



Business Strategy – KB2020

Forward-Looking Statements

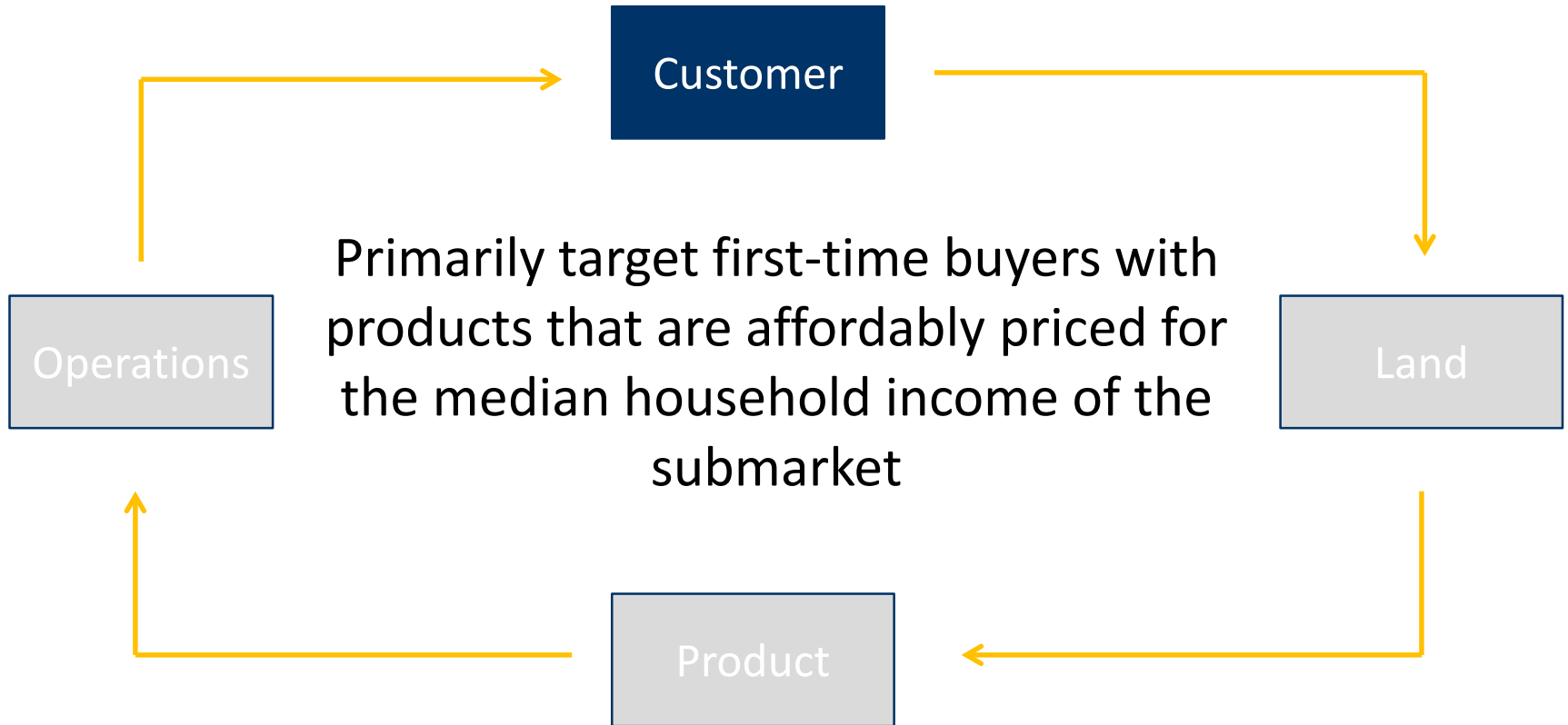


Items in this presentation and other presentations made as part of KB Home's 2016 Investor Conference, and statements by KB Home management in relation to these presentations or otherwise, may be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect management's views and expectations as of the date made of market conditions, future events and our business performance. These forward-looking statements are not guarantees of future results, and we do not undertake any obligation to update them. Our actual results could be materially different from those expressed, forecasted and/or implied by the forward-looking statements due to a number of factors, including, but not limited to: general economic, employment, market and business conditions; population growth, household formations and demographic trends; the availability and cost of land in desirable areas; our ability to successfully implement our current and planned strategies and initiatives related to our product, geographic and market positioning; gaining share and scale in our served markets; 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 monetization and 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; and events outside of our control. Please see our periodic reports and other filings with the Securities and Exchange Commission (which are available on our website at investor.kbhome.com and on the SEC's website at sec.gov) for a further discussion of these factors, and other risks and uncertainties applicable to our business.

