

ACUITY BRANDS INC
Form 10-Q
April 03, 2013
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended February 28, 2013.

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .
Commission file number 001-16583.

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

Delaware
(State or other jurisdiction of incorporation or organization)
1170 Peachtree Street, N.E., Suite 2300,
Atlanta, Georgia
(Address of principal executive offices)
(404) 853-1400
(Registrant's telephone number, including area code)

58-2632672
(I.R.S. Employer Identification Number)
30309-7676
(Zip Code)

1170 Peachtree Street, N.E., Suite 2400, Atlanta, Georgia 30309
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

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

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

Common stock — \$0.01 par value — 42,836,096 shares as of March 28, 2013.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statement

ACUITY BRANDS, INC.

CONSOLIDATED BALANCE SHEETS

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

	February 28, 2013 (unaudited)	August 31, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	\$262.8	\$284.5
Accounts receivable, less reserve for doubtful accounts of \$1.5 at February 28, 2013 and \$1.4 at August 31, 2012	282.3	263.8
Inventories	193.7	194.1
Deferred income taxes	12.7	13.0
Prepayments and other current assets	32.2	23.6
Total Current Assets	783.7	779.0
Property, Plant, and Equipment, at cost:		
Land	7.3	7.3
Buildings and leasehold improvements	108.9	115.5
Machinery and equipment	356.1	345.7
Total Property, Plant, and Equipment	472.3	468.5
Less — Accumulated depreciation and amortization	327.4	329.3
Property, Plant, and Equipment, net	144.9	139.2
Other Assets:		
Goodwill	554.7	554.9
Intangible assets	228.0	230.8
Deferred income taxes	3.9	4.1
Other long-term assets	27.2	28.9
Total Other Assets	813.8	818.7
Total Assets	\$1,742.4	\$1,736.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$213.7	\$232.7
Accrued compensation	18.0	44.9
Accrued pension liabilities, current	1.2	1.2
Other accrued liabilities	79.6	86.0
Total Current Liabilities	312.5	364.8
Long-Term Debt		
Accrued Pension Liabilities, less current portion	91.6	90.1
Deferred Income Taxes	32.1	33.4
Self-Insurance Reserves, less current portion	7.0	6.6
Other Long-Term Liabilities	55.0	54.5
Commitments and Contingencies (see Commitments and Contingencies footnote)		
Stockholders' Equity:		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 500,000,000 shares authorized; 52,000,089 issued and 42,280,834 outstanding at February 28, 2013; 51,508,358 issued and 41,789,103 outstanding at August 31, 2012	0.5	0.5

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Paid-in capital	720.4	703.1	
Retained earnings	675.0	635.3	
Accumulated other comprehensive loss items	(85.0)	(84.7))
Treasury stock, at cost, 9,719,255 shares at February 28, 2013 and August 31, 2012	(420.2)	(420.2))
Total Stockholders' Equity	890.7	834.0	
Total Liabilities and Stockholders' Equity	\$1,742.4	\$1,736.9	

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

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

	Three Months Ended		Six Months Ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
Net Sales	\$486.7	\$457.7	\$967.8	\$932.0
Cost of Products Sold	297.0	275.8	588.6	556.4
Gross Profit	189.7	181.9	379.2	375.6
Selling, Distribution, and Administrative Expenses	144.3	136.3	284.9	276.8
Special Charge	0.3	6.6	1.0	9.3
Operating Profit	45.1	39.0	93.3	89.5
Other Expense (Income):				
Interest Expense, net	7.8	7.7	15.5	15.4
Miscellaneous (Income) Expense, net	0.1	1.1	0.2	(1.8)
Total Other Expense	7.9	8.8	15.7	13.6
Income before Provision for Income Taxes	37.2	30.2	77.6	75.9
Provision for Income Taxes	12.5	10.7	26.8	26.4
Net Income	\$24.7	\$19.5	\$50.8	\$49.5
Earnings Per Share:				
Basic Earnings per Share	\$0.58	\$0.46	\$1.19	\$1.17
Basic Weighted Average Number of Shares Outstanding	42.1	41.4	41.9	41.3
Diluted Earnings per Share	\$0.57	\$0.46	\$1.18	\$1.16
Diluted Weighted Average Number of Shares Outstanding	42.5	41.9	42.4	41.8
Dividends Declared per Share	\$0.13	\$0.13	\$0.26	\$0.26

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

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ACUITY BRANDS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(In millions)

	Three Months Ended		Six Months Ended		
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012	
Net Income	\$24.7	\$19.5	\$50.8	\$49.5	
Other Comprehensive Income/(Expense) Items:					
Foreign Currency Translation Adjustments	(0.6) 3.9	0.7	(5.2)
Defined Benefit Pension Plans:					
Prior service cost from plan amendment during period	—	—	(5.5) —	
Amortization of defined benefit pension items:					
Prior service cost	0.1	—	0.3	—	
Actuarial losses	1.6	1.0	3.2	2.0	
Total Defined Benefit Pension Plans, net	1.7	1.0	(2.0	) 2.0
Other Comprehensive Income/(Expense) Items before Provision for Income Taxes	1.1	4.9	(1.3) (3.2)
Income Tax (Expense)/Benefit related to Other Comprehensive Income/(Expense) Items	(0.6) (0.4) 1.0	(0.7)
Other Comprehensive Income/(Expense) items after Provision for Income Taxes	0.5	4.5	(0.3) (3.9)
Comprehensive Income/(Expense)	\$25.2	\$24.0	\$50.5	\$45.6	

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

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

	Six Months Ended	
	February 28, 2013	February 29, 2012
Cash Provided by/(Used for) Operating Activities:		
Net income	\$50.8	\$49.5
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	19.9	19.5
Share-based compensation expense	8.6	8.1
Excess tax benefits from share-based payments	(5.8)	(4.1)
Loss on the sale or disposal of property, plant, and equipment	—	0.1
Asset impairments	—	0.1
Deferred income taxes	1.7	0.5
Change in assets and liabilities, net of effect of acquisitions, divestitures and effect of exchange rate changes:		
Accounts receivable	(19.1)	4.1
Inventories	1.2	6.6
Prepayments and other current assets	(5.8)	(8.2)
Accounts payable	(19.2)	(13.9)
Other current liabilities	(27.5)	(20.5)
Other	(5.1)	(4.2)
Net Cash Provided by/(Used for) Operating Activities	(0.3)	37.6
Cash Provided by/(Used for) Investing Activities:		
Purchases of property, plant, and equipment	(21.9)	(9.4)
Proceeds from sale of property, plant, and equipment	0.1	—
Acquisitions of business and intangible assets, net of cash acquired	(3.3)	(3.8)
Net Cash Provided by/(Used for) Investing Activities	(25.1)	(13.2)
Cash Provided by/(Used for) Financing Activities:		
Repurchases of common stock	—	(9.2)
Proceeds from stock option exercises and other	9.1	6.4
Excess tax benefits from share-based payments	5.8	4.1
Dividends paid	(11.1)	(11.0)
Net Cash Provided by/(Used for) Financing Activities	3.8	(9.7)
Effect of Exchange Rate Changes on Cash	(0.1)	(4.3)
Net Change in Cash and Cash Equivalents	(21.7)	10.4
Cash and Cash Equivalents at Beginning of Period	284.5	170.2
Cash and Cash Equivalents at End of Period	\$262.8	\$180.6
Supplemental Cash Flow Information:		
Income taxes paid during the period	\$24.9	\$32.0
Interest paid during the period	\$20.4	\$20.9

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

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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

1. Description of Business and Basis of Presentation

Acuity Brands, Inc. (“Acuity Brands”) is the parent company of Acuity Brands Lighting, Inc. (“ABL”), and other subsidiaries (collectively referred to herein as “the Company”). The Company designs, produces, and distributes a broad array of lighting solutions and services for commercial, institutional, industrial, infrastructure, and residential applications for various markets throughout North America and select international markets. The Company’s lighting solutions include devices such as luminaires, lighting controls, power supplies, prismatic skylights, light-emitting diode (“LED”) lamps, and integrated lighting systems for indoor and outdoor applications utilizing a combination of light sources, including daylight, and other devices controlled by software that monitors and manages light levels while optimizing energy consumption (collectively referred to herein as “lighting solutions”). The Company has one operating segment serving the North American lighting market and select international markets.

Since fiscal 2010, the Company has made several acquisitions to expand and enhance its portfolio of lighting solutions, including the following:

On December 20, 2012, the Company acquired for cash all of the ownership interests in Adura Technologies (“Adura”), a leading developer of radio frequency (RF) mesh networking technology that allows individual light fixtures to communicate in a wireless mesh network with switches, sensors and system management software. The operating results for Adura have been included in the Company’s consolidated financial statements since the date of acquisition.

On May 12, 2011, the Company acquired for cash all of the ownership interests in Healthcare Lighting, Inc. (“Healthcare Lighting”), a leading provider of specialized, high-performance lighting solutions for healthcare facilities based in Fairview, Pennsylvania. The operating results for Healthcare Lighting have been included in the Company’s consolidated financial statements since the date of acquisition.

On February 23, 2011, the Company acquired for cash all of the ownership interests in Washoe Equipment, Inc., d/b/a Sunoptics Prismatic Skylights, and CBC Plastics LLC (collectively, “Sunoptics”), a premier designer, manufacturer, and marketer of high-performance, prismatic daylighting solutions based in Sacramento, California. The operating results for Sunoptics have been included in the Company’s consolidated financial statements since the date of acquisition.

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

The unaudited interim consolidated financial statements included herein have been prepared by the Company in accordance with U.S. GAAP and present the financial position, results of operations, and cash flows of the Company. These interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary to present fairly the Company’s consolidated financial position as of February 28, 2013, the consolidated results of operations for the three and six months ended February 28, 2013 and February 29, 2012, the consolidated statements of comprehensive income for the three and six months ended February 28, 2013 and February 29, 2012, and the consolidated cash flows for the six months ended February 28, 2013 and February 29, 2012. Certain information and footnote disclosures normally included in the Company’s annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. However, the Company believes that the disclosures included herein are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the audited consolidated financial statements of the Company as of and for the three years ended August 31, 2012 and notes thereto included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on October 26, 2012 (File No. 001-16583) (“Form 10-K”).

The results of operations for the three and six months ended February 28, 2013 and February 29, 2012 are not necessarily indicative of the results to be expected for the full fiscal year because the net sales and net income of the Company historically have been higher in the second half of its fiscal year and because of the continued uncertainty of

general economic conditions that may impact the key end markets of the Company for the remainder of fiscal 2013.

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

2. Significant Accounting Policies

Use of Estimates

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

Reclassifications

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

Subsequent Events

The Company has evaluated subsequent events for recognition and disclosure for occurrences and transactions after the date of the consolidated financial statements at February 28, 2013. On March 13, 2013, the Company acquired all of the ownership interests in eldoLAB Holding B.V. ("eldoLED"), a leading provider of high-performance drivers for LED lighting systems based in Eindhoven, Netherlands. The acquisition of eldoLED did not represent a material transaction as compared with the Company's financial condition, results of operations, or cash flows.

3. New Accounting Pronouncements

Accounting Standards Adopted in Fiscal 2013

In February 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income that amended ASU No. 2011-12 and ASU No. 2011-05. ASU 2013-02 is effective for reporting periods beginning after December 15, 2012. The Company early adopted ASU 2013-02 in the second quarter of fiscal 2013. The provisions of ASU 2013-02 did not have a material effect on the Company's results of operations, financial condition, and cash flows.

