



There is no ceiling.



2005 Annual Report

2005 WAS A YEAR
OF RECORD NUMBERS
FOR KB HOME. OUR KBNXT
OPERATIONAL BUSINESS
MODEL, EXPANSIVE
GEOGRAPHIC FOOTPRINT
AND TALENTED TEAM CAME
TOGETHER TO ACHIEVE
SPECTACULAR RESULTS.

Financial Scorecard

In millions, except per share and unit amounts

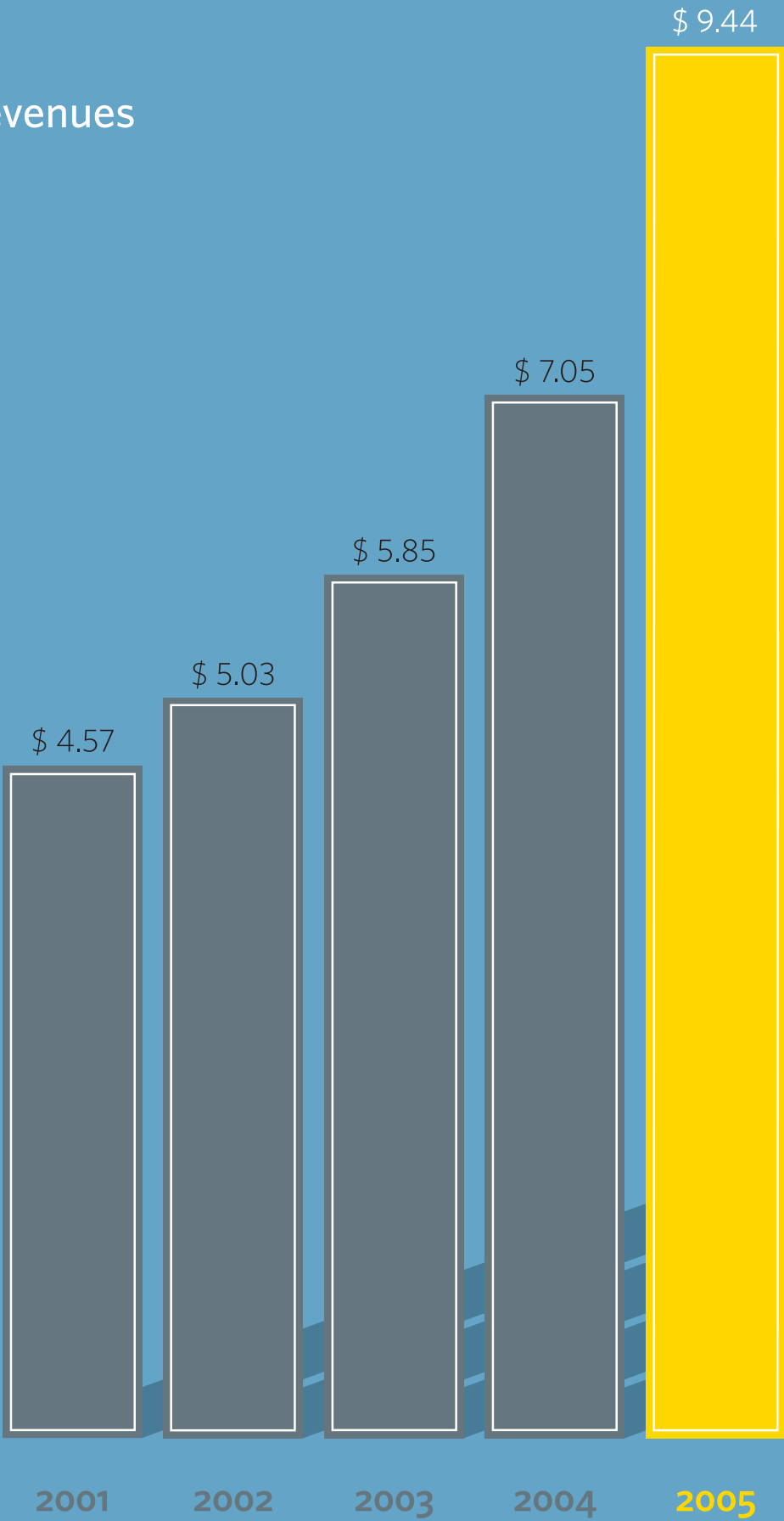
Years ended November 30,	1995	2000	2005	5-year CAGR	10-year CAGR
units	7,857	22,392	37,140	11%	17%
total revenues	\$ 1,397.8	\$ 3,930.9	\$ 9,441.7	19%	21%
net income	\$ 29.1	\$ 210.0	\$ 842.4	32%	40%
EPS ⁽¹⁾	\$.29	\$ 2.62	\$ 9.53	29%	42%
closing stock prices ⁽¹⁾⁽²⁾	\$ 6.50	\$ 15.69	\$ 69.77	35%	27%

(1) Amounts reflect two-for-one stock split.
(2) As of November 30.

(On the cover) Seagull Fan, #1558-85 — available in select KB Home Studios

Total Revenues

In billions



IT WAS ALSO A YEAR
OF BIG IDEAS.

GROUNDBREAKING
PARTNERSHIPS AND
INDUSTRY-LEADING
INITIATIVES COMPLEMENTED
OUR STRONG, CORE
HOMEBUILDING OPERATIONS
AND POSITIONED US FOR
AN EVEN BRIGHTER FUTURE.

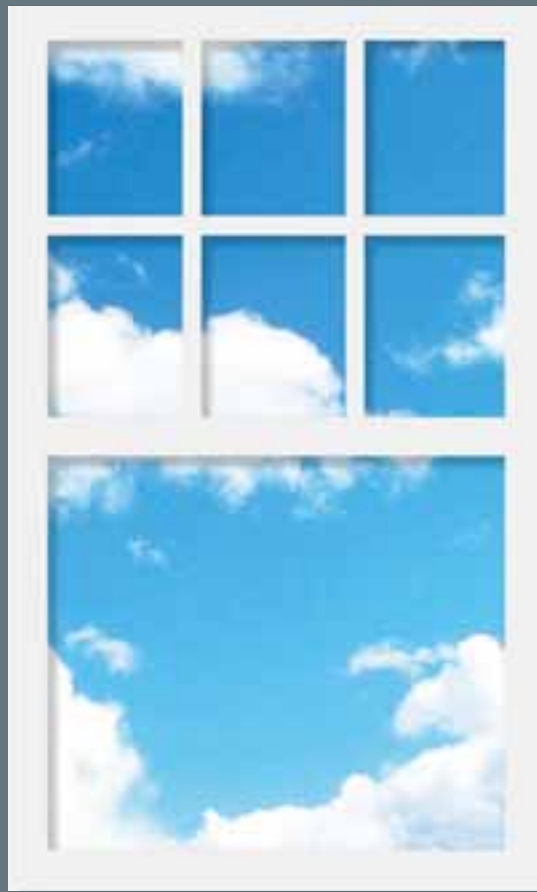


INSPIRED INITIATIVES BUILD MOMENTUM FOR 2006

- Homes Created with Martha Stewart
- The Launch of KB Urban
- A Joint Venture with Countrywide Financial Corporation
- The Launch of a New Orleans-Based Gulf Coast Division
- Broadened Architectural Portfolio with Luxury Home Designs



