

# KB HOME

## **FORM 8-K** (Current report filing)

Filed 12/15/16 for the Period Ending 12/14/16

Address	10990 WILSHIRE BLVD LOS ANGELES, CA 90024
Telephone	3102314000
CIK	0000795266
Symbol	KBH
SIC Code	1531 - Operative Builders
Industry	Homebuilding
Sector	Consumer Cyclical
Fiscal Year	11/30

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

**Date of Report: December 14, 2016  
(Date of earliest event reported)**

**KB HOME**

**(Exact name of registrant as specified in its charter)**

**Delaware**  
(State or other jurisdiction of incorporation)

**1-9195**  
(Commission File Number)

**95-3666267**  
(IRS Employer Identification No.)

**10990 Wilshire Boulevard, Los Angeles, California 90024**  
(Address of principal executive offices) (Zip Code)

**Registrant's telephone number, including area code: (310) 231-4000**

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 8.01 Other Events.**

### **Optional Redemption**

On December 14, 2016, KB Home elected to exercise its optional redemption rights under the terms of its 9.100% Senior Notes due 2017 (“Notes”), and U.S. Bank National Association, successor trustee for the Notes, issued a notice to registered holders that KB Home will redeem \$100 million in aggregate principal amount of the Notes outstanding on January 13, 2017 at the redemption price calculated in accordance with the Notes’ “make-whole” redemption provisions, as set forth in the notice. KB Home intends to use internally generated cash to fund this redemption. Upon this redemption, \$165 million in aggregate principal amount of the Notes will remain outstanding. The remaining outstanding Notes mature on September 15, 2017.

The foregoing does not constitute a notice of redemption with respect to any of the Notes. A copy of the redemption notice U.S. Bank National Association issued is attached to this report as Exhibit 99.1 and is incorporated herein by reference.

On December 15, 2016, KB Home issued a press release announcing the above-described redemption, a copy of which is attached to this report as Exhibit 99.2 and is incorporated herein by reference.

## **Item 9.01 Financial Statements and Exhibits.**

### **(d) Exhibits .**

- 99.1 Notice of Partial Optional Redemption of KB Home 9.100% Senior Notes due 2017.
  - 99.2 Press release dated December 15, 2016 announcing KB Home’s optional redemption of 9.100% Senior Notes due 2017.
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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 15, 2016.

KB Home

By: /s/ William A. (Tony) Richelieu  
William A. (Tony) Richelieu  
Vice President and Corporate Secretary

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## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Notice of Partial Optional Redemption of KB Home 9.100% Senior Notes due 2017.
99.2	Press release dated December 15, 2016 announcing KB Home's optional redemption of 9.100% Senior Notes due 2017.

**NOTICE OF PARTIAL OPTIONAL REDEMPTION**  
**KB Home**  
**9.100% Senior Notes Due 2017**  
**(CUSIP No. 48666KAP4)**

NOTICE IS HEREBY GIVEN THAT, pursuant to (i) the Indenture dated as of January 28, 2004, as amended and supplemented to the date hereof (“Indenture”), between KB Home (“Company”), the guarantors party thereto and U.S. Bank National Association (successor to SunTrust Bank), as trustee (the “Trustee”), (ii) Section 7 of Annex I to the Officers’ Certificate and Guarantors’ Officers’ Certificate dated as of July 30, 2009 establishing the terms of the Company’s 9.100% Senior Notes due 2017 (“Notes”), and (iii) Paragraph 5 of the Notes, the Company has elected to exercise its option to redeem and will redeem on January 13, 2017 (“Redemption Date”), an aggregate principal amount of \$100,000,000 of the Notes outstanding as of the Redemption Date at a redemption price equal to the greater of: (a) 100% of the principal amount of the Notes to be redeemed, and (b) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (exclusive of interest accrued to the applicable Redemption Date) discounted to such Redemption Date on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined in the Notes) plus 50 basis points, plus, in the case of both clause (a) and (b) above, accrued and unpaid interest on the principal amount of the Notes being redeemed to such Redemption Date (“Redemption Price”). The Redemption Price will be calculated pursuant to the terms of the Notes.

Notes held in book-entry form will be redeemed and the Redemption Price with respect to such Notes will be paid in accordance with the applicable procedures of The Depository Trust Company. Holders of any Notes in certificated form will be paid the Redemption Price upon presentation and surrender of their Notes for redemption at the address of the Trustee, as the Company’s Office or Agency for the Notes (as defined in the Indenture) indicated below. The address for delivery of any Notes in certificated form is as follows:

Delivery Instructions

**U.S. Bank National Association**  
**Global Corporate Trust Services**  
111 Fillmore Avenue E  
St. Paul, MN 55107  
**1-800-934-6802**

On the Redemption Date, the portion of the Notes called for redemption shall be due and payable at the Redemption Price and, unless the Company defaults in the payment of the Redemption Price, interest on such redeemed Notes shall cease to accrue on and after the Redemption Date.

On and after the Redemption Date, upon a holder’s surrender of Notes and the redemption of the relevant portion of such Notes, such holder will receive, without charge, new Notes of authorized denominations for the principal amount thereof remaining unredeemed.

For all purposes of the Indenture, the redeemed Notes will be deemed to be no longer outstanding from and after the Redemption Date, and all rights with respect thereto, except as stated herein, will cease as of the close of business on that same date and the only remaining right of holders with respect to the redeemed Notes is to receive payment of the Redemption Price upon surrender of the redeemed Notes.