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income (Topic 220) - Presentation of Comprehensive Income ("ASU 2011-05"). ASU 2011-05 changes the presentation of comprehensive income in the financial statements for all periods reported and eliminates the option under the previous guidance that allowed for presentation of other comprehensive income as part of the Statement of Stockholders' Equity. The update allows two options for the proper presentation of comprehensive income: 1) a single Statement of Comprehensive Income, which includes all components of net income and other comprehensive income; or 2) a Statement of Income followed immediately by a Statement of Comprehensive Income, which includes summarized net income and all components of other comprehensive income. Additionally, the update requires the presentation of reclassification adjustments out of accumulated other comprehensive income on the face of the Statement of Income and the Statement of Comprehensive Income. The provisions of ASU 2011-05 are effective for public entities retrospectively for annual periods, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. The Company adopted ASU 2011-05 in the first quarter of fiscal 2013. The provisions of ASU 2011-05 did not have a material effect on the Company's results of operations, financial condition, and cash flows.

In December 2011, the FASB issued ASU No. 2011-12, Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05 ("ASU 2011-12"). This update defers the provisions within ASU 2011-05 requiring the presentation on the face of the financial statements of the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income. The deferral will allow the FASB further time to deliberate on operational concerns expressed by constituents. ASU 2011-12 is effective concurrently with the adoption of ASU 2011-05. The Company adopted ASU 2011-12 in the first quarter of fiscal 2013. The provisions of ASU 2011-12 did not have a material effect on the

Company's results of operations, financial condition, and cash flows.

In October 2012, the FASB issued ASU No. 2012-04, Technical Corrections and Improvements ("ASU 2012-04"), which amends a wide variety of Topics in the FASB Accounting Standards Codification ("Codification" or "ASC"). The amendments in ASU No. 2012-04 represent changes to clarify the Codification, correct unintended application of guidance, or

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

make minor improvements to the Codification that are not expected to have a significant effect on current accounting practice. Additionally, the amendments are intended to make the Codification easier to understand and the fair value measurement guidance easier to apply by eliminating inconsistencies and providing needed clarifications.

Amendments in ASU 2012-04 that do not provide transition guidance were effective upon issuance for public entities. Amendments that are subject to the transition guidance are effective for fiscal periods beginning after December 15, 2012. The Company adopted ASU 2012-04 in the first quarter of fiscal 2013. The provisions of ASU 2012-04 did not have a material effect on the Company's results of operations, financial condition, and cash flows.

Accounting Standards Yet to Be Adopted

In July 2012, the FASB issued ASU No. 2012-02, Intangibles - Goodwill and Other (Topic 350) - Testing Indefinite-Lived Intangible Assets for Impairment ("ASU 2012-02"), which allows companies to assess qualitative factors to determine if indefinite-lived intangible assets other than goodwill have been impaired. If the qualitative factors reviewed do not indicate that it is more likely than not that the fair value of an indefinite-lived intangible asset does not exceed the carrying value, ASU 2012-02 deems any further impairment testing to be unnecessary. In the event that the qualitative review indicates otherwise, the company is required to perform further quantitative impairment testing as prescribed by Topic 350. ASU 2012-02 is effective for fiscal years beginning after September 15, 2012, with early adoption permitted. The Company is currently reviewing the provisions of ASU 2012-02 but does not expect it to have a material effect on the Company's results of operations, financial condition, and cash flows.

In March 2013, the FASB issued ASU No. 2013-05, Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (a consensus of the FASB Emerging Issues Task Force) ("ASU 2013-05"), which applies to the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity. ASU No. 2013-05 is effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013. The Company is currently reviewing the provisions of ASU No. 2013-05 but does not expect it to have a material effect on the Company's results of operations, financial condition, and cash flows.

4. Acquisitions

The Company has actively pursued opportunities for investment and growth through acquisitions. Since fiscal 2010, the Company has acquired a number of businesses that participate in the North American lighting market, as discussed below. As with previous acquisitions, the companies were purchased to further expand and complement the Company's lighting solutions portfolio and were fully incorporated into the Company's operations. None of the business combinations-individually or in the aggregate-represented a material transaction as compared with the Company's financial condition, results of operations, or cash flows in any of the periods in which control was obtained.

Adura Technologies Acquisition

On December 20, 2012, the Company acquired for cash all of the ownership interests in Adura Technologies ("Adura"), a leading developer of radio frequency (RF) mesh networking technology that allows individual light fixtures to communicate in a wireless mesh network with switches, sensors and system management software. The operating results of Adura have been included in the Company's consolidated financial statements since the date of acquisition and are not material to the Company's financial condition, results of operations, or cash flows. Preliminary amounts related to the acquisition are reflected in the Consolidated Balance Sheets as of February 28, 2013. These amounts are deemed to be provisional until disclosed otherwise, as the Company continues to gather information related to the identification and valuation of intangible and other acquired assets and liabilities.

Healthcare Lighting Acquisition

On May 12, 2011, the Company acquired for cash all of the ownership interests in Healthcare Lighting, a leading provider of specialized, high-performance lighting solutions for healthcare facilities based in Fairview, Pennsylvania. Healthcare Lighting exclusively focused on servicing the healthcare industry through the design and manufacture of medical lighting products meant to enhance the visual environment in healthcare settings. The operating results of Healthcare Lighting have been included in the Company's consolidated financial statements since the date of acquisition. Management finalized the acquisition accounting for Healthcare Lighting during fiscal 2012. There were no material changes to the Company's financial statements as a result of the finalization of the acquisition accounting.

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Sunoptics Acquisition

On February 23, 2011, the Company acquired for cash all of the ownership interests in Sunoptics, a premier provider of high-performance, prismatic daylighting solutions based in Sacramento, California. Sunoptics' high-performance prismatic skylights optimized lighting performance through the use of sustainable and energy-efficient solutions for retail, industrial, warehouse, educational, governmental, and office applications. The operating results of Sunoptics have been included in the Company's consolidated financial statements since the date of acquisition. Management finalized the acquisition accounting for Sunoptics during fiscal 2012. There were no material changes to the Company's financial statements as a result of the finalization of the acquisition accounting.

5. Assets Held For Sale

The Company classifies long-lived assets as held for sale upon the development of a plan for disposal and in accordance with applicable U.S. GAAP and ceases the depreciation and amortization of the assets at that date. During the first quarter of fiscal 2012, the Company ceased operations at one manufacturing facility. During the second quarter of fiscal 2013, the Company ceased operations at a second manufacturing facility. The Company is actively marketing four properties for sale. As of February 28, 2013, the carrying value of the property held for sale equaled \$10.3, of which \$7.5 is included in Prepayments and other current assets and \$2.8 is included in Other long-term assets on the Consolidated Balance Sheets.

Further details regarding the Company's assets held for sale are included within the Significant Accounting Policies footnote of the Notes to Consolidated Financial Statements within the Company's Form 10-K.

6. Fair Value Measurements

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

The following table presents information about assets and liabilities required to be carried at fair value and measured on a recurring basis as of February 28, 2013 and August 31, 2012:

	Fair Value Measurements as of:			
	February 28, 2013		August 31, 2012	
	Level 1	Total Fair Value	Level 1	Total Fair Value
Assets:				
Cash and cash equivalents	\$262.8	\$262.8	\$284.5	\$284.5
Short-term investments ⁽¹⁾	0.1	0.1	0.6	0.6
Long-term investments ⁽¹⁾	0.6	0.6	0.7	0.7
Liabilities:				
Deferred compensation plan obligations ⁽¹⁾ (current portion)	\$0.1	\$0.1	\$0.6	\$0.6
Deferred compensation plan obligations ⁽¹⁾ (long-term portion)	0.6	0.6	0.7	0.7

The Company maintains certain investments that generate returns that offset changes in certain liabilities related to (1) a self-directed, non-qualified deferred compensation plan structured as a rabbi trust primarily for certain retired executives and other highly compensated employees.

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

The Company used the following valuation methods and assumptions in estimating the fair value of the following assets and liabilities:

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Cash and cash equivalents are classified as Level 1 assets. The carrying amounts for cash reflect the assets' fair values, and the fair values for cash equivalents are determined based on quoted market prices.

Short-term and long-term investments are classified as Level 1 assets. These investments consist primarily of publicly traded marketable equity securities and fixed income securities, and the fair values are obtained through market observable pricing.

Deferred compensation plan liabilities are classified as Level 1 liabilities within the hierarchy. The fair values of the liabilities are directly related to the valuation of the short-term and long-term investments held in trust for the plan. Hence, the carrying value of the deferred compensation liability represents the fair value of the investment assets. No transfers between the levels of the fair value hierarchy occurred during the current fiscal period. In the event of a transfer in or out of a level within the fair value hierarchy, the transfers would be recognized on the date of occurrence.

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

The carrying values and estimated fair values of certain of the Company's financial instruments were as follows at February 28, 2013 and August 31, 2012:

	February 28, 2013		August 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities:				
Senior unsecured public notes, net of unamortized discount	\$349.5	\$402.2	\$349.5	\$407.5
Industrial revenue bond	4.0	4.0	4.0	4.0

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

The tax-exempt industrial revenue bond is carried at the outstanding balance as of the end of the reporting period. The industrial revenue bond is a variable-rate instrument that resets on a weekly basis, and, therefore, the Company estimates that the face amount of the bond approximates fair value as of February 28, 2013 based on bonds of similar terms and maturity (Level 2).

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

7. Goodwill and Intangible Assets

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

Current year increases in the gross carrying amounts for acquired intangible assets, including goodwill, of \$2.2 were due primarily to acquisitions less the impact of foreign currency changes during the period. The provisional amounts

for the acquired intangible assets, including goodwill, are deemed incomplete until disclosed otherwise as the Company continues to gather information related to the business combination (refer to footnote 4 Acquisitions herein).

The Company recorded amortization expense of \$2.6 related to intangible assets with finite lives during each of the three months ended February 28, 2013 and February 29, 2012. The Company recorded amortization expense of \$5.2 and \$5.8 related to intangible assets with finite lives during the six months ended February 28, 2013 and February 29, 2012, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amortization expense is generally recorded on a straight-line basis and is expected to be approximately \$10.5 in fiscal 2013, \$10.5 in fiscal 2014, \$10.3 in fiscal 2015, \$9.7 in fiscal 2016, and \$9.4 in fiscal 2017.

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

8. Inventories

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

	February 28, 2013	August 31, 2012
Raw materials, supplies, and work in process ⁽¹⁾	\$117.9	\$120.2
Finished goods	86.5	84.6
	204.4	204.8
Less: Reserves	(10.7	) (10.7
Total Inventory	\$193.7	\$194.1

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

9. Earnings Per Share

Basic earnings per share is computed by dividing net earnings available to common stockholders by the weighted average number of common shares outstanding, which has been modified to include the effects of all participating securities (unvested share-based payment awards with a right to receive nonforfeitable dividends) as prescribed by the two-class method under ASC Topic 260, Earnings Per Share ("ASC 260"), during the period. Diluted earnings per share is computed similarly but reflects the potential dilution that would occur if dilutive options were exercised and other distributions related to deferred stock agreements were incurred. Stock options of approximately 109,110 and 240,722 were excluded from the diluted earnings per share calculation for the three months ended February 28, 2013 and February 29, 2012, respectively, as the effect of inclusion would have been antidilutive. Stock options of approximately 77,764 and 256,344 for the six months ended February 28, 2013 and February 29, 2012, respectively, were excluded from the diluted earnings per share calculation as the effect of inclusion would have been antidilutive. Further discussion of the Company's stock options and restricted stock awards is included within the Common Stock and Related Matters and Share-Based Payments footnotes of the Notes to Consolidated Financial Statements within the Company's Form 10-K.