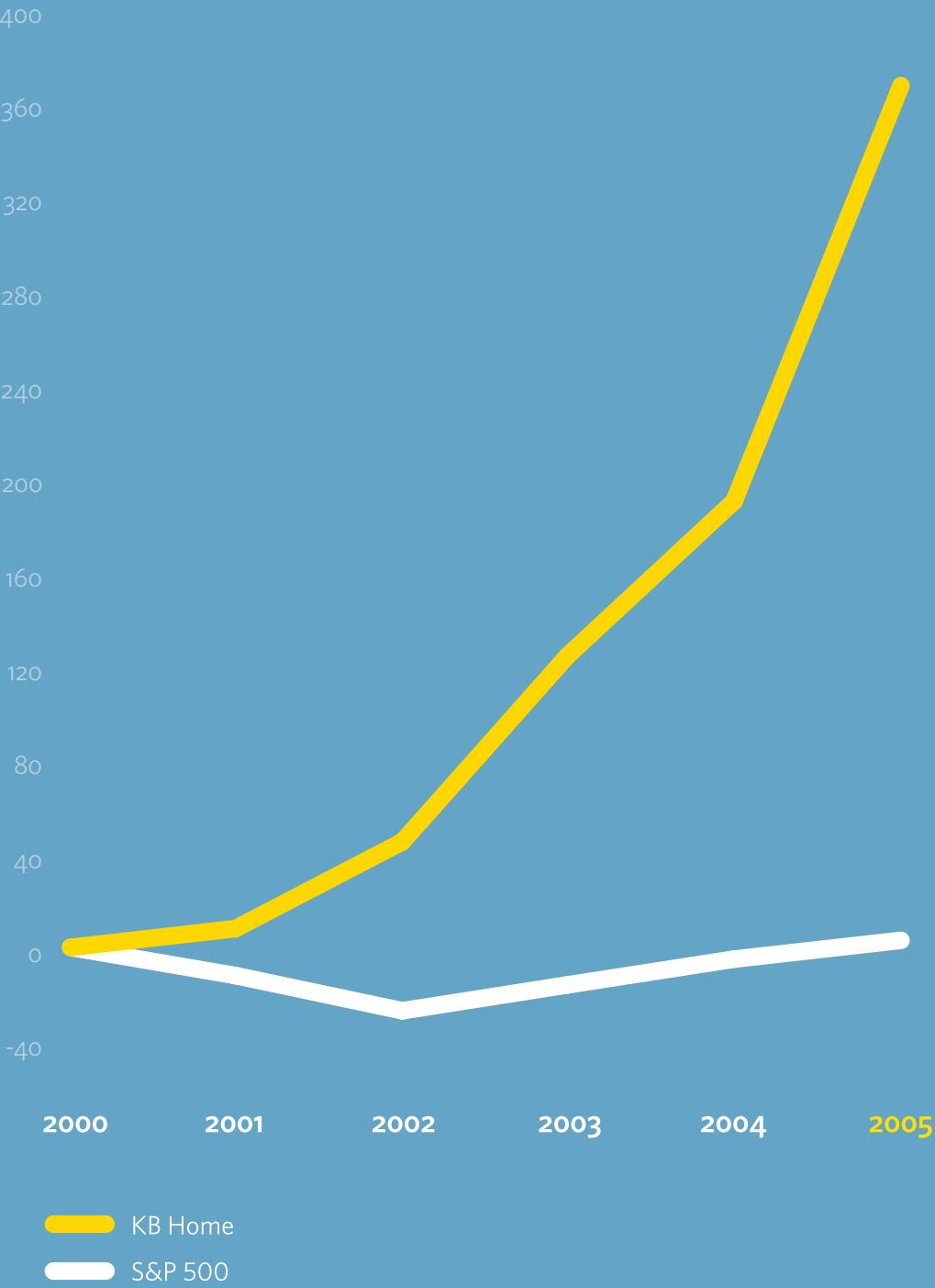
As we look ahead, we believe there are no limits on where we can go and what we can accomplish as a company. Our vision is broad and our opportunities are endless.



AT KB HOME, THERE IS NO CEILING.

KB Home Stock Performance⁽¹⁾

% Change



(1) Dividends reinvested.

DEAR KB HOME SHAREHOLDER:

2005 WAS THE BEST YEAR EVER FOR KB HOME.

If that sounds familiar, it's because I've had the good fortune of reporting a similar story for the past several years. Through economic ups and downs, few companies have been as consistently — and predictably — successful as KB Home.

KB HOME'S 2005 FINANCIAL AND OPERATIONAL HIGHLIGHTS ARE CONSIDERABLE:

- Over \$9.44 billion in revenues generated — a 34% increase over 2004.
- Operating income of \$1.37 billion — a 75% year-over-year increase reflecting growth in our operating margins.
- More than 37,000 homes delivered in the U.S. and France, up 17% over 2004 and evenly balanced among our five geographic regions.
- More than 42,000 net orders for new homes in 2005.
- A record year-end sales backlog of 25,722 homes valued at approximately \$6.76 billion — a 40% increase in value over 2004 and the largest unit backlog in our industry.
- Pretax income of \$1.30 billion — an 81% year-over-year increase — with a pretax margin of 13.7%.
- \$9.53 in diluted earnings per share — up 67% from 2004.
- A 59% increase in the value of KBH stock during fiscal year 2005.



Bruce Karatz
Chairman and Chief Executive Officer
KB Home

2005’s record-level performance — and the fact that we have been meeting or exceeding earnings expectations for more than a decade — is a reflection of KB Home’s constant quest to build a better business. We are continuing to expand our build-to-order homebuilding operations and home designs. We are constantly finding ways to improve quality and customer service. We are embarking on new marketing initiatives to increase sales and build our national brand. And we remain focused on providing superior training and growth opportunities for our highly motivated employees.

A PLAYBOOK FOR SUCCESS

It begins with our unique and disciplined **KBnxt operational business model** — the engine powering both our top- and bottom-line growth. Over 6,700 KB Home employees are working off the same page — literally.

Every member of our operating team has a copy of our KBnxt Playbook, which outlines in great detail our strategic priorities and our plan to achieve them — everything from how we build and market our homes to the common processes of our regional accounting centers and how we purchase land and materials. Our business model has steered our homebuilding operations through geographic expansion, product diversification and enhanced customer satisfaction initiatives that have been critical to our past growth.

Under the KBnxt operational business model, our in-house architecture team utilizes extensive research to design the homes people want in the places they want to live. Whether they are buying a 1,000-square-foot townhome or a 7,000-square-foot estate, all of our homebuyers have the power to choose from 5,000+ brand name design options from our **KB Home Studios** that will truly make their new home the one of their dreams. At the same time, our KB Home Studios also drive margins for our business, with their revenues expected to reach \$1 billion in 2006.

Since we implemented it in 1996, KBnxt has been a key factor in our success, allowing us to mitigate risk and maximize profit — and successfully navigate the changing dynamics of the housing market.



All members of the operating team follow the KBnxt Playbook, which outlines the year’s strategic priorities in areas such as land acquisition, purchasing and customer service.



A WINNING TEAM

Behind our performance is a group of extraordinary people who stand at the core of KB Home's success. Our bright, creative and dedicated staff apply the KBnxt operational business model in all our divisions on a daily basis. At the same time, employees are continuously strengthening their skills through our comprehensive KB University training program, where they completed 200,000 core business certifications in 2005.

I've said before that our talented employees are this company's most valuable asset, but as we continue to grow I believe that statement has never been more true. At KB Home, these are the individuals who come to work every day and *make things happen* — continuing to raise the bar on what we can achieve as one of the nation's premier homebuilders.

CONTINUALLY EXPANDING AND DIVERSIFYING

Just 10 years ago, KB Home operated in a handful of states in the western United States and France, delivering fewer than 8,000 homes. We built homes principally designed and priced for the first- or second-time buyer. In 2005, we delivered over 37,000 homes in 39 of the top 75 markets in the United States and France.

