

PulteGroup®

INVESTOR PRESENTATION MAY 2014

Forward-Looking Statements

This presentation includes “forward-looking statements.” These statements are subject to a number of risks, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities, as well as those of the markets we serve or intend to serve, to differ materially from those expressed in, or implied by, these statements. You can identify these statements by the fact that they do not relate to matters of a strictly factual or historical nature and generally discuss or relate to forecasts, estimates or other expectations regarding future events. Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “may,” “can,” “could,” “might,” “will” and similar expressions identify forward-looking statements, including statements related to expected operating and performing results, planned transactions, planned objectives of management, future developments or conditions in the industries in which we participate and other trends, developments and uncertainties that may affect our business in the future.

Such risks, uncertainties and other factors include, among other things: interest rate changes and the availability of mortgage financing; continued volatility in the debt and equity markets; competition within the industries in which PulteGroup operates; the availability and cost of land and other raw materials used by PulteGroup in its homebuilding operations; the impact of any changes to our strategy in responding to the cyclical nature of the industry, including any changes regarding our land positions; the availability and cost of insurance covering risks associated with PulteGroup's businesses; shortages and the cost of labor; weather related slowdowns; slow growth initiatives and/or local building moratoria; governmental regulation directed at or affecting the housing market, the homebuilding industry or construction activities; uncertainty in the mortgage lending industry, including revisions to underwriting standards and repurchase requirements associated with the sale of mortgage loans; the interpretation of or changes to tax, labor and environmental laws; economic changes nationally or in PulteGroup's local markets, including inflation, deflation, changes in consumer confidence and preferences and the state of the market for homes in general; legal or regulatory proceedings or claims; required accounting changes; terrorist acts and other acts of war; and other factors of national, regional and global scale, including those of a political, economic, business and competitive nature. See PulteGroup's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, and other public filings with the Securities and Exchange Commission (the “SEC”) for a further discussion of these and other risks and uncertainties applicable to our businesses. PulteGroup undertakes no duty to update any forward-looking statement, whether as a result of new information, future events or changes in PulteGroup's expectations.

Presentation Agenda

- The Evolving Recovery in U.S. Housing
- PulteGroup
  - Company Profile
  - Improving Long-term Returns
  - Value Creation and Building a Better Business
- Balancing Allocation of Capital





