

ACUITY BRANDS INC  
Form DEF 14A  
November 24, 2008

**Table of Contents**

OMB APPROVAL

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant    
 Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Acuity Brands, Inc.

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

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2) Aggregate number of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:

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**Table of Contents**

**ACUITY BRANDS, INC.  
1170 Peachtree Street, NE  
Suite 2400  
Atlanta, Georgia 30309**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To be held January 8, 2009**

**Time:** 1:00 p.m. Eastern Time

**Date:** January 8, 2009

**Place:** Four Seasons Hotel - Ballroom,  
75 Fourteenth Street, NE  
Atlanta, Georgia

**Record Date:** Stockholders of record at the close of business on November 17, 2008 are entitled to notice of and to vote at the annual meeting or any adjournments or postponements thereof.

**Purpose:**

- (1) Elect three directors for terms that expire at the annual meeting for the 2011 fiscal year, one director for a term that expires at the meeting for the 2010 fiscal year, and one director for a term that expires at the annual meeting for the 2009 fiscal year;
- (2) Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm; and
- (3) Consider and act upon such other business as may properly come before the annual meeting or any adjournments or postponements thereof.

**Stockholders Register:** A list of the stockholders entitled to vote at the annual meeting may be examined during regular business hours at our executive offices, 1170 Peachtree Street, NE, Suite 2400, Atlanta, Georgia, during the ten-day period preceding the meeting.

By order of the Board of Directors,

C. DAN SMITH

*Vice President, Treasurer and Secretary*

November 24, 2008

**YOUR VOTE IS IMPORTANT**

**IF YOU ARE A STOCKHOLDER OF RECORD, YOU CAN VOTE YOUR SHARES BY THE INTERNET, BY TELEPHONE OR BY MAIL. IF YOU WISH TO VOTE BY THE INTERNET OR BY TELEPHONE, PLEASE FOLLOW THE INSTRUCTIONS PROVIDED ON YOUR PROXY CARD. IF YOU WISH TO VOTE BY MAIL, PLEASE DATE, SIGN, AND MAIL THE ENCLOSED PROXY CARD. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES IN THE ACCOMPANYING ENVELOPE.**

**WE ENCOURAGE YOU TO VOTE BY ONE OF THESE METHODS, EVEN IF YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON.**

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**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<b><u>Proxy Statement</u></b>	1
<u>Questions Relating to This Proxy Statement</u>	1
<b><u>Governance of the Company</u></b>	3
<u>Questions and Answers about Communications, Governance, and Company Documents</u>	3
<u>Corporate Governance</u>	3
<u>Communications with Directors</u>	3
<u>Director Nominations</u>	4
<u>Information Concerning the Board and Its Committees</u>	5
<u>Committee Membership</u>	5
<u>Executive Committee</u>	5
<u>Audit Committee</u>	5
<u>Compensation Committee</u>	5
<u>Governance Committee</u>	5
<u>Compensation Committee Interlocks and Insider Participation</u>	6
<u>Compensation of Directors</u>	6
<b><u>Beneficial Ownership of the Company's Securities</u></b>	8
<b><u>Section 16(a) Beneficial Ownership Reporting Compliance and Certain Relationships and Related Party Transactions</u></b>	9
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	9
<u>Certain Relationships and Related Party Transactions</u>	9
<b><u>Proposals Requiring Your Vote</u></b>	10
<u>Item 1 Election of Directors</u>	10
<u>Director Nominees for Terms Expiring at the 2011 Annual Meeting</u>	11
<u>Director Nominee for Term Expiring at the 2010 Annual Meeting</u>	12
<u>Director Nominee for Term Expiring at the 2009 Annual Meeting</u>	12
<u>Directors with Terms Expiring at the 2009 or 2010 Annual Meetings</u>	12
<u>Item 2 Ratification of the Appointment of the Independent Registered Public Accounting Firm</u>	14
<u>Report of the Audit Committee</u>	14
<u>Fees Billed by Independent Registered Public Accounting Firm</u>	15
<u>Other Matters</u>	15
<b><u>Management</u></b>	16
<b><u>Executive Compensation</u></b>	18
<u>Report of the Compensation Committee</u>	18
<u>Compensation Discussion and Analysis</u>	18
<u>Executive Compensation Tables</u>	30
<u>Fiscal 2008 Summary Compensation Table</u>	30
<u>Fiscal 2008 Grants of Plan-Based Awards</u>	32
<u>Outstanding Equity Awards at Fiscal 2008 Year-End</u>	33

<u>Option Exercises and Stock Vested in Fiscal 2008</u>	34
<u>Pension Benefits in Fiscal 2008</u>	35
<u>Fiscal 2008 Nonqualified Deferred Compensation</u>	36
<u>Employment Contracts</u>	38

---

**Table of Contents**

	<b>Page</b>
<u>Potential Payments upon Termination</u>	39
<u>Severance Agreements</u>	39
<u>Change in Control Agreements</u>	41
<u>Equity Award Agreements</u>	44
<u>Deferred Compensation Plans</u>	45
<u>Severance Paid to Mr. Murphy</u>	45
 <b><u>Equity Compensation Plans</u></b>	 46
 <b><u>Next Annual Meeting Stockholder Proposals</u></b>	 47
 <u>Appendix A Excerpt from: Acuity Brands, Inc. Board of Directors Corporate Governance Guidelines</u>	 A-1

---



**Table of Contents**

**ACUITY BRANDS, INC.  
1170 Peachtree Street, NE  
Suite 2400  
Atlanta, Georgia 30309**

**PROXY STATEMENT**

The Board of Directors (the Board) of Acuity Brands, Inc. (we, our, us, the Company, or Acuity Brands) are furnishing this information in connection with the solicitation of proxies for the annual meeting of stockholders to be held on January 8, 2009. We have enclosed with this proxy statement a proxy and a copy of the Company's annual report to stockholders, which includes the annual report on Form 10-K filed with the Securities and Exchange Commission (the SEC) for the fiscal year ended August 31, 2008. We expect to begin mailing this proxy statement and the enclosed proxy on November 24, 2008.

All properly executed written proxies, and all properly completed proxies submitted by telephone or the Internet, that are delivered pursuant to this solicitation will be voted at the meeting in accordance with directions given in the proxy, unless the proxy is revoked prior to completion of voting at the meeting.

Only owners of record of shares of common stock of the Company at the close of business on November 17, 2008, the record date, are entitled to vote at the meeting, or at any adjournments or postponements of the meeting. Each owner of record on the record date is entitled to one vote for each share of common stock held. There were 40,959,629 shares of common stock issued and outstanding on the record date.

**QUESTIONS RELATING TO THIS PROXY STATEMENT**

**What is a proxy?**

It is your legal designation of another person to vote the stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. We have designated three of our officers as proxies for the 2008 annual meeting of stockholders. These officers are Vernon J. Nagel, Richard K. Reece and C. Dan Smith.

**What is a proxy statement?**

It is a document that SEC regulations require us to give you when we ask you to sign a proxy card designating Vernon J. Nagel, Richard K. Reece and C. Dan Smith as proxies to vote on your behalf.

**What is the difference between a stockholder of record and a stockholder who holds stock in street name?**

If your shares are registered in your name with our transfer agent, The Bank of New York Mellon, you are a stockholder of record. If your shares are held in the name of your broker or bank, your shares are held in street name.

**What is the record date and what does it mean?**

November 17, 2008 is the record date for the annual meeting to be held on January 8, 2009. The record date is established by the Board as required by the Delaware General Corporation Law (Delaware Law). Owners of record of our common stock at the close of business on the record date are entitled to receive notice of the meeting and vote at the meeting and any adjournments or postponements of the meeting.

**How do I vote as a stockholder of record?**

As a stockholder of record, you may vote by one of the four methods described below:

*By the Internet.* You may give your voting instructions by the Internet as described on the enclosed proxy card. This method is also available to stockholders who hold shares in the BuyDirect Plan, in the Employee Stock Purchase Plan, or in a 401(k) plan sponsored by us. The Internet voting procedure is designed to verify the voting

## **Table of Contents**

authority of stockholders. You will be able to vote your shares by the Internet and confirm that your vote has been properly recorded. Please see your proxy card for specific instructions.

*By Telephone.* You may give your voting instructions using the toll-free number listed on the enclosed proxy card. This method is also available to stockholders who hold shares in the BuyDirect Plan, in the Employee Stock Purchase Plan, or in a 401(k) plan sponsored by us. The telephone voting procedure is designed to verify the voting authority of stockholders. The procedure allows you to vote your shares and to confirm that your vote has been properly recorded. Please see your proxy card for specific instructions.

*By Mail.* You may sign, date, and mail the enclosed proxy card in the postage-paid envelope provided.

*In Person.* You may vote in person at the annual meeting.

### **How do I vote as a street name stockholder?**

If your shares are held through a bank or broker, you should receive information from the bank or broker about your specific voting options. If you have questions about voting your shares, you should contact your bank or broker.

If you wish to vote in person at the annual meeting, you will need to bring a legal proxy to the meeting. You must request a legal proxy through your bank or broker. Please note that if you request a legal proxy, any previously executed proxy will be revoked and your vote will not be counted unless you appear at the meeting and vote in person, or legally appoint another proxy to vote on your behalf.

### **What if I sign and return the proxy card, but do not provide voting instructions?**

Proxies that are properly executed and delivered, and not revoked, will be voted as specified on the proxy card. If no direction is specified on the proxy card, the proxy will be voted for the election of the nominees for director described in this proxy statement and for ratification of the appointment of our independent registered public accounting firm for fiscal year 2009.

### **What if I change my mind after I return my proxy?**

You may revoke your proxy and change your vote at any time before the polls close at the annual meeting. You may do this by:

voting again by the Internet or by telephone prior to 11:59 p.m. Eastern Time, on January 7, 2009;  
giving written notice to our Corporate Secretary that you wish to revoke your proxy and change your vote; or  
voting in person at the annual meeting.

### **What is a quorum?**

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the annual meeting, present in person or represented by proxy, is necessary to constitute a quorum. The election inspector appointed for the meeting will tabulate votes cast by proxy and in person at the meeting and determine the presence of a quorum.

### **Will my shares be voted if I do not sign and return my proxy card, vote by the Internet, vote by telephone, or attend the annual meeting and vote in person?**

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If you are a stockholder of record and you do not sign and return your proxy card, vote by the Internet, vote by telephone or attend the annual meeting and vote in person, your shares will not be voted and will not count in deciding the matters presented for stockholder consideration in this proxy statement.

If your shares are held in street name through a bank or broker and you do not provide voting instructions before the annual meeting, your bank or broker may vote your shares on your behalf under certain circumstances. Brokerage firms have the authority under certain rules to vote shares for which their customers do not provide voting instructions on routine matters.

## **Table of Contents**

The election of directors and the ratification of the appointment of the independent registered public accounting firm are considered routine matters under these rules. Therefore, brokerage firms are allowed to vote their customers' shares on these matters if the customers do not provide voting instructions. If your brokerage firm votes your shares on these matters because you do not provide voting instructions, your shares will be counted for purposes of establishing a quorum to conduct business at the meeting and in determining the number of shares voted for or against the routine matters.

When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is called a broker non-vote.

We encourage you to provide instructions to your brokerage firm by voting your proxy. This action ensures your shares will be voted at the meeting in accordance with your wishes.

### **How are abstentions and broker non-votes counted?**

Broker non-votes will be considered as present for purposes of establishing a quorum but not entitled to vote with respect to that matter. Because the matters for stockholder consideration at the annual meeting are routine matters, the brokers will have discretionary authority to vote the shares and broker non-votes will not affect the outcome of the votes.

### **How are votes tabulated?**

According to our By-Laws, each of the proposed items will be determined as follows:

*Election of Directors:* The election of directors will be determined by a plurality of votes cast.

*All other matters:* The voting results of all other matters are determined by a majority of votes cast affirmatively or negatively, except as may otherwise be required by law.

### **How are proxies solicited and what is the cost?**

We will bear all expenses incurred in connection with the solicitation of proxies. We will reimburse brokers, fiduciaries and custodians for their costs in forwarding proxy materials to beneficial owners of common stock. Our directors, officers and employees may solicit proxies by mail, telephone and personal contact. They will not receive any additional compensation for these activities.

### **Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on January 8, 2009**

**The proxy statement and annual report are available at <http://bnymellon.mobular.net/bnymellon/ayi>.**

## **QUESTIONS AND ANSWERS ABOUT COMMUNICATIONS, GOVERNANCE, AND COMPANY DOCUMENTS**

The Board takes seriously its responsibility to represent the interests of stockholders and is committed to good corporate governance. To that end, the Board has adopted a number of policies and processes to ensure effective

governance of the Board and the Company.

**How do I contact the Board of Directors?**

Stockholders and other interested parties may communicate directly with the Board or the non-management directors by writing to the Chairman of the Governance Committee and with members of the Audit Committee by writing to the Chairman of the Audit Committee, each in care of Corporate Secretary, Acuity Brands, Inc., 1170 Peachtree Street, NE, Suite 2400, Atlanta, Georgia 30309. All communications will be forwarded promptly.

## **Table of Contents**

### **Where can I see the Company's corporate documents and SEC filings?**

The following governance documents are available on our website at [www.acuitybrands.com](http://www.acuitybrands.com) under Corporate Governance.

- Certificate of Incorporation
- By-Laws
- Corporate Governance Guidelines
- Statements of Responsibilities of Committees of the Board (Charters of the Committees)
- Statement of Rules and Procedures of Committees of the Board
- Code of Ethics and Business Conduct

Copies of any of these documents will be furnished to any interested party if requested in writing to Corporate Secretary, Acuity Brands, Inc., 1170 Peachtree Street, NE, Suite 2400, Atlanta, Georgia 30309.

Our SEC filings are available on our website under SEC Filings and Section 16 Filings.

Our proxy materials and annual report are available on our website under Annual Report/Proxy.

### **How are directors nominated?**

The Governance Committee, comprised of all of the independent directors, is responsible for recommending to the Board a slate of director nominees for the Board to consider recommending to the stockholders, and for recommending to the Board nominees for appointment to fill a new Board seat or any Board vacancy. To fulfill these responsibilities, the Committee annually assesses the requirements of the Board and makes recommendations to the Board regarding its size, composition, and structure. In determining whether to nominate an incumbent director for reelection, the Governance Committee evaluates each incumbent director's continued service in light of the current assessment of the Board's requirements, taking into account factors such as evaluations of the incumbent's performance. Directors whose terms expire at the next annual meeting undergo peer and self assessment prior to being nominated for reelection.

When the need to fill a new Board seat or vacancy arises, the Committee proceeds by whatever means it deems appropriate to identify a qualified candidate or candidates, which may include engaging an outside search firm. The Committee reviews the qualifications of each candidate, including, but not limited to, the candidate's experience, judgment, diversity, and skills in such areas as manufacturing and distribution technologies and accounting or financial management. Final candidates are generally interviewed by one or more Committee members. The Committee makes a recommendation to the Board based on its review, the results of interviews with the candidates, and all other available information. The Board makes the final decision on whether to invite a candidate to join the Board. The Board-approved invitation is extended through the Chairman of the Governance Committee and the Chairman of the Board, President, and Chief Executive Officer.

*Director Nominations by Stockholders.* The Governance Committee will consider recommendations for director nominees from stockholders made in writing and addressed to the attention of the Chairman of the Governance Committee, c/o Corporate Secretary, Acuity Brands, Inc., 1170 Peachtree Street, NE, Suite 2400, Atlanta, Georgia, 30309. The Governance Committee will consider such recommendations on the same basis as those from other sources. Stockholders making recommendations for director nominees to the Committee should provide the same information required for nominations by stockholders at an annual meeting, as explained below under Next Annual Meeting Stockholder Proposals.





**Table of Contents****INFORMATION CONCERNING THE BOARD AND ITS COMMITTEES****Board and Committee Membership**

The Board has delegated certain functions to the Executive Committee, the Audit Committee, the Compensation Committee, and the Governance Committee. Our Statement of Responsibilities of the Committees of the Board contains each Committee's charter. For information about where to find the charters, see Questions and Answers about Communications, Governance, and Company Documents. The table below sets forth the current membership of each of the committees:

<b>Director</b>	<b>Executive</b>	<b>Audit</b>	<b>Compensation</b>	<b>Governance</b>
Vernon J. Nagel	Chairman			
Peter C. Browning			X	X
John L. Clendenin		X		X
George C. (Jack) Guynn		X		X
Robert F. McCullough	X	Chairman		X
Julia B. North			X	X
Ray M. Robinson	X		Chairman	X
Neil Williams	X	X		Chairman

During the fiscal year ended August 31, 2008, the Board met four times. All directors attended 100% of the total meetings held by the Board and their respective committees during the fiscal year. We typically expect that each continuing director will attend the annual meeting of stockholders, absent a valid reason. All of the directors serving at the time of last year's annual meeting attended the meeting.

At each regular quarterly Board meeting, the Board meets without management present. Non-management director sessions are led by the Chairman of the Governance Committee.

*The Executive Committee* is authorized to perform all of the powers of the full Board, except the power to amend the By-Laws and except as restricted by Delaware Law. The Executive Committee is called upon in very limited circumstances due to reliance on the other standing committees of the Board and the direct involvement of the entire Board in governance matters. The Committee met once during the fiscal year.

*The Audit Committee* is responsible for matters pertaining to our auditing, internal control, and financial reporting, as set forth in the Committee's report (see Report of the Audit Committee) and in its charter. Each member of the Committee is independent under the requirements of the SEC and the Sarbanes-Oxley Act of 2002. In addition, each member of the Committee meets the current independence and financial literacy requirements of the listing standards of the New York Stock Exchange. Each quarter, the Audit Committee meets separately with the independent registered public accounting firm, the internal auditor, and with the chief financial officer and the general counsel of our lighting business, without other management present. The Board has determined that Messrs. Clendenin, Guynn and McCullough satisfy the audit committee financial expert criteria adopted by the SEC and that each of them has accounting and related financial management expertise required by the listing standards of the New York Stock Exchange. The Committee held six meetings during the 2008 fiscal year.

*The Compensation Committee* is responsible for certain matters relating to the evaluation and compensation of the executive officers and non-employee directors, as set forth in its charter. At most regularly scheduled meetings, the Compensation Committee meets privately with an independent compensation consultant without management present. Annually, the Compensation Committee evaluates the performance of the independent consultant in relation to the Committee's functions and responsibilities. Each member of the Committee is independent under the listing standards of the New York Stock Exchange and is an outside director under Section 162(m) of the Internal Revenue Code (the Code) and a non-employee under Section 16(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The Committee held five meetings during the 2008 fiscal year.

