



kaleidescape™

PRESS RELEASE

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WITH THE CATEGORY BOOMING AND MORE THAN 50 NEW DEALERS ON BOARD, THE KALEIDESCAPE MOVIE SERVER IS THE HOTTEST NEW PRODUCT IN CUSTOM INSTALLATION

MOUNTAIN VIEW, CA – April 21, 2004 -- Dealers and custom integrators agree, Kaleidescape offers an innovative, reliable and scalable, whole-house video distribution system that is the premier solution in multi-zone environments. And the list of flagship dealers selling Kaleidescape Systems continues to grow; since product began shipping in August 2003, Kaleidescape has grown its distribution base to include more than 50 dealers across the US and Canada.

David Weinhart, president of Ambrosia Audio Video in Bel Air, Calif., says, "*It is the best new product we have EVER seen. Period.*"

The Kaleidescape System organizes your DVD collection while providing nearly instantaneous access to your entire DVD collection from any viewing location in your home. After loading your DVDs onto your Kaleidescape Server, you can access any movie in your collection using an intuitive on-screen user interface that provides multiple ways to browse and select movies, play, pause, and resume movies, jump to favorite scenes, and exercise parental control over which movies are available at each viewing zone.

"*When you can sell a product that can stream DVDs to seven different zones at the same time over Cat 5 wire, who wouldn't want this?*" wonders dealer Gordon van Zuiden of CyberManor in Los Gatos, California. "*Couple that with a drop-dead gorgeous graphical user interface and IP control, and you've got a great product.*"

The Kaleidescape System is designed to address custom installation requirements and provide a whole-house video distribution solution. The installer can distribute video throughout the home and configure each zone with its own preferences for audio format and aspect ratio. Using Kaleidescape's control protocol, the installer can design custom touch panels for Kaleidescape's on-screen display. The installer can also program the control system to use the Kaleidescape System's "event cues" to simplify operation and automatically change theater lighting, curtain positions, screen masking, etc., to create a true

theatrical experience.

For installers, there are many advantages to presenting the Kaleidescape System as a whole-house video distribution solution. For example, the ability to have unlimited viewing zones throughout the home allows a family to maintain a single, central movie library for their varied entertainment needs. With the proliferation of slim profile display devices, a growing percentage of customers desire access to their movie library in multiple viewing zones throughout their homes. The Kaleidescape System provides a tremendously convenient and flexible solution. Additionally, when presenting the System as a whole-house video distribution solution, the cost can be amortized across all of the areas of the home where a viewing zone is desired.

Successful dealers understand the value of exposing customers to new products and services and find the right approach to fit their business model. "*The quality of the video is fantastic--among some of the best quality I've seen from a DVD player,*" says Greg Margolis of Dallas-based Hometronics. "*Soon they will be able to store HD on the system. Talk about having the ultimate demo machine, this is going to be it.*"

Dealer feedback has produced overwhelming evidence confirming that demonstrating the Kaleidescape System is the key element in building sales momentum. As a new category, the Movie Server lacks exposure among homeowners. Dealers and installers have found that the numerous features of the Kaleidescape System can only be appreciated through a demonstration.

An entry level Kaleidescape System has one Server (with five disk cartridges for storing up to 180 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 500 movies. Additional Servers can be added to the System to store thousands of movies and additional Players can be added to create a true multi-zone system. 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 Movie 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.

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