

ACUITY BRANDS INC
Form 10-K
October 27, 2016
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark
One)

R ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934
For the fiscal year ended August 31, 2016

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934
For the transition period from to .

Commission file number 001-16583.

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

Delaware	58-2632672
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1170 Peachtree Street, N.E., Suite 2300, Atlanta, Georgia	30309-7676
(Address of principal executive offices)	(Zip Code)
(404) 853-1400	
(Registrant's telephone number, including area code)	

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock (\$0.01 Par Value)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☐

Indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☐

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements

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incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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 ☒

Based on the closing price of the Registrant's common stock of \$209.43 as quoted on the New York Stock Exchange on February 29, 2016, the aggregate market value of the voting stock held by nonaffiliates of the registrant was \$9,113,731,801.

The number of shares outstanding of the registrant's common stock, \$0.01 par value, was 44,082,639 shares as of October 26, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

Location in Form 10-K	Incorporated Document
Part II, Item 5	Proxy Statement for 2016 Annual Meeting of Stockholders
Part III, Items 10, 11, 12, 13, and 14	Proxy Statement for 2016 Annual Meeting of Stockholders

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PART I

Item 1. Business

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

Overview

Acuity Brands, Inc. ("Acuity Brands") is the parent company of Acuity Brands Lighting, Inc. ("ABL") and other subsidiaries (Acuity Brands, ABL, and such other subsidiaries are collectively referred to herein as the "Company"), and was incorporated in 2001 under the laws of the State of Delaware. The Company is one of the world's leading providers of lighting and building management solutions for commercial, institutional, industrial, infrastructure, and residential applications throughout North America and select international markets. The Company's lighting and building management solutions vary from individual devices to intelligent network systems. Individual devices include luminaires, lighting controls, lighting components, controllers for various building systems (including HVAC, lighting, shades and access control), power supplies, and prismatic skylights. Among other benefits, intelligent network systems can optimize energy efficiency and comfort as well as enhance the occupant experience for various indoor and outdoor applications, all the while reducing operating costs. Additionally, the Company continues to expand its solutions portfolio, including software and services, to provide a host of other economic benefits resulting from data analytics that enables the "Internet of Things" ("IoT") and supports the advancement of smart buildings, smart cities, and the smart grid.

As a results-driven, customer-centric company, management continues to align the unique capabilities and resources of the organization to drive profitable growth by providing comprehensive, differentiated, and integrated lighting and building management solutions for customers, driving world-class cost efficiency, and leveraging a culture of operational excellence through continuous improvement.

Lighting and building management solutions vary significantly in terms of functionality and performance and are selected based on a customer's specification, including the aesthetic desires and performance requirements for a given application. The Company's lighting and building management solutions are marketed under numerous brand names, including but not limited to Lithonia Lighting®, Holophane®, Peerless®, Gotham®, Mark Architectural Lighting™, Winona® Lighting, Juno®, Indy™, AccuLite®, Aculux™, Healthcare Lighting®, Hydrel®, American Electric Lighting®, Carandini®, Antique Street Lamps™, Sunoptics®, RELOC® Wiring Solutions, eldoLED®, Distech Controls®, and Acuity Controls™. As of August 31, 2016, the Company manufactures products in 17 facilities in North America and three facilities in Europe.

Principal customers include electrical distributors, system integrators, retail home improvement centers, electric utilities, lighting showrooms, national accounts, and energy service companies located in North America and select international markets serving new construction, renovation, and maintenance and repair applications. In North America, the Company's lighting and building management solutions are sold primarily by independent sales agents, electrical distributors, system integrators, and sales representatives who cover specific geographic areas and market channels. Products are delivered directly or through a network of distribution centers, regional warehouses, and commercial warehouses using both common carriers and a company-managed truck fleet. To serve international customers, the sales forces utilize a variety of distribution methods to meet specific individual customer or country requirements. In fiscal 2016, sales originated in North America accounted for approximately 96% of net sales. See the Supplemental Disaggregated Information footnote of the Notes to Consolidated Financial Statements for more information concerning the domestic and international net sales of the Company. The Company has one reportable segment serving the North American and select international lighting and building management markets.

Industry Overview

Based on industry sources and government information, the Company estimates that in fiscal 2016 the size of the North American lighting and building management solutions market served by the Company (also referred to herein as "addressable market") was approximately \$19 billion and includes non-portable luminaires (as defined by the National Electrical Manufacturers Association), poles for outdoor lighting, emergency lighting fixtures, daylighting, lighting controls, as well as building management controllers and systems. This market estimate is based on a combination of external industry data and internal estimates, and excludes portable and vehicular lighting fixtures and certain related lighting components, such as lighting ballasts and most lamps. A source of demand for the lighting and

building management industry is attributed to the renovation and retrofit of less efficient lighting and building management systems. While the precise size of the North American market is not known, the Company estimates the potential size of the installed base of lighting and building management solutions to be well in excess of \$500 billion. The Company operates in a highly competitive industry that is affected by volatility from a number of general business and economic factors, such as gross domestic product growth, employment levels, credit availability, energy costs, and commodity costs. The Company's market is based on residential and non-residential construction, both

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new and renovation and retrofit activity, which is sensitive to the volatility of these general economic factors. The Company is not aware of any data that accurately quantifies the split of the non-residential lighting market between new construction and renovation and retrofit activity; however, recent trends developed from industry sources and Company estimates suggest that renovation and retrofit activity represents a growing proportion of the total non-residential lighting market. Construction spending on infrastructure projects such as highways, streets, and urban developments has a material impact on the demand for the Company's infrastructure-focused lighting and building management solutions. Demand for the Company's lighting and building management solutions sold through certain retail channels is highly dependent on economic drivers, such as consumer spending and discretionary income, along with housing construction and home improvement spending.

The residential and non-residential market is influenced by: the development of new lighting technologies, including solid-state lighting, electronic drivers, embedded lighting controls, and more effective optical designs and lamps; federal, state, and local requirements for updated energy codes; incentives by federal, state, and local municipal authorities, as well as utility companies, for using more energy-efficient lighting and building management solutions; and design technologies addressing sustainability and facilitating smarter buildings and cities. The Company is a leading provider of integrated lighting and building management solutions based on these technologies and utilizes internally developed, licensed, or acquired intellectual property. Solid-state lighting and digital building management systems provide the opportunity for lighting and building management systems to be integrated in a manner resulting in the optimal platform for enabling the IoT that collect and exchange data to increase efficiency as well as provide a host of other economic benefits resulting from data analytics and other features. The industry's addressable market is likely to meaningfully expand due to the benefits and value creation provided by intelligent networked lighting and building management systems. New entrants, including both well-established as well as new software and technology companies, therefore continue to develop capabilities and solutions that are both complementary as well as competitive to those of traditional industry participants.

Products and Solutions

The Company offers a broad portfolio of indoor and outdoor lighting and building management solutions for commercial, institutional, industrial, infrastructure, and residential applications. The portfolio of lighting solutions includes lighting products utilizing fluorescent, light emitting diode ("LED"), organic LED ("OLED"), high intensity discharge, metal halide, and incandescent light sources to illuminate an extensive number of applications as well as standalone and embedded lighting control solutions from simple to sophisticated, wired and wireless. Lighting and controls products and solutions include the following: recessed, surface, and suspended lighting; downlighting; decorative lighting; emergency and exit lighting; track lighting; daylighting; special-use lighting; street and roadway lighting; parking garage lighting; underwater lighting; area pedestrian, flood, and decorative site lighting; landscape lighting; occupancy sensors; photocontrols; relay panels; architectural dimming panels; and integrated lighting controls systems. Building management solutions include products and solutions for controlling HVAC, lighting, shades, and access control that deliver end to end optimization of those building systems. The Company's lighting and building management solutions are designed to enhance the occupant experience, improve the quality of the visual environment, and provide seamless operational energy efficiency and cost reductions, as well as increased digital functionality due to a unique capability to collect vast amounts of data that can better enable the IoT for building owners.

The solutions portfolio of the Company also includes modular wiring, LED drivers, sensors, glass, and inverters sold primarily to original equipment manufacturers ("OEMs"). In addition, the Company provides services across applications that primarily relate to monitoring and controlling lighting and building management systems through network technologies and the commissioning of control systems.

Sales of lighting and building management solutions, excluding services, accounted for approximately 99% of total consolidated net sales for the Company in fiscal 2016, 2015, and 2014.

Sales and Marketing

Sales. The Company sells lighting and building management solutions to customers in the North American market utilizing numerous sales forces, including internal direct salespeople and independent sales agencies, based on the channel and geography served. The Company also operates separate European sales forces, including independent

international sales agencies and system integrators, and an international sales group coordinating export sales outside of North America and Europe.

Marketing. The Company markets its portfolio and service capabilities to end users in multiple channels through a broad spectrum of marketing and promotional methods, including direct customer contact, trade shows, on-site training, print advertising in industry publications, product brochures and other literature, as well as the internet and

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social media. The Company operates training and display facilities in several locations throughout North America and Europe designed to enhance the lighting knowledge of customers and industry professionals.

Customers

Customers of the Company include electrical distributors, system integrators, retail home improvement centers, electric utilities, utility distributors, national accounts, value-added resellers, government entities and municipalities, lighting showrooms, OEMs, and energy service companies. In addition, there are a variety of other professionals who can represent a significant influence in the product specification process for any given project. These generally include building owners, federal, state, and local governments, contractors, engineers, architects, and lighting designers. No single customer accounted for more than 10% of net sales in fiscal 2016. A single customer of the Company, The Home Depot, accounted for approximately 11% and 12% of net sales in fiscal 2015 and 2014, respectively. These sales include products for resale as well as for lighting its facilities.

Manufacturing and Distribution

The Company operates 20 manufacturing facilities, including nine facilities in the United States, six facilities in Mexico, three facilities in Europe, and two in Canada. The Company utilizes a blend of internal and outsourced manufacturing processes and capabilities to fulfill a variety of customer needs in the most cost-effective manner. Certain critical processes, such as reflector forming and anodizing, high-end glass production, surface mount circuit board production, and assembly are performed (not exclusively) at company-operated facilities, offering the ability to differentiate products through superior capabilities. Other components, such as lamps, LEDs, certain LED light engines, sockets, and ballasts are purchased primarily from third-party vendors. The Company's investment in its production facilities is focused primarily on improving capabilities, product quality, and manufacturing efficiency as well as environmental, health, and safety compliance. The Company also utilizes contract manufacturing from U.S., Asian, and European sources for certain products. Of total finished goods manufactured and purchased in fiscal 2016, the Company's U.S. operations produced approximately 22%, its Mexican operations produced approximately 57%, its European operations produced approximately 3%, and finished product manufactured by others accounted for approximately 18%.

Lighting and building management solutions are delivered directly from manufacturing facilities or through a network of strategically located distribution centers, regional warehouses, and commercial warehouses in North America using both common carriers and a company-managed truck fleet. For international customers, distribution methods are adapted to meet individual customer or country requirements.

Research and Development

Research and development ("R&D") is defined as the critical investigation aimed at discovery of new knowledge and the conversion of that knowledge into the design of a new product or significant improvement to an existing product. The Company invests in the development of new products and solutions as well as the enhancement of existing offerings with a focus on improving the performance-to-cost ratio and energy efficiency. The Company also develops software applications and capabilities to enhance data analytics offerings. R&D expenses consist of compensation, payroll taxes, employee benefits, materials, supplies, and other administrative costs, but do not include all new product development costs. For fiscal 2016, 2015, and 2014, research and development expense totaled \$47.1, \$41.1, and \$35.3, respectively.

Competition

The Company experiences competition based on numerous factors, including features and benefits, brand name recognition, product quality, product and system design, energy efficiency, customer relationships, service capabilities, and price. The market for lighting and building management solutions and services is competitive and continues to evolve. Certain global and more diversified electrical manufacturers may provide a broader product offering utilizing electrical, lighting, and building management products as well as pricing benefits from the bundling of various offerings. In addition, there have been a growing number of new competitors, from small startup companies to global electronics and software companies, offering new technologies.

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Environmental Regulation

The operations of the Company are subject to numerous comprehensive laws and regulations relating to the generation, storage, handling, transportation, and disposal of hazardous substances, as well as solid and hazardous wastes, and to the remediation of contaminated sites. In addition, permits and environmental controls are required for certain of the Company's operations to limit air and water pollution, and these permits are subject to modification, renewal, and revocation by issuing authorities. On an ongoing basis, the Company allocates resources, including investments in capital and operating costs relating to environmental compliance. Environmental laws and regulations have generally become stricter in recent years, and federal, state, and local governments domestically and internationally are considering new laws and regulations, including those governing raw material composition, air emissions, end-of-life product dispositions, and energy efficiency. The Company is not aware of any pending legislation or proposed regulation related to environmental issues that would have a material adverse effect on the Company. The cost of responding to future changes, however, may be substantial.

Raw Materials

The products produced by the Company require certain raw materials, including certain grades of steel and aluminum, electrical and electronic components, plastics, and other petroleum-based materials and components. In fiscal 2016, the Company purchased approximately 100,000 tons of steel and aluminum. The Company estimates that approximately 8% of purchased raw materials are petroleum-based. Additionally, the Company estimates that approximately five million gallons of diesel fuel were consumed in fiscal 2016 through the Company's distribution activities. The Company purchases most raw materials and other components on the open market and relies on third parties for providing certain finished goods. While these items are generally available from multiple sources, the cost of products sold may be affected by changes in the market price of raw materials, as well as disruptions in availability of raw materials, components, and sourced finished goods.

The Company does not currently engage in or expect to engage in significant commodity hedging transactions for raw materials, though the Company has and will continue to commit to purchase certain materials for a period of up to 12 months. Significant increases in the prices of the Company's products due to increases in the cost of raw materials and components could have a negative effect on demand for products and on profitability. While the Company has generally been able to pass along these increases in cost in the form of higher selling prices for its products, there can be no assurance that future disruptions in either supply or price of these materials will not negatively affect future results.

The Company monitors and investigates alternative suppliers and materials based on numerous attributes including quality, service, and price. The Company currently sources raw materials and components from a number of suppliers, but the Company's ongoing efforts to improve the cost effectiveness of its products and services may result in a reduction in the number of its suppliers. A reduction in the number of suppliers could cause increased risk associated with reliance on a single or limited number of suppliers for certain raw materials, component parts (such as LEDs, lamps, ballasts, and power supplies), and finished goods.

Backlog Orders

The Company produces and stocks quantities of inventory at key distribution centers and warehouses throughout North America and to a much lesser degree, certain European markets. The backlog of orders at any given time is affected by various factors, including seasonality, cancellations, sales promotions, production cycle times, and the timing of receipt and shipment of orders, which are usually shipped within a few weeks of order receipt. Accordingly, a comparison of backlog orders from period to period is not necessarily meaningful and may not be indicative of future shipments.

Patents, Licenses, and Trademarks

The Company owns or has licenses to use various domestic and foreign patents and trademarks related to its products, processes, and businesses. These intellectual property rights are important factors for its businesses. To protect these proprietary rights, the Company relies on copyright, patent, trade secret, and trademark laws. Despite these protections, unauthorized parties may attempt to infringe on the intellectual property of the Company. While patents and patent applications in the aggregate are important to the competitive position of the Company, no single patent or patent application is individually material to the Company.

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Seasonality and Cyclicalities

The Company's business exhibits some seasonality, with net sales being affected by the impact of weather and seasonal demand on construction and installation programs, particularly during the winter months, as well as the annual budget cycles of major customers. Because of these seasonal factors, the Company has experienced, and generally expects to experience, its highest sales in the last two quarters of each fiscal year.

The Company's lighting and building management solutions are sold to customers in both the new construction and renovation and retrofit markets for residential and non-residential applications. The construction market is cyclical in nature and subject to changes in general economic conditions. Sales volume has a major impact on the profitability of the Company. Economic downturns and the potential decline in key construction markets may have a material adverse effect on the net sales and operating income of the Company.

International Operations

The Company manufactures and assembles products at numerous facilities, some of which are located outside the United States. Approximately 73% of the products produced by the Company are manufactured outside the United States, primarily in Mexico and Europe. In addition, the Company sources certain finished goods from third parties with operations outside the United States, primarily in Asia.

Of the products produced by the Company, approximately 70% are manufactured at six facilities in Mexico. These facilities are authorized to operate as Maquiladoras by the Ministry of Economy of Mexico. Maquiladora status allows the Company to import certain items from the United States into Mexico duty-free, provided that such items, after processing, are exported from Mexico within a stipulated time frame. Maquiladora status, which is renewed periodically, is subject to various restrictions and requirements, including compliance with the terms of the Maquiladora program and other local regulations, which have become stricter in recent years.

During fiscal 2016, net sales initiated outside of the U.S. represented approximately 11% of total net sales. See the Supplemental Disaggregated Information footnote of the Notes to Consolidated Financial Statements for additional information regarding the geographic distribution of net sales, operating profit, and long-lived assets.

Information Concerning Acuity Brands

The Company makes its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K (and all amendments to these reports) and proxy statements, together with all reports filed pursuant to Section 16 of the Securities Exchange Act of 1934 by the Company's officers, directors, and beneficial owners of 10% or more of the Company's common stock, available free of charge through the "SEC Filings" link on the Company's website, located at www.acuitybrands.com, as soon as reasonably practicable after they are filed with or furnished to the SEC. Information included on the Company's website is not incorporated by reference into this Annual Report on Form 10-K. The Company's reports are also available at the Securities and Exchange Commission's Public Reference Room at 100 F. Street, NE, Washington, DC 20549 or on their website at www.sec.gov. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

Additionally, the Company has adopted a written Code of Ethics and Business Conduct that applies to all of the Company's directors, officers, and employees, including its principal executive officer and senior financial officers. The Code of Ethics and Business Conduct and the Company's Corporate Governance Guidelines are available free of charge through the "Corporate Governance" link on the Company's website. Any amendments to, or waivers of, the Code of Ethics and Business Conduct for our principal executive officer and senior financial officers will be disclosed on our website promptly following the date of such amendment or waiver. Additionally, the Statement of Responsibilities of Committees of the Board and the Statement of Rules and Procedures of Committees of the Board, which contain the charters for the Company's Audit Committee, Compensation Committee, and Governance Committee, and the rules and procedures relating thereto, are available free of charge through the "Corporate Governance" link on the Company's website. Each of the Code of Ethics and Business Conduct, the Corporate Governance Guidelines, the Statement of Responsibilities of Committees of the Board, and the Statement of Rules and Procedures of Committees of the Board is available in print to any stockholder of the Company that requests such document by contacting the Company's Investor Relations department.

Employees

As of August 31, 2016, the Company employed approximately 11,800 associates, of which approximately 4,300 were employed in the United States, approximately 7,000 in Mexico, and approximately 500 in other international locations, including Europe, Canada, and the Asia/Pacific region. Union recognition and collective bargaining

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arrangements are in place or in process, covering approximately 8,600 persons (including approximately 2,000 in the United States). Union recognition and collective bargaining arrangements covering approximately 8,100 persons will expire within the next fiscal year. The Company believes that it has a good relationship with both its unionized and non-unionized employees.

Item 1a. Risk Factors

This filing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. A variety of risks and uncertainties could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. See "Cautionary Statement Regarding Forward-Looking Information" included in Management's Discussion and Analysis of Financial Condition and Results of Operations. These risks include, without limitation:

Risks Related to Economic Factors

General business, political, and economic conditions, including the strength of the construction market, political events, or other factors may affect demand for the Company's products and services, which could impact results of operations.

The Company competes based on such factors as name recognition and reputation, service, product features, innovation, and price. In addition, the Company operates in a highly competitive environment that is influenced by a number of general business and economic factors, such as economic vitality, employment levels, credit availability, interest rates, trends in vacancy rates and rent values, energy costs, and commodity costs. Sales of lighting and building management solutions depend significantly on the level of activity in new construction and renovation/retrofits. Declines in general economic activity, appropriations, and regulations, including tax policy, may negatively impact new construction and renovation projects, which in turn may impact demand for the Company's product and service offerings. The impact of these factors could adversely affect the Company's financial position, results of operations, and cash flows.

The Company's results may be adversely affected by fluctuations in the cost or availability of raw materials, components, purchased finished goods, or services.

The Company utilizes a variety of raw materials and components in its production process including steel, aluminum, lamps, certain rare earth materials, LEDs, LED drivers, ballasts, wire, electronic components, power supplies, petroleum-based by-products, natural gas, and copper. The Company also sources certain finished goods externally. Future increases in the costs of these items could adversely affect profitability, as there can be no assurance that future price increases will be successfully passed through to customers. The Company generally sources these goods from a number of suppliers. However, there are a limited number of suppliers for certain components and certain purchased finished goods, which on a limited basis results in sole-source supplier situations. Disruptions in the supply of those items could negatively impact the Company's performance. In addition, the Company's ongoing efforts to improve the cost effectiveness of its products and services may result in a reduction in the number of its suppliers, and in turn, increased risk associated with reliance on a single or limited number of suppliers. Furthermore, volatility in certain commodities, such as oil, impacts all suppliers and, therefore, may cause the Company to experience significant price increases from time to time regardless of the number and availability of suppliers. Profitability and volume could be negatively impacted by limitations inherent within the supply chain of certain of these component parts, including competitive, governmental, and legal limitations, natural disasters, and other events that could impact both supply and price. Additionally, the Company is dependent on certain service providers for key operational functions. While there are a number of suppliers of these services, the cost to change service providers and set up new processes could be significant. Variability in cost and availability of raw materials, components, purchased finished goods, or services could adversely affect the Company's financial position, results of operations, and cash flows.

Tight credit conditions could impair the ability of the Company and other industry parties to effectively access capital markets, which could negatively impact the Company's capital position and demand for the Company's products and services.

The impact of tight credit conditions could impair the ability of real estate developers, property owners, and contractors to effectively access capital markets or obtain reasonable costs of capital on borrowed funds, resulting in

depressed levels of construction and renovation projects. The inability of these constituents to borrow money to fund construction and renovation projects may reduce the demand for the Company's products and services and could adversely affect the Company's financial position, results of operations, and cash flows.

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In addition to the impact on customers, tight credit conditions could impair the Company's ability to effectively access capital. This could impair the Company's ability to refinance debt as it becomes due or to obtain additional credit, if needed. The inability to effectively access capital markets could adversely affect the Company's financial position, results of operations, and cash flows.

The market price and trading volume of the Company's shares may be volatile.

The market price of the Company's common shares could fluctuate significantly for many reasons, including reasons unrelated to the Company's specific performance, such as reports by industry analysts, investor perceptions, or negative announcements by customers, competitors, or suppliers regarding their own performance, as well as general global economic, industry, and political conditions. Since management does not provide guidance, the Company's performance could be different than analyst expectations causing a decline in the Company's stock price. To the extent that other large companies within the Company's industry experience declines in share price, the Company's share price may decline as well. In addition, when the market price of a company's shares drops significantly, shareholders could institute securities class action lawsuits against the Company. Such a lawsuit could cause the Company to incur substantial costs and could divert the time and attention of the Company's management and other resources.

Risks Related to the Company's Strategy

The Company's results may be adversely affected by its inability to maintain pricing.

Aggressive pricing actions by competitors may affect the Company's ability to achieve desired revenue growth and profitability levels under its current pricing strategies. The Company may also decide to lower pricing to match the competition. Additionally, the Company may not be able to increase prices to cover rising costs of components and raw materials. Even if the Company were able to increase prices to cover costs, competitive pricing pressures may not allow the Company to pass on any more than the cost increases. Alternatively, if component and raw material costs were to decline, the marketplace may not allow the Company to hold prices at their current levels, which could negatively impact net sales, profitability, and cash flows.

The Company's inability to effectively introduce new products and solutions could adversely affect its ability to compete and its operating performance.

Continual introductions of new products and solutions, services, and technologies, enhancement of existing products and services, and effective servicing of customers are key to the Company's competitive strategy. The success of new product and solution introductions depends on a number of factors, including, but not limited to, timely and successful product development, market acceptance, the Company's ability to manage the risks associated with product life cycles, such as new products and production capabilities, the effective management of purchase commitments and inventory levels to support anticipated product manufacturing and demand, the availability of products in appropriate quantities and costs to meet anticipated demand, and the risk that new products may have quality or other defects in the early stages of introduction. Accordingly, the Company cannot fully predict the ultimate effect of new product introductions and transitions on the Company's business, financial condition, results of operations, and cash flows. The Company may pursue future growth through strategic acquisitions, alliances, or investments, which may not yield anticipated benefits.

The Company has strengthened its business through strategic acquisitions, alliances, and investments and may continue to do so as opportunities arise in the future. Such investments have been and may be in start-up or development stage entities. The Company will benefit from such activity only to the extent that it can effectively leverage and integrate the assets of the acquired businesses and alliances, including, but not limited to, personnel, technology, and operating processes. Uncertainty is inherent within the acquisition, alliance, and investment process and unforeseen circumstances arising from recent and future transactions could offset the anticipated benefits. In addition, unanticipated events, negative revisions to valuation assumptions and estimates, diversion of resources and management's attention from other business concerns, and difficulties in attaining synergies, among other factors, could adversely affect the Company's ability to recover initial and subsequent investments, particularly those related to acquired goodwill and intangible assets or non-controlling interests. Any of these factors could adversely affect the Company's financial condition, results of operations, and cash flows. In addition, such investment transactions may limit the Company's ability to invest in other activities, which could be more profitable or advantageous.

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The inability to effectively execute its business strategies could adversely affect the Company's financial condition and results of operations.

Various uncertainties and risks are associated with the implementation of a number of aspects of the Company's global business strategies, including but not limited to, the development, marketing and selling of new products and solutions, new product development, the development, marketing, and selling of lighting and building management solutions, effective integration of acquisitions, and the development of production capacity related to components such as LED drivers. Those uncertainties and risks include, but are not limited to: diversion of management's attention; difficulty in retaining or attracting employees; negative impact on relationships with distributors and customers; obsolescence of current products and slow new product development; inability to effectively participate in the emerging opportunities of the Internet of Things utilizing the Company's digital lighting and building management systems; additional streamlining efforts; inability to produce certain components with quality, performance, and cost attributes equal to or better than provided by other component manufacturers; and unforeseen difficulties in the implementation of the management operating structure. Problems with strategy execution could offset anticipated benefits, disrupt service to customers, and impact product quality as well as adversely affect the Company's financial condition and results of operations. In addition, with the addition of new products and solutions, the Company may encounter new and different competitors that may have more experience with respect to such products and solutions. Any new products and solutions may not achieve the same profit margins as expected and as compared to the Company's historic products and solutions.

The Company may experience difficulties in streamlining activities which could impact shipments to customers, product quality, and the ability to realize the expected savings from streamlining actions.

The Company expects to benefit from its ongoing programs to streamline operations, including the consolidation of certain manufacturing facilities and the reduction of overhead costs, only to the extent that it can effectively leverage assets, personnel, and operating processes in the transition of production between manufacturing facilities.

Uncertainty is inherent within the facility consolidation process and unforeseen circumstances could offset the anticipated benefits, disrupt service to customers, and impact product quality.

Risks Related to the Company's Operations

Technological developments, intellectual property issues, and increased competition could affect the Company's operating profit margins and sales volume.

The Company competes in an industry where technology and innovation play major roles in the competitive landscape. The Company is highly engaged in the investigation, development, and implementation of new technologies and services. Securing key partnerships and alliances as well as employee talent, including having access to technologies, services, and solutions developed by others, and obtaining appropriate patents and the right to utilize patents of other parties all play a significant role in protecting the Company's freedom to operate and development activities. Additionally, the continual development of new technologies (e.g., LED, OLED, lamp/ballast systems, drivers, lighting controls systems, sensors, communication devices, software, etc.) by existing and new source suppliers — including non-traditional competitors with significant resources — looking for either direct market access or partnerships with competing large manufacturers, coupled with significant associated exclusivity and/or patent activity, could adversely affect the Company's ability to sustain operating profit margins and desirable levels of sales volume. Also, certain key suppliers of components compete with the Company and could choose to cease supplying the Company, which could temporarily disrupt production by the Company until alternative supplier relationships are established. In addition, there have been a growing number of new competitors, from small startup companies to global electronics companies. Certain global and more diversified electrical manufacturers as well as certain global software and building solution providers may be able to obtain a competitive advantage over the Company by offering broader and more integrated solutions utilizing electrical, lighting, and building automation systems, and small startup companies may offer more localized product sales and support services within individual regions, which could adversely affect on the Company's business, financial condition, results of operations, and cash flows.

