

MESSAGE FROM THE ADMINISTRATOR

ENERGY STAR is more than a label awarded for energy efficiency. It is a partnership among government, business, and consumers, united in the pursuit of a common goal—to protect our environment for future generations.

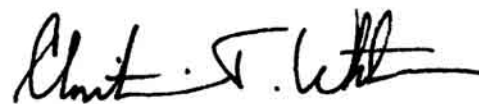
The ENERGY STAR program has been a resounding success over the last decade. Americans have purchased more than 1 billion ENERGY STAR qualified products and thousands of buildings have been improved. More than 7,000 businesses and organizations have become partners, and more than 40% of the American public recognizes the ENERGY STAR.

Last year alone, with the help of ENERGY STAR, Americans saved the energy required to power 15 million homes and reduced air pollution equivalent to taking 14 million cars off the road—all this while saving \$7 billion on energy bills. Through ENERGY STAR, we have successfully educated our partners and the consumer marketplace that energy efficiency does not sacrifice the features, style, or the comfort that today's consumers expect. But there is

much more to do. There are many more Americans to make aware of the power they have when they make choices for their homes and many more businesses to show that what is good for the environment is also good for the bottom line.

The quality of the environment is everyone's responsibility and by bringing ENERGY STAR into American homes and businesses we can make an enormous difference.

In the following pages, we define and provide new tools that will help your organization build on our joint accomplishments of the past and to help us deliver a better future—one that will benefit generations to come.



Christie Whitman
Administrator
Environmental Protection Agency



THE ENERGY STAR IS MORE THAN A LABEL AWARDED FOR ENERGY EFFICIENCY

THE POWER OF ENERGY STAR

ENERGY STAR has become a powerful platform for improving the environment through energy efficiency.

THE HISTORY

EPA introduced the ENERGY STAR label in 1992 to recognize energy-efficient computers. Since then, the label has grown to identify efficient products across more than 35 product categories. Since the mid-1990s, EPA has collaborated with the U.S. Department of Energy (DOE), which now has responsibility in some product areas. EPA approved the label for use on efficient new homes in 1995, and efficient buildings became eligible for the label in 1999 when EPA unveiled a new standardized approach for measuring the energy performance of an entire building.

Beyond the label, EPA and DOE have offered many tools and materials to partner organizations to build upon and use in their efforts to promote energy efficiency. These include:

- promotional ENERGY STAR marks;
- national public service advertising campaigns;

- promotional and national campaign materials;
- performance rating systems;
- sales training materials;
- educational brochures;
- awards in recognition of excellence.

THE SUCCESS

Since the introduction of the ENERGY STAR label, Americans have purchased more than 1 billion products carrying that mark and improved the efficiency of thousands of buildings and homes. As a nation we have prevented greenhouse gas emissions equivalent to those from 14 million vehicles.

Over this time the public has become more aware of and interested in energy efficiency, ENERGY STAR, and protecting the environment. Energy issues have made news. The public has become more concerned with environmental issues, particularly air pollution and global warming. Many consumers want to know what they can do to save energy and protect the environment and believe that products that address energy and environmental issues

ENERGY STAR HAS BECOME A POWERFUL PLATFORM FOR IMPROVING THE ENVIRONMENT THROUGH ENERGY EFFICIENCY



are desirable (see Survey Results on page 2.2).

ENERGY STAR is growing to meet these consumer and business interests. Recent surveys and studies show (see pages 2.2-2.4 for more complete results):

- 40% of the American public is aware of the label;

- The ENERGY STAR label is influencing product purchasing and consumers will use the label in the future as part of their purchasing decisions;
- Market penetration of ENERGY STAR qualified products has increased substantially in regions with active programs;
- ENERGY STAR partners that are leaders in corporate energy management are strong performers on Wall Street.

87% AMERICANS ARE VERY CONCERNED ABOUT THE ENVIRONMENT

AMERICAN VIEWS ON ENERGY, ENVIRONMENT AND PRODUCTS

Many Americans are concerned about the environment and believe that saving energy helps the environment.

- 87% strongly agree or agree with the statement "I'm very concerned about the environment."^A
- 93% strongly agree or agree with the statement "Saving energy helps the environment."^A
- 93% of people believe that saving energy is important.^B
- 95% of consumers believe that each of us has to be responsible in our energy use and that they as an individual can make a difference (they either agree or strongly agree).^A
- 74% of consumers believe that "A product that is better for the environment" is a somewhat to very important consideration when purchasing an appliance or other energy-using product.^A
- 72% of adults "...make a special effort to look for products that are energy efficient."^C

AMERICAN VIEWS ON THE FEDERAL GOVERNMENT AND ENERGY STAR

There is growing awareness of the ENERGY STAR label, with 40% of the American public recognizing it.^D

Of those consumers aware of the ENERGY STAR label, many have a good understanding of it.^A

- 67% believe a qualified product uses energy more efficiently than a conventional product.^A
- 31% believe a qualified product is friendly to the environment.^A

The ENERGY STAR label is influencing purchases of efficient products.

