

KB HOME
Form DEF 14A
February 20, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

KB HOME
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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 - (3) Filing Party:
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Dear Fellow Stockholder:

Your directors and officers join me in inviting you to attend the 2015 Annual Meeting of Stockholders of KB Home at 9:00 a.m., Pacific Time, on Thursday, April 2, 2015 at our corporate office in Los Angeles, California. At the Annual Meeting, we will consider the following items of business:

Items of Business	Board Recommendation
Elect eight directors, each to serve for a one-year term	FOR
Advisory vote to approve named executive officer compensation	FOR
Ratify the appointment of our independent registered public accounting firm	FOR

You can find more information on these items of business in the attached Notice of 2015 Annual Meeting of Stockholders and Proxy Statement. Your vote on these items is very important, and we encourage you to vote via the Internet, by telephone or by mail as soon as possible to ensure that your vote is counted.

Following the formal business at the Annual Meeting, we will discuss our 2014 fiscal year results.

2014 Fiscal Year Performance Overview

Our team at KB Home produced solid financial results in our 2014 fiscal year and also made measurable progress on our top strategic priorities. With our ongoing focus on accelerating profitable growth, we set aggressive goals for our main objectives for the year—expanding our number of new home communities open for sales (our “community count”) in preferred submarkets, enhancing profitability per home delivered and generating higher revenues per community.

While housing markets continued to recover at a slow pace and are still well below historically normal activity levels, we were able to achieve, if not exceed, many of our financial and operational targets for 2014. By steadily leveraging the growth platform we have built over the past four years, we have successfully increased our scale and profitability, and we have momentum in our business heading into 2015.

Our Annual Report on Form 10-K for the fiscal year ended November 30, 2014 (“Annual Report”) provides additional details on our 2014 performance. Some highlights include the following:

2014 Fiscal Year Financial Performance

In 2014, we continued to generate meaningful improvement in our revenues, housing gross profit margin and earnings, building upon the progress we made in 2012 and 2013. In particular,

- We increased our total revenues by 14%, following 34% growth in 2013
 - We expanded our housing gross profit margin to 18.1% from 16.7%, an improvement of 140 basis points
 - We grew our pretax income by \$56.5 million from 2013, and by \$174.0 million from 2012
 - We posted year-end stockholders’ equity of \$1.60 billion, up from \$536.1 million at the end of 2013
-

2014 Fiscal Year Operational Performance

We also accomplished several important strategic objectives to support our future growth, including:

- We ended our 2014 fiscal year with 227 new home communities open for sales, a 19% year-over-year increase. Over the last two years, we have expanded our community count by 32%
- We increased our year-end backlog value to \$914.0 million at November 30, 2014, an increase of 34% year over year, representing our highest year-end level since 2007
- We invested \$1.47 billion in land acquisition and development to support our future home delivery pipeline
- We achieved the reversal of \$825.2 million of our deferred tax asset (“DTA”) valuation allowance, significantly strengthening our balance sheet

As discussed in our Annual Report, the DTA valuation allowance reversal substantially increased our stockholders’ equity and reduced our debt-to-capital ratio. Our DTA provides a great benefit to us and our stockholders as it enables us to potentially shelter, on a cash basis, more than \$2 billion of future earnings from income taxes.

The strong financial and operational improvements noted above were largely achieved through the strategic transformation and refocusing of our business, both geographically and operationally, that our management team has implemented over the past several years amid significant and at times rapid changes in the housing environment. We believe we are well positioned to sustain our positive growth trajectory in 2015 by continuing to execute on our top strategic priorities. At the same time, with profitability restored, we are now expanding our focus to enhancing our asset efficiency and increasing our return on invested capital, as further described in our Annual Report.

We look forward to seeing you on April 2.

Sincerely,

JEFFREY T. MEZGER
President and Chief Executive Officer
February 20, 2015

Table of Contents

NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS

Time and Date: 9:00 a.m., Pacific Time, on Thursday, April 2, 2015.

Location: KB Home Corporate Office, 10990 Wilshire Boulevard, Los Angeles, CA 90024.

