



The following history will help you in confirming the accuracy of your holdings in KB Home (“KBH”).

KBH was established as a public company through an initial public offering by its parent company, Kaufman and Broad Inc. (“KBI”) on August 1, 1986. The initial public offering was for approximately 7.4% of **KBH**.

In 1989, the remaining portion of **KBH** was distributed to shareholders of KBI. At that time, KBH and KBI became independent companies. Specifically, on March 7, 1989, KBI distributed to its shareholders of record as of February 23, 1989, 0.733353 of a share of KBH common stock for each KBI share held. On March 8, 1989, KBI changed its name to Broad Inc. (“BRO”), and in 1993 again changed its name to SunAmerica Inc. (“SAI”). On January 1, 1999 SAI was merged into American International Group, Inc. (“AIG”). Accordingly, all questions regarding stock certificates of KBI, BRO, or SAI should be directed to AIG or its subsidiary, SunAmerica.

**For tax purposes**, owners of KBI common stock who received the KBH distribution should allocate 54.27% of their original basis in KBI common stock to the KBH shares, with the remaining 45.73% allocable to the SAI shares. This calculation was based on the fair market value of each **security** as of March 7, 1989. In accordance with the Internal Revenue Service ruling related to the restructuring, KBI shareholders who received the KBH distribution recognized no income, gain or loss upon receipt of the KBH shares, except with respect to cash received in lieu of fractional shares. This information is provided only as a guide. We recommend that you consult your own tax advisor for determining the tax basis of your individual holdings.

KBI, and subsequently SAI, split its common stock multiple times since the company **went** public in 1961. Following is a history of these splits through August 1997:

May 1967	3-for-2 (shareholders received a 50% stock dividend)
Jan 1968	3-for-2
Dec 1968	2-for-1 (shareholders received a 100% stock dividend)
Jan 1970	3-for-2
July 1971	2-for-1
May 1986	3-for-2
Aug 1987	3-for-2
Mar 1989	-- KBH distribution (subsequent stock splits are applicable to SAI only)
Nov 1995	3-for-2
Aug 1996	2-for-1
Aug 1997	3-for-2

KBH had a 2-for-1 stock split on April 28, 2005.

[Page 2]

Please note that subsequent to March 1989, KBH became a separate public company and ceased to **be an affiliate of KBI** and any of its predecessor companies.

On January 1, 1999, **when SAI merged into AIG**, SAI shareholders were entitled to receive 0.855 of a share of AIG common stock in exchange for each share of SAI common stock. Subsequent to the effective date of the merger, shareholders were mailed instructions explaining the exchange procedures. Upon completion of the merger on January 1, 1999, SAI was no longer a publicly traded company and its common stock ceased to be listed on the New York Stock Exchange.

If you are a registered holder of AIG common stock (i.e. the shares are held in your name and you have possession of the stock certificates) and have questions regarding your shares, or if you need information regarding the exchange of SAI stock for AIG stock (or any of its predecessor companies), please contact AIG's transfer agent, Wells Fargo Shareowner Services, at (888) 899-8293 or (651) 450-4064.

If you have questions regarding KB Home, please contact the Investor Relations department.

*Please note, Kaufman and Broad changed its name to KB Home effective January 17, 2001.*