

## **PULTE HOMES, INC.**

### **CORPORATE GOVERNANCE GUIDELINES**

The following Corporate Governance Guidelines have been adopted by the Board of Directors of Pulte Homes, Inc. ("Pulte" or the "Company") to assist the Board in the exercise of its responsibilities. These guidelines reflect the Board's commitment to monitor the effectiveness of policy and decision-making at both the Board and management levels, with the objective of enhancing shareholder value over the long term. The Board intends that these guidelines serve as a flexible framework, not as a set of binding legal obligations, and should be interpreted in the context of all applicable laws and regulations, the Company's charter documents and other governing documents.

#### **I. STRUCTURE OF THE BOARD**

**1.1 Selection of Board Members.** Each year at the Company's annual meeting, the Board recommends a slate of Directors for election by shareholders. The Board's recommendations are based on its determination (using advice and information supplied by the Nominating and Governance Committee) as to the suitability of each individual, and the slate as a whole, to serve as Directors of the Company, taking into account the membership criteria discussed below.

Shareholders may recommend Director nominees for consideration by the Nominating and Governance Committee by writing to the Company's Secretary specifying the nominee's name and the qualifications for Board membership. Following verification of the shareholder status of the person submitting the recommendation, all properly submitted recommendations are brought to the attention of the Nominating and Governance Committee. Shareholders may also nominate Directors for election at the Company's annual meeting of shareholders by following the provisions described in the Company's proxy statement.

**1.2 Board Membership Criteria.** The Nominating and Governance Committee works with the Board on an annual basis to determine the appropriate characteristics, skills, and experience for the Board as a whole and its individual members. In evaluating the suitability of individual Board members, the Board takes into account many factors, including relevant experience, intelligence, compatibility, reputation for integrity, professional background, understanding of the Company's business, and any other factors deemed relevant. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best perpetuate the success of the business and represent shareholder interests through the exercise of sound judgment, using its diversity of experience. In determining whether to recommend a Director for re-election, the Nominating and Governance Committee also considers the Director's past attendance at meetings and participation in and contributions to the activities of the Board.

**1.3 Independence.** The Board believes that a substantial majority of our Directors should be "independent," not only as that term may be defined by the New York Stock Exchange, but also without the appearance of any conflict in serving as a Director. To be considered independent under these Guidelines, the Board must determine that a Director does not have any direct or indirect material relationship with the Company (other than in his or her capacity as a Director). We have established standards to assist in determining whether a Director has a direct or indirect material relationship. These independence standards are attached to these Guidelines.

**1.4 Term Limits.** The Board does not believe it should limit the number of terms for which an individual may serve as a Director. The Board believes that Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of the Company's history, policies, and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new viewpoints through the evaluation and nomination process described in these guidelines.

**1.5 Age Policy.** It is the policy of the Board that no Director shall stand for election after the age of 75. A Director elected to the Board at or before the age of 75 may continue to serve until the expiration of the term during which he or she turns 76.

**1.6 Directors with Significant Job Changes.** When a Director's principal occupation or business association changes substantially during his or her tenure as a Director, that Director should tender his or her resignation for consideration by the Nominating and Governance Committee. The Nominating and Governance Committee will recommend to the Board the action, if any, to be taken with respect to the resignation.

**1.7 Limitation on Other Board Service.** Directors are expected to advise the Chairman of the Board and the Chairman of the Nominating and Governance Committee before accepting any other public company directorship or any assignment to the audit committee or compensation committee of the board of directors of any public company of which such Director is a member. Directors may not serve on more than four boards of public companies, including the Company's Board.

**1.8 Conflicts of Interest.** All Directors must comply with the applicable provisions of the Company's Business Practices Policy. If a Director has a personal interest in any matter that is being considered by the Board for approval, that Director must disclose the interest to the Board, excuse himself or herself from participation in the discussion, and not vote on the matter.

**1.9 Election of Directors.** The Board of Directors recognizes the continuing evolution of investor views and related initiatives addressing the appropriateness of Director elections using a majority vote standard, rather than the current plurality standard. The Board notes that these views and initiatives raise uncertainties as to the

legal and practical implications of a change in practice, making amendments to the Company's Articles of Incorporation or Bylaws a less desirable means of addressing the investor concerns at this time. Nonetheless the Board recognizes that certain modifications to the Company's current election procedures can effectively provide for majority vote principles. Therefore, the Board of Directors is adopting the following Guideline.

In an uncontested election of directors (i.e., an election where the only nominees are those recommended by the Board of Directors), any nominee for Director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election by shareholders present in person or by proxy at the Annual Meeting of Shareholders and entitled to vote in the election of Directors ("Majority Withheld Vote") will promptly tender his or her resignation to the Chairman of the Board following certification of the shareholder vote.

The Nominating and Governance Committee will promptly consider the resignation submitted by a Director receiving a Majority Withheld Vote and recommend to the Board whether to accept the tendered resignation or reject it. In considering whether to accept or reject the resignation, the Nominating and Governance Committee will consider all factors deemed relevant, including without limitation, the underlying reasons for the Majority Withheld Vote (if ascertainable), the length of service and qualifications of the Director whose resignation has been tendered, the Director's contributions to the Company, compliance with listing standards, and the Company's Corporate Governance Guidelines.