The following table calculates basic earnings per common share and diluted earnings per common share for the three and six months ended February 28, 2013 and February 29, 2012:

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

	Three Months Ended		Six Months Ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
Basic Earnings per Share:				
Net income	\$24.7	\$19.5	\$50.8	\$49.5
Less: Income attributable to participating securities	(0.4)	(0.4)	(0.8)	(1.0)
Net income available to common shareholders	\$24.3	\$19.1	\$50.0	\$48.5
Basic weighted average shares outstanding	42.1	41.4	41.9	41.3
Basic earnings per share	\$0.58	\$0.46	\$1.19	\$1.17
Diluted Earnings per Share:				
Net income	\$24.7	\$19.5	\$50.8	\$49.5
Less: Income attributable to participating securities	(0.4)	(0.4)	(0.8)	(1.0)
Net income available to common shareholders	\$24.3	\$19.1	\$50.0	\$48.5
Basic weighted average shares outstanding	42.1	41.4	41.9	41.3
Common stock equivalents	0.4	0.5	0.5	0.5
Diluted weighted average shares outstanding	42.5	41.9	42.4	41.8
Diluted earnings per share	\$0.57	\$0.46	\$1.18	\$1.16

10. Comprehensive Income

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

The following table presents the changes in each component of Accumulated Other Comprehensive Income/Loss Items, net of tax.

	Foreign Currency Items	Defined Benefit Pension Plans	Accumulated Other Comprehensive Loss Items
Beginning Balance, August 31, 2012	\$(16.9)	\$(67.8)	\$(84.7)
Other Comprehensive Income/(Expense) before reclassifications	0.7	(3.3)	(2.6)
Amounts reclassified from accumulated other comprehensive income	—	2.3	2.3
Net current-period Other Comprehensive Income/(Expense)	0.7	(1.0)	(0.3)
Ending Balance, February 28, 2013	\$(16.2)	\$(68.8)	\$(85.0)

The following table presents the tax (expense)/benefit allocated to each component of Other Comprehensive Income/Expense.

	Three Months Ended February 28, 2013			Six Months Ended February 28, 2013		
	Before Tax Amount	Tax (Expense) or Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) or Benefit	Net of Tax Amount
Foreign Currency Translation Adjustments	\$(0.6)	\$—	\$(0.6)	\$0.7	\$—	\$0.7
Defined Benefit Pension Plans:						
Prior service cost from plan amendment during period	—	—	—	(5.5)	2.2	(3.3)
Amortization of defined benefit pension items:						
Prior service cost	0.1	(1) —	0.1	0.3	(1) (0.1)	0.2

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Actuarial losses	1.6	(1) (0.6) 1.0	3.2	(1) (1.1) 2.1	
Total Defined Benefit Plans, net	1.7	(0.6) 1.1	(2.0) 1.0	(1.0)
Other Comprehensive Income/(Expense)	\$1.1	\$(0.6	) \$0.5	\$(1.3	) \$1.0	\$(0.3)

(1) These accumulated other comprehensive income components are included in net periodic pension cost. See footnote 14 Pension and Profit Sharing Plans for additional details.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

11. Debt

Lines of Credit

On January 31, 2012, the Company executed a \$250.0 revolving credit facility (the “Revolving Credit Facility”). The Revolving Credit Facility replaced the Company’s prior \$250.0 revolving credit facility (the “prior facility”), which was scheduled to mature on October 19, 2012. The Company recognized a write-off of less than \$0.1 in deferred financing costs in connection with the early termination of the prior facility. The Revolving Credit Facility will mature and all amounts outstanding will be due and payable on January 31, 2017.

The Revolving Credit Facility contains financial covenants, including a minimum interest coverage ratio (“Minimum Interest Coverage Ratio”) and a leverage ratio (“Maximum Leverage Ratio”) of total indebtedness to EBITDA (earnings before interest, taxes, depreciation and amortization expense), as such terms are defined in the Revolving Credit Facility agreement. These ratios are computed at the end of each fiscal quarter for the most recent 12-month period. The Revolving Credit Facility allows for a Maximum Leverage Ratio of 3.50 and a Minimum Interest Coverage Ratio of 2.50, subject to certain conditions defined in the financing agreement. The Company was in compliance with all financial covenants under the Revolving Credit Facility as of February 28, 2013. At February 28, 2013, the Company had additional borrowing capacity under the Revolving Credit Facility of \$244.3 under the most restrictive covenant in effect at the time, which represents the full amount of the Revolving Credit Facility less outstanding letters of credit of \$5.7 issued under the Revolving Credit Facility. As of February 28, 2013, the Company had outstanding letters of credit totaling \$9.9, primarily for securing collateral requirements under the casualty insurance programs for Acuity Brands and providing credit support for the Company’s industrial revenue bond, including \$5.7 issued under the Revolving Credit Facility.

Generally, amounts outstanding under the Revolving Credit Facility bear interest at a “Eurocurrency Rate”.

Eurocurrency rate advances can be denominated in a variety of currencies, including U.S. Dollars, and amounts outstanding bear interest at a periodic fixed rate equal to the London Inter Bank Offered Rate (“LIBOR”) for the applicable currency plus a margin as determined by Acuity Brands' leverage ratio (“Applicable Margin”). The Applicable Margin is based on the Company’s leverage ratio, as defined in the Revolving Credit Facility, with such margin ranging from 1.075% to 1.65%.

The Company is required to pay certain fees in connection with the Revolving Credit Facility, including administrative service fees and an annual facility fee. The annual facility fee is payable quarterly in arrears and is determined by the Company’s leverage ratio as defined in the Revolving Credit Facility. This facility fee ranges from 0.175% to 0.35% of the aggregate \$250.0 commitment of the lenders under the Revolving Credit Facility.

Notes

At February 28, 2013, the Company had \$350.0 of publicly-traded, senior unsecured notes outstanding at a 6% interest rate that are scheduled to mature in December 2019 (the “Notes”) and \$4.0 of tax-exempt industrial revenue bonds that are scheduled to mature in 2021. Further discussion of the Company’s debt is included within the Debt and Lines of Credit footnote of the Notes to Consolidated Financial Statements within the Company’s Form 10-K.

Interest Expense

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

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

	Three Months Ended		Six Months Ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
Interest expense	\$8.0	\$7.8	\$15.8	\$15.7
Interest income	(0.2)	(0.1)	(0.3)	(0.3)

Interest expense, net	\$7.8	\$7.7	\$15.5	\$15.4
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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Cash paid for interest as reported on the Consolidated Statements of Cash Flows as supplemental cash flow information for the six months ended February 28, 2013 and February 29, 2012 totaled \$20.4 and \$20.9, respectively. The prior-year period amount was revised for consistency with the first six months of fiscal 2013.

12. Commitments and Contingencies

In the normal course of business, the Company is subject to the effects of certain contractual stipulations, events, transactions, and laws and regulations that may, at times, require the recognition of liabilities, such as those related to self-insurance reserves and claims, legal and contractual issues, environmental laws and regulations, guarantees, and indemnities. The Company establishes reserves when the associated costs related to uncertainties or guarantees become probable and can be reasonably estimated. For the period ended February 28, 2013, no material changes have occurred in the Company's reserves for self-insurance, litigation, environmental matters, or guarantees and indemnities, or relevant events and circumstances, from those disclosed in the Commitments and Contingencies footnote of the Notes to the Consolidated Financial Statements within the Company's Form 10-K.

For more information on the Company's commitments and contingencies, please refer to the Commitments and Contingencies footnote of the Notes to the Consolidated Financial Statements within the Company's Form 10-K.

Product Warranty and Recall Costs

Acuity Brands records an allowance for the estimated amount of future warranty claims when the related revenue is recognized, primarily based on historical experience of identified warranty claims. However, there can be no assurance that future warranty costs will not exceed historical experience. Estimated recall costs are recognized upon such time that the Company becomes aware of product defects and other issues. If actual future warranty costs exceed historical amounts or unforeseen recall costs occur, additional allowances may be required, which could have a material adverse impact on the Company's results of operations and cash flows in future periods.

As of August 31, 2012, the Company had product warranty and recall reserves of \$4.0. During the six months ended February 28, 2013, the Company made payments or provided replacement materials in the aggregate amount of \$3.3 related to warranty claims and recognized additional estimated warranty and recall liabilities of \$3.2. As of February 28, 2013, the Company had remaining product warranty and recall reserves of \$3.9 included in Other accrued liabilities on the Consolidated Balance Sheets.

Loss Contingency

On March 25, 2013, a freight payment and audit service provider ("freight service company") provided notice to the Company that all freight payment services would immediately cease as a result of a failure in the freight service company's internal system for processing and making payments stemming from a fraud at the freight service company. As a result, the Company may have incurred a loss to the extent that funds disbursed by the Company to the freight service company are not subsequently remitted to freight carriers that provided services to the Company. Based on information currently available, the Company is unable to estimate the amount of potential loss, if any. It is the opinion of management based on available information that any ultimate loss will not have a material adverse effect on the financial condition or results of operations of Acuity Brands.

13. Share-Based Payments

The Company accounts for share-based payments through the measurement and recognition of compensation expense for share-based payment awards made to employees and directors of the Company, including stock options and restricted shares (all part of the Long-Term Incentive Plan), and share units representing certain deferrals into the Director Deferred Compensation Plan or the Supplemental Deferred Savings Plan. Each of these award programs is more fully discussed within the Company's Form 10-K. The Company recorded \$4.3 and \$4.0 of share-based expense for the three months ended February 28, 2013 and February 29, 2012, respectively, and \$8.6 and \$8.1 of share-based expense for the six months ended February 28, 2013 and February 29, 2012, respectively. Benefits of tax deductions in excess of recognized share-based compensation cost are reported as a financing cash flow, rather than as an

operating cash flow, and were \$0.4 and \$3.0 for the three months ended February 28, 2013 and February 29, 2012, respectively, and were \$5.8 and \$4.1 for the six months ended February 28, 2013 and February 29, 2012, respectively. Shares issued upon exercise of stock options were 22,638 and 235,703 for the three

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

months ended February 28, 2013 and February 29, 2012, respectively. Shares issued upon exercise of stock options were 308,019 and 293,082 for the six months ended February 28, 2013 and February 29, 2012, respectively.

14. Pension and Profit Sharing Plans

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

Net periodic pension cost for the Company's defined benefit pension plans during the three and six months ended February 28, 2013 and February 29, 2012 included the following components:

	Three Months Ended		Six Months Ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
Service cost	\$0.9	\$0.7	\$1.8	\$1.4
Interest cost	2.0	2.2	4.0	4.3
Expected return on plan assets	(2.2)	(2.1)	(4.4)	(4.1)
Amortization of prior service cost	0.1	—	0.3	—
Recognized actuarial loss	1.6	1.0	3.2	2.0
Net periodic pension cost	\$2.4	\$1.8	\$4.9	\$3.6

On October 23, 2012, the Board of Directors of the Company, following a competitive assessment of executive retirement benefits and with an objective to ensure such company benefits were sufficient to retain and attract executive talent, approved certain amendments to the Acuity Brands, Inc. 2002 Supplemental Retirement Plan ("2002 SERP"). The amendments to the 2002 SERP increased participant benefits requiring the recognition of an additional pre-tax pension liability of \$5.5 included in the Consolidated Balance Sheets. The amendments are estimated to increase fiscal 2013 pension expense by \$1.1.

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

15. Special Charges

Fiscal 2008-2010 Actions

In previous fiscal years, the Company commenced actions to streamline and simplify its organizational structure and operations. The charges consisted of severance and related employee benefit costs associated with the elimination of certain positions worldwide, consolidation of certain manufacturing facilities, the estimated costs associated with the early termination of certain leases, and share-based expense due to the modification of the terms of agreements for certain terminated employees. Further details regarding the Company's previous streamlining activities are included within the Special Charge footnote of the Notes to Consolidated Financial Statements within the Company's Form 10-K.