Over the last several years, the Company and others in the industry have received an increased number of allegations of patent infringement from competitors and other non-practicing entity patent holders, often coupled with offers to license such patents for use by the Company. Such offers typically relate to various technologies including certain

methods of designing circuits, the use of visible light to communicate data, the use of certain wireless networking methods, and the design of specific products. The Company believes that it does not need or will be able to invalidate or access such patents through licensing, cross-licensing, or other mutually beneficial arrangements, although to the extent the Company is required but unable to enter into such arrangements on acceptable economic terms, it could adversely affect the Company's business, financial condition, results of operations, and cash flows.

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The Company may be unable to sustain significant customer and/or channel partner relationships. Relationships with customers are directly impacted by the Company's ability to deliver quality products and services. The loss of or a substantial decrease in the volume of purchases by certain significant customers could harm the Company's sales, profitability, and cash flows. The Company has relationships with channel partners such as electrical distributors, independent sales agencies, system integrators, and value-added resellers. While the Company maintains positive, and in many cases long-term, relationships with these channel partners, the loss of a number of these channel partners or a substantial decrease in the volume of purchases from a major channel partner or a group of channel partners could adversely affect the Company's sales, profitability, and cash flows.

The Company could be adversely affected by disruptions of its operations.

The breakdown of equipment or other events, including labor disputes, strikes, pandemics, cyber-attacks, civil disruptions, or catastrophic events such as war or natural disasters, leading to production interruptions in the Company's or one or more of its suppliers' facilities could adversely affect the Company's financial results and cash flows. Approximately 57% of the Company's finished products are manufactured in Mexico, a country that periodically experiences heightened civil unrest which could also disrupt supply of products to or from these facilities. Further, because many of the Company's customers are to varying degrees dependent on planned deliveries from the Company's facilities, those customers that have to reschedule their own production or delay opening a facility due to the Company's missed deliveries could pursue financial claims against the Company. The Company may incur costs to correct any of these problems in addition to facing claims from customers. Further, the Company's reputation among actual and potential customers may be harmed and result in a loss of business. While the Company has developed business continuity plans, including alternative capacity, to support responses to such events or disruptions and maintains insurance policies covering, among other things, physical damage and business interruptions, these policies may not cover all losses. The Company could incur uninsured losses and liabilities arising from such events, including damage to its reputation, loss of customers, and substantial losses in operational capacity, any of which could adversely affect its financial condition, results of operations, and cash flows.

Failure of a Company operating or information system or a compromise of security with respect to an operating or information system or portable electronic device or a violation of data privacy laws or regulations could adversely affect the Company's results of operations and financial condition or the effectiveness of internal controls over operations and financial reporting.

The Company is highly dependent on various software and automated systems to record and process operational and financial transactions. The Company could experience a failure of one or more of these software and automated systems or could fail to complete all necessary data reconciliation or other conversion controls when implementing a new software system. The Company could also experience a compromise of its security due to many reasons, including technical system flaws, clerical, data input or record-keeping errors, or tampering or manipulation of its systems by employees or unauthorized third parties. Information security risks also exist with respect to the use of portable electronic devices, such as laptops and smartphones, which are particularly vulnerable to loss and theft. The Company may also be subject to disruptions of any of these systems arising from events that are wholly or partially beyond its control (for example, natural disasters, acts of terrorism, cyber attacks, epidemics, computer viruses, and electrical/telecommunications outages). All of these risks are also applicable where the Company relies on outside vendors to provide services, which may operate in a cloud environment. The Company is dependent on the third-party vendors to operate secure and reliable systems which may include data transfers over the internet.

The Company also maintains information technology to support lighting controls systems in certain of its customer offerings, which are integral to the functionality of those integrated systems. In addition to the risks noted above, there are other risks associated with these customer offerings. Customers may be installing software on their networks and utilizing portable electronic devices, which may have security protocol variations that are outside of the Company's control and could result in a data security compromise.

The Company and certain of its third-party vendors may receive and store personal information in connection with human resources operations, customer offerings, and other aspects of the business. A material network breach in the security of these systems could include the theft of intellectual property, trade secrets, or employee and customer information. To the extent that any disruption or security breach results in a loss or damage to the Company's data, or

an inappropriate disclosure of confidential or customer or employee information, it could cause significant damage to the Company's reputation, affect relationships with the Company's customers and employees, lead to claims against the Company, and ultimately harm the Company's business. In addition, the Company may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

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The Company is also subject to an increasing number of data privacy laws and regulations that prohibit certain transfers of data, including but not limited to transfers within and outside the Company from certain jurisdictions to others. Failure to comply with such laws and regulations could result in the imposition of fines, penalties and other costs. The legal and regulatory data privacy framework is evolving and uncertain. For example, the European Court of Justice's decision in October 2015 to invalidate the Safe Harbor data privacy program between the United States and the European Union could disrupt the Company's ability to transfer data from Europe to the United States in compliance with applicable law.

Operating system failures, ineffective system implementation or disruptions, failure to comply with data privacy laws or regulations, or the compromise of security with respect to internal or external operating systems or portable electronic devices could subject the Company to liability claims, harm the Company's reputation, interrupt the Company's operations, disrupt customer operations, and adversely affect the Company's internal control over financial reporting, business, financial condition, results of operations, or cash flows.

Changes in the Company's relationship with employees, changes in U.S. or international employment regulations, an inability to attract and retain talented employees, or a loss of key employees could adversely impact the effectiveness of the Company's operations.

The Company employed approximately 11,800 people as of August 31, 2016, approximately 7,500 of whom are employed in international locations. As such, the Company has significant exposure to changes in domestic and foreign laws governing relationships with employees, including wage and hour laws and regulations, fair labor standards, minimum wage requirements, overtime pay, unemployment tax rates, workers' compensation rates, citizenship requirements, and payroll taxes, which likely would have a direct impact on the Company's operating costs. Union recognition and collective bargaining agreements are in place or in process covering approximately 73% of the Company's workforce. Collective bargaining agreements representing approximately 69% of the Company's workforce will expire within one year. While the Company believes that it has good relationships with both its unionized and non-unionized employees, the Company may become vulnerable to a strike, work stoppage, or other labor action by these employees that could have an adverse effect on the Company's business, financial condition, results of operations, or cash flows.

The Company relies upon the knowledge and experience of employees involved in functions throughout the organization that require technical expertise and knowledge of the industry. An inability to attract and retain such employees could adversely impact the Company's ability to execute key operational functions and could adversely affect the Company's operations.

There are inherent risks in our solutions and services businesses.

Risks inherent in the sale of solutions and services include assuming greater responsibility for successfully delivering projects that meet a particular customer specification, including defining and controlling contract scope and timing, efficiently executing projects, and managing the performance and quality of the Company's subcontractors and suppliers. As the Company expands its service offerings, reliance on the technical infrastructure to provide services to customers will increase. If the Company fails to appropriately manage and secure the technical infrastructure required, customers could experience service outages or delays in implementation of services. If the Company is unable to manage and mitigate these risks, the Company could incur liabilities and other losses that would adversely affect the Company's results of operations.

Risks Related to Legal and Regulatory Matters

The Company is subject to a broad range of standards, laws and regulations in the jurisdictions in which it operates, and the Company may be exposed to substantial disruptions, costs and liabilities associated with the failure to comply with such standards, laws, and regulations.

The Company is subject to a broad range of standards, laws and regulations in the jurisdictions in which the Company operates which could result in increased costs or liabilities or adversely impact the Company's ability to sell its products and solutions. These laws and regulations impose increasingly complex, stringent and costly compliance activities, including but not limited to environmental, health, and safety protection standards and permitting, labeling and other requirements regarding, among other things, electronic and wireless communications, air emissions, wastewater discharges, the use, handling, and disposal of hazardous or toxic materials, the remediation of

environmental contamination, and working conditions for the Company's employees. Some environmental laws, such as Superfund, the Clean Water Act, and comparable laws in U.S. states and other jurisdictions world-wide, impose joint and several liability for the cost of environmental remediation, natural resource damages, third party claims, and

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other expenses, without regard to the fault or the legality of the original conduct, on those persons who contributed to the release of a hazardous substance into the environment. The Company may also be affected by future industry standards, laws or regulations, including those imposed in response to energy, climate change, product functionality, geopolitical, or similar concerns. These standards, laws, or regulations may impact the sourcing of raw materials and the manufacture and distribution of the Company's products and place restrictions and other requirements or impediments on the products and solutions the Company can sell in certain geographical locations.

The Company may develop unexpected legal contingencies or matters that exceed insurance coverage.

The Company is subject to and in the future may be subject to various claims, including legal claims arising in the normal course of business, which may include without limitation employment claims, product recall, personal injury, network security, data privacy, or property damage claims resulting from the use of the Company's products, services, or solutions or exposure to hazardous materials, contract disputes, or intellectual property disputes. The Company is insured up to specified limits for certain types of losses with a self-insurance retention per occurrence, including product or professional liability, network security, and data privacy claims, and is fully self-insured for certain other types of losses, including environmental, product recall, warranties, commercial disputes, and patent infringement. The Company establishes reserves for legal claims when the costs associated with the claims become probable and can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher or lower than the level of insurance coverage held by the Company and/or the amounts reserved for such claims. In the event of unexpected future developments, it is possible that the ultimate resolutions of such matters, if unfavorable, could adversely affect the Company's results of operations, financial position, or cash flows. The Company's insurance coverage is negotiated on an annual basis, and insurance policies in the future may have coverage exclusions that could cause claim-related costs to rise.

If the Company's products are improperly designed, manufactured, packaged, or labeled, the Company may need to recall those items, may have increased warranty costs, and could be the target of product liability claims.

The Company may need to recall products if they are improperly designed, manufactured, packaged, or labeled, and the Company does not maintain insurance for such recall events. Many of the Company's products and solutions have become more complex in recent years and include more sophisticated and sensitive electronic components. The Company has increasingly manufactured certain of those components and products in its own facilities. The Company has previously initiated product recalls as a result of potentially faulty components, assembly, installation, and packaging of its products, and widespread product recalls could result in significant losses due to the costs of a recall, the destruction of product inventory, penalties, and lost sales due to the unavailability of a product for a period of time. In addition, products developed by the Company that incorporate new technologies, such as LED technology, generally provide for more extensive warranty protection which may result in higher costs if warranty claims on these products are higher than historical amounts. The Company may also be liable if the use of any of its products causes harm, and could suffer losses from a significant product liability judgment against the Company in excess of its insurance limits. The Company may not be able to obtain indemnity or reimbursement from its suppliers or other third parties for the warranty costs or liabilities associated with its products. A significant product recall, warranty claim, or product liability case could also result in adverse publicity, damage to the Company's reputation, and a loss of consumer confidence in its products, which could adversely affect the Company's business, financial condition, results of operations, and cash flows.

Failure to effectively estimate employer-sponsored health insurance premiums and incremental costs due to the Affordable Care Act could materially and adversely affect the Company's financial condition, results of operations, and cash flows.

In March 2010, the United States federal government enacted comprehensive health care reform legislation, which, among other things, includes guaranteed coverage requirements, eliminates pre-existing condition exclusions and annual and lifetime maximum limits, restricts the extent to which policies can be rescinded, and imposes new taxes on health insurers, self-insured companies, and health care benefits. The legislation imposes implementation effective dates that began in 2010 and extend through 2020 with many of the changes requiring additional guidance and regulations from federal agencies. Possible adverse effects could include increased costs, exposure to expanded liability, and requirements for the Company to revise the ways in which healthcare and other benefits are provided to

employees. To date, the Company has experienced increased costs related to such legislation; however, due to the phased-in nature of the implementation and the lack of interpretive guidance, the Company continues to monitor the potential impacts the health care reform legislation will have on the Company's financial results. Future costs could adversely affect the Company's financial condition, results of operations, and cash flows.

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The Company may not be able to adequately protect its intellectual property.

The Company owns certain patents, trademarks, copyrights, trade secrets, and other intellectual property. In addition, the Company continues to file patent applications, when appropriate. The Company cannot be certain that others have not and will not infringe on its intellectual property rights; however, the Company seeks to establish and protect those rights, which could result in significant legal expenses and adversely affect the Company's financial condition and results of operations.

Compliance with reporting requirements related to the use of conflict minerals, within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act, may result in additional expense, supply chain limitations, or loss of customers.

In July 2010, the United States federal government enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act, which contained provisions regarding the use of certain minerals, including cassiterite, wolframite, coltan, and gold (collectively, "Conflict Minerals"), sourced from the Democratic Republic of Congo and adjoining countries. In August 2012, the SEC adopted annual reporting requirements for public companies that use Conflict Minerals. The number of suppliers who provide conflict-free minerals may be limited, which could have an adverse effect on the Company's ability to source these products at competitive prices and in sufficient quantities in the future. In addition, due to the complexity and sophistication of the Company's supply chain, compliance with the reporting requirements involves significant efforts and may increase costs. In addition, pressure from customers for more information or due diligence could result in increased costs or potentially the loss of certain customers.

Risks Related to Other Factors

The Company may be subject to risk in connection with third party relationships necessary to operate the Company's business.

The Company utilizes strategic partners and third party relationships in order to operate and grow its business. For instance, the Company utilizes third parties to contract manufacture certain products, as well as perform certain selling, distribution, and administrative functions. The Company cannot control the actions or performance of these third parties and therefore, cannot be certain that the Company or its end-users will be satisfied. Any future actions of or any failure to act by any third party on which the Company's business relies could cause the Company to incur losses or interruptions in its operations and adversely affect the Company's financial condition and results of operations.

The Company is subject to risks related to operations outside the United States.

The Company has substantial activities outside of the United States, including sourcing of products, materials, components and purchased finished goods. The Company's operations, as well as those of key vendors, are therefore subject to regulatory, economic, political, military, and other events in countries where these operations are located, particularly Mexico. In addition to the risks that are common to both the Company's domestic and international operations, the Company faces risks specifically related to its foreign operations, including but not limited to: foreign currency fluctuations; unstable political, social, regulatory, economic, financial, and market conditions; laws that prohibit shipments to certain countries or restricted parties and that prohibit improper payments to government officials such as the Foreign Corrupt Practices Act and the U.K. Bribery Act; potential for privatization and other confiscatory actions; trade restrictions and disruption; criminal activities; unforeseen increases in tariffs and taxes; corruption; and other changes in regulation in international jurisdictions that could result in substantial additional legal or compliance obligations for the Company. The Company operates six manufacturing facilities in Mexico, which are authorized to operate as Maquiladoras by the Ministry of Economy of Mexico. Maquiladora status allows the Company to import certain items from the United States into Mexico duty-free, provided that such items, after processing, are exported from Mexico within a stipulated time frame. Maquiladora status, which is renewed periodically, is subject to various restrictions and requirements, including compliance with the terms of the Maquiladora program and other local regulations, which have become stricter in recent years.

Certain regulations related to the Maquiladora program became effective in January 2015. Failure to comply with these new regulations could adversely affect the Company's financial position, results of operations, and cash flows primarily because the Company would in such event be required to pay value-added tax on material imported into

Mexico and then seek a refund of those amounts months later after the material is exported from Mexico.

The Company is also subject to certain other laws and regulations affecting its international operations, including laws and regulations such as the North American Free Trade Agreement which, among other things, provide certain beneficial duties and tariffs for qualifying imports and exports, subject to compliance with the applicable classification and other requirements. The evolution of the Company's products, complexity of its supply chain, and historical reliance

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on third-party vendors such as customs brokers and freight vendors, which may not have had effective processes and controls to enable the Company to fully and accurately comply with such requirements, could subject the Company to liabilities for past, present, or future periods. Such liabilities could adversely affect the Company's business, financial condition, results of operations, and cash flows.

In June 2016, the United Kingdom (U.K.) held a referendum in which voters approved an exit from the European Union commonly referred to as "Brexit." As a result of the referendum, it is expected that the British government will begin negotiating the terms of the U.K.'s future relationship with the E.U. Although it is unknown what those terms will be, it is possible that there will be greater restrictions on imports and exports between the U.K. and E.U. countries and increased regulatory complexities. These changes could cause disruptions to and create uncertainty surrounding the Company's business and the business of existing and future customers and suppliers as well as have an impact on the Company's employees based in Europe, which could adversely affect its business, financial condition, results of operations, and cash flows. The actual effects of Brexit will depend on any agreements the U.K. makes to retain access to E.U. markets either during a transitional period or more permanently.

The Company continues to monitor conditions affecting its international locations, including potential changes in income from a strengthening or weakening in foreign exchange rates in relation to the U.S. dollar. Some of these risks, including but not limited to foreign exchange risk, violations of laws, and higher costs associated with changes in regulation, could adversely affect the Company's business, financial condition, results of operations, and cash flows. Risks related to the Company's defined benefit retirement plans may adversely impact results of operations and cash flows.

Significant changes in actual investment returns on defined benefit plan assets, discount rates, and other factors could adversely affect the Company's results of operations and the amount of contributions the Company is required to make to the defined benefit plans in future periods. As the Company's defined benefit plan assets and liabilities are marked-to-market on an annual basis, large non-cash gains or losses could be recorded in the fourth quarter of each fiscal year. In accordance with United States generally accepted accounting principles the income or expense for the plans is calculated using actuarial valuations. These valuations reflect assumptions about financial markets and interest rates, which may change based on economic conditions. Funding requirements for the defined benefit plans are dependent upon, among other things, interest rates, underlying asset returns, and the impact of legislative or regulatory changes related to defined benefit funding obligations. Unfavorable changes in these factors could adversely affect the Company's financial position, results of operations, and cash flows.

Item 1b. Unresolved Staff Comments

None.

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Item 2. Properties

The general corporate offices of Acuity Brands are located in Atlanta, Georgia. Because of the diverse nature of operations and the large number of individual locations, it is neither practical nor meaningful to describe each of the operating facilities owned or leased by the Company. The following listing summarizes the significant facility categories as of August 31, 2016:

Nature of Facilities	Owned	Leased
Manufacturing Facilities	12	8
Warehouses	—	2
Distribution Centers*	1	6
Offices	4	17

* The majority of the distribution centers also have certain manufacturing and assembly capabilities.

The following table provides additional geographic information related to the Company's manufacturing facilities as of August 31, 2016:

	United States	Mexico	Europe	Canada	Total
Owned	6	4	1	1	12
Leased	3	2	2	1	8
Total	9	6	3	2	20

The Company believes that its properties are well maintained and in good operating condition and that its properties are suitable and adequate for its present needs. During fiscal 2017, the Company expects to make investments to expand capacity at certain manufacturing and other non-manufacturing facilities. In addition, initiatives related to enhancing the global supply chain may result in the future consolidation of certain facilities.

Although a loss at any of the facilities could temporarily impact the Company's ability to serve the needs of its customers, a substantial loss at the Company's largest manufacturing facilities in Mexico could have a material, adverse effect on the Company's financial position, results of operations, and cash flows. The Company believes the financial impact of any loss would be partially mitigated by various insurance programs in place as well as capacity contingencies developed as part of an enterprise-wide contingency plan.

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Item 3. Legal Proceedings

General

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

Environmental Matters

The operations of the Company are subject to numerous comprehensive laws and regulations relating to the generation, storage, handling, transportation, and disposal of hazardous substances, as well as solid and hazardous wastes, and to the remediation of contaminated sites. In addition, permits and environmental controls are required for certain of the Company's operations to limit air and water pollution, and these permits are subject to modification, renewal, and revocation by issuing authorities. On an ongoing basis, the Company invests capital and incurs operating costs relating to environmental compliance. Environmental laws and regulations have generally become stricter in recent years. The cost of responding to future changes may be substantial. The Company establishes reserves for known environmental claims when the costs associated with the claims become probable and can be reasonably estimated. The actual cost of environmental issues may be substantially higher than that reserved due to difficulty in estimating such costs.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The common stock of Acuity Brands is listed on the New York Stock Exchange under the symbol "AYT". At October 26, 2016, there were 2,856 stockholders of record. The following table sets forth the New York Stock Exchange high and low sale prices and the dividend payments for Acuity Brands' common stock for the periods indicated.

	Price per Share		Dividends
	High	Low	per Share
2015			
First Quarter	\$143.67	\$117.19	\$0.13
Second Quarter	\$164.13	\$127.85	\$0.13
Third Quarter	\$183.53	\$157.05	\$0.13
Fourth Quarter	\$211.82	\$174.60	\$0.13
2016			
First Quarter	\$234.43	\$168.33	\$0.13
Second Quarter	\$241.90	\$169.42	\$0.13
Third Quarter	\$264.00	\$209.06	\$0.13
Fourth Quarter	\$280.89	\$231.89	\$0.13

The indicated annual dividend rate on the Company's common stock is \$0.52 per share. However, all decisions regarding the declaration and payment of dividends are at the discretion of the Board of Directors of the Company (the "Board") and will be evaluated regularly in light of the Company's financial condition, earnings, growth prospects, funding requirements, applicable law, and any other factors that the Board deems relevant. The information required by this item with respect to equity compensation plans is included under the caption Equity Compensation Plans in the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2017, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Issuer Purchases of Equity Securities

In September 2011, the Board authorized the repurchase of two million shares of the Company's outstanding common stock. None of the Company's outstanding common stock has been repurchased under the current plan; therefore, the maximum number of shares that may yet be purchased under the program equals two million.

Depending on market conditions, shares may be repurchased from time to time at prevailing market prices through open market or privately negotiated transactions. No date has been established for the completion of the share repurchase program and the Company is not obligated to repurchase any shares. Subject to applicable corporate securities laws, repurchases may be made at such times and in such amounts as management deems appropriate. Repurchases under the program can be discontinued at any time management feels additional repurchases are not warranted.

Company Stock Performance

The following information in this Annual Report on Form 10-K is not deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act, and will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent specifically incorporated by reference into such filing.

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The following graph compares the cumulative total return to shareholders on the Company's outstanding stock during the five years ended August 31, 2016, with the cumulative total returns of the Standard & Poor's ("S&P") 500 Index, the Dow Jones U.S. Electrical Components & Equipment Index, and the Dow Jones U.S. Building Materials & Fixtures Index. The Company is a component of both the S&P 500 Index and Dow Jones U.S. Building Materials & Fixtures Index. The Dow Jones U.S. Electrical Components & Equipment Index is also included in the following graph as the parent companies of several major lighting companies are included in the index.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL RETURN*

Among Acuity Brands, Inc., the S&P 500 Index,
the Dow Jones US Electrical Components & Equipment Index,
and the Dow Jones US Building Materials & Fixtures Index

*Assumes \$100 invested on August 31, 2011 in stock or index, including reinvestment of dividends.

Aug-11 Aug-12 Aug-13 Aug-14 Aug-15 Aug-16

Acuity Brands, Inc.	\$ 100	\$ 141	\$ 189	\$ 275	\$ 434	\$ 614
S&P 500	\$ 100	\$ 118	\$ 140	\$ 175	\$ 176	\$ 198
Dow Jones US Electrical Components & Equipment	\$ 100	\$ 124	\$ 155	\$ 194	\$ 175	\$ 200
Dow Jones US Building Materials & Fixtures	\$ 100	\$ 150	\$ 190	\$ 238	\$ 275	\$ 341

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Item 6. Selected Financial Data

The following table sets forth certain selected consolidated financial data of the Company which has been derived from the Consolidated Financial Statements for each of the five years in the period ended August 31, 2016. This historical information may not be indicative of the Company's future performance. The information set forth below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements and the notes thereto.

	Years Ended August 31,				
	2016 ⁽¹⁾	2015 ⁽²⁾	2014 ⁽³⁾	2013 ⁽⁴⁾	2012 ⁽⁵⁾
	(In millions, except per-share data)				
Net sales	\$3,291.3	\$2,706.7	\$2,393.5	\$2,089.1	\$1,933.7
Net income	290.8	222.1	175.8	127.4	116.3
Basic earnings per share	6.67	5.13	4.07	2.97	2.75
Diluted earnings per share	6.63	5.09	4.05	2.95	2.72
Cash and cash equivalents	413.2	756.8	552.5	359.1	284.5
Total assets ⁽⁶⁾	2,948.0	2,407.0	2,145.4	1,888.5	1,722.2
Long-term debt	355.0	352.4	351.9	351.6	351.2
Total debt	355.2	352.4	351.9	351.6	351.2
Stockholders' equity	1,659.8	1,360.0	1,163.5	993.5	834.0
Cash dividends declared per common share	0.52	0.52	0.52	0.52	0.52

Net Income, Basic Earnings per Share, and Diluted Earnings per Share for fiscal 2016 include a) pre-tax special charges of \$15.0 related to streamlining initiatives, b) pre-tax amortization of acquired intangible assets of \$21.4 c) (1) pre-tax share-based compensation expense of \$27.7, d) pre-tax acquisitions-related items of \$10.8, and e) pre-tax impairment of intangible asset of \$5.1, totaling \$1.21 per share.

Net Income, Basic Earnings per Share, and Diluted Earnings per Share for fiscal 2015 include a) pre-tax special charges of \$12.4 related to streamlining initiatives, b) pre-tax amortization of acquired intangible assets of \$11.0, c) (2) pre-tax share-based compensation expense of \$18.2, d) non tax-deductible professional fees of \$3.2 related to acquisitions, and e) pre-tax net loss on financial instruments of \$2.6, totaling \$0.74 per share.

Net Income, Basic Earnings per Share, and Diluted Earnings per Share for fiscal 2014 include a) pre-tax amortization of acquired intangible assets of \$11.2, b) pre-tax share-based compensation expense of \$17.7, c) (3) pre-tax recoveries of \$5.8 associated with fraud at the Company's former freight payment and audit service provider, and d) a pre-tax special charge reversal of \$0.2 related to initiatives to simplify and streamline the Company's operations, totaling \$0.35 per share.

Net Income, Basic Earnings per Share, and Diluted Earnings per Share for fiscal 2013 include a) pre-tax amortization of acquired intangible assets of \$10.9, b) pre-tax share-based compensation expense of \$16.5, c) (4) pre-tax incremental costs of \$8.4 incurred due to manufacturing inefficiencies directly related to the Cochran, GA manufacturing facility closure; d) pre-tax costs of \$8.1 as a result of fraud at the Company's former freight payment and audit service provider; and e) a pre-tax special charge of \$8.5 related to initiatives to simplify and streamline the Company's operations, totaling \$0.76 per share.

Net Income, Basic Earnings per Share, and Diluted Earnings per Share for fiscal 2012 include a) pre-tax amortization of acquired intangible assets of \$11.2, b) pre-tax share-based compensation expense of \$15.9, c) (5) \$13.3 of pre-tax special charges, primarily related to severance and production transfer costs; d) pre-tax non-cash impairments of \$1.2 attributable to the abandonment of inventory that was not transferred to other facilities; and e) pre-tax incremental costs incurred due to manufacturing inefficiencies directly related to the Cochran facility closure, which amounted to approximately \$3.2, totaling \$0.68 per share.

Fiscal 2015, 2014, 2013, and 2012 amounts include the reclassification of deferred income taxes from short-term to (6) long-term related to the adoption of ASU 2015-17. See the New Accounting Pronouncements footnote for more information.

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Item 7. 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 and its subsidiaries for the years ended August 31, 2016 and 2015. For a more complete understanding of this discussion, please read the Notes to Consolidated Financial Statements included in this report.

Overview

Company

Acuity Brands, Inc. ("Acuity Brands") is the parent company of Acuity Brands Lighting, Inc. ("ABL") and other subsidiaries (Acuity Brands, ABL, and such other subsidiaries are collectively referred to herein as the "Company"). The Company, with its principal office in Atlanta, Georgia, employed approximately 11,800 people worldwide as of August 31, 2016.

The Company designs, produces, and distributes a broad array of lighting and building management 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 and building management solutions include devices such as luminaires, lighting controls, controllers for various building systems, power supplies, prismatic skylights, and drivers, as well as integrated systems designed to optimize energy efficiency and comfort for various indoor and outdoor applications. The Company is one of the world's leading producers and distributors of lighting and building management solutions, with a broad, highly configurable, diversified product offering. As of August 31, 2016, the Company operated 20 manufacturing facilities and seven distribution facilities along with two warehouses to serve its extensive customer base.