- 23% of households knowingly purchased at least one ENERGY STAR qualified product in the last twelve months.^D
- Of those with a recent ENERGY STAR purchase:
 - 50 to 60% say that the presence of the ENERGY STAR mark influenced their purchase decision (either somewhat or very much);^{A,D}

40% OF THE AMERICAN PUBLIC RECOGNIZE THE ENERGY STAR

ENERGY STAR QUALIFIED PRODUCTS ARE GAINING MARKET SHARE

- 64% of those that received a discount said that they were either very or somewhat likely to purchase the ENERGY STAR qualified product without the discount.^D

Many Americans believe they will use the ENERGY STAR label in the future to help in choosing products.

- 95% of recent purchasers of an ENERGY STAR qualified product say they are somewhat or very likely to purchase an item with the ENERGY STAR mark in the future.^A
- 71% of consumers are very or somewhat likely to recommend ENERGY STAR to a friend.^D

The market share of ENERGY STAR qualified products is growing all over America.

In California:

- Market share of major appliances carrying the ENERGY STAR grew by 12 to 28%;^E
- Sales of ENERGY STAR qualified Compact Fluorescent Lamps (CFLs) reached nearly 2.8 million by mid 2001.^F

In the Northwest:

- Market share for ENERGY STAR qualified windows grew from 15% in 1997 to 66% by June 2001;^G
- ENERGY STAR qualified clothes washers reached a 30% market share;^H
- 8.3 million ENERGY STAR qualified CFLs were sold in 2001.^H

In the Northeast:

- Market share of ENERGY STAR qualified clothes washers is 65% greater than the national average.^I

67% BELIEVE A QUALIFIED PRODUCT USES ENERGY MORE EFFICIENTLY THAN A COMPARABLE MODEL

SUPERIOR ENERGY MANAGEMENT STANDS OUT ON WALL STREET

Energy efficiency leaders (companies that improve the efficiency of their own operations) achieve superior stock market returns.

- In the real estate sector, active ENERGY STAR partners outperformed non-partners by 12% over a 2 year period.^d

- In the food service sector, ENERGY STAR partners outperformed to the Dow Jones broad retail sector index by 2000 basis points over a 2 year period.^k

A Energy Conservation and Efficiency study 9589, Final Report May 2002. Schulman, Ronca and Bucavalas, Inc. and Research into Action (May 2002).

B Lowe's Home Improvement Warehouse Summer Energy Efficiency, May 9, 2001, Ipsos Reid.

C The Gallup Organization, 2000.

D National Analysis of CEE 2001 ENERGY STAR Household Surveys, The Cadmus Group and Xenergy Consulting, Inc., August 1, 2002.

E. California Appliance Trends, 2001, Volume 1. Residential Market Share Tracking Project, RER, Managed by Southern California Edison.

F. Lamp Trends, 2002, Volume 1, Residential Market Share Tracking Project, RER, Managed by Southern California Edison.

G. ENERGY STAR Windows program, November 2000, Market Progress Evaluation Report. Prepared by Quantec for NEEA, Report #E00-069.

H. Northwest Energy Efficiency Alliance, 2001 Annual Report.

I. Northeast Energy Efficiency Partnership, 2002.

J. "Energy Management and Investor Returns: The Real Estate Sector", Innovest Strategic Value Advisors, October 2002.

K. "Energy Efficiency and Investor Returns: The Retail Food Sector", Innovest Strategic Value Advisors, September 2002.

THE FUTURE



There is much more work to do over the coming years on improving the environment through energy efficiency. Based on the recent surveys and studies, as well as a thorough review of the use of the ENERGY STAR marks in today's market place, it is clear that there are several measures that can make ENERGY STAR more effective as we go forward. The improvements are as follows:

- Building a strong call to action into the ENERGY STAR identity that speaks to the individual both emotionally and rationally about their ability to make a change for the better;

- Building clearer statements about the EPA and DOE backing of ENERGY STAR into promotional campaigns and outreach materials so that consumers are not confused about its source and can trust the ENERGY STAR as credible, unbiased information;
- Updating the ENERGY STAR marks to be more memorable, recognizable and clearer across a range of applications.

These improvements will help increase awareness of ENERGY STAR and will more strongly influence the change in behavior required to protect the environment for future generations.