



ENERGY STAR Partner of the Year 2013 Accomplishments Narrative

2012 Product Qualification Efforts

Number of ENERGY STAR qualified products available in 2012	577
Number of ENERGY STAR qualified products available in 2011	644
Percentage change over previous year	-11.6%
Percentage of product lines that are ENERGY STAR qualified in 2012	22%
Percentage of product lines that are ENERGY STAR qualified in 2011	16%
Percentage change over previous year	6%
Percentage of total sales (dollars) that were ENERGY STAR qualified in 2012	17%
Percentage of total sales (dollars) that were ENERGY STAR qualified in 2011	22%
Percentage change over previous year	-5%

Sea Gull Lighting features 577 ENERGY STAR qualified products in its 2012 product line, comprising:

- 18 complete indoor collections
(i.e. chandeliers, close to ceiling, pendants and more)
- 18 complete outdoor collections
(i.e. multiple sizes for entry, garage, back door, etc.)
- 4 ceiling fan collections
(2 indoor, 2 outdoor)
- 8 close to ceiling collections
- 4 wall mount bath collections

ENERGY STAR qualified products make up 22% of Sea Gull Lighting's total product line – a 6% increase over 2011.

Sea Gull Lighting entered its 20th year as an ENERGY STAR Partner with our strongest commitment yet to the program. This year also marked milestones such as, tough decisions on discontinuing a substantial part of our product line and a move of our headquarters to Skokie, IL from Riverside, NJ to better integrate with our parent company and sister brands. Early in the year, Sea Gull Lighting looked to better serve our customer base by discontinuing underperforming products while strengthening inventory on popular items. Our total product line was decreased from nearly 3,500 lighting fixtures and ceiling fans to approximately 2,600 individual products. **While our overall product line saw a decrease of 26%, our ENERGY STAR product line only decreased 11.6%, and their share of our product line actually increased 6% to represent 22% of our lighting fixtures and ceiling fans.** The differentiating benefits ENERGY STAR products bring to our company are clear. Throughout 2012, our ENERGY STAR products and program has brought us new partnerships, innovative products, closer relationships and a solidified stance as the choice for ENERGY STAR lighting fixtures and ceiling fans to the residential marketplace.

2012 Product Qualifications and TPCB Partnership

Our 2012 move to Skokie, IL to be headquartered in the same building as our sister companies provided the opportunity to improve processes and share best practices in a number of departments. As a result, the importance on qualification of ENERGY STAR products played a key part in our 2012 product development and product management strategies. As of November 1, 2012 Sea Gull Lighting's ENERGY STAR product line totaled 577 qualified lighting fixtures, ceiling fans and lamps. While this number is less than our 2011 offering of 644 qualified products, the percentage of ENERGY STAR qualified products in our line has increased. The increase in ENERGY STAR qualified product share can be directly attributed to not only our company's dedication to the benefits of the ENERGY STAR program, but also to our process development and improvements with our third party certification body.



Sea Gull Lighting's preparation for ENERGY STAR's new qualification program, introduced April, 1 2012, began back in June of 2011 as we identified which products would qualify under the new standard. We also began the search for a third party certification body that would best support our needs to qualify a large number of products in as timely a manner as possible. We found that partner with Intertek. As third part certification was a new process for ENERGY STAR, it set the stage for opportunity to collaborate on best practices with the goal of qualifying products accurately and efficiently. Sea Gull Lighting worked with Intertek to develop their certification procedures for residential fixtures. This included formatting of product information and grouping of products for testing purposes. Together with Intertek, Sea Gull Lighting listed 577 lighting fixtures, ceiling fans and LED lamps to market and sell as ENERGY STAR and outpaced our top competitors in the residential lighting industry.

Unfortunately some of our supplier partners did not have as successful a time with qualifying products in 2012. Key ballast suppliers for our ENERGY STAR recessed housing and linear fluorescent products were not able to meet the strengthened requirements in the new components' specification. This resulted in nearly \$2 million dollars and more than 100,000 units of energy efficient sales being unmarketable as ENERGY STAR. While disappointing, this gave us the opportunity to request our suppliers start using ENERGY STAR components in our lighting fixtures and moved toward qualification on those strongly selling items during the latter half of 2012. These practices are now a key fundamental of our process and will assure an even greater mix of ENERGY STAR qualified products make it into our product line next year.

