

**UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION**

In re HOMESTORE.COM, INC. SECURITIES LITIGATION

Master File No. 01-CV-11115 RSWL (CWx)

CLASS ACTION

This Document Relates To:

**NOTICE OF PENDENCY OF PROPOSED
PARTIAL SETTLEMENTS OF CLASS ACTION**

ALL ACTIONS.

**NOTICE OF PENDENCY OF SETTLEMENTS AS TO
JOSEPH J. SHEW, JOHN M. GIESECKE, JR., JOHN D. DESIMONE,
SOPHIA LOSH, JEFFREY M. KALINA AND DAVID ROSENBLATT**

TO: ALL PERSONS OR ENTITIES WHO PURCHASED OR OTHERWISE ACQUIRED THE COMMON STOCK OF HOMESTORE.COM, INC (“HOMESTORE” OR “THE COMPANY”) DURING THE PERIOD FROM JANUARY 1, 2000 THROUGH DECEMBER 21, 2001 (THE “CLASS PERIOD”):

PLEASE READ THIS ENTIRE NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY THE LAWSUIT NOW PENDING IN THIS COURT. YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENTS DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND/OR RELEASE POSTMARKED ON OR BEFORE AUGUST 23, 2005.

IF YOU HAVE PREVIOUSLY SUBMITTED A VALID AND TIMELY PROOF OF CLAIM WITH REGARD TO THE SETTLEMENT WITH HOMESTORE: PLEASE SEE INSTRUCTIONS SET FORTH BELOW IN SECTION VIII.

SECURITIES BROKERS AND OTHER NOMINEES: PLEASE SEE INSTRUCTIONS SET FORTH BELOW IN SECTION XV.

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil procedure and an Order of the United States District Court for the Central District of California (the “Court”). The purpose of this Notice is to inform you of the pendency and proposed partial settlements of this class action litigation and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the settlements. This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the class action pending before the Court entitled *In re Homestore.com, Inc., Securities Litigation*, Master File 01-11115-RSWL (CWx) (the “Litigation”), or the merits of the claims or defenses asserted. This Notice describes the rights you may have in connection with these settlements and what steps you may take in relation to the settlements and this class action litigation.

The proposed settlements create a fund in the amount of \$5,956,215.64 in cash (the “Settlement Fund”) and will include interest that accrues on the fund prior to distribution. Your recovery from this fund will depend on a number of variables, including the number of shares of Homestore common stock you purchased or acquired during the period January 1, 2000 to December 21, 2001, and the timing of your purchases and any sales.

Lead Plaintiff and Joseph J. Shew (“Shew”), John M. Giesecke, Jr. (“Giesecke”), John D. DeSimone (“DeSimone”), Sophia Losh (“Losh”), Jeffrey M. Kalina (“Kalina”) and David Rosenblatt (“Rosenblatt”) do not agree on the average amount of damages per share that would be recoverable if the Lead Plaintiff were to have prevailed on each claim alleged. The issues on which the parties disagree include: (1) the appropriate economic model for determining the amount by which Homestore common stock was allegedly artificially inflated (if at all) during the Class Period; (2) the amount by which Homestore common stock was allegedly artificially inflated (if at all) during the Class Period; (3) the effect of various market forces influencing the trading price of Homestore common stock at various times during the Class Period; (4) the extent to which external factors, such as general market and industry conditions, influenced the trading price of Homestore common stock at various times during the Class Period; (5) the extent to which the various matters that Lead Plaintiff alleged were materially false or misleading influenced (if at all) the trading price of Homestore common stock at various times during the Class Period; (6) the extent to which the various allegedly adverse material facts that Lead Plaintiff alleged were omitted influenced (if at all) the trading price of Homestore common stock at various times during the Class Period; and (7) whether the statements made or facts allegedly omitted were material, false, misleading or otherwise actionable under the securities laws.

The Lead Plaintiff believes that the proposed settlements are a good recovery and are in the best interests of the Class. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that Plaintiffs would not have prevailed on any of their claims, in which case the Class would receive nothing. Rosenblatt was dismissed from the case and an amended complaint, if filed, might also have been dismissed. The amount of damages recoverable by the Class was and is challenged by Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the litigation gone to trial, Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt would have asserted that all or most of the losses of Class Members were caused by non-actionable market, industry or general economic factors. Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt would also assert that throughout the Class Period the uncertainties and risks associated with the purchase of Homestore common stock were fully and adequately disclosed.

