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**KB HOME NAMED FIRST BUILDER IN INDIANA CERTIFIED
FOR QUALITY ASSURANCE AND CUSTOMER SATISFACTION**

*Landmark National Housing Quality Program Provides Third-Party Certification and
Increases Customer Satisfaction*

August 15, 2006, Upper Marlboro, Md.—The NAHB Research Center today announced the National Housing Quality (NHQ) Certification of KB Home Indiana. Headquartered in Indianapolis, Ind., the local division of national builder KB Home (NYSE: KBH), earned the designation following a rigorous NAHB Research Center audit of the implementation of their quality assurance systems. With certified divisions currently operating in seven other states, KB Home's Indiana division is the first and only NHQ Certified builder in the state to join the elite group of builders nationwide that have successfully completed the distinguished program since its launch in early 2005. Additional KB Home divisions in other states participating in the program are working toward certification in 2006, signaling KB Home's corporate-wide commitment to the NHQ program.

Participation in the NHQ Certified Builder program is designed to increase efficiency and consistency in building practices. Formally launched at the 2005 International Builders' Show, the NHQ Certified Builder program provides a rigorous and complete review of business practices, and ensures that all elements of the company's quality assurance system are incorporated to provide greater customer satisfaction. To achieve certification, KB Home's Indiana division participated in field and office training to implement the quality program, work more efficiently with their trade contractors, and maintain the continuous improvement efforts required by all NHQ Programs.

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NAHB Research Center president Michael Luzier said, “I am pleased with how far the NHQ Certified Builder program has come, and with the increased efficiency and customer satisfaction that participating builders are achieving. This program has, and will continue to play a vital role the evolution of quality assurance in home building, and I would like to thank KB Home’s Indiana division for taking part in it.”

KB Home –Indiana’s Quality Home Builder

KB Home has been delivering high-quality homes throughout the Indianapolis area since the local division was formed in 2003. Even with its impressive track record as one of the nation’s largest home builders, a solid commitment to customer service excellence remains a top priority for KB Home, whose internal quality assurance measures such as the "Power of 10" quality pledge – a 10-point quality construction checkpoint that covers every step of the process—complement the builder’s participation in the Research Center's NHQ Program.

“Becoming the first builder in Indiana to be named an NHQ Certified Builder is a significant milestone in our continued commitment to providing superior customer service, innovative architecture and quality homes in Indiana,” said KB Home Indiana division president Dave Berman. “KB Home is driven by these goals in everything we do. Completing the National Housing Quality Certified Builder program was particularly important to our division because it demonstrates to homebuyers and our partners that KB Home is dedicated to delivering quality homes.”

KB Home has long been a pioneer in quality assurance. In November 2003, KB Home Chairman and CEO Bruce Karatz announced that the company would become the first large builder in the country to implement the NHQ Certified Trade Contractor program nationwide. This partnership has served to provide greater efficiency, consistency, and effectiveness to the benefit of KB Home’s customers. As a result of program implementation, all of KB Home’s trade partners will be required to complete quality assurance management training, and are on their way towards achieving NHQ certification.

About the National Housing Quality Program: The NAHB Research Center launched the NHQ Program in 1993. The NHQ Program has introduced many of the concepts of the worldwide quality revolution to home building and remodeling, and provides numerous opportunities for collaboration among the various industry stakeholders. NHQ activities include the Certified Builder Program, Certified Trade Contractor Program, Manufacturer Training Certification program, and co-sponsorship of the National Housing Quality Award Program. Builders interested in starting on the path to quality certification can visit www.nahbrc.org/quality, email quality@nahbrc.org, or call Rita Knab, NHQ program coordinator, at (800) 638-8556, ext. 6225.

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ABOUT THE NAHB RESEARCH CENTER: Located in Upper Marlboro, Md., the NAHB Research Center promotes innovation in housing technology to improve the quality, durability, affordability, and environmental performance of homes and home building products. Created over 40 years ago as a subsidiary of the National Association of Home Builders (NAHB), the NAHB Research Center has established itself as the source for reliable, objective information and research on housing construction and development issues. Through its various testing and certification services, the Research Center seal is internationally-recognized as a mark of product quality and an assurance of product performance.

NOTE TO EDITORS ON STYLE USAGE: To identify this company and its work correctly, first reference should be "NAHB Research Center." If clarification of the acronym is necessary, the phrase, "a subsidiary of the National Association of Home Builders (NAHB)," can follow. In subsequent mentions, "Research Center" is the only acceptable and accurate alternative reference.

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, Louisiana 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 leading homebuilders in France. In fiscal 2005, the Company delivered homes to 37,140 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 ranked the #1 homebuilder in *Fortune* Magazine's 2006 list of America's Most Admired Companies, 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 (888-KB-CASAS) or visit <http://www.kbhome.com> (<http://www.kbcasa.com>).