2012 Product Highlight: Traverse LED

One of the ENERGY STAR product highlights for 2012, has been the ENERGY STAR qualified Traverse LED downlight and recessed retrofit fixture. Traverse boasts versatility as its primary selling feature, with the ability to install to a standard junction box as a flush mount fixture or easily retrofit into 5" and 6" recessed housings. When coupled with the performance benefits of 750 lumens with just 14.5 watts of power, 3000°K correlated color temperature, smooth dimming, long 50,000 hour life and ENERGY STAR qualification it's easy to see why Traverse quickly became Sea Gull Lighting's most successful product launch of 2012. As of November 1, 2012, 18,396 Traverse LED units (item #: 14600S-15) were sold to Sea Gull Lighting customers. With its lumen output, Traverse LED is perfect equivalent replacement for 65 watt BR30 lamps. The high volume of sales on Traverse models through October 2012, will generate \$298,394.16 of annual cost savings for our customers.⁽¹⁾ For one customer in particular, these benefits made the choice of converting all of their traditional downlighting to the ENERGY STAR qualified Traverse LED very easy.

For 27 years, the much beloved Bell Shoals Baptist Church in Brandon, Florida has served a diverse community. In addition to meeting spiritual needs, the church also conducts food drives, feeds the homeless, helps those with addictions, and has organized more than 250 missions that have traveled to underserved countries worldwide. Plus, its youth ministry is one of the largest in the area.

"While still a beautiful structure, Bell Shoals was in desperate need of an update," said Pastor Jimmy Evans, who is also the Director of Facilities for the church and its other buildings. Accommodating more than 1,000 worshippers at a time, Bell Shoals needed new carpet, upholstery, paint and importantly, new lighting. Evans added, "It looked more like a morgue instead of a place of worship." Evans also wanted to increase the church's stage size from 400 to 1200 square feet, which would require additional lighting there as well.

Bell Shoals was also soon to start a new ministry for its growing Latino population to be led by a newly hired Latino pastor. With this as a timely catalyst for change, Evans made the case to the church's 8,000 members for the remodel—with particular emphasis on improving the lighting.

The Devil is in the Details

With the church's ceiling at 28 feet and 14,000 square feet of floor space, the structure was using a whopping 25,584 watts through conventional lighting with:

- Twenty-eight, 500-watt quartz halogen lamps in recessed cans
- Three huge chandeliers with 28, 60-watt candelabras (84 candelabra lamps total)



- Eight, 65-watt recessed floods under the mezzanine
- Twelve, 500-watt lamps on the stage

Evans and his electrical engineers looked at three manufacturers who offered LED solutions with three goals in mind: To drastically decrease the electrical bill, secure a footcandle value that would reach the pews from 28 feet above so people could easily read their bibles, and to positively transform the room with light while staying within their limited budget.

Sea Gull Lighting sales rep Cheri Lindsey and City Electrical Supply branch manager Burt Rice gave a demonstration of the company's new 6" Traverse LED Downlight to solve the building's lighting challenges. Sea Gull is known as an industry leader in ENERGY STAR® products. "The church conducted extra due diligence by testing 12 Traverse lights before making the final decision to go with them," according to Lindsey.

Results: Then There Was Light

One hundred and twenty-one Traverse lights were installed, spaced nine feet apart. According to the electrician who worked on the project, the ease of installation enabled him to install more than 50 fixtures in only one day.

Bell Shoals' lighting wattage use has been reduced from the 25,584 to 1,754 for the chapel. This represents a 93 percent wattage savings while improving lighting uniformity.

Importantly, the monthly electric bill has gone from an average of \$1,796 down to the just-received bill of \$748. According to Evans, "The feedback has been extremely positive, and the members feel part of the process as they raised the funds for the remodel and lighting. Most people don't realize how lighting can transform a room from ugly to stunning."

Metrics that Matter:

Watts per sq ft: .13 (Beats California's Title 24 requirement of .2 W/sq. ft. by 35 percent)

Illumination Level: Average 5.5. There was no reduction in the illumination level.

Lamp type: 1

Monthly electric bill: Down from \$1,796 to \$748

Wattage use: Down from 25,584 to 1,754—A 93 percent reduction

About Sea Gull Lighting's 6" Traverse LED Downlight:

14.5 watts: Reduces energy use and operating cost by 80%

750 lumens output

3000K color temperature

80 CRI

50,000 hour life, lasts 25X's longer than conventional lighting for maintenance free operation

ENERGY STAR® Qualified

Traverse LED has been a shining product partnership. Sea Gull Lighting saw great opportunity to market and sell the product under Sea Gull Lighting's private label due to our unique customer base and long standing reputation as a leader in ENERGY STAR lighting products. That vision has proved true and paid off with tremendous sales success and equally as impressive energy savings for each customer who has purchased a Traverse LED lighting fixture from Sea Gull Lighting. In the latter part of 2012, we expanded on our Traverse LED line with two new color temperatures for the 6" Traverse downlight and three new 4" Traverse LED downlights. With the expanded line and continued popularity of Traverse, we estimate sales will grow to over 30,000 units and annual energy cost savings for our customers will approach \$500,000 in 2013.

