

Chairman's Letter

TO OUR STAKEHOLDERS

In 2010, Acuity Brands performed well given the considerable challenges of a weak economic environment, particularly as it impacted U.S. non-residential construction, a key market for us which declined approximately 15% during the fiscal year. This dramatic level of market decline would have devastated the financial performance of most companies, and yet our revenues in 2010 were off less than 2% while our profitability remained stable. To me, the difference was the dedication and focus of our 6,000 associates. Every day they provided our customers with great value, supported each other to improve and win in the marketplace, and endeavored to create long-term value for our stockholders. While we expect to deliver year-over-year improvement—and anything less is disappointing—we were pleased with our success in 2010.

2010 FINANCIAL HIGHLIGHTS

Adjusting for special charges and refinancing activity, we delivered:

- Net sales of \$1.63 billion, down 2 percent;
- A gross profit margin of 40.7%, up 240 basis points;
- An adjusted operating profit margin of 10.2%, down 70 basis points;
- Adjusted diluted earnings per share from continuing operations of \$2.08, down 14%;
- Cash flow from operations of \$161 million, up 73%; and
- Return on stockholders' equity of 11.4%.

This level of performance was even more remarkable considering the significant investments we made, particularly in the second half of the year. These investments were in technology and innovation, new product introductions, including light-emitting diode (“LED”) and organic LED (“OLED”)-based luminaires and control devices, and expansion in certain geographies and existing channels. While these investments negatively affected our short-term performance, they are in the very areas where we see great growth potential over the next decade. Because of the focus our team has on delivering value for our customers and driving productivity, we were able to protect our operating margins while delivering \$161 million in cash from operating activities. We also strengthened our liquidity and financial flexibility through our refinancing activities that increased our available cash and extended our debt maturities. All of this was achieved while delivering a return for our shareholders in excess of our cost of capital. Clearly a job well-done.

2010 ACHIEVEMENTS

Our financial success in 2010 tells only part of our positive story. On the strategic front, we made great strides to better position the company for future growth. For the second year in a row, we added more than 100 new products to our industry-leading portfolio, many incorporating the latest in advanced lighting technologies, including the introduction of our first OLED luminaire, a significant achievement. We invested heavily in new lighting and control technology, including the acquisition of Renaissance Lighting, which added to our growing portfolio of intellectual property. We made great strides in enhancing our supply chain, driving improvements in quality, delivery, cost and innovation through the use of our time-tested lean business tools. Lastly, we expanded our access in certain channels, geographies and markets, including renovation and lighting controls. We believe these investments, which offer us tremendous growth opportunities over the next decade, have meaningfully increased the size of the addressable market for Acuity Brands, making us less reliant on the new construction cycle. We made these investments today because of the significant upside potential for growth tomorrow.

STRATEGIC FOCUS

The lighting industry is on the dawn of a new era driven by significant and ever increasing pace of change in technology, particularly as lighting sources go electronic and incorporate new intelligent capabilities and features. This will drive more change in the lighting industry over the next decade than the industry has experienced in the previous century. Excitingly, Acuity Brands is poised to lead the industry into the age of intelligent lighting. As I noted above, we have invested heavily in technology and innovation, particularly in solid-state lighting capabilities, lighting controls and product portfolio expansion, while enhancing our access to more customers and markets. These investments are now bedrock on which we plan to grow our company. As I said in 2009, the next chapter in our evolution will be centered on internal growth fueled by a customer-centric focus based on operational excellence, augmented by a focused acquisition strategy. Our successes in 2010 show we are delivering on this vision. We have the skill and resources to build on our leadership position, particularly as new technologies bring new opportunities.

“The lighting industry is on the dawn of a new era driven by significant and ever increasing pace of change in technology, particularly as lighting sources go electronic and incorporate new intelligent capabilities and features.”

Acuity Brands led the transformation to fluorescent technology and, today, we have invested heavily to lead the next evolution to intelligent lighting. Intelligent lighting solutions, with a foundation based on solid-state components, will offer customers unique features and benefits, particularly on controlling light while minimizing energy consumption and maintenance cost. Acuity Brands is a lighting company made up of lighting experts dedicated to providing customers with products and systems that create superior lighting solutions for virtually any application. Because we are agnostic to the light source, our customers rely on us to offer the very best solutions for their needs without a bias for one technology over another...just the best solution. This unique position affords us a great opportunity to develop lighting solutions across a wide spectrum of technologies, offering customers the right solution for their specific needs.

Our investments over the last 24 months in lighting controls, including the acquisitions of LC&D, Sensor Switch and Renaissance Lighting, coupled with one of the largest luminaire portfolios in the industry, have created a very strong platform for us

to offer lighting solutions, not just devices, that deliver on the promise of a superior lighting environment. We believe customers are likely to pay more for a complete lighting solution, compared with individual devices, as they will be easier to install and can be managed in a way to optimize both the lighting environment and energy consumption.

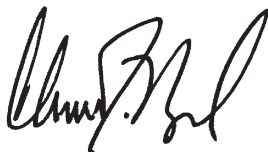
As electronics enter the lighting arena, bringing with it the age of intelligent lighting solutions, Acuity Brands is positioned to drive this evolution where superior lighting performance will be the norm and energy savings will pay for the investment. Although 2011 is expected to be another challenging year due to weak general economic conditions, as we look out over the next handful of years it is entirely possible the addressable market size for Acuity Brands could be \$16 billion or more annually, up from \$9.3 billion in 2010...this is an increase of more than 70%. This is why we say, "Our future is Bright."

CLOSING COMMENTS

John L. Clendenin recently announced his retirement from the Board of Directors of Acuity Brands. John has been a valued director since the inception of the company in 2001. I thank John for his vision, wisdom and courage to help guide the company through a period of extraordinary transformation. We will miss his keen intellect, his exceptional strategic vision, and his unwavering commitment to our company.

On behalf of the Board of Directors, I want to thank our 6,000 associates for their continued contributions and dedication to our vision, our customers for their business, our suppliers for their support, and our stockholders for the partnership we share in our enterprise.

Sincerely,

A handwritten signature in black ink, appearing to read "Vernon J. Nagel". The signature is fluid and cursive, with the first name being the most prominent.

Vernon J. Nagel
Chairman, President, and Chief Executive Officer

November 10, 2010