With the addition of luxury home communities in select markets and by expanding our line of higher density, multi-family products, KB Home has significantly broadened the depth of its product offerings. It was the success of these product expansions that gave us the foundation to launch **KB Urban**. For the first time in our history, we're adding mid- and high-rise developments to our U.S. product collection, to offer an urban lifestyle for those customers who want to live and work in our nation's vibrant city centers. As land becomes more scarce in these desirable areas, we see a growing demand for high-end urban housing options among a broad range of homebuyers — from young professionals to empty nesters.

We also continued our carefully executed plan of geographic expansion, establishing a presence in markets like Colorado Springs, Colorado; Reno, Nevada; Bakersfield and Fresno, California; as well as expanding our strong Florida operations. In addition, we formed a new **Mid-Atlantic division**, which gave us a foothold in the markets of Maryland and Virginia.



KB Home's Auburn Hill community in Aurora, Colorado

In the Gulf Coast, it was a devastating year for thousands of Americans who either lost their homes or were displaced due to Hurricanes Katrina and Rita. Like millions of others who watched the catastrophe unfold, I wondered how our company could go beyond our charitable contributions to really make a difference in the stricken region. We realized KB Home's greatest long-term contribution would be to stick to what we do best: homebuilding.

In December, we formed a new **Gulf Coast division**, headed by KB Home veteran and New Orleans native, Steven Davis. We also entered into a joint venture with the Louisiana-based engineering and construction company The Shaw Group, Inc. to form KB HOME/Shaw Louisiana, LLC, to provide permanent housing for people in this devastated region. As one of the nation's largest homebuilders, we look forward to using our expertise and resources to help rebuild the Gulf Coast.

COMMITMENT TO QUALITY AND CUSTOMER SERVICE

As we expand into new markets, we continue to be recognized as an industry leader in quality construction. KB Home was the first of the country's largest homebuilders to adopt the **NAHB Research Center's National Housing Quality (NHQ) Certified Builder** program — a program designed to increase efficiency and consistency in building practices that includes a rigorous and complete third-party audit of business practices and quality assurance systems. More than half of our divisions have already received this prestigious certification, and the others are working towards certification.

Our commitment to quality applies to each home we build — whether entry-level, move-up, active-adult or luxury. And our total commitment to customer satisfaction extends to all of KB Home's diverse homebuyers in all price ranges, demographic groups and income levels.

One of our greatest sources of pride is our consistent customer satisfaction performance. **J.D. Power and Associates** recently ranked us among the top three builders in Albuquerque, Austin, Houston and Las Vegas. Our goal — which we'll pursue with the same determination we've shown in every other part of our business — is to rank among the top three for customer service in all the markets we serve. Our internal "Say Yes!" program ensures all homeowner concerns are resolved easily, efficiently and effectively. And while we've



Our Say Yes! culture aims to exceed customers' expectations of the homebuying experience. It is not based on simply giving customers everything they ask for. Instead, it's about doing the right thing for them every time.



maintained an internal companywide customer satisfaction rating of 94%, we won't settle until it reaches 100% — when the KB Home experience is the very best it can be.

As we continued to strive to make the KB homebuying experience the best in the business, we entered into a joint venture with industry leader Countrywide Financial Corporation to form **Countrywide KB Home Loans**. By partnering with America's #1 residential lender, our homebuyers now have direct access to a broad array of mortgage products, as well as competitive pricing, to finance their new home purchases in a seamless process. Countrywide's dedicated loan counselors who are trained to meet diverse financing needs, are now available in KB Home communities across the United States for the convenience of our buyers.

STRONG PARTNERS, STRONGER BRAND

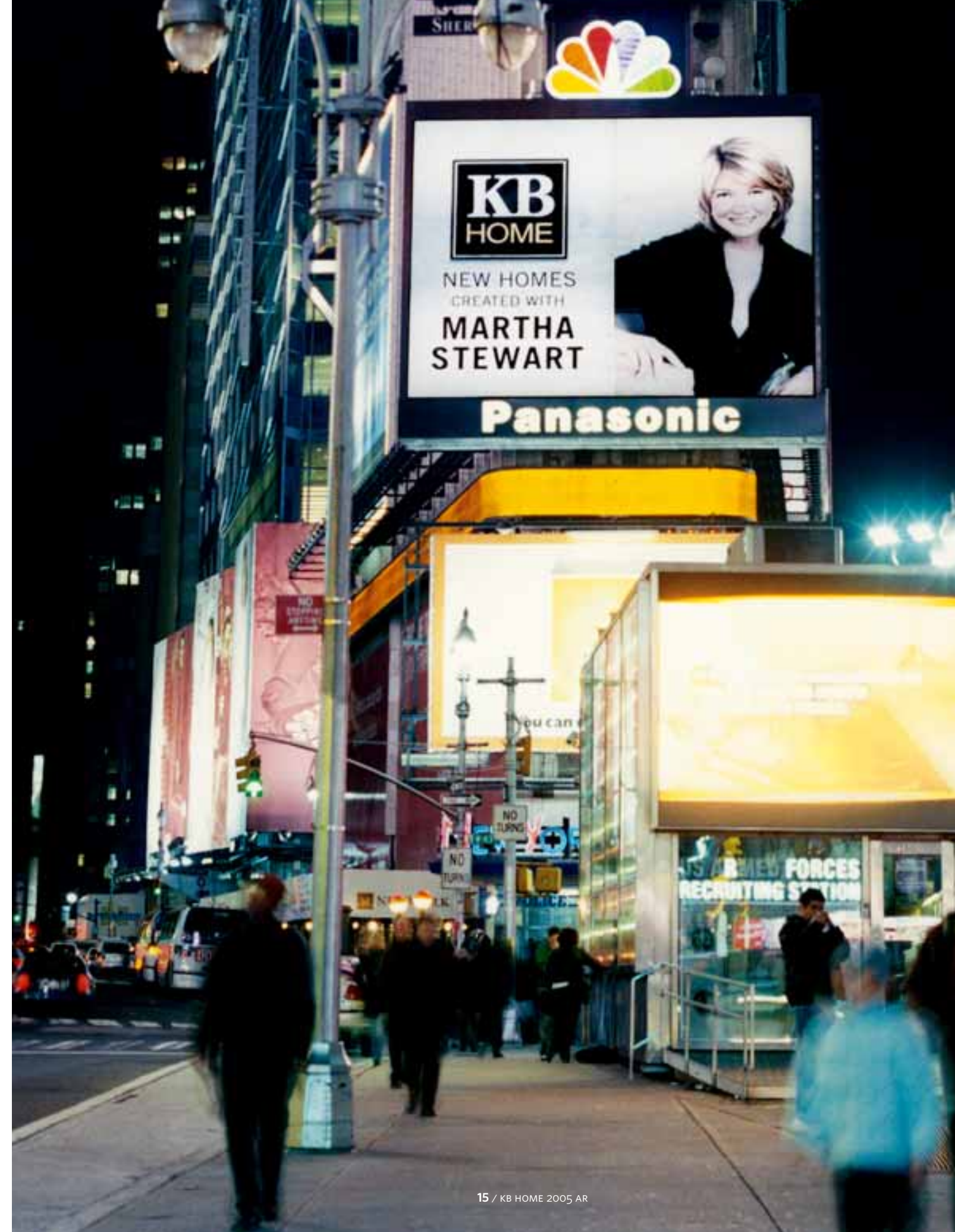
In perhaps the most exciting development of the year, KB Home formed a unique collaboration with **Martha Stewart Living Omnimedia, Inc.** to design and build residential communities. Twin Lakes, the highly anticipated KB Home community created with Martha Stewart, will open this spring near Raleigh, North Carolina. The homes and community at Twin Lakes will embody Martha Stewart's unique aesthetic and classic approach to design. This will be a signature community for our company, affording customers a truly unique home buying experience: the chance to own a dream home inspired by Martha Stewart's own personal residences. If the amount of national interest is any indication, this exciting venture will be successful far beyond North Carolina.