At August 31, 2012, the Company had severance reserves of \$0.2 related to fiscal 2008 - 2010 actions. The Company made payments of approximately \$0.1 related to severance costs during the six month period ended February 28, 2013. As of February 28, 2013, the Company had remaining severance reserves of \$0.1 related to fiscal 2008 - 2010 actions, which are included in Accrued Compensation on the Consolidated Balance Sheets.

Fiscal 2012 Actions

During fiscal 2012, the Company continued efforts to streamline the organization through the planned closure of its Cochran, Georgia production facility ("Cochran facility") and reductions in workforce resulting from the downsizing of the Company's operations in Spain, as well as the realignment of responsibilities primarily within various Selling, Distribution, and Administrative ("SD&A") departments. The Company expects that these actions to streamline its business activities, in addition to those taken in previous fiscal years, will allow it to reduce costs and enhance customer service capabilities, while permitting continued investment in future growth initiatives, such as new products, expanded market presence, and technology and innovation.

In addition to a \$2.7 pre-tax special charge recorded in the first quarter of fiscal 2012 related to the realignment of responsibilities primarily within various SD&A departments, the Company recorded a net pre-tax special charge of approximately \$1.2 during the second quarter of fiscal 2012 associated with a reduction in workforce, primarily at its operations in Spain. The reduction in workforce was due to the decline in market conditions in Spain, which are not expected to rebound materially in the near future. The pre-tax charge consisted primarily of severance and other employee-related costs.

During the second quarter of fiscal 2012, the Company decided to close its Cochran facility; the closure was principally completed by the end of the second quarter of fiscal 2013. The Company transitioned production from the Cochran facility, which produced less than 10% of the Company's total sales, to various existing facilities in North America.

During fiscal 2012, approximately \$9.4 of pre-tax special charges related to the Cochran facility closure consisting primarily of severance and employee-related costs of \$7.6, production transfer expenses of \$1.4, and non-cash impairments and other miscellaneous costs of \$0.4 were recognized and were included in Special Charge in the Consolidated Statements of Income. In addition, the Company also recorded related pre-tax expenses of \$4.4 in fiscal 2012, which were included in Cost of Products Sold in the Consolidated Statements of Income. These related expenses consisted of directly attributable temporary manufacturing inefficiencies of \$3.2 and non-cash asset impairments of \$1.2 related to the abandonment of certain otherwise usable inventory at the Cochran facility. During the first half of fiscal 2013, approximately \$1.0 of pre-tax special charges related to fiscal 2012 actions, consisting primarily of production transfer expenses of \$1.2 and net favorable adjustments of \$0.2 to the fiscal 2012 events reserve, were recognized and were included in Special Charge in the Consolidated Statements of Income. In addition, related pre-tax expenses of \$7.6 directly attributable to temporary manufacturing inefficiencies were recorded in the first half of fiscal 2013 and were included in Cost of Products Sold in the Consolidated Statements of Income.

Although the closure of the Cochran facility was principally completed by the end of the second quarter of fiscal 2013, management forecasts that additional costs, primarily comprised of temporary production inefficiencies, of approximately \$1.0 associated with the closing of the Cochran facility will be incurred in the third fiscal quarter. Management anticipates no further costs related to this streamlining effort will be incurred after the third quarter of fiscal 2013.

The Company estimates that the total annualized pre-tax savings associated with all streamlining activities initiated in 2012, including the closure of the Cochran facility, to be approximately \$14.0 of which approximately \$4.0 was realized in fiscal 2012. Excluding the inefficiencies noted above, the Company realized approximately \$6.0 of benefits in the first six months of fiscal 2013 and is now at the total annualized savings run rate from the streamlining activities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

At August 31, 2012, the Company had severance reserves of \$5.6 related to fiscal 2012 actions. During the first six months of fiscal 2013, net favorable adjustments of \$0.2 related to fiscal 2012 actions were recognized and are included in Special Charge in the Consolidated Statements of Income. In addition, the Company made payments of \$4.8 related to severance and employee-related costs during the six month period ended February 28, 2013. As of February 28, 2013, the Company had remaining severance reserves of \$0.6 related to restructuring activities initiated in fiscal 2012, which are included in Accrued Compensation on the Consolidated Balance Sheets.

16. Supplemental Guarantor Condensed Consolidating Financial Statements

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

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

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CONDENSED CONSOLIDATING BALANCE SHEETS

February 28, 2013

	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
ASSETS						
Current Assets:						
Cash and cash equivalents	\$200.8	\$—	\$—	\$62.0	\$—	\$ 262.8
Accounts receivable, net	—	246.3	—	36.0	—	282.3
Inventories	—	183.1	—	10.6	—	193.7
Other current assets	9.6	28.2	—	7.1	—	44.9
Total Current Assets	210.4	457.6	—	115.7	—	783.7
Property, Plant, and Equipment, net	0.3	114.4	—	30.2	—	144.9
Goodwill	—	516.1	2.7	35.9	—	554.7
Intangible assets	—	103.6	120.6	3.8	—	228.0
Other long-term assets	2.6	20.6	—	7.9	—	31.1
Investments in subsidiaries	769.1	106.7	—	—	(875.8)	—
Total Assets	\$982.4	\$1,319.0	\$123.3	\$193.5	\$(875.8)	\$ 1,742.4
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities:						
Accounts payable	\$0.4	\$201.6	\$—	\$11.7	\$—	\$ 213.7
Intercompany payable (receivable)	47.7	6.0	(107.5)	53.8	—	—
Other accrued liabilities	6.6	75.8	—	16.4	—	98.8
Total Current Liabilities	54.7	283.4	(107.5)	81.9	—	312.5
Long-Term Debt	—	353.5	—	—	—	353.5
Deferred Income Taxes	(33.3)	68.2	—	(2.8)	—	32.1
Other Long-Term Liabilities	70.3	59.8	—	23.5	—	153.6
Total Stockholders' Equity	890.7	554.1	230.8	90.9	(875.8)	890.7
Total Liabilities and Stockholders' Equity	\$982.4	\$1,319.0	\$123.3	\$193.5	\$(875.8)	\$ 1,742.4

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CONDENSED CONSOLIDATING BALANCE SHEETS

August 31, 2012

	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
ASSETS						
Current Assets:						
Cash and cash equivalents	\$246.6	\$—	\$—	\$37.9	\$—	\$ 284.5
Accounts receivable, net	—	228.2	—	35.6	—	263.8
Inventories	—	183.8	—	10.3	—	194.1
Other current assets	4.5	26.2	—	5.9	—	36.6
Total Current Assets	251.1	438.2	—	89.7	—	779.0
Property, Plant, and Equipment, net	—	109.6	—	29.6	—	139.2
Goodwill	—	516.1	2.7	36.1	—	554.9
Intangible assets	—	104.5	122.0	4.3	—	230.8
Other long-term assets	3.6	20.8	—	8.6	—	33.0
Investments in subsidiaries	705.1	87.3	—	—	(792.4)	—
Total Assets	\$959.8	\$1,276.5	\$124.7	\$168.3	\$(792.4)	\$ 1,736.9
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities:						
Accounts payable	\$0.8	\$218.0	\$—	\$13.9	\$—	\$ 232.7
Intercompany payable (receivable)	83.4	(28.3)	(98.1)	43.0	—	—
Other accrued liabilities	12.6	103.2	—	16.3	—	132.1
Total Current Liabilities	96.8	292.9	(98.1)	73.2	—	364.8
Long-Term Debt	—	353.5	—	—	—	353.5
Deferred Income Taxes	(32.0)	68.2	—	(2.8)	—	33.4
Other Long-Term Liabilities	61.0	64.7	—	25.5	—	151.2
Total Stockholders' Equity	834.0	497.2	222.8	72.4	(792.4)	834.0
Total Liabilities and Stockholders' Equity	\$959.8	\$1,276.5	\$124.7	\$168.3	\$(792.4)	\$ 1,736.9

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

Three Months Ended February 28, 2013

	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
Net Sales:						
External sales	\$—	\$429.0	\$—	\$57.7	\$—	\$ 486.7
Intercompany sales	—	—	7.5	19.9	(27.4)	—
Total Sales	—	429.0	7.5	77.6	(27.4)	486.7
Cost of Products Sold	—	256.6	—	60.3	(19.9)	297.0
Gross Profit	—	172.4	7.5	17.3	(7.5)	189.7
Selling, Distribution, and Administrative Expenses	6.5	129.2	0.7	15.4	(7.5)	144.3
Intercompany charges	(0.8)	0.5	—	0.3	—	—
Special Charge	—	0.3	—	—	—	0.3
Operating Profit	(5.7)	42.4	6.8	1.6	—	45.1
Interest expense (income), net	2.3	5.6	—	(0.1)	—	7.8
Equity earnings in subsidiaries	(29.9)	(1.6)	—	—	31.5	—
Miscellaneous (income) expense, net	—	0.6	—	(0.5)	—	0.1
Income from Continuing Operations before Provision for Income Taxes	21.9	37.8	6.8	2.2	(31.5)	37.2
Provision for Income Taxes	(2.8)	11.9	2.7	0.7	—	12.5
Net Income	\$24.7	\$25.9	\$4.1	\$1.5	\$(31.5)	\$ 24.7

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

Three Months Ended February 29, 2012

	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
Net Sales:						
External sales	\$—	\$409.7	\$—	\$48.0	\$—	\$ 457.7
Intercompany sales	—	—	7.4	13.7	(21.1)	—
Total Sales	—	409.7	7.4	61.7	(21.1)	457.7
Cost of Products Sold	—	240.2	—	49.3	(13.7)	275.8
Gross Profit	—	169.5	7.4	12.4	(7.4)	181.9
Selling, Distribution, and Administrative Expenses	6.5	121.9	1.0	14.3	(7.4)	136.3
Intercompany charges	(0.9)	0.4	—	0.5	—	—
Special Charge	—	5.7	—	0.9	—	6.6
Operating Profit	(5.6)	41.5	6.4	(3.3)	—	39.0
Interest expense (income), net	2.3	5.5	—	(0.1)	—	7.7
Equity earnings in subsidiaries	(24.6)	2.8	—	—	21.8	—
Miscellaneous (income) expense, net	(0.1)	0.4	—	0.8	—	1.1
Income from Continuing Operations before Provision for Income Taxes	16.8	32.8	6.4	(4.0)	(21.8)	30.2
Provision for Income Taxes	(2.7)	11.5	2.6	(0.7)	—	10.7
Net Income	\$19.5	\$21.3	\$3.8	\$(3.3)	\$(21.8)	\$ 19.5

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

	Six Months Ended February 28, 2013					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
Net Sales:						
External sales	\$—	\$851.8	\$—	\$116.0	\$—	\$ 967.8
Intercompany sales	—	—	14.8	43.0	(57.8)	—
Total Sales	—	851.8	14.8	159.0	(57.8)	967.8
Cost of Products Sold	—	511.5	—	120.1	(43.0)	588.6
Gross Profit	—	340.3	14.8	38.9	(14.8)	379.2
Selling, Distribution, and Administrative Expenses	14.2	252.2	1.5	31.8	(14.8)	284.9
Intercompany charges	(1.7)	1.1	—	0.6	—	—
Special Charge	—	0.7	—	0.3	—	1.0
Operating Profit	(12.5)	86.3	13.3	6.2	—	93.3
Interest expense (income), net	4.6	11.1	—	(0.2)	—	15.5
Equity earnings in subsidiaries	(61.3)	(5.5)	—	0.1	66.7	—
Miscellaneous (income) expense, net	—	0.4	—	(0.2)	—	0.2
Income from Continuing Operations before Provision for Income Taxes	44.2	80.3	13.3	6.5	(66.7)	77.6
Provision for Income Taxes	(6.6)	26.2	5.3	1.9	—	26.8
Net Income	\$50.8	\$54.1	\$8.0	\$4.6	\$(66.7)	\$ 50.8

