

PulteGroup™

Investor Presentation
September 2016

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; our ability to generate sufficient cash flow in order to successfully implement our capital allocation priorities; 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, 2015, 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

- PulteGroup
  - ✓ Company Profile and Strategic Focus
- Favorable Operating Conditions
- Defined Land Investment Process
- Unmatched Capacity to Serve Distinct Buyer Groups

PulteGroup Overview

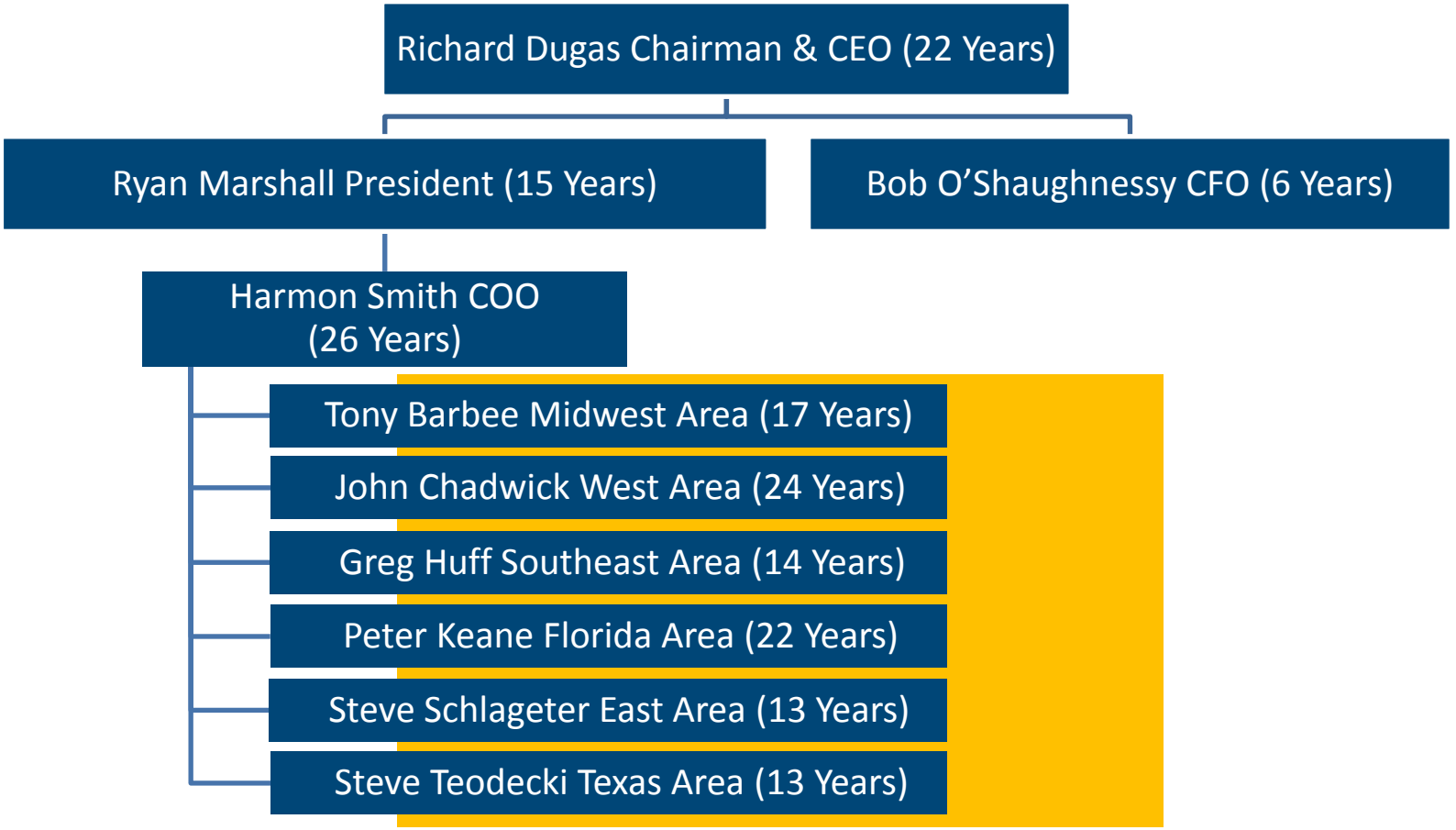
- Among the nation's largest homebuilders with operations in approximately 50 major metro markets
- Delivered over 655,000 homes since being founded in 1950
- Diversified product offering serving all major buyer groups
- Unmatched presence in active adult market through Del Webb brand