High-profile partnerships such as this one with Martha Stewart have helped make KB Home the most recognized brand in homebuilding. When asked to name a builder, nearly four times as many responders cited "KB Home" than our next five competitors combined. As the homebuilding industry continues consolidating, this brand awareness will prove to be a significant and growing competitive advantage.



Well built. Well styled. Welcome home.

Thousands of Thanksgiving shoppers in NYC's Times Square got a special preview of Martha's homes.



DELIVERING PERFORMANCE AND VALUE

In everything we do as a company, we are ultimately striving to deliver the greatest value to our shareholders.

With the completion of another record-level year in 2005, the Company's revenues have grown at a compound annual rate of 19%, and diluted earnings per share have increased at a compound rate of 29% over the past five years. We're pleased that this operational excellence has also been reflected in our stock price appreciation. The value of KBH shares has quadrupled in the past five years, and consistently beaten the S&P 500.

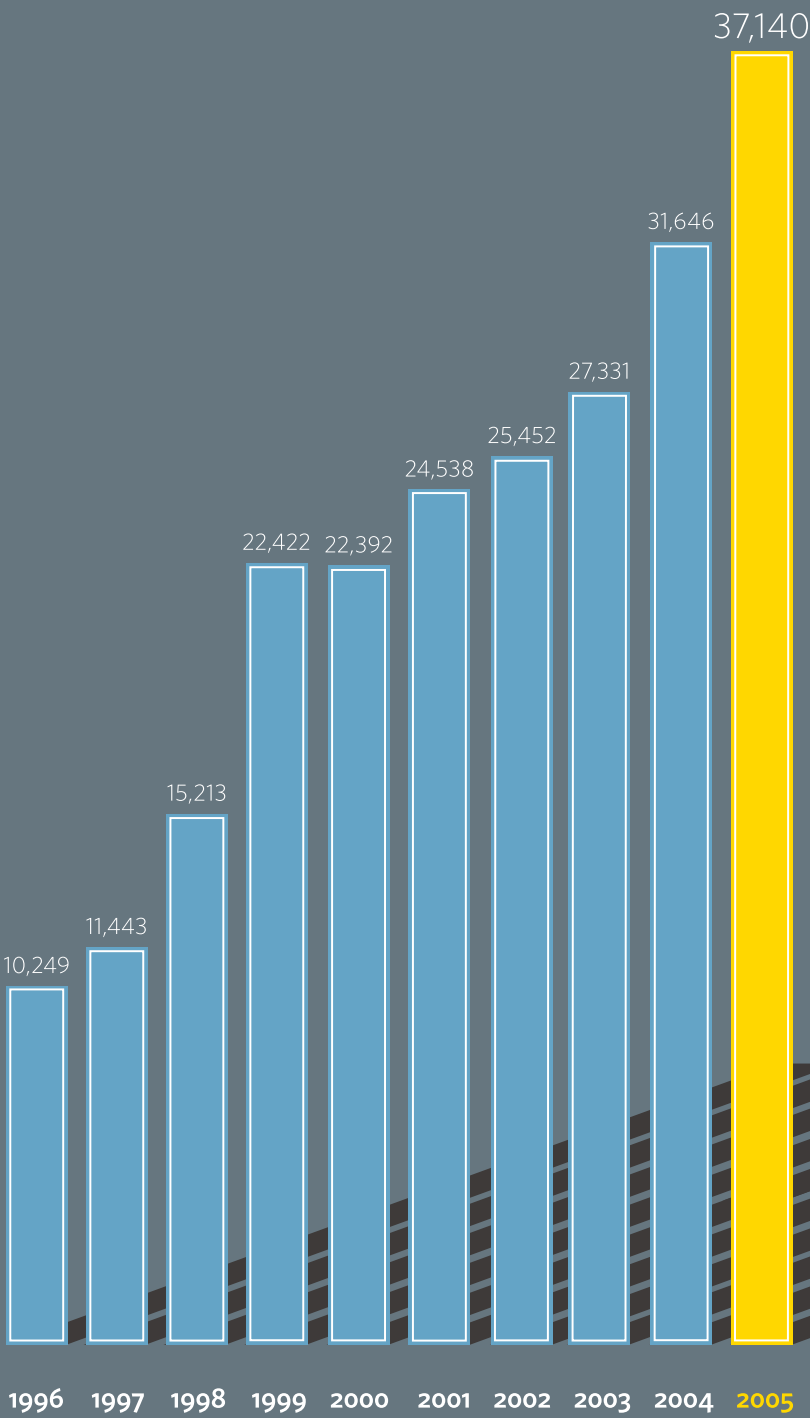
Our strong, independent Board of Directors is also working diligently on your behalf to deliver the maximum value and return on your investment. Most recently, they voted to increase the annual cash dividend on the Company's common stock by 33% to \$1.00 per share, representing the third consecutive year of dividend increases. In December 2005, the Board also authorized the repurchase of an additional 10 million shares of common stock, following the completion of our previously approved share repurchase plan. In fact, KB Home has returned 35% of its net income to shareholders since 1999 through dividends and the repurchase of 45 million KBH shares. Our Board is committed to taking these actions while maintaining an investment-grade balance sheet and continuing to invest in our future growth.

I would like to take this opportunity to thank each member of the Board for their extraordinary efforts over the past year, and to welcome our newest member, PGA TOUR Commissioner Timothy Finchem, whose expertise in developing land and creating world-renowned golf course communities we think will be extremely valuable.

LOOKING AHEAD

As we look to the future, we are keeping a sharp eye on the climate of the housing market nationwide. At KB Home, we believe our KBnxt model will allow us to quickly adapt to industry fluctuations. With this sophisticated business model behind us, and the strong purchasing and land acquisition advantages that come with being one of the nation's largest builders, we believe we have the capacity to ride out any moderation we may see in the housing market.

Annual Unit Deliveries



We are entering 2006 with **the largest unit backlog of any homebuilder**, giving us visibility into future earnings. In addition, we are extremely well-positioned from a land perspective, with the capacity for future growth across all of our geographic regions in the years to come.

We believe we have the operational model and the team in place to sustain the kind of financial performance that our shareholders have come to expect from us over the past decade. In fact, *Forbes* magazine recently named KB Home one of its *Turbocharged Companies* — the only homebuilder among the 12 firms singled out from the Forbes Platinum 400 list.

In closing, I'd like to emphasize how fortunate we feel to work in this dynamic business that is increasingly being recognized as the new core American industry — one that is uniquely sheltered from foreign competition. A new home is one of the last American made-by-hand products in this country, and we are proud to continue building the American Dream for thousands of families each year, as we have since 1957.

As we look ahead to 2006 and beyond, what really excites all of us at KB Home is the chance to continue exploring the depth and breadth of our potential and the potential of our industry. I think the real secret to business success is to keep setting your goals just a little out of reach so they can never be fully attained.