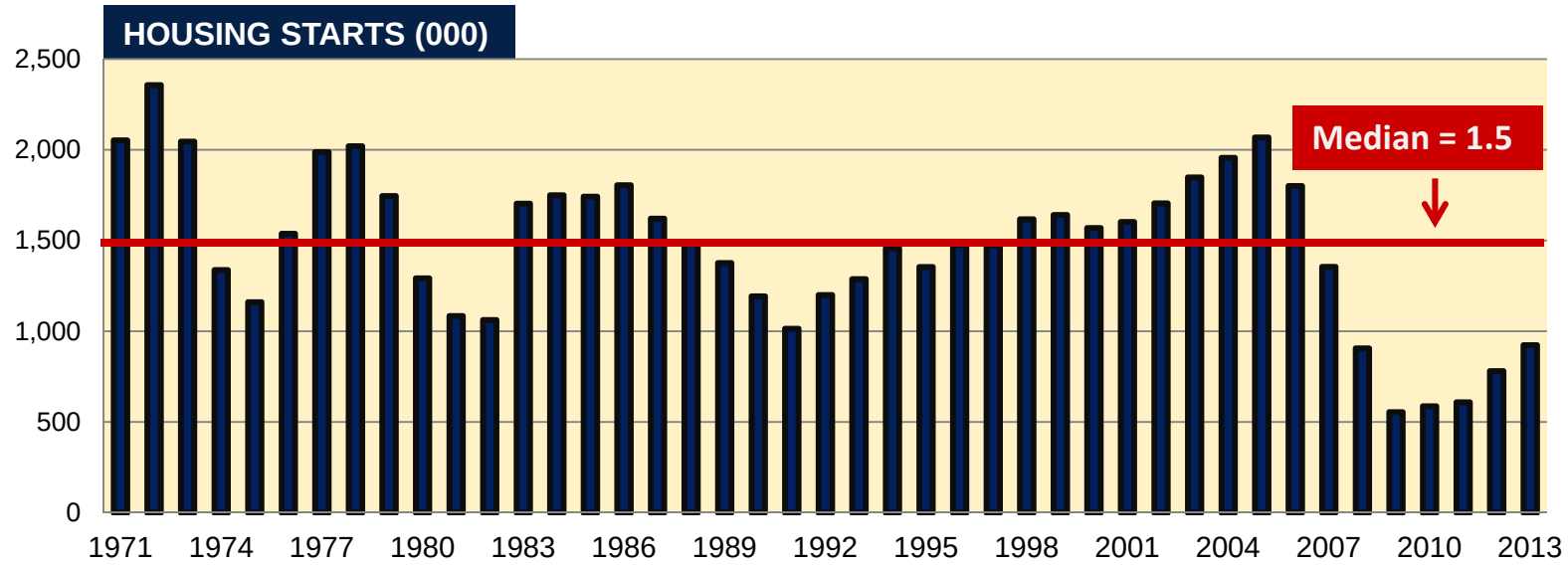


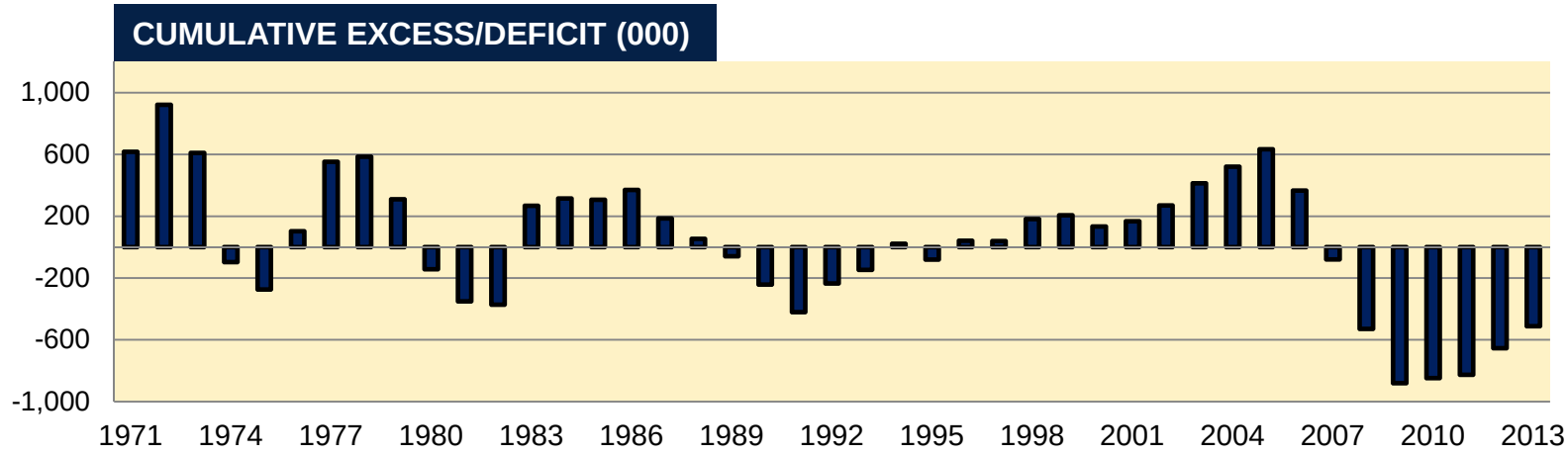
DATA POINT TO A SUSTAINED RECOVERY IN HOUSING

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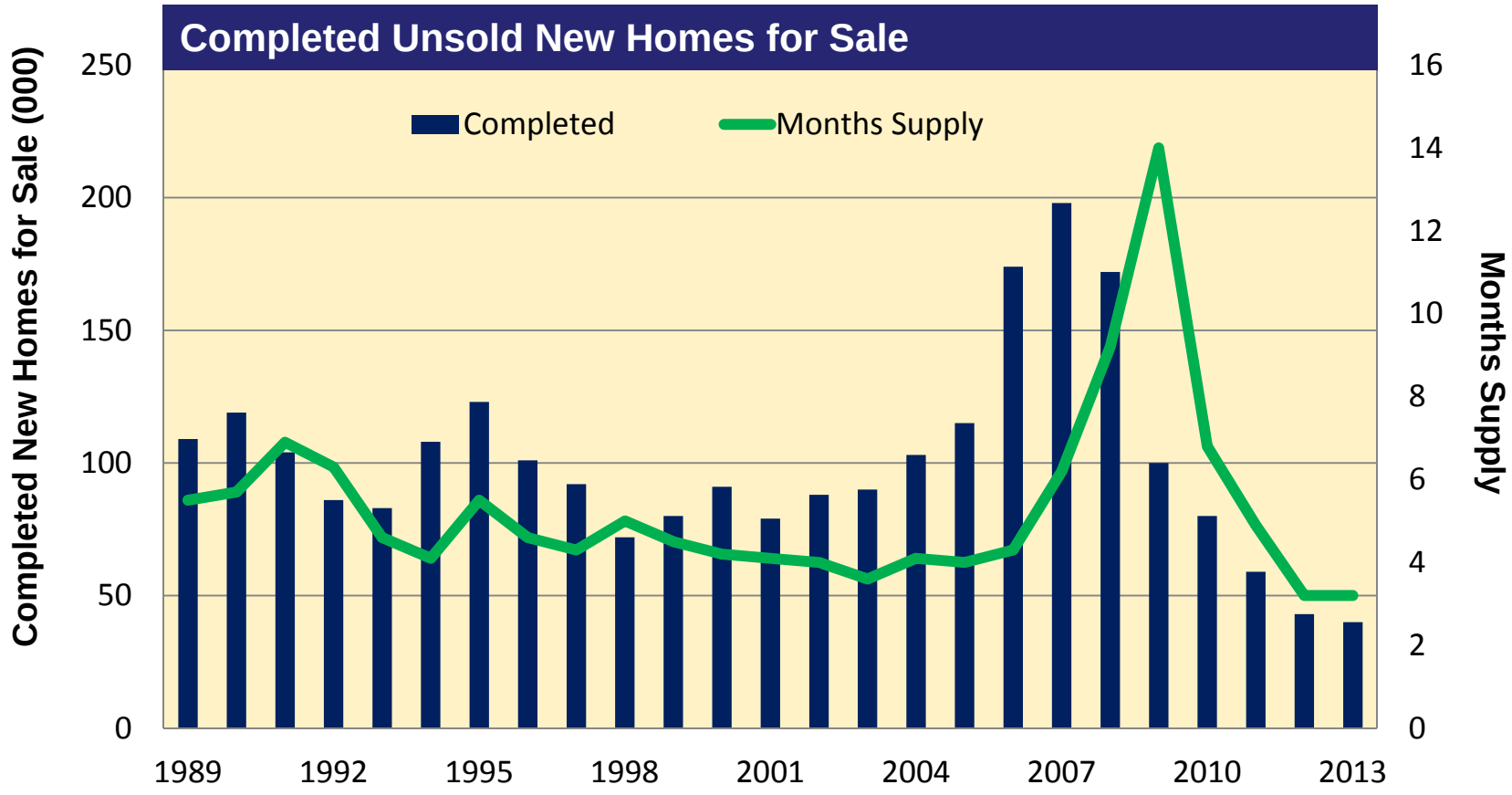
Excess Supply Reduced Through Years of Under Building





