

Gary Shapiro's Opening Keynote for the 2010 International CES – 1/7/10

[Drives on stage in a 2010 Ford Taurus]

Good morning and welcome to the 2010 International CES.

It feels really good to stand before you and say “2010” and it’s great to arrive in a new product for 2010.

Many of us will look back on 2009 as the most challenging year of our lives. Our global economy teetered on the brink and is only now edging away from the cliff.

It was a difficult year. Our industry saw overall revenue drop for the first time in 20 years. Last January, CEA forecasted a modest decline in industry revenues for the year, and we now know that industry revenues were down some seven percent in 2009. This is true even though unit sales volumes grew— up nearly 10 percent over 2008. Indeed, CEA’s holiday forecast last month found that four out of every five adults wanted a technology gift this holiday. That’s the highest figure in our history.

So even though we sold more devices in 2009, a glance at the balance sheet makes 2009 a year none of us wish to repeat.

And now we look forward to 2010. There is light at the end of the tunnel. It is the bright light of innovation. I want to talk to you this morning about how innovation and technology will light the way in the future.

Alan Kay, the XEROX PARC computer scientist, once said, “The best way to predict the future is to invent it.” That is exactly what the technology industry does every day. We do not let events happen to us. We control our destiny because we own innovation and we invent the future.

CEA invents its future in our 2010 industry forecast. Each year we survey our member companies to assess the industry’s view of the year to come. Based on our survey for 2010, we see an optimistic industry inventing a great future. CEA forecasts that our industry will return to revenue growth in 2010. This is a testament to the innovation that drives our industry and creates demand for our products.

Our future is bright also because of who we are. We are innovators. And I submit we are seeing more innovation at this show than at any show in our history. Many signs point to this.

First, we have a record number of new exhibitors at this year’s CES. More than 330 new exhibitors are among the 2,500 companies showcasing the next generation of technology.

Second, we have a record number of Tech Zones. Twelve of the 22 Tech Zones are new at this year’s show.

Third, we see an incredible pace of announcements. The show hasn’t even officially opened and we have had dozens of major announcements on technology and content, new entertainment and sports channels, software, wireless and broadband connectivity.

And we will see it across the CES show floor. From 3D TV to mobile DTV, from Windows 7 to Android, from smartphones to netbooks to e-books, from new chips to new apps, it's all here at the greatest show on earth.

I believe this record amount of innovation stems from many sources. Some announcements have been years in the planning. But many come from entrepreneurial companies, big and small, realizing that the harsh recession creates winners and losers. And it also creates not only the opportunity – but the necessity to break out and do something different.

The result is the most amazing amount of innovation and innovators ever gathered at one place and in one moment in history. I feel privileged to be a part of this extraordinary time in our history.

I support the value of innovation and progress with all my being. I am passionate about innovation as it not only pulls the economy – but it has a positive impact on our lives. This is why CEA created the Innovation Movement.

With tens of thousands of members, the Innovation Movement is people, many connected to our industry, creating the future they want. They are passionate about innovation. They believe innovation improves our world. They want politicians to know that innovation is important and actions taken by government can help or hurt innovation.

Members of the Innovation Movement don't want money from government. Indeed, CEA has never once asked the government for money – not even to support the DTV transition.

Rather the Innovation Movement wants a government that simply does not hinder innovation.

This means supporting free trade so that every citizen in the world can have access to technology. This encourages exports and imports. We are perplexed at how the U.S. Congress can fail to pass good trade agreements with friendly countries like Columbia, Panama and Korea. The U.S. is being passed by as other developed countries embrace free trade agreements and our export products become relatively more expensive.

Innovation also means attracting the best and brightest. America's best companies like Microsoft, Intel and Google shouldn't have to fight our government to hire the best in the world.

Innovation means a great education system, a tax system that encourages equity rather than debt and environmental policies based on science and shared responsibility.

It requires a government that can balance a budget and not pick winners and losers. Every failed company propped up means its competitors are forced to compete with a subsidized company. Every dollar given away for clunkers or stimulus means a future debt and tax that will have to be paid.