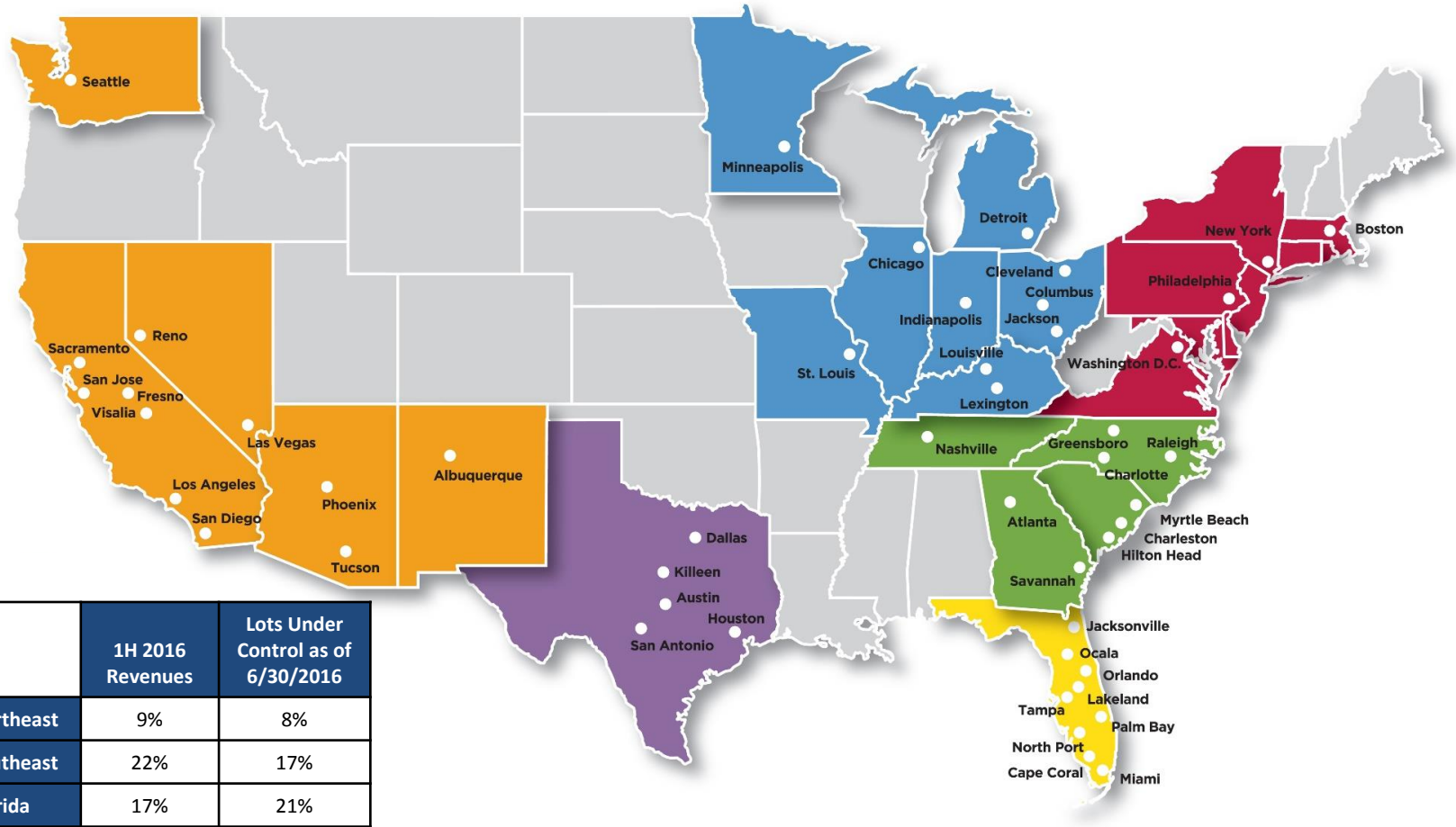




Experienced Homebuilding Team



Operating in 50 of the Country's Top Metro Markets



	1H 2016 Revenues	Lots Under Control as of 6/30/2016