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF INCOME

Six Months Ended February 29, 2012

	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
Net Sales:						
External sales	\$—	\$832.4	\$—	\$99.6	\$—	\$ 932.0
Intercompany sales	—	—	14.8	29.8	(44.6)	—
Total Sales	—	832.4	14.8	129.4	(44.6)	932.0
Cost of Products Sold	—	484.9	—	101.3	(29.8)	556.4
Gross Profit	—	347.5	14.8	28.1	(14.8)	375.6
Selling, Distribution, and Administrative Expenses	13.2	247.5	1.9	29.0	(14.8)	276.8
Intercompany charges	(1.7)	1.1	—	0.6	—	—
Special Charge	—	8.4	—	0.9	—	9.3
Operating Profit	(11.5)	90.5	12.9	(2.4)	—	89.5
Interest expense (income), net	4.5	11.1	—	(0.2)	—	15.4
Equity earnings in subsidiaries	(59.8)	(0.2)	—	0.1	59.9	—
Miscellaneous (income) expense, net	(0.2)	0.6	—	(2.2)	—	(1.8)
Income from Continuing Operations before Provision for Income Taxes	44.0	79.0	12.9	(0.1)	(59.9)	75.9
Provision for Income Taxes	(5.5)	26.0	5.2	0.7	—	26.4
Net Income	\$49.5	\$53.0	\$7.7	\$(0.8)	\$(59.9)	\$ 49.5

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Three Months Ended February 28, 2013					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non-Guarantors	Eliminations	Consolidated
Net Income	\$24.7	\$25.9	\$4.1	\$1.5	\$ (31.5)	\$ 24.7
Other Comprehensive Income/(Expense) Items:						
Foreign Currency Translation Adjustments	(0.6)	(0.6)	—	—	0.6	(0.6)
Defined Benefit Pension Plans:						
Prior service cost from plan amendment during period	—	—	—	—	—	—
Amortization of defined benefit pension items:						
Prior service cost	0.1	—	—	—	—	0.1
Actuarial losses	1.6	1.1	—	0.4	(1.5)	1.6
Total Defined Benefit Pension Plans, net	1.7	1.1	—	0.4	(1.5)	1.7
Other Comprehensive Income/(Expense) Items before Provision for Income Taxes	1.1	0.5	—	0.4	(0.9)	1.1
Income Tax (Expense)/Benefit related to Other Comprehensive Income/(Expense) Items	(0.6)	(0.4)	—	(0.1)	0.5	(0.6)
Other Comprehensive Income/(Expense) Items after Provision for Income Taxes	0.5	0.1	—	0.3	(0.4)	0.5
Comprehensive Income	\$25.2	\$26.0	\$4.1	\$1.8	\$ (31.9)	\$ 25.2

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Three Months Ended February 29, 2012					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non-Guarantors	Eliminations	Consolidated
Net Income	\$19.5	\$21.3	\$3.8	\$(3.3)	\$(21.8)	\$19.5
Other Comprehensive Income/(Expense) Items:						
Foreign Currency Translation Adjustments	3.9	3.9	—	—	(3.9)	3.9
Defined Benefit Pension Plans:						
Prior service cost from plan amendment during period	—	—	—	—	—	—
Amortization of defined benefit pension items:						
Prior service cost	—	—	—	—	—	—
Actuarial losses	1.0	0.8	—	0.2	(1.0)	1.0
Total Defined Benefit Pension Plans, net	1.0	0.8	—	0.2	(1.0)	1.0
Other Comprehensive Income/(Expense) Items before Provision for Income Taxes	4.9	4.7	—	0.2	(4.9)	4.9
Income Tax (Expense)/Benefit related to Other Comprehensive Income/(Expense) Items	(0.4)	(0.3)	—	(0.1)	0.4	(0.4)
Other Comprehensive Income/(Expense) Items after Provision for Income Taxes	4.5	4.4	—	0.1	(4.5)	4.5
Comprehensive Income	\$24.0	\$25.7	\$3.8	\$(3.2)	\$(26.3)	\$24.0

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF OTHER COMPREHENSIVE INCOME

Six Months Ended February 28, 2013

	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non-Guarantors	Eliminations	Consolidated
Net Income	\$50.8	\$54.1	\$8.0	\$4.6	\$ (66.7)	\$ 50.8
Other Comprehensive Income/(Expense) Items:						
Foreign Currency Translation Adjustments	0.7	0.7	—	—	(0.7)	0.7
Defined Benefit Pension Plans:						
Prior service cost from plan amendment during period	(5.5)	—	—	—	—	(5.5)
Amortization of defined benefit pension items:						
Prior service cost	0.3	—	—	—	—	0.3
Actuarial losses	3.2	2.2	—	0.9	(3.1)	3.2
Total Defined Benefit Pension Plans, net	(2.0)	2.2	—	0.9	(3.1)	(2.0)
Other Comprehensive Income/(Expense) Items before Provision for Income Taxes	(1.3)	2.9	—	0.9	(3.8)	(1.3)
Income Tax (Expense)/Benefit related to Other Comprehensive Income/(Expense) Items	1.0	(0.8)	—	(0.2)	1.0	1.0
Other Comprehensive Income/(Expense) Items after Provision for Income Taxes	(0.3)	2.1	—	0.7	(2.8)	(0.3)
Comprehensive Income	\$50.5	\$56.2	\$8.0	\$5.3	\$ (69.5)	\$ 50.5

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF OTHER COMPREHENSIVE INCOME

Six Months Ended February 29, 2012

	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non-Guarantors	Eliminations	Consolidated
Net Income	\$49.5	\$53.0	\$7.7	\$ (0.8)	\$ (59.9)	\$ 49.5
Other Comprehensive Income/(Expense) Items:						
Foreign Currency Translation Adjustments	(5.2)	(5.2)	—	—	5.2	(5.2)
Defined Benefit Pension Plans:						
Prior service cost from plan amendment during period	—	—	—	—	—	—
Amortization of defined benefit pension items:						
Prior service cost	—	—	—	—	—	—
Actuarial losses	2.0	1.6	—	0.4	(2.0)	2.0
Total Defined Benefit Pension Plans, net	2.0	1.6	—	0.4	(2.0)	2.0
Other Comprehensive Income/(Expense) Items before Provision for Income Taxes	(3.2)	(3.6)	—	0.4	3.2	(3.2)
Income Tax (Expense)/Benefit related to Other Comprehensive Income/(Expense) Items	(0.7)	(0.5)	—	(0.2)	0.7	(0.7)
Other Comprehensive Income/(Expense) Items after Provision for Income Taxes	(3.9)	(4.1)	—	0.2	3.9	(3.9)
Comprehensive Income	\$45.6	\$48.9	\$7.7	\$ (0.6)	\$ (56.0)	\$ 45.6

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Six Months Ended February 28, 2013					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
Net Cash Provided by (Used for) Operating Activities	\$(49.3)	\$35.8	\$—	\$13.2	\$—	\$(0.3)
Cash Provided by (Used for) Investing Activities:						
Purchases of property, plant, and equipment	(0.3)	(20.0)	—	(1.6)	—	(21.9)
Proceeds from sale of property, plant, and equipment	—	—	—	0.1	—	0.1
Investments in subsidiaries	—	(13.1)	—	—	13.1	—
Acquisitions of business and intangible assets	—	(3.3)	—	—	—	(3.3)
Net Cash Used for Investing Activities	(0.3)	(36.4)	—	(1.5)	13.1	(25.1)
Cash Provided by (Used for) Financing Activities:						
Proceeds from stock option exercises and other	9.1	—	—	—	—	9.1
Repurchases of common stock	—	—	—	—	—	—
Excess tax benefits from share-based payments	5.8	—	—	—	—	5.8
Intercompany dividends	—	—	—	—	—	—
Intercompany capital	—	—	—	13.1	(13.1)	—
Dividends paid	(11.1)	—	—	—	—	(11.1)
Net Cash (Used for) Provided by Financing Activities	3.8	—	—	13.1	(13.1)	3.8
Effect of Exchange Rate Changes on Cash	—	0.6	—	(0.7)	—	(0.1)
Net Change in Cash and Cash Equivalents	(45.8)	—	—	24.1	—	(21.7)
Cash and Cash Equivalents at Beginning of Period	246.6	—	—	37.9	—	284.5
Cash and Cash Equivalents at End of Period	\$200.8	\$—	\$—	\$62.0	\$—	\$262.8

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ACUITY BRANDS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Six Months Ended February 29, 2012					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Eliminations	Consolidated
Net Cash (Used for) Provided by Operating Activities	\$34.6	\$9.1	\$—	\$(4.1)	\$(2.0)	\$ 37.6
Cash Provided by (Used for) Investing Activities:						
Purchases of property, plant, and equipment	—	(6.7)	—	(2.7)	—	(9.4)
Investments in subsidiaries	(3.8)	—	—	—	3.8	—
Acquisitions of business and intangible assets	—	(3.8)	—	—	—	(3.8)
Net Cash Used for Investing Activities	(3.8)	(10.5)	—	(2.7)	3.8	(13.2)
Cash Provided by (Used for) Financing Activities:						
Proceeds from stock option exercises and other	6.4	—	—	—	—	6.4
Repurchases of common stock	(9.2)	—	—	—	—	(9.2)
Excess tax benefits from share-based payments	4.1	—	—	—	—	4.1
Intercompany dividends	—	—	—	(2.0)	2.0	—
Intercompany capital	—	3.8	—	—	(3.8)	—
Dividends paid	(11.0)	—	—	—	—	(11.0)
Net Cash (Used for) Provided by Financing Activities	(9.7)	3.8	—	(2.0)	(1.8)	(9.7)
Effect of Exchange Rate Changes on Cash	—	(2.5)	—	(1.8)	—	(4.3)
Net Change in Cash and Cash Equivalents	21.1	(0.1)	—	(10.6)	—	10.4
Cash and Cash Equivalents at Beginning of Period	127.2	0.1	—	42.9	—	170.2
Cash and Cash Equivalents at End of Period	\$ 148.3	\$—	\$—	\$32.3	\$—	\$ 180.6

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

(\$ in millions, except per-share data and as indicated)

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

The purpose of this discussion and analysis is to enhance the understanding and evaluation of the results of operations, financial position, cash flows, indebtedness, and other key financial information of Acuity Brands, Inc. ("Acuity Brands"), and its subsidiaries as of February 28, 2013 and for the three and six months ended February 28, 2013 and February 29, 2012. For a more complete understanding of this discussion, please read the Notes to Consolidated Financial Statements included in this report. Also, please refer to the Company's 2012 Annual Report on Form 10-K for the fiscal year ended August 31, 2012, filed with the Securities and Exchange Commission (the "SEC") on October 26, 2012 ("Form 10-K").

Overview

Company

Acuity Brands is the parent company of Acuity Brands Lighting, Inc. ("ABL"), and other subsidiaries (collectively referred to herein as the "Company"). The Company, with its principal office in Atlanta, Georgia, employs approximately 6,000 people worldwide.

