

Consumer Electronics Association

2005-2006 CORPORATE REPORT

# Experience digital



...without boundaries



# Connecting the Digital Dots

The consumer electronics industry is an exhilarating thrill ride. Advances in digital technology continue to amaze and delight consumers at every turn with new innovations in design that are driving products smaller, cheaper, faster, lighter and, in some cases, like Panasonic's 103-inch plasma set that debuted at the 2006 International CES, much larger. No doubt, the consumer technology industry is an exciting place to be.

Our mission at the Consumer Electronics Association (CEA) is simple: to grow the industry. And CEA is doing just that. In 2005 industry sales soared past \$125 billion. And the industry is still in full swing – in 2006 sales are expected to top \$135 billion.

The acronyms that have changed our language – the VCR, the CD, DBS, HDTV, CDR, DVR, TiVo, DVD, GPS, DTV, iPod, HD radio, Wi-Fi and VoIP – are merely a few of the cool technologies and products that CEA's 2,100 member companies have created.

From the world's largest plasma TV to the tiniest digital memory card to a three-inch mobile phone screen, CEA research shows that the average American family now owns 26 CE products and spends \$1,500 annually on our wares. The industry has prospered thanks to creative products, clever merchandising, competition, hard work, a free market and policies that encourage innovation and new technologies to develop.

## The International CES Is Hot

You can see the latest technologies at CEA's crown jewel, globally regarded as the elite technology event of the year, the International Consumer Electronics Show (CES). The 2006 International CES by every measure was a record-breaking event with more than 1.6 million net square feet of exhibit space filled with 2,700 exhibitors and 150,000 attendees.

Industry leaders flock to see the latest in digital imaging, audio, mobile electronics, wireless, home networking, video and gaming. They come to learn about cutting-edge technologies from keynotes and more than 300 conference sessions and to build new business relationships. This year

the International CES grew so large that it expanded to the Sands to host the Innovations Plus showcase and honorees, the hottest TechZones, more than 500 exhibitors and an impressive line-up of executive speakers.

## All Year Long

But while the International CES lasts four days jam-packed with the latest high-tech information and a sneak peak of what lies ahead for consumers on retail shelves, CEA also works all year to grow the industry through technology policy, research, promotion, engineering and standards and by providing forums to bring the industry together for education and the forming of new relationships. Members can take advantage of CEA's resources year-round to help grow their businesses through market research, affinity programs, online sales training and promotional opportunities.

What's more, CEA leads in market analysis. Our market research department surveys consumers to monitor awareness levels of new products and to gauge interest in emerging and conventional CE devices and services. CEA also promotes the industry through PR campaigns and produces conferences to educate and bring leaders together to address key business issues. We develop standards and protocols to simplify compatibility among products. For example, one major standard is for automobiles to ensure future compatibility with aftermarket products.

CEA stands as the industry's advocate before federal, state and local governments, fighting to support industry positions on such critical issues as broadband expansion, home recording rights, energy efficiency, environmental issues, sales tax holidays and the digital television transition.

CEA has long supported a hard cut-off date for analog broadcasts, so it was a great success in February when President George Bush signed into law legislation setting February 17, 2009, as the date U.S. broadcasters must end transmitting analog television signals. This act establishes a hard date for the final step in the nation's transition to DTV. This deadline will provide certainty to manufacturers, retailers, consumers and others with a stake in the transition.

CEA forecasts that U.S. consumers will purchase more than 18 million DTV sets and displays in 2006, marking a 50 percent increase over 2005 sales. This year will see the introduction of HD-DVD and Blu-ray products, bringing a new generation of pre-recorded HD content. The combination of the hard cut-off date, continuing strong sales of DTV products, an increasing array of quality high-definition (HD) programming and the coming advent of new pre-recorded HD content, will propel the U.S. toward becoming a "DTV nation". Not only is this an HDTV opportunity, but it also can help audio regain its claim on the home theater experience.

## Consumer Education

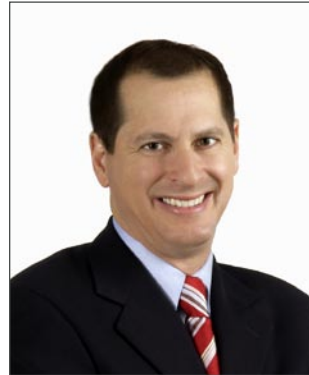
CEA seeks to educate and inform consumers around four primary issues: hearing loss prevention, digital television, the V-chip and home recording rights in an unprecedented joint effort with the industry. With a unified voice, education can help consumers and protect the industry and member companies from government regulation.

1. Although the hard analog cut-off date is certain to generate sales, it also will cause consumer confusion. CEA's Video Division has created a standard label for analog sets and language for DTV sets to help the industry provide consistent messaging for consumers in the DTV transition. The language, along with materials for customers, can be found at [www.CE.org/hdtv](http://www.CE.org/hdtv).
2. The resurgence in the popularity of headsets through MP3 and other portable devices and an aging boomer population have lent a renewed focus on hearing loss prevention. CEA encourages members with relevant products to include a brochure on safe listening which is downloadable at [www.CE.org/hearinglossprevention](http://www.CE.org/hearinglossprevention).
3. Congress requires the V-chip parental control in every TV set. The recent focus on indecent broadcasting has brought CEA together with the content, cable and broadcast industries in a voluntary agreement to promote V-chip usage and stave off proposals to impose new design mandates on CE products. CEA asks retailers and manufacturers to promote consumer awareness of the V-chip via a consumer website at [www.CE.org/vchip](http://www.CE.org/vchip) along with links to additional resources, including a free tip sheet.

4. The motion picture and music industries continue to ask government to restrict innovation and the ability of consumers to choose how, when and where they want to view movies and listen to music. CEA chairs the Home Recording Rights Coalition (HRRC), which focuses on preserving consumer recording rights and manufacturers' ability to make new and useful consumer recording products. We need to expand outreach to consumers to ask their help in contacting lawmakers to preserve consumer rights. CEA asks its members to include information about the HRRC in their products and link to the HRRC website at [www.hrrc.org/package-inserts.pdf](http://www.hrrc.org/package-inserts.pdf).

Our industry has many opportunities to grow and create a better world for all consumers. Get involved, educate yourself about the issues, become active with CEA's Government Affairs Council, know your legislators and learn about the CEA Political Action Committee (PAC).

Please join CEA as together we help to shape the digital future.



**Gary Shapiro**  
CEA President and CEO



**Loyd L. Ivey**  
CEA Chair, Mitek Corp. Chairman and CEO



# Tracking Market Moves

We are clearly in the midst of the digital age. The average American household contains more than two-dozen consumer electronic products, mostly driven by digital technology. But it's not just at home or the office that digital technology has taken over. We are in the era of "content anywhere" with portable devices in our vehicles, pockets or purses that let us stay connected, listen to music, watch TV or movies, wherever and whenever we want. The products the CE industry provides allow consumers to program their lifestyles and workstyles for maximum productivity and enjoyment.

The CE industry is experiencing healthy growth. The spread of digital technology around the globe created record product sales in the U.S. in 2005 with total factory sales to dealers surpassing \$125 billion. This is a whopping increase of 11 percent over the previous year, itself a record high.

This year promises to be just as robust with CEA forecasts predicting sales to increase by eight percent in 2006. Sales are expected to surpass \$135 billion, spurred by digital television (DTV), new display technologies, digital music and wireless handsets – content anywhere.

Video products got simultaneously bigger and smaller in 2005 with big-screen HDTV and tiny screen mobile devices sharing the spotlight. DTV, led by high-definition (85 percent of the total), paced the industry with a sales increase of 60 percent to some \$17 billion in 2005, while the growing popularity of flat-panel display technologies, most notably plasma and LCD, accounted for 40 percent of DTV sales last year.

One significant trend is the increased adoption of digital video recorders (DVRs), which let viewers create their own personal prime time to watch their favorite programs at their convenience, and the growing use of DVD recorders. The combined sales of DVD recorders and DVRs approached four million units in 2005 and should pass 6.5 million units in 2006.

SlingBox from SlingMedia and Sony's Location Free TV, two space-and-time-shifting devices, allow users to transfer home TV or DVR-stored programs to a laptop or another screen virtually anywhere. In addition, the launch of the next-generation, sophisticated video game consoles,

which do much more than play games, is expected to push the game market to \$14 billion in 2006, an increase of \$2 billion over 2005.

The audio category had a strong year spurred by the dramatic increase in sales of portable digital music players. Consumers have a wide selection of music-listening choices, ranging from mass-market CDs to SACD or DVD-Audio for the more discriminating listener. Led by Apple's ultra-hip iPod, the MP3 music category more than tripled in dollars and units in 2005 as the world embraced digitally delivered music. Unit sales of MP3 players passed 22 million, while dollar volume exceeded \$3.7 billion. Units and dollars are expected to continue to climb in 2006.