*The Governance Committee* is responsible for reviewing matters pertaining to the composition, organization, and practices of the Board. The Committee's responsibilities, as set forth in its charter, include recommending Corporate Governance Guidelines, recommending the Code of Ethics and Business Conduct, a periodic evaluation

## **Table of Contents**

of the Board in meeting its corporate governance responsibilities, a periodic evaluation of individual directors, and recommending to the full Board a slate of directors for consideration by the stockholders at the annual meeting and candidates to fill any new Board positions or any vacancies on the Board as explained in greater detail above under

Questions and Answers about Communications, Governance, and Company Documents. Each member of the Committee is independent under the listing standards of the New York Stock Exchange. The Committee held three meetings during the 2008 fiscal year.

## **Compensation Committee Interlocks and Insider Participation**

The directors serving on the Compensation Committee of the Board during the fiscal year ended August 31, 2008 were Ray M. Robinson, Chairman, Peter C. Browning and Julia B. North. None of these individuals are or ever have been our officers or employees. During the 2008 fiscal year, none of our executive officers served as a director of any corporation for which any of these individuals served as an executive officer, and there were no other Compensation Committee interlocks with the companies with which these individuals or our other directors are affiliated.

## **COMPENSATION OF DIRECTORS**

### ***Non-Employee Directors***

We provide each non-employee director with an annual director fee, which includes meeting fees for a specified number of Board and committee meetings. The program is designed to achieve the following goals:

compensation should fairly pay directors for work required for a company of our size and scope;  
compensation should align directors' interests with the long-term interests of stockholders; and  
the structure of the compensation should be simple, transparent, and easy for stockholders to understand.

### ***Annual Director Fees***

In fiscal 2008, each non-employee director received an annual director fee in the amount of \$130,000, which included the meeting fees for the first five Board meetings and the first five meetings attended for each committee, and an additional fee of \$5,000 for serving as chairman of a committee. Non-employee directors received \$2,000 for each Board meeting attended in excess of five Board meetings per year and \$1,500 for each committee meeting attended in excess of five committee meetings of each committee per year. Fifty percent of the annual director fee, or \$65,000, is required to be deferred under the terms of the deferred compensation plan described below, and the remaining fees can be deferred at the election of the director.

Directors who are employees receive no additional compensation for services as a director or as a member of a committee of our Board.

The Board has not approved any changes to non-employee director compensation for fiscal 2009.

### ***Deferred Compensation Plan***

Non-employee directors are required to defer one-half of their annual director fee and can elect to defer the remaining portion of the annual director fee and any chairman or meeting fees pursuant to a deferred compensation plan for non-employee directors. The deferred amounts can be invested in deferred stock units to be paid in shares at retirement from the Board or credited to an interest-bearing account to be paid in cash at retirement from the Board. Dividend equivalents on deferred stock units are credited to the interest-bearing account.

***Stock Ownership Requirement***

Each non-employee director has been subject to a stock ownership requirement that requires the director to attain ownership in Acuity Brands common stock valued at two times the expected annual director fee. For purposes of the ownership requirement, deferred stock units are counted toward the ownership requirement. See Beneficial Ownership of the Company's Securities.

**Table of Contents****Director Compensation for Fiscal 2008**

The following table sets forth information concerning the fiscal 2008 compensation of our non-employee directors:

Name	Fees Earned or Paid in Cash \$(1)	Stock Awards \$(2)(3)	Total \$(4)
Peter C. Browning	\$ 130,000	\$ 0	\$ 130,000
John L. Clendenin	131,500	0	131,500
George C. (Jack) Guynn	65,000(5)	2,868	67,868
Robert F. McCullough	136,500	0	136,500
Julia B. North	131,500	0	131,500
Ray M. Robinson	135,000	0	135,000
Neil Williams	135,000	0	135,000

(1) The fees earned in 2008 were paid as follows:

Name	Paid as Compensation Deferred to Stock Units		Paid in Cash
	\$	#	
Peter C. Browning	\$ 65,000	1,474	\$65,000
John L. Clendenin	131,500	2,983	0
George C. (Jack) Guynn	32,500	733	32,500
Robert F. McCullough	65,000	1,474	71,500
Julia B. North	65,000	1,474	66,500
Ray M. Robinson	65,000	1,474	70,000
Neil Williams	65,000	1,474	70,000

- (2) The amount reported in this column includes the dollar amount, without any reduction for risk of forfeiture, recognized for financial statement reporting purposes for fiscal year 2008 for grants of restricted stock to non-employee directors, calculated in accordance with the provisions of SFAS No. 123(R). The award for Mr. Guynn was granted on March 27, 2008 and will vest in three equal installments on March 27, 2009, 2010, and 2011.
- (3) The aggregate number of outstanding stock awards at August 31, 2008 was 457 for Mr. Guynn. The aggregate numbers of outstanding option awards at August 31, 2008 were 7,260 for Mr. Browning, 25,022 for Mr. Clendenin, 0 for Mr. Guynn, 5,445 for Mr. McCullough, 7,260 for Ms. North, 9,691 for Mr. Robinson, and 13,321 for Mr. Williams. Prior to January 2007, we granted the non-employee directors stock options for the purchase of 1,500 shares on the day of the annual meeting. The options vested after one year, are exercisable for ten years and expire at the earlier of ten years from the date of grant or three years following retirement from the Board.
- (4) The only perquisite received by directors is a Company match on charitable contributions. The maximum match in any fiscal year is \$5,000 and, therefore, is not required to be included in the table.

(5) Fees paid to Mr. Guynn reflect a prorated amount of the annual fee, as he joined the Board in March 2008.

**Table of Contents****BENEFICIAL OWNERSHIP OF THE COMPANY S SECURITIES**

The following table sets forth information concerning beneficial ownership of our common stock as of November 17, 2008, unless otherwise indicated, by each of the directors and nominees for director, by each of the named executive officers, by all directors and executive officers as a group, and by beneficial owners of more than five percent of our common stock.

<b>Name</b>	<b>Shares of Common Stock Beneficially Owned(1)(2)(3)</b>	<b>Percent of Shares Outstanding(4)</b>	<b>Share Units Held in Company Plans(5)</b>
Mark A. Black	41,183	*	
Peter C. Browning	8,260	*	14,356
John L. Clendenin	30,662	*	41,617
George C. (Jack) Guynn	457	*	1,220
Gordon D. Harnett	1,000	*	
John T. Hartman	69,071	*	
Robert F. McCullough	6,445	*	11,550
Kenyon W. Murphy	13,137	*	
Vernon J. Nagel	834,515	2.0%	
Julia B. North	8,260	*	18,690
Jeremy M. Quick	58,084	*	
Richard K. Reece	137,365	*	
Ray M. Robinson	10,691	*	24,067
Neil Williams	24,607	*	19,842
All directors and executive officers as a group (14 persons)	1,243,737	3.0%	131,342
Artisan Partners Limited Partnership(6)	5,642,365	13.8%	N/A
Barclays Global Investors, N.A.(7)	2,990,291	7.2%	N/A
M & G Investment Management Ltd.(8)	2,502,463	6.1%	N/A
T. Rowe Price Associates, Inc.(9)	2,196,450	5.4%	N/A
Keeley Asset Management Corp.(10)	2,172,480	5.3%	N/A
Columbia Wanger Asset Management, L.P.(11)	2,161,300	5.3%	N/A

\* Represents less than one percent of our common stock.

- (1) Subject to applicable community property laws and, except as otherwise indicated, each beneficial owner has sole voting and investment power with respect to all shares shown.
- (2) Includes shares that may be acquired within 60 days of November 17, 2008 upon the exercise of employee and director stock options, as follows: Mr. Black, 4,300 shares; Mr. Browning, 7,260 shares; Mr. Clendenin, 25,022 shares; Mr. Guynn, 0 shares; Mr. Harnett, 0 shares; Mr. Hartman, 22,785 shares; Mr. McCullough, 5,445 shares; Mr. Murphy, 0 shares; Mr. Nagel, 640,358 shares; Ms. North, 7,260 shares; Mr. Quick, 21,918 shares; Mr. Reece, 69,106 shares; Mr. Robinson, 9,691 shares; Mr. Williams, 13,321 shares; and all

current directors and executive officers as a group, 826,466 shares.

- (3) Includes performance-based and time-vesting restricted shares granted under our Long-Term Incentive Plan, portions of which vest in November 2008, 2009 and 2010, December 2008 and 2009, January 2009, March 2009, June 2009 and 2010, July 2009 and 2010, September 2009 and 2010, and October 2009, 2010, 2011 and 2012. The executives have sole voting power over these restricted shares. Restricted shares are included for the following individuals: Mr. Black 28,725 shares; Mr. Guynn, 457 shares; Mr. Hartman, 32,250 shares; Mr. Nagel, 118,300 shares; Mr. Quick, 28,500 shares; Mr. Reece, 52,175 shares; and all executive officers as a group, 260,407 shares.
- (4) Based on an aggregate of 40,959,629 shares of Acuity Brands common stock issued and outstanding as of November 17, 2008.
- (5) Includes share units held by non-employee directors in the Nonemployee Directors Deferred Compensation Plan and share units held by executive officers in the deferred compensation plan. Share units are considered for purposes of compliance with the Company's share ownership requirement.



**Table of Contents**

- (6) This information is based on a Form 13F filed with the SEC by Artisan Partners Limited Partnership, 875 East Wisconsin Avenue, Suite 800, Milwaukee, Wisconsin 53202, on November 13, 2008 containing information as of September 30, 2008.
- (7) This information is based on a Form 13F filed with the SEC by Barclays Global Investors, N.A., 400 Howard Street, San Francisco, California 94105, on November 12, 2008 containing information as of September 30, 2008.
- (8) This information is based on a Form 13F filed with the SEC by M & G Investment Management Ltd., Laurence Pountney Hill, London, UK, on October 31, 2008 containing information as of September 30, 2008.
- (9) This information is based on a Form 13F filed with the SEC by T. Rowe Price Associates, Inc., 100 East Pratt Street, Baltimore, Maryland 21202, on November 14, 2008 containing information as of September 30, 2008.
- (10) This information is based on a Form 13F filed with the SEC by Keeley Asset Management Corp., 401 South LaSalle Street, Suite 1201, Chicago, Illinois 60605, on November 10, 2008 containing information as of September 30, 2008.
- (11) This information is based on a Form 13F filed with the SEC by Columbia Wanger Asset Management, L.P., 227 West Monroe Street, Chicago, Illinois 60606, on November 10, 2008 containing information as of September 30, 2008.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Directors, officers and persons who beneficially own more than 10% of our common stock are required by Section 16(a) of the Exchange Act to file reports of ownership and changes in ownership of our common stock with the SEC, the New York Stock Exchange, and us. All filings were timely in fiscal 2008, except that Forms 4 for Messrs. Nagel and Reece were filed late to report a restricted stock grant in November 2007 and a Form 4 for Mr. Guynn was filed late to report a stock unit grant in May 2008, each due to an administrative error.

**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

There is no family relationship between any of our executive officers or directors, and there are no arrangements or understandings between any of our executive officers or directors and any other person pursuant to which any of them was elected an officer or director, other than arrangements or understandings with our directors or officers acting solely in their capacities as such. Generally, our executive officers are elected annually and serve at the pleasure of our Board.

We have transactions in the ordinary course of business with unaffiliated corporations and institutions, or their subsidiaries, for which certain of our non-employee directors serve as directors. None of our directors serve as executive officers of those companies.

Identifying possible related party transactions involves the following procedures in addition to the completion and review of the customary directors and officers questionnaires. We annually request each director to verify and update the following information:

- a list of entities where the director is an employee, director, or executive officer;
- each entity where an immediate family member of a director is an executive officer;

each entity in which the director or an immediate family member is a partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest; and each charitable or non-profit organization where the director or an immediate family member is an employee, executive officer, director or trustee.

We compile a list of all such persons and entities and it has been reviewed and updated, we distribute it within the Company to identify potential transactions through comparison to ongoing transactions, along with payment and receipt information. Transactions are compiled for each person and entity and reviewed for relevancy. Relevant information, if any, is presented to the Board to obtain approval or ratification of the transactions.

With respect to those companies having common non-employee directors with us, management believes the directors had no direct or indirect material interest in transactions in which we engaged with those companies during the fiscal year.

**Table of Contents**

**PROPOSALS REQUIRING YOUR VOTE**

**ITEM 1 ELECTION OF DIRECTORS**

The Board is responsible for supervising the management of the Company. The Board has determined that all of its current members, except Vernon J. Nagel, the Chairman, President, and Chief Executive Officer, have no material relationship with the Company, and are therefore independent, based on the listing standards of the New York Stock Exchange, the categorical standards set forth in the Governance Guidelines (available on our website at [www.acuitybrands.com](http://www.acuitybrands.com) under Corporate Governance and attached as Appendix A), and a finding of no other material relationships.

The members of the Board are divided into three classes serving staggered three-year terms. Directors for each class are elected at the annual meeting of stockholders for the year in which the term for their class expires. Our By-Laws provide that the number of directors constituting the Board shall be determined from time to time by the Board. Currently, the number of directors constituting the Board is fixed at eight.

The terms for three of our directors, Peter C. Browning, John L. Clendenin, and Ray M. Robinson, expire at this annual meeting. Messrs. Browning, Clendenin, and Robinson have been nominated for re-election at the annual meeting. If elected, Messrs. Browning, Clendenin, and Robinson will hold office for three-year terms expiring at the annual meeting for fiscal year 2011 or until their successors are elected and qualified.

On March 27, 2008, George C. (Jack) Guynn was appointed to the class of directors whose term expires at the annual meeting for fiscal year 2009. He was recommended as a candidate by one of our non-management directors, and nominated and vetted in accordance with the Board of Directors Corporate Governance Guidelines. Mr. Guynn will stand for election at the upcoming annual meeting. If elected, Mr. Guynn will hold office until the annual meeting for fiscal year 2009 or until his successor is elected and qualified.

The Board has also nominated Gordon D. Harnett as a member of the class of directors whose term expires at the annual meeting for fiscal year 2010. He was recommended as a candidate by one of our non-management directors, and nominated and vetted in accordance with the Board of Directors Corporate Governance Guidelines. The Board has determined that Mr. Harnett has no material relationship with the Company, and is therefore independent, based on the listing standards of the New York Stock Exchange, the categorical standards set forth in the Governance Guidelines, and a finding of no other material relationships. If elected, Mr. Harnett will hold office until the annual meeting for fiscal year 2010 or until his successor is elected and qualified.

Due to the nomination of Mr. Harnett, the Board has resolved to increase its size to nine directors as of the annual meeting.

Our Governance Guidelines previously provided that directors would not be nominated for election after their 72nd birthday and were expected to offer to resign as of the annual meeting following their 72nd birthday. The term of Mr. Clendenin, who is 74 years old, expires at this annual meeting. After due consideration, the Board determined that it was in the best interests of the Company and its stockholders to waive this provision of the Governance Guidelines to allow the Board to nominate Mr. Clendenin as a director for election after his 72nd birthday. The Board determined, in its discretion, that the Company and the Board should continue to benefit from Mr. Clendenin's leadership. The waiver was adopted in October 2008.

The persons named in the accompanying proxy, or their substitutes, will vote for the election of the nominees listed hereafter, except to the extent authority to vote for any or all of the nominees is withheld. No proposed nominee is being elected pursuant to any arrangement or understanding between the nominee and any other person or persons. All nominees have consented to stand for election at this meeting. If any of the nominees become unable or unwilling to serve, the persons named as proxies in the accompanying proxy, or their substitutes, shall have full discretion and authority to vote or refrain from voting for any substitute nominees in accordance with their judgment.

**Table of Contents**

Four of the director nominees listed below are currently directors of the Company. One of the director nominees, Mr. Harnett, is not a current director of the Company. Following is a brief summary of each director nominee's business experience, other public company directorships held, and membership on the standing committees of the Board of the Company, if applicable.

**Director Nominees for Terms Expiring at the 2011 Annual Meeting**

**Name and Principal Business Affiliations**

**PETER C. BROWNING**

67 years old

Director since December 2001

Lead Director of Nucor Corporation since 2006

Non-executive Chairman of Nucor Corporation from September 2000 to 2006

Dean of the McColl Graduate School of Business at Queens University of Charlotte, North Carolina, from March 2002 to May 2005

Executive of Sonoco Products Company 1993 to 2000. Last served as President and Chief Executive Officer from 1998 to July 2000

Executive of National Gypsum Company 1989 to 2003. Last served as Chairman, President and Chief Executive Officer.

Executive of Continental Can Company 1964 to 1989. Last served as Executive Vice President.

Director: EnPro Industries, Inc., Lowe's Companies, Inc., Nucor Corporation, The Phoenix Companies, Inc., and Wachovia Corporation

Member of the Compensation and Governance Committees of the Board

If elected, three-year term expires at the Annual Meeting for Fiscal Year 2011

**JOHN L. CLENDENIN**

74 years old

Director since December 2001

Chairman Emeritus of BellSouth Corporation since December 1997; also served as Chairman from December 1996 to December 1997 and as Chairman, President, and Chief Executive Officer from 1983 until December 1996

Director: Powerwave Technologies, Inc.

Member of the Audit and Governance Committees of the Board

If elected, three-year term expires at the Annual Meeting for Fiscal Year 2011

**RAY M. ROBINSON**

60 years old

Director since December 2001

Non-executive Chairman of Citizens Trust Bank since May 2003

President of Atlanta's East Lake Golf Club from May 2003 to December 2005, and President Emeritus since December 2005

Vice Chairman of Atlanta's East Lake Community Foundation since January 2005 and Chairman from November 2003 until January 2005

President of the Southern Region of AT&T Corporation from 1996 to May 2003

Director: Aaron Rents, Inc., American Airlines, Avnet, Inc., and Citizens Trust Bank  
(trading as Citizens Bancshares)

Chairman of the Compensation Committee and a member of the Executive and  
Governance Committees of the Board

If elected, three-year term expires at the Annual Meeting for Fiscal Year 2011

**Table of Contents**

**Director Nominee for Term Expiring at the 2010 Annual Meeting**

**GORDON D. HARNETT**

65 years old

Nominated for election as a Director to the Board to be effective at the annual meeting in January 2009

Chairman, President and Chief Executive Officer of Brush Engineered Materials Inc. from 1991 until May 2006;

Senior Vice President of The B.F. Goodrich Company ( Goodrich ) from 1988 to 1991; President and Chief Executive Officer of Tremco Inc., a wholly owned subsidiary of Goodrich, from 1982 to 1988; series of senior executive positions with Goodrich from 1977 to 1982

Director: EnPro Industries, Inc., The Lubrizol Corporation, and PolyOne Corporation  
If elected, term expires at the Annual Meeting for Fiscal Year 2010

**Director Nominee for Term Expiring at the 2009 Annual Meeting**

**GEORGE C. (JACK) GUYNN**

65 years old

Director since March 2008

President and Chief Executive Officer of the Federal Reserve Bank of Atlanta from 1995 through 2006 and Chief Operating Officer from 1983 through 2005

Director: Genuine Parts Company and Oxford Industries, Inc.