Lead Plaintiff's Counsel has not received any payment for their services in conducting this Litigation on behalf of the Lead Plaintiff and the Members of the Class, nor have they been reimbursed for their substantial out-of-pocket expenditures. If the settlements are approved by the Court, Lead Plaintiff's Counsel **will not** apply to the Court for attorneys' fees from these settlements. However, Lead Plaintiff's Counsel will seek partial reimbursement of out-of-pocket expenses incurred in prosecuting this litigation in the amount of \$195,000 and, will seek distribution from the Settlement Fund, not to exceed \$250,000, associated with the cost of providing this Notice, claims administration of these settlement and other related expenses.

For further information regarding these settlements you may contact, Bruce L. Simon, Cotchett, Pitre, Simon & McCarthy, 840 Malcolm Rd., Suite 200, Burlingame, CA, 94010, Telephone: (650) 697-6000.

I. NOTICE OF HEARING ON PROPOSED SETTLEMENT

A final approval hearing will be held on August 29, 2005 at 9:00 a.m. before the Honorable Ronald S.W. Lew, United States District Judge, at the United States Courthouse, Central District of California, 312 N. Spring Street, Los Angeles, CA 90012 (the "Final Approval Hearing"). The purpose of the Final Approval Hearing will be to determine: (1) whether the settlements consisting of \$5,956,215.64 in cash should be approved as fair, reasonable, and adequate to the Settling Parties; (2) whether the proposed plan to distribute the settlement proceeds (the "Plan of Allocation") is fair, reasonable, and adequate; (3) whether the application by Lead Plaintiff's Counsel for reimbursement of claims administration expenses should be approved; and (4) whether the Litigation should be dismissed with prejudice as to Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt. The Court may adjourn or continue the Final Approval Hearing without further notice to the Settlement Class.

II. DEFINITIONS USED IN THIS NOTICE

1. "Class" means the certified Class defined as:

All Persons (excluding Defendants, any members of their immediate families, any person, firm, trust, corporation, present or former officer, director, or other individual or entity in which any Defendant has a controlling interest or which is affiliated with any of the Defendants, and any legal representatives, agents, affiliated, heirs, successors-in-interest or assigns of any excluded party and any Persons or entities who have pled guilty to securities violations with respect to Homestore securities), who purchased Homestore.com, Inc. Stock from January 1, 2000 through December 21, 2001.

2. "Defendants" means PricewaterhouseCoopers LLP, Stuart Wolff, Peter Tafeen and Homestore.
3. "Dismissed Defendants" means: AOL Time Warner, Eric Keller, David Colburn, Cendant Corporation, Richard Smith, L90, Akonix, CityRealty, Classmates Online, CornerHardware, GlobeExplorer, Internet Pictures, PromiseMark, RevBox, Dorado Corporation, Smart Home, and WizShop. Dismissed Defendants are a subclass pursuant to Judge Lew's November 17, 2004 Order.
4. "Related Parties" means any member of Shew, Giesecke, DeSimone, Losh, Kalina or Rosenblatt's family, their heirs, their successors or assignees, or any trust of which Shew, Giesecke, DeSimone, Losh, Kalina or Rosenblatt are the settlor or which is for the benefit of any member of Shew, Giesecke, DeSimone, Losh, Kalina or Rosenblatt's family or heirs.
5. "Settled Claims" means any and all claims rights, demands, obligations, controversies, debts, damages, losses, causes of action and liabilities of any kind or nature whatsoever in law or equity, including both known and unknown claims, suspected or unsuspected, held at any point from the beginning of time to the date of the execution of the Stipulations, arising out of, connected with, or in any way relating to, the acquisition of Homestore common stock or which have been or could have been asserted by any of the Plaintiffs or Class Members in the Action against Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt.
6. "Released Persons" means Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt and their Related Parties.
7. "Settlement Fund" means Five Million Nine Hundred Fifty-Six Thousand Two Hundred Fifteen dollars and Sixty-Four cents (\$5,956,215.64) in cash to be paid by wire transfer to the Escrow Agent pursuant to the Stipulation, plus all interest earned thereon.
8. "Unknown Claims" means any Settled Claims that Lead Plaintiff or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons, which, if known by him, her or it, might have affected his, her or its settlements with and release of the Released Persons, or might have affected his, her or its decision not to object to these settlements. With respect to any and all