On the home front, everything from PCs and related devices, to digital cameras, to corded and cordless telephones continues to grow. Consumers are networking devices to store and share digital photos and music with friends and family. Digital camera sales surged to nearly 25 million units worth more than \$7 billion in 2005, while the replacement market for ever lower priced yet more powerful personal computers grew by about 10 percent to more than 22 million units with a dollar value of \$18.2 billion.

The wireless phone market continued its surge as prices of the devices drop and functions increase. The combination units that add camera, camcorder, PDA, music, e-mail and other features pushed overall sales past the 100 million mark worth more than \$13 billion. New high-speed wireless networks will spur the market for these devices even more in coming years.

## Top 10 Fastest Growing Products in 2005\*

<b>1. Portable MP3 Players</b>	<b>224%</b>
<b>2. Stand-Alone Monitors (In-Car)</b>	<b>143%</b>
<b>3. SDARS Tuners</b>	<b>130%</b>
<b>4. DVD Recorders</b>	<b>125%</b>
<b>5. Portable DVD Players</b>	<b>124%</b>
<b>6. LCD TV</b>	<b>99%</b>
<b>7. 5+ Mega-Pixel Digital Cameras</b>	<b>63%</b>
<b>8. In-Ceiling Speakers</b>	<b>60%</b>
<b>9. Plasma TV</b>	<b>59%</b>
<b>10. Digital Video Recorders</b>	<b>57%</b>

\*Growth in revenues; Does not include blank media products  
Source: CEA Market Research, 1/06

And mobile electronics have grown from car radios and stereos to a \$6 billion business with more than half of aftermarket installations for entertainment (audio and video), security and navigation devices. The rapid growth of digital satellite radio from Sirius and XM now is joined by digital terrestrial HD Radio in a rebirth of the industry's oldest and most resilient medium.

The digital future is bright. Who knows what technology advances may be in the labs right now!

### Top Five CE Growth Sectors

<b>MP3 Players</b>
<b>Digital Cameras</b>
<b>Car Video Entertainment Systems</b>
<b>In-dash CD Players</b>
<b>Notebook PCs</b>

Source: CEA Market Research, 1/06

### The Five Most Common CE Products

By household penetration

<b>Television – 95%</b>
<b>VCR – 87</b>
<b>Cordless Phone – 85</b>
<b>DVD Player – 81</b>
<b>Wireless Phone – 78</b>

Source: CEA Market Research, 1/06

## Informing the Industry

CEA's market sales data and consumer research give members the information they need to make decisions and stay informed of changes in technology. CEA produces more than 500 market data reports each year and more than 30 consumer studies. It provides industry data and in-depth information through various publications, websites and resources.

- **Consumer Research Studies** – CEA researches consumer buying patterns, awareness of new technologies and interest in product features through its consumer research service. Studies are free to CEA members at [www.CE.org/marketresearch/crsoverview.aspx](http://www.CE.org/marketresearch/crsoverview.aspx).
- **Market Intelligence Center** – CEA's research library is a members-only benefit that provides CEA market information and research

from hundreds of electronic and print sources. CEA staff search industry news stories to write more than 4,000 summaries for CEA's Daily Alert each year. *The Readers Guide*, a searchable database, is a treasure trove of article summaries from 1995 to today. For industry information, members can search on [www.CE.org/market-research/readersguidelp.aspx](http://www.CE.org/market-research/readersguidelp.aspx).

- **Market Activity Reports and Analysis (MARA)** – More than 100 companies participate in this confidential program by providing factory sales information on CE products. CEA is the leading source for CE market data to help companies track market trends and project sales. For more information, visit: [www.CE.org/marketresearch/mara.aspx](http://www.CE.org/marketresearch/mara.aspx).

### Largest Shipment Volumes in 2005 CE Sales\*

<b>Wireless Phones</b>	<b>104,500</b>
<b>Cordless Phones</b>	<b>38,887</b>
<b>Telephone Answering Devices</b>	<b>29,625</b>
<b>Video Game Consoles</b>	<b>28,000</b>
<b>Digital Cameras</b>	<b>24,682</b>
<b>MP3 Players</b>	<b>22,408</b>
<b>Personal Computers</b>	<b>22,200</b>
<b>Corded Phones</b>	<b>19,440</b>
<b>Printers</b>	<b>19,190</b>
<b>Portable CD Players</b>	<b>16,707</b>

\*Shipments in thousands of units; electronic products only

Source: CEA Market Research, 1/06

### Total Factory Sales of Consumer Electronics\*

<b>2001 – \$94,004</b>
<b>2002 – \$95,718</b>
<b>2003 – \$102,649</b>
<b>2004 – \$113,090</b>
<b>2005 – \$125,910</b>
<b>2006 – \$135,399 p</b>
<b>2007 – \$143,523 p</b>
<b>2008 – \$152,135 p</b>
<b>2009 – \$161,263 p</b>

\*In millions of dollars

Source: CEA Market Research, 1/06

## Examples of 2005 Research Studies

- *12th Annual CE Holiday Purchase Patterns Study*
- *7th Annual CE Ownership and Market Potential*
- *4th Annual State of the Builder Technology Market Study*
- *Youth Wireless Behaviors: An In-Depth Look*
- *The Demographics of Online vs. In-Person CE Shopping*
- *Consumer Electronics Recycling and Reuse*
- *HDTV Update: Awareness, Familiarity and Purchase Intent*
- *Digital Imaging Study: Sharing and Storing Pictures and Video*

CEA's various publications, also available online, provide the latest information on industry standards, public policy, market research, CEA events and training opportunities.

- *Consumer Electronics Vision* – CEA's bi-monthly flagship magazine profiles digital technology trends, legislative updates, standards information, business opportunities and technology advances for executive manufacturers and retailers.
- *Digital America 2006* – This online publication showcases the growth and challenges in the CE market, the cutting-edge products that debut each year and the level of consumer interest in them.
- *Five Technologies to Watch* – This annual publication highlights five promising digital technologies and includes a forward-looking section. Released each fall, it contains exclusive CEA Market Research.
- *Washington Insider Series* – These white papers educate lawmakers and government officials about the policy issues affecting the CE industry.
- *CEA SmartBrief* – CEA's free daily e-newsletter keeps CE insiders informed of the latest news and technology advances that shape the industry.

*The average U.S. household owns 26 CE products and spends \$1,500 a year on CE wares.*

## U.S. Household Penetration of CE Products

	Jan. 2005	Jan. 2006
<b>Color TV</b>	<b>98%</b>	<b>98%</b>
<b>Radio</b>	<b>98</b>	<b>98</b>
<b>VCR Deck</b>	<b>91</b>	<b>90</b>
<b>Cordless Phone</b>	<b>94</b>	<b>89</b>
<b>CD including CD-ROM</b>	<b>80</b>	<b>85</b>
<b>DVD player</b>	<b>75</b>	<b>82</b>
<b>Wireless Phone</b>	<b>70</b>	<b>73</b>
<b>Personal Computer</b>	<b>70</b>	<b>75</b>
<b>Computer Printer</b>	<b>65</b>	<b>73</b>
<b>Modem or Fax/Modem</b>	<b>68</b>	<b>75</b>
<b>Computer with CD-ROM</b>	<b>66</b>	<b>75</b>
<b>Home CD Player</b>	<b>57</b>	<b>55</b>
<b>Camcorder</b>	<b>54</b>	<b>55</b>
<b>Car CD Player</b>	<b>55</b>	<b>62</b>
<b>Portable CD Player</b>	<b>51</b>	<b>53</b>
<b>Digital Camera</b>	<b>42</b>	<b>55</b>
<b>Home Theater System</b>	<b>33</b>	<b>36</b>
<b>Direct-to-Home Satellite</b>	<b>25</b>	<b>31</b>
<b>MP3 Player</b>	<b>14</b>	<b>28</b>

Source: CEA Market Research, 1/06







# Networking at CEA Events

CEA sponsors a variety of events—for the entire industry and individual niches within it—to educate and unite manufacturers, retailers and analysts. From the well-known International CES to CEA's Industry Forum, the association works year-round to grow and enhance the future of consumer electronics with the best educational programming and diverse venues to conduct business face-to-face. CEA events serve as a forum for industry professionals to exchange ideas with leaders in government, the media and top executives via unsurpassed networking opportunities in a range of environments.

## The International CES

CEA sponsors the International CES, the world's largest consumer technology event where more than 150,000 industry leaders meet to learn about the latest products and technologies and build new business relationships. The 2006 International CES set records with more than 2,700 exhibitors and 25,000 international visitors from 120 countries. The show draws unprecedented media coverage with 4,500 journalists and 2,200 financial and industry analysts reporting news live from the show floor each day. What's more, a large contingent of government guests also attend the show to learn about the latest technologies so they can educate their colleagues back in Washington, D.C.

The International CES kick starts the New Year as the showcase for the latest in HDTV and flat-screen displays, HD-DVD, cell phones, Wi-Fi, digital audio/video, high-end or extreme audio, home networking, broadband solutions, digital imaging and the hottest mobile electronics. For four days, Las Vegas is the place to be to learn what products and technologies will be critical for the coming year.