The Innovation Movement members believe they can invent the future. And we want to invent the future because we have children and grandchildren. The next generation is increasingly burdened with problems that we created. Who will pay off the record two trillion dollars of new debt the U.S. government created in 2009? Our children will. Record deficits mean higher taxes and higher taxes discourage the type of investment which fuels innovation.

Innovation and its benefits are not confined to the United States. They are global. That's why here at CES we host the Technology and Emerging Countries program. This program focuses on the role technology plays in furthering economic growth and sustainability. Our goal is to highlight opportunities to accelerate development in emerging countries. Now in its third year, the TEC program features keynotes from leaders including Nokia's Olli-Pekka Kallasvuo and Hisense Chairman Zhou Houjian.

Innovation benefits everyone in the world.

If you believe in innovation and its benefits –don't sit by and watch. Invent our future. Join the movement. Stop by the Experience CEA booth at the entrance to Central Hall in the LVCC.

Soon you will personally experience innovation. You'll be on the show floor and witness the next act in the consumer love affair with technology. Since 1967, the International CES has been the one spot on the globe where almost every major innovation in consumer technology has been unveiled.

At the first CES, everything was connected with wires. Today, we live in a wired and a wireless world. On this day – January 7 – in 1927, the first transatlantic telephone call was made, from New York to London. Today, literally billions of people around the world have a wireless phone in their pocket. Thanks to wireless innovation, buckets of minutes and mobile data services bring the power of the Internet to mobile users. Indeed, the processing power of that pocket-sized device exceeds that of early mainframes that took up entire rooms. And you can see it all here at CES, from wireless broadband networks to applications, from handsets to tablets, from touch screens to OLED.

And are you ready for this? CEA projects that 2010 will be the year that wireless phones surpass televisions as the single largest product category for the first time.

But for today, TV is still king. Our nation completed the transition to digital television in 2009 without so much as a hiccup. Actually, we completed the transition twice – once in February and again in June. I often said that the DTV transition was our industry's Y2K – and it turned to be just as much of a nonevent. What I love most about the success of this transition is that our industry didn't look back or gratuitously celebrate the transition with an end-zone dance. We immediately set to work on the next-generation of innovation. CEA is working with our broadcast partners setting standards for mobile DTV, and we are getting 3D TV ready for widespread consumer adoption.

We are at an exciting time but it has not been an easy time. We are part of an industry creating the future, but CEA is also an association that feels the pain of our members and their customers. And these last two years have not been easy. So CEA must also create its own future. This is an ongoing process. But here's what

we have done: We solidified the CES as the world's dominant technology show. We launched the Innovation Movement. We engaged on major issues of the day. We became the 12th largest association in Washington.

And I want to share new initiatives which reflect our own passion for change and improvement. They are focused on the consumer who is king and rules our roost.

I am proud to announce the launch of CE Cares, a new initiative from the Consumer Electronics Association that brings together all that we do to protect and promote the health, safety and well being of consumers. CE Cares is a commitment to technology consumers that our industry earns and deserves their trust and loyalty.

CE Cares is all about our customers –from tips for safe television viewing to safe television mounting. Enjoying high-quality audio while protecting your hearing to listen for a lifetime. Using in-vehicle electronics to avoid distraction and drive safely. Finding energy efficient technology products when you want them, and disposing of them properly when you don't want them anymore. CE Cares will be the hub for all of our initiatives.

Another consumer initiative I am thrilled to announce is that CEA will embrace consumers as members. CEA is expanding its membership to support our best customers – your best customers – the consumer technology enthusiasts. For the first time, consumers can join an exclusive community and learn about technology trends, market research, and ideas in the pipeline. Stay tuned for more details about CEA's new Consumer Technology Enthusiast membership category as we launch over the next few months.

A third major area of CEA emphasis will be the commitment this industry has to the environment and sustainability. From product design through product use to product retirement, we are responsible stewards of energy efficiency and recycling. Our MyGreenElectronics Web tool is the best source for energy efficiency and recycling information.

Yes, we have joined others and challenged an unreasonable City of New York law which requires manufacturers to send trucks to consumer homes to pick up old products. The law is ridiculous and is harmful to the environment. I am confident we will prevail.