Core Business Strategy – KB2020



It Starts With the Customer



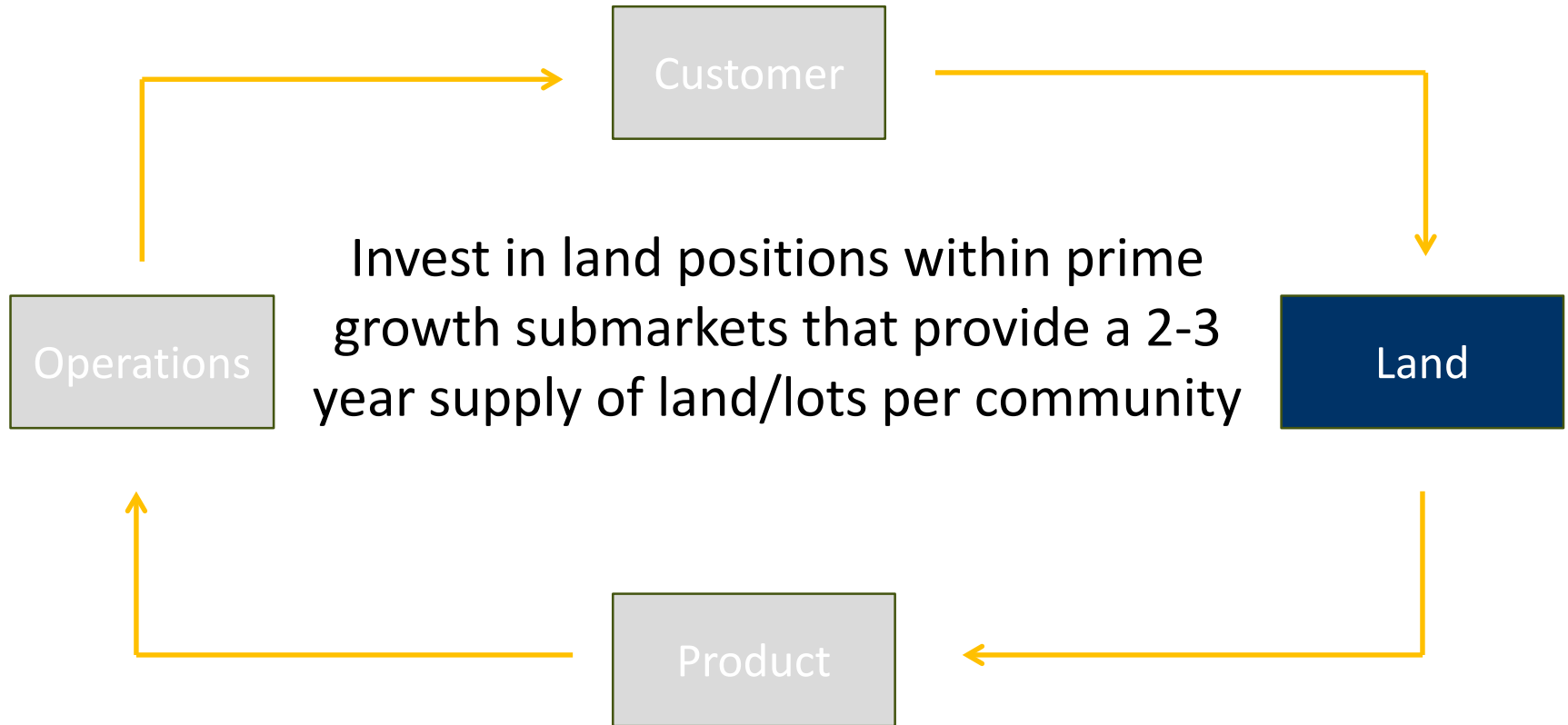
Target Highest Demand Customers



Expertise in serving first-time buyers, averaging ~60% of our deliveries over past 16 years.