Northeast	9%	8%
Southeast	22%	17%
Florida	17%	21%
Midwest	15%	14%
Texas	15%	15%
West	22%	25%

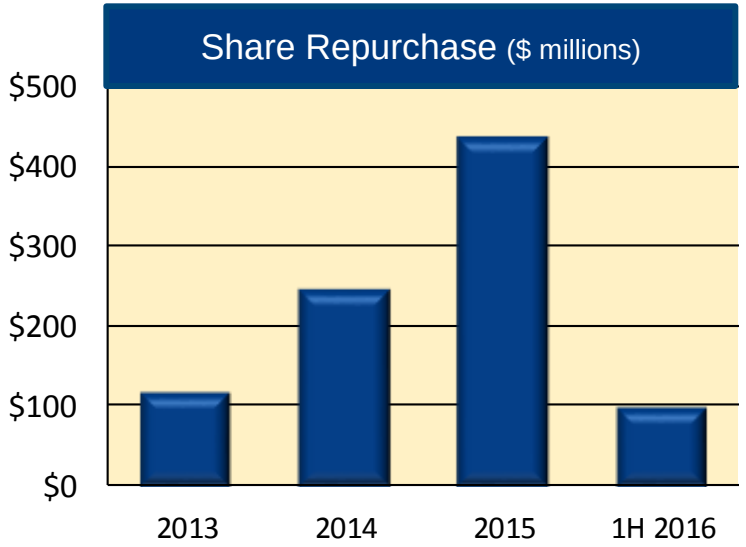
Diversified Across Primary Consumer Groups