(1) Annual energy savings based on \$0.11 per kw/h costs at 8 hours of use per day vs. 65 watt BR30 lamp.

2012 Product Highlight: ENERGY STAR® LED Lamps

The advancement of LED lamp technology over recent years has come a long way. LED lamps are now a reliable, highly efficient source of lighting and have seen increased interest by our customers. In a step to integrate LED lighting across as



many of our products as possible, Sea Gull Lighting partnered with a new supplier at the end of 2011 to bring an ENERGY STAR qualified LED option to more than 85% of our product line. With a mix of nine different lamp choices in various color temperatures, we gave customers an easy way to upgrade to LED with the Sea Gull Lighting products they purchased. As of November 1, 2012, Sea Gull Lighting sold more than 4,000 ENERGY STAR qualified LED Lamps. The majority of these lamp sales were used to outfit recessed housing fixtures. While adoption has been slow, Sea Gull Lighting's commitment to LED as the energy efficient technology of the future is steadfast. We will use the information we have learned in 2012 to develop an even better LED lamping program for 2013, all the while making ENERGY STAR qualification a primary part of the process.

New ENERGY STAR Introductions in 2012

In addition to the ENERGY STAR qualified Traverse LED, Sea Gull Lighting added 156 ENERGY STAR qualified products to our line of lighting fixtures, ceiling fans and lamps in 2012. This represented 31.4% of our 2012 introductions, one of the best showings of ENERGY STAR product launches in our 20 year partnership. Along with Traverse, new ENERGY STAR products in 2012 accounted for more than 30,000 units of sales through October, with more than 30% of those sales coming from outdoor wall lanterns. With the removal of the photocell requirement for ENERGY STAR outdoor wall lanterns, Sea Gull Lighting's added 62 qualified wall lanterns in 2012 and they became a glowing center of high volume sales.

A foundational part of Sea Gull Lighting's product line is full decorative collections, both indoor and out, and ENERGY STAR products play a significant role in their development. Our 2012 ENERGY STAR introductions included: two new outdoor collections, expansions on existing outdoor collections, finish expansions for our most popular ENERGY STAR fan collection and two new complete indoor collections – Oslo and Montreal. Sea Gull Lighting's Oslo and Montreal collections were developed with customer requests as a driving factor. We worked with key home builder partners to craft designs and finish styles that would best serve their needs. Working with our partners ensures products developed will be desired and accepted quickly into the marketplace. To that end, the ENERGY STAR qualified Oslo and Montreal collections have shown quick adoption into our home builder packages and continue to solidify our reputation as the source for ENERGY STAR lighting fixtures and ceiling fans for the nation's top home builders.

Visual Marketing

One of Sea Gull Lighting's primary goals for our ENERGY STAR product line is to help customers easily find and identify products that have earned qualification. Along with hang tags and ENERGY STAR logo placement on packaging, the most effective way to visually distinguish our products comes through optimizing our website. Approximately 1.5 million unique visitors navigate our website in a given year. We have made it a continuous priority to make product browsing easier and more user friendly. For our ENERGY STAR line, this means clear labeling with approved logos next to every product image in addition to category labeling and descriptive text throughout our site. New ENERGY STAR products, like the Traverse, were featured prominently on our homepage with ENERGY STAR logos to help customers identify energy saving products within seconds of visiting our website.

In addition to visual marketing on the web, Sea Gull Lighting released a full line catalog in May of 2012 and ENERGY STAR products claimed a large share of page space in our widely distributed literature. ENERGY STAR logos were placed with each qualified product, so customers could easily see which lighting fixture or ceiling fan had earned the mark. Also featured was a description of energy saving solutions and a section on what it means to Sea Gull Lighting to have been awarded its sixth ENERGY STAR Partner Award in 2012. Whether on the web or in tradition print, the ENERGY STAR logo and Sea Gull Lighting go hand-in-hand.