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NOTICE

Under U.S. federal income tax law, the Trustee or other withholding agent may be required to withhold thirty percent (30%) of any gross payment to a holder who fails to provide a taxpayer identification number and other required certifications. To avoid backup withholding, please complete a Form W-9 or an appropriate Form W-8, as applicable, which should be furnished in connection with the presentment and surrender of the Notes called for redemption. Holders should consult their tax advisors regarding the withholding and other tax consequences of the redemption.

KB Home

By: U.S. Bank National Association, as  
Trustee

Date: December 14, 2016



# NEWS RELEASE



## FOR IMMEDIATE RELEASE

## For Further Information:

Jill Peters, Investor Relations Contact  
 (310) 893-7456 [investorrelations@kbhome.com](mailto:investorrelations@kbhome.com)

### **KB HOME ANNOUNCES \$100 MILLION OPTIONAL REDEMPTION OF 9.100% SENIOR NOTES DUE 2017**

**LOS ANGELES (December 15, 2016)** – KB Home (NYSE: KBH) today announced that it has elected to exercise its optional redemption rights under the terms of its 9.100% Senior Notes due 2017 (“Notes”), which mature on September 15, 2017.

On January 13, 2017, KB Home will redeem \$100 million in aggregate principal amount of the Notes then outstanding at the redemption price calculated according to the “make-whole” provisions of the Notes, as outlined in the redemption notice issued by U.S. Bank National Association, the trustee for the Notes.

“Our strategy of growing scale in our served markets, and increasing our operating profits, positions us to generate the cash to support both our future growth and a reduction of our debt balance. The early redemption of \$100 million of our 2017 senior notes – our most expensive debt – with internally generated cash reinforces this point and represents an initial step toward deleveraging,” said Jeffrey Mezger, chairman, president and chief executive officer.

“At our investor conference in October, we shared a roadmap for accelerating profitable growth, increasing return on invested capital, and improving our net debt-to-capital ratio to between 40% and 50% by 2019. We are making progress toward our objectives with a balanced approach to capital allocation, as we work to deliver higher stockholder value,” concluded Mezger.

#### **About KB Home**

KB Home (NYSE: KBH) is one of the largest and most recognized homebuilders in the United States and an industry leader in sustainability, building innovative and highly energy- and water-efficient new homes. Founded in 1957 and the first homebuilder listed on the New York Stock Exchange, the Company has built nearly 600,000 homes for families from coast to coast. Distinguished by its personalized homebuilding approach, KB Home lets each buyer choose their lot location, floor plan, décor choices, design features and other special touches that matter most to them. To learn more about KB Home, call 888-KB-HOMES, visit [www.kbhome.com](http://www.kbhome.com) or connect on [Facebook.com/KBHome](https://www.facebook.com/KBHome) or [Twitter.com/KBHome](https://www.twitter.com/KBHome).

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### **Forward-Looking and Cautionary Statements**

Certain matters discussed in this press release, including any statements that are predictive in nature or concern future market and economic conditions, business and prospects, our future financial and operational performance, or our future actions and their expected results are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations and projections about future events and are not guarantees of future performance. We do not have a specific policy or intent of updating or revising forward-looking statements. Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The most important risk factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to the following: general economic, employment and business conditions; population growth, household formations and demographic trends; conditions in the capital, credit and financial markets; our ability to access external financing sources and raise capital through the issuance of common stock, debt or other securities, and/or project financing, on favorable terms; material and trade costs and availability; changes in interest rates; our debt level, including our ratio of debt to capital, and our ability to adjust our debt level and maturity schedule; our compliance with the terms of our revolving credit facility; volatility in the market price of our common stock; weak or declining consumer confidence, either generally or specifically with respect to purchasing homes; competition from other sellers of new and resale homes; weather events, significant natural disasters and other climate and environmental factors, including the severe prolonged drought and related water-constrained conditions in the southwest United States and California; government actions, policies, programs and regulations directed at or affecting the housing market (including the Dodd-Frank Act, tax benefits associated with purchasing and owning a home, and the standards, fees and size limits applicable to the purchase or insuring of mortgage loans by government-sponsored enterprises and government agencies), the homebuilding industry, or construction activities; the availability and cost of land in desirable areas; our warranty claims experience with respect to homes previously delivered and actual warranty costs incurred; costs and/or charges arising from regulatory compliance requirements or from legal, arbitral or regulatory proceedings, investigations, claims or settlements, including unfavorable outcomes in any such matters resulting in actual or potential monetary damage awards, penalties, fines or other direct or indirect payments, or injunctions, consent decrees or other voluntary or involuntary restrictions or adjustments to our business operations or practices that are beyond our current expectations and/or accruals; our ability to use/realize the net deferred tax assets we have generated; our ability to successfully implement our current and planned strategies and initiatives related to our product, geographic and market positioning (including our plans to transition out of the Metro Washington, D.C. area); gaining share and scale in our served markets; our operational and investment concentration in markets in California; consumer interest in our new home communities and products, particularly from first-time and first move-up homebuyers and higher-income consumers; our ability to generate orders and convert our backlog of orders to home deliveries and revenues, particularly in key markets in California; our ability to successfully implement our returns-focused growth strategy and achieve the associated revenue, margin, profitability, cash flow, community reactivation, land sales, business growth, asset efficiency, return on invested capital, return on equity, net debt-to-capital ratio and other financial and operational targets and objectives; the ability of our homebuyers to obtain residential mortgage loans and mortgage banking services; the performance of mortgage lenders to our homebuyers; completing the wind-down of Home Community Mortgage as planned, and the management of its assets and operations during the wind-down process; whether we can establish and operate a joint venture or other relationship with a mortgage banking services provider; information technology failures and data security breaches; and other events outside of our control. Please see our periodic reports and other filings with the Securities and Exchange Commission for a further discussion of these and other risks and uncertainties applicable to our business.

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