This annual tradeshow is the industry's largest educational forum and helps companies expand their businesses and understand new technology with packed keynotes, 300 conference sessions, 20 technology zones

and the most cutting-edge consumer electronics technologies and products in nearly 1.5 million square feet of exhibits. Recent CES keynotes included such leaders as Microsoft's Bill Gates, Sony's Sir Howard Stringer, Intel's Paul Otellini, Yahoo!'s Terry Semel and Google's Larry Page. Not only do these and other industry heavyweights find value at the International CES, but now Hollywood converges on the show each year with the likes of Justin Timberlake, Tom Cruise, Ellen DeGeneres, Tom Hanks and Stevie Wonder seen at the 2006 show.

The 2007 International CES is set for January 8-11 in Las Vegas. In addition, for the third year, CEA will host CES Unveiled: The Official Press Event of the International CES, two days before the show kicks off, so that registered media can preview some of the up and coming companies and technologies.

## CEA Winter Retreat

More than 50 industry executives gathered at Vail Marriott Mountain Resort & Spa in March for the CEA Winter Retreat. Attendees come for the valuable insights on consumer buying trends and to exchange ideas with other top CE leaders in a non-competitive environment.

They hear from key experts, learn the latest in market research and address business opportunities and technical issues that affect the bottom lines for their businesses.

The 2006 event, sponsored by eBay and Channel Intelligence, focused on digital lifestyle presentations backed by CEA Market Research. In addition, the "Emerging Technologies and Business Models in e-Commerce" panel, made up of industry experts, explored new ways to boost company profits using e-commerce as a tool. The conference also featured keynotes by Blake Krikorian, CEO, SlingMedia; Jeff Pulver, chairman and founder, Pulver.com; and Noel Lee, head monster, Monster Cable Products Inc.

*The first CES took place in New York City in June of 1967 with 200 exhibitors and 17,500 attendees. In 2006, there were 2,700 exhibitors and 150,000 attendees.*



## Electronic House Expo Spring and Fall

The Electronic House Expo (EHX) spring and fall conferences bring integrators, retailers, manufacturers, distributors and other industry professionals together to experience the hottest products and technologies in the custom electronics industry. Produced by EH Events and Education and sponsored by CEA's TechHome Division, the conferences feature innovative research, coupled with a focus on new trends emerging in the home entertainment area geared toward the custom install business.

Named as one of the 50 fastest growing tradeshow in the U.S. by *Tradeshow Week*, EHX Spring 2006 was a recording-breaking show with more than 10,000 registered attendees and more than 325 exhibiting companies.

## Entertainment Technology Policy Summit

Technology industry leaders joined top government and public policy officials during CEA's Entertainment Technology Policy Summit (ETPS). The conference looked at the final steps in the transition to digital television, new content distribution systems and international trade issues.

The conference also featured enthusiastic debates over intellectual property protection, fair-use rights and new digital content distribution networks. The inaugural event ran March 15-16, 2006, at the Ronald Reagan Building and International Trade Center in Washington, D.C. In addition, the Academy of Digital Television Pioneers awards luncheon honored excellence in all aspects of digital television content development, content delivery and DTV transition leadership.

## Digital Patriots Dinner

CEA also hosted the second annual Digital Patriots Dinner in March to honor technology's policymakers and visionaries that have played a critical role in the digital revolution. The 2006 class of Digital Patriots honorees included Congressman Joe Barton (R-TX), Senator John Ensign (R-NV) and Microsoft's Bill Gates. These leaders were recognized for their willingness to learn, understand and promote the issues that are crucial to the success of the CE industry.

## PARA Management Conference

The 2006 conference, held in Hilton Head, S.C., helps specialty audio-video dealers grow their businesses through networking, training and management resources. Executives hear from experts on topics that directly impact their bottom line, get the latest technology updates and learn how to incorporate them into a profitable sales strategy. The conference offers numerous opportunities to network and exchange ideas, as well as one-on-one meetings with vendors.

## CONNECTIONS™

Now in its tenth year, CONNECTIONS™: The Digital Home Conference and Showcase, produced by Parks Associates in partnership with CEA, is the largest executive conference and showcase dedicated to advanced digital lifestyle solutions for residential and mobile environments. Attendees come to this event to network with more than 800 executives, establish partnerships, learn about emerging products and services, and become educated on the current and future developments for digital living technologies.

## The Consumer Electronics CEO Summit

The annual invitation-only Consumer Electronics CEO Summit presents a unique opportunity to network in a qualified, executive-only environment, to gather insight helpful to your business and to focus on the issues most critical to the industry. Retail executives and manufacturers come together to discuss the intricacies of building relationships, delivering value to customers, branding, merchandising and other key issues. Executives from Audiovox, Best Buy, Circuit City, CompUSA, Gibson Guitar, Pioneer, RadioShack, Samsung, Sears, Sony and Toshiba all find value in this executive atmosphere.

## SINOCES

CEA has partnered with the China Electronic Chamber of Commerce (CECC) to sponsor SINOCES. This partnership is part of CEA's global expansion efforts and provides CEA and its members a strong opportunity to reach out to industry counterparts in China. SINOCES also provides an opportunity to promote CEA's premier tradeshow, the International CES, to an international audience.

The China International Consumer Electronics Show (SINOCES) in Qingdao recorded its highest numbers in 2005, attracting more than 70,000 attendees and sold out more than 24,000 square meters of exhibit space to 400 global exhibitors. With more than 100 foreign exhibitors from 50 countries, SINOCES 2005 significantly expanded its international scope and provided an inroad to the Chinese consumer electronics market for more than 20,000 international buyers. Several major U.S. retailers attended, including Best Buy, Circuit City, Radio Shack and Wal-Mart, as well as a delegation from the U.S. Department of Commerce. Sponsors of the 2005 show included the Chinese Ministry of Commerce, the Chinese Ministry of Information Industry, the Chinese Ministry of Science and Technology, the Shandong Provincial People's Government, and CEA.

## Technology and Standards Forum

The twice-a-year forum allows CE technology leaders to focus on the development of emerging industry standards, promote the standards

critical to their company's businesses and network with other professionals. Attendees interact with industry technical leaders as they consider, develop and finalize crucial CE standards using CEA's streamlined standards-development process. The forums offer the opportunity to influence the technical course of the CE industry.

## CEA Industry Forum

Discussions regarding the critical balance between protecting consumers' fair-use rights, manufacturers' right to innovate, and intellectual property rights, along with the anticipated CEA market research projections, took center stage at CEA's annual Industry Forum in 2005. The conference is the consumer electronics industry's primary event for networking, leadership and education with more than 400 executives attending the 2005 Las Vegas conference. In addition, the event unveils CEA's exclusive holiday market forecast. In 2005, CEA also honored its CE Hall of Fame inductees at a prestigious dinner during the Industry Forum.

## CEA Events Calendar

**CONNECTIONS™: The Digital Home Conference & Showcase**  
May 2-4, 2006  
Santa Clara, CA

**PARA Management Conference**  
May 3-7, 2006  
Marriott Hilton Head Beach & Golf Resort  
Hilton Head, SC

**The 10th Annual Consumer Electronics CEO Summit**  
June 21-24, 2006  
Southampton, Bermuda

**SINOCES**  
July 7-10, 2006  
Qingdao, China

**CEA Summer Technology and Standards Forum**  
July 24-28, 2006  
Coronado, CA

**CEA Industry Forum**  
October 16-18, 2006  
San Francisco, CA

**EHX Fall**  
November 14-17, 2006  
Long Beach, CA

**CES NY Press Preview**  
November 8, 2006  
New York City, NY

**CES Unveiled: The Official Press Event of the International CES**  
January 6, 2007  
Las Vegas, NV

**The International CES**  
January 8-11, 2007  
Las Vegas, NV

**CEA Winter Retreat**  
February 26-28, 2007  
Vail, CO

**CEA Winter Technology & Standards Forum**  
February 26 - March 27, 2007  
San Antonio, TX

**EHX Spring**  
March 6-10, 2007  
Orlando, FL

**Entertainment Technology Policy Summit**  
March 26-28, 2007  
Washington, DC

For more information on CEA events, visit [www.CE.org](http://www.CE.org) or call (703) 907-7600.



# Expanding the Industry's Reach

Everyday in Washington, D.C. and state capitals across the country, government officials consider laws and policies that impact the CE industry. As the industry's representative in Washington, CEA advises, lobbies and reports on federal, state and international CE policy for the benefit of the consumer technology industry.

To maintain a pro-innovation legal environment, CEA advocates the industry's views to state and federal lawmakers, regulatory officials and the courts. With more than 2,100 members, CEA's strong voice carries weight on public policy issues.