Items of Business: (1) Elect eight directors, each to serve for a one-year term;
(2) Advisory vote to approve named executive officer compensation; and
(3) Ratify the appointment of our independent registered public accounting firm.

The accompanying Proxy Statement describes these items in more detail. We have not received notice of any other matters that may be properly presented at the meeting.

Record Date: You can vote at the meeting and at any postponement or adjournment of the meeting if you were a stockholder of record on February 6, 2015.

Voting: Please vote as soon as possible, even if you plan to attend the meeting, to ensure that your shares will be represented. You do not need to attend the meeting to vote if you vote before the meeting. If you are a holder of record, you may vote your shares via the Internet, by telephone or by mail. If your shares are held by a broker or financial institution, you must vote your shares as instructed by that broker or financial institution.

Annual Report: Copies of our Annual Report on Form 10-K for the fiscal year ended November 30, 2014 (“Annual Report”), including audited financial statements, are being made available to stockholders concurrently with the accompanying Proxy Statement. We anticipate that these materials will first be made available on or about February 20, 2015.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on April 2, 2015: Our Proxy Statement and Annual Report are available at www.kbhome.com/investor/proxy.

BY ORDER OF THE BOARD OF DIRECTORS,
WILLIAM A. (TONY) RICHELIEU
Vice President and Corporate Secretary
Los Angeles, California
February 20, 2015

Table of Contents

TABLE OF CONTENTS	
<u>Annual Meeting and Voting Information</u>	<u>1</u>
<u>Corporate Governance and Board Matters</u>	<u>3</u>
<u>Director Independence</u>	<u>5</u>
<u>Director Qualifications and Nominations</u>	<u>5</u>
<u>Board Role in Risk Oversight</u>	<u>5</u>
<u>Certain Relationships and Related Party Transactions</u>	<u>6</u>
<u>Communicating with the Board</u>	<u>6</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>6</u>
<u>Stockholder Proposals for Our 2016 Annual Meeting of Stockholders</u>	<u>6</u>
<u>Director Compensation</u>	<u>7</u>
<u>Election of Directors</u>	<u>10</u>
<u>Ownership of KB Home Securities</u>	<u>13</u>
<u>Compensation Discussion and Analysis</u>	<u>15</u>
<u>Executive Compensation in Focus and Context</u>	<u>15</u>
<u>2014 Fiscal Year Financial Results and NEO Compensation Outcomes</u>	<u>16</u>
<u>Pay-for-Performance Orientation and CEO Compensation</u>	<u>17</u>
<u>Pay Program Overview</u>	<u>18</u>
<u>NEO Compensation Components</u>	<u>20</u>
<u>Executive Compensation Decision-Making Process and Policies</u>	<u>24</u>
<u>Severance, Change in Control and Post-Termination Arrangements and Benefits</u>	<u>25</u>
<u>Management Development and Compensation Committee Report</u>	<u>26</u>
<u>Summary Compensation Table</u>	<u>27</u>
<u>Grants of Plan-Based Awards During Fiscal Year 2014</u>	<u>28</u>
<u>Outstanding Equity Awards at Fiscal Year-End 2014</u>	<u>29</u>
<u>Option Exercises and Stock Vested During Fiscal Year 2014</u>	<u>30</u>
<u>Pension Benefits During Fiscal Year 2014</u>	<u>31</u>
<u>Non-Qualified Deferred Compensation During Fiscal Year 2014</u>	<u>31</u>
<u>Potential Payments Upon Termination of Employment or Change in Control</u>	<u>32</u>
<u>Advisory Vote to Approve Named Executive Officer Compensation</u>	<u>38</u>
<u>Audit Matters</u>	<u>39</u>
<u>Ratify Appointment of Independent Registered Public Accounting Firm</u>	<u>39</u>
<u>Independent Auditor Fees and Services in 2014 and 2013</u>	<u>39</u>
<u>Audit and Compliance Committee Report</u>	<u>40</u>
<u>Reconciliation of Non-GAAP Financial Measures</u>	<u>Annex 1</u>

Table of Contents

KB HOME
 10990 Wilshire Boulevard
 Los Angeles, CA 90024

ANNUAL MEETING AND VOTING INFORMATION

Your Board of Directors (“Board”) is furnishing this Proxy Statement to you to solicit your proxy for our 2015 Annual Meeting of Stockholders. The Annual Meeting is scheduled for Thursday, April 2, 2015 at our corporate office at the address noted above. The items of business for the meeting are described in the accompanying Notice of 2015 Annual Meeting of Stockholders. We anticipate that this Proxy Statement and a form of proxy card or voting instruction form will first be made available on or about February 20, 2015.