The Company designs, produces, and distributes a broad array of lighting solutions and services for commercial, institutional, industrial, infrastructure, and residential applications for various markets throughout North America and select international markets. The Company's lighting solutions include devices such as luminaires, lighting controls including wireless components, power supplies, prismatic skylights, light-emitting diode ("LED") lamps, and integrated lighting systems for indoor and outdoor applications utilizing a combination of light sources, including daylight, and other devices controlled by software that monitors and manages light levels while optimizing energy consumption (collectively referred to herein as "lighting solutions"). The Company is one of the world's leading producers and distributors of lighting solutions, with a broad, highly configurable product offering, consisting of approximately 500,000 active products as part of over 2,000 product groups that are sold to a broad and diverse customer base. As of February 28, 2013, the Company operates 18 manufacturing facilities and seven distribution facilities along with two warehouses to serve its extensive customer base.

Please refer to the Description of Business and Basis of Presentation footnote of the Notes to Consolidated Financial Statements for more information on the Company's structure.

Liquidity and Capital Resources

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

Based on its cash on hand, availability under existing financing arrangements and current projections of cash flow from operations, the Company believes that it will be able to meet its liquidity needs over the next 12 months. Short-term needs are expected to include funding operations as currently planned, making anticipated capital investments, paying quarterly stockholder dividends as currently anticipated, paying principal and interest on borrowings as currently scheduled, making required contributions to its employee benefit plans, funding potential acquisitions, and potentially repurchasing shares of its outstanding common stock as authorized by the Board of Directors. Two million shares of the Company's common stock are currently authorized and available for repurchase under an existing repurchase program. The Company expects to repurchase these shares on an opportunistic basis. The Company currently expects to invest approximately \$40.0 during fiscal 2013, primarily for facility improvements, equipment, tooling, and new and enhanced information technology capabilities. Expected capital spending for fiscal 2013 includes approximately \$5.0 related to facility improvements to accommodate the closure of the Cochran facility and an additional \$5.0 related to the refurbishment of a furnace at the glass manufacturing facility of the Company which is generally required approximately every five years. Additionally, management believes that the Company's cash flows from operations and sources of funding, including but not limited to borrowing capacity, will sufficiently

support the long-term liquidity needs of the Company.

Cash Flow

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

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The Company's cash position at February 28, 2013 was \$262.8, a decrease of \$21.7 from August 31, 2012. Cash on-hand and cash generated from stock issued under employee and director compensation plans during the period was used during the first six months of fiscal 2013 primarily to make capital expenditures of \$21.9, make an acquisition, pay dividends to stockholders of \$11.1, and to fund operating activities.

During the six months ended February 28, 2013, the Company used \$0.3 for operating activities compared with \$37.6 generated by operating activities in the prior-year period, a decrease of \$37.9. The decrease in cash flow from operating activities was due primarily to higher working capital as a result of an increase in accounts receivable and decreases in accounts payable and accrued compensation. Accounts receivable increased as a result of higher net sales during the three months ended February 28, 2013 compared to the respective prior-year period. Accounts payable decreased primarily as a result of payments made during the six months ended February 28, 2013 for inventory purchases late in the fourth quarter of fiscal 2012.

Management believes that investing in assets and programs that will over time increase the overall return on its invested capital is a key factor in driving stockholder value. The Company invested \$21.9 and \$9.4 in the first six months of fiscal 2013 and 2012, respectively, primarily related to investments in new tooling, machinery, and information technology. In addition, capital expenditures in the first six months of fiscal 2013 included facility improvements and equipment to accommodate the closure of the Cochran facility and the expansion of manufacturing capabilities in certain other locations. As noted above, the Company expects to invest approximately \$40.0 for facility improvements, equipment, tooling, and enhanced information technology capabilities during fiscal 2013. Expected capital spending for fiscal 2013 includes approximately \$5.0 related to facility improvements to accommodate the closure of the Cochran facility and an additional \$5.0 related to the refurbishment of a furnace at the glass manufacturing facility of the Company which is generally required approximately every five years.

On December 20, 2012, the Company acquired for cash all of the ownership interests in Adura Technologies ("Adura"), a leading developer of radio frequency (RF) mesh networking technology that allows individual light fixtures to communicate in a wireless mesh network with switches, sensors and system management software. The operating results of Adura have been included in the Company's consolidated financial statements since the date of acquisition and are not material to the Company's financial condition, results of operations, or cash flows.

Capitalization

The current capital structure of the Company is comprised principally of senior unsecured notes and equity of its stockholders. As of February 28, 2013, total debt outstanding of \$353.5 remained substantially unchanged from August 31, 2012 and consisted primarily of fixed-rate obligations.

On January 31, 2012, the Company executed a \$250.0 revolving credit facility (the "Revolving Credit Facility"). The Revolving Credit Facility replaced the Company's prior \$250.0 revolving credit facility, which was scheduled to mature on October 19, 2012. The Company recognized a write-off of less than \$0.1 in deferred financing costs in connection with this replacement. The Revolving Credit Facility will mature and any and all amounts outstanding will be due and payable on January 31, 2017.

The Company was in compliance with all financial covenants under the Revolving Credit Facility as of February 28, 2013. At February 28, 2013, the Company had additional borrowing capacity under the Revolving Credit Facility of \$244.3 under the most restrictive covenant in effect at the time, which represents the full amount of the Revolving Credit Facility less outstanding letters of credit of \$5.7 issued under the Revolving Credit Facility. As of February 28, 2013, the Company had outstanding letters of credit totaling \$9.9, primarily for securing collateral requirements under the casualty insurance programs for Acuity Brands and providing credit support for the Company's industrial revenue bond, including \$5.7 issued under the Revolving Credit Facility. See the Debt footnote of the Notes to Consolidated Financial Statements.

During the first six months of fiscal 2013, the Company's consolidated stockholders' equity increased \$56.7 to \$890.7 at February 28, 2013 from \$834.0 at August 31, 2012. The increase was due primarily to net income earned in the period, as well as amortization of stock-based compensation, stock issuances resulting primarily from the exercise of stock options, and amortization of pension plan prior service costs and actuarial losses, partially offset by dividend payments and the impact of certain changes to the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan made in October, 2012. The Company's debt to total capitalization ratio (calculated by dividing total debt by the sum

of total debt and total stockholders' equity) was 28.4% and 29.8% at February 28, 2013 and August 31, 2012, respectively. The ratio of debt, net of cash, to total capitalization, net of cash, was 9.2% at February 28, 2013 and 7.6% at August 31, 2012.

Dividends

Acuity Brands paid dividends on its common stock of \$11.1 (\$0.26 per share) during the six months ended February 28, 2013, compared with \$11.0 (\$0.26 per share) during the six months ended February 29, 2012. Acuity Brands currently plans to pay quarterly dividends at a rate of \$0.13 per share for the remainder of fiscal 2013. All decisions regarding the declaration and

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payment of dividends by Acuity Brands are at the discretion of the Board of Directors of Acuity Brands and are evaluated regularly in light of the Company's financial condition, earnings, growth prospects, funding requirements, applicable law, and any other factors the Board deems relevant.

Results of Operations

Second Quarter of Fiscal 2013 Compared with Second Quarter of Fiscal 2012

The following table sets forth information comparing the components of net income for the three months ended February 28, 2013 and February 29, 2012:

	Three Months Ended				Increase (Decrease)	Percent Change	
	February 28, 2013	February 29, 2012					
Net Sales	\$486.7	\$457.7	\$29.0	6.3		%	
Cost of Products Sold	297.0	275.8	21.2	7.7		%	
Gross Profit	189.7	181.9	7.8	4.3		%	
Percent of net sales	39.0	% 39.7	% (70	)	bps		
Selling, Distribution, and Administrative Expenses	144.3	136.3	8.0	5.9		%	
Special Charge	0.3	6.6	(6.3	)	NM		
Operating Profit	45.1	39.0	6.1	15.6		%	
Percent of net sales	9.3	% 8.5	% 80	bps			
Other Expense (Income)							
Interest Expense, net	7.8	7.7	0.1	1.3		%	
Miscellaneous (Income) Expense, net	0.1	1.1	(1.0	)	NM		
Total Other Expense	7.9	8.8	(0.9	)	(10.2)	%
Income before Provision for Income Taxes	37.2	30.2	7.0	23.2		%	
Percent of net sales	7.6	% 6.6	% 100	bps			
Provision for Taxes	12.5	10.7	1.8	16.8		%	
Effective tax rate	33.6	% 35.4	%				
Net Income	\$24.7	\$19.5	\$5.2	26.7		%	
Diluted Earnings per Share	\$0.57	\$0.46	\$0.11	23.9		%	

NM - not meaningful

Net sales were \$486.7 for the three months ended February 28, 2013, compared with \$457.7 reported for the three months ended February 29, 2012, an increase of \$29.0, or 6.3%. For the three months ended February 28, 2013, the Company reported net income of \$24.7, an increase of \$5.2, or 26.7%, compared with \$19.5 for the three months ended February 29, 2012. For the second quarter of fiscal 2013, diluted earnings per share increased to \$0.57 compared with \$0.46 reported in the year-ago period.

The table below reconciles certain U.S. GAAP financial measures to the corresponding non-U.S. GAAP measures referred to in the discussion of the Company's results of operations, which exclude restructuring charges associated primarily with continued efforts to streamline the organization through the planned closing of a manufacturing facility, other costs associated with temporary manufacturing inefficiencies, and a reduction in workforce. Although restructuring charges related to other efforts to improve overall Company efficiency have been recognized in prior periods and could recur in future periods, management typically excludes the impact of restructuring charges during internal reviews of performance and uses these non-U.S. GAAP measures for baseline comparative operational analysis, decision making, and other activities. These non-U.S. GAAP financial measures, including adjusted gross profit and margin, adjusted operating profit and margin, adjusted net income, and adjusted diluted earnings per share, are provided to enhance the user's overall understanding of the Company's current financial performance. Specifically, the Company believes these non-U.S. GAAP measures provide greater comparability and enhanced visibility into the results of operations, excluding the impact of special charges and certain other expenses. The non-U.S. GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with U.S. GAAP.

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	Three Months Ended		Increase (Decrease)	Percent Change	
	February 28, 2013	February 29, 2012			
Gross Profit	\$189.7	\$181.9			
Add-back: Manufacturing inefficiencies	2.8	—			
Adjusted Gross Profit	\$192.5	\$181.9	\$ 10.6	5.8	%
Percent of net sales	39.6	% 39.7	% (10	)	bps
Operating Profit	\$45.1	\$39.0			
Add-back: Manufacturing inefficiencies	2.8	—			
Add-back: Special Charge	0.3	6.6			
Adjusted Operating Profit	\$48.2	\$45.6	\$ 2.6	5.7	%
Percent of net sales	9.9	% 10.0	% (10	)	bps
Net Income	\$24.7	\$19.5			
Add-back: Manufacturing inefficiencies, net of tax	1.8	—			
Add-back: Special Charge, net of tax	0.2	4.5			
Adjusted Net Income	\$26.7	\$24.0	\$ 2.7	11.3	%
Diluted Earnings per Share	\$0.57	\$0.46			
Add-back: Manufacturing inefficiencies and Special Charge, net of tax	0.05	0.11			
Adjusted Diluted Earnings per Share	\$0.62	\$0.57	\$ 0.05	8.8	%

Net Sales

Net sales for the three months ended February 28, 2013 increased by 6.3% compared with the prior-year period due primarily due to an increase in sales volume of more than 9% which was partially offset by the impact of an unfavorable change in product prices and the mix of products sold (“price/mix”). The impact on net sales from foreign currency and acquisitions was not material. Sales volume was higher across most product categories and key sales channels in North America which was reflective of the improvement in the new construction market as well as the renovation and retrofit market. Management believes that sales growth in the second quarter of fiscal 2013 was positively influenced by customer projects that were delayed from the first quarter and released during the second quarter. This influx of orders from certain sales channels had a distortive impact on the mix of products sold and unfavorably impacted gross profit margins in the second quarter. While it is not possible to precisely quantify the separate impact of changes in price/mix, the Company estimates the unfavorable price/mix in the current quarter compared with the year-ago period was due primarily to a disproportionately higher mix of lower-margin products sold in the second quarter of fiscal 2013 as a result of an increase in the number of large renovation projects, particularly for national retailers, as well as a greater amount of value-oriented products sold through certain sales channels. In addition, price/mix was influenced by a reduction in the sales price of certain LED luminaires reflecting the continued decline in the cost of purchased LED components. Net sales of LED luminaires continued to grow at a healthy pace and comprised approximately 15% of total net sales during the second quarter of fiscal 2013 compared with 7% of total net sales in the prior-year period.