## CEA is a leading player on critical issues such as:

- **Environmental Issues** – CEA advocates responsible, pro-innovation end-of-use product disposal solutions, while fighting misguided energy-use mandates.
- **Telecommunications Reform** – CEA advocates a deregulatory environment for new communications technologies, while ensuring that consumers maintain their ability to attach products and navigate the Internet freely.
- **International Trade** – CEA works to expand free trade and maintain the open international system that allows the CE industry to thrive.
- **Digital Television** – CEA successfully advocated a hard deadline for the return of analog broadcast spectrum, which can be re-deployed for advanced broadband services. CEA also works to ensure that all DTVs can be connected to cable systems quickly and easily.
- **Consumer Home Recording Rights** – CEA fights to make sure that consumers retain the right to use and record content, and shift it in time and place.
- **Safe Use of Video in Vehicles** – CEA advocates a safety-focused approach for use and installation of video screens in motor vehicles. CEA developed model legislation that was enacted in numerous states and included in the Council of State Governments' compendium of model bills.
- **Right to Install** – CEA backs legislation giving aftermarket and mobile installers the full information they need to install their products in automobiles.

## Be Heard

CEA keeps members informed of legislation and lobbies to promote as well as to protect the industry's interests. Services and opportunities include:

- **CEAPAC** – The Consumer Electronics Political Action Committee (CEAPAC) is the only political action committee that specifically advocates for the CE industry. A strong industry PAC is essential for CEA's continued success in Washington. For more information, visit [www.CE.org/public\\_CEA-supported-legislation-policy/ceapac](http://www.CE.org/public_CEA-supported-legislation-policy/ceapac)
- **Americans for Consumer Technology (ACT)** – When a critical issue that affects the consumer electronics industry arises in Congress, ACT volunteers contact their members of Congress by letter, phone or e-mail.
- **Government Affairs Council** – CEA's Government Affairs Council (GAC) focuses on public policy issues that impact the consumer technology industry.
- **Government Alert** – CEA members can receive this bi-weekly e-mail update on policy and political issues that affect the industry.
- **State Legislation** – CEA members can review and track the status of state bills online at [www.CE.org/slsr](http://www.CE.org/slsr).



## Experience the International CES

Each January, the International CES attracts high-level policymakers to learn about new technologies and how they improve consumers' lives. More government leaders attend the International CES than any other industry event because of the premier educational programming and networking opportunities as well as the chance to see the most progressive devices and technologies. At the International CES, government guests can learn about new products first-hand and speak with industry executives about the issues that are critical for the consumer electronics industry.

In 2006, these U.S. policymakers were joined by their counterparts from around the world, including the Honorable Nicolas Curien, member, Executive Board, Telecommunications Regulatory Authority France; Wolf-D. Fahrenbruch, senior executive officer, Federal Network Agency, Germany; the Honorable Matthias Kurth, president, Federal Network Agency, Germany; Mr. Matthias Otte, senior executive officer, Federal Network Agency, Germany; Mr. Yoshinori Shibayama, secretary to the senior vice-minister, Ministry of Internal Affairs and Communications, Japan; and The Honorable Yoshihide Suga, senior vice-minister, Ministry of Internal Affairs and Communications, Japan.

In addition, senior executives from the cable, broadcasting, satellite and content industries, along with more than 50-affiliated trade associations, came to Las Vegas for the International CES. The annual industry event draws the full spectrum of influential global technology leaders. CES truly kicks off the New Year with the best and brightest minds showing the newest devices and technologies.





FCC Commissioner Jonathan Adelstein discusses the DTV transition and consumer education.



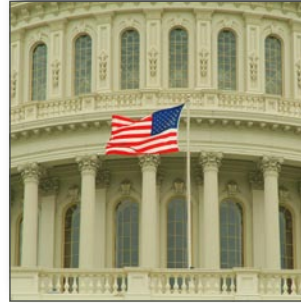
Microsoft's Bill Gates accepts the Innovator of the Year Award.



Congresswoman Marsha Blackburn (R-TN) participates on the Congressional Panel at CEA's Entertainment Technology Policy Summit.



FCC Commissioner Adelstein and Congressman Rick Boucher (D-VA) chat during the Digital Patriots reception.



Chairman Joe Barton (R-TX) addresses the audience at the Digital Patriots Dinner.



Congressman Chris Cannon (R-UT) and CEA's Michael Petricone discuss balancing intellectual property rights.



Chairman Joe Barton (R-TX) with Noel Lee (Monster Cable).



Chairman Joe Barton accepts the Digital Patriot Award.



Former United States Trade Representative Rob Portman addresses CEA's Board of Industry Leaders.



CEA CEO and President Gary Shapiro with past Digital Patriot Award Winners Congressman Rick Boucher and Congressman Darryl Issa.



Congressman Rick Boucher addresses the audience at the Entertainment Technology Policy summit.



Senator John Ensign (R-NV) accepts the Digital Patriot Award.





# Connecting the Industry

CEA helps technology manufacturers grow the industry by leading the development of standards and technical specifications. This work enables new products to come to market and encourages the kind of interoperable products and networks that the future will demand.

Through more than 70 committees, subcommittees and working groups, CEA fosters unique and efficient technology and standards forums. Technical professionals throughout the industry come together to develop unified technology roadmaps and address technical issues critical to CE industry growth, including technology innovation, globalization and regulatory reform.

With accreditation from the American National Standards Institute (ANSI), CEA's Technology & Standards Department has more than 1,000 industry-wide participants in committees, subcommittees and working groups involved in a proactive and participative standards-setting process.

CEA's Technology & Standards committees can adopt standards in a matter of months, not years, in a fair and open fashion. CEA supports members by combining standards creation with promotion through product divisions, product mark programs and awareness campaigns. This structure provides flexibility and increased opportunities to shorten standards development cycles and keep pace with changing technologies.

CEA also conducts innovative "Plugfests" each year, focusing on connectivity and interoperability. Plugfests allow manufacturers to come together and test interfaces in a semi-private, round-robin fashion. Designers can sort out connectivity issues among different manufacturers before products get in consumers' hands. Two annual Plugfests are dedicated to products with CEA-861 (HDMI/HDCP) interfaces, and two are dedicated to the CEA-775 (IEEE 1394 DTV) interface.

The National Academy of Television Arts and Sciences awarded CEA a 2005 Technology & Engineering Emmy Award. This award recognizes the outstanding work of CEA (and others) to standardize closed captioning for the benefit of the public.

## Top-Selling CEA Standards

Standard	Description
CEA-861-C	A DTV profile for uncompressed high-speed digital interfaces
CEA-2030	Multi-room audio cabling standard
CEA-861-B	A DTV profile for uncompressed high-speed digital interfaces
CEA-775	DTV 1394 interface
CEA-2011	OTG transceiver specification
CEA-23	Measurement procedures for determining compliance with FCC rule for cable-ready CE equipment
CEA-608	Line 21 data service
CEA-544	Low frequency immunity of tuners in a cable system
CEA-708	DTV closed captioning
CEA-2003	Digital audiobook file format and player requirements

CEA created or revised and published more than a dozen standards and bulletins in 2005. Some of these standards include:

**Public Alert Receivers** – CEA-2009-A defines a minimum number of features for products capable of receiving alert messages from the government's NOAA Weather Radio network. Devices that comply with this standard are eligible to carry the CEA Public Alert™ logo.

**Multi-Room Audio Cabling** – CEA-2030 names basic cabling and connector requirements for distributing audio signals throughout a home. It is meant to be used in conjunction with the ANSI/TIA standards that explain how to distribute telecommunications signals throughout a home.

**Indoor TV Receiving Antenna Performance** – CEA-2032 sets procedures to measure the performance of indoor TV antennas.



### **In-Band/On-Channel Digital Radio Broadcasting**

**Standard** – NRSC-5 A defines a system for transitioning analog AM and FM broadcast signals to digital transmissions. It allows terrestrial broadcast stations to transmit digital audio, song title/artist information and, for FM stations, additional program streams which will increase the amount of programming available to consumers dramatically.

**U.S. RBDS** – NRSC-4-A identifies a method for transmitting information about the type of programming, station call letters, traffic alerts, etc. along with analog FM broadcasts. It was enhanced in 2005 to include a more effective means of delivering song title/artist information to receivers so that analog FM receiver displays can look more like satellite radio displays.

**Line 21 Data Service** – CEA-608-C addresses use and provision of closed captioning services or other data services embedded in line 21 of the vertical blanking interval of analog TV signals. CEA-608-C reflects updated provisions addressing Program System Information Protocol (PSIP) and Copy Generation Management System-Analog (CGMS-A).

**DTVCC DVD** – CEA sponsored development of this digital closed captioning test tool.

**CEA-679-C, National Renewable Security Standard, and CEA-796-A, NRSS Copy Protection Systems** – The National Renewable Security Standard (NRSS) provides a means for renewable security to be employed with digital CE devices such as digital television receivers. Renewable security encompasses upgradeable, extensible, removable and replaceable security, and may be implemented with numerous embedded and removable approaches that may vary in complexity, feature set and security level.