Sincerely,

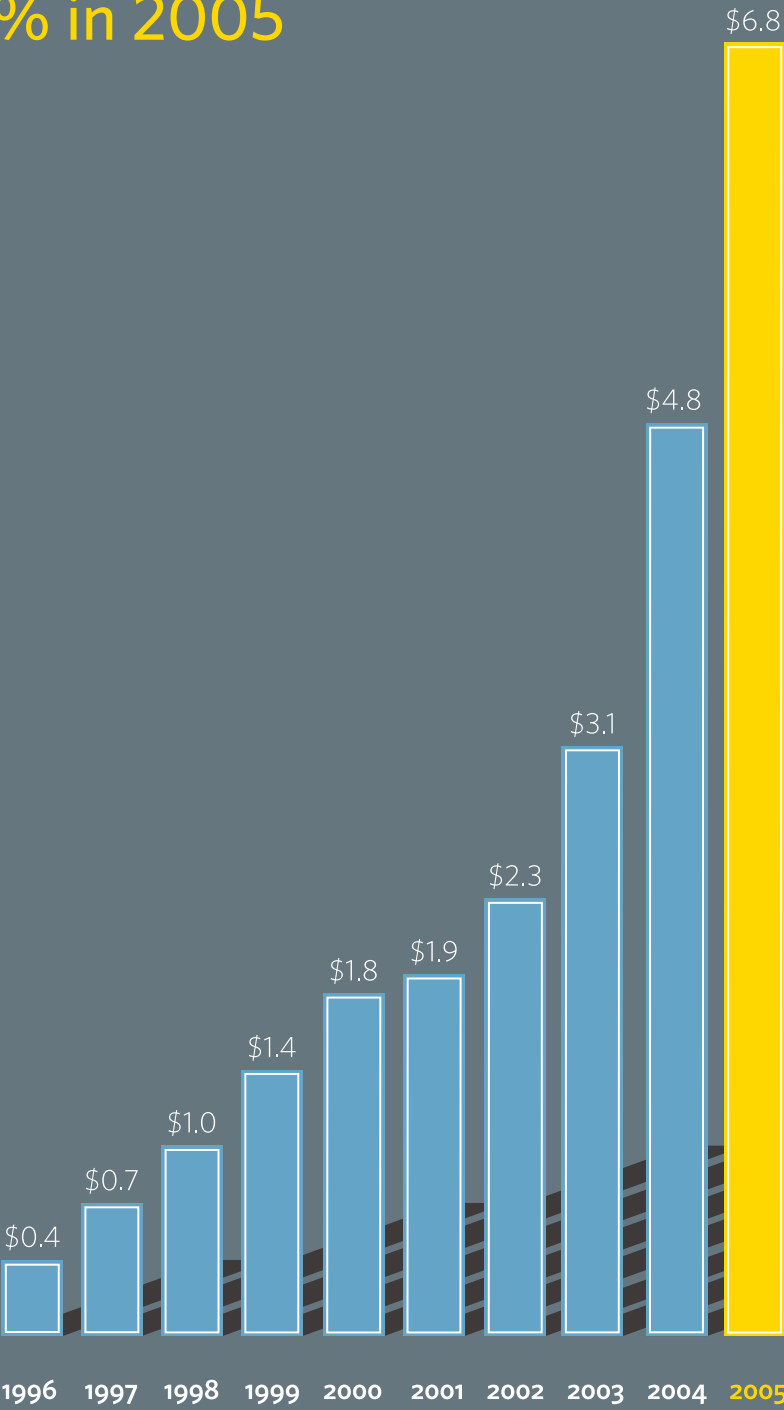


Bruce Karatz
Chairman and Chief Executive Officer
KB Home
February 2006

Backlog Value

In billions

Up 40% in 2005



AT KB HOME, WE ARE ALWAYS INNOVATING

And always looking for new ways to differentiate our homes in an effort to stay ahead of changing tastes and market trends. In 2005, we announced several exciting new ventures that will help us continue to grow and maintain our competitive advantage in an industry that's constantly evolving. Turn the page to see what we've been up to.

Martha Stewart and KB Home: A Collaboration of Quality and Style

What do you get when you bring together one of America's premier homebuilders with America's style icon? Quite simply, you get some of the most anticipated new homes of the decade.

KB Home and Martha Stewart Living Omnimedia, Inc. have teamed up to deliver a new line of homes created with Martha Stewart herself and inspired by her residences in New York and Maine.

The partnership's first new home community, "Twin Lakes Created with Martha Stewart," will open in March 2006 in the Town of Cary, North Carolina, near Raleigh. Martha's influence will be evident in everything from the exterior designs and interior floor plans to the furnishings and appointments.



(Right) One of the new model homes in KB Home's *Twin Lakes Created with Martha Stewart* in the Town of Cary, North Carolina. This 3,608 square foot design, called Lily Pond, was inspired by Martha's personal residence of the same name in East Hampton, New York. **(Left)** The Lily Pond family room features built-in shelving and cabinetry around the hearth. **(Next page)** The open shelving in the Katonah kitchen is just one of the unique design features suggested by Martha.





A More Rewarding Mortgage Experience

Quality. Service. Choice. These words all describe our customers' experiences in building their new homes. And now the same can be said about financing them.

To give KB homebuyers the best possible mortgage experience — a more streamlined process, the widest range of mortgage products and competitive pricing — KB Home has teamed with Countrywide Financial Corporation, the nation's leading mortgage lender.

Through Countrywide KB Home Loans, KB homebuyers have direct access to Countrywide's vast array of home loans, designed to meet a broad range of financing needs through dedicated Countrywide loan counselors serving KB Home's 500+ communities across the United States. Just one more way KB homebuyers enjoy a home buying experience that's second to none in the industry.



Countrywide KB Home Loans is committed to making the loan application process as fast and easy as possible, and provides one of the widest arrays of financing options in the industry to help homebuyers purchase their dream home.



New Housing, New Hope for the Gulf Coast

KB Home launched a Gulf Coast division based in New Orleans with the goal of providing much needed new housing to the stricken region.

In the first new residential construction program to be announced in Louisiana since Hurricane Katrina, KB Home has joined with a leader in engineering and construction, The Shaw Group Inc., based in Baton Rouge, to form KB HOME/Shaw Louisiana, LLC.

This joint venture has both the experience and local know-how necessary to quickly bring permanent new homes and increased economic development to the state of Louisiana in the aftermath of Hurricane Katrina. The KB Home communities will also be designed to attract a broad demographic range of homeowners, which is equally vital to the recovery of the Gulf region.



KB Home Chairman and CEO Bruce Karatz (left) views the devastated Lower 9th Ward in New Orleans with KB Home veteran and New Orleans native Steven Davis, President of KB Home's new Gulf Coast division.



EXPANDING PRODUCT DIVERSITY AND ARCHITECTURAL BREADTH

If you are a homebuyer in one of our markets, chances are there is a KB Home community nearby that will fit your needs. Over the past few years, and in 2005 in particular, KB Home vastly expanded the architectural designs of its homes across the country.

From urban infill and attached residences to luxury homes and suburban communities, KB Home has the ability to meet the diverse needs of homebuyers.

Urban Infill/Attached Housing

Playa Vista — the first new community to be established on the Westside of Los Angeles in more than 50 years — provides a showcase for the style and diversity of KB Home’s architectural team. KB Home has unveiled two residential, mixed-use communities at Playa Vista. The Lofts feature a collection of attached homes that offer flexible open living space and a distinctively contemporary architectural style. The Park Houses are an exclusive enclave of 10 luxuriously appointed homes. Within walking distance of both properties is The CenterPointe Club, a 26,000-square-foot social and activities center with two swimming pools, various recreational facilities and a business center. Future plans include upscale boutiques and restaurants, all of which are transforming Playa Vista into one of the most unique and exciting neighborhoods in Los Angeles — and an urban model for future development.