Advisory Board member of ING Americas

Member of the Audit and Governance Committees of the Board

If elected, term expires at the Annual Meeting for Fiscal Year 2009

**The Board of Directors recommends that you vote FOR all director nominees.**

**Directors with Terms Expiring at the 2009 or 2010 Annual Meetings**

The directors listed below will continue in office for the remainder of their terms in accordance with our By-Laws.

**Name and Principal Business Affiliations**

**ROBERT F. McCULLOUGH**

66 years old

Director since March 2003

Former Chief Financial Officer of AMVESCAP PLC (now known as Invesco Ltd.), from April 1996 to May 2004, and Senior Partner from May 2004 until he retired in December 2006

Joined the New York audit staff of Arthur Andersen LLP in 1964, served as Partner from 1972 until 1996, and served as Managing Partner in Atlanta from 1987 until April 1996

Certified Public Accountant

Member of the American Institute of Certified Public Accountants and the Georgia Society of Certified Public Accountants

Director: Comverge, Inc. and Schweitzer-Mauduit International, Inc.

Chairman of the Audit Committee and a member of the Executive and Governance Committees of the Board

Term expires at the Annual Meeting for Fiscal Year 2010



**Table of Contents**

**Name and Principal Business Affiliations**

**VERNON J. NAGEL**

51 years old

Director since January 2004

Chairman and Chief Executive Officer of the Company since September 2004

President since August 2005

Vice Chairman and Chief Financial Officer from January 2004 through August 2004, and Executive Vice President and Chief Financial Officer from December 2001 to January 2004

Certified Public Accountant (inactive)

Serves on the Governance Board of the National Electrical Manufacturers Association

Chairman of the Executive Committee of the Board

Term expires at the Annual Meeting for Fiscal Year 2009

**JULIA B. NORTH**

61 years old

Director since June 2002

President and Chief Executive Officer of VSI Enterprises, Inc., a Georgia-based manufacturer of video conferencing systems, from November 1997 to July 1999

Held various positions at BellSouth Corporation from 1972 through October 1997, most recently as President, Consumer Services, presiding over BellSouth's largest business unit

Director: Community Health Systems, Inc. and NTELOS Holding Corp.

Member of the Compensation and Governance Committees of the Board

Term expires at the Annual Meeting for Fiscal Year 2009

**NEIL WILLIAMS**

72 years old

Director since December 2001

General Counsel of AMVESCAP PLC (now known as Invesco Ltd.), from October 1999 until his retirement in December 2002

Partner with the law firm Alston & Bird LLP and its predecessors from 1965 to October 1999 and served as managing partner from 1984 to 1996

Vice Chairman and Trustee of The Duke Endowment, Charlotte, North Carolina

Chairman of the Governance Committee and a member of the Executive and Audit Committees of the Board

Term expires at the Annual Meeting for Fiscal Year 2010

**Table of Contents**

**ITEM 2 RATIFICATION OF THE APPOINTMENT OF THE  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

At the annual meeting, a proposal will be presented to ratify the appointment of Ernst & Young LLP ( E&Y ) as the independent registered public accounting firm to audit our financial statements for the fiscal year ending August 31, 2009. E&Y has performed this function for us since 2002. One or more representatives of E&Y are expected to be present at the annual meeting and will be afforded the opportunity to make a statement if they so desire and to respond to appropriate stockholder questions. Information regarding fees paid to E&Y during fiscal year 2008 is set out below in Fees Billed by Independent Registered Public Accounting Firm.

**The Board of Directors recommends that you vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm.**

**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee and the Board of Directors previously adopted a written charter to set forth the Audit Committee's responsibilities. The charter is reviewed annually and amended as necessary to comply with new regulatory requirements. A copy of the Audit Committee charter, which is included in the Statement of Responsibilities of Committees of the Board, is available on the Company's website at [www.acuitybrands.com](http://www.acuitybrands.com) under the heading, Corporate Governance. The Audit Committee is comprised solely of independent directors, as such term is defined by the listing standards of the New York Stock Exchange.

As required by the charter, the Audit Committee reviewed the Company's audited financial statements and met with management, as well as with E&Y (with and without management present), to (1) discuss the financial statements, (2) discuss their evaluations of the Company's internal controls over financial reporting, and (3) discuss their knowledge of any fraud, whether or not material, that involved management or other employees who had a significant role in the Company's internal controls.

The Audit Committee received from E&Y the required written disclosures and the letter from E&Y regarding their independence and the report regarding the results of their integrated audit. In connection with its review of the financial statements and the auditors' required communications and reports, the members of the Audit Committee discussed with a representative of E&Y their independence, as well as the following:

- the auditors' responsibilities in accordance with generally accepted auditing standards;
- the initial selection of, and whether there were any changes in, significant accounting policies or their application;
- all material alternative accounting treatments under U.S. Generally Accepted Accounting Principles;
- other information in documents containing audited financial statements;
- management's judgments and accounting estimates;
- whether there were any significant audit adjustments;
- whether there were any disagreements with management;
- whether there was any consultation with other accountants;
- whether there were any major issues discussed with management prior to the auditors' retention;
- whether the auditors encountered any difficulties in performing the audit; and
- the auditors' judgments about the quality of the Company's accounting policies.

Based on its discussions with management and the Company's independent registered public accounting firm referenced above, the Audit Committee did not become aware of any material misstatements or omissions in the financial statements. Accordingly, the Audit Committee recommended to the Board of Directors that the financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2008 for filing with the SEC.

AUDIT COMMITTEE

Robert F. McCullough, Chairman

John L. Clendenin

George C. (Jack) Guynn

Neil Williams

**Table of Contents****FEES BILLED BY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The following table sets forth the aggregate fees billed during the fiscal years ended August 31, 2008 and 2007:

	<b>2008</b>	<b>2007</b>
Fees Billed:		
Audit Fees	\$ 1,984,214	\$ 3,339,577
Audit-Related Fees	95,694	130,000
Tax Fees	126,024	192,278
Total	\$ 2,205,932	\$ 3,661,855

Audit Fees include fees for services rendered for the audit of our annual financial statements and the review of the interim financial statements included in quarterly reports. Audit fees also include fees associated with rendering an opinion on our internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. The 2007 amount also includes audit fees associated with the spin-off of Zep Inc.

Audit-Related Fees include amounts billed to us primarily for the annual audits of our defined contribution plans.

Tax Fees include amounts billed to us primarily for domestic and international tax compliance and a review of our federal income tax return in 2007 and international tax compliance in 2008.

The Audit Committee has established policies and procedures for the approval and pre-approval of audit services and permitted non-audit services. The Audit Committee has the responsibility to engage and terminate our independent registered public accounting firm, to pre-approve the performance of all audit and permitted non-audit services provided to us by our independent registered public accounting firm in accordance with Section 10A of the Exchange Act, and to review with our independent registered public accounting firm their fees and plans for all auditing services. All fees paid to E&Y were pre-approved by the Audit Committee and there were no instances of waiver of approval requirements or guidelines.

The Audit Committee considered the provision of non-audit services by the independent registered public accounting firm and determined that provision of those services was compatible with maintaining auditor independence.

There were no reportable events as that term is described in Item 304(a)(1)(v) of Regulation S-K.

**OTHER MATTERS**

We know of no other business to be transacted, but if any other matters do come before the meeting, the persons named as proxies in the accompanying proxy, or their substitutes, will vote or act with respect to them in accordance with their best judgment.

**Table of Contents**

**MANAGEMENT**

**Executive Officers**

Executive officers are elected annually by the Board and serve at the discretion of the Board. Vernon J. Nagel serves as a Director and as an executive officer. His business experience is discussed above in Item 1 Election of Directors Directors with Terms Expiring at the 2009 and 2010 Annual Meetings.

Other executive officers as of the date of the Proxy Statement are:

**Name and Principal Business Affiliations**

**RICHARD K. REECE**

52 years old

Executive Vice President of the Company since September 2006; Senior Vice President from December 2005 to September 2006; and Chief Financial Officer since December 2005

Vice President, Finance and Chief Financial Officer of Belden Inc. ( Belden ) from April 2002 to November 2005

President of Belden s Communications Division from June 1999 to April 2002

Vice-President Finance, Treasurer and Chief Financial Officer of Belden from August 1993 to June 1999

Certified Public Accountant

Member of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants, and the Financial Executives Institute

Serves on the Board of the National Association of Manufacturers

**MARK A. BLACK**

47 years old

Executive Vice President, Supply Chain of Acuity Brands Lighting, Inc. since December 2007

Senior Vice President, Acuity Business Systems for Acuity Brands, Inc. from September 2006 until December 2007

Independent consultant for Lean principles and implementation from September 2003 until August 2006

President of CPM, Inc. from December 2000 until August 2003

Vice President of Operations and Corporate Officer of WPT Inc. from May 1997 through January 2000

**JOHN T. HARTMAN**

49 years old

Executive Vice President of Acuity Brands Lighting, Inc. since June 2006; Chief Commercial Officer since January 2008; General Manager Commercial and Industrial Group from June 2006 through January 2008; and Senior Vice President, International

Business from May 2004 through May 2006

President of Growth Vector from December 2001 through August 2005

Executive Vice President of BellSouth International, a subsidiary of BellSouth Corporation, from 1999 through 2001

Vice President, Customer Offer and Marketing of BellSouth Entertainment, a subsidiary of BellSouth Corporation, from 1994 through 1999

**Table of Contents**

**Name and Principal Business Affiliations**

**JEREMY M. QUICK**

50 years old

Executive Vice President and Chief Financial Officer of Acuity Brands Lighting, Inc. since December 2004

Executive Vice President, Operations, Climate Controls Division of Invensys PLC from December 2002 through December 2004

Vice President, Finance, Energy Services Division of Invensys PLC from 1998 through December 2002

Vice President, Finance, Oldcastle Glass Division of CRH PLC from 1995 through 1998

Chartered Accountant (UK)

17

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**Table of Contents**

**EXECUTIVE COMPENSATION**

**REPORT OF THE COMPENSATION COMMITTEE**

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis section of the Proxy Statement. Based on its review and discussions with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Proxy Statement for fiscal 2008 for filing with the SEC.

**The Compensation Committee**

Ray M. Robinson, Chairman  
Peter C. Browning  
Julia B. North

**COMPENSATION DISCUSSION AND ANALYSIS**

This section of the proxy statement describes the material elements of the fiscal 2008 compensation program for the executive officers named in the Summary Compensation Table, who are called the named executive officers. This section also includes information about our executive compensation philosophy, the overall objectives of our compensation program and each element of compensation that we provide. It also describes the key factors the Compensation Committee considers in determining compensation for the named executive officers.

For fiscal 2008, our named executive officers are:

Vernon J. Nagel, Chairman, President and Chief Executive Officer of Acuity Brands, Inc.;  
Richard K. Reece, Executive Vice President and Chief Financial Officer of Acuity Brands, Inc.;  
Mark A. Black, Executive Vice President, Supply Chain of Acuity Brands Lighting, Inc.;  
John T. Hartman, Executive Vice President and Chief Commercial Officer of Acuity Brands Lighting, Inc.;  
Jeremy M. Quick, Executive Vice President and Chief Financial Officer of Acuity Brands Lighting, Inc.; and  
Kenyon W. Murphy, Executive Vice President, Chief Administrative Officer, and General Counsel of Acuity Brands, Inc. until that position was eliminated in January 2008.

**The Spin-Off**

Historically, Acuity Brands, Inc. owned and managed two businesses that serve distinctive markets lighting equipment and specialty products. The lighting equipment segment, operated by Acuity Brands Lighting, Inc. and other subsidiaries, referred to as ABL, designs, produces, and distributes a broad array of indoor and outdoor lighting fixtures and lighting related products and services for commercial and institutional, industrial, infrastructure, and residential applications for various markets throughout North America and select international markets. The specialty products segment, operated by Zep Inc., is a producer, marketer, and service provider of a wide range of cleaning and maintenance solutions for commercial, industrial, institutional, and consumer end-markets primarily throughout North America and Europe. We completed the spin-off of Zep Inc. on October 31, 2007. We continue to operate in the lighting equipment business segment.

**Key Fiscal 2008 Accomplishments**



We had a very successful year in 2008, achieving record financial results in a number of key metrics. In addition, we completed the spin-off to our shareholders of our specialty chemicals business, creating two more focused organizations positioned to pursue their own growth strategies more effectively. Our financial accomplishments are especially noteworthy since we had to overcome a significant rise in commodity prices and the turbulent economic conditions in the U.S., along with the weak demand that continues to prevail in the residential housing market and for new store construction in certain retail channels. Key financial accomplishments in fiscal 2008 include:

Income from continuing operations for fiscal 2008 increased over 15% to \$148.6 million;

Diluted earnings per share ( EPS ) from continuing operations increased 22% to \$3.57;

## **Table of Contents**

Consolidated net sales were \$2,026.6 million, an increase of 3%;  
Operating profit was \$261.1 million, an increase of 17%; and  
Operating profit margin was 12.9%, an increase of more than 150 basis points.

These results exclude the specialty chemicals business, which was spun off to the shareholders of Acuity Brands on October 31, 2007 as Zep Inc. These results do include a \$14.6 million pre-tax special charge, or \$0.21 per diluted share, for actions taken to streamline and simplify the organization, including the corporate office, following the spin-off of Zep Inc.

## **Compensation Philosophy**

We aspire to be a premier industrial company capable of delivering consistent upper quartile performance to our stockholders. We define upper quartile performance using specific metrics, including:

Annual growth in earnings per share of 15% or greater;  
Operating profit margins of at least 12%;  
Return on stockholders' equity of 20% or better;  
Generation of cash flow from operations less capital expenditures in excess of net income; and  
Consistency and sustainability in these measures of performance.

As we believe there must be a strong relationship between executive compensation and the creation of value for stockholders, we strive to pay upper quartile (75<sup>th</sup> percentile) compensation only when we achieve upper quartile performance.

Our philosophy is to compensate management and other key associates through a combination of base salary and variable incentive compensation based on Company performance. To create a true pay-for-performance environment, total compensation is comprised of a base salary, generally targeted to be at median (or lower, as in the case of Mr. Nagel), plus significant at-risk performance-based variable annual and long-term incentive compensation. Our executive compensation program has been guided by the following principles, which are intended to support our pay-for-performance philosophy:

Total compensation programs should be designed to strengthen the relationship between pay and performance, with a resulting emphasis on variable, rather than fixed, forms of compensation;  
Compensation should generally increase with position and responsibility. Total compensation should be higher for individuals with greater responsibility and greater ability to influence the Company's results; and  
Management should focus on the long-term interests of stockholders.

The executive compensation program is designed to:

Attract and retain executives by providing a competitive reward and recognition program that is driven by our success;  
Provide rewards to executives who create value for stockholders;  
Consistently recognize and reward superior performers, measured by achievement of results and demonstration of desired behaviors; and  
Provide a framework for the fair and consistent administration of pay policies.

In implementing our compensation philosophy, we emphasize the significant amount of risk factored into the total direct compensation mix (base salary and annual and long-term incentive awards) of our named executive officers with expectations for sustained upper quartile Company performance. This places each executive officer's total direct

compensation opportunity subject to considerable leverage – low fixed pay in the form of base salary and a wide range of possible outcomes with respect to annual and long-term incentive compensation driven by performance. A distinct example of this strategy is the compensation opportunity of our Chief Executive Officer, Vernon J. Nagel. Mr. Nagel’s base salary is established at the lower quartile of the Company’s peer group (described below), and has remained fixed at this low level for several years. At the same time, Mr. Nagel’s annual incentive target is structured to provide an opportunity for him to earn total annual cash compensation at the upper quartile of

## **Table of Contents**

competitive compensation benchmarks by establishing targeted levels of performance for Mr. Nagel at upper quartile levels of Company performance as compared to the Company's peers.

### **Role of Compensation Consultant**

Under its charter, the Compensation Committee is authorized to engage outside advisors at our expense. In fiscal 2008, the Compensation Committee engaged the compensation consulting firm of Towers Perrin to advise the Committee regarding compensation of our executive officers, and other compensation-related matters such as benefit plans. The Compensation Committee periodically approves an engagement letter that describes the duties to be performed by the consultant and the related costs. The chairman of the Compensation Committee may make additional requests of Towers Perrin during the year on behalf of the Committee. Management may periodically engage Towers Perrin to perform research to support matters to be presented to the Compensation Committee by management. During fiscal year 2008, Towers Perrin provided additional consulting services to the Company which included investment advice and performance reporting for the Company's domestic qualified defined benefit and defined contribution plans.

Under the engagement letter for fiscal 2008, Towers Perrin performed the following services for the Compensation Committee, in addition to preparation for and attendance at meetings of the Compensation Committee:

provided market pricing analysis for the chief executive officer;  
reviewed the draft proxy statement and provided drafting input and disclosure suggestions; and  
throughout the year, provided the Compensation Committee and management with assistance and support on various issues, including data and advice with respect to executive retirement plans and updates related to evolving governance trends.

During fiscal year 2008, the Compensation Committee met in executive session to discuss and evaluate the performance of Towers Perrin in serving as the Committee's independent advisor. Based on its evaluation, the Compensation Committee decided to engage the Towers Perrin firm as its advisor for fiscal year 2009.

### **Market Data**

The Compensation Committee annually compares the various elements of our executive compensation program with respect to the chief executive officer in order to gauge compensation levels relative to that of the market and our competitors through the use of publicly available market surveys and total compensation studies and long-term incentive compensation analyses provided by the Compensation Committee's compensation consultant, Towers Perrin. The Compensation Committee performs similar comparisons for our other executive officers periodically, though it did not perform such a comparison for our other executive officers in fiscal 2008.