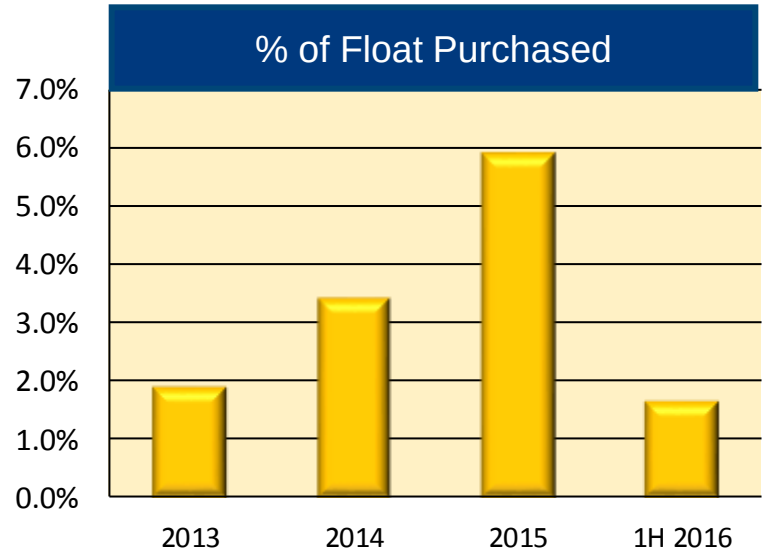
First Time	Move Up	Active Adult
		
29%	43%	28%

6-Month 2016 Closings by Buyer Group

Capital Allocation Priorities Aligned with Value Creation Strategy

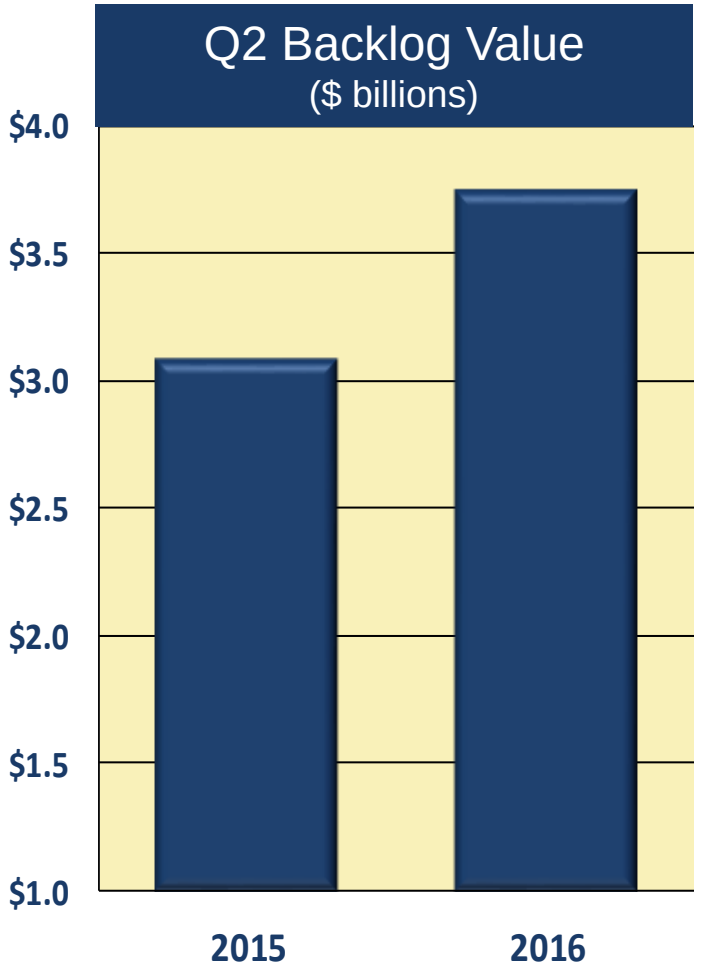
- Priority #1: Invest in core business, including opportunistic M&A, to maintain or grow relative market share
- Priority #2: Return funds through an established dividend
- Priority #3: Routinely return excess capital to shareholders via share buybacks





Strong Growth Continues as Reflected in Q2 2016 Financials

- Home sale revenues up 41% to $1.8 billion; closings up 27% to 4,772 homes
- Year-over-year ASP up 11% with higher prices across all buyer groups:
  - ✓ First-time up 5% to $270,000
  - ✓ Move-up increased 11% to $438,000
  - ✓ Active-adult up 4% to $357,000
- Dollar value of net new orders increased 21% to $2.1 billion
- Net new orders higher by 11% to 5,697 homes
- Backlog value increased 21% to $3.7 billion; Units up 8% to 9,679 homes