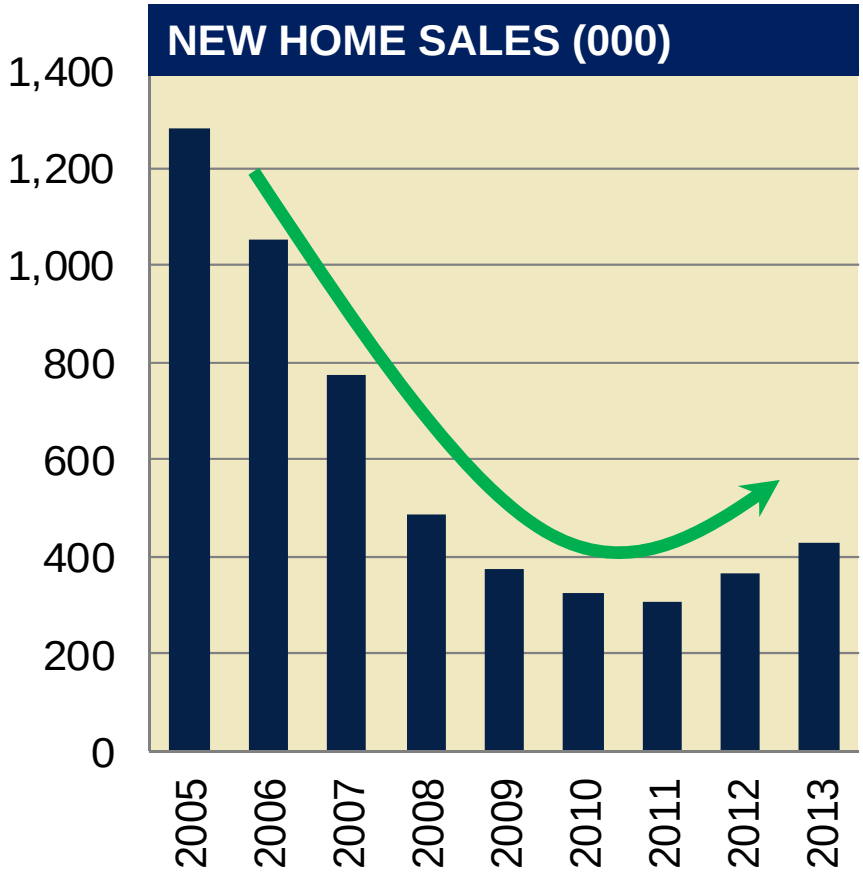
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Limited Supply of New Homes



Ongoing Rebound in Housing Demand

- Industry experts expect period of sustained growth in housing demand
  - Favorable demographics and pent-up demand
  - Low inventory of new and existing homes
  - Historically low interest rates
  - Relative value in owning vs. renting





PulteGroup: An Industry Leader

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PulteGroup Overview

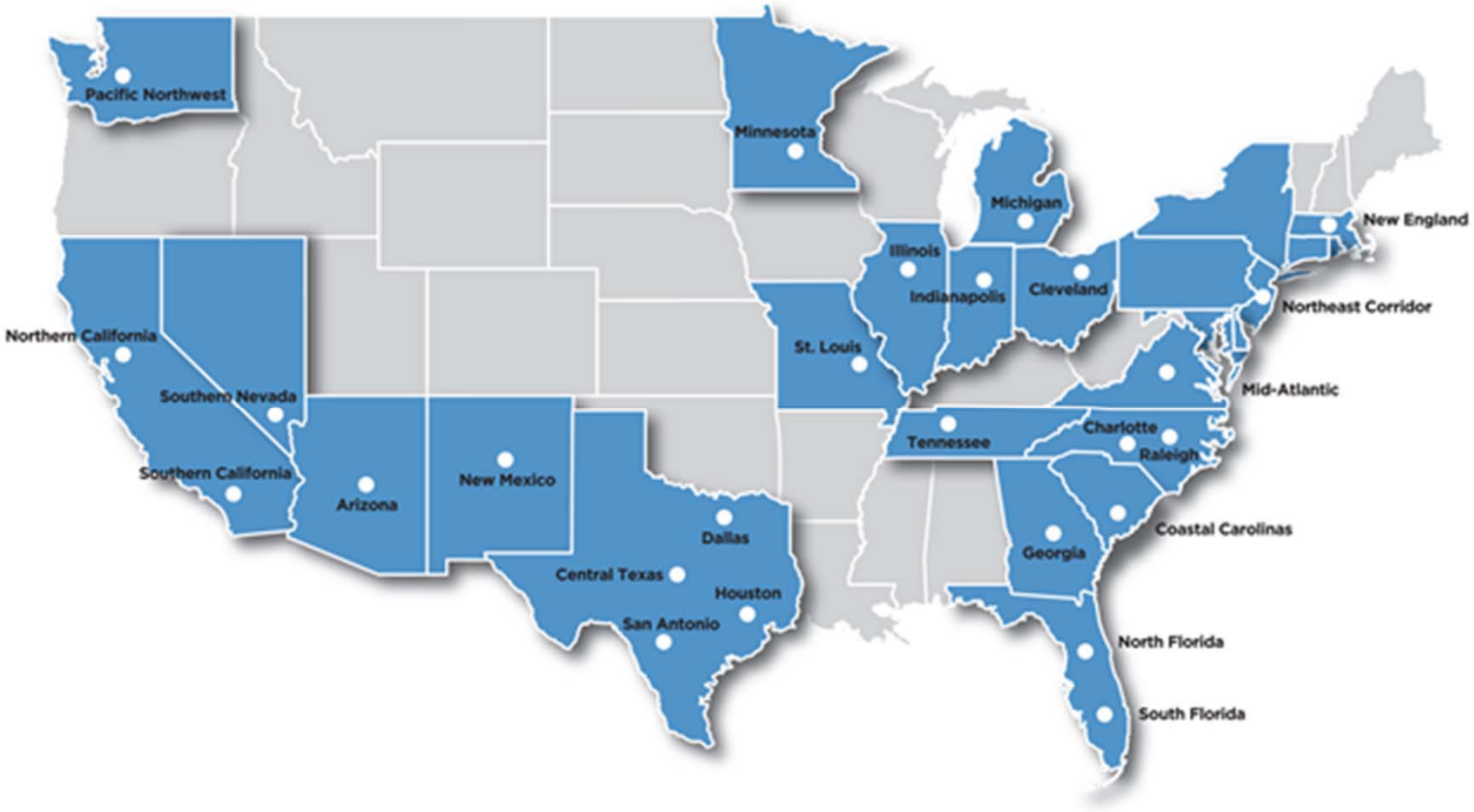
- Among the nation's largest homebuilders with operations in 50 major metro markets
- Delivered over 600,000 homes since being founded in Michigan in 1950
- Unique multi-brand strategy to serve all major customer groups
- Unmatched presence in active adult market through Del Webb brand