During fiscal 2008, Towers Perrin provided compensation data for purposes of the chief executive officer's compensation review. The compensation data was obtained from the Towers Perrin 2008 Compensation Data Bank Executive Compensation Database and the Watson Wyatt Worldwide's 2008/2009 Top Management Compensation Calculator. In each case, the total sample of survey participants was narrowed to include only those companies of comparable-size that are representative of the companies with whom Acuity Brands competes for executive talent.

For purposes of analyzing the chief executive officer's compensation, at the request of the Compensation Committee, Towers Perrin compiled a list of recommended peer companies that would be a representative example of organizations of comparable size and business focus. Towers Perrin developed a list of recommended peer companies based upon an assessment of each company's annual revenues, market capitalization, one-year and three-year levels of historical profitability, and one-year and three-year levels of historical total shareholder returns. The Compensation

Committee reviewed the recommendations of the consultant and approved the list of peer companies. The following list of 19 companies comprising the peer group are selected to represent a diverse, general industry composite including consumer products, industrial manufacturing, and/or wholesale/retail trade

**Table of Contents**

companies with size and financial characteristics generally comparable to the Company. For fiscal 2008, the 19 companies making up the peer group included:

Actuant Corporation	MEMC Electronic Materials, Inc.
AK Steel Holding Corporation	Phillips-Van Heusen Corporation
AMETEK Inc.	Ralcorp Holdings, Inc.
Belden Inc.	Roper Industries, Inc.
The Brink's Company	Steelcase, Inc.
Columbia Sportswear Company	Thomas & Betts Corporation
Cooper Industries, Ltd.	The Toro Company
Graco Inc.	Tupperware Brands Corporation
Hubbell Incorporated	Western Digital Corporation
Lincoln Electric Holdings, Inc.	

**General Compensation Levels**

The total direct compensation opportunities offered to our executive officers have been designed to ensure that they have a strong relationship with the creation of value for stockholders, are competitive with market practices, support our executive recruitment and retention objectives, and are internally equitable among executives. The annual and long-term incentive portions of total direct compensation are performance-based and provide compensation in excess of base salary only when performance goals are met.

In determining total direct compensation opportunities, the Compensation Committee considers: compensation information and input, including market data, provided by its compensation consultant, Towers Perrin; the evaluation by the Board of Directors of the chief executive officer; and the chief executive officer's performance review and recommendation for each other executive officer. The market data provides competitive compensation information for positions of comparable responsibilities with comparably-sized manufacturing companies that are representative of the companies with whom Acuity Brands competes for executive talent.

**Weighting and Selection of Elements of Compensation**

The Compensation Committee determines the mix and weightings of each of the compensation elements by considering comparative compensation data as described above. Generally, in fiscal 2008 and the past several years, the most significant percentage of targeted compensation was allocated to long-term incentive awards. Base salary is the only portion of compensation that is assured. While the Compensation Committee has established a framework to assure that a significant portion of aggregate target total direct compensation is at risk for senior executives, actual amounts earned depend on annual performance of the business and the individual.

The Compensation Committee uses plan guidelines as well as its judgment and discretion in deciding the mix and value of total long-term incentive compensation. The Compensation Committee uses various equity-related vehicles, including restricted stock and stock options, to motivate executives to act like stockholders and to focus on the long-term performance of the business. All long-term incentives are performance-based and payout is entirely determined by Company performance (for ABL executives, ABL performance), in each case subject to adjustment based on individual performance. Once the applicable performance criteria have been satisfied, an award of time-vesting restricted stock or stock options, or a combination of both, is made to the participants. Restricted stock and stock options are designed to mirror stockholder interests and make executives sensitive to upside potential and stockholder gains, as well as to downside risk, because a change in the stock price affects overall compensation.

**Elements of Executive Compensation**

We use the following compensation elements in our executive compensation program:

Base salary;

Annual cash incentives (such as the annual cash award opportunities available under the various performance-based incentive plans, performance bonuses, and retention bonuses);

**Table of Contents**

Performance-based long-term incentives; and  
 Post-termination compensation (such as retirement benefits and severance and change in control arrangements).

The compensation program also includes minimal perquisites and other personal benefits (only a charitable contribution match in fiscal 2008). In addition, named executive officers generally participate in our health and welfare plans on the same basis as other full-time employees.

The objective for each element of compensation is described below.

<b>Element of Compensation</b>	<b>Objective</b>
Base Salary	Provide a competitive level of secure cash compensation; and Reward individual performance, level of experience and responsibility.
Performance-Based Annual/Short-Term Incentive	Provide variable pay opportunity for short-term performance; and Reward individual performance and Company or business unit performance.
Performance-Based Long-Term Incentive	Provide variable pay opportunity for long-term performance; Reward individual performance and overall Company performance (ABL performance for ABL executives); and Align executives with interests of stockholders.
Post-termination Compensation	Encourage long-term retention through pension benefits; and Provide a measure of security against possible employment loss through a change in control or severance agreement in order to encourage the executive to act in the best interests of the Company and stockholders.

***Base Salary***

The Compensation Committee sets base salary to be competitive with the general market. The base salary is designed to attract talented executives and provide a secure base of cash compensation. Salary adjustments may be made annually as merited or on promotion to a position of increased responsibility. The base salaries of executives generally are set near or below the 50th percentile. For the chief executive officer, the Compensation Committee considers the peer group data described above in determining market levels. For the other executive officers, the Compensation Committee considers periodic studies issued by various consulting firms to determine market levels.

In accordance with our pay-for-performance philosophy, Mr. Nagel's salary is in the bottom quartile of the peer group and has not been increased since 2004. A significant portion of Mr. Nagel's compensation, as well as for most senior levels of management, is tied to variable compensation based on Company performance. Messrs. Reece, Black, Quick and Murphy did not receive a base salary increase in fiscal 2008. Effective March 1, 2008, the Compensation Committee increased Mr. Hartman's base salary from \$310,000 to \$360,000 in connection with an organizational realignment which included Mr. Hartman's assumption of increased responsibilities as Chief Commercial Officer for all brands of Acuity Brands Lighting.

The Compensation Committee approved base salary increases for fiscal 2009, effective November 1, 2008, as follows: Mr. Reece's salary was increased to \$412,000 from \$400,000; Mr. Black's salary was increased to \$320,000 from \$300,000; and Mr. Quick's salary was increased to \$320,000 from \$310,000. The increases were based on considerations of individual performance of each executive officer, as well as internal pay equity among senior management. Mr. Nagel did not receive a base salary increase, as the Compensation Committee continued to believe



that any increased compensation for the chief executive officer should be tied to Company performance. Mr. Hartman did not receive an increase as his salary was increased in fiscal 2008.

***Short-Term Incentives***

Performance-based annual incentive compensation is a key component of our executive compensation strategy. This element is designed to be a significant at-risk component of overall compensation.

**Table of Contents**

Annual incentive awards are made under the Acuity Brands, Inc. 2007 Management Compensation and Incentive Plan (the Annual Incentive Plan ), which was approved by Acuity Brands stockholders at the January 2008 annual meeting. The Annual Incentive Plan is designed to motivate executive officers to attain specific short-term performance objectives that, in turn, further our long-term objectives.

At the start of a fiscal year, an annual incentive target, stated as a percentage of base salary, is determined for each participant. Measures of Company and ABL financial performance for the fiscal year are also determined. The actual award earned is based on the results of financial performance for the fiscal year. In addition, for Messrs. Nagel and Reece, the actual award earned is subject to the application of negative discretion by the Compensation Committee. The Committee takes into account individual performance for the fiscal year in applying the negative discretion. The award, if earned, is paid in cash.

**Financial Performance General**

Generally, at the beginning of the fiscal year, the Compensation Committee selects the annual financial performance measures and sets the annual financial performance goals at the threshold, target and maximum levels, which determine payouts. For most participants, achieving target financial performance would yield an award of 100% of the target amount set at the beginning of the year, excluding any individual performance factor. However, for Messrs. Nagel and Reece, achieving target financial performance would yield an award of 200% of the target amount, which is then subject to the application of negative discretion by the Compensation Committee. The target and maximum levels are structured this way for certain senior executives to comply with the requirements of Section 162(m) of the Code (see Tax Deductibility Policy below). Actual financial performance for the fiscal year determines the total amount of dollars available for the incentive pool for annual incentive awards to all eligible employees, including the named executive officers. Financial performance percentages are interpolated for performance falling between stated performance measures.

When deciding what financial measures to use at the start of a fiscal year, and the threshold, target and maximum levels of achievement of those measures, the Compensation Committee carefully considers the state of our business and what financial measures are most likely to focus the participants, including the named executive officers, on making decisions that deliver short-term results aligned with long-term goals. The Committee considers management's recommendations regarding the appropriate financial measures. The financial measures are chosen from an array of possible financial measures included in the Annual Incentive Plan.

Financial performance is measured separately for Acuity Brands as a whole and for the ABL business unit. Depending on the named executive officer's responsibilities, the calculation of his annual incentive award is measured and determined based on Company-wide performance or ABL business unit performance, as appropriate for that named executive officer.

**Fiscal 2008 Financial Performance Measures and Weighting**

The performance measures and weighting for fiscal 2008 awards were established by the Compensation Committee and ratified by the Board of Directors early in the fiscal year and were intended to drive business and individual performance supporting our long-term financial goals and resulting in market appreciation for stockholders. For fiscal 2008, the performance measures and weighting selected were as follows:

<u>Company Performance</u>	<u>ABL Performance</u>
Earnings per share (34)%	Operating profit (34)%
Adjusted consolidated EBIT <sup>1</sup> margin (33)%	Operating profit margin (33)%

Adjusted cash flow (33)%

Adjusted cash flow (33%)

These were primarily the same performance measures and weightings that the Committee used for fiscal 2007.

<sup>1</sup> Defined as earnings before interest and taxes.

**Table of Contents****Individual Performance**

Performance of individual participants in the Annual Incentive Plan, including the named executive officers, is evaluated after the end of the fiscal year by (1) comparing actual performance to daily job responsibilities and pre-established individual objectives consistent with overall company objectives and (2) considering, on a qualitative basis, whether the individual's performance reflects our corporate values and business philosophies, such as continuous improvement.

The individual objectives for Mr. Nagel were set with the approval of the Compensation Committee. The individual objectives for the other named executive officers were set after individual discussion with the chief executive officer. The individual objectives established for the named executive officers include objectives that are common across all executives, and objectives specific to each individual's role at our company. For example, an individual objective common for all of the named executive officers included the further development and implementation of continuous improvement (or Lean) processes and culture within the Company. The successful spin-off of Zep Inc. was an individual objective for Messrs. Nagel and Reece. At the end of the fiscal year, each participant, including the named executive officers, is given an individual performance management process rating (a PMP Rating), which is translated to a PMP Payout Percentage.

The maximum PMP Payout Percentage that can be earned by participants in the plan is 133%. However, for Messrs. Nagel and Reece, the maximum PMP Payout Percentage that can be earned is 120% and that maximum percentage is assumed as being met for annual incentive award purposes prior to the application of negative discretion by the Compensation Committee. At the end of the fiscal year, the Compensation Committee or the Board, as applicable, selects the precise payout percentage within the range (or reduces the assumed percentage for Messrs. Nagel and Reece) based on factors such as level of responsibility and impact on our performance, with calibrations made across comparable positions to achieve consistency of the percentages selected.

The table below sets forth the range of PMP Ratings and the possible PMP Payout Percentages for all participants.

<b>PMP Rating</b>	<b>Range of PMP Payout Percentage</b>	
	<b>Minimum</b>	<b>Maximum</b>
4.75 - 5.00 (Exceptional)	110%	133%*
3.75 - 4.74 (Superior)	90%	120%
2.75 - 3.74 (Commendable)	70%	110%
1.75 - 2.74 (Fair)	0%	70%
Below 1.75 (Unacceptable)	0%	0%

\* For Messrs. Nagel and Reece, the maximum PMP Payout Percentage that can be earned is 120%.

**Determination of Award**

The level of financial performance is determined after the end of the fiscal year based on actual business results compared to the financial measures set at the beginning of the fiscal year. In addition, the chief executive officer annually prepares a written report for the Compensation Committee, summarizing the individual performance goals and achievements of the named executive officers, including himself. The Compensation Committee reviews the written report and considers it in determining the awards. The amount of each actual annual incentive award, including the awards to the named executive officers, is determined as follows:

Base Salary x (Annual Incentive Target % x Financial Performance Payout %) x PMP Payout %

The Annual Incentive Target Percentage, representing the percentage of base salary used in the determination of the award, is set at the beginning of the year for each of the named executive officers. For fiscal 2008, they were as follows: Mr. Nagel 150%; Mr. Reece 65%; Mr. Black 55%; Mr. Hartman 60%; Mr. Quick 55%; and Mr. Murphy 60%.

The Financial Performance Payout Percentage at target is 100% for most participants in the Annual Incentive Plan. For Messrs. Nagel and Reece, the Financial Performance Payout Percentage at target is 200%. The greater

**Table of Contents**

percentage is designed to facilitate the Compensation Committee's application of negative discretion as it considers appropriate in accordance with the provisions of Section 162(m) of the Code.

For example, for Mr. Nagel the calculation for his annual incentive award, assuming that Company performance was at target and that he received an actual PMP Rating of "superior" equivalent to a PMP Payout Percentage of 120%, would be as follows:

$$\$600,000 \times (150\% \times 200\%) \times 120\% = \$2,160,000$$

The Compensation Committee then determines the final award by applying negative discretion as it considers appropriate in accordance with the requirements of Section 162(m) of the Code.

**Fiscal 2008 Annual Incentive Award**

The following table outlines the fiscal 2008 performance measures, the weighting for each performance measure and the threshold, target, maximum, and actual 2008 performance levels, as determined by the Compensation Committee. In accordance with our pay-for-performance philosophy, the performance measures at the target level are set at a level approximately equal to the 75th percentile of longer-term financial performance for public companies in the S&P 500 and S&P 600 indexes.

Because the performance levels at threshold, target and maximum were derived from our long-term financial performance targets, which are in the upper quartile of financial performance for industrial companies, they differed from the operating plan targets for fiscal 2008. In setting the performance level for fiscal 2008, the Compensation Committee set performance measures that were adjusted to reflect the spin-off of Zep Inc. The maximum award is designed to reward only exceptional performance.

	Weighting	Performance Objectives			Actual
		Threshold	Target	Maximum	Fiscal 2008
(\$ in millions, except earnings per share)					
<b>Acuity Brands, Inc. (1)</b>					
Earnings per Share (from continuing operations)	34%	\$2.57	\$2.93	\$3.85	\$3.57
Adjusted Consolidated EBIT Margin (2)	33%	10.5%	11.2%	12.9%	12.9%
Adjusted Cash Flow (3)	33%	\$107	\$123	\$162	\$196
<b>Acuity Brands Lighting (4)</b>					
Operating Profit	34%	\$225	\$249	\$310	\$292
Operating Profit Margin	33%	12.1%	12.7%	14.3%	14.4%
Adjusted Cash Flow (5)	33%	\$222	\$246	\$307	\$324

(1) Under which the fiscal 2008 annual incentive awards were determined for Messrs. Nagel, Reece and Murphy. As expected, the Compensation Committee exercised negative discretion in determining the final fiscal 2008 awards for Messrs. Nagel and Reece.

(2) Adjusted consolidated EBIT margin is defined as consolidated EBIT margin plus (minus) foreign currency net losses (gains).

- (3) Acuity Brands adjusted cash flow is defined as cash flow from operations less purchases of property, plant, and equipment plus proceeds from sale of property, plant, and equipment, plus (minus) the positive (negative) effect of exchange rate changes on cash.
- (4) Under which the fiscal 2008 annual incentive awards were determined for Messrs. Black, Hartman and Quick.
- (5) Acuity Brands Lighting adjusted cash flow is defined as the business unit's cash flow from operations less purchases of property, plant, and equipment plus proceeds from sale of property, plant, and equipment.

In October 2008, based on the Compensation Committee's certification of performance with respect to fiscal 2008 annual incentive targets using information prepared by the finance department, the Board approved the Compensation Committee's recommendations with respect to fiscal 2008 annual incentives for the named executive officers. The following table outlines the threshold, target, maximum, and actual 2008 awards earned under the Annual Incentive Plan for each of the named executive officers for fiscal 2008 as a dollar amount (in thousands).

**Table of Contents**

The target level awards assume that the PMP Rating was 120% (superior) and the maximum level awards assume the highest PMP Rating eligible for each participant.

Named Executive Officer	Annual Incentive Target	Threshold	Target	Maximum	Actual 2008 Annual Incentive Award
	%	(\$)	(\$)	(\$)	Earned (\$)
(\$ in thousands)					
Vernon J. Nagel	150%	\$ 0	\$ 2,160	\$ 4,000(1)	\$ 3,000(2)
Richard K. Reece	65	0	624	1,248	850(2)
Mark A. Black	55	0	198	658	570
John T. Hartman	60	0	241	802	535
Jeremy M. Quick	55	0	205	680	525
Kenyon W. Murphy	60	0	171	512	382(3)

- (1) The maximum award for Mr. Nagel was capped by the Annual Incentive Plan's limit of a \$4 million maximum award payable to an individual participant for any fiscal year.
- (2) Reflects application of negative discretion by the Compensation Committee in determining the final awards.
- (3) The actual incentive award calculation for Mr. Murphy did not include a PMP Rating, in accordance with his severance agreement.

Based on the achievement of Company performance measures and their assumed PMP Ratings, Messrs. Nagel and Reece were eligible to receive annual incentive awards of \$4,000,000 and \$1,218,000, respectively. In accordance with past practice, the Compensation Committee exercised negative discretion to reduce the amount of the awards for Messrs. Nagel and Reece, as shown in the table above. Based on the achievement of ABL performance measures and their PMP Rating, Messrs. Black, Hartman and Quick earned annual incentive awards of \$570,000, \$535,000, and \$525,000, respectively. Mr. Murphy's award was also based on the achievement of Company performance measures, and was prorated for the time that he served as an employee during fiscal 2008. There was no negative discretion applied to the amounts for Messrs. Black, Hartman, Quick and Murphy.

**Long-Term Incentives**

A substantial portion of the total direct compensation of our named executive officers is delivered in the form of long-term equity, including restricted stock and stock options. Equity incentive awards are generally granted on an annual basis and are allocated based on the achievement of Company-wide financial targets, business unit operating targets, if applicable, and individual performance ratings. Awards are made under the Amended and Restated Acuity Brands, Inc. Long-Term Incentive Plan (the "LTIP"), which was approved by stockholders at the January 2008 annual meeting.

