

## 2003 CEA HDTV SUMMIT

### *Opening Remarks*

GARY SHAPIRO

My name is Gary Shapiro and I am President and CEO of the Consumer Electronics Association, and on behalf of it's Directors I'd like to welcome you to our 8<sup>th</sup> Annual HDTV Summit. The CEA is the organization producing this event and we're pleased to do it because we have such a great interest and excitement in high definition television. You know as we sat down as a staff to plan this summit we continually went around the theme that we've come very far in the transition and all the different hurdles we've overcome. Indeed for a couple of weeks there the working name of the summit was, The Downhill Battle, of course that worked for awhile until my son pointed out to me that when there is a downhill battle there is something, you're at a disadvantage, because the guys from uphill are going to (unknown word), also being downhill is somewhat pejorative in some ways unless you're skiing or running, but the point of it is, is the transition from analog to ACTV is something where we've come so far. And if you go back to some of the discussions that occurred at the prior summits you'll see the focus on the big insurmountable issues of the time. In retrospect those issues have all been surmounted. What we face today is really more opportunity and optimism than disadvantaged and hurdles. So we've decided upon the title, Surmounting the ACTV Summit, because we think we're almost there. We believe this is absolutely a critical year and will be, in my view, the tipping point year, especially with the ESPN announcement, of how wonderful HDTV is and everyone will enjoy it. We've overcome some of the largest hurdles. We've reaffirmed the transmission standard three years ago. We've reached an agreement between the cable and the consumers electronics industries for cable plug and play. We've created more content we've lowered product prices and more, and we certainly have much to be thankful for and much to applaud. We have tremendous product sales as a foundation for future HDTV success stories. Indeed more than 10 billion dollars has been invested by consumers in digital television for the last quarter of 1998 to today. That's just four years in which nearly five million DTV products have been sold. Factor in that the average price for a DTV product has fallen by

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more than fifty percent and the DTV explosion really begins to sink in. Based on the eye-popping innovations on display on the 2000 international CES, I believe that the best is still yet to come. HDPVR technology, greater display variety, plasma, DLP, OEL, LCOS and more. These no longer just future products, they are either here today or about to be here. But even as we celebrate our successes, there's of course still some more work to be done. There is some more minor bumps in the road to HDTV glory. Indeed we have a terrific array of experts here today to share how they each think we should move the transition towards the finish line. And we have new consumer research that will shed light on how the American consumer pursues this transition. The future of television spectrum usage in the country and other issues. CEA's own industry expert, Sean Wargo, will present that data momentarily. But it doesn't take much research to know one thing, more consumers are becoming HDTV fans because they are finally seeing and hearing more HDTV programs. Recently, we saw the Grammys, ESPNHD you will be hearing more about this month, it will be launched later. And the new channel plans, 100 live telecasts of NFL, NBA, NHL, MLB, and NCWA match ups scheduled for 2003 alone. This is shoes, and as I said earlier, this is to me the ESPN announcement is one of the critical announcements I think that will tip over HDTV to become a mass market product. We also have the Oscars, the Masters Golf Tournament, and a growing roster of prime time shows broadcast on HDTV and of course HBO, Showtime, HD net and many other channels. We are rapidly heading towards the beginning of the end of the analog to digital transition. But a single industry cannot do it alone. By every industry is essential to completing the HDTV puzzle. Certainly consumers are holding up their end of the bargain by investing in DTV products. But the buying chain does not stop there. Broadcasters need to know ensure they are running at full capacity, providing consumers with the best picture possible, an HDTV picture. Without a doubt strides have been made with the broadcasting industry calling attention to digital signals being broadcast enough markets to reach 98 percent of US households. But of course there are quality issues with some of those and how many hours of programming are actually available on the signals that are up and running. Consumers do want and expect HDTV not just DTV and it's up to all of us to sure that HDTV