And the State of California has imposed design mandates on new TV sets which are not based on scientific data and will harm the state's retailers. We will continue to work with California to achieve real energy savings without stifling innovation.

In both these areas – recycling and energy efficiency – we must work towards a national system. For energy efficiency we have agreed on a worldwide system on how to measure energy usage. We must now agree on how we inform consumers about the energy their products use. Finally, we have to continue our success in reducing energy consumed by our products. But what we must avoid is different mandates from different states and mandates which are not based on science.

For recycling we also need a national system in which everyone has a role. Manufacturers, retailers, consumers and government must all play a part in recycling these products. Shared responsibility is the best way to go. CEA has

recently adopted plans for a national solution and will soon be conveying it to Congress.

But the free market and its by-product, innovation, are more significant than government mandates. The winner of our i-Stage emerging technology competition this year – ReNew, a maker of solar-powered charging devices – is a great example of how we innovate to help the planet. You can see ReNew on the CES show floor as part of our Green Technology Tech Zone.

And the industry is also stepping up: CEA's Wireless Division has just created a tool to evaluate a company's environmental capabilities.

We are so committed to the environment that we launched an entire event focused just on green technology. Our Greener Gadgets conference in February in New York City will bring together technologists, designers and environmental leaders to showcase the leading practices and devices that are helping green the planet.

Consumers are not only concerned about the environment, they want both innovation and simplicity. That's why CEA has made a major investment in private standards developer Global Inventures. The Global Inventures technology alliance management, combined with CEA's standard setting activities, is already bringing innovative new products from lab to shelf. Global Inventures leads over a dozen alliances in innovation and we are thrilled to be part of this system of bringing innovation to market.

We are in the midst of a revolution in technology. Your attendance here at CES puts you in a privileged ring-side seat to witness the future history of innovation. I

ask you to make sure that you not only witness this history – but that you make it. Walk the floors of the show. Absorb the innovation. But above all make sure those in government know that innovation is our destiny. It cannot be denied by those who want to protect the status quo. Nor should it be restricted by those who insist on spending our seed corn on an entitlement society.

I began saying “The best way to predict the future is to invent it.” I challenge each of you to think about your role in our future. Are you observing the future or are you defining it? Will your grandchildren blame you or will they thank you?

And now it is my great pleasure to introduce a man who thinks about inventing the future every time he gets behind the wheel.

This morning I am delighted we have a top executive with us who is leading a technology company. Alan Mulally is president and chief executive officer of Ford Motor Company. He also is a member of the company’s Board of Directors.

Under Mulally’s leadership, Ford is delivering on its promise to build great products, a strong business and a better world. The Ford team is introducing a full-family of vehicles including America’s most fuel-efficient sedan, the 2010 Fusion Hybrid, which was recently awarded *Motor Trend’s* “Car of the Year” and Car and Driver’s “10 Best”.

He’s particularly proud of the introduction of the all-new 2010 Ford Taurus, the “Official Car of CES” as well as *Esquire Magazine’s* “Car of the Year.” His leadership has resulted in quality, fuel efficiency and safety that are unsurpassed by the best in the business. And in breaking news, *Edmunds.com* will announce this

morning that the Ford Taurus is the first car to win the “Technology Breakthrough Award” for setting the standard for intuitive, practical and affordable technology.

In addition, his decision to borrow \$23 billion shortly after his arrival at Ford, combined with a relentless focus on delivering profitable growth, has allowed the company to steer through the current economic crisis without public assistance. As a result, Ford today is owned by its shareholders, not the federal government. Ford stands as a model of how big companies can compete even if they must do so against taxpayer subsidized companies.

Prior to joining Ford in September 2006, Mulally served as executive vice president of The Boeing Company, and president and chief executive officer of Boeing Commercial Airplanes.

Throughout his career, he has been recognized for his contributions and industry leadership, including being named one of “The World’s Most Influential People” by *TIME* magazine, “Person of the Year” by *Aviation Week* magazine and one of “The Best Leaders” by *BusinessWeek* magazine.

Please join me in welcoming back to the International CES, Alan Mulally!