The purpose of the LTIP is to enable executive officers and other eligible associates to accumulate capital through future managerial performance, which the Compensation Committee believes contributes to the future success of our



Company. The LTIP creates a pool of equity available for annual grants to all eligible associates, including the named executive officers. The Committee believes that awards under the LTIP promote a long-term focus on our profitability due to the multi-year vesting period under the plan.

At the beginning of each year, the Compensation Committee selects performance criteria, upon which awards under the LTIP are based, from the array of performance measures contained in the LTIP. Threshold, target and maximum targets are set by the Compensation Committee.

Target awards are determined as a percentage of each executive officer's salary. For most participants in the LTIP, achieving target Company financial performance yields an award of 100% of the target award for the participant, excluding any individual performance factor. For Messrs. Nagel and Reece, achieving target Company performance yields an award of 200% of the target award. The greater percentage for these named executive officers is designed to facilitate the Compensation Committee's application of negative discretion as it considers appropriate

**Table of Contents**

in accordance with the provisions of Section 162(m) of the Code. The total long-term award payments to all eligible employees cannot exceed 8% of consolidated operating profit before expenses associated with the LTIP.

Final awards for each participant are determined by comparing actual Company performance against the established performance criteria for the year. Final awards also take into account each individual's PMP Rating. Individual performance is evaluated in the same manner as under the Annual Incentive Plan, except that the payout factor is as follows:

<b>PMP Rating</b>	<b>PMP Payout Percentage</b>
Outstanding	Up to 150%
Above Standard	Up to 125%
Standard	Up to 100%
Below Standard	0%

The Compensation Committee selects the precise payout percentage within the range based on factors such as level of responsibility and impact on our performance with calibrations made across comparable positions to achieve consistency of the percentages selected. For Messrs. Nagel and Reece, the maximum PMP Payout Percentage was assumed as being met for LTIP award purposes prior to the application of negative discretion by the Compensation Committee.

The dollar amount of each actual LTIP award, including the named executive officers, is determined as follows:

Base Salary x (LTIP Target % x Financial Performance Payout %) x PMP Payout %

The Compensation Committee, in its discretion, taking into account the recommendations of the chief executive officer, may increase or decrease awards under the LTIP and may approve the payment of awards where performance would otherwise not meet the minimum criteria set for payment of awards, although it rarely does so. In fiscal 2008, the Compensation Committee used negative discretion to reduce the awards for Messrs. Nagel and Reece, but did not approve any payment of awards not warranted by financial performance.

The final dollar-denominated awards are then converted into time-vesting restricted stock, stock options, or a combination of the two, as determined by the Compensation Committee. The restricted stock generally vests over a four-year period. Dividends are paid on the restricted stock. The stock options have an exercise price equal to the closing price on the date of grant and generally vest over a three-year period.

**Fiscal 2008 Awards**

For fiscal 2008, the Compensation Committee determined that the performance criterion for LTIP awards was earnings per share. The target EPS was \$3.04, with a threshold of \$2.68 and a maximum of \$3.51. The award formula payout percentage is 0% for threshold performance, 100% for target performance and 150% for maximum performance. For Messrs. Nagel and Reece, the award formula payout percentage is 0% for threshold performance, 200% for target performance and 300% for maximum performance. The payout percentage used in the award formula cannot exceed 150% (300% for Messrs. Nagel and Reece), even if actual performance exceeds the level of performance corresponding to the maximum payout percentage. The Compensation Committee was expected to apply negative discretion to the award for Messrs. Nagel and Reece.

The appropriate EPS targets were derived from our long-term growth targets, which are in the upper quartile of financial performance for industrial companies and, therefore, differ from the operating plan targets for fiscal 2008. In setting the performance level, the Compensation Committee begins with the financial performance for the prior fiscal year and generally requires an increase in performance to achieve the target and maximum awards. The target award represented a 16.0% increase over the prior year and the maximum award represented a 21.8% increase over the prior year. This compares favorably to our upper quartile performance goal of 15% annual growth. The maximum award is designed to reward only exceptional performance.

**Table of Contents**

We achieved \$3.57 in diluted earnings per share, which was above the maximum target. The following table outlines the award targets and 2008 actual award values under the LTIP for each of the named executive officers for fiscal 2008 as a dollar amount (in thousands). The target and maximum awards listed assume that the PMP Rating was

Outstanding (150%). In setting these levels, we expected that the Compensation Committee would exercise negative discretion in determining the final awards for Messrs. Nagel and Reece.

Named Executive Officer	Individual	Threshold (\$)	Target (\$)	Maximum (\$)	Actual (\$)
	Target %				
	(\$ In thousands)				
Vernon J. Nagel	225%	\$ 0	\$ 4,050	\$ 6,075	\$ 3,000(1 )
Richard K. Reece	135	0	1,620	2,430	950(1 )
Mark A. Black	90	0	405	608	600
John T. Hartman	90	0	452	678	600
Jeremy M. Quick	90	0	419	628	500

(1) Reflects application of negative discretion by the Compensation Committee in determining final awards.

The actual awards earned by Messrs. Black, Hartman and Quick were based on the maximum target and each person's PMP Rating. For Messrs. Nagel and Reece, the actual awards earned were based on the maximum target and each person's PMP Rating, as well as the Compensation Committee's application of negative discretion in determining the final amount of each award. Due to the Company's termination of his employment during the year, Mr. Murphy was not eligible to receive an LTIP award for fiscal 2008.

***Equity Award Grant Practices***

Annual equity awards under the LTIP are approved by the Compensation Committee and the Board following the end of the fiscal year. The chief executive officer may make interim equity awards from a previously approved discretionary share pool on the first business day of each fiscal quarter based on prescribed criteria established by the Compensation Committee. We do not time the granting of equity awards to the disclosure of material information.

***Executive Perquisites***

Perquisites and other personal benefits comprised a minimal portion of our executive compensation program. The only perquisite or other personal benefit provided by us to executive officers in fiscal 2008 was a Company match on charitable contributions up to \$5,000 for Messrs. Nagel and Reece and up to \$2,500 for Messrs. Black, Hartman and Quick.

***Retirement Benefits***

We provide retirement benefits under a number of defined benefit retirement plans. As of December 31, 2002, we froze the pension benefits under certain plans for all participants. This means that, while participants retain the pension benefits already accrued, no additional pension benefits will accrue after the effective date of the freeze. However, executives formerly covered by the frozen pension plan are receiving a supplemental annual contribution under a deferred compensation plan, which is designed to replace benefits lost when the pension plan was frozen.

Effective January 1, 2003, we implemented the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan (the 2002 SERP ) that provides a monthly benefit equal to 1.6% of average base salary and annual incentive payment (using the highest three consecutive years of remuneration out of the ten years preceding an executive's retirement) multiplied by years of service as an executive officer (up to a maximum of 10 years) divided by 12. Benefits are generally payable for a 15-year period following retirement (as defined in the 2002 SERP.) Messrs. Nagel, Reece and Murphy participated in the 2002 SERP in fiscal 2008.

We also maintain several deferred compensation plans which are described below under Fiscal 2008 Nonqualified Deferred Compensation. The plans are designed to provide eligible participants an opportunity to defer compensation on a tax efficient basis. Under certain plan provisions, we make contributions to participants' accounts.

We maintain a defined contribution 401(k) plan that covers our employees and former employees. The 401(k) plan provides for employee pre-tax contributions and employer matching contributions.

## **Table of Contents**

### **Change in Control Agreements**

We have change in control agreements with our named executive officers that provide for separation payments and benefits, consistent with common market practices among our peers, upon qualifying terminations of employment in connection with a change in control of our Company. The Board of Directors intends for the change in control agreements to provide the named executive officers some measure of security against the possibility of employment loss that may result following a change in control in order that they may devote their energies to meeting the business objectives and needs of our Company and our stockholders. For additional information on the change in control arrangements see Potential Payments upon Termination Change in Control Agreements below.

### **Severance Agreements**

To ensure that we are offering a competitive executive compensation program, we believe it is important to provide reasonable severance benefits to our named executive officers.

The severance agreements contain restrictive covenants with respect to confidentiality, non-solicitation, and non-competition, and are subject to the execution of a release. The severance agreements are effective for a rolling two-year term, which will automatically extend each day for an additional day unless terminated by either party, in which case they will continue for two years after the notice of termination or for three years following a change in control. For additional information on the severance arrangements see Potential Payments upon Termination Severance Agreements below.

### **Equity Ownership Requirements**

Our executive officers became subject to a share ownership requirement in 2004. The requirements are intended to ensure that our executive officers maintain an equity interest in our Company at a level sufficient to assure our stockholders of their commitment to value creation, while addressing their individual needs for portfolio diversification. The share ownership requirement provides that, over a four-year period, Mr. Nagel will attain ownership in our common stock valued at four times his annual base salary, Mr. Reece will attain ownership valued at three times his annual base salary and that the other named executive officers will attain ownership valued at two times their annual base salaries. The ownership of each named executive officer that was our employee at the end of the fiscal year currently exceeds his requirement. For these purposes, ownership includes stock held directly, interests in restricted stock, restricted stock units, stock acquired through our employee stock purchase plan, and investments in our stock through our 401(k) plan. Stock options are not taken into consideration in meeting the ownership requirements.

### **Tax Deductibility Policy**

Section 162(m) of the Code generally limits the tax deductibility of compensation of the chief executive officer and our three other executive officers (other than our chief executive officer and our chief financial officer) who are the highest paid and employed at year-end to \$1 million per year unless the compensation qualifies as performance-based compensation. While we do not design compensation programs solely for tax purposes, we design plans to be tax efficient where possible. However, the Compensation Committee may exercise discretion in those instances when the mechanistic approaches under tax laws would compromise the interest of stockholders. As a result, to maximize the tax efficiency of our compensation programs, fiscal 2008 incentive targets for our executive officers that were named executive officers in fiscal 2007 and employed by the Company at the end of fiscal 2008 were twice that of other participants. While the Compensation Committee does not intend that an executive officer will earn such an amount, the program is designed to permit the Compensation Committee to reward outstanding performance while retaining the tax deductibility of the award. The Compensation Committee continues to have the ability to use negative discretion in calculating an appropriate award.

### **Role of Executive Officers**

As discussed above, the chief executive officer reports to the Compensation Committee on his evaluations of the senior executives, including the other named executive officers. He makes compensation recommendations for the other named executive officers with respect to base salary, merit increases and annual and long-term incentives, which are the basis of discussion with the Compensation Committee. The chief financial officer evaluates the financial implications of any proposed Compensation Committee action.

Meetings of the Compensation Committee are regularly attended by the chief executive officer and the corporate secretary. Frequently, the chief financial officer also attends meetings of the Committee.

**Table of Contents****EXECUTIVE COMPENSATION TABLES**

Set forth below is information concerning compensation paid to the applicable named executive officer in connection with his service to Acuity Brands.

**Fiscal 2008 Summary Compensation Table**

The following table presents information concerning compensation for the named executive officers for fiscal 2008 and 2007.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Stock Awards (\$)(1)</b>	<b>Option Awards (\$)(1)</b>	<b>Non-Equity Incentive Plan Compensation (\$)(2)</b>	<b>Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(3)</b>	<b>All Other Compensation (\$)(4)</b>	<b>Total (\$)</b>
Bernon J. Nagel	2008	\$ 600,000	\$ 868,925	\$ 1,034,491	\$ 3,000,000	\$ 746,460	\$ 38,446	\$ 6,288,322
Chairman, President and Chief Executive Officer	2007	600,000	477,469	1,088,336	2,740,000	403,430	36,796	5,346,031
Richard K. Reece	2008	400,000	508,819	293,772	850,000	131,960	8,280	2,192,830
Executive Vice President and Chief Financial Officer	2007	400,000	356,417	194,091	800,000	101,664	35,823	1,887,995
Mark A. Black(5)	2008	300,000	286,047	49,557	570,000	80	30,600	1,236,285
Executive Vice President of Supply Chain, Acuity Brands Lighting, Inc.								
John T. Hartman(5)	2008	330,833	381,271	53,399	535,000	2,190	77,284	1,379,977
Executive Vice President and Chief Commercial Officer, Acuity Brands Lighting, Inc.								
Jeremy M. Quick(5)	2008	310,000	255,971	96,123	525,000	965	45,044	1,233,103
Executive Vice President and								



Chief Financial Officer, Acuity Brands Lighting, Inc. Benyon W. Murphy(6)	2008	316,667	96,841	17,627	382,000	163,465	1,534,983	2,511,583
Former Executive Vice President, Chief Administrative Officer, and General Counsel	2007	377,500	344,225	113,391	750,000	172,542	43,418	1,801,076

- (1) The values for equity-based awards in this column represent the cost recognized by Acuity Brands for financial statement reporting purposes for fiscal 2008 and 2007 in accordance with SFAS No. 123(R) for awards granted in fiscal 2008 and prior years. Pursuant to SEC rules, these values are not reduced by an estimate for the probability of forfeiture. The assumptions used to value awards granted in and prior to fiscal 2008 can be found in Note 7 to our consolidated financial statements included in the Form 10-K for the fiscal year ended August 31, 2008. Restricted stock awards are valued at the closing price on the New York Stock Exchange on the grant date.
- (2) Represents incentive payments earned under the Annual Incentive Plan. For additional information about the 2008 plan, see Compensation Discussion and Analysis Elements of Executive Compensation Short-Term Incentives.
- (3) The amounts shown in the table below reflect the above-market portion of interest earned in our deferred compensation plans calculated by comparing each plan's effective interest rate for fiscal 2008 to 120% of the applicable federal long-term rate, with compounding, at the time the interest formula of each plan was established. The amounts also include the fiscal 2008 increase in the actuarial present value of benefits at age 60 under the 2002 SERP for Messrs. Nagel, Reece, and Murphy. The amount for Mr. Murphy also includes \$1,158, representing the fiscal 2008 increase in the actuarial present value of his benefit at age 65 under the Acuity

**Table of Contents**

Brands, Inc. Pension Plan C. For more information about these plans, see Pension Benefits in Fiscal 2008 and Fiscal 2008 Nonqualified Deferred Compensation Below.

Name	Change in Pension Value and Nonqualified Deferred Compensation Earnings	
	2002 SERP (\$)	Above-Market Interest (\$)
Vernon J. Nagel	\$ 746,077	\$ 383
Richard K. Reece	131,960	0
Mark A. Black	0	80
John T. Hartman	0	2,190
Jeremy M. Quick	0	965
Kenyon W. Murphy	161,492	815

- (4) The amounts shown for fiscal 2008 include contributions to the deferred compensation plan of \$30,166 for Mr. Nagel and \$36,685 for Mr. Murphy in replacement of benefits lost when a prior SERP and Pension Plan C were frozen. See Fiscal 2008 Nonqualified Deferred Compensation below for additional information about the plans. In addition, amounts shown include Company contributions to the deferred compensation plan of \$22,500 for Mr. Black, \$68,800 for Mr. Hartman, and \$36,550 for Mr. Quick. For Mr. Murphy, whose employment was terminated by the Company in fiscal 2008, the amount shown includes \$570,000 in salary severance pay, \$670,034 in restricted stock severance expense, \$70,064 in stock option severance expense, and \$182,000 related to benefits he would have accrued in the Supplemental Executive Retirement Plan and the Supplemental Deferred Savings Plan during the 18 month severance period. Amounts shown also include Company contributions to 401(k) plans, each less than \$10,000 in fiscal 2008. Perquisites for the named executive officers did not exceed \$10,000 in the aggregate.
- (5) Messrs. Black, Hartman and Quick first became named executive officers in fiscal 2008. Under SEC rules, we are not required to provide compensation information for these executives for fiscal 2007.
- (6) As of January 10, 2008, Mr. Murphy no longer served as an executive officer of our Company. Mr. Murphy's employment by our Company was terminated in May 2008.

**Table of Contents****Fiscal 2008 Grants of Plan Based Awards**

The following table provides information about equity and non-equity awards granted to the named executive officers during fiscal 2008.

Committee Action Date if	Different from Grant Date(1)	Estimated Possible Payouts under Non-Equity Incentive Plan Awards(2)			Estimated Possible Payouts under Equity Incentive Plan Awards(3)			All Other Stock Awards: Number of Shares of Stock or Units (#)(4)	All Other Option Awards: Number of Securities Underlying Options (#)(5)(6)	Exercise or Base Price of Option Awards (\$/Sh)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)			
		\$ -0-	\$ 2,160,000	\$ 4,000,000						
					\$ -0-	\$ 4,050,000	\$ 6,075,000			
2/07 2/07	10/25/07 10/25/07							48,000	74,700	\$ 40.29
		-0-	624,000	1,248,000						
					-0-	1,620,000	2,430,000			
2/07 2/07	10/25/07 10/25/07							16,500	25,800	40.29
		-0-	198,000	658,000						
					-0-	405,000	608,000			
2/07 2/07	10/25/07 10/25/07							8,300	12,900	40.29
		-0-	241,000	802,000						
					-0-	452,000	678,000			
2/07 2/07	10/25/07 10/25/07							8,900	13,900	40.29
		-0-	205,000	680,000						
					-0-	419,000	628,000			
2/07 2/07 7/08	10/25/07 10/25/07 3/27/08							7,300 5,000	11,300	40.29
		-0-	171,000	512,000						

- (1) For November 2007 grants, the Compensation Committee approved the awards on October 25, 2007. The Board of Directors ratified the awards on November 2, 2007, which is the grant date for the awards.
- (2) These columns show the potential value of the payout for each named executive officer under the fiscal 2008 Annual Incentive Plan if the threshold, target, or maximum goals are achieved. In setting these amounts, we expected that the Compensation Committee would exercise negative discretion in determining the final awards for Messrs. Nagel and Reece. See Compensation Discussion and Analysis for a description of the plan and the actual amounts earned.
- (3) These columns show the potential value, in dollars, of the equity payout for each named executive officer under the fiscal 2008 LTIP if the threshold, target, or maximum goals are achieved. In setting these amounts, we expected that the Compensation Committee would exercise negative discretion in determining the final awards for Messrs. Nagel and Reece. See Compensation Discussion and Analysis for a description of the plan and the actual amounts earned.
- (4) This column shows the number of restricted shares granted in fiscal 2008 to the named executive officers. The shares of restricted stock granted on November 2, 2007 were awarded based on achievement of performance goals under the fiscal 2007 LTIP. The grants vest ratably in four equal annual installments beginning one year from the grant date. Dividends are paid on the restricted shares at the same rate as for other outstanding shares.
- (5) This column shows the number of stock options granted in fiscal 2008 to the named executive officers. The stock options granted on November 2, 2007 were awarded based on achievement of performance goals under the fiscal 2007 LTIP. The options vest ratably in three equal annual installments beginning one year from the grant date.
- (6) This column shows the full grant date fair value of the restricted stock awards and the stock options under SFAS No. 123(R) granted to the named executive officers. The grant date fair value of restricted stock awards is calculated using the closing price of our stock on the New York Stock Exchange on the grant date. The grant date fair value of the stock options is calculated at the time of the award using the Black-Scholes Model. The following variables were used for the awards: 4.0% risk free rate, a term of 5 years, a dividend yield of 1.1%, and volatility of 36%.