Settled Claims, upon the Effective Date, the Lead Plaintiffs and each of the Class Members will be deemed to have, and by operation of the Judgment will have, expressly waived the provisions, rights and benefits of California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

The Lead Plaintiff and each of the Class Members will be deemed to have, and by operation of the Judgment will have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542. The Lead Plaintiff and Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Settled Claims, but the Lead Plaintiff will expressly and each Class Member, upon the Effective Date, will be deemed to have, and by operation of the judgment will have, fully, finally, and forever settled and released any and all Settled Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts.

III. THE CLASS DEFINITION

The Class includes: All persons or entities (excluding defendants, any members of their immediate families, any person, firm, trust, corporation, present or former officer, director, or other individual or entity in which any Defendant has a controlling interest or which is affiliated with any of the Defendants, and any legal representatives, agents, affiliates, heirs, successors-in-interest or assigns of any excluded party), who purchased Homestore.com, Inc. stock from January 1, 2000 through December 21, 2001. Pursuant to Judge Lew's November 17, 2004 order, the Dismissed Defendants are a subclass.

This Notice is to advise you of the pendency and nature of this Class Action and your rights in connection with it.

IV. THE LITIGATION

On and after December 27, 2001, the following actions were filed in the United States District Court for the Central District of California as securities class actions on behalf of purchasers or acquirers of Homestore common stock during a defined period of time.

- (i) *Simpson v. Homestore, et al.*, Case No. 01-11115, Filed on December 27, 2001;
- (ii) *Hirsch v. Homestore, et al.*, Case No. 01-11190, Filed on December 28, 2001;
- (iii) *Schmalz v. Homestore, et al.*, Case No. 01-11194, Filed on December 28, 2001;
- (iv) *Nesco v. Homestore, et al.*, Case No. 02-00078, Filed on January 4, 2002;
- (v) *Katz v. Homestore, et al.*, Case No. 02-00080, Filed on January 4, 2002;
- (vi) *Britton v. Homestore, et al.*, Case No. 02-00104, Filed on January 4, 2002;
- (vii) *Idoeta v. Homestore.com, et al.*, Case No. 02-00116, Filed on January 4, 2002;
- (viii) *Abbamondi, Betancourt v. Homestore, et al.*, Case No. 02-00136, Filed on January 7, 2002;
- (ix) *Keeling, Greenblat v. Homestore, et al.*, Case No. 02-00137, Filed on January 7, 2002;
- (x) *Rosa v. Homestore, et al.*, Case No. 02-00216, Filed on January 8, 2002;
- (xi) *Fink v. Homestore, et al.*, Case No. 02-00221, Filed on January 9, 2002;
- (xii) *Seegar v. Homestore, et al.*, Case No. 02-00544, Filed on January 18, 2002;
- (xiii) *Bienstock v. Homestore, et al.*, Case No. 02-00917, Filed on January 30, 2002;
- (xiv) *Krim v. Homestore, et al.*, Case No. 02-01052, Filed on February 4, 2002;
- (xv) *Applen v. Homestore, et al.*, Case No. 02-01095, Filed on February 5, 2002;
- (xvi) *Berger v. Homestore, et al.*, Case No. 02-01100, Filed on February 5, 2002;
- (xvii) *Reitzfeld v. Homestore, et al.*, Case No. 02-01277, Filed on February 11, 2002;
- (xviii) *Goldstein v. Homestore, et al.*, Case No. 02-01337, Filed on February 13, 2002;
- (xix) *Baratz v. Homestore, et al.*, Case No. 02-01341, Filed on February 13, 2002.

These actions were consolidated for all purposes by an order entered on February 22, 2002. The consolidated actions are referred to herein collectively as the "Litigation."

Lead Plaintiff CalSTRS was appointed by Court Order dated March 25, 2002. Their selection of Lead Counsel, Cotchett, Pitre, Simon & McCarthy, was approved by Court Order on May 30, 2002.