Gross Profit

Gross profit for the second quarter of fiscal 2013 increased \$7.8, or 4.3%, to \$189.7 compared with \$181.9 in the prior-year period. Gross profit margins decreased to 39.0% for the three months ended February 28, 2013 compared with 39.7% in the prior-year period. The decrease in gross profit margins was due largely to unfavorable price/mix and \$2.8 of temporary manufacturing inefficiencies incurred during the three months ended February 28, 2013 directly attributable to the closure of the Company's Cochran, Georgia production facility (“Cochran facility”). The closure of the Cochran facility was principally completed by the end of the second quarter of fiscal 2013. These items were partially offset by the favorable impact of increased net sales volume, lower material and component costs, and benefits associated with the closure of the Cochran facility (excluding the temporary manufacturing inefficiencies noted above).

Adjusted gross profit (excluding the impact of temporary manufacturing inefficiencies directly attributable to the Cochran facility closure) of \$192.5 increased \$10.6, or 5.8% compared with the prior-year period. The increase was due primarily to higher net sales, benefits associated with the closure of the Cochran facility, and lower materials and component costs compared to the year-ago period, partially offset by the impact of unfavorable price/mix. Adjusted gross profit margins

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decreased 10 basis points to 39.6% for the three months ended February 28, 2013 compared with 39.7% in the prior-year period.

Operating Profit

Selling, Distribution, and Administrative (“SD&A”) expenses for the three months ended February 28, 2013 were \$144.3 compared with \$136.3 in the prior-year period, an increase of \$8.0, or 5.9%. The increase in SD&A expenses was due primarily to higher costs to support the greater sales volume, including freight and commissions, as well as greater spending on activities to enhance sales, service, and customer support capabilities. Fiscal 2013 second quarter SD&A expenses were 29.6% of net sales, or 20 basis points lower compared with the 29.8% for the prior-year period. During the second quarter of fiscal 2013, the Company recorded a net pre-tax special charge of \$0.3 related primarily to streamlining efforts initiated during the second quarter of fiscal 2012. The special charge related primarily to production transfer costs associated with the closure of the Cochran facility. Further details regarding the Company's special charges are included in Note 15 Special Charges of the Notes to Consolidated Financial Statements.

Operating profit for the second quarter of fiscal 2013 was \$45.1 compared with \$39.0 for the prior-year period, an increase of \$6.1, or 15.6%. Operating profit margins increased 80 basis points to 9.3% for the second quarter of fiscal 2013 compared with 8.5% for the second quarter of fiscal 2012 due primarily to higher net sales, lower special charges associated primarily with the Cochran facility closure, lower material and component costs, and reduced SD&A spending as a percent of net sales, partially offset by unfavorable price/mix and manufacturing inefficiencies associated with the Cochran closure.

Adjusted operating profit (excluding the impact of temporary manufacturing inefficiencies directly attributable to the Cochran facility closure and special charges) increased by \$2.6, or 5.7%, to \$48.2 compared with \$45.6 (excluding the impact of the special charge) for the second quarter of fiscal 2012. The period-over-period increase was due primarily to the favorable impact of higher net sales, benefits associated with the closure of the Cochran facility (excluding the temporary manufacturing inefficiencies noted above), and lower material and component costs, partially offset by unfavorable price/mix and higher costs to support greater sales volumes. Adjusted operating profit margin (excluding the impact of temporary manufacturing inefficiencies directly attributable to the Cochran facility closure and special charges) decreased 10 basis points to 9.9% compared with adjusted operating profit margin (excluding the impact of the special charge) of 10.0% in the year-ago period.

Other Expense (Income)

Other expense (income) consists principally of net interest expense and net miscellaneous expense (income), which is comprised primarily of foreign exchange transaction-related gains and losses. Interest expense, net, increased slightly to \$7.8 for the three months ended February 28, 2013 compared with \$7.7 for the three months ended February 29, 2012. Higher interest expense, due primarily to increased interest expense related to obligations associated with non-qualified retirement plans, was partially offset by higher interest income. The Company reported net miscellaneous expense of \$0.1 and \$1.1 in the second quarter of fiscal 2013 and 2012, respectively. Fiscal 2012 second quarter net miscellaneous expense was due primarily to the unfavorable impact of exchange rates on certain foreign currency items, primarily Mexican Peso-denominated exposures, which did not repeat to the same extent in the quarter ended February 28, 2013.

Provision for Income Taxes and Net Income

The Company's effective income tax rate was 33.6% and 35.4% for the three months ended February 28, 2013 and February 29, 2012, respectively. The decrease in the effective tax rate was due primarily to the retroactive application of the research and development tax credit included in the “American Taxpayer Relief Act of 2012” which became law during the current fiscal quarter. The Company estimates that the effective tax rate for fiscal 2013 will be approximately 35% if the rates in its taxing jurisdictions remain generally consistent throughout the year.

Net income for the second quarter of fiscal 2013 increased \$5.2 to \$24.7 from \$19.5 reported for the prior-year period. The increase in net income resulted primarily from higher operating profit, lower other expense, and a lower tax effective income tax rate. Diluted earnings per share for the three months ended February 28, 2013 increased \$0.11, or 23.9%, to \$0.57 compared with diluted earnings per share of \$0.46 for the prior-year period.

Adjusted net income (excluding the impact of temporary manufacturing inefficiencies directly attributable to the Cochran facility closure and the special charge) for the second quarter of fiscal 2013 was \$26.7 compared with \$24.0

of adjusted net income (excluding the impact of the special charge) in the prior-year period, which represented an increase of \$2.7, or 11.3%. Adjusted diluted earnings per share (excluding the impact of temporary manufacturing inefficiencies directly attributable to the Cochran facility closure and the special charge) for the three months ended February 28, 2013 increased \$0.05, or 8.8%, to \$0.62 compared with adjusted diluted earnings per share (excluding the impact of the special charge) of \$0.57 for the prior-year period.

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First Six Months of Fiscal 2013 Compared with First Six Months of Fiscal 2012

The following table sets forth information comparing the components of net income for the six months ended February 28, 2013 and February 29, 2012:

	Six Months Ended		Increase (Decrease)	Percent Change	
	February 28, 2013	February 29, 2012			
Net Sales	\$967.8	\$932.0	\$35.8	3.8	%
Cost of Products Sold	588.6	556.4	32.2	5.8	%
Gross Profit	379.2	375.6	3.6	1.0	%
Percent of net sales	39.2	% 40.3	% (110	)	bps
Selling, Distribution, and Administrative Expenses	284.9	276.8	8.1	2.9	%
Special Charge	1.0	9.3	(8.3	)	NM
Operating Profit	93.3	89.5	3.8	4.2	%
Percent of net sales	9.6	% 9.6	% —		bps
Other Expense (Income)					
Interest Expense, net	15.5	15.4	0.1	0.6	%
Miscellaneous (Income) Expense, net	0.2	(1.8	)	2.0	NM
Total Other Expense	15.7	13.6	2.1	15.4	%
Income before Provision for Income Taxes	77.6	75.9	1.7	2.2	%
Percent of net sales	8.0	% 8.1	% (10	)	bps
Provision for Taxes	26.8	26.4	0.4	1.5	%
Effective tax rate	34.5	% 34.8	%		
Net Income	\$50.8	\$49.5	\$1.3	2.6	%
Diluted Earnings per Share	\$1.18	\$1.16	\$0.02	1.7	%
NM - not meaningful					

Net sales were \$967.8 for the six months ended February 28, 2013, compared with \$932.0 reported for the six months ended February 29, 2012, an increase of \$35.8, or approximately 3.8%. For the six months ended February 28, 2013, the Company reported net income of \$50.8 compared with \$49.5 for the six months ended February 29, 2012. For the first half of fiscal 2013, diluted earnings per share increased 1.7% to \$1.18 from \$1.16 for the prior-year period. The table below reconciles certain U.S. GAAP financial measures referred to in the discussion of the Company's results of operations to the corresponding non-U.S. GAAP measures, which exclude costs associated with temporary manufacturing inefficiencies and special charges associated primarily with continued efforts to streamline the organization through the planned closing of a manufacturing facility and by realigning responsibilities primarily within various SD&A departments.

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	Six Months Ended				Percent Change
	February 28, 2013	February 29, 2012	Increase (Decrease)		
Gross Profit	\$ 379.2	\$ 375.6			
Add-back: Manufacturing inefficiencies	7.6	—			
Adjusted Gross Profit	\$ 386.8	\$ 375.6	\$ 11.2	3.0	%
Percent of net sales	40.0	% 40.3	% (30	)	bps
Operating Profit	\$ 93.3	\$ 89.5			
Add-back: Manufacturing inefficiencies	7.6	—			
Add-back: Special Charge	1.0	9.3			
Adjusted Operating Profit	\$ 101.9	\$ 98.8	\$ 3.1	3.1	%
Percent of net sales	10.5	% 10.6	% (10	)	bps
Net Income	\$ 50.8	\$ 49.5			
Add-back: Manufacturing inefficiencies, net of tax	4.8	—			
Add-back: Special Charge, net of tax	0.7	6.3			
Adjusted Net Income	\$ 56.3	\$ 55.8	\$ 0.5	0.9	%
Diluted Earnings per Share	\$ 1.18	\$ 1.16			
Add-back: Manufacturing inefficiencies and Special Charge, net of tax	0.13	0.15			
Adjusted Diluted Earnings per Share	\$ 1.31	\$ 1.31	\$ —	—	%

Net Sales

Net sales for the six months ended February 28, 2013 increased by 3.8% compared with the prior-year period due primarily to an increase in sales volume of more than 5% which was partially offset by the impact of an unfavorable change in product prices and the mix of products sold (“price/mix”). The impact on net sales from foreign currency and acquisitions was not material. Sales volume was higher across most product categories and key sales channels in North America. The lull in demand experienced in the first quarter of fiscal 2013 was followed by improvements in demand in the second quarter. The unfavorable price/mix was due primarily to a disproportionately higher mix of lower-margin products sold primarily in the second quarter of fiscal 2013 as a result of an increase in the number of large renovation projects, particularly for national retailers, as well as a greater amount of value-oriented products sold through certain sales channels. In addition, price/mix was influenced by a reduction in the sales price of certain LED luminaries reflecting the continued decline in the cost of purchased LED components. Net sales of LED luminaries continued to grow at a healthy pace and comprised approximately 14% of total net sales during the first six months of fiscal 2013 compared with 6% of total net sales in the prior-year period.

Gross Profit

Gross profit for the first half of fiscal 2013 increased \$3.6, or 1.0%, to \$379.2 compared with \$375.6 for the prior-year period. The increase was due primarily to the increase in net sales, benefits from the Cochran facility closure (excluding the impact of temporary manufacturing inefficiencies), and lower materials and component costs. These improvements were partially offset by unfavorable price/mix and \$7.6 of temporary manufacturing inefficiencies associated with the closure of the Company's Cochran facility as well as increased costs associated with new product introductions particularly in the first three months of fiscal 2013 compared with the year-ago period. As a result of these factors, gross profit margin decreased by 110 basis points to 39.2% for the six months ended February 28, 2013 compared with the prior-year period.