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

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

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

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

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

On April 15, 2015, using cash on hand, the Company acquired for cash substantially all of the assets and assumed certain liabilities of ByteLight, Inc. ("ByteLight"), a provider of indoor location software for light-emitting diode ("LED") lighting. ByteLight is headquartered in Boston, Massachusetts.

In addition, during fiscal 2015, the Company made a strategic, non-controlling investment in a company specializing in light sensory networks.

Strategy

The Company's strategy is to extend its leadership position in the North American market and certain markets internationally by delivering superior lighting and building management solutions. The Company's lighting and building management solutions vary from individual devices to intelligent network systems. Individual devices include luminaires, lighting controls, lighting components, controllers for various building systems (including HVAC, lighting, shades and access control), power supplies, and prismatic skylights. Among other benefits, intelligent network systems can optimize energy efficiency and comfort as well as enhance the occupant experience for various

indoor and outdoor applications, all the while reducing operating costs. Additionally, the Company continues to expand its solutions portfolio, including

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software and services, to provide a host of other economic benefits resulting from data analytics that enables the “Internet of Things” (IoT) and supports the advancement of smart buildings, smart cities, and the smart grid. As a results-oriented, customer-centric company, management will continue to align the unique capabilities and resources of the organization to drive profitable growth through a keen focus on providing comprehensive and differentiated lighting and building management solutions for its customers, driving world-class cost efficiency, and leveraging a culture of continuous improvement.

Throughout fiscal 2016, the Company believes it made significant progress towards achieving its strategic objectives, including expanding its access to the market, expanding its addressable market, introducing new lighting and building management solutions, and enhancing its operations to create a stronger, more effective organization. The strategic objectives were developed to enable the Company to meet or exceed the following financial goals during an entire business cycle:

- Operating profit margin in the mid-teens or higher;
- Diluted earnings per share growth in excess of 15% per annum;
- Return on stockholders’ equity of 20% or better per annum; and
- Cash flow from operations, less capital expenditures, that is in excess of net income.

To increase the probability of the Company achieving these financial goals, management will continue to implement programs to enhance its capabilities at providing unparalleled customer service; creating a globally competitive cost structure; improving productivity; and introducing new and innovative solutions and services more rapidly and cost effectively. In addition, the Company has invested considerable resources to teach and train associates to utilize tools and techniques that accelerate success in these key areas, as well as to create a culture that demands excellence through continuous improvement. Additionally, the Company promotes a “pay-for-performance” culture that rewards various levels of year over year improvement, while closely monitoring appropriate risk-taking. The expected outcome of these activities will be to better position the Company to deliver on its full potential, to provide a platform for future growth opportunities, and to allow the Company to achieve its long-term financial goals. See the Outlook section below for additional information.

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 and capital expenditures, pay dividends, meet its obligations as they become due, and maintain compliance with covenants contained in its financing agreements.

In recent years, the Company strengthened its liquidity position and extended its debt maturity profile following the issuance of \$350.0 of senior unsecured notes due in fiscal 2020 (the “Notes”) and the execution of a \$250.0 revolving credit facility scheduled to mature in fiscal 2019 (the “Revolving Credit Facility”). See the Capitalization section below and the Debt and Lines of Credit footnote of the Notes to Consolidated Financial Statements for more information. 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 its operations as currently planned, making anticipated capital investments, funding potential acquisitions, paying quarterly stockholder dividends as currently anticipated, paying interest on borrowings as currently scheduled, and making required contributions into its employee benefit plans, as well as 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 the existing repurchase program. The Company expects to repurchase shares on an opportunistic basis. During fiscal 2017, the Company currently expects to invest approximately 2.5% of net sales in capital expenditures primarily for equipment, tooling, facility enhancements, and new and enhanced information technology capabilities. Additionally, management believes that the Company's cash flow 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 Company stock, fund acquisitions, and pay dividends. The Company's cash position at August 31, 2016 was \$413.2, a decrease of \$343.6 from August 31, 2015. During the year ended August 31, 2016, the Company generated net cash from operating activities of \$345.7 with additional

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cash received of \$14.2 from stock issuances primarily in connection with stock option exercises. Cash generated from operating activities, as well as cash on-hand, was used during the current year primarily to fund acquisitions of \$623.2 and capital expenditures of \$83.7 as well as pay dividends to stockholders of \$22.9. Foreign currency related items had an unfavorable effect on cash flows of \$4.0 during the current year.

During fiscal 2016, net cash generated from operating activities increased \$56.8 to \$345.7 compared with \$288.9 generated in the prior-year period due primarily to higher net income partially offset by higher operating working capital requirements. Operating working capital (calculated by adding accounts receivable plus inventories, and subtracting accounts payable-net of acquisitions and the impact of foreign exchange rate changes) increased by approximately \$53.3 during fiscal 2016 compared to an increase of \$38.1 during fiscal 2015. Operating working capital requirements increased primarily due to greater production and purchases necessary to support the higher level of net sales.

Management believes that investing in assets and programs that will over time increase the overall return on the Company's invested capital is a key factor in driving stockholder value. The Company invested \$83.7 and \$56.5 in fiscal 2016 and 2015, respectively, primarily for new tooling, machinery, equipment, facility enhancements, and information technology.

Contractual Obligations

The following table summarizes the Company's contractual obligations at August 31, 2016:

	Total	Payments Due by Period ⁽⁶⁾			
		Less than One Year	1 to 3 Years	4 to 5 Years	After 5 Years
Debt ⁽¹⁾	\$356.5	\$0.2	\$ 0.6	\$354.6	\$1.1
Interest Obligations ⁽²⁾	163.8	31.9	65.3	31.4	35.2
Operating Leases ⁽³⁾	60.2	15.1	21.7	13.2	10.2
Purchase Obligations ⁽⁴⁾	198.6	193.8	4.8	—	—
Other Long-term Liabilities ⁽⁵⁾	42.9	4.3	6.6	3.6	28.4
Total	\$822.0	\$245.3	\$ 99.0	\$402.8	\$74.9

These amounts (which represent the amounts outstanding at August 31, 2016) are included in the Company's

(1) Consolidated Balance Sheets. See the Debt and Lines of Credit footnote for additional information regarding debt and other matters.

These amounts represent primarily the expected future interest payments on outstanding debt held by the Company at August 31, 2016 and the Company's outstanding loans related to its corporate-owned life insurance policies ("COLI"), which constitute a small portion of the total amounts shown. COLI-related interest payments included in

(2) this table are estimates. These estimates are based on various assumptions, including age at death, loan interest rate, and tax bracket. The amounts in this table do not include COLI-related payments after ten years due to the difficulty in calculating a meaningful estimate that far in the future. Note that payments related to debt and the COLI are reflected in the Company's Consolidated Statements of Cash Flows.

(3) The Company's operating lease obligations are described in the Commitments and Contingencies footnote.

(4) Purchase obligations include commitments to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including open purchase orders.

(5) These amounts are included in the Company's Consolidated Balance Sheets and largely represent other liabilities for which the Company is obligated to make future payments under certain long-term employee benefit programs. Estimates of the amounts and timing of these amounts are based on various assumptions, including expected return on plan assets, interest rates, and other variables. The amounts in this table do not include amounts related to future funding obligations under the defined benefit pension plans. The amount and timing of these future funding obligations are subject to many variables and are also dependent on whether or not the Company elects to make

contributions to the pension plans in excess of those required under ERISA. Such voluntary contributions may reduce or defer the funding obligations. See the Pension and Profit Sharing Plans footnote for additional information. These amounts exclude \$5.2 of unrecognized tax benefits as the period of cash settlement with the respective taxing authorities cannot be reasonably estimated.

Deferred income tax liabilities as of August 31, 2016 were approximately \$187.8. Refer to the Income Taxes footnote for more information. This amount is not included in the total contractual obligations table because the Company believes this presentation would not be meaningful. Deferred income tax liabilities are calculated based
(6) on temporary differences between the tax bases of assets and liabilities and their respective book bases, which will result in taxable amounts in future years when the liabilities are settled at their reported financial statement amounts. The results of these calculations do not have a direct connection with the amount of cash taxes to be paid in any future periods. As a result, scheduling deferred income tax liabilities as payments due by period could be misleading, because this scheduling would not relate to liquidity needs.

Capitalization

The current capital structure of the Company is comprised principally of senior unsecured notes and equity of its stockholders. Total debt outstanding, consisting primarily of fixed-rate obligations net of discount and deferred costs, was \$355.2 at August 31, 2016 compared with \$352.4 at August 31, 2015. During fiscal 2016, the Company borrowed \$2.5 under recently-executed fixed rate long-term bank loans.

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

On August 27, 2014, the Company executed the Revolving Credit Facility with a borrowing capacity of \$250.0. The Revolving Credit Facility replaced the Company's prior \$250.0 revolving credit facility, which was scheduled to mature on January 31, 2017. The Revolving Credit Facility will mature and all amounts outstanding thereunder will be due and payable on August 27, 2019. The Company was compliant with all financial covenants under the Revolving Credit Facility as of August 31, 2016. As of August 31, 2016, the Company had outstanding letters of credit totaling \$11.0, primarily for securing collateral requirements under the casualty insurance programs for the Company and providing credit support for the Company's industrial revenue bond. At August 31, 2016, the Company had additional borrowing capacity under the Revolving Credit Facility of \$243.9 under the most restrictive covenant in effect at the time, which represents the full amount of the Revolving Credit Facility less outstanding letters of credit of \$6.1 issued under the Revolving Credit Facility. See the Debt and Lines of Credit footnote of the Notes to Consolidated Financial Statements.

During fiscal 2016, the Company's consolidated stockholders' equity increased \$299.8 to \$1,659.8 at August 31, 2016 from \$1,360.0 at August 31, 2015. The increase was due primarily to net income earned in the period, as well as amortization of stock-based compensation, and stock issuances resulting primarily from the exercise of stock options, partially offset by payment of dividends, pension plan adjustments, and foreign currency translation adjustments. The Company's debt to total capitalization ratio (calculated by dividing total debt by the sum of total debt and total stockholders' equity) was 17.6% and 20.6% at August 31, 2016 and 2015, respectively. The ratio of debt, net of cash, to total capitalization, net of cash, was (3.6)% at August 31, 2016 and (42.3)% at August 31, 2015 as cash on hand continued to exceed debt.

Dividends

Acuity Brands paid dividends on its common stock of \$22.9 (\$0.52 per share) in fiscal 2016 and \$22.7 (\$0.52 per share) in fiscal 2015. The indicated quarterly dividend rate is \$0.13 per share. However, all decisions regarding the declaration and payment of dividends by Acuity Brands are at the discretion of the Company's Board of Directors and are evaluated regularly in light of the Company's financial condition, earnings, growth prospects, funding requirements, applicable law, and any other factors the Company's Board of Directors deems relevant.

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Results of Operations

Fiscal 2016 Compared with Fiscal 2015

The following table sets forth information comparing the components of net income for the year ended August 31, 2016 with the year ended August 31, 2015:

	Years Ended August 31,		Increase	Percent
	2016	2015	(Decrease)	Change
Net Sales	\$3,291.3	\$2,706.7	\$ 584.6	21.6 %
Cost of Products Sold	1,855.1	1,561.1	294.0	18.8 %
Gross Profit	1,436.2	1,145.6	290.6	25.4 %
Percent of net sales	43.6 %	42.3 %	130 bps	
Selling, Distribution, and Administrative Expenses	946.0	756.9	189.1	25.0 %
Special Charge	15.0	12.4	2.6	21.0 %
Operating Profit	475.2	376.3	98.9	26.3 %
Percent of net sales	14.4 %	13.9 %	50 bps	
Other Expense (Income):				
Interest Expense, net	32.2	31.5	0.7	2.2 %
Miscellaneous (Income) Expense, net	(1.6)	1.2	(2.8)	233.3 %
Total Other Expense	30.6	32.7	(2.1)	(6.4)%
Income before Provision for Income Taxes	444.6	343.6	101.0	29.4 %
Percent of net sales	13.5 %	12.7 %	80 bps	
Provision for Income Taxes	153.8	121.5	32.3	26.6 %
Effective tax rate	34.6 %	35.4 %		
Net Income	\$290.8	\$222.1	\$ 68.7	30.9 %
Diluted Earnings per Share	\$6.63	\$5.09	\$ 1.54	30.3 %

Net sales increased \$584.6, or 21.6%, to \$3,291.3 for the year ended August 31, 2016 compared with \$2,706.7 reported for the year ended August 31, 2015. For the year ended August 31, 2016, the Company reported net income of \$290.8 compared with \$222.1 for the year ended August 31, 2015, an increase of \$68.7, or 30.9%. For fiscal 2016, diluted earnings per share increased 30.3% to \$6.63 from \$5.09 for the prior-year period.

The following table reconciles certain financial measures prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") to the corresponding non-U.S. GAAP measures referred to in the discussion of the Company's results of operations, which exclude the impact of acquisition-related items, amortization of acquired intangible assets, share-based compensation expense, impairment of intangible asset, special charges associated primarily with continued efforts to streamline the organization, and net losses associated with financial instruments. Although special charges, amortization of acquired intangible assets, and share-based compensation expense have been recognized in prior periods and could recur in future periods, management typically excludes the impact of these charges during internal reviews of performance and uses these non-U.S. GAAP measures for baseline comparative operational analysis, decision making, and other activities. Primarily due to the impact of the four acquisitions completed during fiscal 2016, the Company experienced noticeable increases in amortization of acquired intangibles, share-based payments used to improve retention and align the interest of key leaders of acquired businesses, and special charges due to activities to streamline and integrate those acquisitions. These non-U.S. GAAP financial measures, including adjusted gross profit and margin, adjusted selling, distribution, and administrative expenses, adjusted operating profit and margin, adjusted other income/expense, adjusted net income, and adjusted diluted earnings per share, are provided to enhance the user's overall understanding of the Company's current financial performance. Specifically, the Company believes these non-U.S. GAAP measures provide greater comparability and enhanced visibility into the results of operations. The non-U.S. GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, results prepared in accordance with U.S. GAAP.

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	Years Ended August 31,			Increase (Decrease)	Percent Change
	2016	2015			
Gross Profit	\$1,436.2	\$1,145.6			
Add-back: Acquisition-related items ⁽¹⁾	2.8	—			
Adjusted Gross Profit	\$1,439.0	\$1,145.6	\$ 293.4	25.6 %	
Percent of net sales	43.7 %	42.3 %	140 bps		
Selling, Distribution, and Administrative Expenses	\$946.0	\$756.9			
Less: Amortization of acquired intangible assets	(21.4)	(11.0)			
Less: Share-based compensation expense	(27.7)	(18.2)			
Less: Acquisition-related items ⁽¹⁾	(8.0)	(3.2)			
Less: Impairment of intangible asset	(5.1)	—			
Adjusted Selling, Distribution, and Administrative Expenses	\$883.8	\$724.5	\$ 159.3	22.0 %	
Percent of net sales	26.9 %	26.8 %	10 bps		
Operating Profit	\$475.2	\$376.3			
Add-back: Amortization of acquired intangible assets	21.4	11.0			
Add-back: Share-based compensation expense	27.7	18.2			
Add-back: Acquisition-related items ⁽¹⁾	10.8	3.2			
Add-back: Impairment of intangible asset	5.1	—			
Add-back: Special charge	15.0	12.4			
Adjusted Operating Profit	\$555.2	\$421.1	\$ 134.1	31.8 %	
Percent of net sales	16.9 %	15.6 %	130 bps		
Other Expense (Income)	\$30.6	\$32.7			
Add-back: Net loss on financial instruments	—	(2.6)			
Adjusted Other Expense (Income)	\$30.6	\$30.1	\$ 0.5	1.7 %	
Net Income	\$290.8	\$222.1			
Add-back: Amortization of acquired intangible assets	21.4	11.0			
Add-back: Share-based compensation expense	27.7	18.2			
Add-back: Acquisition-related items ⁽¹⁾	10.8	3.2			
Add-back: Impairment of intangible asset	5.1	—			
Add-back: Special charge	15.0	12.4			
Add-back: Net loss on financial instruments	—	2.6			
Total pre-tax adjustments to Net Income	\$80.0	\$47.4			
Income tax effect	(27.1)	(15.4)			
Adjusted Net Income	\$343.7	\$254.1	\$ 89.6	35.3 %	
Diluted Earnings per Share	\$6.63	\$5.09			
Adjusted Diluted Earnings per Share	\$7.84	\$5.83	\$ 2.01	34.5 %	

⁽¹⁾ Acquisition-related items include acquired profit in inventory, professional fees, and certain contract termination costs.

Table of Contents**Net Sales**

Net sales for the year ended August 31, 2016 increased by 21.6% compared with the prior-year period due primarily to an increase in sales volumes of approximately 15% and the favorable impact of acquired revenues from acquisitions of 9%, partially offset by the impact of an unfavorable change in product prices and the mix of products sold ("price/mix") of approximately 2% and unfavorable foreign currency rate changes of less than 1%. Sales volume was higher across most product categories and key sales channels. Sales of LED-based luminaires during the year ended August 31, 2016 increased almost 50% compared to the year-ago period and represented approximately 60% of total net sales. The change in price/mix was due primarily to unfavorable pricing on LED luminaires, reflecting the decline in certain LED component costs, as well as a change in sales channel mix. Due to the changing dynamics of the Company's product portfolio, including the increase of integrated lighting and building management solutions as well as the proliferation of new products due to the adoption of solid-state lighting, it is not possible to precisely quantify or differentiate the individual components of volume, price and mix.

Gross Profit

Gross profit for fiscal 2016 increased \$290.6, or 25.4%, to \$1,436.2 compared with \$1,145.6 for the prior year. The increase in gross profit was due primarily to additional contribution on higher net sales, lower material and component costs, and improved productivity. These items were partially offset by unfavorable price/mix, acquisition-related items, and specifically in the fourth quarter, certain disruptions in the supply chain. As a result of these factors, gross profit margin increased 130 basis points to 43.6% for the year ended August 31, 2016 compared with 42.3% for the year ended August 31, 2015.

Adjusted gross profit for fiscal 2016 increased \$293.4, or 25.6%, to \$1,439.0 compared with \$1,145.6 for the prior year. Adjusted gross profit margin increased 140 basis points to 43.7% compared to 42.3% in the prior year.

Operating Profit

Selling, Distribution, and Administrative ("SD&A") expenses for the year ended August 31, 2016 increased \$189.1, or 25.0%, to \$946.0 compared with \$756.9 in the prior year. The increase in SD&A expenses was due primarily to higher costs to support the greater sales volume, including freight and commissions, higher employee-related costs, higher amortization of acquired intangible assets related to recent acquisitions, certain other acquisition-related items, and the impairment of an intangible asset. The increase in employee costs reflects the Company's investments in capabilities related to areas of future growth as well as enhanced customer service. The increase in employee costs also includes increased variable compensation expense as well as share-based compensation expense due primarily to restricted stock issued as part of certain recent acquisitions. These items were partially offset by savings from recent streamlining efforts. Compared with the prior-year period, SD&A expenses as a percent of sales increased 70 basis points to 28.7% for fiscal 2016 from 28.0% in fiscal 2015. Adjusted SD&A expenses were \$883.8, or 26.9% of net sales, in fiscal 2016 compared to \$724.5, or 26.8% of net sales, in the year-ago period.

The Company recognized pre-tax special charges of \$15.0 during fiscal 2016 compared with pre-tax special charges of \$12.4 during fiscal 2015. These charges related primarily to the Company's continued efforts to integrate recent acquisitions, streamline the organization by realigning certain responsibilities primarily within various selling, distribution, and administrative departments, and the consolidation of certain production activities. Further details regarding the Company's special charges are included in the Special Charge footnote of the Notes to Consolidated Financial Statements.

Operating profit for fiscal 2016 was \$475.2 compared with \$376.3 reported for the prior-year period, an increase of \$98.9, or 26.3%. Operating profit margin increased 50 basis points to 14.4% for fiscal 2016 compared with 13.9% for fiscal 2015 due primarily to higher gross profit, partially offset by higher costs to support greater sales volume, special charges, employee-related costs, including variable incentive compensation, acquisition-related items, and the impairment of an intangible asset.

Adjusted operating profit increased \$134.1, or 31.8%, to \$555.2 compared with \$421.1 for fiscal 2015. Adjusted operating profit margin increased 130 basis points to 16.9% compared with adjusted operating profit margin of 15.6% 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 includes gains and losses related to foreign exchange rate changes. Interest expense, net, was \$32.2 and \$31.5 for the years ended August 31, 2016 and 2015, respectively. The Company reported net miscellaneous income of \$1.6 in fiscal 2016 compared with net miscellaneous expense of \$1.2 in fiscal 2015.

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Provision for Income Taxes and Net Income

The effective income tax rate was 34.6% and 35.4% for the years ended August 31, 2016 and 2015, respectively. The Company estimates that its effective tax rate for fiscal 2017 will be approximately 35.5% before any discrete items and assuming the rates in its taxing jurisdictions remain generally consistent throughout the year.

Net income for fiscal 2016 increased \$68.7, or 30.9%, to \$290.8 from \$222.1 reported for the prior year. The increase in net income resulted primarily from higher operating profit partially offset by higher tax expense.

Adjusted net income for fiscal 2016 increased 35.3% to \$343.7 compared with \$254.1 in the year-ago period.

Adjusted diluted earnings per share for fiscal 2016 was \$7.84 compared with \$5.83 for the prior-year period, which represented an increase of \$2.01, or 34.5%.

Fiscal 2015 Compared with Fiscal 2014

The following table sets forth information comparing the components of net income for the year ended August 31, 2015 with the year ended August 31, 2014:

	Years Ended August 31,		Increase	Percent
	2015	2014	(Decrease)	Change
Net Sales	\$2,706.7	\$2,393.5	\$ 313.2	13.1 %
Cost of Products Sold	1,561.1	1,414.3	146.8	10.4 %
Gross Profit	1,145.6	979.2	166.4	17.0 %
Percent of net sales	42.3	% 40.9	% 140	bps
Selling, Distribution, and Administrative Expenses	756.9	680.3	76.6	11.3 %
Special Charge	12.4	(0.2)	12.6	NM
Operating Profit	376.3	299.1	77.2	25.8 %
Percent of net sales	13.9	% 12.5	% 140	bps
Other Expense (Income):				
Interest Expense, net	31.5	32.1	(0.6)	(1.9)%
Miscellaneous Expense (Income), net	1.2	1.3	(0.1)	(7.7)%
Total Other Expense	32.7	33.4	(0.7)	(2.1)%
Income before Provision for Income Taxes	343.6	265.7	77.9	29.3 %
Percent of net sales	12.7	% 11.1	% 160	bps
Provision for Income Taxes	121.5	89.9	31.6	35.2 %
Effective tax rate	35.4	% 33.8	%	
Net Income	\$222.1	\$175.8	\$ 46.3	26.3 %
Diluted Earnings per Share	\$5.09	\$4.05	\$ 1.04	25.7 %
NM - not meaningful				

Net sales increased \$313.2, or 13.1%, to \$2,706.7 for the year ended August 31, 2015 compared with \$2,393.5 reported for the year ended August 31, 2014. For the year ended August 31, 2015, the Company reported net income of \$222.1 compared with \$175.8 for the year ended August 31, 2014, an increase of \$46.3, or 26.3%. For fiscal 2015, diluted earnings per share increased 25.7% to \$5.09 from \$4.05 for the prior-year period.

The following table reconciles certain U.S. GAAP financial measures to the corresponding non-U.S. GAAP measures referred to in the discussion of the Company's results of operations, which exclude amortization of acquired intangibles, share-based compensation expense, acquisition-related items, incremental recoveries related to a fraud at a freight service provider, special charges associated primarily with continued efforts to streamline the organization, and net losses associated with financial instruments.

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	Years Ended August 31,		Increase (Decrease)	Percent Change
	2015	2014		
Selling, Distribution, and Administrative Expenses	\$756.9	\$680.3		
Less: Amortization of acquired intangible assets	(11.0)	(11.2)		
Less: Share-based compensation expense	(18.2)	(17.7)		
Add-back: Freight service provider fraud-related recoveries	—	5.8		
Less: Acquisition-related items ⁽¹⁾	(3.2)	—		
Adjusted Selling, Distribution, and Administrative Expenses	\$724.5	\$657.2	\$ 67.3	10.2 %
Percent of net sales	26.8 %	27.5 %	(70)	bps
Operating Profit	\$376.3	\$299.1		
Add-back: Amortization of acquired intangible assets	11.0	11.2		
Add-back: Share-based compensation expense	18.2	17.7		
Less: Freight service provider fraud-related recoveries	—	(5.8)		
Add-back: Acquisition-related items ⁽¹⁾	3.2	—		
Add-back/(Less): Special charge	12.4	(0.2)		
Adjusted Operating Profit	\$421.1	\$322.0	\$ 99.1	30.8 %
Percent of net sales	15.6 %	13.5 %	210	bps
Other Expense (Income)	\$32.7	\$33.4		
Add-back: Net loss on financial instruments	(2.6)	—		
Adjusted Other Expense (Income)	\$30.1	\$33.4	\$ (3.3)	(9.9)%
Net Income	\$222.1	\$175.8		
Add-back: Amortization of acquired intangible assets	11.0	11.2		
Add-back: Share-based compensation expense	18.2	17.7		
Add-back: Acquisition-related items ⁽¹⁾	3.2	—		
Less: Freight service provider fraud-related recoveries	—	(5.8)		
Add-back/(Less): Special charge	12.4	(0.2)		
Add-back: Net loss on financial instruments	2.6	—		
Total pre-tax adjustments to Net Income	\$47.4	\$22.9		
Income tax effect	(15.4)	(7.9)		
Adjusted Net Income	\$254.1	\$190.8	\$ 63.3	33.2 %
Diluted Earnings per Share	\$5.09	\$4.05		
Adjusted Diluted Earnings per Share	\$5.83	\$4.40	\$ 1.43	32.5 %

Net Sales

Net sales for the year ended August 31, 2015 increased by 13.1% compared with the prior-year period due primarily to an increase in sales volumes of approximately 15%, partially offset by the impact of an unfavorable change in product prices and the mix of products sold ("price/mix") of approximately 1% and unfavorable foreign currency rate changes of 1%. Sales volume was higher across most product categories and key sales channels as the Company realized greater demand for LED-based luminaires. Sales of LED-based luminaires during the year ended August 31, 2015 increased 57% compared to the year-ago period and represented 46% of total net sales. The change in price/mix was due primarily to unfavorable pricing on LED luminaires, reflecting the decline in certain LED component costs, as well as a change in sales channel mix. Due to the changing dynamics of the Company's product portfolio, including the increase of integrated lighting and building management solutions as well as the proliferation of new products due to the adoption of solid-state lighting, it is not possible to precisely quantify volume or differentiate the individual components of price/mix.

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Gross Profit

Gross profit for fiscal 2015 increased \$166.4, or 17.0%, to \$1,145.6 compared with \$979.2 for the prior year. The increase in gross profit margin was due primarily to additional contribution on higher net sales, lower material and component costs, and improved manufacturing productivity. These items were partially offset by unfavorable price/mix and the unfavorable impact of foreign currency rate changes. As a result of these factors, gross profit margin increased 140 basis points to 42.3% for the year ended August 31, 2015 compared with 40.9% for the year ended August 31, 2014.

Operating Profit

Selling, Distribution, and Administrative (“SD&A”) expenses for the year ended August 31, 2015 increased \$76.6, or 11.3%, to \$756.9 compared with \$680.3 in the prior year. The increase in SD&A expenses was due primarily to higher costs to support the greater sales volume, including freight and commissions, and higher employee-related costs, including variable incentive compensation costs, partially offset by savings from recent streamlining efforts. Compared with the prior-year period, SD&A expenses as a percent of sales declined 40 basis points to 28.0% for fiscal 2015 from 28.4% in fiscal 2014. Adjusted SD&A expenses were \$724.5, or 26.8% of net sales, in fiscal 2015 compared to \$657.2, or 27.5% of net sales, in the year-ago period.

During the year ended August 31, 2015, the Company recognized pre-tax special charges of \$12.4 related primarily to the Company's continued efforts to streamline the organization by realigning certain responsibilities primarily within various selling, distribution, and administrative departments and the consolidation of certain production activities. During fiscal 2014, the Company recorded a reversal of pre-tax special charges of \$0.2 due primarily to lower-than-anticipated costs related to previously-initiated streamlining efforts of \$0.6 partially offset by production transfer costs of \$0.4. Further details regarding the Company's special charges are included in the Special Charge footnote of the Notes to Consolidated Financial Statements.