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Operations Diversified Across the US



ONGOING MIX SHIFT TOWARD PULTE HOMES AND DEL WEBB BUYERS

Exposure Across All Major Customer Segments

Centex	Pulte Homes	Del Webb
TARGET: Entry-Level Buyers	TARGET: Move-Up Buyers	TARGET: Active Adults
POSITIONING: Bringing pride of home ownership within reach	POSITIONING: Crafting smart, life-enhancing environments that enrich everyday life	POSITIONING: Inspiring life's most exciting possibilities
		
27%	41%	32%

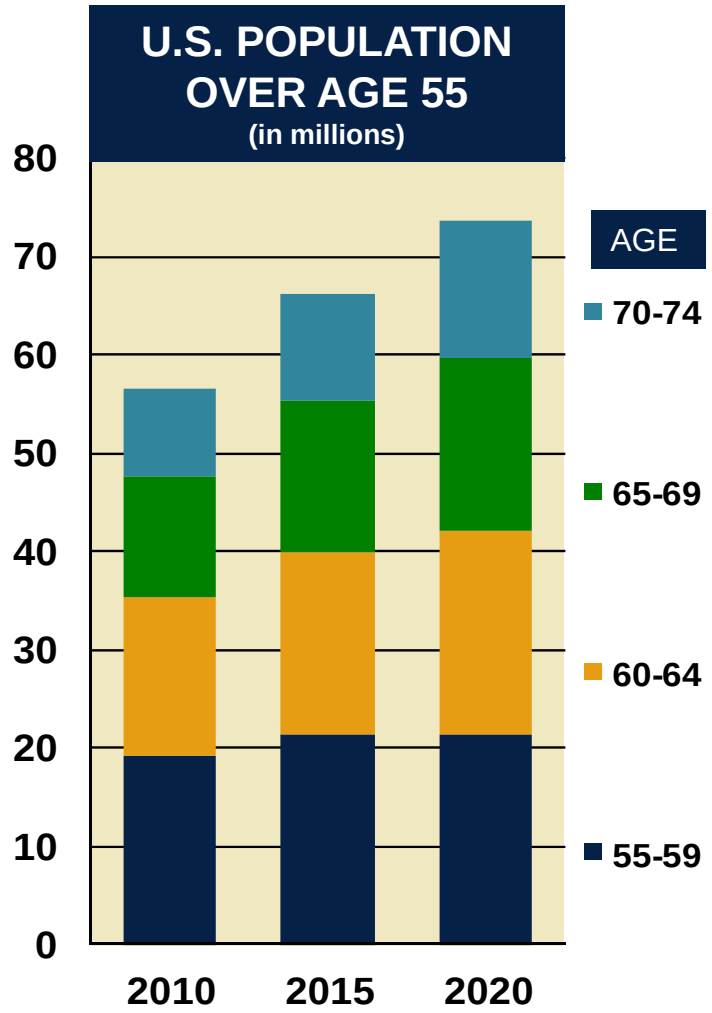
Q1 2014 CLOSINGS

ONGOING MIX SHIFT TOWARD PULTE HOMES AND DEL WEBB BUYERS

Positive Market Opportunity for Active Adult

- Expect ongoing recovery in demand within buyer group
  - Improved pricing and ability to sell current home
  - Recovery of financial portfolio
- Demographics drive demand
  - Buyer group remains one of the largest and most affluent
  - Almost 40% of Del Webb buyers pay cash for their homes