**Table of Contents****Outstanding Equity Awards at Fiscal 2008 Year-End**

The following table provides information on the holdings of stock options and restricted stock awards by the named executive officers at August 31, 2008. This table includes unexercised and unvested option awards, unvested restricted stock awards, and the target value of equity awards under the LTIP for fiscal 2008 performance, which were not determinable as of August 31, 2008. Each equity grant is shown separately for each named executive officer. The vesting schedule for each grant is shown following the table, based on the option or stock award grant date. The option exercise prices shown below are the closing market price of our stock on the New York Stock Exchange on the grant date.

Name	Option Awards						Stock Awards			
	Number of Securities Underlying Unexercised Options	Number of Securities Underlying	Option	Exercise Price (\$)	Option Expiration Date	Award Grant Date	Number of Shares or Units That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)	Equity Incentive Awards: Number of Unearned Shares, or Other Rights that Have Not Vested (#)(2)	Equity Incentive Awards: Market or Payout Value of Unearned Shares, or Other Rights that Have Not Vested (\$)(3)
Bernon Nagel										
	4/2/03	48,405	0	\$ 11.85	4/1/13					
	12/18/03	83,005	0	19.58	12/17/13					
	1/20/04	181,518	0	21.17	1/19/14					
	1/20/04	181,518	0	25.62*	1/19/14					
	9/29/06	60,506	121,012	37.52	9/28/16					
	11/2/07		74,700	40.29	11/1/17					
						9/29/06	29,550	\$ 1,285,721		
						11/2/07	48,000	2,088,480		
									0	\$ 4,050,000
Richard Reece	12/1/05	40,338	20,168	26.44	11/30/15					
	11/2/07	0	25,800	40.29	11/1/17					
						12/1/05	12,500	543,875		

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						9/29/06	11,250	489,488		
						11/2/07	16,500	717,915	0	1,620,000
Mark A. Mack	11/2/07	0	12,900	40.29	11/1/17					
						9/1/06	15,000	652,650		
						11/2/07	8,300	361,133	0	405,000
John T. Hartman	6/30/04	18,151	0	22.31	6/29/14					
	11/2/07	0	13,900	40.29	11/1/17					
						1/6/05	1,625	70,704		
						12/1/05	900	39,159		
						3/30/06	3,500	152,285		
						9/29/06	8,325	362,221		
						6/1/07	1,500	65,265		
						11/2/07	8,900	387,239	0	452,000
Jeremy Quick	8/23/05	18,151	0	23.71	8/22/15					
	11/2/07	0	11,300	40.29	11/1/17					
						1/6/05	1,125	48,949		
						12/1/05	900	39,159		
						9/29/06	8,325	362,221		
						11/2/07	7,300	317,623		
						3/27/08	5,000	217,550	0	419,000
Benyon Murphy										

\* The exercise price of Mr. Nagel's option represents a 20% premium over the fair market value on the grant date.

**Table of Contents**

- (1) The market value is calculated as the product of (a) \$43.51 per share, the closing market price of our stock as of August 29, 2008, the last trading day of the fiscal year, multiplied by (b) the number of shares that have not vested.
- (2) The number of shares to be awarded for fiscal 2008 performance under the LTIP was not determinable as of fiscal 2008 year-end. The actual number of shares earned by the named executive officers depends on the achievement of the fiscal 2008 LTIP performance goals and any negative discretion applied, as discussed under Compensation Discussion and Analysis.
- (3) The amounts in this column represent the target payout value, in dollars, for the equity to be awarded for fiscal 2008 performance under the LTIP. Target payout values are also included in the Fiscal 2008 Grants of Plan-Based Awards table. The actual payout value earned by the named executive officers depends on the achievement of the fiscal 2008 LTIP performance goals and, for Messrs. Nagel and Reece, any negative discretion applied by the Compensation Committee, as discussed under Compensation Discussion and Analysis. The plan and amounts actually earned by the named executive officers are discussed under Compensation Discussion and Analysis.

<b>Option Awards Vesting Schedule</b>		<b>Stock Awards Vesting Schedule</b>	
<b>Grant Date</b>	<b>Vesting Schedule</b>	<b>Grant Date</b>	<b>Vesting Schedule</b>
4/2/03	44% on grant date; 2.8% monthly thereafter	1/6/05	1/4 per year beginning one year from grant date
12/18/03	1/3 per year beginning one year from grant date	12/1/05	1/4 per year beginning one year from grant date
1/20/04	1/3 per year beginning one year from grant date	3/30/06	1/4 per year beginning one year from grant date
6/30/04	1/3 per year beginning one year from grant date	9/1/06	1/4 per year beginning one year from grant date
8/23/05	1/3 per year beginning one year from grant date	9/29/06	1/4 per year beginning one year from grant date
12/1/05	1/3 per year beginning one year from grant date	6/1/07	1/4 per year beginning one year from grant date
9/29/06	1/3 per year beginning one year from grant date	11/2/07	1/4 per year beginning one year from grant date
11/2/07	1/3 per year beginning one year from grant date	3/27/08	1/4 per year beginning one year from grant date

**Option Exercises and Stock Vested in Fiscal 2008**

The following table provides information for the named executive officers on (1) stock option exercises during fiscal 2008, including the number of shares acquired upon exercise and the value realized, and (2) the number of shares acquired upon the vesting of restricted stock awards and the value realized, each before payment of any applicable withholding tax and broker commissions.

**Option Awards****Stock Awards**

<b>Name</b>	<b>Number of Shares Acquired on Exercise (#)</b>	<b>Value Realized on Exercise \$(1)</b>	<b>Number of Shares Acquired on Vesting (#)</b>	<b>Value Realized on Vesting \$(2)</b>
Vernon J. Nagel	0	\$ 0	21,017	977,186
Richard K. Reece	0	0	10,000	436,113
Mark A. Black	0	0	5,000	262,700
John T. Hartman	0	0	11,100	520,120
Jeremy M. Quick	0	0	4,350	205,125
Kenyon W. Murphy	34,449	781,023	31,104	1,154,415

- (1) The value realized is the difference between the closing market price on the date of exercise and the exercise price, multiplied by the number of options exercised.
- (2) The value realized is the closing market price on the day the stock awards vest, multiplied by the total number of shares vesting.



**Table of Contents****Pension Benefits in Fiscal 2008**

The table below sets forth information on the 2002 SERP and pension benefits for named executive officers.

*2002 Acuity Brands, Inc. Supplemental Executive Retirement Plan.* The 2002 SERP is an unfunded, nonqualified retirement benefit plan that is offered to certain executive officers of Acuity Brands to provide retirement benefits above amounts available under our tax-qualified defined contribution plans. Messrs. Nagel, Reece and Murphy participated in the 2002 SERP in fiscal 2008. Benefits payable under the SERP are paid for 180 months commencing on the executive's normal retirement date, which is defined as retirement at age 60, in a monthly amount equal to 1.6% of the executive's average annual compensation multiplied by the executive's years of credited service and divided by 12. Average annual compensation is defined as the average of the executive's salary and annual incentive payment for the three highest consecutive calendar years during the ten years preceding the executive's retirement, death, or other termination of service. An executive is credited with one year of credited service for each plan year in which the executive serves as an Acuity executive officer on a full time basis. Total years of credited service cannot exceed ten years, although compensation earned after completing ten years of credited service may be counted for purposes of determining the executive's average annual compensation and accrued benefit under the 2002 SERP. A reduced retirement benefit can commence between ages 55 and 60. We do not have a policy for granting extra years of credited service under the 2002 SERP, except in connection with a change in control as provided in an executive's change in control agreement.

In October 2008, the Board amended the 2002 SERP to increase the payment factor for the supplemental retirement benefits of Messrs. Nagel and Reece from 1.6% to 1.8% of the participant's average annual compensation for each year of credited service up to a maximum of ten years.

*Former Acuity Brands, Inc. Pension Plan C.* The Acuity Brands, Inc. Pension Plan C (the "Pension Plan") was a qualified defined benefit retirement plan under which additional accruals were frozen effective December 31, 2002, and the assets and liabilities of the Pension Plan were merged into the Pension Plan for Hourly Employees of Emergency Lighting Division of Acuity Lighting Group, Inc. Mr. Murphy is the only named executive officer who was a participant in the Pension Plan in fiscal 2008. The accrued benefit under the Pension Plan is based on the executive's final average compensation and credited service as of December 31, 2002. Final average compensation is defined as 1/12th of the average of the participant's highest three consecutive years of compensation out of his last ten years of compensation. Compensation is determined by the participant's calendar year earnings as shown in Box 1 of Form W-2, increased for earnings deferred into certain tax-qualified and nonqualified plans of Acuity Brands and decreased for certain other employer contributions or payments that might be included in Box 1 but are not considered as compensation under the Pension Plan. For participants becoming covered by the Pension Plan on or after January 1, 1994, the normal retirement benefit under the Pension Plan is calculated as years of credited service times the sum of 1/2% of final average compensation and 1/2% of final average compensation in excess of covered compensation. The normal form of benefit payment is a single life annuity with 120 payments guaranteed. The normal retirement age as defined in the Pension Plan is age 65. Participants vest in their Pension Plan benefit after five years of credited service.

The amounts reported in the table below equal the present value of the accumulated benefit at May 31, 2008, the date used by our actuaries in determining fiscal year expense. The assumptions used to calculate the present value of the accumulated benefit are described in the footnotes to the table.

**Present Value of**

<b>Name</b>	<b>Plan Name</b>	<b>Number of Years Credited Service (#)</b>	<b>Accumulated Benefit (\$)</b>	<b>Payments During Last Fiscal Year (\$)</b>
Vernon J. Nagel (1)	2002 SERP	6.75	\$ 1,422,362	\$ 0
Richard K. Reece (1)	2002 SERP	2.75	249,477	0
Mark A. Black	N/A	N/A	N/A	N/A
John T. Hartman	N/A	N/A	N/A	N/A
Jeremy M. Quick	N/A	N/A	N/A	N/A
Kenyon W. Murphy (1)(2)	2002 SERP	7.67	531,094	0
	Pension Plan		110,063	0

**Table of Contents**

- (1) The accumulated benefit in the 2002 SERP is based on service and earnings (base salary and annual incentive payment, as described above) considered by the 2002 SERP for the period through May 31, 2008. The present value has been calculated assuming the benefit is payable commencing at age 60 and that the benefit is payable in 180 monthly payments as described above. The interest rate assumed in the calculation is 6.25%. The post-retirement mortality assumption is based on the RP2000 mortality table with mortality improvements projected for 5 years.
- (2) Mr. Murphy's accumulated benefit in the Pension Plan is based on service and earnings (as described above) considered by the Pension Plan for the period through December 31, 2002. The present value has been calculated assuming Mr. Murphy's benefit commences at age 65 and that the benefit is payable under the form of annuity described above. The interest rate assumed in the calculation is 6.25%. The post-retirement mortality assumption is based on the RP2000 mortality table with mortality improvements projected for 5 years and collar adjustments. At August 31, 2008, Mr. Murphy is not eligible for an early retirement benefit under the Pension Plan.

**Fiscal 2008 Nonqualified Deferred Compensation**

The table below provides information on the nonqualified deferred compensation of the named executive officers in fiscal 2008 under the plans described below.

*2005 Acuity Brands, Inc. Supplemental Deferred Savings Plan.* The 2005 Acuity Brands, Inc. Supplemental Deferred Savings Plan (the 2005 SDSP) is an unfunded nonqualified plan under which key employees, including the certain named executive officers that are not eligible to participate in the 2002 SERP, are able to annually defer up to 50% of salary and annual incentive payment as cash units. The 2005 SDSP replaced the 2001 SDSP (described below) and is designed to comply with certain new tax law requirements, including Section 409A of the Code (Section 409A).

Deferred cash units earn interest income on the daily outstanding balance in the account based on the prime rate, an above-market interest rate as defined by the SEC. Interest is credited monthly and is compounded annually. Contributions made in or after 2005 may be paid in a lump sum or in 10 annual installments at the executive's election. The executive may direct that his deferrals and related earnings be credited to up to three accounts to be distributed during his employment (in-service accounts) and to a retirement account. In-service accounts may be distributed in a lump sum or up to ten annual installments no earlier than two years following the last deferral to the account. The executive may change the form of distribution twice during the period up to one year prior to termination or retirement, with the new distribution being delayed at least an additional five years in accordance with Section 409A.

Except for the period during which an executive serves as an executive officer and is eligible to participate in the 2002 SERP, as discussed above, an executive is eligible for a Company match of 25% of his deferrals up to a maximum of 5% of compensation (salary and annual incentive payment) and is eligible for a supplemental Company contribution of 3% of compensation. Executives vest in Company contributions 50% upon attaining age 55 and completing at least five years of service, with vesting thereafter of an additional 10% each year up to 100% with 10 years of service. All Company contributions are credited to the retirement account. Vested Company contributions are only eligible to be distributed at or following termination. Messrs. Nagel and Murphy receive annual company contributions to the 2005 SDSP, which are immediately vested, in replacement of benefits lost when a prior SERP and Pension Plan were frozen.

In October 2008, the Board amended the 2005 SDSP to (1) increase the Company match effective in 2009 from 25% to 50% of the participant's deferrals for the plan year, while still providing that the maximum match cannot exceed 5% of the participant's compensation for the plan year; and (2) change the vesting schedule for Company contributions credited on or after January 1, 2009, to 30% after three years of service and increasing by 10% per year thereafter.

*2001 Acuity Brands, Inc. Supplemental Deferred Savings Plan.* The 2001 Acuity Brands, Inc. Supplemental Deferred Savings Plan (the 2001 SDSP ) covers the same general group of eligible employees as the 2005 SDSP and operates in a similar manner to the 2005 SDSP, except that it encompasses executive and Company

**Table of Contents**

contributions that were vested as of December 31, 2004 and, therefore, are not subject to the provisions of Section 409A. Executive deferrals may be distributed in a lump sum or up to 10 annual installments beginning no sooner than five years following the calendar year of deferral. Company contributions are distributed at or following termination in a lump sum or installments at the employee's election, which must be in place 24 months prior to termination. Messrs. Nagel and Murphy received annual company contributions to the 2001 SDSP, which were immediately vested, in replacement of benefits lost when a prior SERP and Pension Plan C were frozen.

*Acuity Brands, Inc. Executives' Deferred Compensation Plan.* The Acuity Brands, Inc. Executives' Deferred Compensation Plan (the "EDCP") is an unfunded nonqualified deferred compensation plan under which additional deferrals and Company contributions were frozen effective December 31, 2002. Executives could defer all or a portion of their annual incentive payment to the plan and receive a dollar-for-dollar Company match of up to \$5,000, depending on the position of the executive. Executive deferrals and Company contributions earn an above-market rate of interest based on the prime rate less a specified percent depending on the prime rate, with semi-annual compounding. Executives' balances are payable in a lump sum or up to ten annual installments. Executives may not change their existing distribution elections under the EDCP. Mr. Murphy was the only named executive officer who was a participant in the EDCP in fiscal 2008.

*Acuity Brands, Inc. Senior Management Benefit Plan.* The Acuity Brands, Inc. Senior Management Benefit Plan (the "SMBP") is an unfunded nonqualified deferred compensation plan implemented in September 1985, and under which executive deferrals were completed in 1996. Executives could defer up to 25% of base salary and 25% of annual incentive payment, but not less than \$2,500 per plan year, in equal annual installments over a period of four and/or eight consecutive years. Executives' deferrals earn interest at the Moody's average corporate bond rate plus 300 basis points (Moody's plus 3) compounded annually. Executives who retire on or after attaining age 65 are guaranteed a retirement account balance equal to their deferrals plus interest at 11% compounded annually to the benefit commencement date. Retirement account balances are paid, at the executive's election, in a lump sum or in monthly, quarterly, or annual installments over 15 years beginning on or after termination. The amount of the installment payment is determined by amortizing the executive's account balance at his benefit commencement date over the 15-year period based on an annual interest rate of Moody's plus 3, with the rate and payments adjusted annually over the remaining payment term. Mr. Murphy was the only named executive officer who was a participant in the SMBP in fiscal 2008.

Name	Plan	Executive Contributions	Company Contributions	Aggregate Earnings	Aggregate Withdrawals/	Aggregate Balance at
		in Fiscal 2008	in Fiscal 2008	in Fiscal 2008	Distributions	2008 Fiscal Year End
		(\$)(1)(2)	(\$)(2)(3)	(\$)(2)(4)	(\$)	(\$)
Vernon J. Nagel	2005 SDSP	\$ 0	\$ 30,166	\$ 4,888	\$ 0	\$ 96,416
	2001 SDSP	0	0	3,860	0	66,442
Richard K. Reece	N/A	N/A	N/A	N/A	N/A	N/A
Mark A. Black	2005 SDSP	0	22,500	1,018	0	26,683
John T. Hartman	2005 SDSP	176,167	68,800	27,991	0	569,478
	2001 SDSP	0	0	2,130	0	36,662
Jeremy M. Quick	2005 SDSP	43,000	36,550	12,335	0	241,296
Kenyon W. Murphy (5)	2005 SDSP	0	36,685	35,304	736,360	117,254
	2001 SDSP	0	0	43,887	391,965	0

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SMBP	0	0	8,082	19,220	78,136
EDCP	0	0	6,250	142,797	6,632

- (1) Amounts shown in this column are also reported as Salary in the Fiscal 2008 Summary Compensation Table.
- (2) Executives' contributions and related earnings are 100% vested. Company contributions and related earnings become vested in accordance with the terms of the plan or upon a change in control.
- (3) For Messrs. Nagel and Murphy, amounts shown in this column represent contributions to the 2005 SDSP, which were immediately vested, in replacement of benefits lost when a prior SERP and Pension Plan were frozen.