Operating profit for fiscal 2015 was \$376.3 compared with \$299.1 reported for the prior-year period, an increase of \$77.2, or 25.8%. Operating profit margin increased 140 basis points to 13.9% for fiscal 2015 compared with 12.5% for fiscal 2014 due primarily to higher gross profit, partially offset by higher costs to support greater sales volume, special charges, and employee-related costs, including variable incentive compensation.

Adjusted operating profit increased \$99.1, or 30.8%, to \$421.1 compared with \$322.0 for fiscal 2014. Adjusted operating profit margin increased 210 basis points to 15.6% compared with adjusted operating profit margin of 13.5% 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 includes gains and losses related to foreign exchange rate changes. Interest expense, net, was \$31.5 and \$32.1 for the years ended August 31, 2015 and 2014, respectively. The Company reported net miscellaneous expense of \$1.2 in fiscal 2015 compared with \$1.3 in fiscal 2014.

Provision for Income Taxes and Net Income

The effective income tax rate was 35.4% and 33.8% for the years ended August 31, 2015 and 2014, respectively. The fiscal 2014 effective tax rate benefited from a reduction in certain income tax reserves which did not recur in fiscal 2015.

Net income for fiscal 2015 increased \$46.3, or 26.3%, to \$222.1 from \$175.8 reported for fiscal 2014. The increase in net income resulted primarily from higher operating profit partially offset by higher tax expense.

Adjusted net income for fiscal 2015 increased 33.2% to \$254.1 compared with \$190.8 in fiscal 2014. Adjusted diluted earnings per share for fiscal 2015 were \$5.83 compared with \$4.40 for fiscal 2014, which represented an increase of \$1.43, or 32.5%.

Outlook

Management believes that the execution of the Company's strategy will provide opportunities for continued profitable growth. The Company's strategy is to capitalize on market growth opportunities by continuing to expand and leverage its industry-leading lighting and building management solutions portfolio combined with its extensive market presence and financial strength. Management will continue to drive the creation of a world-class, cost-efficient supply

chain and service capability, while also reducing and/or eliminating resources allocated to specific areas of slower and/

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

During fiscal 2016, the Company recorded a pre-tax special charge of \$15.0 for actions initiated to streamline the organization, including the integration of recent acquisitions. These streamlining activities include the consolidation of selected production activities and realignment certain responsibilities, primarily within various selling, distribution, and administrative departments. Management expects to realize annual savings equal to at least twice the amount of the charge and to achieve the full annualized run-rate by the end of the second quarter of fiscal 2017. Management expects to incur additional costs associated with these and potential future integration and streamlining activities in fiscal 2017.

Overall, the economy in North America and certain markets the Company serves in Europe continue to move along at a measured, but sometimes inconsistent pace. The 2016 U.S. presidential election and other events, such as the United Kingdom's referendum vote to exit the European Union, continue to create uncertainty and volatility. This uncertainty and volatility has the potential to affect consumer and business sentiment which in turn could negatively impact global economic activity. This notwithstanding, management remains bullish regarding the Company's prospects for continued future profitable growth. Management expects the growth rate for lighting and building management solutions in the North American market, which includes renovation and retrofit activity and comprises approximately 96% percent of the Company's revenues, will be in the mid-to-upper single digit range for fiscal 2017 based on third-party forecasts and other key leading indicators. The Company's order rates through the month of September seem to reflect this favorable trend. In addition to the projected growth in the Company's primary end-markets, management believes that the Company should benefit from recent acquisitions, further growth from the introduction of new lighting and building automation solutions, and expansion in underpenetrated geographies and channels. From a longer term perspective, management expects that the Company's addressable markets will experience solid growth over the next decade, particularly as energy and environmental concerns come to the forefront along with emerging opportunities for digital lighting to play a key role in the "Internet of Things" (IoT) through the use of intelligent networked lighting and building automation systems that can collect and exchange data to increase efficiency as well as provide a host of other economic benefits resulting from data analytics. Management remains positive about the future prospects of the Company and its ability to outperform the markets it serves.

Accounting Standards Adopted in Fiscal 2016 and Accounting Standards Yet to Be Adopted

See the New Accounting Pronouncements footnote of the Notes to Consolidated Financial Statements for information on recently adopted and upcoming standards.

Critical Accounting Estimates

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

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The management believes the following represent the Company's critical accounting policies and estimates:

Revenue Recognition

The Company records revenue when the following criteria are met: persuasive evidence of a sales arrangement exists, delivery has occurred, the Company's price to the customer is fixed and determinable, and collectability is reasonably assured. In the period of revenue recognition, provisions for certain rebates, sales incentives, product returns, and discounts to customers are estimated and recorded, in most instances, as a reduction of revenue. The Company also maintains one-time or on-going marketing and trade-promotion programs with certain customers that require the Company to estimate and accrue the expected costs of such programs. These items are estimated based on customer agreements, historical trends, and expected demand. Actual results could differ from estimates, which would require adjustments to accrued amounts. See the Significant Accounting Policies footnote of the Notes to Consolidated Financial Statements for additional information about these assumptions and estimates.

Accounts Receivable

The Company records accounts receivable at net realizable value. This value includes an allowance for estimated uncollectible accounts to reflect losses anticipated on accounts receivable balances. The allowance is based on historical write-offs, an analysis of past due accounts based on the contractual terms of the receivables, and economic status of customers, if known. Management believes that the allowance is sufficient to cover uncollectible amounts; however, there can be no assurance that unanticipated future business conditions of customers will not have a negative impact on the Company's results of operations.

Inventories

Inventories include materials, direct labor, in-bound freight, and related manufacturing overhead, and are stated at the lower of cost (on a first-in, first-out or average-cost basis) or market. Management reviews inventory quantities on hand and records a provision for excess or obsolete inventory primarily based on estimated future demand and current market conditions. A significant change in customer demand, market conditions, or technology could render certain inventory obsolete and thus could have a material adverse impact on the Company's operating results in the period the change occurs.

Goodwill and Indefinite-Lived Intangible Assets

The Company reviews goodwill and indefinite-lived intangible assets for impairment on an annual basis in the fiscal fourth quarter or on an interim basis, if an event occurs or circumstances change that would more likely than not indicate that the fair value of the goodwill and indefinite-lived asset is below its carrying value. All other long-lived and intangible assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss for goodwill and indefinite-lived intangibles would be recognized based on the difference between the carrying value of the asset and its estimated fair value, which would be determined based on either discounted future cash flows or other appropriate fair value methods. The evaluation of goodwill and indefinite-lived intangibles for impairment requires management to use significant judgments and estimates in accordance with U.S. GAAP including, but not limited to, economic, industry, and company-specific qualitative factors, projected future net sales, operating results, and cash flows.

Although management currently believes that the estimates used in the evaluation of goodwill and indefinite-lived intangibles are reasonable, differences between actual and expected net sales, operating results, and cash flows and/or changes in the discount rate or theoretical royalty rate could cause these assets to be deemed impaired. If this were to occur, the Company would be required to record a non-cash charge to earnings for the write-down in value of such assets, which could have a material adverse effect on the Company's results of operations and financial position, but not its cash flows from operations.

Goodwill

The Company is comprised of one reporting unit with a goodwill balance of \$947.8 as of August 31, 2016. The Company utilized a qualitative assessment to determine the likelihood of impairment of goodwill as of June 1, 2016. To do this, the Company identified and analyzed macroeconomic, industry, and company-specific factors. Additionally, factors that most affect the fair value of the Company were compared to those used in the previous quantitative impairment test to identify potentially significant variances to further support the reasonableness of the assumptions.

Taking into consideration these factors, the Company estimated the potential change in the fair value of goodwill compared with the previous quantitative impairment test. As a result of this analysis, management believes the estimated

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fair value of the reporting unit continues to exceed its carrying value by a substantial margin and does not represent a more likely than not possibility of potential impairment. The goodwill analysis did not result in an impairment charge.

Indefinite-Lived Intangible Assets

The Company's indefinite-lived intangible assets consist of seven trade names with an aggregate carrying value of approximately \$135.0. Management utilized significant assumptions to estimate the fair value of these indefinite-lived trade names using a fair value model based on discounted future cash flows ("fair value model") in accordance with U.S. GAAP. Future cash flows associated with each of the Company's indefinite-lived trade names are calculated by applying a theoretical royalty rate a willing third party would pay for use of the particular trade name to estimated future net sales. The present value of the resulting after-tax cash flow is management's current estimate of the fair value of the trade names. This fair value model requires management to make several significant assumptions, including estimated future net sales (including short and long-term growth rates), the royalty rate, and the discount rate.

Future net sales and short-term growth rates are estimated for each particular trade name based on management's financial forecasts, which consider key business drivers, such as specific revenue growth initiatives, market share changes, expected growth in non-residential and residential construction markets, and general economic factors, such as credit availability and interest rates. The long-term growth rate used in determining terminal value is estimated at 3.0% for the Company and is based primarily on the Company's understanding of projections for expected long-term growth in non-residential construction, the Company's key market, and historical long-term performance. The theoretical royalty rate is estimated primarily using management's assumptions regarding the amount a willing third party would pay to use the particular trade name and is compared with market information for similar intellectual property within and outside of the industry. Differences between expected and actual results can result in significantly different valuations. If future operating results are unfavorable compared with forecasted amounts, the Company may be required to reduce the theoretical royalty rate used in the fair value model. A reduction in the theoretical royalty rate would result in lower expected future after-tax cash flows in the valuation model. The Company utilized a range of estimated discount rates between 9% and 16% as of June 1, 2016, based on the Capital Asset Pricing Model, which considers the updated risk-free interest rate, beta, market risk premium, and entity specific size premium.

During fiscal 2016, the Company performed an evaluation of the fair values of its indefinite-lived trade names. The Company's expected revenues are based on the Company's fiscal 2017 expectations and recent lighting market growth estimates for fiscal 2017 through 2021. The Company also included revenue growth estimates based on current initiatives expected to help the Company improve performance. During fiscal 2016, estimated theoretical royalty rates ranged between 1% and 4%. During fiscal 2016, management began to rationalize the Company's portfolio of brands, resulting in the initiation of the phase out of one of the trade names. The Company recognized an impairment charge of \$5.1 related to this trade name and concluded the trade name is definite-lived. The indefinite-lived intangible asset analysis did not result in any other impairment charges, as the fair values exceeded the carrying values for each of the other trade names. The estimated fair values of the indefinite-lived intangible assets exceed the carrying values by such a significant amount that any reasonably likely change in the assumptions used in the analyses, including revenue growth rates, royalty rates, and discount rates, would not cause the carrying values to exceed the estimated fair values as determined by the fair value analyses. The Company determined that any estimated potential impairment related to the trade names based on changes in the assumptions, which would be less likely to occur, would not be material to the Company's financial condition or results of operations.

Definite-Lived Intangible Assets

The Company evaluates the remaining useful lives of its definite-lived intangible assets on an annual basis in the fiscal fourth quarter or on an interim basis, if an event occurs or circumstances change that would warrant a revision to the remaining period of amortization. The Company considers each reporting period whether an event occurred or circumstances changed that would more likely than not indicate that the fair value of the definite-lived asset is below its carrying value. The Company noted no such events or changes during fiscal 2016 or 2015.

Self-Insurance

The Company self-insures, up to certain limits, traditional risks including workers' compensation, comprehensive general liability, and auto liability. A provision for claims under this self-insured program, based on the Company's

estimate of the aggregate liability for claims incurred, is revised and recorded annually. The estimate is derived from both internal and external sources including, but not limited to, the Company's independent actuary. The actuarial estimates are subject to uncertainty from various sources including, among others, changes in claim reporting patterns, claim settlement patterns, judicial decisions, legislation, and economic conditions. Although the Company believes that the actuarial estimates are reasonable, significant differences related to the items noted above could materially affect the Company's self-insurance obligations, future expense, and cash flow. The Company is also self-insured up to

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certain limits for certain other insurable risks, primarily physical loss to property and business interruptions resulting from such loss lasting two days or more in duration. Insurance coverage is maintained for catastrophic property and casualty exposures as well as those risks required to be insured by law or contract. The Company is fully self-insured for certain other types of liabilities, including environmental, product recall, warranty, and patent infringement. The Company is also self-insured for the majority of its medical benefit plans up to certain limits. The Company estimates its aggregate liability for claims incurred by applying a lag factor to the Company's historical claims and administrative cost experience. The appropriateness of the Company's lag factor is evaluated and revised, if necessary, annually. Although management believes that the current estimates are reasonable, significant differences related to claim reporting patterns, plan design, legislation, and general economic conditions could materially affect the Company's medical benefit plan liabilities, future expense, and cash flow.

Income Taxes

The Company uses certain assumptions and estimates in determining the income taxes payable or refundable for the current year, income tax expense, and deferred income tax liabilities and assets, which represent temporary and permanent differences between amounts within the financial statements and the income tax basis. Accounting Standards Codification ("ASC") Topic 740, Income Taxes ("ASC 740"), requires the evaluation and testing of the recoverability of deferred tax assets. Deferred tax assets are reduced by a valuation allowance if, based on the relevant factors, it is more likely than not that all or some portion of the deferred tax assets will not be realized. Reasonable judgment and estimates are required in determining whether a valuation allowance is necessary and, if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance, the Company considers a number of factors, including, but not limited to: the nature and character of the deferred tax assets and liabilities; taxable income in prior carryback years; future reversals of existing temporary differences; and the length of time carryovers can be utilized.

In light of the multiple tax jurisdictions in which the Company operates, the Company's tax returns are subject to routine audit by the Internal Revenue Service ("IRS") and other taxation authorities. The results of these audits at times produce uncertainty regarding particular tax positions taken in the year(s) of review. The Company records uncertain tax positions as prescribed by ASC 740, which requires recognition at the time when it is more likely than not that the position in question will be upheld. Although management believes that the judgment and estimates involved are reasonable and that the necessary provisions have been recorded, changes in circumstances or unexpected events could adversely or positively affect the Company's financial position, results of operations, and cash flows.

Retirement Benefits

The Company sponsors domestic and international defined benefit pension plans and defined contribution plans and other postretirement plans. Assumptions are used to determine the estimated fair value of plan assets, the actuarial value of plan liabilities, and the current and projected costs for these employee benefit plans and include, among other factors, estimated discount rates, expected returns on the pension fund assets, estimated mortality rates, the rates of increase in employee compensation levels, and, for one international plan, retroactive inflationary adjustments. These assumptions are determined based on Company and market data and are evaluated annually as of the plans' measurement date. See the Pensions and Defined Contribution Plans footnote of the Notes to Consolidated Financial Statements for further information on the Company's plans, including the potential impact of changes to certain of these assumptions.

Share-Based Compensation Expense

The Company recognizes compensation cost relating to share-based payment transactions in the financial statements based on the estimated fair value of the equity instrument issued. The Company accounts for stock options, restricted shares, and share units representing certain deferrals into the Director Deferred Compensation Plan or the Supplemental Deferred Savings Plan (both of which are discussed further in the Share-Based Payments footnote of the Notes to Consolidated Financial Statements) based on the grant-date fair value estimated under the provisions of ASC Topic 718, Compensation — Stock Compensation ("ASC 718").

The Company employs the Black-Scholes model in deriving the fair value estimates of certain share-based awards and estimates forfeitures of all share-based awards at the time of grant, which are revised in subsequent periods if actual forfeitures differ from initial estimates. Forfeitures are estimated based on historical experience. If factors change

causing different assumptions to be made in future periods, estimated compensation expense may differ significantly from that recorded in the current period. See the Significant Accounting Policies and Share-Based Payments footnotes of the Notes to Consolidated Financial Statements for more information regarding the assumptions used in estimating the fair value of stock options.

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Product Warranty and Recall Costs

The Company records an allowance for the estimated amount of future warranty costs when the related revenue is recognized. Estimated future warranty costs are primarily based on historical experience of identified warranty claims. The Company is fully self-insured for product warranty costs. Historical warranty costs have been within expectations. The Company expects that historical activity will continue to be the best indicator of future warranty costs. There can be no assurance that future warranty costs will not exceed historical amounts or that incorporating new technologies, such as LED components into products, may not generate unexpected costs. Estimated costs related to product recalls based on a formal campaign soliciting repair or return of that product are accrued when they are deemed to be probable and can be reasonably estimated. If actual future warranty or recall costs exceed recorded amounts, additional allowances may be required, which could have a material adverse impact on the Company's results of operations and cash flow.

Litigation

The Company recognizes expense for legal claims when payments associated with the claims become probable and can be reasonably estimated. Due to the difficulty in estimating costs of resolving legal claims, actual costs could have a material adverse impact on the Company's results of operations and cash flow.

Environmental Matters

The Company recognizes expense for known environmental claims when payments associated with the claims become probable and the costs can be reasonably estimated. The actual cost of resolving environmental issues may be higher than that reserved primarily due to difficulty in estimating such costs and potential changes in the status of government regulations. The Company is self-insured for environmental matters.

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 2017 annual tax rate; (g) the Company's future amortization expense; (h) the Company's ability to integrate acquisitions and achieve accretive results, and (i) the Company's ability to achieve its long-term financial goals and measures. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this annual report. Except as required by law, the Company undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events. The Company's forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the historical experience of the Company and management's present expectations or projections. These risks and uncertainties include, but are not limited to, customer and supplier relationships and prices; competition; ability to realize anticipated benefits from initiatives taken and timing of benefits; market demand; litigation and other contingent liabilities; and economic, political, governmental, and technological factors affecting the Company. Also, additional risks that could cause the Company's actual results to differ materially from those expressed in the Company's forward-looking statements are discussed in Part I, "Item 1a. Risk Factors" of this Annual Report on Form 10-K, and are specifically incorporated herein by reference.

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Item 7a. Quantitative and Qualitative Disclosures about Market Risk

(\$ in millions)

General. The Company is exposed to worldwide market risks that may impact the Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, and Consolidated Statements of Cash Flows due primarily to changing interest and foreign exchange rates as well as volatility in commodity prices. The following discussion provides additional information regarding the market risks of the Company.

Interest Rates. Interest rate fluctuations expose the variable-rate debt of the Company to changes in interest expense and cash flows. At August 31, 2016, the variable-rate debt of the Company was solely comprised of the \$4.0 long-term industrial revenue bond. A 10% increase in market interest rates at August 31, 2016, would have resulted in a de minimus amount of additional annual after-tax interest expense. A fluctuation in interest rates would not affect interest expense or cash flows related to the Company's fixed-rate debt which includes the \$350.0 publicly-traded fixed-rate notes. A 10% increase in market interest rates at August 31, 2016 would have decreased the estimated fair value of these debt obligations by approximately \$2.9. See the Debt and Lines of Credit footnote of the Notes to Consolidated Financial Statements contained in this Form 10-K for additional information regarding the Company's debt.

Foreign Exchange Rates. The majority of net sales, expense, and capital purchases of the Company are transacted in U.S. dollars. However, exposure with respect to foreign exchange rate fluctuation exists due to the Company's operations in Mexico and Canada, where a significant portion of products sold are produced or sourced from the United States, and, to a lesser extent, in Europe. Based on fiscal 2016 performance, a hypothetical decline in the value of the Canadian dollar in relation to the U.S. dollar of 10% would negatively impact operating profit by approximately \$12, while a hypothetical appreciation of 10% in the value of the Canadian dollar in relation to the U.S. dollar would favorably impact operating profit by approximately \$15. In addition to products and services sold in Mexico, a significant portion of the goods sold in the United States are manufactured in Mexico. A hypothetical 10% decrease in the value of the Mexican peso in relation to the U.S. dollar would favorably impact operating profit by approximately \$9, while a hypothetical increase of 10% in the value of the Mexican peso in relation to the U.S. dollar would negatively impact operating profits by approximately \$12. The individual impacts to the operating profit of the Company of hypothetical currency fluctuations in the Canadian dollar and Mexican peso have been calculated in isolation from any potential responses to address such exchange rate changes in the Company's foreign markets. The Company's exposure to foreign currency risk related to its operations in Europe is immaterial and has been excluded from this analysis.

Commodity Prices. The Company utilizes a variety of raw materials and components in its production process including petroleum-based products, steel, and aluminum. In fiscal 2016, the Company purchased approximately 100,000 tons of steel and aluminum. The Company estimates that approximately 8% of raw materials purchased are petroleum-based and that approximately five million gallons of diesel fuel were consumed in fiscal 2016. Failure to effectively manage future increases in the costs of these items could have an adverse impact on the Company's results of operations and cash flow.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

ACUITY BRANDS, INC.

The management of Acuity Brands, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of August 31, 2016. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013 Framework). Based on this assessment, management believes that, as of August 31, 2016, the Company's internal control over financial reporting is effective.

Management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the acquired operations of Juno Lighting LLC and Distech Controls Inc. (collectively, the "2016 Acquisitions"), which are included in the Company's consolidated financial statements as of August 31, 2016 and for the period from the respective acquisition dates through August 31, 2016. As of August 31, 2016, the 2016 Acquisitions constituted less than 15% and 28% of the Company's tangible assets and net tangible assets, respectively. For the year ended August 31, 2016, the 2016 Acquisitions constituted less than 10% of both the Company's net sales and pre-tax income.

The Company's independent registered public accounting firm has issued an audit report on their audit of the Company's internal control over financial reporting. This report dated October 27, 2016 is included within this Form 10-K.

/s/ VERNON J. NAGEL	/s/ RICHARD K. REECE
Vernon J. Nagel	Richard K. Reece
Chairman, President, and	Executive Vice President and
Chief Executive Officer	Chief Financial Officer

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Acuity Brands, Inc.

We have audited the accompanying consolidated balance sheets of Acuity Brands, Inc. as of August 31, 2016 and 2015, and the related consolidated statements of comprehensive income, cash flows, and stockholders' equity for each of the three years in the period ended August 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Acuity Brands, Inc. at August 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended August 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Acuity Brands, Inc.'s internal control over financial reporting as of August 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated October 27, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia

October 27, 2016

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Acuity Brands, Inc.

We have audited Acuity Brands, Inc.'s internal control over financial reporting as of August 31, 2016, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria). Acuity Brands, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of the acquired operations of Juno Lighting LLC ("Juno Lighting") and Distech Controls Inc. ("Distech Controls") (collectively, the "2016 Acquisitions"), which are included in the company's 2016 consolidated financial statements of Acuity Brands, Inc. As of August 31, 2016, the 2016 Acquisitions constituted less than 15% and 28% of the company's tangible assets and net tangible assets, respectively. For the year ended August 31, 2016, the 2016 Acquisitions constituted less than 10% of both the company's net sales and pre-tax income.

Our audit of internal control over financial reporting of Acuity Brands, Inc. also did not include an evaluation of the internal control over financial reporting of Juno Lighting and Distech Controls.

In our opinion, Acuity Brands, Inc. maintained, in all material respects, effective internal control over financial reporting as of August 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Acuity Brands, Inc. as of August 31, 2016 and 2015, and the related consolidated statements of comprehensive income, cash flows, and stockholders' equity for each of the three years in the period ended August 31, 2016 of Acuity Brands, Inc. and our report dated October 27, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia

October 27, 2016

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CONSOLIDATED BALANCE SHEETS

	August 31, 2016 2015 (In millions, except share data)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$413.2	\$756.8
Accounts receivable, less reserve for doubtful accounts of \$1.7 and \$1.3 as of August 31, 2016 and 2015, respectively	572.8	411.7
Inventories	295.2	224.8
Prepayments and other current assets	41.7	20.1
Total Current Assets	1,322.9	1,413.4
Property, Plant, and Equipment, at cost:		
Land	23.1	6.7
Buildings and leasehold improvements	174.4	128.4
Machinery and equipment	448.2	391.9
Total Property, Plant, and Equipment	645.7	527.0
Less — Accumulated depreciation and amortization	377.9	352.4
Property, Plant, and Equipment, net	267.8	174.6
Other Assets:		
Goodwill	947.8	565.0
Intangible assets	381.4	223.4
Deferred income taxes	5.1	3.5
Other long-term assets	23.0	27.1
Total Other Assets	1,357.3	819.0
Total Assets	\$2,948.0	\$2,407.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$401.0	\$311.1
Current maturities of long-term debt	0.2	—
Accrued compensation	93.9	78.2
Accrued pension liabilities, current	1.3	1.6
Other accrued liabilities	176.1	130.0
Total Current Liabilities	672.5	520.9
Long-Term Debt	355.0	352.4
Accrued Pension Liabilities, less current portion	119.9	83.9
Deferred Income Taxes	74.6	31.7
Self-Insurance Reserves, less current portion	7.2	6.9
Other Long-Term Liabilities	59.0	51.2
Total Liabilities	1,288.2	1,047.0
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; 53,415,687 issued and 43,736,230 outstanding at August 31, 2016; 53,024,284 issued and 43,305,029 outstanding at August 31, 2015	0.5	0.5
Paid-in capital	856.4	797.1

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Retained earnings	1,360.9	1,093.0
Accumulated other comprehensive loss items	(139.4)	(110.4)
Treasury stock, at cost, 9,679,457 shares at August 31, 2016 and 9,719,255 shares at August 31, 2015	(418.6)	(420.2)
Total Stockholders' Equity	1,659.8	1,360.0
Total Liabilities and Stockholders' Equity	\$2,948.0	\$2,407.0

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

	Years Ended August 31,		
	2016	2015	2014
	(In millions, except per-share data)		
Net Sales	\$3,291.3	\$2,706.7	\$2,393.5
Cost of Products Sold	1,855.1	1,561.1	1,414.3
Gross Profit	1,436.2	1,145.6	979.2
Selling, Distribution, and Administrative Expenses	946.0	756.9	680.3
Special Charge	15.0	12.4	(0.2)
Operating Profit	475.2	376.3	299.1
Other Expense (Income):			
Interest expense, net	32.2	31.5	32.1
Miscellaneous (income) expense, net	(1.6)	1.2	1.3
Total Other Expense	30.6	32.7	33.4
Income before Provision for Income Taxes	444.6	343.6	265.7
Provision for Income Taxes	153.8	121.5	89.9
Net Income	\$290.8	\$222.1	\$175.8
Earnings Per Share:			
Basic Earnings per Share	\$6.67	\$5.13	\$4.07
Basic Weighted Average Number of Shares Outstanding	43.5	43.1	42.8
Diluted Earnings per Share	\$6.63	\$5.09	\$4.05
Diluted Weighted Average Number of Shares Outstanding	43.8	43.4	43.0
Dividends Declared per Share	\$0.52	\$0.52	\$0.52
Comprehensive Income:			
Net income	\$290.8	\$222.1	\$175.8
Other Comprehensive Income (Loss) Items:			
Foreign currency translation adjustments	(5.6)	(24.0)	0.7
Defined benefit plans, net	(23.4)	(14.5)	(10.0)
Other Comprehensive Loss Items, net of tax	(29.0)	(38.5)	(9.3)
Comprehensive Income	\$261.8	\$183.6	\$166.5

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

	Years Ended August 31,		
	2016	2015	2014
	(In millions)		
Cash Provided by (Used for) Operating Activities:			
Net income	\$290.8	\$222.1	\$175.8
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Depreciation and amortization	62.6	45.8	43.4
Share-based compensation expense	27.7	18.2	17.7
Excess tax benefits from share-based payments	(25.6)	(17.6)	(10.4)
(Gain) loss on the sale or disposal of property, plant, and equipment	(0.9)	0.7	0.3
Asset impairments	5.1	—	0.1
Deferred income taxes	(8.2)	2.8	(0.2)
Loss on financial instruments, net	—	2.6	—
Change in assets and liabilities, net of effect of acquisitions, divestitures and effect of exchange rate changes:			
Accounts receivable	(94.6)	(46.1)	(55.4)
Inventories	(24.0)	(15.1)	(9.0)
Prepayments and other current assets	(10.5)	0.7	(6.6)
Accounts payable	65.3	23.1	37.6
Other current liabilities	60.6	59.3	59.8
Other	(2.6)	(7.6)	(20.0)
Net Cash Provided by Operating Activities	345.7	288.9	233.1
Cash Provided by (Used for) Investing Activities:			
Purchases of property, plant, and equipment	(83.7)	(56.5)	(35.3)
Proceeds from sale of property, plant, and equipment	2.2	1.3	1.0
Acquisitions of businesses and intangible assets, net of cash acquired	(623.2)	(14.6)	—
Other investing activities	—	(2.6)	—
Net Cash Used for Investing Activities	(704.7)	(72.4)	(34.3)
Cash Provided by (Used for) Financing Activities:			
Issuance of long-term debt	2.5	—	—
Proceeds from stock option exercises and other	14.2	11.6	8.4
Excess tax benefits from share-based payments	25.6	17.6	10.4
Dividends paid	(22.9)	(22.7)	(22.5)
Other financing activities	—	(10.4)	(2.6)
Net Cash Provided by (Used for) Financing Activities	19.4	(3.9)	(6.3)
Effect of Exchange Rate Changes on Cash	(4.0)	(8.3)	0.9
Net Change in Cash and Cash Equivalents	(343.6)	204.3	193.4
Cash and Cash Equivalents at Beginning of Year	756.8	552.5	359.1
Cash and Cash Equivalents at End of Year	\$413.2	\$756.8	\$552.5
Supplemental Cash Flow Information:			
Income taxes paid during the period	\$120.7	\$106.3	\$77.4
Interest paid during the period	\$32.8	\$32.2	\$32.5

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

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ACUITY BRANDS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
	(In millions)					
Balance, August 31, 2013	\$0.5	\$735.5	\$740.3	\$ (62.6)	\$(420.2)	\$993.5
Net income	—	—	175.8	—	—	175.8
Other comprehensive loss	—	—	—	(9.3)	—	(9.3)
Amortization, issuance, and forfeitures of restricted stock grants	—	7.2	—	—	—	7.2
Employee Stock Purchase Plan issuances	—	0.4	—	—	—	0.4
Cash dividends of \$0.52 per share paid on common stock	—	—	(22.5)	—	—	(22.5)
Stock options exercised	—	8.0	—	—	—	8.0
Excess tax benefits from share-based payments	—	10.4	—	—	—	10.4
Balance, August 31, 2014	0.5	761.5	893.6	(71.9)	(420.2)	1,163.5
Net income	—	—	222.1	—	—	222.1
Other comprehensive loss	—	—	—	(38.5)	—	(38.5)
Amortization, issuance, and forfeitures of restricted stock grants	—	6.4	—	—	—	6.4
Employee Stock Purchase Plan issuances	—	0.5	—	—	—	0.5
Cash dividends of \$0.52 per share paid on common stock	—	—	(22.7)	—	—	(22.7)
Stock options exercised	—	11.1	—	—	—	11.1
Excess tax benefits from share-based payments	—	17.6	—	—	—	17.6
Balance, August 31, 2015	0.5	797.1	1,093.0	(110.4)	(420.2)	1,360.0
Net income	—	—	290.8	—	—	290.8
Other comprehensive loss	—	—	—	(29.0)	—	(29.0)
Common Stock issued from Treasury Stock for acquisition of business	—	8.4	—	—	1.6	10.0
Amortization, issuance, and forfeitures of restricted stock grants	—	11.1	—	—	—	11.1
Employee Stock Purchase Plan issuances	—	0.7	—	—	—	0.7
Cash dividends of \$0.52 per share paid on common stock	—	—	(22.9)	—	—	(22.9)
Stock options exercised	—	13.5	—	—	—	13.5
Excess tax benefits from share-based payments	—	25.6	—	—	—	25.6
Balance, August 31, 2016	\$0.5	\$856.4	\$1,360.9	\$ (139.4)	\$(418.6)	\$1,659.8

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

(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 (Acuity Brands, ABL, and such other subsidiaries are collectively referred to herein as the "Company"). The Company designs, produces, and distributes a broad array of lighting and building management 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 and building management solutions include devices such as luminaires, lighting controls, controllers for various building systems, power supplies, prismatic skylights, and drivers, as well as integrated systems designed to optimize energy efficiency and comfort for various indoor and outdoor applications. The Company has one reportable segment serving the North American lighting market and select international markets.