The Board will act on the Nominating and Governance Committee's recommendation no later than at its first regularly scheduled meeting following certification of the shareholder vote, which action may include, without limitation, acceptance of the tendered resignation, adoption of measures designed to address the issues underlying the Majority Withheld Vote, or rejection of the tendered resignation. Following the Board's decision on the Nominating and Governance Committee's recommendation, the Company will promptly publicly disclose the Board's decision and process (including, if applicable, the reasons for rejecting the tendered resignation) in a periodic or current report filed with the Securities and Exchange Commission.

To the extent that one or more Directors' resignations are accepted by the Board, the Nominating and Governance Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board.

Any Director who tenders his or her resignation pursuant to this provision will not participate in the Nominating and Governance Committee recommendation or Board consideration regarding whether or not to accept the tendered resignation. If a majority of the members of the Nominating and Governance Committee received a Majority Withheld Vote at the same election, then the independent Directors who are on the Board who did not receive a Majority Withheld Vote will appoint a Board committee amongst themselves solely for the purpose of considering the tendered resignations and will

recommend to the Board whether to accept or reject them. This Board committee may, but need not, consist of all of the independent Directors who did not receive a Majority Withheld Vote.

This corporate governance guideline will be summarized or included in each proxy statement relating to an election of Directors of the Company.

**1.10 Lead Director.** The Board shall designate a Lead Director from among the independent Directors of the Board. The Lead Director shall hold office for a term of three years, or less, if the Lead Director shall leave before the third anniversary of appointment.

The Lead Director's key role is to work with the Chairman of the Board and the Chief Executive Officer to ensure that the Board (i) discharges its responsibilities, (ii) has structures and procedures in place to enable it to function independently of management, and (iii) clearly understands the respective roles and responsibilities of the Board and Management. The Lead Director will perform the following duties:

- Convene and chair regular executive session meetings of the non-management Directors and, as appropriate, provide prompt feedback to the Chairman of the Board and the Chief Executive Officer.
- Coordinate and develop the agenda for executive sessions of the independent Directors.
- Coordinate feedback to the Chairman of the Board and Chief Executive Officer on behalf of independent Directors regarding business issues and management.
- Provide the Chairman of the Board and the Chief Executive Officer with input as to the preparation of the agendas for meetings of the Board and informational needs associated with those agendas and presentations.
- Performing such other duties as may be necessary for the Board to fulfill its responsibilities or as may be requested by the Board as a whole, by the non-management Directors, or by the Chairman of the Board.
- In the absence of the Chairman of the Board, act as chair of meetings of the Board.
- Be the designated spokesperson for the Board when it is appropriate for the Board to comment publicly on any matter.

## **II. BOARD PROCEDURAL MATTERS**

**2.1 Board Meetings – Agenda.** The Chairman of the Board and Chief Executive Officer, in consultation with the Lead Director, will set the agenda for each Board

meeting and will distribute this agenda in advance to each Director. The Chairman of the Board and Chief Executive Officer will, as appropriate, solicit suggestions from other Directors as to agenda items for Board meetings.

**2.2 Frequency of Meetings.** The Board will determine the number of regularly scheduled meetings it wishes to hold each year, but generally expects to hold approximately five meetings annually. In addition, special meetings may be called from time to time, as determined by the needs of the business.

**2.3 Attendance.** Directors are expected to attend Board meetings and meetings of the Committees on which they serve, to spend the time needed and to meet as frequently as necessary to properly discharge their responsibilities. Meetings should include presentations by management and, when appropriate, outside advisors or consultants, as well as sufficient time for full and open discussion.

**2.4 Advance Distribution of Materials.** Written materials that are important to the Board's understanding of the agenda items to be discussed at a Board or Committee meeting should be distributed to the Directors sufficiently in advance of the meeting to allow the Directors the opportunity to adequately prepare for such meeting.

**2.5 Access to Management.** The Company will provide each Director with free and complete access to the management of the Company, subject to reasonable advance notice to the Company and reasonable efforts to avoid disruption to the Company's management, business, and operations. Management will be responsive to access requests and requests for information from Directors.

**2.6 Outside Advisors.** The Board and each Committee has the authority to engage independent legal, financial, or other advisors as it may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance, but each Committee will notify the Chairman of any such action. Management of the Company will cooperate with any such engagement and will ensure that the Company provides adequate funding for such advisors.

**2.7 Executive Sessions of Independent Directors.** Non-employee Directors will meet in executive session (with no executive Directors or management present) on a regular basis, as they deem necessary. At least one such meeting per year will be held by non-employee Directors who are also independent. The Lead Director will preside at each executive session.

### **III. PERFORMANCE EVALUATION; SUCCESSION PLANNING; COMPENSATION**

**3.1 Management Evaluations and Succession.** The non-employee Directors of the Company will conduct an annual review of the Company and its executive management.