### **Data on the Component Video Interfaces –**

CEA-805-B specifies how data is carried on analog Component Video Interfaces (CVI). The standard contains revised timing values and reflects revisions relating to CGMS-A.

**High-Speed Digital Interfaces** – CEA-861-C establishes protocols, requirements and recommendations for using uncompressed high-speed digital interfaces with consumer electronics devices. The standard incorporates additional EDID guidance, adds HDMI support, and revises CEA extension address block assignment.

**Cable Compatibility** – CEA-818-E is presented in two parts—Part 1 defines minimum requirements for the cable TV system, and Part II defines the minimum requirements that shall be met by the TV receiver or other cable-compatible consumer device. CEA-818-E reflects updated references to related standards and FCC regulations.

Beyond its completed standards, CEA also serves as the administrator for two U.S. Technical Advisory Groups on international standards efforts:

- The International Electrotechnical Commission Technical Committee 100 (IEC TC100) that focuses on audio, video and multimedia systems and equipment, and
- The ISO Technical Management Board Working Group on Exhibit Terminology.

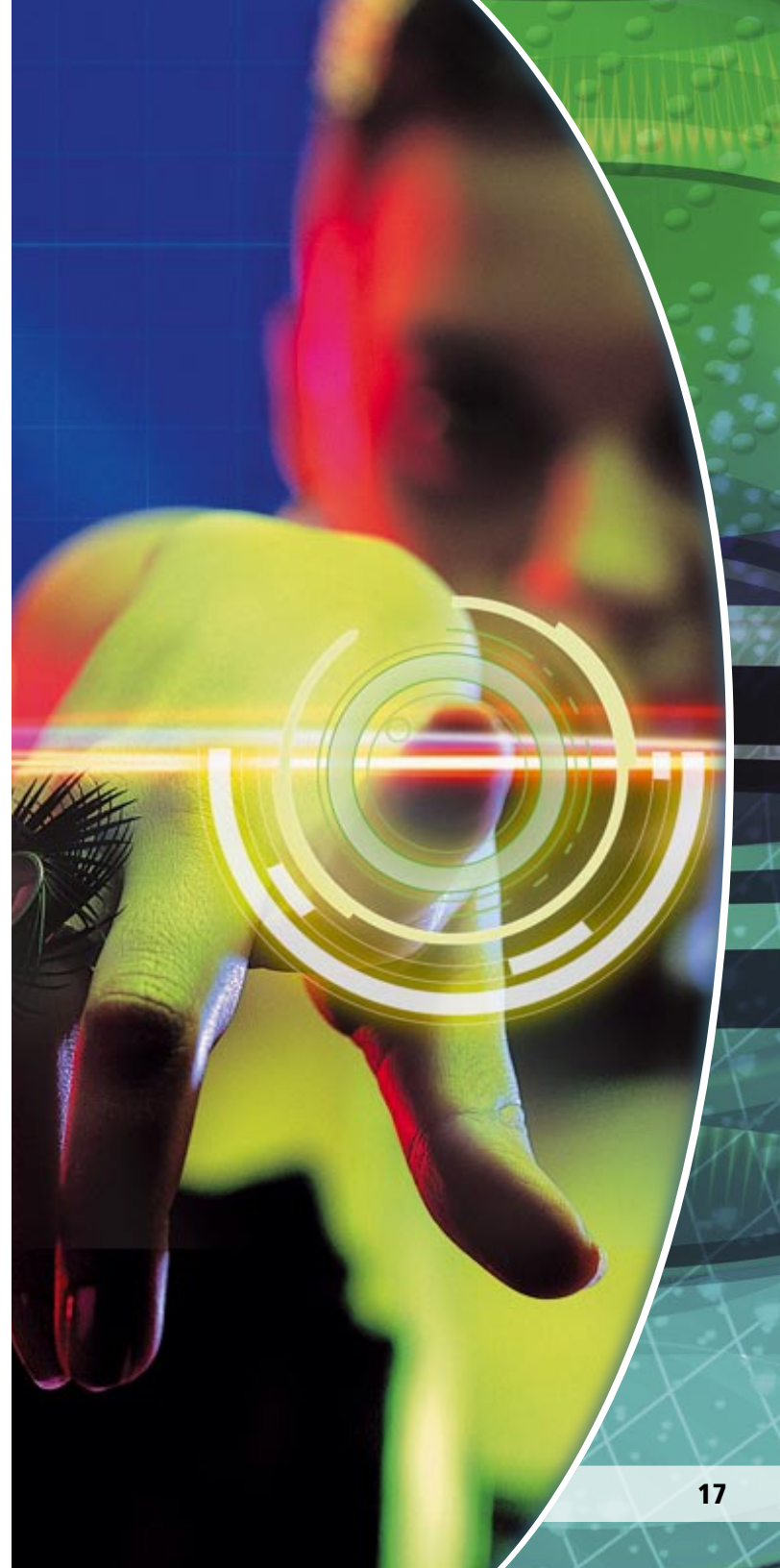
CEA also hosts the twice-a-year Technology & Standards Forum that brings together a dozen technical committees at a common venue to share ideas and chart strategy. Attendees interface with industry technical leaders as they consider, develop and finalize crucial CE standards using CEA's streamlined standards-development process.

CEA Top 10 Tech Stats	
1. Number of new or revised standards in 2005	19
2. Number of standards actions taken (including reaffirmations and withdrawals)	49
2. Number of technical meetings held in 2005	536
3. Number of technical committees	8
4. Number of technical sub-committees	2
5. Number of technical working groups	76
7. Total individuals in standards groups	1,192
8. CEA member companies involved in standards	183
9. Non-CEA member companies involved in standards	10
10. Total number of CEA standards	116

The International CES continues to be the best place to find emerging technology. More than a dozen CES TechZones highlight the most advanced technologies, including Blu-ray, Bluetooth, consumer VoIP, HD-DVD, IPTV, robotics, USB and WiMedia, Ultrawideband and Zigbee. The Innovations Plus exhibit also features the 2006 International CES Innovations Honorees displays. In 2006, the Institute of Electrical and Electronics Engineers's (IEEE) Consumer Electronics Society's International Conference on Consumer Electronics (ICCE) was co-located with the International CES.



Todd Thibodeaux, Jean Johnson, and Brian Markwalter accept the 2005 Technology & Engineering Emmy Award.







# Expanding the Industry's Reach

More than 2,100 companies in the CE industry profit from consumer technology's biggest advocate and strongest voice – CEA. With multiple association benefits members can:

- Access exclusive consumer and market research,
- Participate in CEA's ANSI-accredited standards-setting process,
- Gain access to government and legal affairs assistance,
- Contribute products for promotional opportunities,
- Receive informative publications,
- Get discounts on CES exhibit space,
- Network at conferences and events throughout the year,
- Take part in educational programs and
- Acquire technical training.

## Promoting the Industry

CEA informs consumers and the media about new technologies and promotes the sales of consumer technology. CEA's promotional campaigns support product categories such as HDTV, audio, digital imaging, mobile electronics, wireless communications, accessories and home networking. Broadcast news releases, media forums, online services and the national media spokesperson tour keep the consumer technology industry in the news and in front of consumers.

CEA members, large and small, have access to these promotional programs that help to grow the industry. These programs showcase member products to the media with a combined reach of more than 200 million people. CEA promotional activities include:

### Digital Answer Man Tour

Throughout the year, CEA's Digital Answer Man tour highlights members' products on national and local TV and radio news broadcasts, network morning shows, specialized programs and daily newspapers. The media tour reaches more than 180 million consumers nationwide, hitting 75

cities in just 52 weeks annually. It raises consumer interest about new products, helps drive consumers to retailers and provides CEA members with free media coverage. Recent media coverage highlights include: *CNN Headline News*, *Business Week*, *U.S. News and World Report* and the *New York Times*.

### TKO Tour

CEA's TechKnow Overload (TKO) Tour showcases the latest in consumer electronics to the college market that spends billions of dollars on electronics annually. TKO features established and emerging electronics companies seeking access to the college marketplace, and delivers products to campuses across America in a festival-like environment. Reaching more than 120,000 students at 40 of the major universities each year, TKO allows students to demo dozens of the latest products in an interactive non-retail environment. More than 50 percent of TKO attendees were interested in buying a product they saw on the tour. For more information, visit [www.tkotour.com](http://www.tkotour.com).

### HDTV

CEA's media relations and public affairs campaign builds upon the HDTV promotion efforts of individual members. Initiatives range from consumer outreach through media tours and multi-media educational materials, to industry and government partnerships. CEA also educates policy-makers, industry and media about digital high-definition television.

### Technology Is a Girl's Best Friend

The Tech Girl campaign promotes the female technology consumer market. Women influence 88 percent of household CE purchases, and this year females are expected to initiate \$73 billion in CE purchases. During the past two years, this program has expanded to include comprehensive market research, print and broadcast media pitching and an internationally recognized award program for CE manufacturers targeting women consumers.