Strategy for Creating Greater Shareholder Value

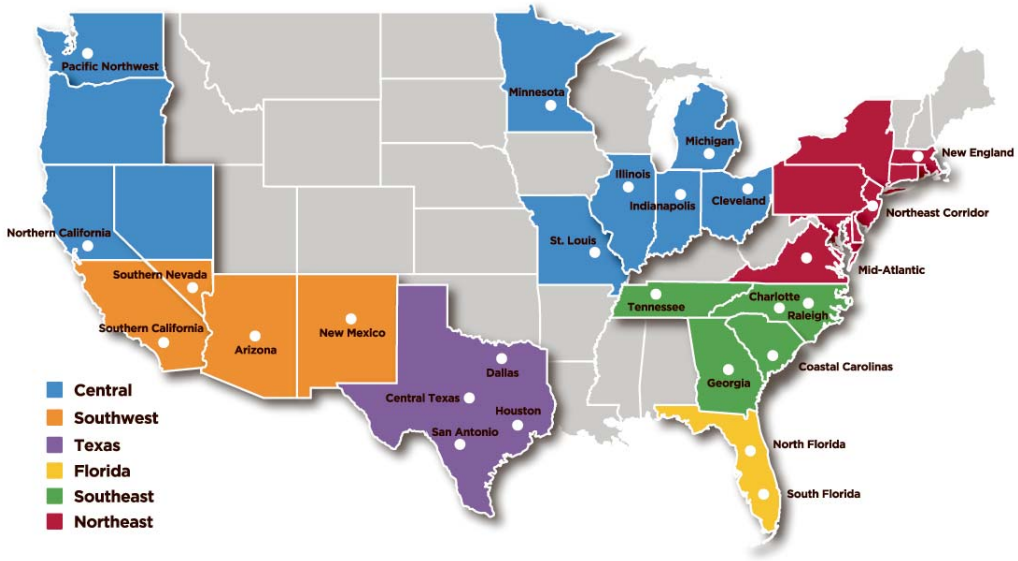
- 2010 analysis of 20 years of operating and financial data
  - ✓ Return on invested capital over the housing cycle was the key driver to creating greater shareholder value
  - ✓ PulteGroup's performance on the fundamental metrics of ROIC were often in the bottom quartile for the industry
- Value Creation (VC) strategy launched in 2011
  - ✓ Focus on earnings growth and higher returns on invested capital over the housing cycle
  - ✓ Initiatives focused on improving fundamentals:
    - Expand homebuilding gross margin
    - Increase overhead leverage
    - Accelerate inventory turns
    - More effectively allocate capital



Gains from Value Creation are Compelling

Running a New Playbook

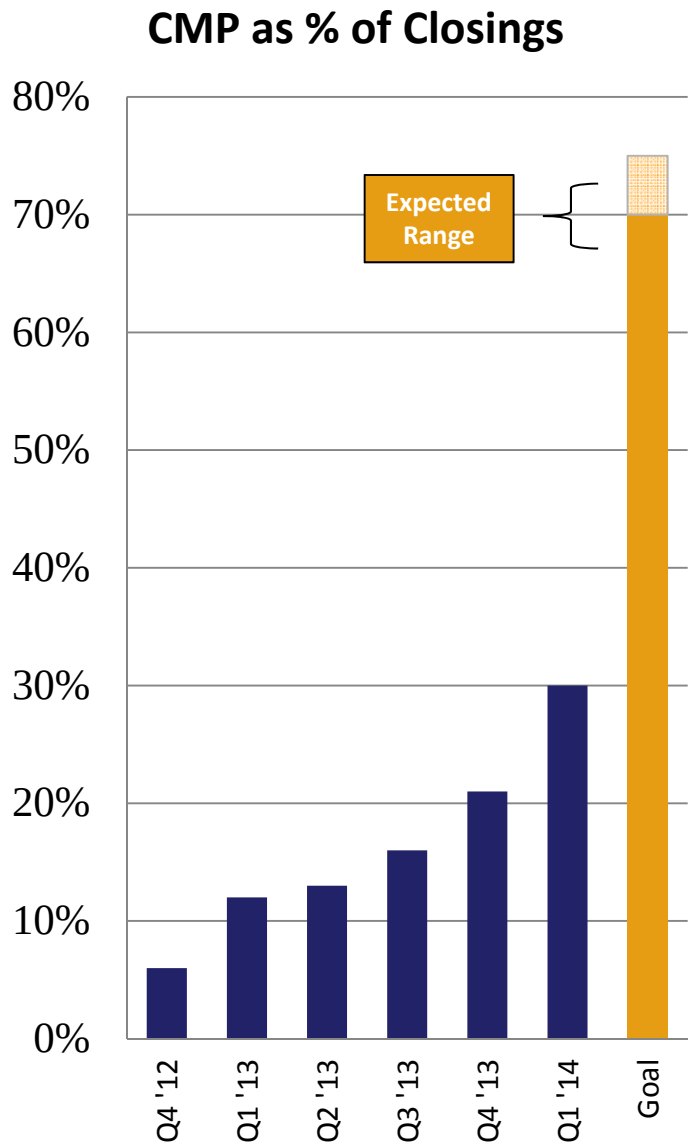
- Rolled out product and purchasing zones
  - ✓ Commonly managed plans
  - ✓ 12 step new product development
- Strategic pricing
- Building to order



- More disciplined land process
  - ✓ Defined 13-point scale for risk-weighting projects
  - ✓ Increasing use of options to control, rather than own, assets
- Inventory turns approaching 1x, with house turns approaching 5.5x
- Paying down debt and returning funds to shareholders