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

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

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

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

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

During the quarter ended May 31, 2015, using cash on hand, the Company acquired substantially all of the assets and assumed certain liabilities of ByteLight, Inc. ("ByteLight"), a provider of indoor location software for light-emitting diode ("LED") lighting. ByteLight is headquartered in Boston, Massachusetts.

The operating results of these acquisitions have been included in the Company's consolidated financial statements since the respective dates of acquisition.

In addition, during fiscal 2015, the Company made a strategic, non-controlling investment in a company specializing in light sensory networks. This investment was accounted for using the cost method and is reflected in Other long term assets on the Consolidated Balance Sheets.

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, unless noted otherwise.

2. Significant Accounting Policies

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Acuity Brands and its wholly-owned subsidiaries after elimination of intercompany transactions and accounts.

Revenue Recognition

The Company records revenue when the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, the Company's price to the customer is fixed and determinable, and collectability is reasonably

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

assured. Delivery is not considered to have occurred until the customer assumes the risks and rewards of ownership. Customers take delivery at the time of shipment for terms designated free on board shipping point. For sales designated free on board destination, customers take delivery when the product is delivered to the customer's delivery site. Provisions for certain rebates, sales incentives, product returns, and discounts to customers are recorded in the same period the related revenue is recorded.

The Company also maintains one-time or on-going marketing and trade-promotion programs with certain customers that require the Company to estimate and accrue the expected costs of such programs. These arrangements include cooperative marketing programs, merchandising of the Company's products, introductory marketing funds for new products, and other trade-promotion activities conducted by the customer. Costs associated with these programs are reflected within the Company's Consolidated Statements of Comprehensive Income in accordance with the Accounting Standards Codification ("ASC") Topic 605, Revenue Recognition ("ASC 605"), which in most instances requires such costs be recorded as a reduction of revenue. The liabilities associated with the programs totaled \$41.0 and \$35.6 of August 31, 2016 and 2015, respectively, are reflected within Other accrued liabilities on the Consolidated Balance Sheets.

The Company's standard terms and conditions of sale allow returns of certain products within four months of the date of shipment. The Company also provides for limited product return rights to certain distributors and other customers, primarily for slow moving or damaged items subject to certain defined criteria. The limited product return rights generally allow customers to return resalable products purchased within a specified time period and subject to certain limitations, including, at times, when accompanied by a replacement order of equal or greater value. At the time revenue is recognized, the Company records a provision for the estimated amount of future returns primarily based on historical experience, specific notification of pending returns, or based on contractual terms with the respective customers. Although historical product returns generally have been within expectations, there can be no assurance that future product returns will not exceed historical amounts. A significant increase in product returns could have a material adverse impact on the Company's operating results in future periods.

Revenue is earned on services and the sale of products. Revenue is recognized for the sale of products when the above criteria are met and for services rendered in the period of performance.

Revenue Recognition for Arrangements with Multiple Deliverables

A small portion (less than 4%) of the Company's revenues are derived from the combination of any or all of: (i) the sale and license of its products, (ii) fees associated with training, installation, and technical support services, (iii) monitoring and lighting control services, and (iv) providing services related to data analytics. Certain agreements, particularly related to lighting controls systems, represent multiple-element arrangements that include tangible products that contain software that is essential to the functionality of the systems and undelivered elements that primarily relate to installation, monitoring, and lighting control services. The undelivered elements associated with installation, monitoring, and lighting control services are reviewed and analyzed to determine separability in relation to the delivered elements and appropriate pricing treatment based on (a) vendor-specific objective evidence, (b) third-party evidence, or (c) management estimates. If deemed separate units of accounting, the revenue and associated cost of sales related to the delivered elements are recognized at the time of delivery, while those related to the undelivered elements are recognized appropriately based on the period of performance. If the separation criterion for the undelivered elements is not met because the undelivered elements are essential to the functionality of the lighting controls systems, all revenue and cost of sales attributable to the contract are deferred at the time of sale and are both generally recognized on a straight-line basis over the respective contract periods.

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.

Cash and Cash Equivalents

Cash in excess of daily requirements is invested in time deposits and marketable securities and is included in the accompanying balance sheets at fair value. The Company considers time deposits and marketable securities with an original maturity of three months or less when purchased to be cash equivalents.

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accounts Receivable

The Company records accounts receivable at net realizable value. This value includes a reserve for doubtful accounts to reflect losses anticipated on accounts receivable balances. The allowance is based on historical write-offs, an analysis of past due accounts based on the contractual terms of the receivables, and economic status of customers, if known. Management believes that the allowance is sufficient to cover uncollectible amounts; however, there can be no assurance that unanticipated future business conditions of customers will not have a negative impact on the Company's results of operations.

Concentrations of Credit Risk

Concentrations of credit risk with respect to receivables, which are typically unsecured, are generally limited due to the wide variety of customers and markets using the Company's lighting and building management solutions as well as their dispersion across many different geographic areas. Receivables from The Home Depot were approximately \$62.7 and \$59.9 at August 31, 2016 and 2015, respectively. No other single customer accounted for more than 10% of consolidated receivables at August 31, 2016 or 2015. Additionally, net sales to The Home Depot accounted for approximately 11% and 12% in fiscal 2015 and 2014, respectively. No single customer accounted for more than 10% of net sales in fiscal 2016.

Reclassifications

Certain prior-period amounts have been reclassified to conform to the current year presentation, including a reclassification of \$23.1 from current deferred income taxes to noncurrent deferred income taxes as of August 31, 2015 on the Consolidated Balance Sheets, related to the adoption of Accounting Standards Update 2015-17. See the New Accounting Pronouncements footnote for more information.

Subsequent Events

The Company has evaluated subsequent events for recognition and disclosure for occurrences and transactions after the date of the consolidated financial statements as of August 31, 2016.

Inventories

Inventories include materials, direct 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:

	August 31,	
	2016	2015
Raw materials, supplies, and work in process ⁽¹⁾	\$170.3	\$125.7
Finished goods	145.3	113.9
	315.6	239.6
Less: Reserves	(20.4)	(14.8)
Total Inventory	\$295.2	\$224.8

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

Management reviews inventory quantities on hand and records a provision for excess or obsolete inventory primarily based on estimated future demand and current market conditions. A significant change in customer demand or market conditions could render certain inventory obsolete and thus could have a material adverse impact on the Company's operating results in the period the change occurs.

Assets Held for Sale

The Company classifies 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. The Company is actively marketing the property classified as held for sale. As of August 31, 2016, the carrying value of the property held for sale was \$5.4, which is included in Prepayments and other current assets on the Consolidated Balance Sheets.

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Goodwill and Other Intangibles

Goodwill amounted to \$947.8 and \$565.0 as of August 31, 2016 and 2015, respectively. The change in the carrying amount of goodwill during fiscal 2016 is summarized as follows:

Balance as of August 31, 2015	\$565.0
Additions from acquired businesses	381.5
Foreign currency translation adjustments	1.3
Balance as of August 31, 2016	\$947.8

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

	August 31, 2016		2015	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Definite-lived intangible assets:				
Patents and patented technology	\$112.3	\$ (39.9)	\$72.7	\$ (30.3)
Trademarks and trade names	27.2	(10.7)	25.4	(9.7)
Distribution network	61.8	(33.0)	61.8	(30.8)
Customer relationships	157.9	(29.3)	55.2	(20.8)
Other	4.9	(4.8)	5.1	(4.7)
Total	\$364.1	\$ (117.7)	\$220.2	\$ (96.3)
Indefinite-lived trade names	\$135.0		\$99.5	

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.

Significant estimates and assumptions were used to determine the initial fair value of these acquired intangible assets, including estimated future net sales, customer attrition rates, royalty rates, and discount rates. The current year increase in the gross carrying amounts for the acquired intangible assets was due primarily to the acquisitions of Distech Controls, Juno Lighting, Geometri and DGLLogik (refer to the Acquisitions and Investments footnote), while decreases were due to the impairment of an indefinite-lived trade name and foreign currency translation adjustments. The Company recorded amortization expense of \$21.4, \$11.0, and \$11.2 related to intangible assets with finite lives during fiscal 2016, 2015, and 2014, respectively. Amortization expense is generally recorded on a straight-line basis and is expected to be approximately \$23.0 in fiscal 2017, \$23.0 in fiscal 2018, \$23.0 in fiscal 2019, \$22.6 in fiscal 2020, and \$21.2 in fiscal 2021.

The Company tests goodwill and indefinite-lived intangible assets for impairment on an annual basis or more frequently as facts and circumstances change, as required by ASC Topic 350, Intangibles — Goodwill and Other ("ASC 350"). The goodwill impairment test has three steps: a qualitative review and a two-step quantitative method. The preliminary step allows for a qualitative analysis to determine the likelihood of impairment. If the qualitative review results in a more likely than not probability of impairment, the first quantitative step is required. The first step identifies potential impairments by comparing the fair value of a reporting unit with its carrying value, including goodwill. The fair values can be determined based on a combination of valuation techniques including the expected present value of future cash flows, a market multiple approach, and a comparable transaction approach. If the fair value of a reporting unit exceeds the carrying value, goodwill is not considered impaired and the second step is not necessary. If the carrying value of a reporting unit exceeds the fair value, the second step calculates the possible impairment loss by comparing the implied fair value of goodwill with the carrying value. If the implied fair value of the goodwill is less than the carrying value, an impairment charge is recorded. In fiscal 2016, a qualitative fair value

analysis was used to determine the likelihood of goodwill impairment for the Company's one reporting unit. The analysis for goodwill did not result in an impairment charge during fiscal 2016, 2015, or 2014.

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The impairment test for indefinite-lived trade names consists of comparing the fair value of the asset with its carrying value. The Company estimates the fair value of indefinite-lived trade names using a fair value model based on discounted future cash flows. If the carrying amount exceeds the estimated fair value, an impairment loss would be recorded in the amount of the excess. Significant assumptions, including estimated future net sales, royalty rates, and discount rates, are used in the determination of estimated fair value for indefinite-lived trade names. During fiscal 2016, management began to rationalize the Company's portfolio of brands, resulting in the initiation of the phase out of one of the trade names. The Company recognized an impairment charge of \$5.1 related to this trade name and concluded the trade name is definite-lived. The impairment charge is included in Selling, Distribution, and Administrative Expenses in the Consolidated Statements of Comprehensive Income. The indefinite-lived intangible asset analysis did not result in any other impairment charges, as the fair values exceeded the carrying values for each of the other trade names. None of the analyses for the indefinite-lived trade names resulted in an impairment charge during fiscal 2015 or 2014.

Other Long-Term Assets

Other long-term assets consist of the following:

	August 31,	
	2016	2015
Deferred contract costs	\$8.3	\$10.7
Capitalized software costs ⁽¹⁾	0.8	1.6
Investment in noncontrolling affiliate ⁽²⁾	8.0	8.0
Other ⁽³⁾	5.9	6.8
Total	\$23.0	\$27.1

(1) The Company recorded amortization expense related to capitalized software costs of \$0.3, \$0.4, and \$0.4 in fiscal 2016, 2015, and 2014, respectively.

(2) The Company holds an equity investment in an unconsolidated affiliate. This strategic investment represents less than a 20% ownership interest in the privately-held affiliate, and the Company does not maintain power over or control of the entity. The Company accounts for this investment using the cost method. Subsequent to fiscal 2016, this investment was sold resulting in the recognition of a gain.

(3) Other - Amounts primarily include deferred debt issuance costs related to its revolving credit facility and company-owned life insurance investments. The Company maintains life insurance policies on 74 former employees primarily to satisfy obligations under certain deferred compensation plans. These company-owned life insurance policies are presented net of loans that are secured by these policies. This program is frozen and no new policies were issued in the three-year period ended August 31, 2016.

Other Long-Term Liabilities

Other long-term liabilities consist of the following:

	August 31,	
	2016	2015
Deferred compensation and postretirement benefits other than pensions ⁽¹⁾	\$37.3	\$34.1
Long-term warranty obligations	4.9	2.5
Unrecognized tax position liabilities, including interest ⁽²⁾	6.1	5.2
Multi-employer pension plan withdrawal liabilities	3.9	0.2
Other ⁽³⁾	6.8	9.2
Total	\$59.0	\$51.2

(1) Deferred compensation and postretirement benefits other than pensions — The Company maintains several non-qualified retirement plans for the benefit of eligible employees, primarily deferred compensation plans. The

deferred compensation plans provide for elective deferrals of an eligible employee's compensation and, in some cases, matching contributions by the Company. In addition, one plan provides for an automatic contribution by the Company of 3% of an eligible employee's compensation. The Company maintains life insurance policies on certain current and former officers and other key employees as a means of satisfying a portion of these obligations.

(2) See the Income Taxes footnote for more information.

(3) Other - Amount primarily includes deferred revenue and deferred rent.

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Shipping and Handling Fees and Costs

The Company includes shipping and handling fees billed to customers in Net Sales. Shipping and handling costs associated with inbound freight and freight between manufacturing facilities and distribution centers are generally recorded in Cost of Products Sold. Other shipping and handling costs are included in Selling, Distribution, and Administrative Expenses and totaled \$124.0, \$105.6, and \$100.9 in fiscal 2016, 2015, and 2014, respectively.

Share-Based Compensation

The Company recognizes compensation cost relating to share-based payment transactions in the financial statements based on the estimated fair value of the equity or liability instrument issued. The Company accounts for stock options, restricted shares, and share units representing certain deferrals into the Director Deferred Compensation Plan or the Supplemental Deferred Savings Plan (both of which are discussed further in the Share-Based Payments footnote) based on the grant-date fair value estimated under the current provisions of ASC Topic 718, Compensation — Stock Compensation (“ASC 718”).

Share-based expense includes expense related to restricted stock and options issued, as well as share units deferred into the Director Deferred Compensation Plan. The Company recorded \$27.7, \$18.2, and \$17.7 of share-based expense for the years ending August 31, 2016, 2015, and 2014, respectively. The total income tax benefit recognized for share-based compensation arrangements was \$9.6, \$6.4, and \$6.0 for the years ended August 31, 2016, 2015, and 2014, respectively. The Company accounts for any awards with graded vesting on a straight-line basis. Additionally, forfeitures of share-based awards are estimated based on historical experience at the time of grant and are revised in subsequent periods if actual forfeitures differ from initial estimates. The Company did not capitalize any expense related to share-based payments and has recorded share-based expense, net of estimated forfeitures, in Selling, Distribution, and Administrative Expenses.

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, in the Company’s Statements of Cash Flows and amounted to \$25.6, \$17.6, and \$10.4 for fiscal 2016, 2015, and 2014, respectively.

See the Share-Based Payments footnote for more information.

Depreciation

For financial reporting purposes, depreciation is determined principally on a straight-line basis using estimated useful lives of plant and equipment (10 to 40 years for buildings and related improvements and 3 to 15 years for machinery and equipment), while accelerated depreciation methods are used for income tax purposes. Leasehold improvements are amortized over the shorter of the life of the lease or the estimated useful life of the improvement. Depreciation expense amounted to \$40.9, \$34.4, and \$31.8 during fiscal 2016, 2015, and 2014, respectively.

Research and Development

Research and development (“R&D”) expense, which is expensed as incurred, consists of compensation, payroll taxes, employee benefits, materials, supplies, and other administrative costs, but does not include all new product development costs, and is included in Selling, Distribution, and Administrative Expenses in the Company’s Consolidated Statements of Comprehensive Income. R&D expense amounted to \$47.1, \$41.1, and \$35.3 during fiscal 2016, 2015, and 2014, respectively.

Advertising

Advertising costs are expensed as incurred and are included within Selling, Distribution, and Administrative Expenses in the Company’s Consolidated Statements of Comprehensive Income. These costs totaled \$18.4, \$12.0, and \$13.3 during fiscal 2016, 2015, and 2014, respectively. The increase during fiscal 2016 is primarily due to the impact of acquisitions.

Service Arrangements with Customers

The Company maintains a service program with one of its retail customers that affords the Company certain in-store benefits, including lighting display maintenance. Costs associated with this program totaled \$7.0, \$6.6, and \$6.1 in fiscal 2016, 2015, and 2014, respectively. These costs have been included within Selling, Distribution, and

Administrative Expenses in the Company's Consolidated Statements of Comprehensive Income.

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Interest Expense, Net

Interest expense, net, is comprised primarily of interest expense on long-term debt, revolving credit facility borrowings, and loans collateralized by assets related to a company-owned life insurance program, partially offset by interest income on cash and cash equivalents.

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

	Years Ended August 31,		
	2016	2015	2014
Interest expense	\$33.3	\$32.6	\$32.6
Interest income	(1.1)	(1.1)	(0.5)
Interest expense, net	\$32.2	\$31.5	\$32.1

Foreign Currency Translation

The functional currency for the foreign operations of the Company is the local currency. The translation of foreign currencies into U.S. dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet dates and for revenue and expense accounts using a weighted average exchange rate each month during the year. The gains or losses resulting from the balance sheet translation are included in Foreign currency translation adjustments in the Consolidated Statements of Comprehensive Income and are excluded from net income.

Miscellaneous Expense (Income), Net

Miscellaneous expense (income), net, is composed primarily of gains or losses on foreign currency items and other non-operating items. Gains or losses relating to foreign currency items consisted of income of \$0.8 in fiscal 2016, expense of \$0.7 in fiscal 2015, and expense of \$1.5 in fiscal 2014.

Income Taxes

The Company is taxed at statutory corporate rates after adjusting income reported for financial statement purposes for certain items that are treated differently for income tax purposes. Deferred income tax expenses or benefits result from changes during the year in cumulative temporary differences between the tax basis and book basis of assets and liabilities.

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 Loss Items, net of tax.

	Foreign Currency Items	Defined Benefit Pension Plans	Accumulated Other Comprehensive Loss Items
Balance at August 31, 2015	\$ (42.1)	\$ (68.3)	\$ (110.4)
Other comprehensive loss before reclassifications	(5.6)	(28.7)	(34.3)
Amounts reclassified from accumulated other comprehensive income	—	5.3	5.3
Net current-period other comprehensive loss	(5.6)	(23.4)	(29.0)
Balance at August 31, 2016	\$ (47.7)	\$ (91.7)	\$ (139.4)

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table presents the tax (expense)/benefit allocated to each component of other comprehensive income (expense).

	Years Ended August 31, 2016			2015			2014		
	Before Tax Amount	Tax (Expense) or Benefit	Net of Tax Amount	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	\$(5.6)	\$ —	\$(5.6)	\$(24.0)	\$ —	\$(24.0)	\$0.7	\$ —	\$ 0.7
Defined Benefit Pension Plans:									
Actuarial losses	(42.2)	13.5	(28.7)	(27.9)	10.7	(17.2)	(18.2)	5.6	(12.6)
Amortization of defined benefit pension items:									
Prior service cost ⁽¹⁾	3.1	(1.1)	2.0	1.4	(0.6)	0.8	0.8	(0.3)	0.5
Actuarial losses ⁽¹⁾	4.9	(1.6)	3.3	4.1	(2.2)	1.9	3.1	(1.0)	2.1
Total Defined Benefit Plans, net	(34.2)	10.8	(23.4)	(22.4)	7.9	(14.5)	(14.3)	4.3	(10.0)
Other Comprehensive Income (Loss)	\$(39.8)	\$ 10.8	\$(29.0)	\$(46.4)	\$ 7.9	\$(38.5)	\$(13.6)	\$ 4.3	\$(9.3)

(1) The before tax amount of these other comprehensive income components is included in net periodic pension cost. See the Pension and Defined Contribution Plans footnote for additional details.

3. New Accounting Pronouncements

Accounting Standards Adopted in Fiscal 2016

In November 2015, the Financial Accounting Standards Board ("FASB") issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes ("ASU 2015-17"), requiring that all tax liabilities and assets be classified as noncurrent in a classified statement of financial position. ASU 2015-17 is effective for annual reporting periods beginning after December 15, 2016. The Company early adopted ASU 2015-17, which resulted in a reclassification of \$23.1 from current deferred income taxes to noncurrent deferred income taxes on the Consolidated Balance Sheets as of August 31, 2015.

Accounting Standards Yet to Be Adopted

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

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

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

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

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

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

4. Acquisitions and Investments

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

Fiscal 2016 Acquisitions

DGLogik, Inc.

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

Juno Lighting LLC

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

Geometri LLC

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

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

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accounting for Fiscal 2016 Acquisitions

The operating results of these acquisitions have been included in the Company's consolidated financial statements since the respective dates of acquisition. Acquisition-related costs were expensed as incurred. Preliminary amounts related to the acquisition accounting for these investments are reflected in the Consolidated Balance Sheets as of August 31, 2016. The aggregate consideration of these acquisitions was preliminarily allocated as follows:

Consideration

Cash paid, net of cash acquired	\$623.2
Shares issued from Treasury Stock	10.0
Total Purchase Price	\$633.2

Allocation

Goodwill	\$381.5
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Intangible assets:

Customer-based ¹	102.3
Marketing-related ²	42.3
Technology-based ³	39.3

Property and equipment	63.1
Other assets acquired	120.5
Deferred tax liabilities	(58.3)
Other liabilities assumed	(57.5)
	\$633.2

(1) Customer-based intangibles have useful lives between 12 and 20 years, with a weighted average amortization period of approximately 17 years.

(2) Marketing-related intangibles are considered indefinite-lived.

(3) Technology-based intangibles have useful lives between five and 10 years, with a weighted average amortization period of approximately 8 years.

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. These amounts are expected to change as the Company finalizes the allocation.

Proforma results of operations have not been presented because the effects of these acquisitions, individually and in the aggregate, were not material to the Company's consolidated results of operations. The acquisitions represented less than 10% of net sales and pre-tax income on a proforma basis (assuming acquisition transactions were completed as of September 1, 2014) for the years ended August 31, 2016 and 2015 (unaudited).

Goodwill recognized in these acquisitions is comprised primarily of expected benefits related to expanding the Company's solutions portfolio, including software and services, to provide a host of economic benefits resulting from data analytics that enables the Internet of Things (IoT) and supports the advancement of smart buildings, smart cities, and the smart grid as well as the trained workforce acquired with these businesses and expected synergies from combining the operations of the Company and the acquired businesses. Goodwill from these acquisitions totaling \$6.0 is tax deductible.

Fiscal 2015 Acquisition and Investment

On April 15, 2015, using cash on hand, the Company acquired substantially all of the assets and assumed certain liabilities of ByteLight, Inc. ("ByteLight"), a provider of indoor location software for light-emitting diode ("LED") lighting. The operating results of ByteLight have been included in the Company's consolidated financial statements since the date of acquisition. Management finalized the acquisition accounting for ByteLight during the fourth quarter

of fiscal 2015 and the amounts are reflected in the Consolidated Balance Sheets.

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In addition, during fiscal 2015, the Company made a strategic, non-controlling investment in a company specializing in light sensory networks. This investment was accounted for using the cost method and is reflected in Other long term assets on the Consolidated Balance Sheets.

5. 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 August 31, 2016 and 2015:

Fair Value Measurements as of:				
August 31, 2016		August 31, 2015		
Level 1	Total Fair Value	Level 1	Total Fair Value	
Assets:				
Cash and cash equivalents	\$413.2	\$413.2	\$756.8	\$756.8
Other	0.5	0.5	0.5	0.5
Liabilities:				
Other	\$0.5	\$0.5	\$0.5	\$0.5

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

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

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

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The carrying values and estimated fair values of certain of the Company's financial instruments were as follows at August 31, 2016 and 2015:

	August 31, 2016		August 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets:				
Investment in noncontrolling affiliate	\$8.0	\$14.4	\$8.0	\$8.0
Liabilities:				
Senior unsecured public notes, net of unamortized discount and deferred costs	\$348.7	\$388.8	\$348.4	\$386.4
Industrial revenue bond	4.0	4.0	4.0	4.0
Bank Loans	2.5	2.6	—	—

Investment in noncontrolling affiliate represents a strategic investment accounted for using the cost method. The Company based the fair value of the investment on an offer by a third party to purchase the business. The sale transaction subsequently closed in October 2016. (Level 3).

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

The industrial revenue bond is carried at the outstanding balance as of the end of the reporting period. The industrial revenue bond is a tax-exempt, variable-rate instrument that resets on a weekly basis; therefore, the Company estimates that the face amount of the bond approximates fair value as of August 31, 2016 based on bonds of similar terms and maturity (Level 2).

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

ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements.