Holders of record of the 91,953,911 shares of our common stock that were outstanding at the close of business on the record date (February 6, 2015) are entitled to one vote for each share held. The trustee of our Grantor Stock Ownership Trust (“GSOT”) will vote the 10,335,461 shares of our common stock that the GSOT held on the record date based on the instructions received from eligible employees who hold unexercised common stock options under our employee equity compensation plans. Accordingly, a total of 102,289,372 shares are entitled to vote at the Annual Meeting.

Quorum Requirement

For stockholders to take action at the Annual Meeting, the holders of a majority of the shares of our common stock outstanding on the record date must be present or represented at the meeting. Abstentions and “broker non-votes” are counted for this purpose. A “broker non-vote” occurs when a broker does not receive instructions from a beneficial holder and does not have the discretionary authority to vote on an item of business. For the Annual Meeting, we understand that brokers have discretionary authority to vote only on ratifying the appointment of our independent registered public accounting firm. Therefore, if you are a beneficial owner, you must instruct your broker on how you want your shares to be voted on the other items of business in order for your shares to be counted for those items.

Voting Your Shares

Stockholders can vote by mail, telephone, Internet or in person at the Annual Meeting, as described below. If you vote by telephone or the Internet, you do not need to return a proxy card or voting information form by mail. Polls will close shortly after the Annual Meeting is called to order. There are no dissenters’ rights or rights of appraisal as to any item to be acted upon at the Annual Meeting. There is no right to cumulative voting.

	Holders of Record	Beneficial Holders	Plan Participant Holders
How to Vote:	If your shares are registered directly in your name with our transfer agent, Computershare Inc., you may vote by mail, telephone or Internet by following the instructions on your mailed or electronic proxy card you receive from Computershare.	If your shares are held in “street name” by a broker or other holder of record, you may vote by mail, telephone or Internet by following the instructions on the mailed or electronic voting instruction form you receive from your broker or other holder of record.	If you have shares in the KB Home Stock Fund in our 401(k) Savings Plan or the GSOT, you may vote by mail, telephone or Internet by following the instructions on your mailed or electronic proxy card you receive from Computershare.
Voting Deadline:	You may vote via the Internet and by telephone until 11:59 p.m., Eastern Time, on April 1, 2015.	Each broker (or other holder of record) sets proxy voting deadlines for its beneficial owners.	You may vote via the Internet and by telephone until 11:59 p.m., Eastern Time, on March 31, 2015.
Voting in Person:	You (or someone designated by a signed legal proxy) may vote in person at the Annual Meeting.	You must obtain a legal proxy from your broker or other holder of record and present it with your ballot.	You must obtain a legal proxy from the applicable plan trustee and present it with your ballot.

Changing Your Vote:

You may revoke voting instructions before polls close by submitting a later vote in person, or by mail, telephone or Internet before the above-listed deadline.	If you are a beneficial owner, you must contact your broker or other holder of record to revoke any prior voting instructions.	You may revoke voting instructions before polls close by submitting a later vote in person, or by mail, telephone or Internet before the above-listed deadline.
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Voting Standards:

Per our By-Laws, to be elected, each director nominee must receive a majority of votes cast in favor (i.e., the votes cast for a nominee's election must exceed the votes cast against the nominee's election). Shares that are not present or represented at the Annual Meeting and abstentions will not affect the election outcome. Other properly presented items of business will be considered approved based upon the affirmative vote of a majority of the shares of our common stock present or represented, and entitled to vote thereon, at the Annual Meeting. Abstentions from voting on these other items of business will have the same effect as an "against" vote. Broker non-votes will have no effect on the voting results for these other items of business.