- Proprietary market research and customer surveys guide submarket and price point strategy and priorities
- Product positioning determined locally by Division President based on customer surveys and competitive market analysis
- Offer products that are affordable for the greatest concentration of demand in our submarkets, closely aligned with median incomes

Investing in Land



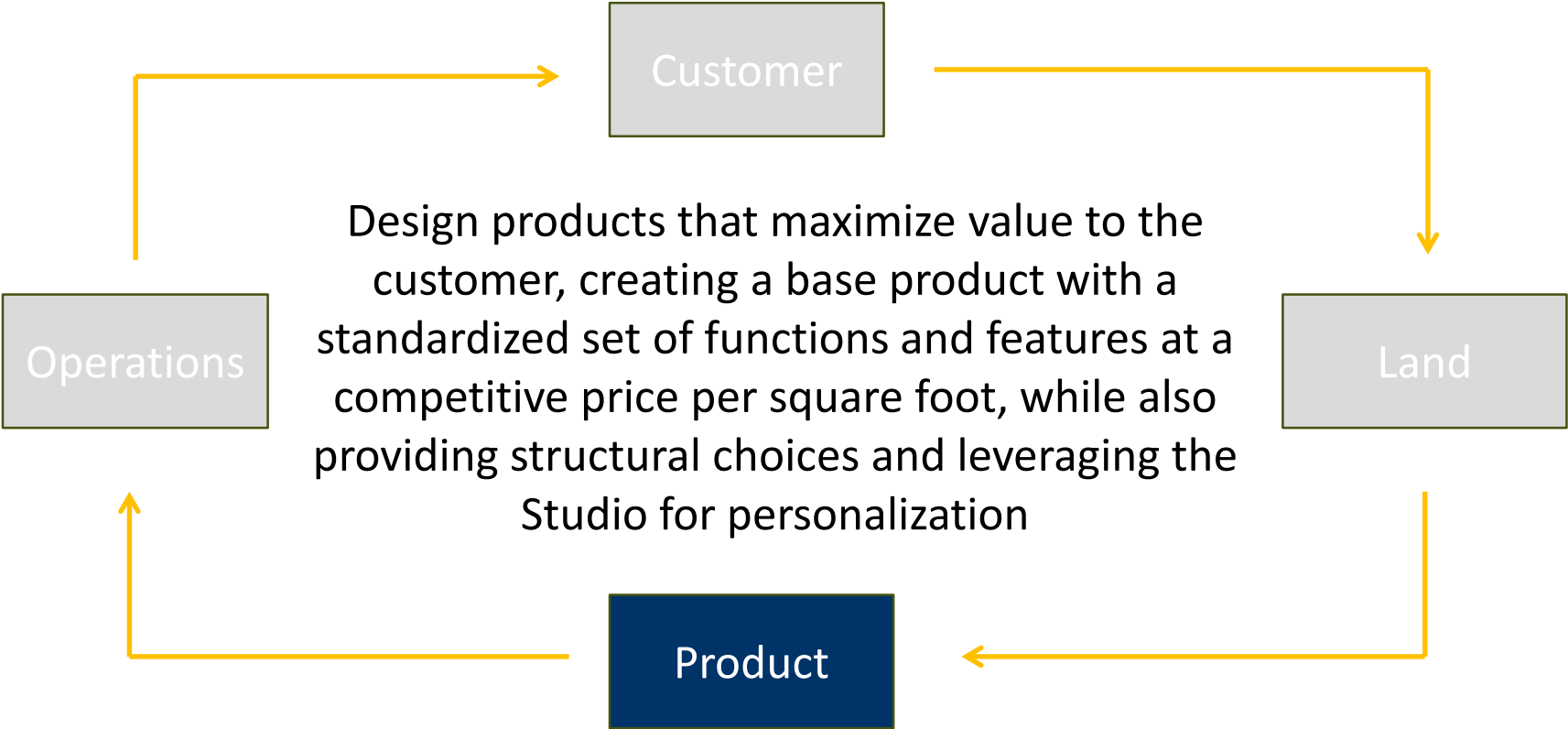
Focused Investment Approach



Leverage proprietary market research, customer surveys and relationships to identify the ‘right’ parcels in terms of location, product, price point and deal structure.