Announced Actions in Support of Value Creation 2.0

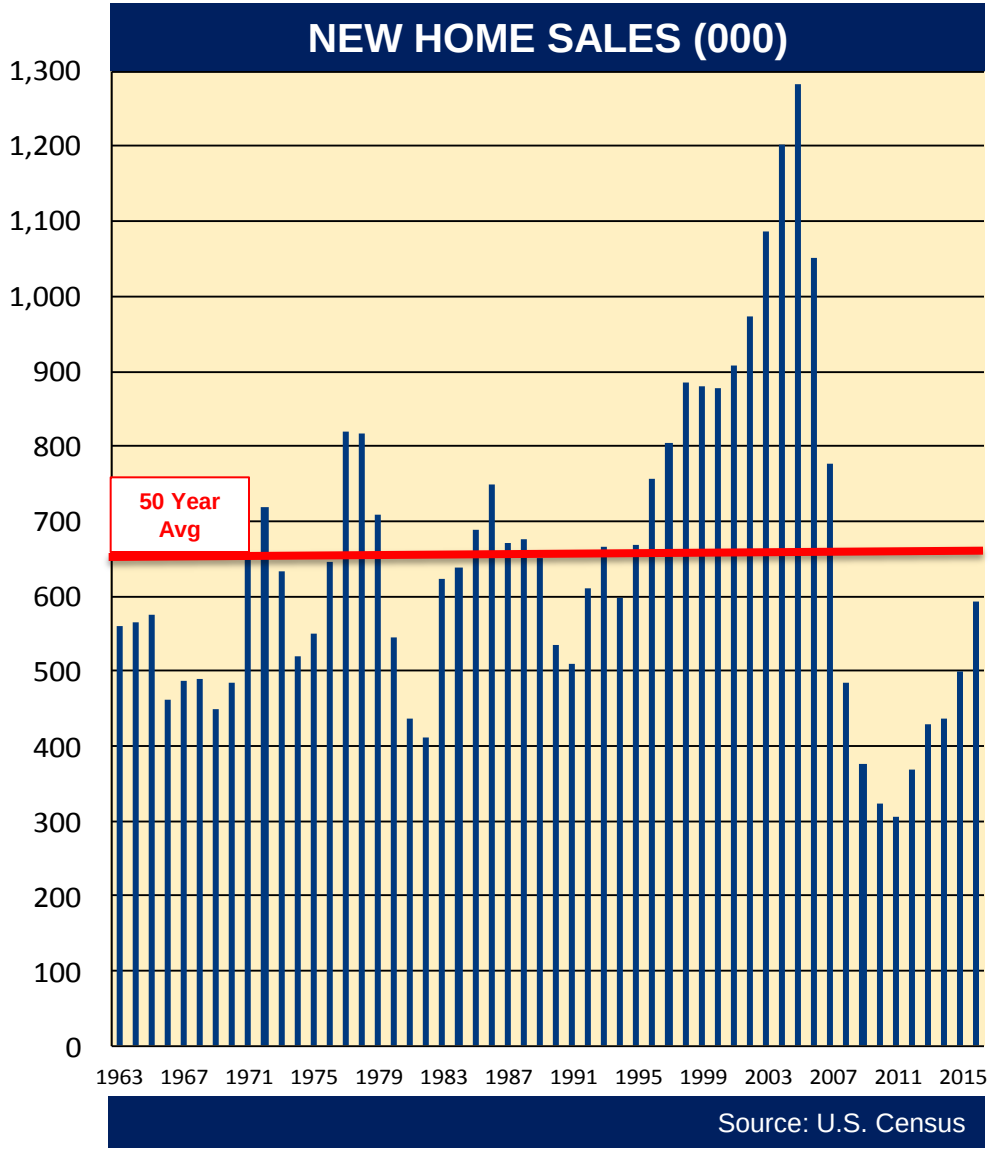
- As part of Q2 earnings, PulteGroup announced the following actions as it advances to the next phase of its Value Creation strategy
  - ✓ Company to slow the rate of growth in land spend and use expected strong cash flows to help fund the repurchase of $1.5 billion of shares over the subsequent 6 quarters
  - ✓ Company is taking actions to lower SG&A from an expected 10% of home sale revenues in 2016 to a targeted rate of 9% or lower in 2017
  - ✓ Company added 3 new independent directors to its Board
    - John Peshkin: 30 years of direct homebuilding experience including CEO of Taylor Woodrow Homes
    - Joshua Gotbaum: served in senior private and public sector roles
    - Scott Powers: over 30 years in financial asset management including having served as President and CEO of State Street Global Advisors