KB Urban: Uptown Style Arrives Downtown

KB Urban is poised to redefine the art of city living. This new division intends to specialize in medium- to high-density developments to meet the strong demand for high-end urban lifestyles in our nation’s vibrant



(Top right) At Tuscany Hills in San Jose, California, KB Home created a high-density, urban village in a beautiful hilltop setting. (Bottom) The Park Houses at Playa Vista in Los Angeles, California reveal KB Home’s architectural breadth with urban, contemporary designs. (Left) State of the art kitchens featured in The Park Houses at Playa Vista appeal to even the most discerning buyer.



city centers. More singles, young professionals and even empty nesters and retirees are choosing the convenience of city living, where jobs, transportation, retail centers and premier sports and entertainment venues are all within reach. Live, work and play in the city. That's KB Urban.

KB Luxury: Richly Appointed, Exquisitely Designed

We invite those who still think of KB Home as an entry-level builder to view the magnificent estates at Sienna Ridge in Southern California and La Vita at Seven Hills in Las Vegas when it opens in fall 2006. These communities exemplify KB Home's grand debut into the luxury market, an attractive segment of the homebuilding industry.

Today's luxury buyer seeks a broad range of custom options — everything from wine rooms to catering kitchens to his and her master bathroom suites. And KB Home's team of architects and designers are appealing to the upscale consumer with innovative designs and inspired floor plans that add an exciting new dimension to luxury homebuilding.

The sumptuous interiors of the homes of Sienna Ridge in Corona, California embody the elegance of one of KB Home's newest luxury home communities.



HUNDREDS
OF THOUSANDS
OF HOMES,
ONE BRAND
SINCE 1957

The KB Home brand is one of our most valuable assets. In a crowded marketplace, KB Home stands apart. Operating a single, consistent brand in 39 markets nationwide and across all product offerings provides a unique competitive advantage: being a builder that buyers can trust and turn to not only for their current homebuying needs, but also for their future needs and those of their friends and family — no matter what kind of home they may be looking for.

The Foundation of Our Brand

A brand personifies a company and creates an emotional connection in the hearts and minds of consumers. A strong brand cuts through the clutter. It makes a unique promise that can't be matched by anyone else in the marketplace. It's the way a company wants consumers to think and feel about its homes.

We believe the KB Home brand has three distinct attributes that distinguish it in the industry and allow it to resonate across the entire spectrum of the homebuying public:

Quality — KB Home's 10 Quality Checkpoints mean that each home's construction quality is confirmed at major construction phases. KB Home is the first of the country's large homebuilders to implement the NAHB Research Center's National Housing Quality (NHQ) Trade Contractor Certification program, which trains and certifies all trade contracting firms involved in the homebuilding process. Because building a great home starts with great materials, KB Home uses only quality materials from brands people trust. Our Community Teams comprised of sales, construction and customer service representatives make sure buyers are informed through detailed orientations of each home during construction. Skilled workmanship, consistent processes, trusted materials and quality checkpoints ensure that every KB home meets the strictest standards. It's all part of building a better home — every step of the way.

Value — KB Home strives to provide the best value for a consumer's homebuying dollar, whether buying a first home or moving up to a luxury home. This is achieved through our national purchasing strength and economies of scale, as well as through a building model in which buyers themselves pay for only what they want as they go through the process of personalizing their new homes.

Choice — KB Home offers homebuyers more choices today than ever before: in locations, in architectural styles, in floor plans, in home sites, and in personalizing options. There's no better example of this array of choices than at a KB Home Studio, a retail space where homebuyers can customize their KB homes by selecting from thousands of design options that make their home truly their own.

QUALITY, VALUE, CHOICE

KB Home Studio

THOUSANDS OF CHOICES



KB Home Studio: More Choices, Lots of Inspiration

Many homeowners liken it to being a kid in a candy store. Indeed, visiting a KB Home Studio is one of the unique aspects that make buying a KB home a personally rewarding experience.

Expansive showrooms offer homebuyers thousands of design options to personalize their homes — everything from appliances and lighting fixtures to cabinets and flooring to the latest in home entertainment systems. Also featured are top brand names that buyers know and trust, including Whirlpool, KitchenAid, Thermador, Delta Faucets, Sherwin-Williams, Carrier and others. Kitchen, living room and bathroom vignettes are built into KB Home Studios to provide homebuyers with a wealth of design ideas. And experienced design consultants are always on hand to assist them in making the right decisions based on their budget and lifestyle.





The KB Model: Translated in French

No other major U.S. homebuilder has translated its domestic success abroad as well as KB Home has in France. For decades, Kaufman & Broad S.A. has been one of the country's premier homebuilders, combining an American homebuilding model with a style that is all French.

As in the United States, favorable demographic trends continue to shape our bright future in France, including a significant inflow of French and other European potential homebuyers to France's Atlantic and Mediterranean shores. According to a study by France's Business Information Office (BIPE), seven million people, half of them families with children, will move to these areas by 2010. And Kaufman & Broad S.A. will be there to meet the demand.

(Left) Kaufman & Broad S.A.'s elegant Villa Tocqueville community of apartments and townhouses in Paris.
(Right) The Company's charming La Cerisaie community of family homes in Longjumeau, south of Paris.



Environmentally Smart, Economically Sound

KB Home is striving to dispel the myth that development is inherently anti-environment. In fact, our use of innovative approaches to water and energy conservation, as well as protecting the natural environments in the places in which we build, garnered numerous awards and recognition in 2005.



Martin's Chase, in Loudon County, Virginia, KB Home's first community in the Mid-Atlantic region, recently won an international award from the Wildlife Habitat Council for its environmental stewardship and commitment to increasing native biodiversity. The site is being developed with a long-term management plan dedicated to maximizing the quality of habitat available for a diverse array of species endemic to the Piedmont region of Virginia.

This year, KB Home opened Valdemosa in the Temecula Valley, its first "California Friendly" community, in accordance with a water conservation initiative sponsored by the Metropolitan Water District of Southern California and the U.S. Bureau of Reclamation. California Friendly features include yards with native California and drought-tolerant plants, as well as programmable timers that only water plants according to need and climate conditions.

KB Home's Battery at High House community, located in the Town of Cary, North Carolina, received the Urban Conservation Award by the Wake County Soil and Water Conservation District. This prestigious

award is presented annually to an urban development demonstrating excellent erosion/sediment control, use of proper plant materials and other practices to help protect natural resources.

KB Home introduced its first Zero-Energy Home (ZEH) option at its Teal Cove community in Oakley, California. A ZEH is connected to the utility grid and produces approximately as much electricity as it consumes, resulting in "net zero" consumption that exceeds California's strict Title 24 regulations by more than 15 percent. ZEH combines state-of-the-art, energy-efficient construction with commercially available renewable energy systems. Benefits for homeowners who chose the ZEH option over a non-ZEH option include a savings of up to 60 percent on monthly utility bills, reduced emissions and a durable, low-maintenance electrical system.

The Southern Nevada Water Authority named KB Home the first "Water Smart Builder" in the region. More than half of the KB homes built in this fast growing area in 2005 were built with water-saving appliances, fixtures and landscape designs.

