

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)  
 )  
This Document Relates To: )  
 )  
ALL ACTIONS. ) **NOTICE OF PENDENCY AND PROPOSED PARTIAL**  
 ) **SETTLEMENT OF CLASS ACTION**  
 )

**NOTICE OF PROPOSED SETTLEMENT WITH  
CENDANT CORPORATION (NOW KNOWN AS AVIS BUDGET, INC.) AND RICHARD A. SMITH**

**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”):**

**THIS NOTICE IS TO ADVISE YOU OF THE NATURE OF THE LITIGATION, THE PROPOSED SETTLEMENT WITH CENDANT CORPORATION (“CENDANT”) AND RICHARD A. SMITH (“SMITH”), AND YOUR RIGHTS IN CONNECTION WITH IT.**

**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 SETTLEMENT WITH CENDANT AND SMITH DESCRIBED IN THIS NOTICE.**

**If You Are a New Claimant:**

**TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM POSTMARKED ON OR BEFORE APRIL 2, 2009.**

**If You Previously Filed a Claim:**

**IF YOU PREVIOUSLY SUBMITTED A TIMELY AND VALID PROOF OF CLAIM WITH REGARD TO THE SETTLEMENT WITH HOMESTORE, AND/OR WITH THE INDIVIDUAL DEFENDANTS SHEW, GIESECKE, DeSIMONE, KALINA, LOSH AND ROSENBLATT, AND/OR WITH PRICEWATERHOUSECOOPERS LLP, AND/OR WITH TIME WARNER INC., MAX WORLDWIDE, INC., FORMERLY KNOWN AS L90, INC., AND PETER TAFEEN, AND YOU WISH TO BE INCLUDED IN THIS SETTLEMENT WITH CENDANT AND SMITH, AND BE BOUND BY THE JUDGMENT AND RELEASE, YOU ARE NOT REQUIRED TO COMPLETE ANOTHER CLAIM FORM OR RETURN ANOTHER RELEASE. THE INFORMATION CONTAINED IN THAT PREVIOUSLY SUBMITTED, TIMELY AND VALID PROOF OF CLAIM WILL BE CONSIDERED TIMELY AND VALID WITH REGARD TO THIS ADDITIONAL SETTLEMENT, AS WELL.**

**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 Settlement of this class action litigation and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the settlement. 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 action pending before the Court entitled *In re Homestore.com, Inc., Securities Litigation*, Master File 01-CV-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 this Settlement and what steps you may take in relation to the Settlement and this class action litigation.

The proposed settlement creates a fund in the amount of \$4,000,000.00 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. Of this sum, and pursuant to the Stipulation of Settlement and the order of the Court, a maximum of \$350,000.00 may be used to provide notice to Class Members and to administer the distribution of the Settlement to Class Members.

Lead Plaintiff believes that the proposed settlement is a good recovery and is 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. Cendant and Smith have denied and continue to deny each and all of the claims and contentions alleged by the Lead Plaintiff in this Litigation.

Lead Plaintiff’s Counsel **will** apply to the Court for attorneys’ fees, not to exceed 10.5% of the Settlement Fund. In addition, Lead Plaintiff’s Counsel will seek **full reimbursement** of out-of-pocket expenses incurred to date in prosecuting this litigation and will seek distribution from the Settlement Fund of costs associated with providing notice of this Settlement, administering claims associated with this Settlement and other related expenses to the extent that those expenses exceed the \$350,000.00 which the Stipulation of Settlement and this Court’s order permitted to

be used for notice to the Class and administration of the Settlement Fund. The Court will consider the attorneys' fees and costs petition separate from its consideration of the fairness, reasonableness and adequacy of the Settlement set forth in the Stipulation. Therefore, any order relating to attorneys' fees and costs will not delay the Settlement approval process.

For further information regarding this Settlement you may contact, Claims Administrator, In re Homestore.com, Inc. Securities Litigation, c/o Rust Consulting, Inc., P.O. Box 1670, Faribault, MN 55021-1670 or by calling toll-free at: 1-866-216-0264 or by visiting [www.homestoresettlement.com](http://www.homestoresettlement.com).

