

Section 2. Transfers of Stock.

Transfers of stock shall be made on the books of the Corporation only by the record holder of such stock, or by an attorney lawfully constituted in writing, and, in the case of stock represented by a certificate, upon surrender of the certificate.

Section 3. Record Date.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 4. Lost, Stolen or Destroyed Certificates.

In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

Section 5. Regulations.

The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI - NOTICES

Section 1. Notices.

If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the

Corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law.

Section 2. Waivers.

A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting shall constitute waiver of notice except attendance for the sole purpose of objecting to the timeliness of notice.

ARTICLE VII - INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification.

Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article VII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

Section 2. Right to Advancement of Expenses.

In addition to the right to indemnification conferred in Section 1 of this Article VII, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such

indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a “final adjudication”) that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise.

Section 3. Right of Indemnitee to Bring Suit.

If a claim under Section 1 or 2 of this Article VII is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VII or otherwise shall be on the Corporation.

Section 4. Non-Exclusivity of Rights.

The rights to indemnification and to the advancement of expenses conferred in this Article VII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation’s certificate of incorporation, Bylaws, agreement, vote of stockholders or directors or otherwise.

Section 5. Insurance.

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would

have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

Section 6. Indemnification of Employees and Agents of the Corporation.

The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

Section 7. Nature of Rights.

The rights conferred upon indemnitees in this Article VII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VII that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

ARTICLE VIII - MISCELLANEOUS

Section 1. Facsimile Signatures.

In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these By-Laws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2. Corporate Seal.

The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

Section 3. Reliance upon Books, Reports and Records.

Each director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 4. Fiscal Year.

The fiscal year of the Corporation shall be as fixed by the Board of Directors.

Section 5. Time Periods.

In applying any provision of these By-laws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

Section 6. Severability.

Any determination that any provision of these By-Laws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these By-Laws.

ARTICLE IX - AMENDMENTS

In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to adopt, amend and repeal these By-Laws subject to the power of the holders of capital stock of the Corporation to adopt, amend or repeal the By-Laws; provided, however, that, with respect to the power of holders of capital stock to adopt, amend and repeal By-Laws of the Corporation, notwithstanding any other provision of these By-Laws or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the capital stock of the Corporation required by law, these By-Laws or any preferred stock, the affirmative vote of the holders of at least 80% percent of the voting power of all of the then-outstanding shares entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of these By-Laws.

I, Vernon J. Nagel, certify that:

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

Date: January 9, 2017

/s/ Vernon J. Nagel

Vernon J. Nagel

Chairman, President, and Chief Executive Officer

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

I, Richard K. Reece, certify that:

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

Date: January 9, 2017

/s/ Richard K. Reece

Richard K. Reece

Executive Vice President and Chief Financial Officer

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

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Acuity Brands, Inc. (the "Corporation") for the quarter ended November 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Chairman, President, and Chief Executive Officer of the Corporation, certifies that:

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

/s/ Vernon J. Nagel

Vernon J. Nagel

Chairman, President, and Chief Executive Officer

January 9, 2017

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

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and in connection with the Quarterly Report on Form 10-Q of Acuity Brands, Inc. (the "Corporation") for the quarter ended November 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, the Executive Vice President and Chief Financial Officer of the Corporation, certifies that:

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

/s/ Richard K. Reece

Richard K. Reece

Executive Vice President and Chief Financial Officer

January 9, 2017

[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.]