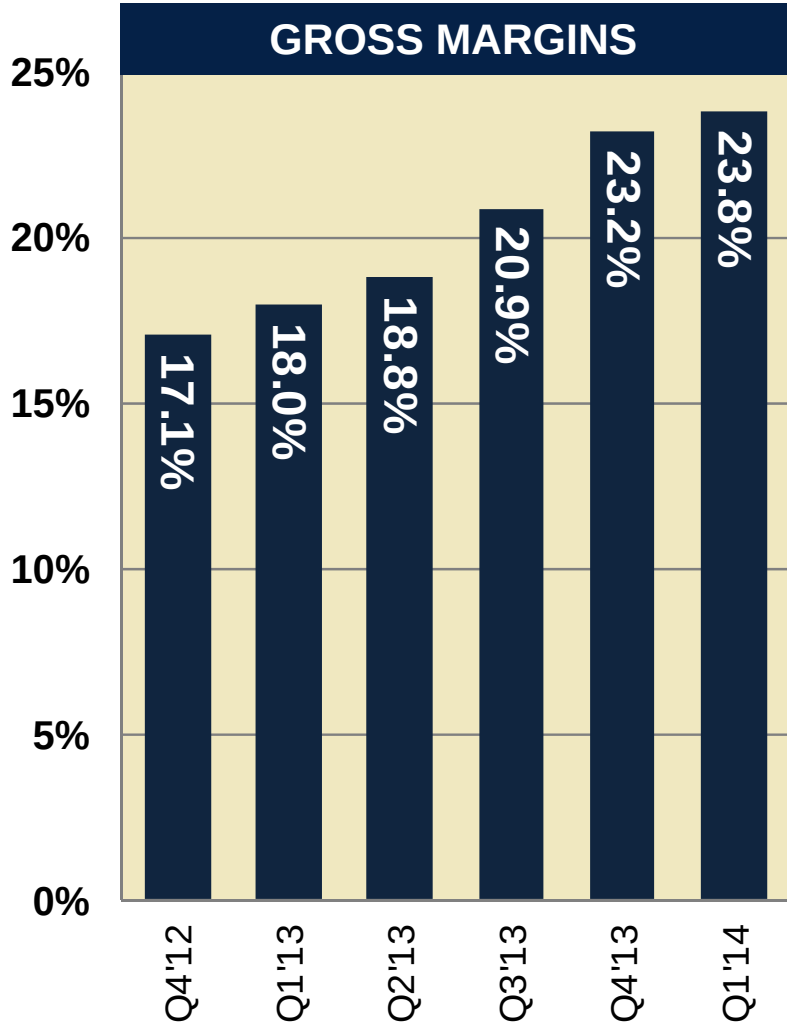
Commonly Managed Plans

- Series of floor plans developed for each consumer group
- Driving greater production efficiency through Commonly Managed Plans
  - 12 Step new product development process includes 4 points of consumer feedback
  - Value engineering and “should costing” help reduce build costs
  - New strategic pricing targets lot premiums, options and incentives to maximize revenues per unit
  - Product and purchasing zones to increase use of consumer validated and optimized floor plans