### **I. NOTICE OF HEARING ON PROPOSED SETTLEMENT**

A final approval hearing will be held on March 16, 2009 at 10:00 am before the Honorable Ronald S.W. Lew, United States District Judge, at the United States Courthouse Central District of California, 312 N. Spring St., Los Angeles, CA 90012 (the "Final Approval Hearing"). The purpose of the Final Approval Hearing will be to determine: (1) whether the Settlement 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 attorneys' fees, not to exceed 10.5% of the Settlement Fund and full reimbursement of its out-of-pocket expenses should be approved; and (4) whether the Litigation should be dismissed with prejudice as to Cendant and Smith. The Court may adjourn or continue the Final Approval Hearing without further notice to the Settlement Class.

### **II. DEFINITIONS USED IN THIS NOTICE**

1. "Cendant Settlement Proceeds" means Cendant's *pro rata* share of any settlement proceeds paid by the Other Settling Defendants (excluding PricewaterhouseCoopers LLP and Defendant Wolff) in this Action, including the cash and stock currently being held by Plaintiff in trust for Cendant and the cash to which Cendant is entitled from settlements not yet administered.
2. "Class" or "Plaintiff Class" means the Class certified on September 29, 2003 defined as all Persons, including Cendant, who purchased or otherwise acquired Homestore.com, Inc. stock from January 1, 2000 through December 21, 2001.
3. "Defendant Wolff" means Stuart Wolff, against whom this Litigation remains pending.
4. "Other Settling Defendants" means the following parties with whom Plaintiffs have entered into separate settlement agreements: Homestore, Time Warner Inc., Eric Keller, David Colburn, L90, Inc. (now known as Max Worldwide, Inc.), Peter Tafeen, PricewaterhouseCoopers LLP, John Giesecke, Joseph Shew, Sophia Losh, David Rosenblatt, John DeSimone and Jeff Kalina.
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 this Stipulation, 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 any of the Released Cendant Parties.
6. "Released Cendant Parties" means Cendant, Smith, Realogy Corporation, Wyndham Worldwide, each of Cendant's present or former assigns, affiliates, administrators, executors, successors, subsidiaries, attorneys, accountants and auditors, experts, parents, predecessors, or related companies, partnerships or limited partnerships, and any of its or their present or former officers and directors, shareholders, partners, limited partners, principals, employees, agents or representatives.
7. "Settlement Fund" means the portion of the Cendant Settlement Proceeds that Cendant is foregoing for the benefit of the other Class Members pursuant to the Stipulation.
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 Cendant Parties, which, if known by him, her or it, might have affected his, her, or its settlement with and release of the Released Cendant Parties, or might have affected his, her, or its decision not to object to this Settlement. With respect to any and all Settled Claims, upon the Effective Date, the Lead Plaintiffs will expressly 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 will expressly 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 or international law and the law of any foreign state or territory, 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 noncontingent, 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, including Cendant, who purchased Homestore.com, Inc. common stock from January 1, 2000 through December 21, 2001. Cendant is a member of the Class because in October 2000, Cendant sold two subsidiaries, Move.com and Welcome Wagon International, Inc., to Homestore in exchange for approximately 21.5 million shares of Homestore stock with a market value of approximately \$750 million at that time and representing approximately 20% of the outstanding shares of Homestore stock.

### **IV. THE LITIGATION**

This class action is a consolidation of several suits brought before the United States District Court for the Central District of California beginning December 27, 2001 on behalf of purchasers or acquirers of Homestore common stock beginning January 1, 2000 and ending December 21, 2001. The consolidated actions are referred to herein collectively as the "Litigation."

