

NEWS

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SMARTHOME LAUNCHES INSTEON ALLIANCE AND SOFTWARE DEVELOPMENT SOLUTION

*New \$99 Solution Allows OEMs and Enthusiasts to
Develop Wireless Home-Control Technology Applications*

IRVINE, Calif., May 9, 2005-- Smarthome Inc., the world's leading provider of automated products to improve the home, today introduced the *Insteon*[™] software development kit which provides the documentation, software and hardware necessary to develop *Insteon*-based home monitoring and management software applications. The *Insteon* software development kit is the first of its kind in the home automation or electronic home improvement industry. With purchase of the kit, available to both enthusiasts as well as professional software developers, users are granted access to the alliance membership. The *Insteon* kit sets a new industry trend with a \$99 price point, compared to competing software development kits and alliance memberships that cost thousands of dollars each.

Insteon is the first home automation network technology to combine the home's existing wiring, or powerline, with radio frequency (RF) communications to deliver a secure, reliable and fast connection for automatic or remote control of lighting, security, entertainment systems, appliances, climate and more. Potential applications of *Insteon* may include remotely controlling or automating lighting, appliances, temperature, and sprinklers.

"Our *Insteon* software development kit and developer's community alliance provide hobbyists, entrepreneurs and engineering executives an extremely affordable alternative to costly alliance memberships, while providing them access to necessary materials needed to immediately start developing products," said Rajeev Kapur, vice president of sales and marketing of Smarthome, Inc. "The introduction of Smarthome's kit is truly unprecedented for the home automation industry. We

Smarthome Launches Insteon Development Kit

have taken a grassroots approach to gaining market share by combining affordable pricing, access to the *Insteon* technology and a vehicle for developers to market their solutions, which has not existed before.”

With the launch of Smarthome’s software development kit, developers and end-users are given access to the award-winning home-control technology of *Insteon*. As an *Insteon* developer, newly created *Insteon* software applications or products incorporating those applications may be distributed through Smarthome or may be offered as shareware at www.insteon.net to thousands of electronic home improvement professionals and enthusiasts. The software development kit is available for \$99.

The kits include four core sections: documentation, hardware, membership and support. Specifically, developers are given basic programming language, access to user- and reference-guides, a serial network module (PowerLinc V2 Serial) and a test module (LampLinc V2), password access into the development forum, sales access on Smarthome.com and to the *Insteon* shareware site, and comprehensive support service, including e-mail, phone and consulting services for a fee.

“The *Insteon* software development kit sets Smarthome apart from the rest of the home automation industry by allowing its customers to adapt the technology for an endless variety of applications,” said Kirsten West, analyst for West Technology Research Solutions, LLC. “By providing a combined package of development tools and alliance membership at a cost 97 percent less than the competition, Smarthome has adopted a unique business model which is fundamentally designed to benefit its customers. Thus the overall cost of implementing *Insteon* will remain well below that of major competitors for the foreseeable future, enabling a myriad of developers to enter the market with innovative products.”

Smarthome recently announced partnerships with Ingram Micro and Amazon.com. Smarthome prints more than five million catalogs per year and serves customers in more than 120 countries. The company offers more than 5,000 items for home automation, or “electronic home improvement” projects.

For more information, please visit Smarthome’s Web site, www.smarthome.com or www.insteon.net or call 1-800-SMARTHOME.

About [Smarthome](http://www.smarthome.com), Inc.

Founded in 1992, Smarthome, Inc. is the world’s largest integrated retailer/distributor of electronic home improvement solutions to enhance a home’s value, comfort, convenience and/or safety. Headquartered in Irvine, Calif., Smarthome products are sold to an international customer base via the Web, phone and retail outlets as well as to professional dealers and installers through its SmarthomePro division. Its Smarthome Engineering division is responsible for the OEM and distribution sales channels. Smarthome, developers of a new home networking technology called Insteon™, (www.Insteon.net), is dedicated to making life more convenient, safe and fun. The company’s on-line catalog can be found at www.smarthome.com. *Newsweek*

Smarthome Launches Insteon Development Kit

magazine called Smarthome's online store "the Amazon.com of electronic home improvement." On Dec. 1, 2004, Smarthome shipped products to its one-millionth electronic home improvement customer.

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