



kaleidescape™

PRESS RELEASE

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WATCHING MOVIES AT HOME WILL NEVER BE THE SAME

Kaleidescape Creates a New Paradigm for How Movies Will Be Stored, Accessed and Viewed at Home.

MOUNTAIN VIEW, CA – December 9, 2003 – Kaleidescape Inc. introduces the Kaleidescape System, a DVD Server that allows users to store their entire movie collection on hard disks, and to access any movie in their collection from any viewing zone in their home. With a combination of proprietary patent-pending hardware, software and services, Kaleidescape is defining the future of how movies will be enjoyed at home.

A Kaleidescape System comprises rack-mountable hardware components, proprietary operating system software, and Kaleidescape's Movie Guide Service. A basic Kaleidescape System has one Server (with five disk cartridges for storing up to 160 movies), one Movie Player, and one DVD Reader. Additional cartridges can be added to the Server, up to a total of 12, which is sufficient to store 440 movies. Additional Servers, Movie Players and DVD Readers can be added to the System as required by each homeowner to increase movie storage capacity, the number of viewing zones, and to make it more convenient to import DVDs onto the Server(s). Kaleidescape's proprietary operating system software enables the hardware components to communicate with each other within the home, via the home Ethernet, and with Kaleidescape's Movie Guide Service, via the Internet. The Movie Guide Service provides detailed information about thousands of movies.

The Kaleidescape System complements virtually any existing entertainment system. Analog and digital audio/video outputs on the Kaleidescape Movie Player connect to the homeowner's existing A/V system in the media room, kid's room, bedroom, or any other room in the house

where convenient access to their movie library is desired. Each Kaleidescape Movie Player and DVD Reader simply connect to the Server(s) via a 100 BaseT Ethernet LAN.

The Kaleidescape System works by importing an exact replica of the DVD files onto the server, including the copy protection. Since no additional compression is applied, no quality is lost. The same bits are streamed to the Movie Player located in any desired viewing zone. The content resides on the Kaleidescape Server and can only be played on the Kaleidescape Players within the home; it cannot be copied to PCs, rewritten to blank DVDs, or accessed via the Internet. Kaleidescape manufactures its products under license from the DVD Copy Control Association, Inc. and Macrovision, Inc., among others, and is committed to protecting the intellectual property rights of the content owners.

Once imported, the homeowner can have instantaneous access to their entire movie library utilizing an intuitive, easy-to-use proprietary user interface which provides multiple ways to browse and select movies, play movies, jump to favorite scenes, pause, resume, and exercise parental control over which movies are available in each viewing zone. Each room can be configured for individual preferences such as audio settings, the screen aspect ratio and parental control. Movies can be selected either by the on-screen movie list sorted by title, genre, director, or actor; or users can peruse the vivid cover art which appears on-screen and automatically shuffles similar titles into view. Homeowners can even scroll through their user-programmable favorites menu, a recommended movie list or even a pre-selected “watch-soon” list. The Kaleidescape Movie Guide Service can be controlled with current AMX, Crestron and IP-based touch panels, or universal remote controllers.

Unique/Novel Features:

- One Kaleidescape Server can store approximately 440 DVD movies. Clustered Servers can store thousands of movies, which appear to the user as a single consolidated movie library.
- DVDs are imported bit-for-bit in native MPEG-2 format, including the copy protection.
- The Movie Guide Service automatically provides detailed information about thousands of titles, so the user can easily navigate and select a movie. When a user imports a DVD onto a Kaleidescape System, the Movie Guide Service automatically provides the information about that movie, including: title, cover art, genre, parental control rating, cast, directors, synopsis and certain video bookmarks.
- The homeowner can configure interface settings according to their individual preferences.
- The user has the ability to pause a movie in one room, and resume it later in another.

- Four configurable levels of parental controls protect children from inappropriate content. Parental controls are based on MPAA ratings.
- Kaleidescape's patent-pending video bookmarks provide the flexibility to begin playing a movie wherever the user chooses: the start of the DVD disc, the start of the main feature, a trailer, or a favorite scene. Some of these bookmarks are provided automatically through Kaleidescape's Movie Guide Service. In addition, the user can insert custom bookmarks to mark favorite scenes in movies.
- RAID disk technology protects the movie collection in the event of a disk failure by using one of the disk cartridges to store redundant movie data. A failed disk cartridge can be removed, and a new one inserted, while the system is running; the redundant data is then used to recreate the movie data stored on the failed disk.
- Movies that span multiple DVDs are automatically linked together to create a seamless viewing experience.

The Kaleidescape System has been designed for the anticipated widespread availability of HD content. The massive capacity of the Server is ideal for storing large HD movies and the Movie Player hardware is designed to support both 720p and 1080i video output.

Pricing will depend on the amount of movie storage as well as the number of viewing zones. A base Kaleidescape System lists for \$27,000 and includes a Kaleidescape Server with sufficient storage for 160 DVD movies, a Movie Player for playback in a single zone, and a DVD Reader for importing DVDs. The storage capacity can be easily expanded to over 400 movies for less than \$6,000 and an unlimited number of Movie Players can be added for \$3995 per zone.

The Kaleidescape System is currently shipping.

Quickly distinguished as a pioneer in A/V convergence technology, Kaleidescape, Inc. has developed a new category of consumer electronics products that will transform the way consumers enjoy movies at home. Designed for the discriminating home theater enthusiast, the Kaleidescape System redefines in-home entertainment through a convenient, easy to use DVD Server that allows homeowners to quickly access their entire movie collection from anywhere in the home. Kaleidescape, Inc.'s video storage and distribution system showcases ingenuity, an outstanding user interface, and compelling industrial design to maximize the theatrical experience of home entertainment.

For more information and digital artwork, please visit Kaleidescape's website at <http://www.kaleidescape.com/news/>. Or contact Kaleidescape Press Relations, 650 625-6140 or press@kaleidescape.com.