






**KB Home****KBH NYSE**

Homebuilding

Market Capitalization USD:

\$515.99 mm**CONCERN LEVEL: AVERAGE**

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance. 
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years. 
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group.
- 7 The company's dilution from equity incentives is 10 percent or less. 
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket. 

CEO: Jeffrey T. Mezger**Age: 56****CEO Since: 2006**

	2009	2010	2011
Base Salary	\$1,000,000	\$1,000,000	\$1,000,000
Discretionary Bonus	\$0	\$0	\$0
Annual Cash Incentive	\$2,750,000	\$2,750,000	\$1,950,000
Benefits and Perquisites	\$83,699	\$66,518	\$63,671
TOTAL ANNUAL COMPENSATION	\$3,833,699	\$3,816,518	\$3,013,671
Increase in Post-Retirement Benefits	\$747,377	\$618,113	\$1,153,277
Stock Option Awards	\$3,500,000	\$2,295,750	\$1,779,331
Stock Awards	\$0	\$0	\$0
TOTAL COMPENSATION	\$9,028,489	\$6,730,381	\$5,946,279
Median of Other Named Executive Officers Total Compensation	\$1,191,956	\$1,494,220	\$1,263,664
Value Realized on Exercise of Stock Option	\$0	\$0	\$0
Value Realized on Vesting of Stock	\$1,021,963	\$1,418,312	\$264,699
TOTAL REALIZED EQUITY COMPENSATION	\$1,021,963	\$1,418,312	\$264,699

Proxy Date: 2 Mar 2012

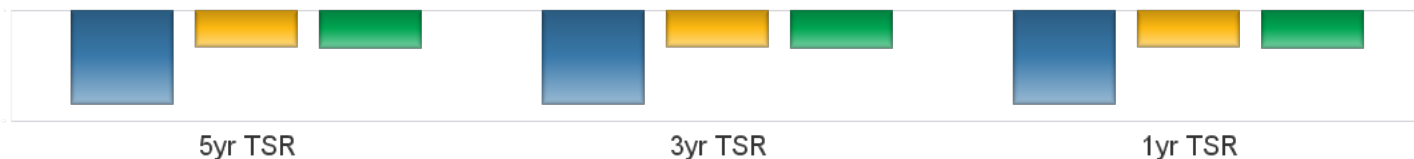
Annual Meeting Date: 12 Apr 2012

Equity Reserves: 16.39%

Stock Option Run Rate: 2.89%

Performance Comparison

■ vs S&P500 ■ vs Industry ■ KBH



Peer Comparisons (TRBC) =Homebuilding

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
KBH	KB Home	\$9,028,489	\$6,730,381	\$5,946,279	\$515,991,277
PHM	PulteGroup, Inc.	\$5,855,509	\$6,635,634		\$1,512,254,035
MDC	M.D.C. Holdings, Inc.	\$9,106,197	\$9,206,403		\$801,206,436
MTH	Meritage Homes Corporation	\$2,459,419	\$3,284,388		\$490,681,389
SPF	Standard Pacific Corp.	\$13,148,314	\$3,371,968		\$489,132,514
RYL	Ryland Group, Inc. (The)	\$7,312,976	\$8,249,605		\$472,951,526
CVCO	Cavco Industries, Inc.	\$265,585	\$1,056,670		\$237,292,047

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

Beazer Homes, Lennar Corporation, Meritage Homes Corp., Ryland Group, DR Horton, MDC Holdings, NVR Incorporated, Standard Pacific, Hovnanian Enterprises, M/I Homes, PulteGroup, Inc., Toll Brothers

Performance Peer Group

NA

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Michael G. McCaffery	Chairman	58	Male	9	Outside
Luis G. Nogaes	Member	68	Male	17	Outside Related
Stephen F. Bollenbach	Member	69	Male	5	Outside Related
Timothy W. Finchem	Member	64	Male	7	Outside