



News release



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Martha Stewart Brings Home Design to West Coast; Joins KB Home in Southern California with Co-branded Community in Perris

Los Angeles, CA (August 30, 2006) –KB Home (NYSE: KBH) and Martha Stewart Living Omnimedia (NYSE: MSO) have announced they will bring their co-branded homes to the West coast with the building of *KB Home Olive Grove: Homes Created with Martha Stewart* in Perris, California. The community will feature 125 homes and is scheduled to open in late 2006.

The community will offer four different 1-and 2-story floorplans ranging from 1,875 to 2,968 square feet. Prices are anticipated to start in the high \$300s. The community will feature homes inspired by Martha's personal residences in Maine, Connecticut and New York.

"This announcement speaks volumes to the momentum and success we have had since announcing our collaboration just under a year ago," said Bruce Karatz, chief executive officer of KB Home. "We are excited to offer homebuyers in Southern California a unique opportunity to buy a home that has been designed by the two strongest players in the homebuilding and design arena."

Martha's influence will be present in the interiors of the three model homes with specialized flooring, bathroom and kitchen fixtures, lighting, paint colors, cabinetry selections and other special touches such as distinctive mantles, shelving, molding and wainscoting all of which are available to home buyers. Although homes do not come furnished, the model homes will contain furniture and decorative options from Martha Stewart Living Omnimedia.

"We are delighted to be bringing, in collaboration with KB Home, a beautiful community to the West Coast. It can be enormously challenging for people in California to find a home that is attractive, well-designed and affordable. Olive Grove provides just that opportunity with the added appeal of gorgeous grounds, playing fields for sports enthusiasts and walking trails—and all in close proximity to the vibrant city of Riverside and the desert and mountains," stated Robin Marino, president of merchandising at Martha Stewart Living Omnimedia.

Olive Grove is part of the May Ranch master plan which includes three elementary schools and a middle school. May Ranch also features several parks that include soccer fields, basketball courts, tot lots, softball fields and walking trails.

"We are thrilled that the first Martha Stewart community in Southern California will be built in Perris," said Steve Ruffner, president of the KB Home Riverside division. "This area recently ranked fourth in the U.S. in housing growth and homebuyers will be looking for unique options. The Martha Stewart designed homes offer a variety of design features from clean lines to classic touches."

Perris is located in the heart of Southern California, between San Diego and Los Angeles. The community is close to the city of Riverside with shopping, dining and entertainment nearby. Southern California's beaches, desert and mountain resorts are an easy drive as well as the Ontario International Airport. The Lake Perris State Recreation Area offers fishing, boating, water-skiing, mountain bike trails, hiking, camping, and picnicking.

The two companies currently have communities in Fairburn, Georgia (Hampton Oaks) and Cary, North Carolina (Twin Lakes) and have announced plans for Katy, Texas (WoodCreek Reserve) to open fall 2006. For more information homebuyers can visit www.kbhome.com or call 1-888-KB-Homes.

About KB Home

Building homes for nearly half a century, KB Home is one of America's premier homebuilders with domestic operating divisions in some of the fastest-growing regions and states: West Coast—California; Southwest—Arizona, Nevada and New Mexico; Central—Colorado, Illinois, Indiana, Louisiana and Texas; and Southeast—Florida, Georgia, Maryland, North Carolina, South Carolina and Virginia. Kaufman & Broad S.A., the Company's publicly-traded French subsidiary, is one of the leading homebuilders in France. In fiscal 2005, the Company delivered homes to 37,140 families in the United States and France. KB Home also offers complete mortgage services through Countrywide KB Home Loans, a joint venture with Countrywide Financial Corporation. Founded in 1957, and ranked the #1 homebuilder in *Fortune* Magazine's 2006 List of America's Most Admired Companies, KB Home is a Fortune 500 company listed on the New York Stock Exchange under the ticker symbol "KBH." For more information about any of KB Home's new home communities, call 888-KB-HOMES or visit <http://www.kbhome.com>.

About Martha Stewart Living Omnimedia, Inc.

Martha Stewart Living Omnimedia, Inc. (MSLO) is a leading provider of original "how-to" information, inspiring and engaging consumers with unique lifestyle content and high-quality products. MSLO is organized into four business segments: Publishing, Broadcasting, Merchandising, and Internet. Martha Stewart Living Omnimedia, Inc. is listed on the New York Stock Exchange under the ticker symbol MSO. For more information visit <http://www.marthastewart.com>.