



News release



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HOMES CREATED BY MARTHA STEWART AND KB HOME SET IN TRANQUIL NATURE RESERVE

Martha Stewart-Designed Homes to Be Built in Katy, Texas

LOS ANGELES and NEW YORK (June 29, 2006) - KB Home (NYSE:KBH) and Martha Stewart Living Omnimedia, Inc. (NYSE: MSO) today announced that *KB Home WoodCreek Reserve: Created with Martha Stewart*, a community in Katy, Texas is scheduled to open this fall. Located just outside of Houston, 244 specially designed homes will be available in this lushly wooded community with more than 100 acres dedicated to nature parks, walking trails, a lake and recreational amenities.

KB Home WoodCreek Reserve: Created with Martha Stewart is the third collaboration between one of the nation's leading homebuilders and the unrivaled expert on style and home design. The first community in Cary, North Carolina (*KB Home Twin Lakes: Created with Martha Stewart*) opened in March to huge success and the second community outside of Atlanta, Georgia (*KB Home Hampton Oaks: Created with Martha Stewart*) is scheduled to open in late July.

"We are extremely pleased to be announcing our next community created in conjunction with Martha Stewart in Katy, Texas," said Bruce Karatz, chief executive officer of KB Home. "At KB Home, we are constantly looking at ways to offer added value and choice to our homebuyers. The natural beauty of WoodCreek Reserve combined with the distinctive touches of Martha Stewart will ensure every KB Home customer will own their dream home."

The exteriors of the *WoodCreek Reserve* homes will have design and structural characteristics from Martha Stewart's residences in New York, Connecticut and Maine. The interiors of the homes will also display Martha's influence, featuring specialized flooring designs, cabinetry selections, kitchen and bath fixtures, lighting, mantles, moldings and wainscoting.

The community will offer 14 floor plans for homes ranging from 2,600 square feet to a "Texas-sized" 5,100 square feet. The homes are priced from the high \$200s to the mid \$500s.

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Stated MSLO Founder Martha Stewart: "I'm delighted to be creating, in collaboration with KB Home, another attractive new community of beautifully designed homes which are handsomely appointed and affordably priced. Set amid magnificent oak trees and winding hiking trails, WoodCreek Reserve is a unique and appealing development. It allows residents to experience nature's splendor while living just minutes from the fourth-largest city in the United States and all that Katy has to offer."

The centerpiece of the community is a 100-acre nature park that features a lake, soccer fields and nature trails that weave along the banks of Buffalo Bayou, a river corridor that begins just west of Katy and continues through Houston. Community members of *WoodCreek Reserve* will also enjoy access to tennis courts, playground facilities, a greenbelt system, neighborhood parks and a recreation center with pool and playground.

"WoodCreek Reserve and Katy offer the ideal location for these homes – combining the natural beauty of old oaks and nature trails in a hometown setting," said Joe Zimmerman, president of the KB Home Houston division. "Katy offers residents small town charm with all of the technological advantages and conveniences of a major metropolitan area."

The three model homes are scheduled to be completed in late fall 2006. Prospective buyers will be able to view the models and select their preferred home site and floor plan. Homebuyers will be able to customize their dream homes on site at the *WoodCreek Reserve* KB Home Studio. Homebuyers will be able to choose from a variety of Martha Stewart structural design options. Although homes do not come furnished, the model homes will contain furniture and decorative options from Martha Stewart Living Omnimedia.

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>.

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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/Direct Commerce. Martha Stewart Living Omnimedia, Inc. is listed on the New York Stock Exchange under the ticker symbol MSO.

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