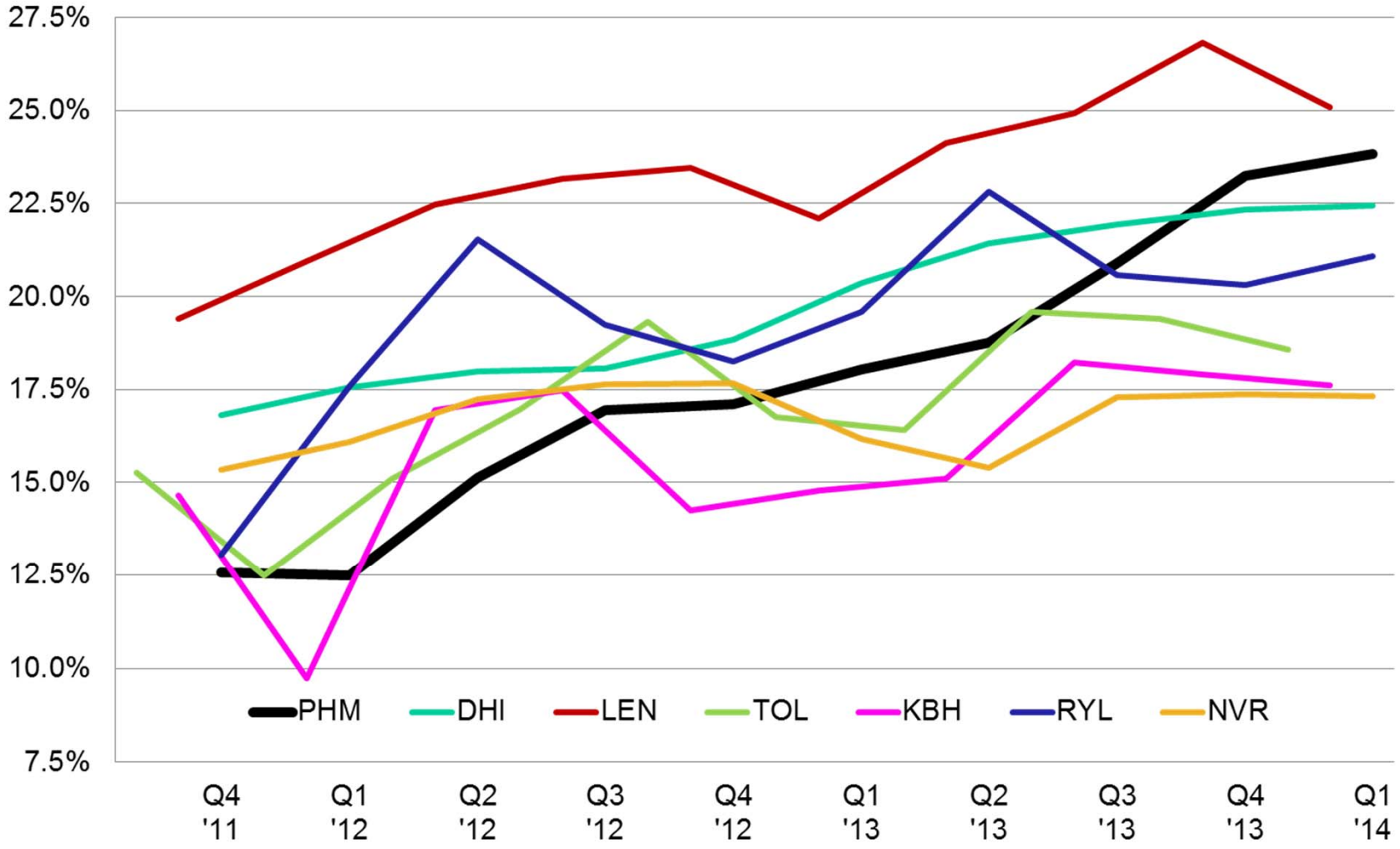


Actions Driving Improved Gross Margins

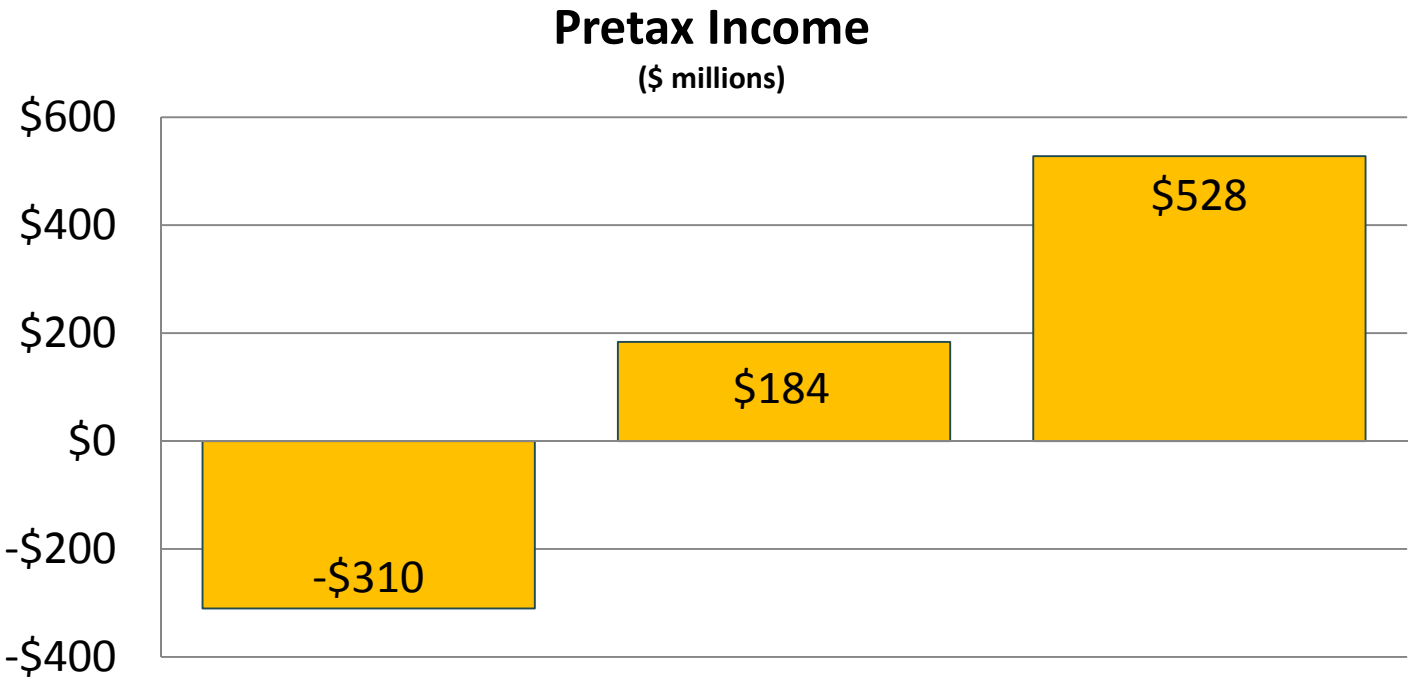
- Reduction of direct house costs
  - Efficiency gains driven by Common Plan Management
- New pricing model of base house with options/upgrades
- Emphasis on presales with managed spec production
- Gross margins also benefiting from:
  - An improved demand and pricing environment
  - Shift in mix of closings to more move-up and active-adult homes



Gross Margin vs. Peer Group



Realizing Increased Profitability



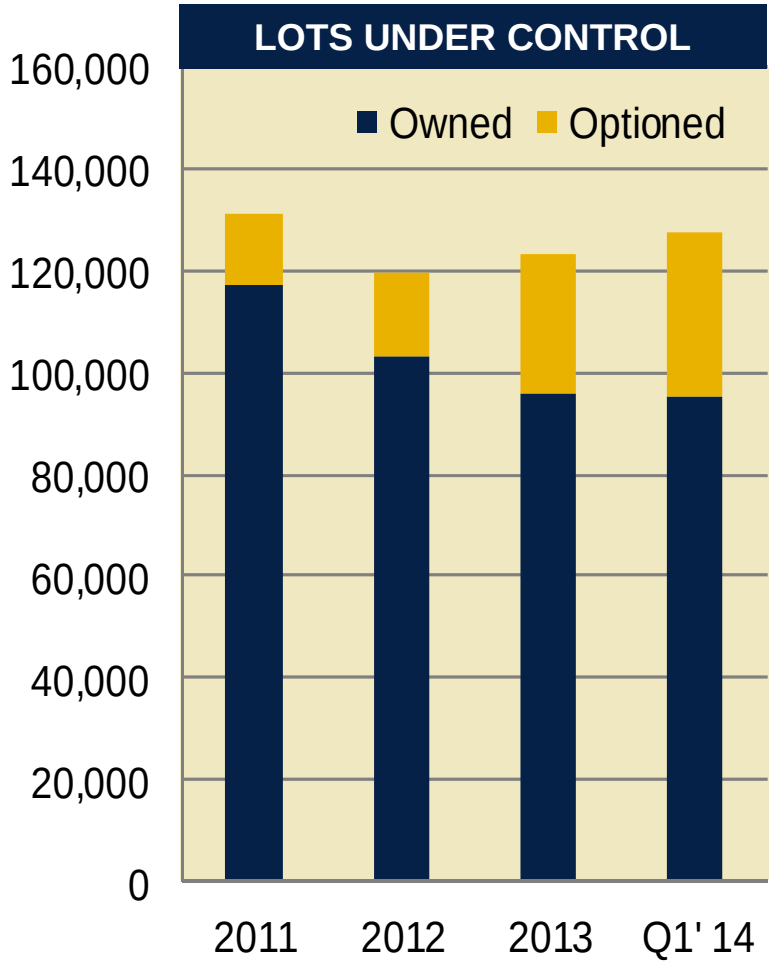
	2011	2012	2013	3 YR Change
Closings	15,275	16,505	17,766	16%
Gross Margin	12.8%	15.8%	20.5%	Up 60%
SG&A % of GM	73.6%	54.1%	41.5%	Cut 44%
Turns	.65x	.78x	.97x	Up 49%

