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KB Home Launches KB Urban Division

Real Estate Veteran Jeffrey Gault Joins KB Home to Run New High Density, Mixed-Use Properties Division

LOS ANGELES, Oct. 26 /PRNewswire-FirstCall/ -- KB Home (NYSE: KBH), one of the nation's premier homebuilders, announced today the creation of a new high density and mixed-use division which will operate under the name KB Urban. KB Home, which delivered 31,646 homes in 2004 and is expected to deliver more than 38,000 this year, also announced it has named veteran real estate executive Jeffrey Gault as president of the new division.

Operating in 15 states and France, KB Home provides a wide variety of homes to meet the needs of its diverse buyers, from recent college graduates, singles and young couples seeking their first home; to growing families looking to move up into larger homes; to empty nesters seeking a maintenance-free lifestyle and busy executives in search of amenity-rich luxury homes. The addition of KB Urban will enable the company to add mid- and high-rise products to KB Home's portfolio, offering the style and comfort of its traditional homes in a new and convenient urban setting.

"We have experienced tremendous success with the expansion of our product diversification, including the introduction of attached homes," said KB Home Chairman and Chief Executive Officer Bruce Karatz. "KB Urban will offer high-density housing opportunities where people can live and work in city centers while enjoying a high quality lifestyle."

Gault is an accomplished and recognized force in the real estate industry, with more than 30 years experience at some of the nation's most respected institutions. He joins KB Home from the Empire Companies based in Ontario, Calif., where he served as president and chief operating officer since 2002. A licensed architect and general building contractor, prior to the Empire Companies he was a real estate partner with affiliates of the Pritzker Family of Chicago; a managing partner for SunAmerica Realty Partners, controlling \$1 billion in real estate assets; executive vice president for Home Savings of America, and director of real estate for the company, where he oversaw real estate operations including land development, home building, corporate real estate properties, commercial property development and joint ventures.

"We have the finest executives in homebuilding at KB Home," continued Karatz. "Our skilled workforce understands how to build a quality home better than any other. But we needed a seasoned and successful leader for this new venture that is specific to high-density and urban locale. We have found that leadership in Jeff Gault, who has experience in all aspects of real estate, including urban mixed-use, single-family homes, commercial, hotel and office properties and residential master plan communities."

"It is truly an honor to join such a reputable leader in homebuilding," said Gault. "The market clearly shows a trend and demand for condominiums and an urban lifestyle. We will be providing that lifestyle for all prospective buyers, from the young and single professionals who wish to live closer to work, transportation and retail, to the retiree hoping to move from the suburbs to the city. There are countless urban and mixed-use opportunities and needs that we look forward to fulfilling, as we make KB Urban as strong a leader in this industry as KB Home is to homebuilding and providing the American Dream to deserving families."

A member and past trustee of the Urban Land Institute, Gault received his bachelor's degree in architecture from the University of California at Berkeley in 1967 and his master's degree in environmental design from Yale University in 1969. He is a member of the American Institute of Architects, the University of California Fisher Center Real Estate Board, the Wharton Real Estate Center, the American Institute of Certified Planners, and the International Council of Shopping Centers.

About KB Home

Building homes for nearly half a century, KB Home is one of America's premier homebuilders with domestic operating divisions in some of the fastest-growing regions and states: West Coast-California; Southwest-Arizona, Nevada and New Mexico; Central-Colorado, Illinois, Indiana and Texas; and Southeast-Florida, Georgia, Maryland, North Carolina, South

Carolina and Virginia. Kaufman & Broad S.A., the Company's publicly-traded French subsidiary, is one of the largest homebuilders in France. In fiscal 2004, the Company delivered homes to 31,646 families in the United States and France. KB Home also offers complete mortgage services through Countrywide KB Home Loans, a joint venture with Countrywide Financial Corporation. Founded in 1957, and winner of the 2004 American Business Award for Best Overall Company, KB Home is a Fortune 500 company listed on the New York Stock Exchange under the ticker symbol "KBH." For more information about any of KB Home's new home communities, call 888-KB-HOMES or visit <http://www.kbhome.com>.

For more information contact:

Caroline Shaw 310-231-4142
cshaw@kbhome.com

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