- (a) *Simpson v. Homestore, et al.*, Case No. 01-11115, Filed on December 27, 2001;
- (b) *Hirsch v. Homestore, et al.*, Case No. 01-11190, Filed on December 28, 2001;
- (c) *Schmalz v. Homestore, et al.*, Case No. 01 1 1194, Filed on December 28, 2001;
- (d) *Nesco v. Homestore, et al.*, Case No. 0200078, Filed on January 4, 2002;
- (e) *Katz v. Homestore, et al.*, Case No. 0200080, Filed on January 4, 2002;
- (f) *Britton v. Homestore, et al.*, Case No. 0200104, Filed on January 4, 2002;
- (g) *Ido eta v. Homestore.com, et al.*, Case No. 02001 16, Filed on January 4, 2002;
- (h) *Abbamondi, Betancourt v. Homestore, et al.*, Case No. 0200 136, Filed on January 7, 2002;
- (i) *Keeling, Greenblat v. Homestore, et al.*, Case No. 0200137, Filed on January 7, 2002;
- (j) *Rosa v. Homestore, et al.*, Case No. 0200216, Filed on January 8, 2002;
- (k) *Fink v. Homestore, et al.*, Case No. 0200221, Filed on January 9, 2002;
- (l) *Seegar v. Homestore, et al.*, Case No. 0200544, Filed on January 18, 2002;
- (m) *Bienstock v. Homestore, et al.*, Case No. 02009 17, Filed on January 30, 2002;
- (n) *Krim v. Homestore, et al.*, Case No. 0201052, Filed on February 4, 2002;
- (o) *Applen v. Homestore, et al.*, Case No. 0201095, Filed on February 5, 2002;
- (p) *Berger v. Homestore, et al.*, Case No. 0201 100, Filed on February 5, 2002;
- (q) *Reitzfeld v. Homestore, et al.*, Case No. 0201277, Filed on February 11, 2002;
- (r) *Goldstein v. Homestore, et al.*, Case No. 0201337, Filed on February 13, 2002;
- (s) *Baratz v. Homestore, et al.*, Case No. 0201341, Filed on February 13, 2002;

By order dated March 25, 2002, the Court appointed the California State Teachers' Retirement System ("CalSTRS") Lead Plaintiff. The Court approved Lead Plaintiff's approval of the law firm of Cotchett, Pitre, Simon & McCarthy (now known as Cotchett, Pitre & McCarthy) as Lead Counsel on May 30, 2002.

The operative complaint in the Litigation is the First Amended Consolidated Complaint for Violations of Federal Securities Laws (the "FAC"), filed November 15, 2002. The FAC alleges violations of § § 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b5 promulgated thereunder on behalf of a class of purchasers of Homestore common stock during the period January 1, 2000 through December 21, 2001.

In an Opinion and Order dated March 7, 2003 (the "Dismissal Order"), the District Court dismissed the FAC with prejudice as against Cendant and Smith.

In June 2006, the Ninth Circuit Court of Appeals affirmed the District Court's Dismissal Order in a decision captioned *Simpson, et al. v. AOL Time Warner Inc.*, 452 F.3d 1040 (9th Cir. 2006), but allowed Plaintiff to seek leave to amend the Complaint to comply with the Ninth Circuit's newly-articulated test for primary liability under Section § 10(b).

On December 19, 2006, the District Court denied Plaintiff's motion for leave to file a Second Amended Consolidated Complaint ("SAC") as to Cendant and Smith, as well as other defendants. Plaintiff's motion was granted, however, as to Defendant Stuart Wolff.

On February 25, 2008, the United States Supreme Court vacated the judgment of the Ninth Circuit in *Simpson*, and remanded to the Ninth Circuit for further consideration in light of the Supreme Court's decision in *Stoneridge Inv. Partners, LLC v. Scientific-Atlanta, Inc.*, 128 S. Ct. 761, 169 L. Ed 2d 627 (2008).

On March 26, 2008, pursuant to the Supreme Court's judgment, the Ninth Circuit vacated its opinion in *Simpson*. The Ninth Circuit then vacated the Dismissal Order and remanded to the District Court for further proceedings consistent with the Supreme Court's decision in *Stoneridge*.

On June 19, 2008, Plaintiff filed a motion for leave to file a Third Amended Consolidated Complaint ("TAC"). Cendant and Smith filed their opposition to Plaintiff's motion on July 3, 2008.

### **V. CLAIMS OF THE LEAD PLAINTIFF AND BENEFITS OF SETTLEMENT**

Lead Plaintiff believes that the claims asserted against Cendant and Smith 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 Cendant and Smith through trial and through appeals. Counsel for the Lead Plaintiff also has taken into account the uncertain outcome in this Litigation, especially considering (i) the District Court's Dismissal Order, (ii) the Ninth Circuit's decision

in *Simpson*, (iii) the District Court's decision denying Plaintiff's motion for leave to file the SAC as to Cendant and Smith, and (iv) the Supreme Court's decision in *Stoneridge*. Lead Plaintiff's Counsel 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. Counsel for the Lead Plaintiff believes that the Settlement set forth in the Stipulation confers substantial benefits upon the Class. Based on its evaluation, counsel for the Lead Plaintiff has determined that the Settlement set forth in the Stipulation is in the best interests of the Lead Plaintiff and the Class.