The operative complaint in the Litigation is the First Amended Consolidated Complaint for Violations of Federal Securities Laws (the "FACC"), filed on November 15, 2002. The FACC alleges violations of §§10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder on behalf of a class of purchasers of Homestore common stock during the period January 1, 2000 through December 21, 2001.

V. CLAIMS OF THE LEAD PLAINTIFF AND BENEFITS OF SETTLEMENT

Lead Plaintiff believes that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims. However, counsel for the Lead Plaintiff recognizes and acknowledges the expense and length of continued proceedings necessary to prosecute the Litigation against Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt through trial and through appeals. Counsel for the Lead Plaintiff also has taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Litigation, as well as the difficulties and delays inherent in such litigation. Counsel for the Lead Plaintiff also is mindful of the inherent problems of proof under and possible defenses to the securities law violations asserted in the Litigation, as well as Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt's current financial condition. Counsel for the Lead Plaintiff believes that the settlements set forth in the Stipulations confer substantial benefits upon the Class. Based on its evaluation, counsel for the Lead Plaintiff has determined that the settlements set forth in the Stipulations are in the best interests of the Lead Plaintiff and the Class.

VI. SHEW, GIESECKE, DESIMONE, LOSH, KALINA AND ROSENBLATT'S STATEMENTS AND DENIALS OF WRONGDOING AND LIABILITY

Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt have denied and continue to deny each and all of the claims and contentions alleged by the Lead Plaintiff in this Litigation. Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt expressly denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. By Court order dated March 7, 2003, the claims in the FACC as to Rosenblatt were dismissed, with leave to amend. Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt also have denied and continue to deny, *inter alia*, the allegations that the Lead Plaintiff or the Class have suffered damage, that the price of Homestore common stock was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise, or that the Lead Plaintiff or the Class were harmed by the conduct alleged in the Complaint.

Nonetheless, Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt have concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulations. Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Litigation. Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt have, therefore, determined that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in the Stipulations.

VII. TERMS OF THE PROPOSED SETTLEMENTS

Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt have paid, caused to be paid or are willing to pay into an escrow account, pursuant to the terms of their respective Stipulations, cash in the amount of \$5,956,215.64, which has been earning and will continue to earn interest for the benefit of the Class. The Released Persons will pay cash as follows: Shew (\$1,053,751.64); Giesecke (\$3,805,201.00); DeSimone (\$177,796.00); Losh (\$650,119); Kalina (\$74,348); and Rosenblatt (\$195,000).

A portion of the settlement proceeds will be used for certain administrative expenses, including costs of printing and mailing this Notice, the cost of publishing a newspaper notice, payment of any taxes assessed against the Settlement Fund and costs associated with the processing of claims submitted. In addition, as explained below, a portion of the Settlement Fund may be awarded by the Court to counsel for Lead Plaintiff as partial reimbursement of out-of-pocket expenses associated with claims administration. The balance of the Settlement Fund (the "Net Settlement Fund") will be distributed according to the Plan of Allocation described below to Class Members who submit a valid and timely Proof of Claim and/or Release.

VIII. THE RIGHTS OF CLASS MEMBERS

If you are a Class Member, you may receive the benefit of the settlement. You will be bound by the terms of the proposed settlements described in SVII of this Notice, upon approval by the Court.

If you are a Class member, you have the following options:

1. You may file a Proof of Claim as described below. If you choose this option, you will remain a Class Member, you will share in the proceeds of the proposed settlements if your claim is timely and valid and if the proposed settlements are finally approved by the Court, and you will be bound by the Judgment and release described below.
2. **If you previously submitted a timely and valid Proof of Claim with regard to the settlement with Homestore, and you wish to be included in this settlement and be bound by the Judgment and Release, you are not required to complete another claim form. However, you must read Sections V and VI of the Proof of Claim, and sign and return the Release.** Upon receipt of your signed Release, the information contained in your prior Proof of Claim will be considered valid and timely with regard to these additional settlements.