Home Builder Partnerships in 2012

Sea Gull Lighting is well known in the lighting and ceiling fan industry as a top choice for residential home builders. Building partner who supply ENERGY STAR qualified Sea Gull Lighting products, include: Lennar, Pulte, Centex, KB Home, Orleans, William Ryan Homes, Picerne and many other home builders across the nation. Many of our home builder partners supply ENERGY STAR lighting as a standard for their home designs. Brochures and catalogs are also supplied to each home builder for use in their design/selection process with customers, so that those customers have the option to make the valued choice of upgrading their lighting package to ENERGY STAR.



A home builder highlight for us in 2012 was with KB Home's ZeroHouse 2.0. KB Home has continued their dedication to energy efficiency by making the commitment on every home to be built ENERGY STAR qualified. KB Home has even gone a step further in 2012 by offering an energy innovation with the ZeroHouse 2.0, which they call, "an exciting net-zero energy home option for buyers...that can potentially eliminate buyers' monthly electricity charges entirely." To meet the ZeroHouse 2.0's specifications, Sea Gull Lighting supplies KB Home with GU24 based ENERGY STAR qualified lighting fixtures, ENERGY STAR qualified ceiling fans and light kits and the ENERGY STAR qualified Traverse LED downlight, adding efficiency, style and innovation to their highly resourceful home design. The ZeroHouse 2.0 model homes were featured in select communities in Tampa, Southern California, Colorado, Las Vegas, San Antonio, Austin, Houston and more. In addition to the benefit of a near-zero electric bill, KB Home estimates their models will contribute to avoiding the emission of 5.7 tons of carbon dioxide annually.

A large part of Sea Gull Lighting's partnership with national and regional home builders is educating their employees—in addition to their customers—on ENERGY STAR benefits, products and developments via our sales force of nearly 200 representatives. For example, with the KB Home's ZeroHouse 2.0 models debut in 2012, Sea Gull Lighting participated in a large resident and Realtor® promotional event with the KB Home San Antonio division. Our sales representative, Josh Prince, demonstrated Sea Gull Lighting's ENERGY STAR qualified products and handed out ENERGY STAR qualified compact fluorescent lamps as a door prize. Events like these are integral to Sea Gull Lighting's commitment as an ENERGY STAR Partner.

We encourage our sales representatives to continually remind the marketplace of the great benefits an ENERGY STAR lighting fixture or ceiling fan can deliver.

Education of Our Sister Brands

Under the umbrella of our parent company Generation Brands (GB), Sea Gull Lighting routinely works across the GB portfolio of brands, (e.g., Tech Lighting, LBL Lighting, Monte Carlo Fan Company, etc.) on many strategic initiatives, and ENERGY STAR qualification was certainly a focus of corporate collaboration in 2012.

As the GB Quality Team deepened its expertise with the new ENERGY STAR qualification standards, given the expansive Sea Gull Lighting effort to re-qualify hundreds of products, the team also started reviewing and submitting ENERGY STAR qualifications for other brands at GB, efficiently using the same internal processes established for Sea Gull Lighting, (e.g., testing products in our own lab at GB before sending out for formal testing, leveraging strong working relationships with Third Party Certification Bodies, etc.).

Through this GB-wide effort, 200+ Tech Lighting products and 30+ LBL Lighting products were ENERGY STAR qualified for the first time in 2012, and many of Tech's and LBL's new product introductions for 2013 are in the process of being qualified as well. In fact, all the 2013 new product introductions for Monte Carlo Fan Company will soon be ENERGY STAR qualified.

Also this year, Tech Lighting and LBL Lighting employees and sales reps were briefed on ENERGY STAR (see appendix) and the brand's value to our customers and consumers who continue to express their desire for and confidence in the ENERGY STAR brand. Generation Brands will continue to leverage the experience originated by Sea Gull Lighting to build an even stronger, more efficient company-wide effort to drive ENERGY STAR product qualification and employee/rep education in the future.

Sea Gull Lighting and ENERGY STAR in 2013

2012 was an exciting year for Sea Gull Lighting, thanks significantly to our commitment to ENERGY STAR. Our product development process this year had ENERGY STAR qualification for all eligible products at its foundation. Sea Gull Lighting will introduce 314 new items in 2013 and 136, more than 43%, of those will be qualified to ENERGY STAR luminaire requirements. This will make nearly 25% of our lighting fixtures and ceiling fans ENERGY STAR qualified. We are very proud of this effort and look toward a bright future with ENERGY STAR as a valued Partner.