### Great Audio Experience

CEA's Great Audio Experience campaign brings together manufacturers, retailers and consumers, as well as the content community, in a unique partnership to educate consumers on how to improve their home entertainment experience. The campaign increases media, retail and consumer awareness of the value of quality audio equipment and educates consumers on available options and features while stressing the value of performance.

### Accessorize now!

This multi-faceted campaign educates consumers on how to maximize the experience of their CE products with accessories and teaches retailers how to increase attachment rates of CE accessories to other CE product purchases.

### Generation Tech

CEA's Generation Tech program seeks to increase understanding of teens and tweens as tech savvy, household decision influencers for various CE purchases. Using television, print and online media sources, a panel of teenagers educates other teens as well as adults about new CE products and trends and produces research on teens' CE preferences.

### International CES Press Services

CEA promotes members' products before, during and after the International CES. CEA can help members develop a successful CES strategy with pre-show promotions, on-site press conferences and the pre-registered press list.

### CEA's Industry Press Room

This CEA resource increases members' media exposure to more than 25,000 journalists worldwide. All CEA members can post press releases, product literature and press kits on CEA's website ([www.CE.org](http://www.CE.org)). Contact [cea@industrypressroom.com](mailto:cea@industrypressroom.com) to sign up.

## Educating Consumers and the Industry

CEA offers a wide variety of programs to educate retail salespeople, installers, technicians and consumers on the latest trends and products in the CE industry.

### CEknowhow.com

This interactive website helps retail managers and sales personnel better sell CE product categories with specific modules on digital television, MP3 players, audio, digital imaging, mobile electronics, home networking and wireless. Developed by the industry for the industry, CEknowhow provides retailers with brand-neutral, solutions-focused programs that provide a solid foundation for vendor training. Since the program was launched in 2003, more than 51,000 retail personnel have completed at least one CEknowhow module. CEA partnered with CNET in 2005 to create consumer versions of the digital imaging and MP3 player programs which can be found on [www.cnet.com](http://www.cnet.com). In 2005, CEA also introduced a consumer website – [MyCEknowhow.com](http://MyCEknowhow.com) – that features the CNET-sponsored buying guides and other CEA consumer resources.

### Mobile Electronics Certified Professionals (MECP)

Tailored for mobile electronics installers, the MECP program tests and certifies installers on the theory behind installation techniques and on the industry's best practices developed and supported by the entire 12-volt industry. More than 25,000 installers have been certified since the program began more than a decade ago.

### TechHome Referral Database

This online tool ([www.techhome.com](http://www.techhome.com)) helps consumers find professional TechHome installers in their area. It also educates consumers about the technology that is or could be installed in their home.



### Accessories Connectivity Guide

The Web-based *CEA Connections Guide* ([www.ceaconnectionsguide.com](http://www.ceaconnectionsguide.com)) provides consumers with guidance on selecting the proper interconnect for their audio and video devices.

### Antenna Web

CEA's Antenna Web ([www.antennaweb.org](http://www.antennaweb.org)) is an online mapping tool that helps to determine which type of outdoor antenna to purchase. Whether the antenna is for use with a home satellite system, high-definition television (HDTV) or a traditional analog set, this site shows consumers what they need to know to buy the right antenna.

## Recognizing Industry Accomplishments

CEA's awards programs acknowledge the achievements of industry leaders and ground-breaking products and technologies. Several programs throughout the year include:

### Academy of Digital Television Pioneers Awards

The Academy of Digital Television Pioneers Awards, presented at a luncheon ceremony during CEA's Entertainment Technology Policy Summit, recognize the leaders that are working to further the transition from analog to digital television.

### Best of CES Awards

The winners of CNET's Best of CES awards honor the most innovative consumer technology products that debut at the International CES.

### CE Hall of Fame

Founded in 2000, the CE Hall of Fame honors the extraordinary achievements of leaders and pioneers in the consumer electronics

industry. Inductees are recognized at an awards dinner at the CEA Industry Forum.

### Digital Patriots

The Digital Patriot Awards program honors industry and government leaders known for their positive impact on the rapidly evolving consumer technology industry. Senator John Ensign (R-NV), Congressman Joe Barton (R-TX) and Microsoft Chairman and Chief Software Architect Bill Gates were honored at a special dinner at the 2006 Entertainment Technology Policy Summit.

### Innovations Design and Engineering Awards

The Innovations Awards program recognizes products that feature excellence in design and engineering at the International CES show. The Industrial Designers Society of America (IDSA) endorses and acts as advisors to the Design & Engineering Showcase.

### Mark of Excellence Awards

Co-sponsored by *CEPro* and *Electronic House* magazines, CEA's TechHome Division's Mark of Excellence Awards recognize the finest achievements in home automation. The annual awards are presented at the Spring Electronic House Expo.

### Scientific American's Innovations People's Choice Award

International CES attendees vote for their favorite Innovations Honoree.

### Technology Is a Girl's Best Friend Diamond Showcase

The International CES product showcase honors products designed with the functions and features most sought after by female consumers. Based on survey information from CEA, a panel of expert judges selects the top products in different categories.

# Audio

CEA's Audio Division fosters growth and profitability for the manufacturers and distributors of consumer audio products. CEA seeks to:

- Educate retailers and consumers on the benefits of adding surround sound to a DTV purchase.
- Research and develop solutions for high-performance audio issues confronting the industry.
- Evaluate emerging audio and audio-related technologies and services.
- Demonstrate and promote new audio technologies and products as well as the surround music experience to college students on more than 50 campuses via CEA's TechKnowOverload (TKO) tour.
- Develop and promote standards for output testing and measurement of audio components, speakers and audio systems.
- Promote the free interactive, online training program, CEknowhow.com, to audio retail professionals and integrators.

## Top Issues for the Audio Division

- Demystify audio purchasing through educational efforts to consumers and the marketplace.
- Demonstrate that audio provides excitement, impact and emotion to the home entertainment experience.
- Stress that the demand for great sound is being driven by the increasing affordability and performance of audio products, as well as by growing demand for home theater systems and multi-room audio.
- Promote the surround sound experience for music and video content, including HDTV.
- Balance copyright protection and concerns of intellectual property owners with consumers' customary home recording rights.

*CEA forecasts MP3 players will soar to \$4.5 billion in 2006, with 40 percent of all MP3 players sold having video playback capability.*





# Video

CEA's Video Division cultivates growth and profitability for the manufacturers and distributors of consumer video products.

CEA seeks to:

- Create and distribute digital television (DTV) transition educational materials to retailers and consumers.
- Foster DTV awareness through HDTV industry and media roundtables featuring the latest CEA market research.
- Promote digital cable-compatible video products and work with the cable industry to develop standards and regulations for interactive digital cable-compatible products.
- Showcase the latest HDTV products at select exhibitions during the year.
- Leverage the interactive Web-based DTV retail sales training program ([www.CEknowhow.com](http://www.CEknowhow.com)).
- Bring DTV transition stakeholders together at the annual Entertainment Technology Policy Summit, formerly called the HDTV Summit, to discuss the issues confronting the analog-to-DTV transition.
- Provide forums, including the DTV Subdivision, to discuss issues related to DTV and the DTV transition.

## Top Issues for the Video Division

- Enhance awareness of DTV products, services and the overall transition at the retail and consumer level.
- Create a competitive retail market for interactive digital cable navigation devices.
- Protect consumer home recording rights.
- Educate consumers about the analog broadcast shut-off and increase awareness of the transition.

*Digital television (DTV) will continue to drive industry sales to new heights in 2006, forecasting total sales to surpass \$23 billion and 18 million units.*



# PARA

CEA's PARA Division raises awareness of the specialty dealer channel throughout the CE industry and among consumers, and provides tools and resources to promote the profitability of the specialty audio/video community. CEA seeks to:

- Increase PARA membership and participation.
- Launch a CEO-level training program to serve as an educational resource and mentoring/networking opportunity to address the needs of PARA and CEA small business member companies.
- Present an annual PARA Management Conference that enhances the knowledge level, expertise and professionalism of PARA members.
- Sponsor market research initiatives that address specific needs of the specialty dealer channel community.

## Top Issues for the PARA Division

- Build a community identity for the specialty dealer channel (SDC).
- Increase the knowledge level and professionalism of SDC sales professionals.
- Educate consumers on the benefits of working with an SDC retailer.

*More than half (54 percent) of console gamers have interest in enhanced A/V equipment; while 45 percent would consider buying an entertainment center. Nearly one-third (32 percent) of PC gamers are interested in enhanced seating, and 27 percent are interested in multiple displays.*







# TechHome

CEA's TechHome Division increases sales and support of consumer electronics products installed by professional integrators. CEA seeks to:

- Raise builder awareness regarding the benefits of building a TechHome and the value of using a professional integrator for system design and installation.
- Grow the spring and fall Electronic House Expos ([www.ehexpo.com](http://www.ehexpo.com)).
- Promote and enhance the TechHome.com website and Referral Database.
- Grow the annual Mark of Excellence Awards showcasing the best in the integrated home systems industry ([www.CE.org/moe](http://www.CE.org/moe)).
- Monitor national and local legislation affecting TechHome division members.
- Benchmark builders' perceptions of technology in new home construction.
- Help homeowners, builders, realtors and integrators evaluate the technological sophistication of a home and build value for installed technology using CEA's "TechHome Rating System" ([www.CE.org/techhomerating](http://www.CE.org/techhomerating)).
- Promote quality installations that adhere to industry standards.
- Assist companies just starting in the home integration field.