COAST TO COAST

WEST
CALIFORNIA

SOUTHWEST
ARIZONA
NEVADA
NEW MEXICO

CENTRAL
COLORADO
ILLINOIS
INDIANA
LOUISIANA
TEXAS

SOUTHEAST
FLORIDA
GEORGIA
MARYLAND
NORTH CAROLINA
SOUTH CAROLINA
VIRGINIA

FRANCE

WEST



SOUTHWEST



CENTRAL



SOUTHEAST



Board of Directors



(Pictured left to right)

Ronald W. Burkle
J. Terrence Lanni
James A. Johnson
Leslie Moonves
Bruce Karatz
Luis G. Nogales
Kenneth M. Jastrow, II
Timothy W. Finchem
Melissa Lora
Dr. Barry Munitz
Dr. Ray R. Irani
Michael G. McCaffery

Ronald W. Burkle^{1,4}
Managing Partner,
The Yucaipa Companies
Los Angeles, CA

Timothy W. Finchem^{1,4}
Commissioner,
PGA TOUR
Ponte Vedra Beach, FL

Dr. Ray R. Irani^{2+,3+}
Chairman and Chief
Executive Officer,
Occidental Petroleum
Corporation
Los Angeles, CA

Kenneth M. Jastrow, II⁴
Chairman and Chief
Executive Officer,
Temple-Inland, Inc.
Austin, TX

James A. Johnson^{3,4+,5}
Vice Chairman,
Perseus, LLC
Former Chairman and
Chief Executive Officer,
Fannie Mae
Washington, D.C.

Bruce Karatz²
Chairman and Chief
Executive Officer,
KB Home
Los Angeles, CA

J. Terrence Lanni^{3,4}
Chairman and Chief
Executive Officer,
MGM Mirage
Las Vegas, NV

Melissa Lora¹
Chief Financial Officer,
Taco Bell Corporation
Irvine, CA

Michael G. McCaffery^{1+,4}
President and Chief
Executive Officer,
Stanford Management Company
Menlo Park, CA

Leslie Moonves³
President and Chief
Executive Officer,
CBS Corporation, Inc.
Los Angeles, CA

Dr. Barry Munitz^{3,4}
Los Angeles, CA

Luis G. Nogales^{1,2,3}
Managing Partner,
Nogales Investors, LLC
Los Angeles, CA

Committees of the Board of Directors

- ¹ Audit and Compliance Committee
- ² Executive Committee
- ³ Management Development and Compensation Committee
- ⁴ Nominating and Corporate Governance Committee
- ⁵ Presiding Director
- ⁺ Committee Chair

All directors, except Mr. Karatz, are independent as defined under listing standards of the New York Stock Exchange and KB Home's Corporate Governance Principles, which are available at kbhome.com.

Management

CORPORATE OFFICERS

Charles Carroll
Vice President, Deputy
General Counsel and
Corporate Secretary

Domenico Cecere
Senior Vice President and
Chief Financial Officer

Cory F. Cohen
Senior Vice President, Tax

Robert Freed
Senior Vice President,
Investment Strategy and
Regional General Manager,
Northern California

Ken Gancarczyk
Senior Vice President,
Builder Services

Richard B. Hirst
Executive Vice President and
Chief Legal Officer

William R. Hollinger
Senior Vice President and
Controller

Lisa G. Kalmbach
Senior Vice President, Studios

Bruce Karatz
Chairman and Chief
Executive Officer

Wendy L. Marlett
Senior Vice President,
Sales and Marketing

Kelly Masuda
Senior Vice President,
Treasurer

Jeffrey T. Mezger
Executive Vice President and
Chief Operating Officer

Albert Z. Praw
Senior Vice President and
President, KB Land Company

Gary A. Ray
Senior Vice President,
Human Resources

Caroline Shaw
Senior Vice President,
Corporate Communications

VICE PRESIDENTS

Kelly M. Allred
Daniel Bridleman
Deborah Broom
Brian Bruce
Lawrence B. Gotlieb
William H. Harrill
John A. Hughes
Ross A. Kay
Kathleen L. Knoblauch
Stan Koyanagi
Barton P. Pachino
Terry Pasteris
Joe Reese
Christopher Reid
Nancy Schwappach
Galit Shokrian
David B. Simons

OPERATIONS MANAGEMENT

United States

Chris Apostolopoulos
President, Central Valley
North Division

Glen Barnard
Regional General Manager,
Central

John H. Bremond
President, Tucson Division

Rick Carruthers
Territory President, South
Central Florida

Russell W. Crandall
President, Indiana Division

Steven M. Davis
President, Gulf Coast Division

Kyle Davison
Territory President, South
Central Texas

Don Delgiorno
President, Las Vegas Division

Augie Dent
President, Central Valley
South Division

Vincent P. DePorre
Territory President,
North Florida

Marcia Dillon
President, New Mexico Division

Thomas C. DiPrima
President, Los Angeles
North Division

Jeffrey M. Gault
President, KB Urban Division

Stephen George
President, Fort Myers Division

George Glance
President, Orlando Division

John "Buddy" Goodwin
President, Florida Business
Development

Barry Grant
Territory President,
Mountain Divisions

Marshall Gray
President, Tampa Division

Patricia Hanchette
President, Raleigh Division

William "Brad" Jones
President, Treasure
Coast Division

Mark Kinsley
President, Mid-Atlantic Division

Drew Kusnick
President, South Bay Division

Ken Langston
President, Austin Division

Scott Laurie
President, Inland Valley Division

Martin Lighterink
President, San Diego Division

Lawrence E. Lippincott
President, Atlanta Division

Jeff Meyer
President, South Carolina
Division

Jay L. Moss
Regional General Manager,
Southern California

Larry E. Oglesby
Regional General Manager,
Texas and Southeast

Tim Mayo
President, Dallas/Fort Worth
Division

Mark Rodocker
President, Illinois Division

Stephen Ruffner
President, Riverside Division

Peter Sparks
President, Coastal Valleys
Division

Fred Vandercook
President, Charlotte Division

Craig Westmoreland
President, San Antonio Division

Jim Widner
Regional General Manager,
Southwest Region

Greg Williams
President, Phoenix Division

Fred Wyborski
President, Gold Coast Division

France

Joel Monribot
President, Kaufman & Broad S.A.,
France

Guy Nafilyan
Chairman and Chief Executive
Officer, Kaufman & Broad S.A.,
France

Office Locations

CORPORATE

Headquarters
10990 Wilshire Boulevard
Los Angeles, California 90024
(310) 231-4000
(310) 231-4222 fax

Builder Services
3090 Bristol Street,
Suite 300
Costa Mesa, California 92626
(714) 689-4502
(714) 556-3753 fax

houseCALL Center
3037 Independence Drive, Suite I
Livermore, California 94551
(888) KB-HOMES
(925) 245-6506 fax

KB Urban
10990 Wilshire Boulevard,
Ninth Floor
Los Angeles, California 90024
(310) 231-4000
(310) 893-7373

DOMESTIC DIVISIONS

Arizona
Phoenix Division
Two Gateway
432 North 44th Street,
Suite 400
Phoenix, Arizona 85008
(602) 567-4800
(602) 306-1010 fax

Tucson Division
250 South Craycroft Road,
Suite 300
Tucson, Arizona 85711
(520) 918-6400
(520) 299-2725 fax

California
Central Valley Division
2420 Del Paso Road,
Suite 200
Sacramento, California 95834
(661) 219-6901
(661) 219-6954 fax

Coastal Valley Division
27240 Turnberry Lane,
Suite 100
Valencia, California 91355
(661) 219-6901
(661) 219-6954 fax

Los Angeles-North Divison
27240 Turnberry Lane,
Suite 100
Valencia, California 91355
(661) 219-6901
(661) 219-6954 fax

Inland Valley Division
801 Corporate Center Drive,
Suite 201
Pomona, California 91768
(909) 618-1500
(909) 629-7143 fax

North Bay Division
2420 Del Paso Road, Suite 200
Sacramento, California 95834
(916) 576-5800
(916) 576-3750 fax

Orange County Division
3 Jenner, Suite 100
Irvine, California 92618
(949) 790-9100
(949) 790-9119 fax