## **Table of Contents**

These amounts are also reported as **All Other Compensation** in the Fiscal 2008 Summary Compensation Table.

For Messrs. Black, Hartman, and Quick, the amounts include a supplemental company contribution to the 2005 SDSP equal to 3% of salary and annual incentive payment for the calendar year 2007. Messrs. Hartman and Quick also have a matching company contribution equal to 25% percent of personal deferrals into the 2005 SDSP in calendar year 2007 with a maximum match set at 5% of salary and annual incentive payment.

- (4) The above-market portion of the amounts shown in this column is also reported as **Change in Pension Value and Nonqualified Deferred Compensation Earnings** in the Fiscal 2008 Summary Compensation Table. Above-market earnings, as defined by the SEC, were \$383 for Mr. Nagel, \$80 for Mr. Black, \$2,190 for Mr. Hartman, \$965 for Mr. Quick, and \$815 for Mr. Murphy. Mr. Reece did not participate in a deferred compensation plan.
- (5) Mr. Murphy's ending balance was reduced by \$43,447 related to forfeited company contributions as a result of the Company's termination of his employment in May 2008.

## **Employment Contracts**

Pursuant to our employment letter agreement with Mr. Nagel, effective as of January 20, 2004, he became entitled to receive an annual salary of \$600,000 upon becoming Chairman and Chief Executive Officer as of September 1, 2004 and a target annual incentive opportunity as a percentage of base salary under the Annual Incentive Plan and related plan rules. In addition to participation in employee benefit plans and perquisites afforded to executives at his level, continued coverage in the 2002 SERP, participation in the 2005 SDSP, and coverage under the Company's director and officer liability insurance, Mr. Nagel is a party to a severance agreement and a change in control agreement as described below. Mr. Nagel's employment agreement also requires that he own Acuity Brands stock equal to four times his annual base salary level (\$2,400,000 based on Mr. Nagel's current base salary) by December 31, 2007. Mr. Nagel's ownership currently exceeds this requirement.

Pursuant to our employment letter agreement with Mr. Reece, effective as of December 1, 2005, he became entitled to receive an annual salary of \$400,000, a one-time signing bonus of \$325,000, a target annual incentive opportunity as a percentage of base salary under the Annual Incentive Plan for fiscal 2005 and future years, a restricted stock award of 25,000 shares and a stock option for 50,000 shares on the effective date of the agreement, and a target long-term incentive opportunity as a percentage of base salary under the LTIP for fiscal 2006 and future years. In addition to participation in employee benefit plans and perquisites afforded to executives at his level, coverage in the 2002 SERP, participation in the 2005 SDSP, and coverage under the Company's director and officer liability insurance, Mr. Reece is a party to a severance agreement and a change in control agreement as described below.

Pursuant to our employment letter with Mr. Black, effective as of August 1, 2006, he became entitled to receive an annual salary of \$300,000 upon becoming Vice President of Acuity Business System, a one-time signing bonus of \$100,000, a target annual incentive opportunity as a percentage of base salary under the Annual Incentive Plan, a restricted stock award of 20,000 shares and a target long-term incentive opportunity as a percentage of base salary under the LTIP for fiscal 2007 and future years. In addition to participation in employee benefit plans and perquisites afforded to executives at his level and participation in the 2005 SDSP, Mr. Black is a party to a severance agreement and change in control agreement as described below.

Pursuant to our employment letter with Mr. Hartman, effective as of May 1, 2004, he became entitled to receive an annual salary of \$225,000 upon becoming Senior Vice President of International Business for Acuity Brands Lighting, Inc., a target annual incentive opportunity as a percentage of base salary under the Annual Incentive Plan, a restricted stock award of 4,000 shares on June 30, 2005, a stock option for 15,000 shares on June 30, 2005 and a target long-term incentive opportunity as a percentage of base salary under the LTIP for fiscal 2005 and future years. In

addition to participation in employee benefit plans and perquisites afforded to executives at his level and participation in our deferred compensation plan, Mr. Hartman is a party to a severance agreement and a change in control agreement as described below.

Pursuant to our employment letter with Mr. Quick, effective as of December 6, 2004, he became entitled to receive an annual salary of \$290,000 upon becoming Executive Vice President and Chief Financial Officer for Acuity Brands Lighting, Inc., a one-time payment of \$57,633 payable in December 2004, a one-time signing bonus



## **Table of Contents**

of \$125,000 (\$60,000 of which was payable in March 2005 and \$65,000 of which was payable in March 2006), a target annual incentive opportunity as a percentage of his base salary under the Annual Incentive Plan, a restricted stock award of 4,500 shares in January 2005 and a long-term incentive opportunity commensurate with the opportunity granted to other Acuity Brands Lighting, Inc. executives. In addition to participation in employee benefit plans and perquisites afforded to executives at his level and participation in our deferred compensation plan, Mr. Quick is a party to a severance agreement and a change in control agreement as described below.

Mr. Murphy no longer served as an executive officer as of January 2008 and his employment was terminated by the Company in May 2008. His severance arrangements are described below.

## **Potential Payments upon Termination**

While the named executive officers may be entitled to payments and benefits under several agreements or arrangements, the agreements or arrangements contain provisions that prohibit the duplication of payments and benefits. The following description provides information about each of their agreements and a quantification of the amounts that would be payable to the named executive officer as of August 31, 2008 under various termination scenarios. A description of the amounts actually paid to Mr. Murphy, whose employment by the Company ended in fiscal 2008, is also described below.

### *Severance Agreements*

The severance agreements for the named executive officers will provide the following benefits in the event the executive's employment (1) is involuntarily terminated by Acuity Brands without cause or (2) is terminated by the officer for good reason after a change in control of Acuity Brands (as each such term is defined in the severance agreement), for the terms set forth in the table below:

monthly severance payments for the severance period in an amount equal to the executive's then current base salary rate;

continuation of healthcare and life insurance coverage for the severance period;

outplacement services not to exceed 10% of base salary;

a pro rata annual incentive payment in the year of termination;

accelerated vesting of any performance-based restricted stock for which performance targets have been achieved; and

vesting of time-vesting restricted stock as provided in the related award agreements.

additional benefits, at the discretion of the Compensation Committee, including without limitation, additional retirement benefits and acceleration of long-term incentive awards, if the executive is terminated prior to age 65 and suffers a diminution of projected benefits.

Under the severance agreements, the involuntary termination of an executive by the Company for the following reasons constitutes a termination for cause:

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

termination is the result of an act or acts by the executive which are in the good faith judgment of Acuity Brands to be in violation of law or of written policies of Acuity Brands and which result in material injury to Acuity Brands;

termination is the result of an act or acts of dishonesty by the executive resulting or intended to result directly or indirectly in gain or personal enrichment to the executive at the expense of Acuity Brands; or

the continued failure by the executive substantially to perform the duties reasonably assigned to him, after a demand in writing for substantial performance of such duties is delivered by Acuity Brands and such failure results in material injury to the Company.

**Table of Contents**

Under the severance agreements, a good reason for termination by an executive of his employment with the Company means the occurrence during the two-year term after a change in control (without the executive's express consent) of any of the following acts by Acuity Brands which has not been corrected within 30 days after written notice is given to Acuity Brands by the executive:

an adverse change in the executive's title or position in the Company from the executive's title or position immediately prior to the change in control which represents a demotion;

the Company's requiring the executive to be based more than 50 miles from the primary workplace where the executive is based immediately prior to the change in control, except for reasonably required travel on Acuity Brands' business which is not significantly greater than such travel requirements prior to the change in control;

a reduction in base salary and target annual incentive payment opportunity (not the annual incentive payment actually earned) below the level in effect immediately prior to the change in control, unless such reduction is consistent with reductions being made at the same time for other officers of Acuity Brands in comparable positions;

a material reduction in the aggregate benefits provided to the executive by Acuity Brands under its employee benefits plans immediately prior to the change in control, except in connection with a reduction in benefits which is consistent with reductions being made at the same time for other officers of Acuity Brands in comparable positions;

an insolvency or bankruptcy filing by Acuity Brands; or

a material breach by the Company of the severance agreement.

The severance agreement for Mr. Nagel also provides for:

continued vesting during the severance period of unvested stock options;

exercisability of vested stock options and stock options that vest during the severance period for the shorter of the remaining exercise term or the length of the severance period;

accelerated vesting during the severance period of restricted stock that is not performance-based, on a monthly pro rata basis determined from the date of grant to the end of the severance period;

continued vesting during the severance period of performance-based restricted stock for which performance targets are achieved and vesting begins during the severance period; and

continued accrual during the severance period of credited service under the 2002 SERP.

The severance agreements also contain restrictive covenants with respect to confidentiality, non-solicitation, and non-competition, and are subject to the execution of a release. Acuity Brands will pay reasonable legal fees and related expenses incurred by an executive who is successful to a significant extent in enforcing his rights under the severance agreements. The severance agreements are effective for a rolling two-year term, which will automatically extend each day for an additional day unless terminated by either party, in which case they will continue for two years after the notice of termination or for three years following a change in control.



**Table of Contents**

Named executive officers of Acuity Brands would have received the payments and benefits quantified in the table below in the event of their termination by Acuity Brands without cause or by the executive for good reason following a change in control, assuming the termination occurred on August 31, 2008. The closing price per share of Acuity Brands common stock on August 29, 2008 was \$43.51.

<b>Name</b>	<b>Severance Period Term in Months</b>	<b>Base Salary (\$)(1)</b>	<b>Annual Incentive Payment at Target (\$)(2)</b>	<b>Welfare Plan Continuation (\$)(1)(3)</b>	<b>Outplacement (maximum 10% of salary) (\$)</b>	<b>Additional Credit in SERP (\$)(4)</b>	<b>Value Realized on Accelerated Unvested Equity Awards (\$)(5)</b>	<b>Total (\$)</b>
Vernon J. Nagel	24	\$ 1,200,000	\$ 1,800,000	\$ 22,557	\$ 60,000	\$ 1,366,036	\$ 4,339,598	\$ 8,788,191
Richard K. Reece	18	600,000	520,000	15,880	40,000	0	0	1,175,880
Mark A. Black	18	450,000	165,000	11,996	30,000	N/A	0	656,996
John T. Hartman	18	540,000	216,000	15,430	36,000	N/A	0	807,430
Jeremy M. Quick	18	465,000	170,500	15,234	31,000	N/A	0	681,734

- (1) The salary and welfare continuation payments are made on a monthly basis during the severance period. A six-month distribution delay may be required for key employees in accordance with Section 409A.
- (2) The pro rata annual incentive payment is for the fiscal year in which the severance occurs. For a severance that occurred on August 31, 2008, the pro rata annual incentive payment would be the target annual incentive payment for fiscal 2008 under the Annual Incentive Plan calculated without any PMP Payout Percentage.
- (3) Acuity Brands is required to continue covered welfare plan premium payments for the severance period.
- (4) The agreement with Mr. Nagel provides for additional credited service in the 2002 SERP equal to the severance period.
- (5) The value realized on unvested equity awards represents the fair market value of unvested awards at August 31, 2008, using Acuity Brands closing price of \$43.51 on August 29, 2008 less the exercise price of unvested options.

The table above does not include amounts that the executives would be entitled to receive that are already described in the compensation tables, including:

the value of equity awards that are already vested;

the amounts payable under defined benefit pension plans; and

amounts previously deferred into the deferred compensation plans.

*Change in Control Agreements*

It is intended that change in control agreements will provide the named executive officers some measure of security against the possibility of employment loss that may result following a change in control of Acuity Brands in order that they may devote their energies to meeting the business objectives and needs of Acuity Brands and its stockholders.

The change in control agreements are effective for a rolling two-year term, which will automatically extend each day for an additional day unless terminated by either party. However, the term of the change in control agreements will not expire during a threatened change in control period (as defined in the change in control agreements) or prior to the expiration of 24 months following a change in control. The change in control agreements provide two types of potential benefits to executives:

1. Upon a change in control, all restrictions on any outstanding incentive awards will lapse and the awards will immediately become fully vested, all outstanding stock options will become fully vested and immediately exercisable, and Acuity Brands may be required to immediately purchase for cash, on demand, at the then per-share fair market value, any shares of unrestricted stock and shares purchased upon exercise of options. The cash-out option for restricted shares and stock options varies and is dependent upon the date of the award agreement.

**Table of Contents**

2. If the employment of the named executive officer is terminated within 24 months following a change in control or in certain other instances in connection with a change in control (a) by Acuity Brands other than for cause or disability or (b) by the officer for good reason (as each term is defined in the change in control agreement), the officer will be entitled to receive:

a pro rata annual incentive payment for the year of termination;

a lump sum cash payment equal to a multiple of the sum of his base salary and annual incentive payment (in each case at least equal to his base salary and annual incentive payment prior to a change in control), subject to certain adjustments;

continuation of life insurance, disability, medical, dental, and hospitalization benefits for the specified term; and

a cash payment representing additional months participation in the Company's qualified or nonqualified deferred compensation plans (36 months for Mr. Nagel, 30 months for Messrs. Reece and Black, and 24 months for Messrs. Hartman and Quick).

The change in control agreements for Messrs. Nagel, Reece and Black provide that Acuity Brands will make an additional gross-up payment to offset fully the effect of any excise tax imposed under Section 4999 of the Internal Revenue Code, on any payment made to a named executive officer arising out of or in connection with his employment. In addition, Acuity Brands will pay all legal fees and related expenses incurred by the officer arising out of any disputes related to his termination of employment or claims under the change in control agreement if, in general, the circumstances for which he has retained legal counsel occurred on or after a change in control.

A change in control includes:

the acquisition of 20% or more of the combined voting power of Acuity Brands then outstanding voting securities;

a change in more than one-third of the members of Acuity Brands Board of Directors who were either members as of the distribution date or were nominated or elected by a vote of two-thirds of those members or members so approved;

a merger or consolidation involving Acuity Brands through which the stockholders of Acuity Brands no longer hold more than 60% of the combined voting power of the outstanding voting securities of Acuity Brands resulting from the merger or consolidation in substantially the same proportion as prior to the merger or consolidation; or

a complete liquidation or dissolution of Acuity Brands or the sale or other disposition of all or substantially all of the assets of Acuity Brands.

Under the change in control agreements, a termination for cause is a termination evidenced by a resolution adopted by two-thirds of the Board that the executive:

intentionally and continually failed to substantially perform his duties with Acuity Brands which failure continued for a period of at least 30 days after a written notice of demand for substantial performance had been delivered to the executive specifying the manner in which the executive had

failed to substantially perform; or

intentionally engaged in conduct which is demonstrably and materially injurious to Acuity Brands, monetarily or otherwise.

The executive will not be terminated for cause until he has received a copy of a written notice setting forth the misconduct described above and until he has been given an opportunity to be heard by the Board.

Under the change in control agreements, disability has the meaning ascribed to such term in Acuity Brands' s long-term disability plan or policy covering the executive, or in the absence of such plan or policy, a meaning consistent with Section 22(e)(3) of the Internal Revenue Code.



**Table of Contents**

Under the change in control agreements, good reason means the occurrence of any of the following events or conditions in connection with a change in control:

any change in the executive's status, title, position or responsibilities which, in the executive's reasonable judgment, represents an adverse change from his status, title, position or responsibilities as in effect immediately prior to the change in control; the assignment to the executive of any duties or responsibilities which, in the executive's reasonable judgment, are inconsistent with his status, title, position or responsibilities; or any removal of the executive from or failure to reappoint or reelect him to any of such offices or positions, except in connection with the termination of his employment for disability, cause, as a result of his death or by the executive other than for good reason;

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

a failure to increase the executive's base salary at least annually at a percentage of base salary no less than the average percentage increases (other than increases resulting from the executive's promotion) granted to the executive during the three full years ended prior to a change in control (or such lesser number of full years during which the executive was employed);

Acuity Brands requiring the executive to be based more than 50 miles from the primary workplace where the executive is based immediately prior to the change in control except for reasonably required travel on Acuity Brands business which is not greater than such travel requirements prior to the change in control;

the failure by Acuity Brands (1) to continue in effect any compensation or employee benefit plan in which the executive was participating immediately prior to the change in control or (2) to provide the executive with compensation and benefits, in the aggregate, at least equal to those provided for under each other compensation or employee benefit plan, program and practice as in effect immediately prior to the change in control;

the insolvency or the filing of a petition for bankruptcy of Acuity Brands;

the failure by the Company to obtain an agreement from a successor to assume and agree to perform the agreement; and

a purported termination of executive's employment for cause that does not follow the procedures of the change in control agreement or other material breach of the agreement.

Named executive officers of Acuity Brands would have received the payments and benefits quantified in the table below, assuming a change in control occurred on August 31, 2008. The closing price per share of Acuity Brands common stock on August 29, 2008 was \$43.51.

<b>Name</b>	<b>Multiple</b>	<b>Salary &amp; Annual Incentive Payment (\$)(1)</b>	<b>Welfare Plans (\$)</b>	<b>Company Contributions to 2002 SERP, 401(k) and SDSP (\$)(2)</b>	<b>Excise Tax Gross-Up (\$)(3)</b>	<b>Value Realized on Accelerated Unvested Equity Awards (\$)(4)</b>	<b>Total (\$)</b>
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Vernon J. Nagel	3.0 X	\$ 10,800,000	\$ 33,835	\$ 1,771,738	\$ 5,517,577	\$ 4,339,598	\$ 22,462,748
Richard K. Reece	2.5 X	3,125,000	26,466	357,183	1,572,181	2,178,625	7,259,455
Mark A. Black	2.5 X	2,175,000	19,993	69,433	1,008,993	1,055,320	4,328,739
John T. Hartman (5)	1.5 X	1,342,000	15,430	191,339	0	1,121,632	2,670,401
Jeremy M. Quick (5)	1.5 X	1,252,500	15,234	121,602	0	1,021,892	2,411,228

(1) Represents salary plus highest of current year annual incentive payment, prior year annual incentive payment, or average of annual incentive payment for last three years.