Focus Remains on Operational Execution & Improvement

- Build on VC foundation established over prior 3 years
  - Maximize homebuilding operations at area, division, market and community level to deliver higher pretax and returns
  - Areas of opportunity on “relative performance”
    - ✓ Strategic pricing: options, lot premiums, incentives
    - ✓ Further acceleration of turns
  - Faster deployment of best practices
  - Seamless integration initiatives into homebuilding operations
  - Balance sheet management and land use opportunities
- Develop people capability and organizational depth of talent

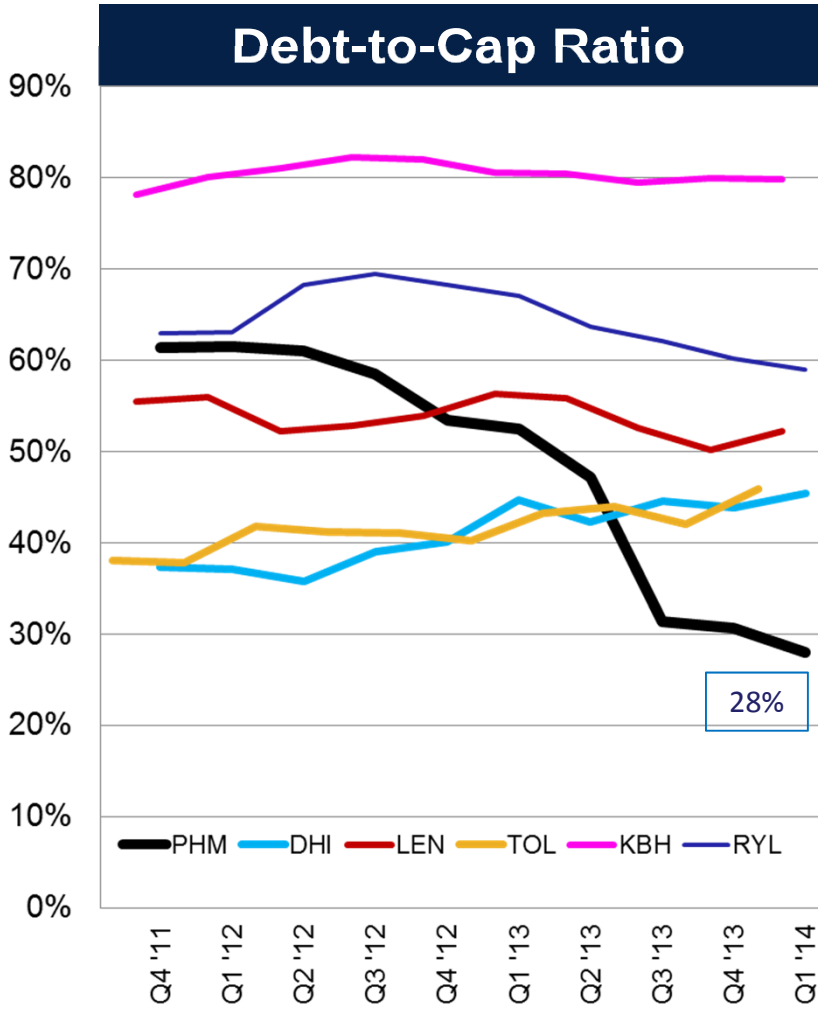
Land Strategy Aligned with ROIC Goals

- Authorized 2014 land spend increased to $2.0 billion
- In Q1 2014 put 9,700 lots under control; invested $325 million in land acquisition and development
- Capital allocation and land investment practices aligned with ROIC focus
  - More formal risk weighting process in evaluating new investments
  - Greater emphasis on optioning rather than owning land positions
  - Build local market share



Balanced Capital Allocation

- Continuing to allocate capital across opportunities:
  - Q1 2014 land investment of $325 million
  - Retired $246 million of debt
  - Repurchased 2.2 million shares for $45 million
  - Paid $19 million of dividends
- Q1 2014 cash flow from operations of $91 million; ended the quarter with $1.3 billion of cash



PulteGroup: Well Positioned for Today and Tomorrow

- **Focus on ROIC** – improving fundamental performance in margins, overhead leverage, inventory turns and capital efficiency to drive improved returns on invested capital
- **Land Strategy** – capitalizing on existing land portfolio; increasing planned investment to support future homebuilding operations
- **Unique Market Position** – defined multi-brand strategy with leadership position in serving Baby Boomers
- **Balance Sheet –** Large cash balance and flexibility to support current operations and future growth opportunities
- **Leadership** – experienced leadership team focused on driving improvements in core homebuilding operations







Questions

PulteGroup

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