The Board will establish and review policies and procedures for the succession to the Chief Executive Officer and such other members of executive management, as the Board deems appropriate.

**3.2 Board Self-Evaluation.** The Board will annually review its own performance and determine what, if any, action could improve the performance and effectiveness of the Board and its Committees.

**3.3 Director Compensation.** The Compensation Committee will determine the form and amount of Director compensation in accordance with the principles and policies contained in its charter, or other related Company policies. In making its determination, the Compensation Committee should take into consideration the following factors, among others: compensation should fairly pay Directors for the responsibilities and duties undertaken in serving as a director of a Company of the size and complexity of the Company and compensation should align the Directors' interests with the long-term interests of shareholders. Non-employee Directors shall not receive any compensation from the Company other than his or her compensation as a Director. Directors who are also employees of the Company should receive no additional compensation for their services as Directors.

#### **IV. COMMITTEE MATTERS**

**4.1 Number and Type of Committees.** The Board will at all times maintain an Audit Committee, a Nominating and Governance Committee, and a Compensation Committee, each of which will be comprised of independent Directors and will operate in accordance with their respective charters, any applicable law, and the applicable rules of the Securities and Exchange Commission and the New York Stock Exchange. The Board may also establish such other committees as it deems appropriate and delegate to such committees any authority the Board deems appropriate, subject to the limitations of any applicable law or Company Bylaws.

**4.2 Committee Meetings and Agenda.** The chairman of each Committee is responsible for developing, together with relevant senior management, the Committee's agendas and objectives and for setting the specific agenda for Committee meetings. The chairmen and Committee members will determine the frequency and length of Committee meetings consistent with each Committee's charter.

## V. MISCELLANEOUS

**5.1 Director Orientation And Continuing Education.** The Board or the Company will establish and maintain appropriate orientation programs for newly elected Directors of the Company. The Board will participate in Director education programs as frequently as it deems appropriate.

**5.2 Review of Governance Guidelines.** These Guidelines will be reviewed annually by the Nominating & Governance Committee and may be amended by the Board from time to time.

## **PULTE HOMES, INC.**

### **STANDARDS OF INDEPENDENCE FOR THE BOARD OF DIRECTORS**

The Board shall consist of a substantial majority of independent Directors. The Company has established Director qualification standards to assist the Nominating and Governance Committee in determining Director independence, which either meet or exceed the independence requirements of the New York Stock Exchange ("NYSE") corporate governance listing standards. The Board will consider all relevant facts and circumstances in making an independence determination.

To be considered "independent", the Board must affirmatively determine that the Director has no material relationship with the Company, directly or as an officer, shareholder or partner of an organization that has a relationship with the Company. In each case, the Board shall broadly consider all relevant facts and circumstances and shall apply the standards set forth below.

A Director will be determined to be independent if the Director:

- Has not been an employee of the Company for at least three years;
- Has not, during the last three years, been employed as an executive officer by a company for which an executive officer of the Company concurrently served as a member of such company's compensation committee;
- Has no immediate family members (i.e., spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than employees) who shares the Director's home) who did not satisfy the foregoing criteria during the last three years; provided, however, that such Director's immediate family member may have served as an employee but not as an executive officer of the Company during such three-year period so long as such immediate family member shall not have received, during any twelve-month period within such three-year period, more than \$120,000 in direct compensation from the Company for such employment.
- Is not a current partner or employee of the Company's internal or external audit firm, and the Director was not within the past three years a partner or employee of such a firm who personally worked on the Company's internal or external audit within that time.
- Has no immediate family member who (i) is a current partner of a firm that is the Company's internal or external auditor, (ii) is a current employee of such a firm and personally works on the Company's internal or external audit or (iii) was within the past three years a partner or employee of such a firm and personally worked on the Company's audit within that time.

- Has not received, and has no immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company (other than in his or her capacity as a member of the Board of Directors);
- Is not a current employee, and has no immediate family member who is a current executive officer, of a company that made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues;
- Does not serve, and has no immediate family member who has served, during the last three years as an executive officer or general partner of an entity that has received an investment from the Company or any of its subsidiaries, unless such investment is less than the greater of \$1 million or 2% of such entity's total invested capital, whichever is greater, in any of the last three years; and
- Has not been, and has no immediate family member who has been, an executive officer of a charitable or educational organization foundation for which the Company contributed more than the greater of \$1 million or 2% of such charitable organizations' consolidated gross revenues, in any of the last three years.

Audit Committee members may not have any direct or indirect financial relationship whatsoever with the Company other than as Directors.

Annually, the Board will review all commercial and charitable relationships of Directors to determine whether Directors meet the categorical standards described above. The Board may determine that a director who has a relationship that exceeds the limits described in the categories (to the extent that any such relationship would not constitute a bar to independence under the NYSE listing standards) is nonetheless independent. The Company would explain in the next proxy statement the basis for any Board determination that a relationship is immaterial despite the fact that it does not meet the categorical standards set forth above.