#### **VI. STATEMENTS AND DENIALS OF WRONGDOING AND LIABILITY**

Cendant and Smith have denied and continue to deny each and all of the claims and contentions alleged by the Lead Plaintiff in this Litigation. Cendant and Smith expressly have denied and continue to deny all charges of wrongdoing or liability against it arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. Cendant and Smith 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, nondisclosures or otherwise, or that the Lead Plaintiff or the Class were harmed by the conduct alleged in the Complaint.

Nonetheless, Cendant and Smith have concluded that further conduct of the Litigation could 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 Stipulation. Cendant and Smith also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Litigation. Cendant and Smith have, therefore, determined that it is desirable and beneficial to it that the Litigation be settled in the manner and upon the terms and conditions set forth in the Stipulation.

#### **VII. TERMS OF THE PROPOSED SETTLEMENT**

Cendant has agreed to relinquish its right (i) to a total of Four Million Dollars (\$4,000,000) in cash of the Cendant Settlement Proceeds to which it is entitled for the benefit of the other Class Members ("Settlement Fund") and (ii) to receive its *pro rata* share of any recovery the Plaintiff Class obtains from Defendant Wolff in this Action, whether by settlement or judgment.

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 to pay their fees, not to exceed 10.5% of the Settlement Fund and for **full reimbursement** of out-of-pocket expenses. The balance of the Settlement Fund (the "Net Settlement Fund") will be distributed to Class Members who submit valid and timely Proof of Claim forms according to the Plan of allocation described below.

#### **VIII. THE RIGHTS OF CLASS MEMBERS**

If you are a Class Member, you may receive the benefit of the Settlement if you file a Proof of Claim and Release, postmarked on or before April 2, 2009. If the Court approves the Settlement, you will be bound by its terms described in section VII, above.

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 Settlement if your claim is timely and valid and if the proposed Settlement is 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/OR WITH THE INDIVIDUAL DEFENDANTS SHEW, GIESECKE, DeSIMONE, KALINA, LOSH AND ROSENBLATT, AND/OR WITH PRICEWATERHOUSECOOPERS LLP, AND/OR WITH TIME WARNER INC., MAX WORLDWIDE, INC., FORMERLY KNOWN AS L90, INC. AND PETER TAFEEN, AND YOU WISH TO BE INCLUDED IN THIS SETTLEMENT WITH CENDANT AND SMITH, AND BE BOUND BY THE JUDGMENT AND RELEASE, YOU ARE NOT REQUIRED TO COMPLETE ANOTHER CLAIM FORM OR RETURN ANOTHER RELEASE. THE INFORMATION CONTAINED IN THAT PREVIOUSLY SUBMITTED, TIMELY AND VALID PROOF OF CLAIM WILL BE CONSIDERED TIMELY AND VALID WITH REGARD TO THIS ADDITIONAL SETTLEMENT, AS WELL.**
3. You may object to the Settlement and/or the application of Lead Plaintiff's Counsel for attorneys' fees and 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 Settlement. However, if your objection is rejected you will be bound by the Settlement and the Judgment just as if you had not objected.
4. You may do nothing at all. If you choose this option, you will not share in the proceeds of the Settlement, 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 Cendant Parties.

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 Plaintiffs Counsel: Cotchett, Pitre & 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 Claim Forms (“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 has consulted with its damage consultants and the Plan of allocation reflects an assessment of the damages that it believes 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 will 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 will 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 statements 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 share percentage inflation applicable to the share purchase date by the share purchase 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 the Authorized Claimant could occur based on the amount of claims made.