Riverside Division
26201 Ynez Road, Suite 104
Temecula, California 92591
(951) 587-3300
(951) 587-0522 fax

San Diego Division
12235 El Camino Real, Suite 100
San Diego, California 92130
(858) 703-2040
(858) 259-5108 fax

South Bay Division
6700 Koll Center Parkway,
Suite 200
Pleasanton, California 94566
(925) 750-1700
(925) 750-1800 fax

Colorado
Colorado Division
5975 South Quebec Street,
Suite 300
Centennial, Colorado 80111
(303) 323-1100
(720) 488-3860 fax

Florida
Fort Myers Division
4470 Fowler Street
Fort Myers, Florida 33901
(239) 274-5675
(239) 931-3525 fax

Gold Coast Division
735 Fentress Boulevard
Daytona, Florida 32114
(386) 274-7190
(386) 274-5409 fax

Jacksonville Division
10475 Fortune Parkway,
Suite 100
Jacksonville, Florida 32256
(904) 596-6626
(904) 519-5012 fax

Orlando Division
8403 South Park Circle,
Suite 670
Orlando, Florida 32819
(321) 354-2500
(407) 351-1082 fax

Tampa Division
3450 Buschwood Park Drive,
Suite 250
Tampa, Florida 33618
(813) 775-7800
(813) 932-6470 fax

Treasure Coast Division
1755 37th Street
Vero Beach, Florida 32960
(772) 567-2443
(772) 778-9979 fax

Georgia
Atlanta Division
110 Londonderry Court,
Suite 136
Woodstock, Georgia 30188
(770) 928-0092
(678) 486-4584 fax

Illinois
Chicago Division
915 National Parkway, Suite F
Schaumburg, Illinois 60173
(847) 273-3600
(847) 619-1620 fax

Indiana
Indiana Division
5740 Decatur Boulevard
Indianapolis, Indiana 46241
(317) 821-8100
(317) 821-1870 fax

Louisiana
Gulf Coast Division
3636 I-10 Service Road, South
Suite 301
Metairie, Louisiana 70002
(504) 799-7729

Nevada
Las Vegas Division
5655 Badufa Avenue
Las Vegas, Nevada 89110
(702) 266-8400
(702) 266-8600 fax

New Mexico
New Mexico Division
6330 Riverside Plaza Lane NW,
Suite 200
Albuquerque, New Mexico 87120
(505) 353-5300
(505) 897-4479 fax

North Carolina
Charlotte Division
6135 Lakeview Road, Suite 250
Charlotte, North Carolina 28269
(704) 969-5700
(704) 596-2309 fax

Raleigh Division
2610 Wycliff Road, Suite 102
Raleigh, North Carolina 27607
(919) 424-1600
(919) 420-0142 fax

South Carolina
Bluffton Division
15 Sassafras Street
Bluffton, South Carolina 29910
(843) 757-8620
(843) 757-6275 fax

Charleston Division
4401 Belle Oaks Drive, Suite 280
North Charleston,
South Carolina 29405
(843) 576-6840
(843) 529-4605 fax

Columbia Division
101 Executive Center Drive,
Suite 200
Columbia, South Carolina 29210
(803) 612-5400
(803) 798-8393 fax

Greenville Division
1200 Woodruff Road, Suite G16
Greenville, South Carolina 29607
(864) 213-5620
(864) 627-9340 fax

Texas
Austin Division
11911 Burnet Road
Austin, Texas 78758
(512) 833-8880
(512) 795-6286 fax

Dallas/Fort Worth Division
2711 LBJ Freeway, Suite 600
Dallas, Texas 75234
(972) 232-6020
(972) 232-6161 fax

Houston Division
11320 Richmond Avenue
Houston, Texas 77082
(281) 668-3800
(281) 493-4174 fax

Rio Grande Valley Division
1800 S. Main Street, Suite 850
McAllen, Texas 78503
(956) 661-6500
(956) 664-9348 fax

San Antonio Division
4800 Fredericksburg Road
San Antonio, Texas 78229
(210) 349-1111
(210) 375-1018 fax

Virginia
Mid-Atlantic Division
8219 Leesburg Pike, Suite 300
Vienna, Virginia 22182
(703) 663-6500
(703) 883-2060 fax

INTERNATIONAL DIVISION

Kaufman & Broad S.A.
127 avenue Charles de Gaulle
92207 Neuilly sur Seine Cedex
France
011-331-4-143-4343

Stockholder Information

COMMON STOCK PRICES

	2005		2004	
	High	Low	High	Low
First Quarter	\$63.19	\$43.89	\$37.48	\$32.05
Second Quarter	67.55	54.21	40.95	30.14
Third Quarter	85.45	66.50	36.03	30.63
Fourth Quarter	77.92	60.82	46.50	34.31

DIVIDEND DATA

KB Home paid a quarterly cash dividend of \$.1875 per common stock share in 2005. The per share amount reflects the impact of the two-for-one stock split effected in April 2005. In December 2005, the quarterly cash dividend was increased to \$.25 per common share.

ANNUAL STOCKHOLDERS' MEETING

The 2006 Annual Stockholders' meeting will be held at the Hotel Bel-Air, 701 Stone Canyon Road, in Los Angeles, California, at 9:00 a.m. on Thursday, April 6, 2006.

STOCK EXCHANGE LISTINGS

KB Home's common stock is listed on the New York Stock Exchange and is also traded on the Boston, Chicago, National, Pacific and Philadelphia Exchanges. The ticker symbol is KBH.

Kaufman and Broad S.A., the Company's French subsidiary, is listed on the Paris Bourse. The ticker symbol is KOF. Kaufman & Broad S.A.'s website address is ketb.com.

TRANSFER AGENT

Mellon Investor Services, LLC
P.O. Box 3315
South Hackensack, New Jersey 07606
(888) 667-7640
melloninvestor.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP
Los Angeles, California

STOCKHOLDER INFORMATION

The Company's common stock is traded on the New York Stock Exchange under the symbol KBH. There were 114,018,391 shares (including shares held in treasury and by the grantor stock ownership trust) of common stock outstanding as of December 31, 2005.

FORM 10-K

The Company's 2005 Annual Report on Form 10-K filed with the Securities and Exchange Commission may be obtained without charge by writing the Company's investor relations department at investorrelations@kbhome.com or by visiting the Company's website at kbhome.com.

HEADQUARTERS

KB Home
10990 Wilshire Boulevard
Los Angeles, California 90024
(310) 231-4000
(310) 231-4222 fax
Location and community information:
kbhome.com / kbcasa.com
(888) KB-HOMES
(888) KB-CASAS

INVESTOR CONTACT

Kelly Masuda
Senior Vice President, Treasurer
10990 Wilshire Boulevard
Los Angeles, California 90024
(310) 231-4000
investorrelations@kbhome.com

BONDHOLDER SERVICES ADDRESS & PHONE NUMBER

8 ¾% \$200 million Senior Subordinated Notes — Due 2008
7 ¾% \$300 million Senior Subordinated Notes — Due 2010
9 ½% \$250 million Senior Subordinated Notes — Due 2011
6 ¾% \$350 million Senior Notes — Due 2011
5 ¾% \$250 million Senior Notes — Due 2014
5 ¾% \$300 million Senior Notes — Due 2015
6 ¼% \$450 million Senior Notes — Due 2015

TRUSTEE

Sun Trust Bank
Corporate Trust Division
Mail Code 008
25 Park Place, 24th Floor
Atlanta, Georgia 30303-2900
(404) 588-7711
suntrust.com



10990 Wilshire Boulevard, Los Angeles, California 90024
888-KB-HOMES / 888-KB-CASAS
kbhome.com / kbcasa.com