



2004 SMALL BUSINESS POWER POLL SUMMARY

Overview

Six months since The Great Blackout, the 2004 Small Business Power Poll reveals that most small and home businesses remain vulnerable to costly power outages. This is especially distressing when you consider the stakes: small businesses generate 40 percent of the U.S. GNP and two-thirds of America's new jobs.

Emerson (NYSE: EMR), a global leader in reliable power technologies for large businesses such as the New York Stock Exchange, data centers and medical and industrial facilities worldwide, commissioned the survey to examine this emerging market for emergency and standby power technologies.

Top-line results include:

- 62 percent of small businesses do not have any type of backup power supply.
- 75 percent say electrical power outages are a threat to their business, but only 22 percent feel very prepared to deal with an outage.
- 80 percent experienced at least one power outage in 2003 (one in four experienced three or more outages) and two-thirds say it is likely they will experience others this year.
- 58 percent are interested in adapting "big business" backup power technology for their small businesses.
- 56 percent say a backup power system would give them a competitive advantage.
- Chief among their power outage fears is losing valuable computer data, records and research.

Key Findings

Power outages – past and future

- The vast majority (80%) of small businesses experienced at least one electrical power outage in 2003.
 - Of those experiencing power outages, three out of 10 (29%) were without power for at least eight hours during the longest outage; one out of five (19%) was without power for at least 16 hours.
 - Two-thirds (67%) of small businesses think it is likely that they will experience electrical power outages in 2004; one in four (25%) feel it is very likely.

-more-

The Great Blackout

- The August 2003 blackout seems to have motivated some small businesses to investigate and even purchase alternative power sources. Since the blackout:
 - One out of five (21%) small businesses has conducted an audit to identify their electrical power needs in the event of an outage.
 - One-third (35%) have researched or considered some type of backup electrical power system.
 - Three percent have purchased backup power technology. Based on the more than 6 million small businesses that have recorded payrolls in the United States, that translates into at least 200,000 small businesses having taken action to protect themselves since The Great Blackout.

(No) Faith in the grid

- Only one-fifth (19%) of U.S. small businesses are very confident that the power grid can provide reliable electrical service to businesses.
- The age of the power grid (29%) and Mother Nature (30%) are the biggest threats to reliable electrical power. Nine percent ranked terrorism as the top threat.

Cost of power outages

- Of the 80 percent of small businesses that experienced power outages in 2003, one out of seven (15%) said their longest outage cost \$5,000 or more. Based on the more than 6 million small businesses that have recorded payrolls in the United States, that translates to at least \$4.5 billion in lost revenue and productivity, and untold billions in losses for America's other 16 million small businesses.

Interest in investing in protection

- 62 percent of small businesses do not have any type of backup power supply.
- But a majority (58%) are interested in using "big business" backup electrical power systems if the systems are tailored for small business.
 - Small businesses with annual revenue of at least \$5 million (72%) are more likely to be interested than businesses with revenue of between \$1 million and \$5 million (58%), or less than \$1 million (54%).

Power advantage

- A majority of small businesses (56%) say a backup electrical power system would give them a competitive advantage over companies that do not have such a system.
 - Agreement is twice as high among businesses that have such systems (82%) compared to businesses that do not have such systems (40%).

Protection priorities

- The majority of small businesses (55%) indicate that their biggest priority during an electrical power outage is securing computer data, such as financial or customer records.
 - This priority is followed by customer communications (21%) and keeping employees comfortable and maintaining productivity (10%).

Regional concerns

- Small businesses in the Eastern United States (41%) perceive power outages as a major threat to their business more than small businesses in other parts of the country: South (28%), Midwest (26%), West (24%).
- Small businesses in the East (38%) perceive the age of the power grid as the biggest threat to the reliability of electrical power more than small businesses in other regions: South (32%), Midwest (23%), West (22%).
- Small businesses in the South (38%) are most likely to have experienced three or more power outages in 2003 than other regions: East (28%), West (21%), Midwest (19%).

The 2004 Small Business Power Poll is an independent survey of more than 400 U.S. small businesses. It was conducted online in January 2004 by Decision Analyst Inc., and commissioned by Emerson. The sampling error associated with this research is no more than plus or minus five percentage points.

In 2002, there were approximately 22.9 million small businesses in the United States, according to estimates from the Small Business Administration (SBA).

Decision Analyst Inc. is a leading international marketing research and marketing consulting firm committed to helping clients achieve continuous competitive advantage through decision-focused, quality-driven marketing research, information systems and analytic technologies.

St. Louis-based Emerson (NYSE: EMR) is a global leader in bringing technology and engineering together to provide innovative solutions to customers in electronics and telecommunications; process control; industrial automation; heating, ventilating and air conditioning; and appliance and tools. Sales in fiscal 2003 were \$14 billion.

Emerson Network Power is an Emerson business that provides reliable power solutions for large and small businesses alike, including inbound power, connectivity, power supplies, power systems and precision cooling. These technologies are backed by the largest global services organization in the power industry.

###