Table of Contents

The named proxies for the Annual Meeting—Jeffrey T. Mezger and Brian J. Woram (or their duly authorized designees)—will follow submitted proxy voting instructions. They will vote as the Board recommends as to any such submitted instructions that do not direct how to vote on any item, and will vote on any other matters properly presented at the Annual Meeting in their discretion, including upon any motion to adjourn or postpone all or any portion of the Annual Meeting. We have engaged our transfer agent to count the votes and to act as an independent inspector of election. William A. (Tony) Richelieu, our Corporate Secretary, will also act as an inspector of election.

Proxy Solicitation Costs

We will pay the cost to solicit proxies for the Annual Meeting. In addition to this Proxy Statement, our officers, directors and other employees may solicit proxies personally, in writing or by telephone, facsimile, email or other means for no additional compensation. We will, if requested, reimburse banks, brokers and other custodians, nominees and certain fiduciaries for their reasonable expenses in providing material to their principals. We have hired Georgeson Inc., a professional soliciting organization, to assist us in soliciting proxies and distributing proxy materials. For its services, we will pay Georgeson a fee of \$9,000, plus reimbursement of out-of-pocket expenses.

Internet Availability of Proxy Materials and Governance Documents

Proxy materials for the Annual Meeting, including the accompanying Notice of 2015 Annual Meeting, this Proxy Statement, the Annual Report and a form of proxy or voting instruction form, are being made available primarily via the Internet at www.kbhome.com/investor/proxy. We are doing this to speed the delivery of proxy materials to our stockholders, to lower costs and to reduce the impact on the environment from printing and mailing proxy materials. Beginning February 20, 2015, we mailed to stockholders a Notice of Internet Availability (“Notice”) that provides instructions on how to access and view the proxy materials, and to vote online or by telephone. To request a printed copy of our proxy materials, please follow the instructions on the Notice. Stockholders who previously elected to receive proxy materials electronically will continue to receive these materials and the Notice by e-mail, unless we are told otherwise. Please note that you cannot vote your shares by marking the Notice and returning it.

Our Certificate of Incorporation, By-laws, Corporate Governance Principles, Charters for all Board Committees and Ethics Policy are available online for viewing, printing or downloading at www.kbhome.com/investor/corporategovernance. In addition, our annual Sustainability Reports are available online for viewing, printing or downloading at www.kbhome.com/sustainability.

Admission to the Annual Meeting

Only stockholders on February 6, 2015, authorized proxy holders of such stockholders and invited guests of the Board may attend the Annual Meeting. Picture identification (such as a valid driver’s license or passport) and an admission ticket will be required to attend the meeting. A professional business dress code will be observed. Additional rules of conduct will apply at the meeting.

To obtain an admission ticket to the meeting, please send your written request to William A. (Tony) Richelieu, Corporate Secretary, KB Home, 10990 Wilshire Boulevard, Los Angeles, California 90024, or to investorrelations@kbhome.com. In your request, please include the address where your admission ticket should be mailed, and any special assistance needs. All requests must be received on or before Friday, March 20, 2015 and include the following information:

Holders of Record

A copy of a form of proxy or voting instruction form or a Notice of Internet Availability showing your name and address. If you are appointing an authorized proxy representative, also include the representative’s name, mailing address and contact telephone number and a copy of the signed legal proxy.

Beneficial Holders

A copy of a voting instruction form from a broker (or other holder of record) showing your name and address, or a broker letter verifying record date ownership and a copy of a brokerage account statement showing your KB Home stock ownership on the record date.

Table of Contents

CORPORATE GOVERNANCE AND BOARD MATTERS

Corporate Governance Highlights

- All directors are independent (except our President and Chief Executive Officer (“CEO”)), and are elected annually under a majority voting standard.
- Our standing Board Committees are entirely composed of independent directors.
- Non-employee directors meet in executive sessions at each in-person Board meeting, and any non-employee director can request additional executive sessions.
- There is Board-level oversight of our political contributions, which are reported in our public Sustainability Report.