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

## **X. PARTICIPATION IN THE SETTLEMENT**

If you fall within the definition of the Class, you will be bound by any judgment entered with respect to the settlement of claims against Cendant, Smith, and the other Released Cendant Parties in the Litigation whether or not you file a Proof of Claim or additional Release. 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 RELEASE FORM THAT ACCOMPANIES THIS NOTICE.**

**IF YOU PREVIOUSLY SUBMITTED A TIMELY AND VALID PROOF OF CLAIM WITH REGARD TO THE SETTLEMENT WITH HOMESTORE, AND/OR WITH THE INDIVIDUAL DEFENDANTS SHEW, GIESECKE, DeSIMONE, KALINA, LOSH AND ROSENBLATT, AND/OR WITH PRICEWATERHOUSECOOPERS LLP, AND/OR WITH TIME WARNER INC., AND/OR L90, INC. (NOW KNOWN AS MAX WORLDWIDE, INC.) AND PETER TAFEEN, AND YOU WISH TO BE INCLUDED IN THIS SETTLEMENT WITH CENDANT AND SMITH AND BE BOUND BY THE JUDGMENT AND RELEASE, YOU ARE NOT REQUIRED TO COMPLETE ANOTHER CLAIM FORM OR RETURN ANOTHER RELEASE. THE INFORMATION CONTAINED IN THAT PREVIOUSLY SUBMITTED, TIMELY AND VALID PROOF OF CLAIM WILL BE CONSIDERED TIMELY AND VALID WITH REGARD TO THIS ADDITIONAL SETTLEMENT, AS WELL.**

The Proof of Claim and Release must be postmarked on or before April 2, 2009, 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, 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 Stipulation and the Judgment.**

#### **XI. DISMISSAL AND RELEASES**

If the Court approves the Settlement, the Court will enter a Final Judgment and Order of Dismissal with Prejudice with regard to Cendant and Smith ("Judgment"). The Judgment will dismiss the Settled Claims with prejudice as to Cendant and Smith. 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 Cendant, Smith and any of the other Released Cendant Parties.

#### **XII. APPLICATION FOR FEES AND EXPENSES**

If the Court approves the Settlement, Lead Plaintiff's Counsel **will** apply to the Court for an order allowing payment of attorneys' fees, not to exceed 10.5% of the Settlement Fund. Lead Plaintiff's Counsel will also seek **full reimbursement** of out-of-pocket expenses incurred during the prosecution of this litigation. The fee and cost approval process will be separate from the Settlement approval process.

In addition, as described in the Stipulation, Lead Plaintiff's Counsel will seek a distribution from the Settlement Fund, not to exceed \$350,000, to pay the cost of providing notice related to this Settlement, claims administration associated with the Settlement and other related expenses. Class Members are not personally liable for those expenses.

#### **XIII. CONDITIONS FOR SETTLEMENT**

The Settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, among other things: (1) entry of the Judgment by the Court, as provided for in the Stipulation; 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 Stipulation are not met, the Stipulation might be terminated and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions as of the date of Settlement.

#### **XIV. THE RIGHT TO BE HEARD AT THE HEARING**

Any Class Member who objects to any aspect of the Settlement, 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 March 3, 2009, to each of the following:

Clerk of the Court  
**UNITED STATES DISTRICT COURT**  
Central District of California  
312 N. Spring St., Rm G8  
Los Angeles, CA 90012

Counsel for Plaintiff  
**COTCHETT, PITRE & McCARTHY**  
Nancy L. Fineman  
840 Malcolm Road, Suite 200  
Burlingame, CA 94010

Counsel for Cendant  
**SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP**  
Samuel Kadet  
Four Times Square  
New York, NY 10036

Counsel for Smith  
**STERN & KILCULLEN**  
Jeffrey Speiser  
75 Livingston Avenue  
Roseland, NJ 07068

The notice of objection must demonstrate the objecting Person's 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, and must include the case number of this action (United States District Court, Central District of California case no. 01-CV-11115 RSWL (CWx)). 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 3 1/2" diskette, CD-ROM or ZIP/JAZ media**, or, in the alternative, (b) send a copy of the Notice and Proof of Claim form 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 and Proof of Claim form 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 Litigation. 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.

**PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE.** If you have any questions about the Settlement, you may contact Lead Plaintiff's counsel at the address listed above.

Dated this 26th day of December 2008

BY ORDER OF THE COURT:

\_\_\_\_\_  
HONORABLE RONALD S.W. LEW  
United States District Court  
For the Central District of California  
Los Angeles, California

Presented by:

\_\_\_\_\_  
Nancy L. Fineman (CA Bar #124870)