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

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

6. Pension and Defined Contribution Plans

Company-sponsored Pension Plans

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

The following tables reflect the status of the Company's domestic (U.S.-based) and international pension plans at August 31, 2016 and 2015:

	Domestic Plans		International Plans	
	August 31, 2016	2015	August 31, 2016	2015
Change in Benefit Obligation:				
Benefit obligation at beginning of year	\$192.2	\$171.5	\$49.8	\$52.5
Service cost	3.6	3.1	0.1	0.1
Interest cost	8.0	6.8	1.7	1.8
Amendments	—	10.5	—	—
Actuarial loss	27.5	7.6	17.9	0.5
Benefits paid	(8.3)	(7.3)	(3.6)	(1.0)
Other	—	—	(8.6)	(4.1)
Benefit obligation at end of year	223.0	192.2	57.3	49.8
Change in Plan Assets:				
Fair value of plan assets at beginning of year	\$123.9	\$122.5	\$32.6	\$35.2
Actual return on plan assets	7.9	0.7	5.2	(0.1)
Employer contributions	5.3	8.0	1.1	1.1
Benefits paid	(8.3)	(7.3)	(3.6)	(1.0)
Other	—	—	(5.0)	(2.6)
Fair value of plan assets at end of year	128.8	123.9	30.3	32.6
Funded status at the end of year	\$(94.2)	\$(68.3)	\$(27.0)	\$(17.2)
Amounts Recognized in the Consolidated Balance Sheets Consist of:				
Current liabilities	\$(1.3)	\$(1.5)	\$—	\$(0.1)
Non-current liabilities	(92.9)	(66.8)	(27.0)	(17.1)
Net amount recognized in Consolidated Balance Sheets	\$(94.2)	\$(68.3)	\$(27.0)	\$(17.2)
Accumulated Benefit Obligation	\$220.4	\$189.2	\$57.3	\$49.8
Pre-tax amounts in accumulated other comprehensive income:				
Prior service cost	\$(10.8)	\$(13.9)	\$—	\$—
Net actuarial loss	(96.9)	(71.1)	(28.2)	(19.4)
Amounts in accumulated other comprehensive income	\$(107.7)	\$(85.0)	\$(28.2)	\$(19.4)
Estimated amounts that will be amortized from accumulated comprehensive income over the next fiscal year:				
Prior service cost	\$3.1	\$3.1	\$—	\$—
Net actuarial loss	5.3	3.1	3.7	2.9

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

During fiscal 2015, the domestic plans recognized \$10.5 related to the following amendments to the Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan:

An incremental benefit was added for participants who were actively employed by the Company on June 26, 2015 (or who first become a participant on or after June 26, 2015). The incremental benefit provides a monthly benefit for 180 months commencing at age 60 equal to 1.4% of the participant's "average annual compensation" multiplied by his years of credited service not to exceed 10 years, divided by 12. Participants may elect to receive the actuarial equivalent of the incremental benefit in the form of a lump sum cash payment.

The definition of actuarial equivalent (with respect to accrued benefits other than the participant's vested accrued benefit as of December 31, 2004) was changed. Prior to the amendment, the definition of actuarial equivalent used an interest rate equal to the lesser of 7% per annum or the yield on 10-Year U.S. Treasury Bonds plus 1.50%; after the amendment, an interest rate equal to the lesser of 2.5% per annum or the yield on 10-Year U.S. Treasury Bonds will be used.

Upon the occurrence of a Section 409A change in control event (as defined in the SERP), the SERP shall be terminated consistent with the requirements of Treasury Regulation section 1.409A-3(j)(4)(ix)(B), and the Company shall, within five (5) days of such an event, pay to each participant a lump sum cash payment equal to the lump sum actuarial equivalent of the participant's accrued benefit as of such date.

Components of net periodic pension cost for the fiscal years ended August 31, 2016, 2015, and 2014 included the following:

	Domestic Plans			International Plans		
	2016	2015	2014	2016	2015	2014
Service cost	\$3.6	\$3.1	\$2.4	\$0.1	\$0.1	\$0.1
Interest cost	8.0	6.8	7.0	1.7	1.8	1.9
Expected return on plan assets	(9.2)	(9.2)	(8.0)	(1.9)	(1.8)	(2.0)
Amortization of prior service cost	3.1	1.4	0.8	—	—	—
Settlement	—	—	—	—	—	(0.1)
Recognized actuarial loss	3.0	2.2	2.0	1.9	1.9	1.1
Net periodic pension cost	\$8.5	\$4.3	\$4.2	\$1.8	\$2.0	\$1.0

Weighted average assumptions used in computing the benefit obligation are as follows:

	Domestic Plans		International Plans	
	2016	2015	2016	2015
Discount rate	3.2 %	4.3 %	2.1 %	3.7 %
Rate of compensation increase	5.5 %	5.5 %	2.8 %	3.1 %

Weighted average assumptions used in computing net periodic benefit cost are as follows:

	Domestic Plans			International Plans		
	2016	2015	2014	2016	2015	2014
Discount rate	4.3 %	4.0 %	4.8 %	2.1 %	3.6 %	4.5 %
Expected return on plan assets	7.5 %	7.5 %	7.5 %	6.5 %	5.6 %	6.2 %
Rate of compensation increase	5.5 %	5.5 %	5.5 %	2.8 %	3.1 %	3.3 %

It is the Company's policy to adjust, on an annual basis, the discount rate used to determine the projected benefit obligation to approximate rates on high-quality, long-term obligations based on the Company's estimated benefit payments available as of the measurement date. The Company uses a publicly published yield curve to assist in the development of its discount rates. The Company estimates that each 100 basis point increase in the discount rate would result in reduced net periodic pension cost of approximately \$1.2 and \$1.6 for domestic plans and international plans, respectively. The expected return on plan assets is derived from a periodic study of long-term historical rates of

return on the various asset classes included in the Company's targeted pension plan asset allocation. The Company

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

estimates that each 100 basis point reduction in the expected return on plan assets would result in additional net periodic pension cost of \$1.3 and \$0.3 for domestic plans and international plans, respectively. The rate of compensation increase is also evaluated and is adjusted by the Company, if necessary, annually.

The Company's investment objective for domestic plan assets is to earn a rate of return sufficient to match or exceed the long-term growth of the plans' liabilities without subjecting plan assets to undue risk. The plan assets are invested primarily in high quality equity and debt securities. The Company conducts a periodic strategic asset allocation study to form a basis for the allocation of pension assets between various asset categories. Specific allocation percentages are assigned to each asset category with minimum and maximum ranges established for each. The assets are then managed within these ranges. During fiscal 2016, the U.S. targeted asset allocation was 55% equity securities, 40% fixed income securities, and 5% real estate securities. The Company's investment objective for the international plan assets is also to add value by matching or exceeding the long-term growth of the plans' liabilities. During fiscal 2016, the international asset target allocation approximated 60% equity securities, 25% fixed income securities, 10% multi-strategy funds, and 5% real estate securities.

The Company's pension plan asset allocation at August 31, 2016 and 2015 by asset category is as follows:

	% of Plan Assets			
	Domestic Plans		International Plans	
	2016	2015	2016	2015
Equity securities	55.4 %	55.8 %	61.1 %	64.1 %
Fixed income securities	39.1 %	39.1 %	25.0 %	21.5 %
Multi-strategy investments	— %	— %	8.9 %	9.5 %
Real estate	5.5 %	5.1 %	5.0 %	4.9 %
Total	100.0 %	100.0 %	100.0 %	100.0 %

The Company's pension plan assets are stated at fair value from quoted market prices in an active market, quoted redemption values, or estimates based on reasonable assumptions as of the most recent measurement period. See the Fair Value Measurements footnote for a description of the fair value guidance.

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.

The following tables present the fair value of the domestic pension plan assets by major category as of August 31, 2016 and 2015:

	Fair Value as of	Fair Value Measurements		
		Quoted Market Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Assets	August 31, 2016	(Level 1)	(Level 2)	(Level 3)
Mutual Funds:				
Domestic large cap equity fund	\$ 46.5	\$ 46.5	\$ —	—
Foreign equity fund	12.3	12.3	—	—

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Real Estate Fund	7.1	—	—	7.1
Short-Term Fixed Income Investments	6.2	6.2	—	—
Fixed-Income Investments	44.2	—	44.2	—
Collective Trust: Domestic small cap equities	12.5	—	12.5	—
	\$ 128.8			

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Assets	Fair Value as of	Fair Value Measurements		
		Quoted Market Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	August 31, 2015	(Level 1)	(Level 2)	(Level 3)
Mutual Funds:				
Domestic large cap equity fund	\$ 44.9	\$ 44.9	\$ —	\$ —
Foreign equity fund	11.9	11.9	—	—
Real Estate Fund	6.3	—	—	6.3
Short-Term Fixed Income Investments	6.6	6.6	—	—
Fixed-Income Investments	41.8	—	41.8	—
Collective Trust: Domestic small cap equities	12.4	—	12.4	—
	\$ 123.9			

The following tables present the fair value of the international pension plan assets by major category as of August 31, 2016 and 2015:

Assets	Fair Value as of	Fair Value Measurements		
		Quoted Market Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	August 31, 2016	(Level 1)	(Level 2)	(Level 3)
Equity Securities	\$ 18.5	\$ —	\$ 18.5	\$ —
Short-Term Investments	0.5	0.5	—	—
Real Estate Fund	1.5	—	—	1.5
Multi-Strategy Investments	2.7	—	2.7	—
Fixed-Income Investments	7.1	—	7.1	—
	\$ 30.3			

Fair Value as of	Fair Value Measurements		
	Quoted Market Prices in Active	Significant Other Observable Inputs	Significant Unobservable Inputs

Markets for Identical Assets			
Assets	August 31, 2015	(Level 1) (Level 2)	(Level 3)
Equity Securities	\$ 20.9	\$ — \$ 20.9	\$ —
Real Estate Fund	1.6	— —	1.6
Multi-Strategy Investments	3.1	— 3.1	—
Fixed-Income Investments	7.0	— 7.0	—
	\$ 32.6		

Publicly-traded securities are valued at the last reported sales price on the last business day of the period. Investments traded in the over-the-counter market and listed securities for which no sale was reported on the last day of the period are valued at the last reported bid price.

Investments in real estate are stated at estimated fair values based on the fund management's valuations and upon appraisal reports prepared periodically by independent real estate appraisers. These investments are classified as Level 3 assets within the fair value hierarchy. The purpose of the appraisal is to estimate the fair value of the real estate as of a specific date based on the most probable price for which the appraised real estate will sell in a competitive market under all conditions requisite to a fair sale. Estimated fair value is based on (i) discounted cash flows using certain market assumptions, including holding period, discount rates, capitalization rates, rent and expense growth rates, future capital expenditures and the ultimate sale of the property at the end of the holding period; (ii) direct capitalization method; or (iii) comparable sales method.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The tables below present a rollforward of the domestic and international pension plans' Level 3 assets for the years ended August 31, 2016 and 2015:

	Domestic Real Estate Fund Years Ended August 31, 2016	2015
Balance, beginning of year	\$6.3	\$5.6
Net unrealized gain relating to instruments still held at the reporting date	0.5	0.5
Shares purchased, including from dividend reinvestment	0.3	0.2
Balance, end of year	\$7.1	\$6.3

	International Real Estate Fund Years Ended August 31, 2016	2015
Balance, beginning of year	\$ 1.6	\$ 1.7
Net unrealized loss relating to instruments still held at the reporting date	(0.1)	(0.1)
Balance, end of year	\$ 1.5	\$ 1.6

The Company expects to contribute approximately \$2.3 and \$1.0 during fiscal 2017 to its domestic and international defined benefit plans, respectively. These amounts are based on the total contributions required during fiscal 2017 to satisfy current legal minimum funding requirements for qualified plans and estimated benefit payments for non-qualified plans.

Benefit payments are made primarily from funded benefit plan trusts. Benefit payments are expected to be paid as follows for the years ending August 31:

	Domestic Plans	International Plans
2017	\$ 7.9	\$ 3.3
2018	8.1	3.4
2019	8.3	3.5
2020	8.5	3.6
2021	11.9	3.7
2022-2026	69.0	20.0

Multi-employer Pension Plans

The Company contributes to three multi-employer defined benefit pension plans under the terms of collective-bargaining agreements that cover certain of its union-represented employees. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

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Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.

If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be shared by the remaining participating employers.

If a participating employer chooses to stop participating in some of its multi-employer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's contributions to these plans were \$0.7, \$0.5, and \$0.4 for the years ended August 31, 2016, 2015, and 2014, respectively. During fiscal 2016 as a result of closing a facility, the Company withdrew from one of these multi-employer pension plans and incurred a withdrawal liability of \$3.9.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Defined Contribution Plans

The Company also has defined contribution plans to which both employees and the Company make contributions. The cost to the Company for these plans was \$6.9, \$5.6, and \$5.3 for the years ended August 31, 2016, 2015, and 2014, respectively. Employer matching amounts are allocated in accordance with the participants' investment elections for elective deferrals. At August 31, 2016, assets of the domestic defined contribution plans included shares of the Company's common stock with a market value of approximately \$22.3, which represented approximately 7.3% of the total fair market value of the assets in the Company's domestic defined contribution plans.

7. Debt and Lines of Credit

Debt

The Company's debt at August 31, 2016 and 2015 consisted of the following:

	August 31,	
	2016	2015
Senior unsecured public notes due December 2019, principal	\$350.0	\$350.0
Senior unsecured public notes due December 2019, unamortized discount and deferred costs	(1.3)	(1.6)
Industrial revenue bond due 2021	4.0	4.0
Bank loans	2.5	—
Total debt outstanding	\$355.2	\$352.4

Future principal payments of long-term debt are \$0.2, \$0.3, \$0.3, \$350.3, \$4.3, and \$1.1 in fiscal 2017, 2018, 2019, 2020, 2021, and after 2021, respectively.

On December 1, 2009, the Company announced a private offering by ABL, Acuity Brands' wholly-owned principal operating subsidiary, of \$350.0 aggregate principal amount of senior unsecured notes due in fiscal 2020 (the "Notes"). The Notes are fully and unconditionally guaranteed on a senior unsecured basis by Acuity Brands and ABL IP Holding LLC ("ABL IP Holding", and, together with Acuity Brands, the "Guarantors"), a wholly-owned subsidiary of Acuity Brands. The Notes are senior unsecured obligations of ABL and rank equally in right of payment with all of ABL's existing and future senior unsecured indebtedness. The guarantees of Acuity Brands and ABL IP Holding are senior unsecured obligations of Acuity Brands and ABL IP Holding and rank equally in right of payment with their other senior unsecured indebtedness. The Notes bear interest at a rate of 6% per annum and were issued at a price equal to 99.797% of their face value and for a term of 10 years. Interest on the Notes is payable semi-annually on June 15 and December 15. Additionally, the Company capitalized \$3.1 of deferred issuance costs related to the Notes that are being amortized over the 10-year term of the Notes.

In accordance with the registration rights agreement by and between ABL and the Guarantors and the initial purchasers of the Notes, ABL and the Guarantors filed a registration statement with the SEC for an offer to exchange the Notes for SEC-registered notes with substantially identical terms. The registration became effective on August 17, 2010, and all of the Notes were exchanged.

The \$4.0 industrial revenue bond matures in 2021. The interest rate on the \$4.0 bond was approximately 0.7% at August 31, 2016 and 0.1% at August 31, 2015.

The Company also had \$2.5 outstanding under fixed-rate bank loans executed during fiscal 2016. These loans have interest rates between 0.8% and 2.0% and mature over seven to 12 years, subject to monthly or quarterly repayment schedules.

Lines of Credit

On August 27, 2014, 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 January 31, 2017. The Revolving Credit Facility will mature and all amounts outstanding will be due and payable on August 27, 2019.

The Revolving Credit Facility contains financial covenants, including a minimum interest coverage ratio (“Minimum Interest Coverage Ratio”) and a leverage ratio (“Maximum Leverage Ratio”) of total indebtedness to EBITDA (earnings

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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. Generally, amounts outstanding under the Revolving Credit Facility bear interest at a “Eurocurrency Rate”. Eurocurrency rate advances can be denominated in a variety of currencies, including U.S. dollars, and amounts outstanding bear interest at a periodic fixed rate equal to the London Inter Bank Offered Rate (“LIBOR”) for the applicable currency plus a margin as determined by the Company's leverage ratio (“Applicable Margin”). The Applicable Margin is based on the Company’s leverage ratio, as defined in the Revolving Credit Facility, with such margin ranging from 1.000% to 1.575%. Additionally, the Company is required to pay certain fees in connection with the Revolving Credit Facility, including administrative service fees and an annual facility fee. The annual facility fee is payable quarterly in arrears and is determined by the Company’s leverage ratio as defined in the Revolving Credit Facility. This facility fee ranges from 0.125% to 0.300% of the aggregate \$250.0 commitment of the lenders under the Revolving Credit Facility.

The Company was compliant with all financial covenants under the Revolving Credit Facility as of August 31, 2016. As of August 31, 2016, the Company had outstanding letters of credit totaling \$11.0, primarily for securing collateral requirements under the Company's casualty insurance programs and providing credit support for the Company’s industrial revenue bond (not an outstanding amount under the Revolving Credit Facility). At August 31, 2016, the Company had additional borrowing capacity under the Revolving Credit Facility of \$243.9 under the most restrictive covenant in effect at the time, which represents the full amount of the Revolving Credit Facility less outstanding letters of credit of \$6.1 issued under the Revolving Credit Facility.

None of the Company’s existing debt instruments include provisions that would require an acceleration of repayments based solely on changes in the Company’s credit ratings.

8. Common Stock and Related Matters

(share data presented in whole units except where otherwise indicated)

Common Stock

Changes in common stock for the years ended August 31, 2016, 2015, and 2014 were as follows:

	Common Stock Share	Amount (At par)
(Amounts and shares in millions)		
Balance at August 31, 2013	52.2	\$ 0.5
Issuance of restricted stock grants, net of forfeitures	0.2	—
Stock options exercised	0.2	—
Balance at August 31, 2014	52.6	\$ 0.5
Issuance of restricted stock grants, net of forfeitures	0.2	—
Stock options exercised	0.2	—
Balance at August 31, 2015	53.0	\$ 0.5
Issuance of restricted stock grants, net of forfeitures	0.1	—
Stock options exercised	0.3	—
Balance at August 31, 2016	53.4	\$ 0.5

As of August 31, 2016 and 2015, the Company had 9.7 million repurchased shares recorded as treasury stock at an original repurchase cost of \$418.6 and \$420.2.

In September 2011, the Company's Board of Directors authorized the repurchase of two million shares of the Company's outstanding common stock. No shares have been repurchased under this plan.

Preferred Stock

The Company has 50 million shares of preferred stock authorized. No shares of preferred stock were issued in fiscal 2016 or 2015 and no shares of preferred stock are outstanding.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 restricted stock awards were vested. Stock options of approximately 40,000 and 44,000 were excluded from the diluted earnings per share calculation for the years ended August 31, 2016 and 2015, respectively, as the effect of inclusion would have been antidilutive. Approximately 4,000 and 26,000 shares of restricted stock were excluded from the diluted earnings per share calculation for the years ended August 31, 2016 and 2015, respectively. The following table calculates basic earnings per common share and diluted earnings per common share for the years ended August 31, 2016, 2015, and 2014:

(Amounts and shares in millions, except earnings per share)	Years Ended August 31,		
	2016	2015	2014
Basic Earnings per Share:			
Net income	\$290.8	\$222.1	\$175.8
Less: Income attributable to participating securities	(0.4)	(1.0)	(1.6)
Net income available to common shareholders	\$290.4	\$221.1	\$174.2
Basic weighted average shares outstanding	43.5	43.1	42.8
Basic earnings per share	\$6.67	\$5.13	\$4.07
Diluted Earnings per Share:			
Net income	\$290.8	\$222.1	\$175.8
Less: Income attributable to participating securities	(0.4)	(1.0)	(1.6)
Net income available to common shareholders	\$290.4	\$221.1	\$174.2
Basic weighted average shares outstanding	43.5	43.1	42.8
Common stock equivalents	0.3	0.3	0.2
Diluted weighted average shares outstanding	43.8	43.4	43.0
Diluted earnings per share	\$6.63	\$5.09	\$4.05

9. Share-Based Payments

(share data presented in whole units except where otherwise indicated)

Omnibus Stock Compensation Incentive and Directors’ Equity Plans

In January 2013, the Company’s stockholders approved the Acuity Brands, Inc. 2012 Omnibus Stock Compensation Incentive Plan (“2012 Plan”) to replace the Amended and Restated 2007 Acuity Brands, Inc. Long Term Incentive Plan (“2007 Plan”). An aggregate of 2.3 million shares are authorized for issuance under the new plan including 1.9 million previously issuable shares under the 2007 Plan and 400,000 newly authorized shares. In addition, 1.7 million shares that were previously approved by the Company’s stockholders and that are subject to outstanding awards granted under the 2007 Plan are issuable under the 2012 Plan.

Shares available for grant under all plans were approximately 1.6 million, 1.8 million, and 2.1 million at August 31, 2016, 2015, and 2014, respectively. Forfeited shares are returned to the pool of shares available for grant.

Restricted Stock Awards

As of August 31, 2016, the Company had approximately 444,000 shares outstanding of restricted stock to officers, directors, and other key employees under the 2012 Plan, including restricted stock units granted to foreign employees. The shares vest primarily over a four-year period and are valued at the closing stock price on the date of the grant. Compensation expense recognized related to the awards under the equity incentive plans was \$23.7, \$14.8, and \$14.2 in fiscal 2016, 2015, and 2014, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Activity related to restricted stock awards during the fiscal year ended August 31, 2016 was as follows:

	Number of Shares (in millions)	Weighted Average Grant Date Fair Value Per Share
Outstanding at August 31, 2015	0.5	\$ 116.02
Granted	0.2	\$ 209.49
Vested	(0.2)	\$ 94.19
Forfeited	(0.1)	\$ 182.42
Outstanding at August 31, 2016	0.4	\$ 159.50

As of August 31, 2016, there was \$52.6 of total unrecognized compensation cost related to unvested restricted stock, which is expected to be recognized over a weighted-average period of 1.8 years. The total fair value of shares vested during the years ended August 31, 2016, 2015, and 2014, was approximately \$18.8, \$14.3, and \$13.0, respectively.

Stock Options

As of August 31, 2016, the Company had approximately 258,000 options outstanding to officers and other key employees under the 2012 Plan. Options issued under the 2012 Plan are generally granted with an exercise price equal to the fair market value of the Company's stock on the date of grant (but never less than the fair market value on the grant date) and expire 10 years from the date of grant. These options generally vest and become exercisable over a three-year period. The stock options granted under the Directors' Plan vested and became exercisable one year from the date of grant. Options under the Directors' Plan have an exercise price equal to the fair market value of the Company's stock on the date of the grant and expire 10 years from that date. As of August 31, 2016, there were no options outstanding under the Director's Plan. Compensation expense recognized related to the awards under the current and prior equity incentive plans was \$2.9, \$2.4, and \$2.4 in fiscal 2016, 2015, and 2014, respectively. There was no expense related to the director plan in fiscal 2016, 2015, and 2014.

The fair value of each option was estimated on the date of grant using the Black-Scholes model. The dividend yield was calculated based on annual dividends paid and the trailing 12-month average closing stock price at the time of grant. Expected volatility was based on historical volatility of the Company's stock, calculated using the most recent time period equal to the expected life of the options. The risk-free interest rate was based on the U.S. Treasury yield for a term equal to the expected life of the options at the time of grant. The Company used historical exercise behavior data of similar employee groups to determine the expected life of options. All inputs into the Black-Scholes model are estimates made at the time of grant. Actual realized value of each option grant could materially differ from these estimates, without impact to future reported net income.

The following weighted average assumptions were used to estimate the fair value of stock options granted in the fiscal years ended August 31:

	2016	2015	2014
Dividend yield	0.3%	0.4%	0.7%
Expected volatility	30.7%	33.9%	38.4%
Risk-free interest rate	1.4%	1.5%	1.3%
Expected life of options	4 years	4 years	5 years
Weighted-average fair value of options	\$52.83	\$37.43	\$34.37

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Stock option activity during the years ended August 31, 2016, 2015, and 2014 was as follows:

	Outstanding Number of Shares (in millions)	Weighted Average Exercise Price	Exercisable Number of Shares (in millions)	Weighted Average Exercise Price
Outstanding at August 31, 2013	0.8	\$43.16	0.5	\$38.00
Granted	0.1	\$103.74		
Exercised	(0.2)	\$40.31		
Outstanding at August 31, 2014	0.7	\$50.58	0.5	\$41.05
Granted	0.1	\$135.63		
Exercised	(0.3)	\$39.35		
Outstanding at August 31, 2015	0.5	\$71.95	0.3	\$51.05
Granted	0.1	\$207.80		
Exercised	(0.3)	\$51.34		
Outstanding at August 31, 2016	0.3	\$129.85	0.1	\$83.89
Range of option exercise prices:				
\$40.00 - \$100.00 (average life - 5.9 years)	0.1	\$61.59	0.1	\$61.59
\$100.01 - \$160.00 (average life - 7.7 years)	0.1	\$121.45	—	*\$114.81
\$160.01 - \$210.00 (average life - 9.2 years)	0.1	\$207.80	—	\$—

*Represents shares of less than 0.1.

The total intrinsic value of options exercised during the years ended August 31, 2016, 2015, and 2014 was \$50.0, \$33.3, and \$16.3, respectively. As of August 31, 2016, the total intrinsic value of options outstanding was \$37.5, the total intrinsic value of options expected to vest was \$37.3, and the total intrinsic value of options exercisable was \$21.9. As of August 31, 2016, there was \$3.8 of total unrecognized compensation cost related to unvested options. That cost is expected to be recognized over a weighted-average period of approximately 1.4 years.

Employee Deferred Share Units

The Company previously allowed employees to defer a portion of restricted stock awards granted in fiscal 2003 and fiscal 2004 into the Supplemental Deferred Savings Plan ("SDSP") as share units. The share units are payable in shares of stock at the time of distribution from the SDSP. As of August 31, 2016, approximately 10,000 fully vested share units remain deferred, but undistributed, under the 2012 Plan. There was no compensation expense related to these share units during fiscal years 2016, 2015, and 2014.

Director Deferred Share Units

The Company previously required its Directors to defer at least 50% of their annual retainer into the 2006 Nonemployee Director Deferred Compensation Plan ("2006 Plan"). Shares deferred under the 2006 Plan are to be paid in shares at retirement from the Board. In January 2012, the Company's stockholders approved the 2011 Nonemployee Director Deferred Compensation Plan ("2011 Plan"), following the expiration of the 2006 Plan on November 30, 2011. Pursuant to the 2011 Plan, fees deferred by nonemployee directors can be invested in deferred stock units to be paid in shares or credited to an interest-bearing account to be paid in cash at retirement from the Board. 300,000 shares of common stock were reserved for issuance under the 2011 Plan, which incorporated approximately 86,000 shares previously available for grant under the 2006 Plan. Beginning in fiscal year 2013, the deferral requirement was adjusted to 55% of the annual director fees. On September 28, 2012, the 2011 Plan was amended to allow for stock grants in lieu of mandatory deferrals for the non-cash component of a nonemployee director's annual fee if a director exceeds the stock ownership requirement of five-times the annual cash retainer fee. Shares available for issuance

under both plans were approximately 400,000 at August 31, 2016, 2015, and 2014. As of August 31, 2016, approximately 130,000 share units were deferred, but undistributed, under the 2006 Plan and the 2011 Plan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Compensation expense recognized related to the share units under these plans was \$1.1 million, \$1.0 million, and \$0.8 million in fiscal 2016, 2015, and 2014, respectively.

Employee Stock Purchase Plan

Employees are able to purchase, through payroll deduction, common stock at a 5% discount on a monthly basis. There were 1.5 million shares of the Company's common stock reserved for purchase under the plan, of which approximately 1.0 million shares remain available as of August 31, 2016. Employees may participate at their discretion.