## Top Issues for the TechHome Division

- Increase awareness of the home integrator channel with the builder, realtor and consumer communities.
- Promote TechHome.com and The Referral Database.
- Boost the adoption of broadband technology.
- Promote the TechHome Rating System.
- Grow CEA's integrator membership.
- Add value to TechHome membership through enhanced benefits.

*Almost half (47 percent) of builders now consult with custom installers about home technologies, a nine point gain from the 38 percent who did so last year.*



# Mobile Electronics

CEA's Mobile Electronics Division expands the mobile electronics industry through targeted programs and services. CEA seeks to:

- Encourage the responsible use of in-vehicle information and rear-seat entertainment by working with legislators to promote a logical, uniform approach to mobile electronics use in the vehicle.
- Lead industry efforts to develop products that reduce driver distraction and increase driver focus.
- Expand the Mobile Electronics Certified Professional (MECP) program at the international level.
- Promote mobile electronics and the importance of professional installation through media relations activities.
- Work with the automotive industry to protect the industry's right to sell aftermarket CE products by addressing issues related to access to the dashboard and access to the in-vehicle network.
- Promote open standards based on the MOST network facilitating plastic optical fiber connections between aftermarket mobile electronics products.

## Top Issues for the Mobile Division

- Ensure connection to all available in-vehicle networks through continued relationships with key automotive industry organizations.
- Support legislation and standards to ensure responsible use of mobile electronics in the vehicle.
- Support and promote the MECP program and the importance of professional installation.
- Address the practical application of installation through advanced study materials and regional hands-on training.
- Market the MECP curriculum to vocational/technical schools nationwide.

*Ownership of mobile video or navigation systems (installed or portable) now stands at nine percent of households.*





# Wireless Communications

## The Wireless Communications Division (WCD)

brings together wireless manufacturers, distributors, retailers and related businesses to develop programs that increase retail sales of wireless products and to advance convergent technologies for consumer markets. CEA seeks to:

- Research the wireless industry's direct and indirect sales channels to determine the scope of the intended audience for CEA's training and education initiatives.
- Help retail managers and sales personnel improve sales techniques and knowledge of wireless and handheld products through the Wireless Certification Program (WCP) on CEA's training site, [www.CEknowhow.com](http://www.CEknowhow.com).
- Research the wireless industry's direct and indirect sales channels to gauge the quality of the consumer buying experience.
- Create an advanced version of the *Survival Guide* for the wireless retail community.
- Encourage proper wireless device and camera phone etiquette to consumers.
- Host webcasts geared toward the wireless retailer and manufacturer community.
- Promote wireless technology to young adults through CEA's TechKnowOverload (TKO) Campus Technology tour.

## Top Issues for the Wireless Division

- Uniquely position CEA as the first trade association to focus on increasing retail sales of wireless and handheld products.
- Advance the development of convergent wireless products and technologies.
- Develop and promote the Wireless Certification Program and increase the number of registered users.
- Increase sales of wireless products and reduce product returns.

*CEA forecasts wireless handset sales will exceed \$16 billion in factory-to-dealer sales this year.*





# Digital Imaging

CEA's Digital Imaging Special Interest Group grew to full division status in March 2006. The Division aims to support the growth and profitability of the digital imaging industry. CEA seeks to:

- Establish the role of the Digital Imaging Division within CEA and the industry.
- Advance the category of digital imaging by bringing together representatives from the entire spectrum of imaging, including capture, edit, print, view, share and store.
- Educate consumers and members of the CE industry about the interoperability of digital imaging devices and services.
- Promote the CEknowhow digital imaging training modules and create partnerships with key imaging retailers and service providers.

## Top Issues for the Digital Imaging Division

- Promote the message and practice of “interconnectivity” within other CEA divisions and the industry channel focusing on the components of capture, edit, print, view/share and store.
- Showcase the opportunities for consumers to use digital imaging products and services in new, personalized ways by combining them with the power of other CE devices.
- Enhance and support consumer education and retailer sales training through distribution of digital imaging programs.
- Improve digital imaging market comprehension among key constituents through CEA-sponsored research projects.

*57 percent of U.S. households now own a digital camera and 91 percent of digital camera owners consider it their primary picture-taking device.*



# Accessories

CEA's Accessories Division encourages accessory product sales, consumer education and the development of industry standards that promote continued growth, innovation and compatibility for CE accessories. CEA seeks to:

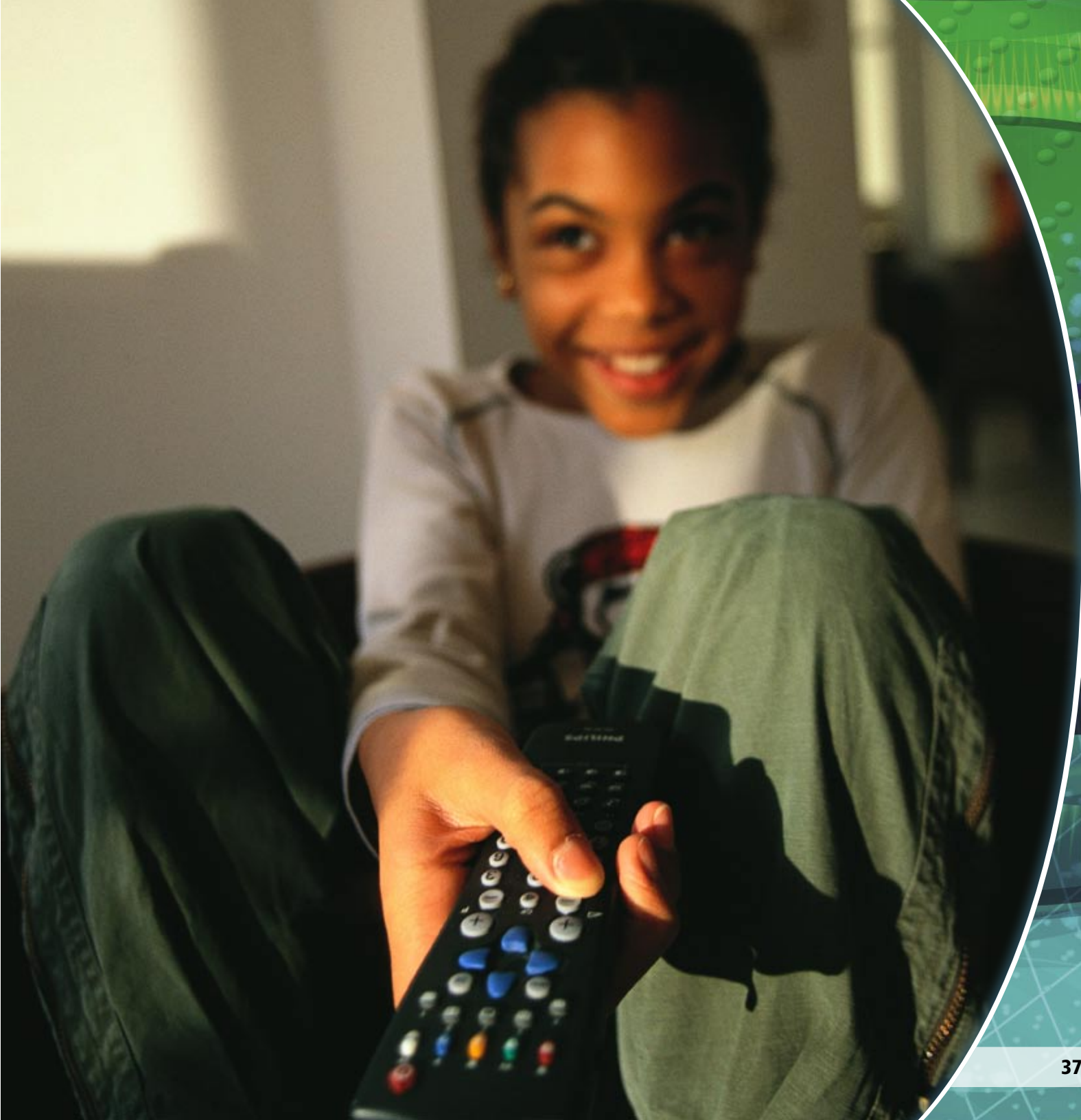
- Promote CEA's Antenna Mapping program ([www.AntennaWeb.org](http://www.AntennaWeb.org)) to help consumers select the best off-air antenna for digital and analog TV reception.
- Promote the *CEA Connections Guide* to help consumers connect home entertainment equipment simply and correctly, and to help identify proper connectivity options for optimum performance.
- Educate consumers on how the purchase of accessories can help extend the functionality and enhance the enjoyment of CE products.
- Encourage the sale of CE accessories through the Accessorize now! campaign.
- Provide retailers with strategic guidance and visionary leadership on the importance of selling CE accessories through a series of monthly bylined articles in *TWICE* and *Dealerscope* magazines.
- Conduct research to determine the future direction of the portable entertainment device category and identify opportunities for the accessories market.
- Conduct research to identify the market for television accessories.