3. If you do not wish to be included in the Class and you do not wish to participate in the proposed settlements described in this Notice, you may request to be excluded. To do so, you must so state in writing no later than July 29, 2005. Even if you previously sought exclusion, you must again seek exclusion as to these additional settlements. If you previously submitted a Proof of Claim with regard to the settlement with Homestore, you are entitled to seek exclusion as to these additional settlements. In order to do so, you must set forth: (a) your name, address and telephone number; (b) the number of shares of Homestore common stock purchased or acquired and the number of shares sold during the Class Period and the dates and prices of such purchase(s), acquisition(s) and/or sale(s); and (c) that you wish to be excluded from the Class. The exclusion request should be addressed as follows:

Claims Administrator
In re Homestore.com, Inc. Securities Litigation
c/o Rust Consulting, Inc.
P.O. Box 1670
Fairbault, MN 55021-1670

NO REQUEST FOR EXCLUSION WILL BE CONSIDERED VALID UNLESS ALL OF THE INFORMATION DESCRIBED ABOVE
IS INCLUDED IN ANY SUCH REQUEST.

If you validly request exclusion from the Class, (a) you will be excluded from the Class, (b) you will not share in the proceeds of the settlements described herein, (c) you will not be bound by any judgment entered in the Litigation, and (d) you will not be precluded, by reason of your decision to request exclusion from the Class, from otherwise prosecuting an individual claim, if timely, against Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt based on the matters complained of in the Litigation.

4. If you do not request in writing to be excluded from the Class as set forth in paragraph 3 above, you will be bound by any and all determinations or judgments in the Litigation in connection with the settlements entered into or approved by the Court, whether favorable or unfavorable to the Class, and you will be deemed to have, and by operation of the Judgment will have fully released all of the Settled Claims against the Released Persons, whether or not you submit a valid Proof of Claim.
5. You may object to the settlements and/or the application of Lead Plaintiffs' counsel for reimbursement of expenses in the manner set forth below. The filing of a Proof of Claim by a Class Member does not preclude a Class Member from objecting to the settlements. However, if your objection is rejected you will be bound by the settlements and the Judgment just as if you had not objected.
6. You may do nothing at all. If you choose this option, you will not share in the proceeds of the settlements, but you will be bound by any judgment entered by the Court, and you will be deemed to have, and by operation of the Judgment will have fully released all of the Settled Claims against the Released Persons.

If you are a Class Member, you may, but you are not required to, enter an appearance through counsel of your own choosing at your own expense. If you do not do so, you will be represented by Lead Plaintiff's Counsel: Cotchett, Pitre, Simon & McCarthy, 840 Malcolm Rd., Suite 200, Burlingame, CA 94010.

IX. PLAN OF ALLOCATION

The Net Settlement Fund will be distributed to Class Members who submit valid, timely Proof of Claims and/or Releases ("Authorized Claimants") under the Plan of Allocation described below. The Plan of Allocation provides that you will be eligible to participate in the distribution of the Settlement Fund only if you have a net loss on all transactions in Homestore common stock during the Class Period.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Lead Plaintiff's Counsel have consulted with their damage consultants and the Plan of Allocation reflects an assessment of the damages that they believe could have been recovered had plaintiffs prevailed at trial.

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

A claim will be calculated as follows:

1. For shares of Homestore common stock that were purchased or acquired from January 1, 2000 through December 21, 2001;
 - a. Price inflation per share of common stock during the Class Period would be based on market and industry-adjusted percentage declines in the price of Homestore common stock on November 2, 2001 and January 2, 2002. The inflation per share would be further adjusted on a pro-rated basis according to the amounts Homestore's financial statement were restated. Changes in price inflation occurred on the following dates: October 20, 2000, January 26, 2001, April 26, 2001, July 26, 2001 and October 3, 2001. (These dates correspond to the days Homestore's earnings reports or changes in guidance were originally released, or in the case of aftermarket announcements, the next trading day.)

b. Inflation as a percentage of share price during the Class Period is calculated as follows:

- From January 2, 2000 through October 19, 2000: 3.6%
- From October 20, 2000 through January 25, 2001: 7.1%
- From January 26, 2001 through April 25, 2001: 17.8%
- From April 26, 2001 through July 25, 2001: 35.7%
- From July 26, 2001 through October 2, 2001: 57.1%
- From October 3, 2001 through November 1, 2001: 71.3%
- From November 2, 2001 through December 21, 2001: 36.7%

c. Net dollar proceeds per share would be allocated as follows:

- (i) Multiply the above percentage inflation applicable to the share purchase date by the share purchase price paid;
- (ii) If the share was retained (not sold) after December 21, 2001, the net dollar proceeds are the amount calculated per (i) above;
- (iii) If the share was sold on or before December 21, 2001, multiply the above percentage inflation applicable to the share sale date by the sale price, and subtract that amount from the dollar value calculated per (i) above. The resulting amount is the net dollar proceeds;
- (iv) If the total amount calculated for all of one Class Member's transactions is negative, the net dollar proceeds equal zero.

The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Class Member on equitable grounds. Adjustments to the amount recovered by a claimant could occur based on the amount of claims made.

Payment Pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Authorized Claimant shall have any claim against Lead Plaintiff's Counsel or any claims administrator or any Released Persons or other agent designated by Lead Plaintiff's Counsel or any Released Person or their respective counsel based on distributions made substantially in accordance with the Stipulations and the settlements contained therein, the Plan of Allocation, or further orders of the Court. All Class Members who fail to complete and file a valid and timely Proof of Claim and/or Release shall be barred from participating in distributions from the Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulations, including the terms of any judgment entered and the releases given.

X. PARTICIPATION IN THE SETTLEMENTS

If you fall within the definition of the Class, you will be bound by any judgment entered with respect to the settlements in the Litigation whether or not you file a Proof of Claim. If you choose, you may enter an appearance individually or through your own counsel at your own expense.

TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY COMPLETE AND RETURN THE PROOF OF CLAIM AND/OR RELEASE FORM THAT ACCOMPANIES THIS NOTICE.

If you have not previously submitted a valid and timely Proof of Claim with regard to the settlement with Homestore, you must submit a completed Proof of Claim and Release. If you have previously submitted a valid and timely Proof of Claim with regard to the settlement with Homestore, you are not required to complete another claim form but must read Sections V and VI of the Proof of Claim, and sign and return the Release.

The Proof of Claim and/or Release must be postmarked on or before August 23, 2005, and delivered to the Claims Administrator at the address below. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim and/or Release, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Stipulations and the Judgment.

XI. DISMISSAL AND RELEASES

If the proposed settlements are approved, the Court will enter a Final Judgment and Order of Dismissal with Prejudice with regard to Shew, Giesecke, DeSimone, Losh, Kalina and Rosenblatt ("Judgment"). The Judgment will dismiss the Settled Claims with prejudice as to the Released Persons. The Judgment will provide that all Class Members will be deemed to have released and forever discharged all Settled Claims (to the extent Members of the Class have such claims) against all Released Persons and that the Released Persons will be deemed to have released and discharged all Class Members and counsel to the Lead Plaintiff from all claims arising out of the prosecution and settlements of the Litigation or the Settled Claims.

XII. APPLICATION FOR FEES AND EXPENSES

Lead Plaintiff's Counsel has not received any payment for its services in conducting this Litigation on behalf of the Lead Plaintiff and the Members of the Class, nor have they been reimbursed for their substantial out-of-pocket expenditures. If the settlements are approved by the Court, Lead Plaintiff's Counsel **will not** apply to the Court for attorneys' fees from these settlements. However, Lead Plaintiff's Counsel will seek partial reimbursement of out-of-pocket expenses incurred to date in prosecuting this litigation in the amount of \$195,000. In addition, pursuant to the terms of the Stipulations, Lead Plaintiff's Counsel will seek distribution from the Settlement Fund, not to exceed \$250,000, associated with the cost of providing this Notice, claims administration associated with these settlements and other related expenses. Class Members are not personally liable for any such expenses.

XIII. CONDITIONS FOR SETTLEMENTS

The settlements are conditioned upon the occurrence of certain events described in the Stipulations. Those events include, among other things: (1) entry of the Judgment by the Court, as provided for in the Stipulations; and (2) expiration of the time to appeal from or alter or amend the Judgment. If, for any reason, any one of the conditions described in the Stipulations is not met, the Stipulations might be terminated and, if terminated, will become null and void, and the parties to the Stipulations will be restored to their respective positions as of November 22, 2004 with respect to Shew, Giesecke, DeSimone, Losh, and Kalina and as of January 20, 2005 with respect to Rosenblatt.