10. Commitments and Contingencies

Self-Insurance

It is the policy of the Company to self-insure — up to certain limits — traditional risks, including workers' compensation, comprehensive general liability, and auto liability. The Company's self-insured retention for each claim involving workers' compensation, comprehensive general liability (including product liability claims), and auto liability is limited per occurrence of such claims. A provision for claims under this self-insured program, based on the Company's estimate of the aggregate liability for claims incurred, is revised and recorded annually. The estimate is derived from both internal and external sources including, but not limited to, the Company's independent actuary. The Company is also self-insured up to certain limits for certain other insurable risks, primarily physical loss to property and business interruptions resulting from such loss lasting two days or more in duration. Insurance coverage is maintained for catastrophic property and casualty exposures, as well as those risks required to be insured by law or contract. The Company is fully self-insured for certain other types of liabilities, including environmental, product recall, warranty, and patent infringement. The actuarial estimates are subject to uncertainty from various sources including, among others, changes in claim reporting patterns, claim settlement patterns, judicial decisions, legislation, and economic conditions. Although the Company believes that the actuarial estimates are reasonable, significant differences related to the items noted above could materially affect the Company's self-insurance obligations, future expense, and cash flow.

The Company is also self-insured for the majority of its medical benefit plans up to certain limits. The Company estimates its aggregate liability for claims incurred by applying a lag factor to the Company's historical claims and administrative cost experience. The appropriateness of the Company's lag factor is evaluated and revised annually, as necessary.

Leases

The Company leases certain of its buildings and equipment under noncancelable lease agreements. Future minimum annual lease payments under noncancelable leases are \$15.1, \$12.1, \$9.6, \$7.5, \$5.7, and \$10.2 for fiscal 2017, 2018, 2019, 2020, 2021, and after 2021, respectively.

Total rent expense was \$17.6, \$16.0, and \$16.5 in fiscal 2016, 2015, and 2014, respectively.

Purchase Obligations

The Company has incurred purchase obligations in the ordinary course of business that are enforceable and legally binding. Obligations for years subsequent to August 31, 2016 include \$193.8 in fiscal 2017 and \$4.8 in fiscal 2018. As of August 31, 2016, the Company had no purchase obligations extending beyond August 31, 2018.

Collective Bargaining Agreements

Approximately 73% of the Company's total work force is covered by collective bargaining agreements. Collective bargaining agreements representing approximately 69% of the Company's work force will expire within one year.

Litigation

The Company is subject to various legal claims arising in the normal course of business, including patent infringement and product recall claims. Based on information currently available, it is the opinion of management that the ultimate resolution of pending and threatened legal proceedings will not have a material adverse effect on the financial condition, results of operations, or cash flows of the Company. However, in the event of unexpected future developments, it is possible that the ultimate resolution of any such matters, if unfavorable, could have a material

adverse effect on the financial condition, results of operations, or cash flows of the Company in future periods. The

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Company establishes reserves for legal claims when associated costs become probable and can be reasonably estimated. The actual costs of resolving legal claims may be substantially higher than the amounts reserved for such claims. However, the Company cannot make a meaningful estimate of actual costs to be incurred that could possibly be higher or lower than the amounts reserved.

Environmental Matters

The operations of the Company are subject to numerous comprehensive laws and regulations relating to the generation, storage, handling, transportation, and disposal of hazardous substances, as well as solid and hazardous wastes, and to the remediation of contaminated sites. In addition, permits and environmental controls are required for certain of the Company's operations to limit air and water pollution, and these permits are subject to modification, renewal, and revocation by issuing authorities. On an ongoing basis, the Company invests capital and incurs operating costs relating to environmental compliance. Environmental laws and regulations have generally become stricter in recent years. The Company is not aware of any pending legislation or proposed regulation related to environmental issues that would have a material adverse effect on the Company. The cost of responding to future changes may be substantial. The Company establishes reserves for known environmental claims when the associated costs become probable and can be reasonably estimated. The actual cost of environmental issues may be substantially higher than that reserved due to difficulty in estimating such costs.

Guarantees and Indemnities

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

Acquisition-Related Liabilities

During the negotiations related to business combinations, the previous owners of the acquired entity ("acquiree") typically indemnify the Company for specific unrecognized liabilities of the acquiree in existence as of the date of acquisition. For some acquisitions of businesses, the Company acts in the place of escrow agents in the holding of funds, including accrued interest (collectively, the "holdback funds"), used to fulfill pre-acquisition obligations agreed to be paid by the acquiree. These funds represent consideration given to the previous owners of the businesses acquired and are payable to them, net of any pre-acquisition obligations satisfied within a stated amount of time, at a future date. Any potential pre-acquisition obligations for which the Company may be reimbursed through the holdback funds are usually uncertain as of the date of the change of control. In certain circumstances, the Company is capable of the identification and quantification of particular liabilities including, but not limited to, uncertain tax positions, legal issues, and other outstanding obligations not recognized in the financial statements of the acquired entity. Under ASC Topic 805, Business Combinations, these unrecognized liabilities are recorded as obligations of the Company with a corresponding receivable due from the previous owners as of the date of acquisition and are included as part of the acquisition accounting. The actual costs of resolving pre-acquisition obligations may be substantially higher than the holdback funds or amounts reserved. The Company does not believe that any amounts it is likely to be required to pay under these acquisition-related liabilities, including net holdback funds, will be material to the Company's financial position, results of operations, or cash flow.

Product Warranty and Recall Costs

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

impact on the Company's results of operations and cash flow.

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The changes in product warranty and recall reserves (included in Other accrued liabilities and Other long-term liabilities on the Consolidated Balance Sheets) during the fiscal years ended August 31, 2016, 2015, and 2014 are summarized as follows:

	2016	2015	2014
Balance at September 1	\$9.6	\$8.5	\$5.9
Warranty and recall costs	25.7	16.1	19.5
Payments and other deductions	(20.8)	(15.0)	(16.9)
Acquired warranty and recall liabilities	1.0	—	—
Balance at August 31	\$15.5	\$9.6	\$8.5

Trade Compliance Matters

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

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

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

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

11. Special Charge

During fiscal 2016 and 2015, the Company recorded a pre-tax special charge consisting primarily of severance and employee-related costs, for actions initiated to streamline the organization, including the integration of recent acquisitions. These streamlining activities include the consolidation of selected production activities and realignment of certain responsibilities, primarily within various selling, distribution, and administrative departments. The Company expects that these actions to streamline its business activities, in addition to those taken in previous fiscal years, will allow it to reduce spending in certain areas while permitting continued investment in future growth initiatives, such as new products, expanded market presence, and technology and innovation.

The details of the special charges during the years ended August 31, 2016 and 2015 are summarized as follows:

	Year ended August 31,	
	2016	2015
Severance and employee-related costs	\$9.9	\$11.4
Multi-employer pension plan withdrawal costs	3.9	—
Production transfer costs	1.2	0.5
Lease termination costs	—	0.5
Special charge	\$15.0	\$12.4

As of August 31, 2016, remaining reserves were \$6.6 and are included in Accrued Compensation on the Consolidated Balance Sheets. The changes in the reserves related to these programs during the year ended August 31, 2016 are summarized as follows:

	Fiscal 2016 Actions	Fiscal 2015 Actions	Total
Balance as of August 31, 2015	\$ —	\$ 4.9	\$4.9
Severance and employee-related costs	10.4	(0.5)	9.9
Payments made during the period	(4.0)	(4.2)	(8.2)
Balance as of August 31, 2016	\$ 6.4	\$ 0.2	\$6.6

12. Income Taxes

The Company accounts for income taxes using the asset and liability approach as prescribed by ASC Topic 740, Income Taxes (“ASC 740”). This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Using the enacted tax rates in effect for the year in which the differences are expected to reverse, deferred tax liabilities and assets are determined based on the differences between the financial reporting and the tax basis of an asset or liability.

The provision for income taxes consists of the following components:

	Years Ended August 31,		
	2016	2015	2014
Provision for current federal taxes	\$139.6	\$101.5	\$77.1
Provision for current state taxes	17.6	13.1	9.0
Provision for current foreign taxes	5.1	4.3	4.3
(Benefit) provision for deferred taxes	(8.5)	2.6	(0.5)
Total provision for income taxes	\$153.8	\$121.5	\$89.9

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A reconciliation of the federal statutory rate to the total provision for income taxes is as follows:

	Years Ended August 31,		
	2016	2015	2014
Federal income tax computed at statutory rate	\$155.6	\$120.3	\$93.0
State income tax, net of federal income tax benefit	11.0	8.6	6.7
Foreign permanent differences and rate differential	(2.0)	(1.4)	(1.0)
Other, net	(10.8)	(6.0)	(8.8)
Total provision for income taxes	\$153.8	\$121.5	\$89.9

Components of the net deferred income tax liabilities at August 31, 2016 and 2015 include:

	August 31,	
	2016	2015
Deferred Income Tax Liabilities:		
Depreciation	\$(22.5)	\$(9.6)
Goodwill and intangibles	(161.6)	(105.1)
Other liabilities	(3.7)	(4.2)
Total deferred income tax liabilities	(187.8)	(118.9)
Deferred Income Tax Assets:		
Self-insurance	4.0	3.9
Pension	41.7	29.2
Deferred compensation	28.9	27.5
Net operating losses	14.3	15.7
Other accruals not yet deductible	33.5	18.8
Other assets	12.3	10.6
Total deferred income tax assets	134.7	105.7
Valuation Allowance	(16.4)	(15.0)
Net deferred income tax liabilities	\$(69.5)	\$(28.2)

The Company currently intends to indefinitely reinvest all undistributed earnings of and original investments in foreign subsidiaries, which amounted to approximately \$83.2 at August 31, 2016; however, this amount could fluctuate due to changes in business, economic, or other conditions. Earnings is the most significant component of the basis difference which is indefinitely reinvested. If these earnings were distributed to the U.S. in the form of dividends or otherwise or if the shares of the relevant foreign subsidiaries were sold or otherwise transferred, the Company would be subject to additional U.S. income taxes (subject to an adjustment for foreign tax credits) and foreign withholding taxes. Determination of the amount of unrecognized deferred income tax liability related to these earnings or investments is not practicable.

At August 31, 2016, the Company had state tax credit carryforwards of approximately \$1.1, which will expire between 2018 and 2025. At August 31, 2016, the Company had federal net operating loss carryforwards of \$24.3 that expire beginning in 2030, state net operating loss carryforwards of \$12.5 that begin expiring in 2028, and foreign net operating loss carryforwards of \$21.2 that begin expiring in 2017.

The gross amount of unrecognized tax benefits as of August 31, 2016 and 2015 totaled \$5.2 and \$4.5, respectively, which includes \$3.9 and \$2.2, respectively, of net unrecognized tax benefits that, if recognized, would affect the annual effective tax rate. The Company recognizes potential interest and penalties related to unrecognized tax benefits as a component of income tax expense; such accrued interest and penalties are not material. With few exceptions, the Company is no longer subject to United States federal, state, and local income tax examinations for years ended before 2012 or for foreign income tax examinations before 2010. The Company does not anticipate unrecognized tax benefits will significantly increase or decrease within the next twelve months.

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A reconciliation of the change in the unrecognized income tax benefit (reported in Other long-term liabilities on the Consolidated Balance Sheets) for the years ended August 31, 2016 and 2015 is as follows:

	2016	2015
Unrecognized tax benefits balance at September 1	\$4.5	\$3.0
Additions based on tax positions related to the current year	1.0	0.8
Additions for tax positions of prior years	0.5	1.5
Reductions due to lapse of statute of limitations	(0.8)	(0.8)
Unrecognized tax benefits balance at August 31	\$5.2	\$4.5

Total accrued interest was \$0.9 and \$0.7 as of August 31, 2016 and 2015, respectively. There were no accruals related to income tax penalties during fiscal 2016. Interest, net of tax benefits, and penalties are included in income tax expense. The classification of interest and penalties did not change during the current fiscal year.

13. Supplemental Disaggregated Information

The Company has one reportable segment. Sales of lighting and building management solutions, excluding services, accounted for approximately 99% of total consolidated net sales in fiscal 2016, 2015, and 2014. The geographic distribution of the Company's net sales, operating profit, income before provision for income taxes, and long-lived assets is summarized in the following table for the years ended August 31:

	2016	2015	2014
Net sales ⁽¹⁾			
Domestic ⁽²⁾	\$2,928.3	\$2,450.1	\$2,155.0
International	363.0	256.6	238.5
Total	\$3,291.3	\$2,706.7	\$2,393.5
Operating profit			
Domestic ⁽²⁾	\$457.6	\$364.0	\$287.8
International	17.6	12.3	11.3
Total	\$475.2	\$376.3	\$299.1
Income before Provision for Income Taxes			
Domestic ⁽²⁾	\$430.8	\$329.4	\$257.1
International	13.8	14.2	8.6
Total	\$444.6	\$343.6	\$265.7
Long-lived assets ⁽³⁾			
Domestic ⁽²⁾	\$254.5	\$179.6	\$148.3
International	41.4	25.6	31.2
Total	\$295.9	\$205.2	\$179.5

(1) Net sales are attributed to each country based on the selling location.

(2) Domestic amounts include net sales (including export sales), operating profit, income before provision for income taxes, and long-lived assets for U.S. based operations.

(3) Long-lived assets include net property, plant, and equipment, long-term deferred income tax assets, and other long-term assets.

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

14. Supplemental Guarantor Condensed Consolidating Financial Statements

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

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

CONDENSED CONSOLIDATING BALANCE SHEETS

At August 31, 2016

	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
ASSETS						
Current Assets:						
Cash and cash equivalents	\$368.2	\$ —	\$ —	\$ 45.0	\$ —	\$ 413.2
Accounts receivable, net	—	503.0	—	69.8	—	572.8
Inventories	—	274.7	—	20.5	—	295.2
Other current assets	2.5	14.3	—	24.9	—	41.7
Total Current Assets	370.7	792.0	—	160.2	—	1,322.9
Property, Plant, and Equipment, net	0.3	217.8	—	49.7	—	267.8
Goodwill	—	735.8	2.7	209.3	—	947.8
Intangible assets, net	—	168.1	113.4	99.9	—	381.4
Deferred income taxes	47.5	—	—	6.5	(48.9)	5.1
Other long-term assets	1.4	20.4	—	1.2	—	23.0
Investments in and amounts due from affiliates	1,347.6	299.6	200.5	—	(1,847.7)	—
Total Assets	\$1,767.5	\$2,233.7	\$ 316.6	\$ 526.8	\$ (1,896.6)	\$ 2,948.0

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable	\$1.2	\$ 371.3	\$ —	\$ 28.5	\$ —	\$ 401.0
Current maturities of long-term debt	—	—	—	0.2	—	0.2
Accrued liabilities	14.5	215.4	—	41.4	—	271.3
Total Current Liabilities	15.7	586.7	—	70.1	—	672.5
Long-Term Debt	—	352.8	—	2.2	—	355.0
Deferred Income Taxes	—	95.5	—	28.0	(48.9)	74.6
Other Long-Term Liabilities	92.0	64.8	—	29.3	—	186.1
Amounts due to affiliates	—	—	—	96.9	(96.9)	—
Total Stockholders' Equity	1,659.8	1,133.9	316.6	300.3	(1,750.8)	1,659.8
Total Liabilities and Stockholders' Equity	\$1,767.5	\$2,233.7	\$ 316.6	\$ 526.8	\$ (1,896.6)	\$ 2,948.0

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS

At August 31, 2015

	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
ASSETS						
Current Assets:						
Cash and cash equivalents	\$479.9	\$ —	\$ —	\$ 276.9	\$ —	\$ 756.8
Accounts receivable, net	—	365.5	—	46.2	—	411.7
Inventories	—	208.6	—	16.2	—	224.8
Other current assets	1.6	11.6	—	6.9	—	20.1
Total Current Assets	481.5	585.7	—	346.2	—	1,413.4
Property, Plant, and Equipment, net	0.3	139.8	—	34.5	—	174.6
Goodwill	—	524.2	2.7	38.1	—	565.0
Intangible assets, net	—	87.4	117.3	18.7	—	223.4
Deferred income taxes	41.9	—	—	5.2	(43.6)	3.5
Other long-term assets	1.3	23.8	—	2.0	—	27.1
Investments in and amounts due from affiliates	934.7	333.5	168.5	—	(1,436.7)	—
Total Assets	\$1,459.7	\$ 1,694.4	\$ 288.5	\$ 444.7	\$ (1,480.3)	\$ 2,407.0

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable	\$0.9	\$ 291.6	\$ —	\$ 18.6	\$ —	\$ 311.1
Other accrued liabilities	20.4	162.7	—	26.7	—	209.8
Total Current Liabilities	21.3	454.3	—	45.3	—	520.9
Long-Term Debt	—	352.4	—	—	—	352.4
Deferred Income Taxes	—	75.3	—	—	(43.6)	31.7
Other Long-Term Liabilities	78.4	42.7	—	20.9	—	142.0
Amounts due to affiliates	—	—	—	77.5	(77.5)	—
Total Stockholders' Equity	1,360.0	769.7	288.5	301.0	(1,359.2)	1,360.0
Total Liabilities and Stockholders' Equity	\$1,459.7	\$ 1,694.4	\$ 288.5	\$ 444.7	\$ (1,480.3)	\$ 2,407.0

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended August 31, 2016					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
Net Sales:						
External sales	\$—	\$2,919.7	\$ —	\$ 371.6	\$ —	\$ 3,291.3
Intercompany sales	—	—	47.4	131.2	(178.6)	—
Total Sales	—	2,919.7	47.4	502.8	(178.6)	3,291.3
Cost of Products Sold	—	1,602.2	—	379.3	(126.4)	1,855.1
Gross Profit	—	1,317.5	47.4	123.5	(52.2)	1,436.2
Selling, Distribution, and Administrative Expenses	47.2	834.6	3.8	112.6	(52.2)	946.0
Intercompany charges	(59.5)	50.4	—	9.1	—	—
Special Charge	—	15.0	—	—	—	15.0
Operating Profit	12.3	417.5	43.6	1.8	—	475.2
Interest expense, net	10.5	16.1	—	5.6	—	32.2
Equity earnings in subsidiaries	(289.2)	(3.2)	—	0.2	292.2	—
Miscellaneous income, net	—	—	—	(1.6)	—	(1.6)
Income (Loss) before Provision for Income Taxes	291.0	404.6	43.6	(2.4)	(292.2)	444.6
Provision for Income Taxes	0.2	137.7	15.6	0.3	—	153.8
Net Income (Loss)	290.8	266.9	28.0	(2.7)	(292.2)	290.8
Other Comprehensive Income (Loss) Items:						
Foreign Currency Translation Adjustments	(5.6)	(5.6)	—	—	5.6	(5.6)
Defined Benefit Pension Plans, net	(23.4)	(11.4)	—	(9.5)	20.9	(23.4)
Other Comprehensive Income (Loss) Items after Provision for Income Taxes	(29.0)	(17.0)	—	(9.5)	26.5	(29.0)
Other Comprehensive Income (Loss)	\$261.8	\$249.9	\$ 28.0	\$ (12.2)	\$ (265.7)	\$ 261.8

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended August 31, 2015					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
Net Sales:						
External sales	\$—	\$2,446.9	\$ —	\$ 259.8	\$ —	\$ 2,706.7
Intercompany sales	—	—	41.2	105.5	(146.7)	—
Total Sales	—	2,446.9	41.2	365.3	(146.7)	2,706.7
Cost of Products Sold	—	1,388.0	—	276.5	(103.4)	1,561.1
Gross Profit	—	1,058.9	41.2	88.8	(43.3)	1,145.6
Selling, Distribution, and Administrative Expenses	34.0	684.4	4.0	77.8	(43.3)	756.9
Intercompany charges	(45.4)	39.7	—	5.7	—	—
Special Charge	—	12.4	—	—	—	12.4
Operating Profit	11.4	322.4	37.2	5.3	—	376.3
Interest expense (income), net	9.9	21.8	—	(0.2)	—	31.5
Equity earnings in subsidiaries	(221.2)	(5.2)	—	—	226.4	—
Miscellaneous expense (income), net	—	2.8	—	(1.6)	—	1.2
Income (Loss) before Provision for Income Taxes	222.7	303.0	37.2	7.1	(226.4)	343.6
Provision for Income Taxes	0.6	103.5	14.9	2.5	—	121.5
Net Income (Loss)	222.1	199.5	22.3	4.6	(226.4)	222.1
Other Comprehensive Income (Loss) Items:						
Foreign Currency Translation Adjustments	(24.0)	(24.0)	—	—	24.0	(24.0)
Defined Benefit Pension Plans, net	(14.5)	6.3	—	0.5	(6.8)	(14.5)
Other Comprehensive Income (Loss) Items after Provision for Income Taxes	(38.5)	(17.7)	—	0.5	17.2	(38.5)
Other Comprehensive Income (Loss)	\$183.6	\$181.8	\$ 22.3	\$ 5.1	\$ (209.2)	\$ 183.6

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended August 31, 2014					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
Net Sales:						
External sales	\$—	\$2,150.6	\$ —	\$ 242.9	\$ —	\$ 2,393.5
Intercompany sales	—	—	37.2	94.8	(132.0)	—
Total Sales	—	2,150.6	37.2	337.7	(132.0)	2,393.5
Cost of Products Sold	—	1,255.5	—	250.5	(91.7)	1,414.3
Gross Profit	—	895.1	37.2	87.2	(40.3)	979.2
Selling, Distribution, and Administrative Expenses	27.8	612.5	4.1	76.2	(40.3)	680.3
Intercompany charges	(39.6)	34.7	—	4.9	—	—
Special Charge	—	(0.2)	—	—	—	(0.2)
Operating Profit	11.8	248.1	33.1	6.1	—	299.1
Interest expense (income), net	10.0	22.2	—	(0.1)	—	32.1
Equity earnings in subsidiaries	(174.2)	(4.0)	—	—	178.2	—
Miscellaneous (income) expense, net	—	(1.6)	—	1.8	1.1	1.3
Income (Loss) before Provision for Income Taxes	176.0	231.5	33.1	4.4	(179.3)	265.7
Provision for Income Taxes	0.2	75.5	13.1	1.1	—	89.9
Net Income (Loss)	175.8	156.0	20.0	3.3	(179.3)	175.8
Other Comprehensive Income (Loss) Items:						
Foreign Currency Translation Adjustments	0.7	0.7	—	—	(0.7)	0.7
Defined Benefit Pension Plans, net	(10.0)	(3.7)	—	(5.2)	8.9	(10.0)
Other Comprehensive Income (Loss) Items after Provision for Income Taxes	(9.3)	(3.0)	—	(5.2)	8.2	(9.3)
Other Comprehensive Income (Loss)	\$ 166.5	\$ 153.0	\$ 20.0	\$ (1.9)	\$ (171.1)	\$ 166.5

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended August 31, 2016					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non-Guarantors	Consolidating Adjustments	Consolidated
Net Cash Provided by Operating Activities	\$ 277.0	\$ 54.8	\$ —	\$ 13.9	\$ —	\$ 345.7
Cash Provided by (Used for) Investing Activities:						
Purchases of property, plant, and equipment	—	(67.1)	—	(16.6)	—	(83.7)
Proceeds from sale of property, plant, and equipment	—	0.2	—	2.0	—	2.2
Investments in subsidiaries	(405.6)	—	—	—	405.6	—
Acquisitions of businesses and intangible assets	—	(393.9)	—	(229.3)	—	(623.2)
Net Cash (Used for) Provided by Investing Activities	(405.6)	(460.8)	—	(243.9)	405.6	(704.7)
Cash Provided by (Used for) Financing Activities:						
Issuance of long-term debt	—	—	—	2.5	—	2.5
Proceeds from stock option exercises and other	14.2	—	—	—	—	14.2
Repurchases of common stock	—	—	—	—	—	—
Excess tax benefits from share-based payments	25.6	—	—	—	—	25.6
Intercompany capital	—	405.6	—	—	(405.6)	—
Dividends paid	(22.9)	—	—	—	—	(22.9)
Net Cash Provided by (Used for) Financing Activities	16.9	405.6	—	2.5	(405.6)	19.4
Effect of Exchange Rate Changes on Cash	—	0.4	—	(4.4)	—	(4.0)
Net Change in Cash and Cash Equivalents	(111.7)	—	—	(231.9)	—	(343.6)
Cash and Cash Equivalents at Beginning of Year	479.9	—	—	276.9	—	756.8
Cash and Cash Equivalents at End of Year	\$ 368.2	\$ —	\$ —	\$ 45.0	\$ —	\$ 413.2

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended August 31, 2015					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non-Guarantors	Consolidating Adjustments	Consolidated
Net Cash Provided by Operating Activities	\$212.1	\$ 55.2	\$ —	—\$ 21.6	\$ —	\$ 288.9
Cash Provided by (Used for) Investing Activities:						
Purchases of property, plant, and equipment	—	(41.9)	—	(14.6)	—	(56.5)
Proceeds from sale of property, plant, and equipment	—	1.3	—	—	—	1.3
Investments in subsidiaries	(254.7)	(245.2)	—	—	499.9	—
Acquisitions of businesses	—	(14.6)	—	—	—	(14.6)
Other investing activities	—	(2.6)	—	—	—	(2.6)
Net Cash (Used for) Provided by Investing Activities	(254.7)	(303.0)	—	(14.6)	499.9	(72.4)
Cash Provided by (Used for) Financing Activities:						
Proceeds from stock option exercises and other	11.6	—	—	—	—	11.6
Excess tax benefits from share-based payments	17.6	—	—	—	—	17.6
Intercompany capital	—	245.2	—	254.7	(499.9)	—
Dividends paid	(22.7)	—	—	—	—	(22.7)
Other financing activities	—	—	—	(10.4)	—	(10.4)
Net Cash Provided by (Used for) Financing Activities	6.5	245.2	—	244.3	(499.9)	(3.9)
Effect of Exchange Rate Changes on Cash	—	(0.5)	—	(7.8)	—	(8.3)
Net Change in Cash and Cash Equivalents	(36.1)	(3.1)	—	243.5	—	204.3
Cash and Cash Equivalents at Beginning of Year	516.0	3.1	—	33.4	—	552.5
Cash and Cash Equivalents at End of Year	\$479.9	\$ —	\$ —	—\$ 276.9	\$ —	\$ 756.8

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended August 31, 2014					
	Parent	Subsidiary Issuer	Subsidiary Guarantor	Non- Guarantors	Consolidating Adjustments	Consolidated
Net Cash Provided by Operating Activities	\$188.7	\$ 35.1	\$	—\$ 9.3	\$	—\$ 233.1
Cash Provided by (Used for) Investing Activities:						
Purchases of property, plant, and equipment	—	(29.2)	—	(6.1)	—	(35.3)
Proceeds from sale of property, plant, and equipment	—	1.0	—	—	—	1.0
Investments in subsidiaries	—	(4.5)	—	4.5	—	—
Net Cash Used for Investing Activities	—	(32.7)	—	(1.6)	—	(34.3)
Cash Provided by (Used for) Financing Activities:						
Proceeds from stock option exercises and other	8.4	—	—	—	—	8.4
Excess tax benefits from share-based payments	10.4	—	—	—	—	10.4
Dividends paid	(22.5)	—	—	—	—	(22.5)
Other financing activities	—	—	—	(2.6)	—	(2.6)
Net Cash Used for Financing Activities	(3.7)	—	—	(2.6)	—	(6.3)
Effect of Exchange Rate Changes on Cash	—	(0.1)	—	1.0	—	0.9
Net Change in Cash and Cash Equivalents	185.0	2.3	—	6.1	—	193.4
Cash and Cash Equivalents at Beginning of Year	331.0	0.8	—	27.3	—	359.1
Cash and Cash Equivalents at End of Year	\$516.0	\$ 3.1	\$	—\$ 33.4	\$	—\$ 552.5

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ACUITY BRANDS, INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

15. Quarterly Financial Data (Unaudited)

	Fiscal Year 2016			
	1st	2nd	3rd	4th
	Quarter	Quarter	Quarter	Quarter
Net Sales	\$736.6	\$777.8	\$851.5	\$925.5
Gross Profit	\$319.4	\$336.9	\$377.9	\$402.1
Net Income	\$68.4	\$65.5	\$74.0	\$82.9
Basic Earnings per Share	\$1.58	\$1.50	\$1.70	\$1.90
Diluted Earnings per Share	\$1.57	\$1.49	\$1.69	\$1.89

	Fiscal Year 2015			
	1st	2nd	3rd	4th
	Quarter	Quarter	Quarter	Quarter
Net Sales	\$647.4	\$616.1	\$683.7	\$759.5
Gross Profit	\$273.0	\$255.7	\$295.6	\$321.3
Net Income	\$51.1	\$46.4	\$64.5	\$60.1
Basic Earnings per Share	\$1.18	\$1.07	\$1.49	\$1.39
Diluted Earnings per Share	\$1.17	\$1.07	\$1.48	\$1.37

Certain amounts in the tables above have been rounded. Accordingly, the sum of the quarters may not be an exact match to the full year amounts.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9a. 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 Securities and Exchange Commission's ("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 August 31, 2016. This evaluation was carried out under the supervision and with the participation of management, including the principal executive officer and principal financial officer. Based on this evaluation, these officers have concluded that the design and operation of the Company's disclosure controls and procedures were effective at a reasonable assurance level as of August 31, 2016. However, because all disclosure procedures must rely to a significant degree on actions or decisions made by employees throughout the organization, such as reporting of material events, the Company and its reporting officers believe that they cannot provide absolute assurance that all control issues and instances of fraud or errors and omissions, if any, within the Company will be detected. Limitations within any control system, including the Company's control system, include faulty judgments in decision-making or simple errors or mistakes. In addition, controls can be circumvented by an individual, by collusion between two or more people, or by management override of the control. Because of these limitations, misstatements due to error or fraud may occur and may not be detected.