Adjusted gross profit (excluding the impact of temporary manufacturing inefficiencies directly attributable to the Cochran facility closure) of \$386.8 increased \$11.2, or 3.0% compared with the prior-year period. The increase was due primarily to higher net sales volume, benefits associated with the Cochran facility closure (excluding the impact of temporary manufacturing inefficiencies), and lower material and component costs. These items were partially offset by unfavorable price/mix as well as increased costs associated with new product introductions, particularly in the first three months of fiscal 2013 compared with the year-ago period. Adjusted gross profit margins decreased to 40.0% for the six months ended February 28, 2013 compared with 40.3% in the prior-year period.

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Operating Profit

SD&A expenses for the six months ended February 28, 2013, were \$284.9 compared with \$276.8 in the prior-year period, which represented an increase of \$8.1, or 2.9%. The increase in SD&A expenses was due primarily to higher costs to support the greater sales volume, including commissions and freight, and greater spending on activities to enhance sales, service, and customer support capabilities. Fiscal 2013 first half SD&A expenses were 29.4% of net sales, 30 basis points lower than the prior-year period.

During the first half of fiscal 2013, the Company recorded a net pre-tax special charge of \$1.0 related primarily to streamlining efforts initiated during the second quarter of fiscal 2012. The special charge primarily related to production transfer costs associated with the planned closure of the Cochran facility. Further details regarding the Company's special charges are included in Note 15 Special Charges of the Notes to Consolidated Financial Statements.

Operating profit for the first six months ended February 28, 2013 was \$93.3 compared with \$89.5 for the prior-year period, an increase of \$3.8, or 4.2%. The period-over-period increase was due primarily to higher net sales and lower material and component costs, partially offset by unfavorable price/mix, higher costs associated with new product introductions, manufacturing inefficiencies associated with the Cochran closure, and higher SD&A expenses as noted above. Operating profit margin of 9.6% for the first half of fiscal 2013 was consistent with the year-ago period. Adjusted operating profit (excluding the impact of temporary manufacturing inefficiencies directly attributable to the Cochran facility closure and the special charge) for the first half of fiscal 2013 increased by \$3.1, or 3.1%, to \$101.9 compared to adjusted operating profit of \$98.8 (excluding the impact of the special charge) for the first half of fiscal 2012. Adjusted operating profit margin (excluding the impact of temporary manufacturing inefficiencies directly attributable to the Cochran facility closure and special charge) decreased 10 basis points to 10.5% compared with adjusted operating profit margin (excluding the impact of the special charge) of 10.6% in the year-ago period.

Other Expense (Income)

Other expense (income) for the Company consists principally of net interest expense and net miscellaneous expense (income) which is comprised primarily of foreign exchange related gains and losses. Interest expense, net, was \$15.5 and \$15.4 for the six months ended February 28, 2013 and February 29, 2012, respectively. The increase in net interest expense was due primarily to increased interest related to obligations associated with non-qualified retirement plans. The Company reported \$0.2 of net miscellaneous expense in the first six months of fiscal 2013 compared with \$1.8 of net miscellaneous income in the first six months of fiscal 2012. Fiscal 2012 first half net miscellaneous income was due primarily to the impact of favorable exchange rates on certain foreign currency items, primarily Mexican Peso-denominated exposures.

Provision for Income Taxes and Net Income

The Company's effective income tax rate was 34.5% and 34.8% for the six months ended February 28, 2013 and February 29, 2012, respectively. The decrease in the effective tax rate was due primarily to the retroactive application of the research and development tax credit included in the "American Taxpayer Relief Act of 2012" which became law in the second quarter of fiscal 2013.

Net income for the first half of fiscal 2013 increased \$1.3 to \$50.8 from \$49.5 reported for the prior-year period. The increase in net income resulted primarily from higher operating profit, partially offset by lower net miscellaneous income. Diluted earnings per share for the six months ended February 28, 2013 were \$1.18 compared with diluted earnings per share of \$1.16 for the prior-year period.

Adjusted net income (excluding the impact of temporary manufacturing inefficiencies directly attributable to the Cochran facility closure and the special charge) for the first six months of fiscal 2013 was \$56.3 compared with \$55.8 of adjusted net income (excluding the impact of the special charge) in the year-ago period. Adjusted diluted earnings per share (excluding the impact of temporary manufacturing inefficiencies directly attributable to the Cochran facility closure and the special charge) were \$1.31 during each of the six months ended February 28, 2013 and February 29, 2012.

Outlook

Management believes that the execution of the Company's strategy will provide opportunities for continued future profitable growth. The Company's strategy is to capitalize on market growth opportunities by continuing to expand and leverage its industry-leading product and solutions portfolio combined with its extensive market presence and financial

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strength. Management continues to position the Company to optimize short-term performance while investing in and deploying resources for long-term profitable growth opportunities.

According to various third-party forecasts, the U.S. non-residential construction market, a key market for the Company, is projected to grow modestly through the remainder of fiscal 2013 with growth accelerating in the latter half of calendar year 2013. Various leading indicators seem to corroborate these growth projections for the U.S. non-residential construction market. The growth rate for the North American lighting market, which typically benefits from new construction as well as renovation and relight activity, is projected to be modestly higher, suggesting growth in the mid-single digit range for the remainder of fiscal 2013. While management still expects to see some volatility in demand among certain sales channels and geographies, management's expectation for the second half of fiscal 2013 is that overall demand in the Company's end markets will continue to improve and be more consistent and broad-based. The favorable trend in the Company's March order rates reflects this improvement. Management currently believes that the Company will benefit from growing renovation and tenant improvement projects, further expansion in underpenetrated geographies and channels, and growth from the introduction of new products and lighting solutions.

Additionally, the lighting industry continues to experience volatility with respect to input costs. While some commodity costs have waned recently, others continue to rise. Management currently expects material input costs to be relatively flat, except for certain LED components which should continue to decline. Further, while management expects employee-related costs will continue to rise due to wage inflation and rising health care costs, management will continue to be vigilant in its pricing posture and productivity efforts to help offset rising costs. Management remains optimistic about the opportunities for solid profitable growth in fiscal 2013 and expects the Company to be able to outperform the markets it serves while delivering performance more consistent with the management's long-term financial objectives.

From a longer term perspective, management expects that its addressable markets will experience solid growth over the next decade, particularly as energy and environmental concerns come to the forefront. Management remains positive about the future prospects of the Company and its ability to continue to outperform the markets it serves.

Critical Accounting Policies

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

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

Cautionary Statement Regarding Forward-Looking Information

This filing contains forward-looking statements within the meaning of the federal securities laws. Statements made herein that may be considered forward-looking include statements incorporating terms such as "expects", "believes",

“intends”, “anticipates” and similar terms that relate to future events, performance, or results of the Company. In addition, the Company, or the executive officers on the Company’s behalf, may from time to time make forward-looking statements in reports and other documents the Company files with the SEC or in connection with oral statements made to the press, current and potential investors, or others. Forward-looking statements include, without limitation: (a) the Company’s projections regarding financial performance, liquidity, capital structure, capital expenditures, and dividends; (b) expectations about the impact of volatility and uncertainty in general economic conditions; (c) external forecasts projecting industry unit volumes; (d) expectations about the impact of volatility and uncertainty in component and commodity costs and availability, and the Company’s ability to manage those challenges, as well as the Company’s response with pricing of its products; (e) the Company’s ability to execute and realize benefits from initiatives related to streamlining its operations, capitalizing on growth opportunities, expanding in key markets, enhancing service to the customer, and investing in product innovation; (f) the Company’s estimate of its fiscal 2013 annual tax rate; (g) the Company’s expectations regarding the timing, costs, and savings of streamlining events, and the Company’s ability to effectively execute the announced changes, including, but not limited to, transition of manufacturing capacity, labor negotiations, and disposition of property; (h) the Company’s future amortization expense; (i) the Company’s ability to achieve its long-term financial goals and measures; and (j) the Company’s expectations regarding future economic growth. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this quarterly report. Except as required by law, the Company undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this quarterly report or to reflect the occurrence of unanticipated events. The Company’s forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the historical experience of the Company and management’s present expectations or projections. These risks and uncertainties include, but are not limited to, customer and supplier relationships and prices; competition; ability to realize anticipated benefits from initiatives taken and timing of benefits; market demand; litigation and other contingent liabilities; market conditions; and economic, political, governmental, and technological factors affecting the Company. Also, additional risks that could cause the Company’s actual results to differ materially from those expressed in the Company’s forward-looking statements are discussed in Part I, “Item 1a. Risk Factors” of the Company’s Form 10-K, and are specifically incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Item 4. Controls and Procedures

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

As required by SEC rules, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of February 28, 2013. This evaluation was carried out under the supervision and with the participation of management, including the principal executive officer and principal financial officer. Based on this evaluation, these officers have concluded that the design and operation of the Company’s disclosure controls and procedures are effective at a reasonable assurance level as of February 28, 2013. However, because all disclosure procedures must rely to a significant degree on actions or decisions made by employees throughout the organization, such as reporting of material events, the Company and its reporting officers believe that they cannot provide absolute assurance that all control issues and instances of fraud or errors and omissions, if any, within the Company will be

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

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

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Information regarding reportable legal proceedings is contained in Part I, “Item 3. Legal Proceedings” in the Company’s Form 10-K. Information set forth in this report’s Commitments and Contingencies footnote of the Notes to Consolidated Financial Statements describes any legal proceedings that became reportable during the quarter ended February 28, 2013, and updates any descriptions of previously reported legal proceedings in which there have been material developments during such quarter. The discussion of legal proceedings included within the Commitments and Contingencies footnote of the Notes to Consolidated Financial Statements is incorporated into this Item 1 by reference.

Item 1a. Risk Factors

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

Item 5. Other Information

Declaration of Dividend

On March 29, 2013, the Board of Directors of the Company declared a quarterly dividend of \$0.13 per share. The dividend is payable on May 1, 2013, to stockholders of record on April 17, 2013.

Item 6. Exhibits

Exhibits are listed on the Index to Exhibits (page 44).

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SIGNATURES

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

ACUITY BRANDS, INC.

Date: April 3, 2013

By: /S/ VERNON J. NAGEL
VERNON J. NAGEL
CHAIRMAN, PRESIDENT, AND CHIEF EXECUTIVE
OFFICER

Date: April 3, 2013

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

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INDEX TO EXHIBITS

EXHIBIT 3	(a)	Restated Certificate of Incorporation of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.	Reference is made to Exhibit 3.1 of registrant's Form 8-K as filed with the Commission on September 26, 2007, which is incorporated herein by reference.
	(b)	Certificate of Amendment of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.	Reference is made to Exhibit 3.2 of registrant's Form 8-K as filed with the Commission on September 26, 2007, which is incorporated herein by reference.
	(c)	Amended and Restated Bylaws of Acuity Brands, Inc., dated as of September 30, 2011.	Reference is made to Exhibit 3.1 of registrant's Form 8-K as filed with the Commission on October 5, 2011, which is incorporated herein by reference.
EXHIBIT 31	(a)	Certification of the Chief Executive Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
	(b)	Certification of the Chief Financial Officer of the Company pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 32	(a)	Certification of the Chief Executive Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
	(b)	Certification of the Chief Financial Officer of the Company pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed with the Commission as part of this Form 10-Q.
EXHIBIT 101		The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2013, filed on April 3, 2013, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Cash Flows, and (iv) the Notes to Consolidated Financial Statements.	Filed with the Commission as part of this Form 10-Q.