- Committed to existing geographic footprint – potential for significant upside
- Emphasize metro areas that have the potential to sustain a minimum of 800 deliveries
- Focus on individual assets generally offering a maximum of 2 product lines and 250-300 lots
- Evaluate investments in today’s dollars with a focus on returns

Product Design & Customer Choice



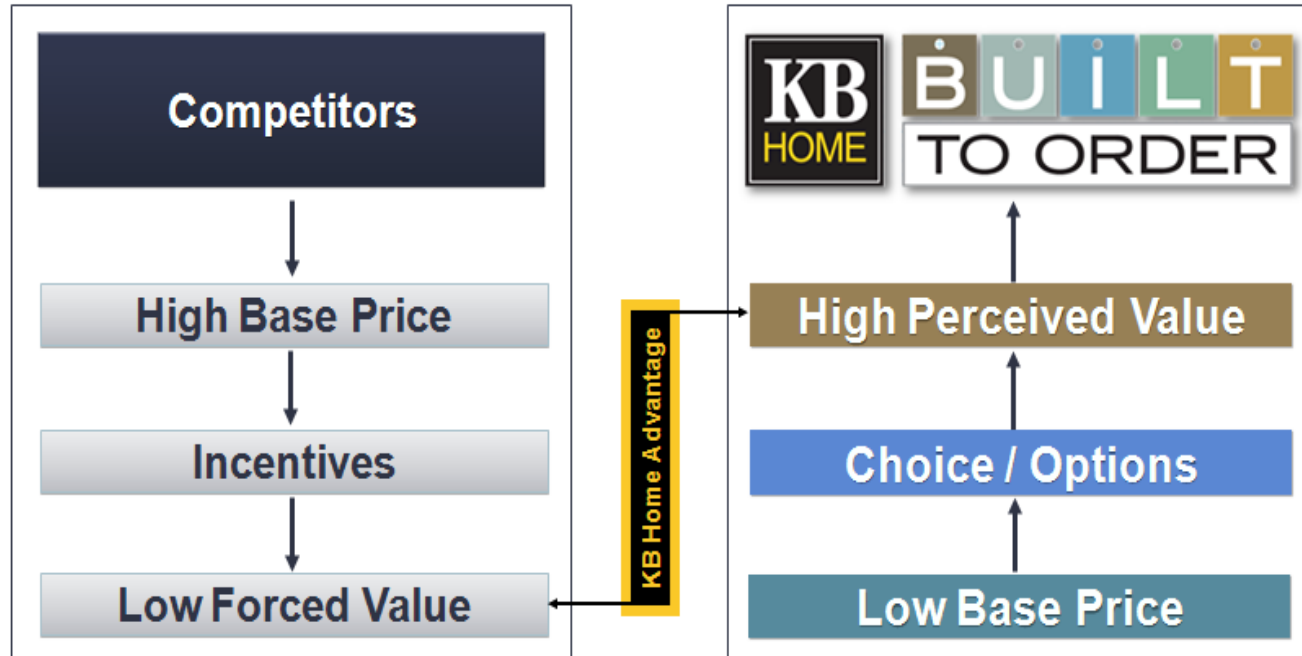
Build the Home Customers Want



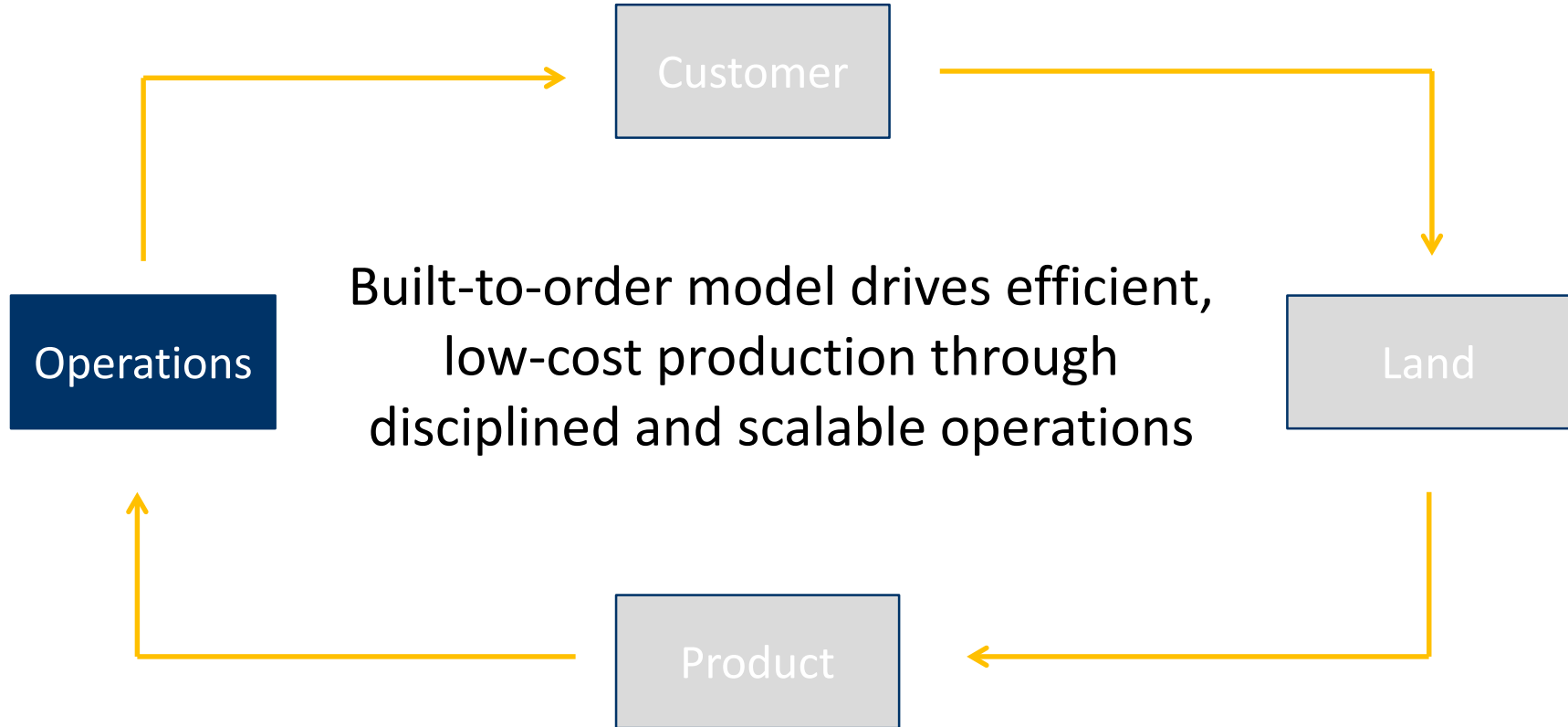
Customers choose lot, floor plan, structural options and elevation; then personalize homes through the Studio.

- In-house architecture team integrates customer survey data in product design
 - Minimize costs while maintaining quality
 - Offer a home that meets or exceeds customers' value expectations
- Utilize standardized product series, which has multiple benefits
 - Lowers direct costs
 - Ability to open models faster
 - Informs us on pricing, cost and customer preferences
- Incorporate energy efficient features into product design to help lower the total cost of homeownership

Our Competitive Advantage



Operational Model



Built-to-Order is Efficient & Predictable



Utilize single business model nationally and share best practices to drive consistent and measurable execution on a daily basis.

- Standardized reporting Companywide provides visibility and clarity to execution, consistent employee training
- Significant advantages of built-to-order
 - Efficient in managing to an even-flow production process
 - Reinforces our preferred position with subcontractors
 - Minimizes speculative inventory and margin variability
 - Provides predictability on deliveries
- Centralized scheduling and even-flow production enable leverage on overhead
 - Fewer superintendents needed to achieve delivery volume

Customer Satisfaction



'Customer First' Focus



High-level customer experience through extensive communication from sale to delivery – and beyond.

- Infrastructure and process in place to deliver exceptional service
 - Alignment between Division President and entire team on customer satisfaction standards
 - Community Teams serve as leadership of each community, owning the home buying process together with the customer
 - Weekly contact with buyers on status of home
- All homes expected to be delivered 100% complete and on-time
- Customer satisfaction score is currently 92%; target is 95%

Core Business Strategy Takeaways



Compelling strategy that can produce continued growth in our financial results and greater stockholder value.

- Key elements of strategy reflect disciplined and fact-based approach to offering the right locations, products and price to appeal to first-time buyers
- Significant upside opportunity in current footprint
- Focused effort on improving profitability per unit
 - Strike the optimal balance between pace and price
 - Contain direct costs and leverage SG&A on higher revenue base
 - Capture efficiency benefits from scale and standardized product series