



News release

FOR IMMEDIATE RELEASE

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KB HOME AND MARTHA STEWART LIVING OMNIMEDIA TO EXPAND COLLABORATION ON DEVELOPMENT OF RESIDENTIAL COMMUNITIES NATIONWIDE

Martha Stewart-inspired Homes to be Built Nationwide Beginning with Communities in North Carolina, Georgia, and Texas; Companies to Introduce Martha's Choices Items

LOS ANGELES and NEW YORK (February 22, 2006) –KB Home (NYSE: KBH) and Martha Stewart Living Omnimedia, Inc. (NYSE: MSO) announced today that they have entered into a new agreement to design and create additional Martha Stewart-inspired neighborhoods in communities throughout the country. The contract also calls for MSLO to create a line of interior and exterior home products or design options. These products, called *Martha's Choices* items, will be available exclusively to KB Home homebuyers.

The companies expanded their relationship based on positive consumer response to the first Martha Stewart-inspired community developed in the town of Cary, NC, which is due to open on March 12, 2006. The second community is due to open in Atlanta, GA, in late spring 2006. Additional developments are planned for Houston, TX; Charlotte, NC; Las Vegas, NV; Southern California; Orlando, FL; and Daytona Beach, FL. In total, the number of lots to be developed in these markets is over 1,800. These communities are expected to open within the year, and the companies are actively reviewing other attractive locations for new developments.

Introducing *Martha's Choices* Items

Martha's Choices items will be interior and exterior home products or design options designed by Martha Stewart and MSLO experts, providing a broad selection of design, style and functionality. The companies are working together to identify business partners to manufacture *Martha's Choices* products, which will be designed by MSLO and offered exclusively to KB Home homebuyers in a range of categories such as floor coverings, door selections, hardware, closet organizers, lighting fixtures, bathroom fixtures, kitchen cabinets, and window treatments. *Martha's Choices* items are expected to be available in spring 2007.

“KB Home is pleased to join with Martha Stewart Living Omnimedia on this exciting venture. This partnership continues the long tradition of KB Home’s innovative initiatives to provide our customers quality and choice in the marketplace,” said KB Home Chairman and CEO Bruce Karatz. “The initial response from consumers in Cary showcases that KB Home builds what people want to buy. We firmly believe this momentum will continue as we offer KB Homes created with Martha Stewart nationally.”

“We are thrilled to build on our early success in Cary by working with KB Home to create beautiful yet practical homes for an expanding number of communities across the country,” said Susan Lyne, President and CEO of Martha Stewart Living Omnimedia. “And by creating a line of *Martha's Choices* products that reflect

Martha's exquisite attention to quality, design and functionality, we hope to deepen our connection to the home and to our customers."

Stated MSLO Founder Martha Stewart: "We learned so much creating the homes in Cary, NC, and are eager to share these unique home solutions and innovations to many more consumers. *Martha's Choices* items will give homeowners a broader choice of functionality and style in important areas of the home from flooring to kitchen and bathroom faucets to lighting fixtures."

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

We have included in this press release certain "forward-looking statements," as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts but instead represent only our current beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of our control. These statements can be identified by terminology such as "may," "will," "should," "could," "expects," "intends," "plans," "anticipates," "believes," "estimates," "potential" or "continue" or the negative of these terms or other comparable terminology. The Company's actual results may differ materially from those projected in these statements, and factors that could cause such differences include: adverse reactions to publicity relating to Martha Stewart by consumers, advertisers and business partners; an adverse resolution to the pending SEC enforcement proceeding against Ms. Stewart arising from her personal sale of non-Company stock; adverse resolution of some or all of the Company's ongoing litigation; downturns in national and/or local economies; shifts in our business strategies; a loss of the services of Ms. Stewart; a loss of the services of other key personnel; a softening of the domestic advertising market; changes in consumer reading, purchasing and/or television viewing patterns; unanticipated increases in paper, postage or printing costs; operational or financial problems at any of our contractual business partners; the receptivity of consumers to our new product introductions; and changes in government regulations affecting the Company's industries. Certain of these and other factors are discussed in more detail in the Company's filings with the Securities and Exchange Commission, especially under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations", which may be accessed through the SEC's World Wide Web site at <http://www.sec.gov>. The Company is under no obligation to update any forward-looking statements after the date of this release.

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