XIV. THE RIGHT TO BE HEARD AT THE HEARING

Any Class Member who objects to any aspect of the settlements, the Plan of Allocation, or the application for reimbursement of costs and expenses, may appear and be heard at the Final Approval Hearing. Any such Person must submit a written notice of objection, received on or before July 29, 2005, to each of the following:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
312 Spring St., Rm G-8
Los Angeles, CA 90012

Counsel for Joseph J. Shew
FAIRBANK & VINCENT
Robert H. Fairbank
11755 Wilshire Boulevard, Suite 2320
Los Angeles, CA 90025

Counsel for DeSimone
**LIGHTFOOT, VANDEVELDE, SADOWSKY,
MEDVENE & LEVINE**
John D. Vandeveld
655 South Hope Street
Los Angeles, CA 90017-3211

Counsel for Kalina
**OVERLAND BORENSTEIN SCHEPER
& KIM LLP**
David C. Scheper
300 South Grand Avenue, Suite 2750
Los Angeles, CA 90071

Lead Counsel for Plaintiffs
COTCHETT, PITRE, SIMON & MCCARTHY
Bruce L. Simon
840 Malcolm Rd., Suite 200
Burlingame, CA 94010

Counsel for Giesecke
HOWREY, SIMON, ARNOLD & WHITE
Jan Handzlik
550 South Hope Street, Suite 1100
Los Angeles, CA 90071-2627

Counsel for Losh
CLARENCE, SNELL & DYER LLP
Kate Dyer
899 Ellis Street
San Francisco, CA 94109

Counsel for Rosenblatt
PILLSBURY WINTHROP LLP
Walter J. Robinson, III
2475 Hanover Street
Palo, Alto, CA 94304-1114

The notice of objection must demonstrate the objecting Persons' membership in the Class, including the number of Homestore shares purchased, acquired and sold during the Class Period, and contain a statement of reasons for objection. Only Members of the Class who have submitted written notices in this manner will be entitled to be heard at the Final Approval Hearing, unless the Court orders otherwise.

XV. SPECIAL NOTICE TO BANKS, BROKERS AND OTHER NOMINEES

If you were a nominee for any beneficial owner of Homestore common stock (securities) during the Class Period, then, within ten (10) days after you receive this Notice, you must either: (a) provide the Claims Administrator with the names and addresses of such beneficial owners, **preferably on computer-generated mailing labels or, if there are more than 2,000, on a 3½" diskette, CD-ROM or ZIP/JAZ media**, or, in the alternative, (b) send a copy of the Notice to all beneficial owners by first-class mail and provide the Claims Administrator with written confirmation of having done so. Additional copies of the Notice may be requested in writing from the Claims Administrator. All correspondence should be addressed as follows:

Claims Administrator
In re Homestore.com, Inc. Securities Litigation
c/o Rust Consulting, Inc.
PO Box 1670
Faribault, MN 55021-1670

You are entitled to reimbursement of any reasonable expenses actually incurred in connection with the foregoing upon submission of a request and the appropriate supporting documentation to the Claims Administrator.

XVI. EXAMINATION OF PAPERS

This Notice contains only a summary of the nature and history of the Class Action. For more detailed information, reference is made to the pleadings and orders of the Court. Pleadings, papers filed in this action and orders of the Court are available for inspection during normal business hours at the Clerk's Office of the United States District Court for the Central District of California, Los Angeles Division, 312 N. Spring Street, Los Angeles, CA 90012.

If you have any questions about the settlements of the Litigation, you may contact Lead Plaintiff's Counsel by writing:

Bruce L. Simon
COTCHETT, PITRE, SIMON & McCARTHY
San Francisco Airport Office Center
840 Malcolm Road, Suite 200
Burlingame, California 94010
Telephone: (650) 697-6000
Facsimile: (650) 697-0577

PLEASE DO NOT TELEPHONE OR MAIL ANY INQUIRIES TO THE COURT.

BY ORDER OF THE COURT:

Dated: May 2, 2005

RONALD S. W. LEW
United States District Court
for the Central District of California