During fiscal 2016, the Company completed its acquisitions of Distech Controls Inc. ("Distech Controls") and Juno Lighting LLC ("Juno Lighting"). SEC guidance permits management to omit an assessment of an acquired business' internal control over financial reporting from management's assessment of internal control over financial reporting for a period not to exceed one year from the date of the acquisition. Accordingly, management has not assessed Distech Controls' or Juno Lighting's internal control over financial reporting as of August 31, 2016.

Management's annual report on the Company's internal control over financial reporting and the independent registered public accounting firm's attestation report are included in the Company's 2016 Financial Statements in Item 8 of this Annual Report on Form 10-K, under the headings, Management's Report on Internal Control over Financial Reporting and Report of Independent Registered Public Accounting Firm as it relates to Internal Control Over Financial Reporting, respectively, and are incorporated herein by reference.

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

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

Item 9b. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item, with respect to directors and corporate governance, is included under the captions Item 1 — Election of Directors and Information Concerning the Board and Its Committees of the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2017, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The information required by this item, with respect to executive officers, will be included under the caption Executive Officers of the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2017, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The information required by this item, with respect to beneficial ownership reporting, will be included under the caption Section 16(a) Beneficial Ownership Reporting Compliance of the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2017, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The information required by this item, with respect to the code of ethics, will be included under the caption Questions and Answers about Communications, Governance, and Company Documents of the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2017, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item will be included under the captions Compensation of Directors, Information Concerning the Board and Its Committees, Compensation Committee Interlocks and Insider Participation, Report of the Compensation Committee, Compensation Discussion and Analysis, Fiscal 2016 Summary Compensation Table, Fiscal 2016 Grants of Plan-Based Awards, Outstanding Equity Awards at Fiscal 2016 Year-End, Option Exercises and Stock Vested in Fiscal 2016, Pension Benefits in Fiscal 2016, Fiscal 2016 Nonqualified Deferred Compensation, Employment Arrangements, Potential Payments upon Termination, and Equity Compensation Plans of the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2017, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be included under the captions Beneficial Ownership of the Company's Securities and Equity Compensation Plans of the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2017, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be included under the caption Certain Relationships and Related Party Transactions of the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2017, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item will be included under the caption Fees Billed by Independent Registered Public Accounting Firm of the Company's proxy statement for the annual meeting of stockholders to be held January 6, 2017, to be filed with the Commission pursuant to Regulation 14A, and is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this report:

(1) <u>Management's Report on Internal Control over Financial Reporting</u>	<u>36</u>
<u>Reports of Independent Registered Public Accounting Firm</u>	<u>37</u>
<u>Consolidated Balance Sheets as of August 31, 2016 and 2015</u>	<u>39</u>
<u>Consolidated Statements of Comprehensive Income for the years ended August 31, 2016, 2015, and 2014</u>	<u>40</u>
<u>Consolidated Statements of Cash Flows for the years ended August 31, 2016, 2015, and 2014</u>	<u>41</u>
<u>Consolidated Statements of Stockholders' Equity for the years ended August 31, 2016, 2015, and 2014</u>	<u>42</u>
<u>Notes to Consolidated Financial Statements</u>	<u>43</u>
(2) Financial Statement Schedules:	
<u>Schedule II Valuation and Qualifying Accounts</u>	<u>92</u>
Any of Schedules I through V not listed above have been omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto	
(3) Exhibits filed with this report (begins on next page):	
Copies of exhibits will be furnished to stockholders upon request at a nominal fee. Requests should be sent to Acuity Brands, Inc., Investor Relations Department, 1170 Peachtree Street, N.E., Suite 2300, Atlanta, Georgia 30309-7676	

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INDEX TO EXHIBITS

EXHIBIT 2 Agreement and Plan of Merger among Acuity Brands, Inc., Acuity (a) Merger Sub, Inc. and Acuity Brands Holdings, Inc., dated September 25, 2007.

(b) Agreement and Plan of Distribution by and between Acuity Brands, Inc. and Zep Inc., dated as of October 31, 2007.

EXHIBIT 3 (a) Restated Certificate of Incorporation of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.

(b) Certificate of Amendment of Acuity Brands, Inc. (formerly Acuity Brands Holdings, Inc.), dated as of September 26, 2007.

(c) Amended and Restated Bylaws of Acuity Brands, Inc., dated as of September 30, 2016.

EXHIBIT 4 (a) Form of Certificate representing Acuity Brands, Inc. Common Stock.

(b) Indenture, dated December 8, 2009, among Acuity Brands Lighting, Inc., as issuer, and Acuity Brands, Inc. and ABL IP Holding LLC, as guarantors, and Wells Fargo Bank, National Association, as trustee.

(c) Form of 6.00% Senior Note due 2019.

Reference is made to Exhibit 10.1 of registrant's Form 8-K as filed with the Commission on September 26, 2007, which is incorporated herein by reference.

Reference is made to Exhibit 2.1 of registrant's Form 8-K as filed with the Commission on November 6, 2007, which is incorporated herein by reference.

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.

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.

Reference is made to Exhibit 3.1 of registrant's Form 8-K as filed with the Commission on October 5, 2016, which is incorporated herein by reference.

Reference is made to Exhibit 4.1 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.

Reference is made to Exhibit 4.1 of registrant's Form 8-K as filed with the Commission on December 9, 2009, which is incorporated herein by reference.

Reference is made to Exhibit 4.2 of registrant's Form 8-K as filed with the Commission on December 9, 2009, which is incorporated herein by

EXHIBIT 10(i) (1) Tax Disaffiliation Agreement, dated as of October 7, 2005, by and between National Service Industries, Inc. and Acuity Brands, Inc.

(2) Tax Disaffiliation Agreement between Acuity Brands, Inc. and Zep Inc., dated as of October 31, 2007.

(3) 5-Year Revolving Credit Agreement, dated as of August 27, 2014 among Acuity Brands, Inc., the Subsidiary Borrowers from time to time parties hereto, the Lenders from time to time parties hereto, JPMorgan Chase Bank, N.A., as Swing Line Lender, LC Issuer and Administrative Agent, Wells Fargo Bank, National Association, as Syndication Agent and Bank of America, N.A., Branch Banking & Trust Company and Keybank National Association, as Co-Documentation Agents.

reference.

Reference is made to Exhibit 10 (i)A(17) of the registrant's Form 10-K as filed with the Commission on November 1, 2005, which is incorporated by reference.

Reference is made to Exhibit 10.1 of registrant's Form 8-K as filed with the Commission on November 6, 2007, which is incorporated herein by reference.

Reference is made to Exhibit 10.1 of registrant's Form 8-K as filed with the Commission on August 28, 2014, which is incorporated herein by reference.

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EXHIBIT 10(iii)A	Management Contracts and Compensatory Arrangements:	
(1)	Acuity Brands, Inc. 2001 Nonemployee Directors' Stock Option Plan.	Reference is made to Exhibit 10.6 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
	Amendment No. 1 to Acuity Brands, Inc.	Reference is made to Exhibit 10(iii)A(3) of registrant's Form 10-Q as filed with the Commission on January 14, 2002, which is incorporated herein by reference.
(2)	2001 Nonemployee Directors' Stock Option Plan, dated December 20, 2001.	Reference is made to Exhibit 99.1 of registrant's Form 8-K filed with the Commission on October 27, 2006, which is incorporated herein by reference.
	Amendment No. 1 to Stock Option	Reference is made to Exhibit 10(iii)A(2) of registrant's Form 10-Q as filed with the Commission on January 4, 2007, which is incorporated herein by reference.
(3)	Agreement for Nonemployee Director dated October 25, 2006.	Reference is made to Exhibit 10(iii)A(3) of registrant's Form 10-Q as filed with the Commission on July 10, 2007, which is incorporated herein by reference.
	Amendment No. 2 to Acuity Brands, Inc.	Reference is made to Exhibit 10.14 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(4)	2001 Non-employee Directors' Stock Option Plan.	Reference is made to Exhibit 10(iii)A(2) of registrant's Form 10-Q as filed with the Commission on January 14, 2003, which is incorporated by reference.
	Amendment No. 3 to Acuity Brands, Inc.	Reference is made to Exhibit 10(iii)A(8) of the registrant's Form 10-Q as filed with the Commission on July 14, 2003, which is incorporated by reference.
(5)	2001 Nonemployee Directors' Stock Option Plans.	Reference is made to Exhibit 10(iii)A(36) of the registrant's Form 10-K as filed with the Commission on October 29, 2004, which is incorporated by reference.
(6)	Acuity Brands, Inc. Supplemental Deferred Savings Plan.	Reference is made to Exhibit 99.2 of registrant's Form 8-K filed with the Commission on July 6, 2006, which is incorporated herein by reference.
(7)	Amendment No. 1 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.	Reference is made to Exhibit 10(iii)A(6) of registrant's Form 10-Q as filed with the Commission on July 10, 2007, which is incorporated herein by reference.
(8)	Amendment No. 2 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.	Reference is made to Exhibit 10 (c) of registrant's Form 10-Q as filed with the Commission on March 31, 2010, which is incorporated herein by reference.
(9)	Amendment No. 3 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.	Reference is made to Exhibit 10.15 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated here in by reference.
(10)	Amendment No. 4 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.	Reference is made to Exhibit 10(iii)A(3) of the registrant's Form 10-Q as filed with the Commission on January 14, 2003, which is incorporated by reference.
(11)	Amendment No. 5 to Acuity Brands, Inc. Supplemental Deferred Savings Plan.	
	Amended and Restated Acuity Brands, Inc.,	
(12)	2005 Supplemental Deferred Savings Plan, effective as of January 1, 2010.	
(13)	Acuity Brands, Inc. Executives' Deferred Compensation Plan.	
(14)	Amendment No. 1 to Acuity Brands, Inc. Executives' Deferred Compensation Plan.	

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(15) Acuity Brands, Inc. 2002 Executives' Deferred Compensation Plan as Amended on December 30, 2002 and as Amended and Restated January 1, 2005.	Reference is made to Exhibit 10(iii)A(61) of the registrant's Form 10-K as filed with the Commission on November 2, 2006, which is incorporated by reference.
(16) Amendment No. 2 to Acuity Brands, Inc. Nonemployee Director Deferred Compensation Plan.	Reference is made to Exhibit 10(iii)A(86) of the registrant's Form 10-K as filed with the Commission on October 27, 2008, which is incorporated herein by reference.
(17) Amended and Restated Acuity Brands Inc. 2011 Nonemployee Director Deferred Compensation Plan, effective as of December 1, 2012.	Reference is made to Exhibit 10(iii)A(68) of the registrant's Form 10-K as filed with the Commission on October 26, 2012, which is incorporated herein by reference.
(18) Acuity Brands, Inc. Senior Management Benefit Plan.	Reference is made to Exhibit 10.16 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(19) Amendment No. 1 to Acuity Brands, Inc. Senior Management Benefit Plan.	Reference is made to Exhibit 10(iii)A(5) of registrant's Form 10-Q as filed with the Commission on July 10, 2007, which is incorporated herein by reference.
(20) Acuity Brands, Inc. Executive Benefits Trust.	Reference is made to Exhibit 10.18 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(21) Acuity Brands, Inc. Supplemental Retirement Plan for Executives.	Reference is made to Exhibit 10.19 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(22) Amendment No. 1 to Acuity Brands, Inc. Supplemental Retirement Plan for Executives.	Reference is made to Exhibit 10(iii)A(2) of the registrant's Form 10-Q as filed with the Commission on April 14, 2003, which is incorporated by reference.
(23) Acuity Brands, Inc. Benefits Protection Trust.	Reference is made to Exhibit 10.21 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(24) Form of Acuity Brands, Inc., Letter regarding Bonuses.	Reference is made to Exhibit 10.25 of registrant's Form 8-K as filed with the Commission on December 14, 2001, which is incorporated herein by reference.
(25) Acuity Brands, Inc. 2002 Supplemental Executive Retirement Plan, Effective As of January 1, 2003, As Amended and Restated Effective As of June 26, 2015	Reference is made to Exhibit 10(iii)A(1) of the registrant's Form 10-Q as filed with the Commission on July 1, 2015, which is incorporated by reference.
(26) Form of Amended and restated Change in Control Agreement entered into as of April 21, 2006.	Reference is made to Exhibit 99.1 of registrant's Form 8-K filed with the Commission on April 27, 2006, which is incorporated herein by reference.
(27) Letter Agreement relating to Supplemental Executive Retirement Plan between Acuity Brands, Inc. and Vernon J. Nagel.	Reference is made to Exhibit 10(iii)A(4) of the registrant's Form 10-Q as filed with the Commission on July 14, 2003, which is incorporated by reference.
(28) Employment Letter between Acuity Brands, Inc. and Vernon J. Nagel, dated June 29, 2004.	Reference is made to Exhibit 10(III)A(1) of the registrant's Form 10-Q as filed with the Commission on July 6, 2004, which is incorporated by reference.
(29) Amended and Restated Severance Agreement, entered into as of January 20, 2004, by and between Acuity Brands, Inc. and Vernon J. Nagel.	Reference is made to Exhibit 10(III)A(2) of the registrant's Form 10-Q as filed with the Commission on July 6, 2004, which is incorporated by reference.

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Amendment dated April 21, 2006 to the Amended (30) and Restated Severance Agreement between Acuity Brands, Inc. and Vernon J. Nagel.	Reference is made to Exhibit 99.3 of registrant's Form 8-K filed with the Commission on April 27, 2006, which is incorporated herein by reference.
Amendment No. 2 to Acuity Brands, Inc. Amended (31) and Restated Severance Agreement between Acuity Brands, Inc. and Vernon J. Nagel.	Reference is made to Exhibit 10(iii)A(2) of registrant's Form 10-Q as filed with the Commission on April 4, 2007, which is incorporated herein by reference.
Amendment No. 3 to Acuity Brands, Inc. Amended (32) and Restated Severance Agreement, between Acuity Brands, Inc. and Vernon J. Nagel.	Reference is made to Exhibit 10(iii)A(78) of the registrant's Form 10-K as filed with the Commission on October 30, 2009, which is incorporated herein by reference.
Amendment No. 4 to Acuity Brands, Inc. Amended (33) and Restated Severance Agreement, between Acuity Brands, Inc. and Vernon J. Nagel.	Reference is made to Exhibit 10(iii)A(2) of the registrant's Form 10-Q as filed with the Commission on April 2, 2014, which is incorporated herein by reference.
(34) Form of Incentive Stock Option Agreement for Executive Officers.	Reference is made to Exhibit 10(III)A(3) of the registrant's Form 10-Q filed with the Commission on January 6, 2005 incorporated by reference.
(35) Form of Nonqualified Stock Option Agreement for Executive Officers.	Reference is made to Exhibit 10(III)A(4) of the registrant's Form 10-Q as filed with the Commission on January 6, 2005, which is incorporated by reference.
Premium-Priced Nonqualified Stock Option (36) Agreement for Executive Officers between Acuity Brands, Inc. and Vernon J. Nagel.	Reference is made to Exhibit 10(III)A(5) of the registrant's Form 10-Q as filed with the Commission on January 6, 2005, which is incorporated by reference.
(37) Acuity Brands, Inc. Matching Gift Program.	Reference is made to Exhibit 10(III)A(1) of the registrant's Form 10-Q as filed with the Commission on April 4, 2005, which is incorporated by reference.
(38) Employment Letter dated November 16, 2005 between Acuity Brands, Inc. and Richard K. Reece.	Reference is made to Exhibit 10.1 of registrant's Form 8-K filed with the Commission on November 18, 2005, which is incorporated herein by reference.
Amendment No. 1 to Acuity Brands, Inc. Amended (39) and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.	Reference is made to Exhibit 10(iii)A(81) of the registrant's Form 10-K as filed with the Commission on October 30, 2009, which is incorporated herein by reference.
Amendment No. 2 to Acuity Brands, Inc. Amended (40) and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.	Reference is made to Exhibit 10 (f) of registrant's Form 10-Q as filed with the Commission on March 31, 2010, which is incorporated herein by reference.
Amendment No. 3 to Acuity Brands, Inc. Amended (41) and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.	Reference is made to Exhibit 10(iii)A(2) of the registrant's Form 10-Q as filed with the Commission on April 2, 2014, which is incorporated herein by reference.
Amendment No. 4 to Acuity Brands, Inc. Amended (42) and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.	Reference is made to Exhibit 10(iii)A(46) of the registrant's Form 10-K as filed with the Commission on October 29, 2014, which is incorporated herein by reference.
Amendment No. 5 to Acuity Brands, Inc. Amended (43) and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.	Reference is made to Exhibit 10(iii)A(43) of the registrant's Form 10-K as filed with the Commission on October 27, 2015, which is incorporated herein by reference.
Amendment No. 6 to Acuity Brands, Inc. Amended (44) and Restated Severance Agreement between Acuity Brands, Inc. and Richard K. Reece.	Filed with the Commission as part of this Form 10-K.

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(45)	Form of Nonqualified Stock Option Agreement for Executive Officers.	Reference is made to Exhibit 99.1 of registrant's Form 8-K filed with the Commission on December 2, 2005, which is incorporated herein by reference.
(46)	Amended and Restated Acuity Brands, Inc. Long-Term Incentive Plan.	Reference is made to Exhibit A of the registrant's Proxy Statement as filed with the Commission on November 16, 2007, which is incorporated herein by reference.
(47)	Acuity Brands, Inc. Long-Term Incentive Plan Fiscal Year 2008 Plan Rules for Executive Officers.	Reference is made to Exhibit 99.1 of the registrant's Form 8-K as filed with the Commission on January 4, 2008, which is incorporated herein by reference.
(48)	Acuity Brands, Inc. 2007 Management Compensation and Incentive Plan.	Reference is made to Exhibit B of the registrant's Proxy Statement as filed with the Commission on November 16, 2007, which is incorporated herein by reference.
(49)	Acuity Brands, Inc. Management Compensation and Incentive Plan Fiscal Year 2008 Plan Rules for Executive Officers.	Reference is made to Exhibit 99.2 of the registrant's Form 8-K as filed with the Commission on January 4, 2008, which is incorporated herein by reference.
(50)	Form of Nonqualified Stock Option Agreement for Key Employees effective October 24, 2008.	Reference is made to Exhibit 10 (i) of registrant's Form 10-Q as filed with the Commission on April 8, 2009, which is incorporated herein by reference.
(51)	Form of Nonqualified Stock Option Agreement for Executive Officers of Acuity Brands, Inc. effective October 24, 2008.	Reference is made to Exhibit 10 (j) of registrant's Form 10-Q as filed with the Commission on April 8, 2009, which is incorporated herein by reference.
(52)	Employment Letter dated July 27, 2006 between Acuity Brands, Inc. and Mark A. Black.	Reference is made to Exhibit 10 (f) of registrant's Form 10-Q as filed with the Commission on April 8, 2009, which is incorporated herein by reference.
(53)	Severance Agreement dated November 19, 2008, by and between Acuity Brands Lighting, Inc. and Mark A. Black.	Reference is made to Exhibit 10(iii)A(1) of the registrant's Form 10-Q as filed with the Commission on January 9, 2015.
(54)	Amendment No. 1 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Mark A. Black.	Reference is made to Exhibit 10(iii)A(79) of the registrant's Form 10-K as filed with the Commission on October 30, 2009, which is incorporated herein by reference.
(55)	Amendment No. 2 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Mark A. Black.	Reference is made to Exhibit 10 (d) of registrant's Form 10-Q as filed with the Commission on March 31, 2010, which is incorporated herein by reference.
(56)	Amendment No. 3 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Mark A. Black.	Reference is made to Exhibit 10(iii)A(2) of the registrant's Form 10-Q as filed with the Commission on April 2, 2014, which is incorporated herein by reference.
(57)	Amendment No. 4 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Mark A. Black.	Reference is made to Exhibit 10(iii)A(58) of the registrant's Form 10-K as filed with the Commission on October 29, 2014, which is incorporated herein by reference.
(58)	Amendment No. 5 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Mark A. Black.	Reference is made to Exhibit 10(iii)A(57) of the registrant's Form 10-K as filed with the Commission on October 27, 2015, which is incorporated herein by reference.
(59)	Amendment No. 6 to Acuity Brands, Inc. Amended and Restated Severance Agreement between Acuity Brands, Inc. and Mark A. Black.	Filed with the Commission as part of this Form 10-K.
(60)	Amended and Restated Change in Control Agreement.	Reference is made to Exhibit 10(iii)A(2) of the registrant's Form 10-Q as filed with the Commission on January 9, 2015.

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(61)	Amended and Restated Change in Control Agreement.	Reference is made to Exhibit 10(iii)A(84) of the registrant's Form 10-K as filed with the Commission on October 30, 2009, which is incorporated herein by reference.
(62)	Form of Indemnification Agreement.	Reference is made to Exhibit 10.1 of registrant's Form 8-K as filed with the Commission on February 9, 2010, which is incorporated herein by reference.
(63)	Acuity Brands, Inc. 2012 Omnibus Stock Incentive Compensation Plan.	Reference is made to Exhibit A of the registrant's Proxy Statement as filed with the Commission on November 19, 2012, which is incorporated herein by reference.
(64)	Acuity Brands, Inc. 2012 Management Cash Incentive Plan.	Reference is made to Exhibit B of the registrant's Proxy Statement as filed with the Commission on November 19, 2012, which is incorporated herein by reference.
(65)	Form of Stock Notification and Award Agreement for restricted stock, effective October 24, 2013.	Reference is made to Exhibit 10(iii)A(72) of the registrant's Form 10-K as filed with the Commission on October 29, 2013, which is incorporated herein by reference.
(66)	Form of Stock Notification and Award Agreement for stock options, effective October 24, 2013.	Reference is made to Exhibit 10(iii)A(1) of the registrant's Form 10-Q as filed with the Commission on April 2, 2014, which is incorporated herein by reference.
(67)	Form of Stock Notification and Award Agreement for restricted stock, effective October 27, 2014.	Reference is made to Exhibit 10(iii)A(65) of the registrant's Form 10-K as filed with the Commission on October 29, 2014, which is incorporated herein by reference.
(68)	Form of Stock Notification and Award Agreement for stock options, effective October 27, 2014.	Reference is made to Exhibit 10(iii)A(66) of the registrant's Form 10-K as filed with the Commission on October 29, 2014, which is incorporated herein by reference.
(69)	Form of Stock Notification and Award Agreement for stock options, effective April 1, 2016.	Reference is made to Exhibit 10(iii)A(1) of the registrant's Form 10-Q as filed with the Commission on April 6, 2016, which is incorporated herein by reference.
(70)	Form of Restricted Stock Award Agreement for U.S. Grantees	Filed with the Commission as part of this Form 10-K.
(71)	Form of Restricted Stock Award Agreement for Non-U.S. Grantees	Filed with the Commission as part of this Form 10-K.
(72)	Form of Nonqualified Stock Option Award Agreement	Filed with the Commission as part of this Form 10-K.
(73)	Form of Nonqualified Stock Option Award Agreement for Named Executive Officers	Filed with the Commission as part of this Form 10-K.
EXHIBIT 21	List of Subsidiaries.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 23	Consent of Independent Registered Public Accounting Firm.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 24	Powers of Attorney.	Filed with the Commission as part of this Form 10-K.

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EXHIBIT 31	(a)	Rule 13a-14(a)/15d-14(a) Certification, signed by Vernon J. Nagel.	Filed with the Commission as part of this Form 10-K.
	(b)	Rule 13a-14(a)/15d-14(a) Certification, signed by Richard K. Reece.	Filed with the Commission as part of this Form 10-K.
EXHIBIT 32	(a)	Section 1350 Certification, signed by Vernon J. Nagel.	Filed with the Commission as part of this Form 10-K.
	(b)	Section 1350 Certification, signed by Richard K. Reece.	Filed with the Commission as part of this Form 10-K.

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EXHIBIT 101	The following financial information from the Company's Annual Report on Form 10-K for the year ended August 31, 2016, filed on October 27, 2016, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets as of August 31, 2016 and 2015, (ii) the Consolidated Statements of Comprehensive Income for the years ended August 31, 2016, 2015, and 2014, (iii) the Consolidated Statements of Cash Flows for the years ended August 31, 2016, 2015, and 2014, (iv) the Consolidated Statements of Stockholders' Equity for the years ended August 31, 2016, 2015, and 2014 and (v) the Notes to Consolidated Financial Statements.	Filed with the Commission as part of this Form 10-K.
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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: October 27, 2016 By: /s/ VERNON J. NAGEL

Vernon J. Nagel

Chairman, President, and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ VERNON J. NAGEL Vernon J. Nagel	Chairman, President, and Chief Executive Officer	October 27, 2016
/s/ RICHARD K. REECE Richard K. Reece	Executive Vice President and Chief Financial Officer (Principle Financial and Accounting Officer)	October 27, 2016
* W. Patrick Battle	Director	October 27, 2016
* Peter C. Browning	Director	October 27, 2016
* James H. Hance, Jr.	Director	October 27, 2016
* Gordon D. Harnett	Director	October 27, 2016
* Robert F. McCullough	Director	October 27, 2016
* Julia B. North	Director	October 27, 2016
* Dominic J. Pileggi	Director	October 27, 2016
*	Director	

Ray M. Robinson		October 27, 2016
*	Director	October 27, 2016
Norman H. Wesley		
*BY: /s/ RICHARD K. REECE Richard K. Reece	Attorney-in-Fact	October 27, 2016

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Schedule II

Acuity Brands, Inc.

Valuation and Qualifying Accounts

For the Years Ended August 31, 2016, 2015, and 2014

(In millions)

	Balance at	Additions and Reductions Charged to			
	Beginning of Year	Costs and Expenses	Other Accounts	Deductions	Balance at End of Year
Year Ended August 31, 2016					
Reserve for doubtful accounts	\$ 1.3	0.3	0.4	0.3	\$ 1.7
Reserve for estimated product returns, net	\$ 6.2	62.6	0.9	58.8	\$ 10.9
Reserve for estimated cash discounts	\$ 3.0	32.0	0.9	31.2	\$ 4.7
Reserve for estimated other deductions	\$ 1.3	11.9	—	11.5	\$ 1.7
Deferred tax asset valuation allowance	\$ 15.0	(0.2)	1.6	—	\$ 16.4
Year Ended August 31, 2015					
Reserve for doubtful accounts	\$ 1.9	0.1	—	0.7	\$ 1.3
Reserve for estimated product returns, net	\$ 4.3	44.7	—	42.8	\$ 6.2
Reserve for estimated cash discounts	\$ 2.7	21.7	—	21.4	\$ 3.0
Reserve for estimated other deductions	\$ 1.3	9.1	—	9.1	\$ 1.3
Deferred tax asset valuation allowance	\$ 13.6	(0.4)	1.8	—	\$ 15.0
Year Ended August 31, 2014					
Reserve for doubtful accounts	\$ 1.5	0.8	—	0.4	\$ 1.9
Reserve for estimated product returns, net	\$ 1.5	35.9	—	33.1	\$ 4.3
Reserve for estimated cash discounts	\$ 2.2	19.5	—	19.0	\$ 2.7
Reserve for estimated other deductions	\$ 1.0	7.4	—	7.1	\$ 1.3
Deferred tax asset valuation allowance	\$ 12.4	0.4	0.8	—	\$ 13.6