**Table of Contents**

- (2) Represents the present value of additional credited service or annual Company contributions in the referenced plans equal to the number of months associated with the multiple and unvested Company contributions in deferred compensation plans that vest upon a change in control, as follows:

Name	Additional Company Contributions	Unvested Company Contributions
Vernon J. Nagel	\$ 1,771,738	\$ 0
Richard K. Reece	357,183	0
Mark A. Black	42,750	26,683
John T. Hartman	28,350	162,989
Jeremy M. Quick	26,100	95,502

- (3) The excise tax gross-up is calculated assuming the excise tax rate of 20% of the excess of the value of the change in control payments over the executive's average W-2 earnings for the last five calendar years. The excise tax gross-up is based on an assumed effective aggregate tax rate of 36% for the executive. The estimated tax gross-up payment has been calculated assuming no value is assigned to the non-compete and other restrictive covenants that may apply to the executive. Upon a change in control and termination of the executive's employment, we expect to assign a portion of the amount paid to the executive as value for the restrictive covenants, which would decrease the total parachute payments and the amount of the excise tax gross-up.
- (4) The value realized on unvested equity awards represents the fair market value of unvested awards at August 31, 2008, using Acuity Brands' closing price of \$43.51 on August 29, 2008 less the exercise price of unvested options.
- (5) In October 2008, we amended the change in control agreements with Messrs. Hartman and Quick to increase the multiple from 1.5x to 2.0x the executive officer's salary and annual incentive payment following a change in control and a termination of the executive's employment by us without cause or by the executive for good reason.

The table above does not include amounts that the executives would be entitled to receive that are already described in the compensation tables above, including:

the value of equity awards that are already vested;

the amounts payable under defined benefit pension plans; and

amounts previously deferred into the deferred compensation plans.

*Equity Award Agreements*

In addition to the accelerated vesting in the event of a change in control, equity award agreements generally provide for accelerated vesting as a result of the following events.

*Death/Disability.* Stock options vest and are exercisable to the earlier of the expiration date or one year after the event. Restricted shares vest immediately.

*Retirement at Age 65.* Options granted in April and December 2003 continue to vest and are exercisable to the earlier of the expiration date or five years after retirement. For options granted on or after December 1, 2005, vested options are exercisable to the earlier of the expiration date or five years after retirement. For performance-based restricted stock awards granted in October 2000 through January 2005, vesting continues subject to restrictive covenants. For restricted stock awards granted in December 2005 and later, unvested shares are forfeited.

*Early Retirement (Between Ages 55 and 65).* Options granted in April and December 2003 continue to vest and are exercisable to the earlier of the expiration date or five years after retirement. For options granted on or after December 1, 2005, vested options are exercisable to the earlier of the expiration date or five years after retirement. For performance-based restricted stock awards granted in October 2000 through January 2005, vesting continues subject to restrictive covenants. For restricted stock awards granted in December 2005 and later, unvested shares are forfeited.

**Table of Contents**

The amounts that would vest for each named executive officer as a result of these events are the same as the amounts shown in the table above in the column Value Realized on Accelerated Unvested Equity Awards.

*Deferred Compensation Plans*

In addition to the vesting of Company contributions to deferred compensation plans in the event of a change in control, Company contributions vest and are payable upon death or total and permanent disability. The amounts that would vest for each named executive officer as a result of these events are the same as the amounts shown in the table above in the column Company Contributions to 2002 SERP, 401(k) and SDSP and in footnote 2 to that column.

*Severance Paid to Mr. Murphy*

Pursuant to the severance agreement with Mr. Murphy effective as of April 21, 2006, upon the termination of his employment by the Company on May 31, 2008 and execution of release of claims form, Mr. Murphy was entitled to receive certain payments and severance benefits, including base salary for 18 months (\$570,000) and a pro-rata amount of his annual incentive award for fiscal year 2008, based on Company performance under the Annual Incentive Plan (\$382,000). As permitted under the severance agreement, the Compensation Committee accelerated the vesting of all outstanding stock awards under the LTIP and compensated Mr. Murphy for the retirement benefit he would have accrued under the SERP and the SDSP during the 18 month severance period (\$182,000).

Pursuant to the severance agreement and the terms of the Company's pension and deferred compensation plans, Mr. Murphy received or will receive the vested balances under the 2001 SDSP and the 2005 SDSP, the value of his deferred benefit account under the SMBP, the vested balance of his EDCP and benefits accrued under the 2002 SERP.

Mr. Murphy will continue to receive health care coverage and life insurance until the earlier of November 30, 2009 or the date on which Mr. Murphy obtains other employment that provides health care and life insurance benefits. Mr. Murphy is also entitled to elect to continue health care coverage under COBRA for an additional 18-month period.

In order to receive the payments under the severance agreement, Mr. Murphy is subject to the restrictive covenants with respect to confidentiality, non-solicitation and non-competition as described above in Potential Payments upon Termination Severance Agreements.

**Table of Contents****EQUITY COMPENSATION PLANS**

The following table provides information as of August 31, 2008 about equity awards under our equity compensation plans. The table does not include 1,092,005 shares available for purchase under the Employee Stock Purchase Plan.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding those Currently Outstanding)</b>
Equity compensation plans approved by the security holders (1)	1,597,886(2)	\$ 23.78	3,770,860(3)
Equity compensation plans not approved by the security holders	N/A	N/A	N/A
<b>Total</b>	<b>1,597,886</b>		<b>3,770,860</b>

(1) Includes the Amended and Restated Acuity Brands Inc. 2007 Long-Term Incentive Plan that was approved by our stockholders in January 2008 and the Nonemployee Directors Stock Option Plan that was approved by our sole stockholder in November 2001.

(2) Includes 1,517,182 shares under the Long-Term Incentive Plan and 80,704 shares under the Nonemployee Directors Stock Option Plan as of August 31, 2008.

(3) Includes 3,607,023 shares available for grant without further stockholder approval under the Long-Term Incentive Plan, and 163,837 shares available for grant under the Nonemployee Directors Stock Option Plan as of August 31, 2008. In connection with the 2007 change in our non-employee director compensation program, we will not make any further grants under the Nonemployee Directors Stock Option Plan.

**Table of Contents**

**NEXT ANNUAL MEETING STOCKHOLDER PROPOSALS**

If you wish to have a proposal considered for inclusion in our proxy solicitation materials in connection with the annual meeting of stockholders expected to be held in January 2010, the proposal must comply with the SEC's proxy rules, be stated in writing, and be submitted on or before July 22, 2009, to us at our principal executive offices at 1170 Peachtree Street, NE, Suite 2400, Atlanta, Georgia 30309, Attention: Corporate Secretary. All such proposals should be sent by certified mail, return receipt requested.

Our By-Laws establish an advance notice procedure for stockholder proposals to be brought before any annual meeting of stockholders and for nominations by stockholders of candidates for election as directors at an annual meeting. Subject to any other applicable requirements, including, without limitation, Rule 14a-8 under the Exchange Act, nominations of persons for election to the Board and the proposal of business to be transacted by the stockholders may be made at an annual meeting of stockholders by any stockholder of record who was a stockholder of record at the time of the giving of notice for the annual meeting, who is entitled to vote at the meeting and who has complied with our notice procedures.

For nominations or other business to be properly brought before an annual meeting by a stockholder:

- the stockholder must have given timely notice in writing to our Corporate Secretary;
- the business must be a proper matter for stockholder action under Delaware Law;
- if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided us with a stockholder notice (as described below), the stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage our voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of our voting shares reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by the stockholder, and must, in either case, have included in the materials the stockholder notice; and
- if no stockholder notice relating to the proposal has been timely provided, the stockholder or beneficial owner proposing the business or nomination must not have solicited a number of proxies sufficient to have required the delivery of a stockholder notice.

To be timely, a stockholder's notice must be delivered to the Corporate Secretary at our principal executive offices not less than 90 or more than 120 days prior to the first anniversary of the preceding year's annual meeting of stockholders (the Meeting Anniversary). However, if the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of (i) the 90th day prior to such annual meeting or (ii) the 10th day following the day on which public announcement of the date of such meeting is first made.

A stockholder's notice must set forth:

- as to each person whom the stockholder proposes to nominate for election or reelection as a director, all information relating to such person as would be required to be disclosed in solicitations of proxies for the election of such nominees as directors pursuant to Regulation 14A under the Exchange Act and such person's written consent to serve as a director if elected, as well as any other information required by the SEC's proxy rules in a contested election;
- as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business, the reasons for conducting the business at the meeting and any material interest in the

business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made:

- o the name and address of the stockholder, as they appear on our books, and of the beneficial owner;
- o the class and number of shares of our common stock that are owned beneficially and of record by the stockholder and the beneficial owner, including any derivative positions of the stockholder;
- o information with respect to persons or entities affiliated with the stockholder and any arrangements between the affiliates and the stockholder; and



**Table of Contents**

- o whether either the stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of our voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of our voting shares to elect such nominee or nominees (an affirmative statement of such intent).

In the event that the number of directors to be elected to the Board is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board made by us at least 100 days prior to the Meeting Anniversary, a stockholder's notice required by our By-Laws also will be considered timely, but only with respect to nominees for any new positions created by such increase, if it is delivered to the Corporate Secretary at the principal executive offices not later than the close of business on the 10th day following the day on which the public announcement is first made by us.

The preceding five paragraphs are intended to summarize the applicable provisions of our By-Laws. These summaries are qualified in their entirety by reference to those By-Laws, which are available on our website at [www.acuitybrands.com](http://www.acuitybrands.com) under Corporate Governance.

By order of the Board of Directors,

C. DAN SMITH

*Vice President, Treasurer and Secretary*

**EXCERPT FROM:**

**ACUITY BRANDS, INC.  
BOARD OF DIRECTORS  
CORPORATE GOVERNANCE GUIDELINES**

**The Mission of the Board of Directors**

The Board of Directors (the Board) of Acuity Brands, Inc. (the Company) represents the stockholders' interest in perpetuating and increasing the value of the business enterprise, including optimizing long-term financial returns. The Board is responsible for regularly monitoring the effectiveness of management's policies and decisions, including the execution of the Company's strategic plan, and assessing whether management is capably executing its duties.

In fulfilling the Board's general responsibilities described above, the Board and its committees have complete authority to consult with outside counsel and to engage other professional advisors with respect to any issues relating to their activities. All reasonable expenses incurred by the Board or its committees in connection with any such consultation or engagement will be paid by the Company.

**SELECTION OF THE BOARD**

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**6) Mix of Management and Independent Directors**

A majority of the members of the Board must be independent directors. The Board will annually determine whether each director has no material relationship with the Company and is thereby deemed to be independent, based on the following standards and such additional criteria as the Board considers appropriate at that time:

- (a) the director is not and was not during the preceding three years an employee of the Company (other than any past service as an interim Chairman of the Board or Chief Executive Officer) and no immediate family member of the director is or was an executive officer of the Company within the preceding three years;
- (b) neither the director nor an immediate family member of the director receives or received within any twelve-month period within the preceding three years more than \$120,000 per year in direct compensation from the Company, other than: (i) director and committee fees and pension or other forms of deferred compensation for prior service (provided the deferred compensation was not contingent in any way on continued service); (ii) any compensation received by a director for former service as an interim Chairman of the Board or Chief Executive Officer; and (iii) any compensation received by an immediate family member for service as a non-executive employee of the Company.
- (c) (i) neither the director nor an immediate family member of the director is a current partner of a firm that is the Company's internal or external auditor; (ii) the director is not a current employee of such a firm; (iii) the director does not have an immediate family member who is a current employee of such a firm and personally works on the Company's audit; and (iv) neither the director nor an immediate

family member of the director was within the last three years a partner or employee of such a firm and personally worked on the Company's audit;

- (d) neither the director nor an immediate family member of the director is or was within the preceding three years employed as an executive officer of another company where any of the Company's present executives currently serve or served within the preceding three years on that company's compensation committee; and

A-1

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**Table of Contents**

- (e) the director is not an executive officer or an employee, and no immediate family member of the director is an executive officer, of a company that, within the preceding three fiscal years of that company, made payments to or received payments from the Company for property or services in an amount which, in any single fiscal year, exceeded the greater of \$1 million or 2% of such other company's consolidated gross revenues.

For purposes of the foregoing standards, (a) immediate family member includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home and (b) the company includes any parent or subsidiary in a consolidated group with the company.

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A-2

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**Table of Contents**

*PRINTED ON RECYCLED PAPER*

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**Table of Contents**

Please  
mark your  
votes as  
indicated in  
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example      ý

**THE BOARD OF DIRECTORS RECOMMENDS YOU VOTE FOR ALL FOR ITEMS 1 and 2**

	<b>FOR ALL</b>	<b>WITHHOLD</b>	<b>FOR WITH</b>
1. Election of Five Directors	○	○	○

Nominees:

- 01 Peter C. Browning (Term expiring at 2011 annual meeting)
- 02 John L. Clendenin (Term expiring at 2011 annual meeting)
- 03 Ray M. Robinson (Term expiring at 2011 annual meeting)
- 04 Gordon D. Harnett (Term expiring at 2010 annual meeting)
- 05 George C. (Jack) Guynn (Term expiring at 2009 annual meeting)

**(INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark the For With Exception(s) box and write the number of the excepted nominee(s) in the space provided below.)**

**\*Exception(s):**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
2. Ratification of the appointment of Ernst & Young LLP as the independent registered public accounting firm	○	○	○

**UNLESS OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED FOR ALL FOR ITEM 1 AND FOR ITEM 2**

Mark Here for Address   
Change or Comments  
SEE REVERSE

Date \_\_\_\_\_ Stockholder sign here \_\_\_\_\_ Co-Owner sign here\_\_

Please sign above, exactly as name or names appear on this proxy. When signing as attorney, executor, administrator, trustee, custodian, guardian, or corporate officer, give full title. If more than one trustee, all should sign.

**FOLD AND DETACH HERE**

**WE ENCOURAGE YOU TO TAKE ADVANTAGE OF INTERNET OR TELEPHONE VOTING,  
BOTH ARE AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.**

Internet and telephone voting is available through 11:59 PM Eastern Time  
the day prior to annual meeting day.

**Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders**

The Proxy Statement and the 2008 Annual Report to Stockholders are available at:

**<http://bnymellon.mobular.net/bnymellon/ayi>**

**INTERNET**

**<http://www.eproxy.com/ayi>**

**Use the Internet to vote your proxy. Have your proxy card in hand when you access the web site.**

**OR**

**TELEPHONE**

**1-866-580-9477**

**Use any touch-tone telephone to vote your proxy. Have your proxy card in hand when you call.**

To vote by mail, mark, sign and date your proxy card and return it in the enclosed postage-paid envelope.

**Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.**





**Table of Contents**

**PROXY**

**ACUITY BRANDS, INC.  
ANNUAL STOCKHOLDERS MEETING, JANUARY 8, 2009  
PROXY SOLICITED BY THE BOARD OF DIRECTORS**

The undersigned does hereby appoint VERNON J. NAGEL, RICHARD K. REECE and C. DAN SMITH, and each of them, proxies of the undersigned with full power of substitution in each of them to vote at the Annual Meeting of Stockholders of the Company to be held on January 8, 2009 at 1:00 p.m., and at any and all adjournments and postponements thereof, with respect to all shares which the undersigned would be entitled to vote, and with all powers which the undersigned would possess if personally present, as follows on the reverse, and in their discretion upon all other matters brought before the meeting.

**(Continued and to be marked, dated and signed, on the other side)**

**Address Change/Comments  
(Mark the corresponding box on  
the reverse side)**

BNY MELLON SHAREOWNER  
SERVICES  
P.O. BOX 3550  
SOUTH HACKENSACK, NJ  
07606-9250

**5 FOLD AND DETACH HERE 5  
ANNUAL MEETING DIRECTIONS AND PARKING INFORMATION  
BALLROOM AT THE FOUR SEASONS HOTEL  
75 Fourteenth Street NE, Atlanta, Georgia  
1:00 p.m., January 8, 2009**

**Parking for stockholders attending the Annual meeting will be available at the hotel.**

**DIRECTIONS TO THE FOUR SEASONS HOTEL**

**From the Atlanta Airport (I-85/75 North):** Take I-85/75 North to the 10th Street/14th Street exit (#250). Turn right onto 10th Street. At the second traffic light, turn left onto West Peachtree. Travel to the second traffic light and turn right onto 14th Street. The hotel is on the right (between West Peachtree and Peachtree Streets).

**From Northeast of Atlanta (I-85 South):** Take I-85 South to the 17th Street/14th Street/10th Street exit (#84). Turn left onto 17th Street. Travel to the first traffic light and turn right onto Spring Street. Travel to the 2nd traffic light and turn left onto 14th Street. Travel through 1 traffic light. The hotel is on the right (between West Peachtree and Peachtree Streets).

**From Northwest of Atlanta (I-75 South):** Take I-75 South to the 17th Street/14th Street/10th Street exit (#250). Turn right onto Market Street Northwest. At the traffic light, turn right onto 17th Street. Take 17th to the second traffic light and turn right onto Spring Street. Travel to the 2nd traffic light and turn left onto 14th Street. Travel through one traffic light. The hotel is on the right (between West Peachtree and Peachtree Streets).

**From North of Atlanta (400 South):** Take GA-400 South to the I-85 South to the 17th Street/14th Street/10th Street exit (#84). Turn left onto 17th Street. Travel to the first traffic light and turn right onto Spring Street. Travel to the 2nd traffic light and turn left onto 14th Street. Travel through 1 traffic light. The hotel is on the right (between West

Peachtree and Peachtree Streets).

**From South of Atlanta (I-85/75 North):** Take I-85/75 North to the 10th Street/14th Street exit (#250). Turn right onto 10th Street. At the second traffic light, turn left onto West Peachtree. Travel to the second traffic light and turn right onto 14th Street. The hotel is on the right (between West Peachtree and Peachtree Streets).

**From East or West of Atlanta (I-20):** Take I-20 to I-85/75 North to the 10th Street/14th Street exit (#250). Turn right onto 10th Street. At the second traffic light, turn left onto West Peachtree. Travel to the second traffic light and turn right onto 14th Street. The hotel is on the right (between West Peachtree and Peachtree Streets).

**Via Arts Center MARTA transit station:** When you exit the MARTA station at the Arts Center (N5), follow the signs to the West Peachtree Street exit. Turn left onto West Peachtree Street and walk against the traffic for one block to 14th Street. Turn left onto 14th Street. The hotel is on the right in the middle of the block.

Choose **MLink<sup>SM</sup>** for fast, easy and secure 24/7 online access to your future proxy materials, investment plan statements, tax documents and more. Simply log on to **Investor ServiceDirect<sup>®</sup>** at [www.bnymellon.com/shareowner/isd](http://www.bnymellon.com/shareowner/isd) where step-by-step instructions will prompt you through enrollment.

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