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programming is something that gets out there and is available to the line share of schedules and of consumers. Completing the DTV transition with consumer buying also requires protecting the same fair use and customer recording rights afforded to consumers in the analog world. Over the past two centuries, the courts and Congress have recognized the rights of users of copyrighted works and fashioned what is known as the Fair Use Doctrine. And as a means for furthering the vital free expression values embodied in the first amendment and making sure that the public has access to information, education, entertainment. Legislators like Representative Rick Boucher of Virginia and Representative John Doodle of California are right on target in noticing that this delicate balance is under assault in the digital age. These members of Congress and other consumer friendly policy makers want to ensure the consumers who purchase digital media can enjoy a broad range of uses with the media for their own convenience in a way that does not infringe on the copyright in a work. Copyright owners need to respect the Fair Use and the associated first amendment rights by not locking up digital information behind technological fences and requiring advanced permission or the payment of the fee to exercise the well established and clearly defined fair use and other user rights. As far as we have come surmounting the ACTC summit we are guaranteed to fail in the mind of the American consumer should his home recording and fair use rights now be revoked. And indeed we may choke off technologies in the future that we can't envision just as the digital millennium copyright act has had severe and profound impacts on technologies that we didn't envision when we agreed to it just a few years ago. I look forward to listening to all the panelists discuss these topics. And I'm actually thrilled to be personally part of the fun when I join my fellow industry association leaders, for the first time we will be all together on a stage, Eddie Fritz of NAB, Robert Sacs of NCTA, and Jack Valenti of MPAA. We will have fun this afternoon. Well a few obstacles remain as we descend the summit, we have much to celebrate and we'll do so today as we recognize the many achievements made in HDTV throughout 2002 during our third annual academy of digital television pioneers awards luncheon. For those of you who are not familiar with the DTV Academy, it is a group of nearly 200 individuals committed to HDTV who each year honor excellence, in all aspects of digital content

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development and delivery . Analytical digital television transmittal-ship and the manufacture of HDTV through the annual awards program. This awards program is something we have created three years ago and we did it because we think that those individuals who have contributed so much and those groups that have made a difference should be recognized. There are 200 people, as I've mentioned, you can see they are wearing these little yellow golden things, many of them around the room and they nominate and compete in a voting process . It's electronic and fair and objective in terms of how it occurs and its something where we want to recognize the best and brightest in HDTV. You can recognize the nominees present today by their silver badge ribbon. So please join me through out the day congratulating those companies and individuals on their achievements. Now onto Surmounting the HDTV Summit. As I mentioned today's conference is sponsored and produced by the Consumer Electronics Association and I would like to thank our conference partner the National Association of Television Production Executives, NAPE. We also have platinum sponsors, Decision Mark, ESPN, Mitsubishi, Texas Instruments and Thomson. We also have gold sponsors, Twice and Toshiba. We extend our gratitude to each of these organizations for their generosity and support. Obviously this is an expensive production and wouldn't occur without them. So please a round of recognition for our sponsors. (Applause) And now, according to my script I go from the real high 30 thousand foot level to the real important stuff. Here are some house keeping items, the bathrooms are located on this floor, right out the door here turn right to the ladies room men's room is straight ahead to the end of the main corridor, its on the right. Telephones are located in the business center. When you leave the auditorium you can take the escalators down one level and the business center is down the corridor on the left hand side. If you have any questions, please ask one of the CEA staff in these sessions and at the registration desk to assist you. The blue ribbon attachment to the badge helps identify us as staff. And in your packet you will find index cards. These can be used during the question and answer portion of each session Simply jot now your question on one of the index cards in your packet and pass it to a staff member. Staff will be walking through the sessions monitoring for questions just wave a hand and they will be by to collect the question. And this years summit we have

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something very special. We have exciting prizes from our sponsor ESPN and a grand prize, a 55-inch Mitsubishi HDTV, yes that's right a 55-inch HDTV. By the way, just by a show of hands, how many people in this room already have an HDTV set by a show of hands. All right, if any of you should happen to win (laughter) be polite and just don't come up. You do have to be here to win. We will be doing that at the closing of the conference at 4:15. And you must be present. Those of you who are standing up there are seats over here if you wanted to walk around outside you could easily get in and we have chairs for you. And now for the great segue to market research the first session this morning is entitled "Consumers and TV Tech Bringing HD into Focus" in this session you will hear newly released consumer research and trends regarding HDTV direct from CEA's own market research department. Please allow me to introduce to you our presenter the newly promoted director of market research Sean Wargo.