## Top Issues for the Accessories Division

- Ease consumer confusion with education on CE accessories that will help connect home entertainment equipment simply and correctly while maximizing performance.
- Educate retailers regarding the bottom-line benefits of selling CE accessories and provide tools and materials to increase attachment rates.

*Accessories enhance the CE experience; some 73 percent of consumers who upgraded their products with an accessory did so to get more features.*





# 2006 CEA Leadership

## Executive Board



Chair  
**Loyd L. Ivey**  
Chairman and CEO  
Mitek Corp.



Past Chair  
**Katherine Gornik**  
President  
Thiel Audio Products Co.



Secretary and General Counsel  
**Rebeca G. Ellis**  
Consumer Electronics Association



Vice Chair  
**Patrick Lavelle**  
President and CEO  
Audiovox Electronics Corp.



President and CEO  
**Gary Shapiro**  
Consumer Electronics Association



Treasurer  
**Glenda MacMullin**  
Consumer Electronics Association



Industry Executive Advisor  
**Peter Lesser**  
President and CEO  
X-10 (USA) Inc.

## Division Chairs



Accessories  
**Grant Russell**  
President  
Green-Clean USA



PARA  
**Gary Yacoubian**  
President  
Myer-Emco AudioVideo



Wireless  
**Michael Mohr**  
President  
Celluphone Inc.



Audio  
**Jeffrey Hipps**  
Senior Vice President  
Sherwood America Corp.



TechHome  
**Jay McLellan**  
President  
Home Automation Inc.



**Alan McCollough**  
Chairman & CEO  
Circuit City Stores Inc.



Mobile  
**Jim Geschke**  
VP & Gen. Mgr. Electronics  
Johnson Controls Inc.



Video  
**Brian Smith**  
VP, Technology Policy & Standards  
Philips Electronics N.A. Corp.



**John Shalam**  
Chairman and CEO  
Audiovox Corp.

## Members At-large:

## Board of Industry Leaders



**Brad Anderson**  
Vice Chairman and CEO  
Best Buy Co Inc.



**Stephen Baker**  
President  
Denon Electronics LLC



**James R. Bazet**  
President and CEO  
Cobra Electronics



**Greg Bosler**  
Executive Vice President  
North America Profit Center  
TTE Corp.



**Daniel Brettler**  
Chairman, CEO & President  
Car Toys Inc.



**Steven Caldero**  
Vice President,  
Sales  
Ken Crane's



**Alec Chanin**  
President  
KEF America



**Henry Chiarelli**  
President  
Gibson Consumer Electronics



**Paul W. D'Arcy**  
Executive Vice President  
Sanyo Fisher Company



**Ilana Diamond**  
President & CEO  
Sima Products Corp.



**David Epstein**  
President  
Sound Solutions



**Catherine Fowler**  
Vice President of Marketing &  
Technical Services  
ELAN Home Systems LLC



**John Godfrey**  
Vice President, Government &  
Public Affairs  
Samsung Information Systems  
America



**Rick Goricki**  
Senior Director of Sales  
Plantronics Inc.



**James Hamilton**  
Senior Vice President,  
Chief Merchandising Officer  
RadioShack Corp.



**David Hanchette**  
Vice President, Marketing  
On-Q/Legrand



**Robert Law**  
Senior Vice President, Con-  
sumer Electronics Division  
Sirius Satellite Radio



**JM Lee**  
President, Consumer  
Electronics  
LG Electronics Corp. USA



**Noel Lee**  
The Head Monster  
Monster Cable



**Keith Lehmann**  
Vice President, Car Electronics  
Division  
Kenwood USA Corp.



**Paul Liao**  
Chief Technology Officer  
Panasonic Corp. of North  
America



**David Lorsch**  
President & CEO  
DBL Distributing Inc.



**Charles Mauzy**  
President  
Digital Railroad



**James Minarik**  
President and CEO  
Directed Electronics



**Henry Muyschondt**  
General Manager, Business  
Development  
Oasis SiliconSystems AG



**Alex Nicholson**  
President  
Nicholson's Hi-Fi



**DJ Oh**  
President & CEO  
Samsung Electronics of  
America



**Mike O'Neal**  
President  
Team Products International



**Duane Paulson**  
President  
Sequel Technologies LLC



**Larry Richenstein**  
President  
Unwired Technology LLC



**Sam Runco**  
Chief Executive Officer  
Runco International



**Paul Sabbah**  
Vice President, Business  
Development  
Techcraft Manufacturing Inc.



**Bob Scaglione**  
Senior Vice President,  
Marketing  
Sharp Electronics Corp.



**Patricia Schoenberg**  
President  
Spectra Merchandising  
International



**Herman Sperling**  
Vice President, Marketing  
Harman Consumer Group



**Ronald N. Stone**  
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DTS Inc.



**Rich Tosi**  
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Uniden America Corp.



**Skip West**  
President  
MAXSA Innovations LLC



**Blair Westlake**  
Corporate Vice President,  
Media, Content and Partner  
Strategy Group  
Microsoft



**Stephen Witt**  
VP Brand Marketing and  
Communications  
Alpine Electronics of America  
Inc.



# CE Milestones

Take a look at some of the significant events and product introductions that took place in the 2005-2006 timeframe. The consumer technology industry is known for innovation, and it's clear that CEA's 2,100 member companies continue to shape the way global consumers live, work and play today. Following is a sample of some of the most recent achievements as competition and innovation between companies leads to the next-generation of digital devices.

## 2006

- First consumer high-definition DVD player/recorders go on sale in the U.S.
- First videogame systems with high-definition DVD players available.
- First OCAP (Open Cable Applications Platform) cable systems begin operation and first OCAP-enabled TVs in stores.
- President Bush signs legislation to end analog television broadcasting by February 17, 2009.
- First 1080p plasma HDTVs go on sale.
- First solid-state, high-definition camcorder hits the market.
- Digital TVs surpass sales of analog TVs to dealers for the first time.
- New Wi-Fi 802.11n specification, enabling throughput of 100 Mbps for wireless local transmission of HDTV, is approved by IEEE.

## 2005

- First digital camera with built-in Wi-Fi capability becomes available.
- First subscription-based online digital music services and compatible portable devices become available.
- First hard disk drive-based camcorders go on sale.
- FCC requires mandatory inclusion of ATSC HDTV tuner in 50 percent of all 24-inch to 35-inch HDTVs by July 1.
- CEA inducts its first class of Digital Patriots, honoring government and industry leaders for their positive impact on the CE industry
- First PCs with dual processors become available.
- Cell phone carriers offer live and downloadable TV clips and music.
- First stand-alone VoIP phones introduced.
- Consumer digital cameras reach 10-megapixel resolution.
- A/V home theater receivers with HDMI connectivity and direct satellite radio connectivity go on sale.
- First portable MP3 player/satellite radio recorders announced.
- Flash media card capacity reaches 4 GB.
- First single-use digital camcorder goes on sale.
- First HDTV with built-in HD-DVR hits the market.


## Work with Us

CEA encourages members to take advantage of the association's resources, including market research, affinity programs, online sales training and promotional opportunities. Volunteer leaders have a big impact in helping to shape the direction of the industry, and they make relationships that ultimately can help to grow their own businesses. To get the most out of CEA membership:

- Attend CEA's events – not just the International CES but all year-long to network with industry leaders and build new business relationships.
- Volunteer on division boards, committees and SIGs.
- Make knowledgeable business decisions based on CEA research on consumer awareness, buying patterns and interest in new products.

- Access CEA's select factory sales data provided by manufacturers to help with business planning.
- Stay informed of the latest environmental issues and standards.
- Make your voice heard on Capitol Hill and get involved in lobbying efforts in Congress and other government bodies.
- Participate in the standards-setting process.

CEA members stay informed of industry advances, make educated business decisions based on extensive market research and, in the end, save money. Please join CEA in defining the digital future. For more information on any and all CEA programs, visit [www.CE.org](http://www.CE.org).

The logo of the Consumer Electronics Association is a circular emblem with a brushed metal texture. It features a central horizontal bar with the text "Consumer Electronics Association" in a white, sans-serif font. The bar is flanked by two sets of three triangular shapes pointing towards the center, creating a starburst or sunburst effect. The background of the entire image is a vibrant, abstract composition of green and blue tones, with various geometric patterns, including a grid and concentric circles, suggesting a digital or technological theme.

Consumer Electronics Association