Favorable Operating Conditions



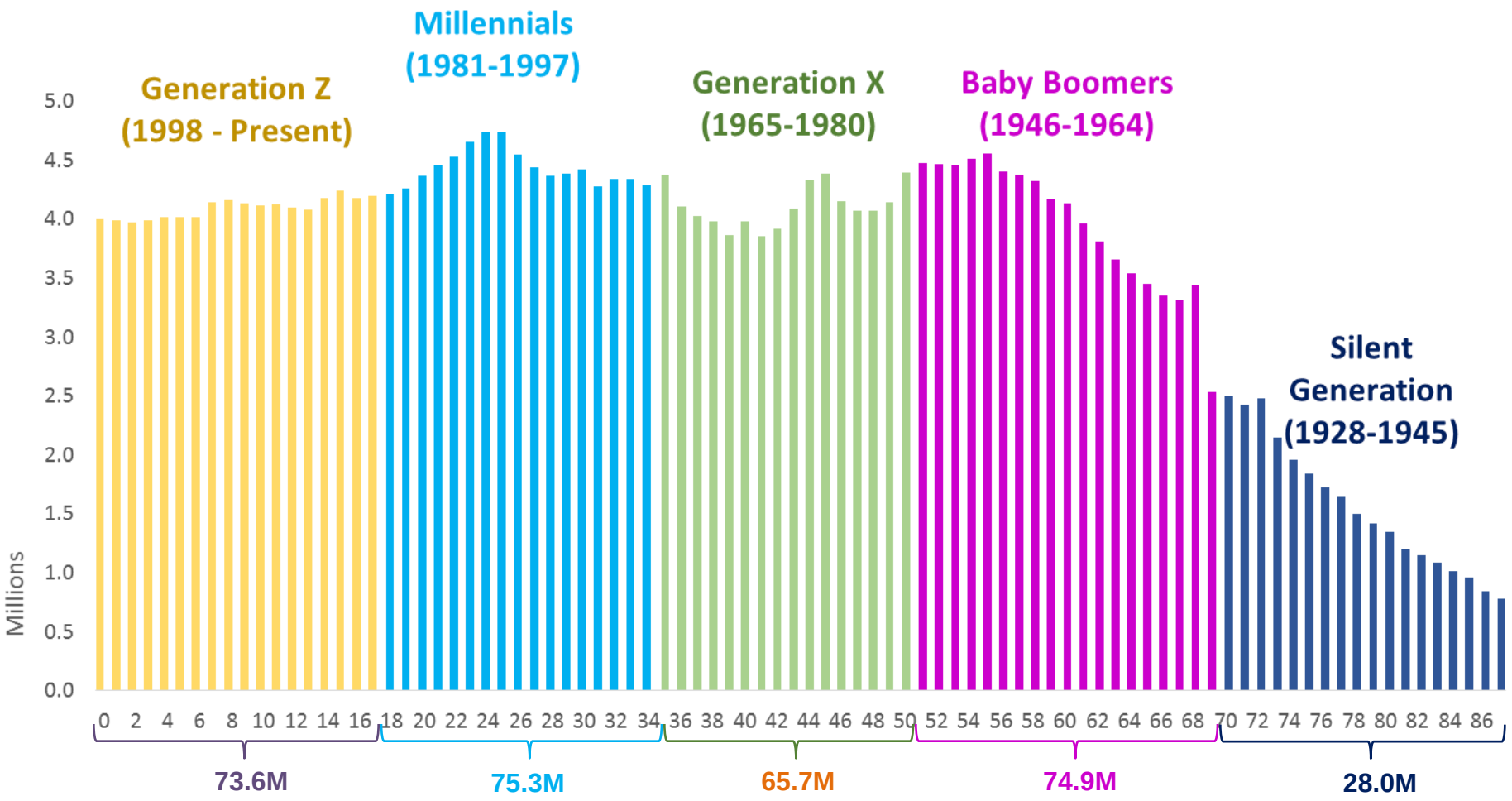
Housing Recovery Remains on Track

- 2015 new home sales of 500,000 up 15% over 2014, but well below historic average
- Factors continue to support sustained growth in housing demand
  - ✓ Favorable demographics and pent-up demand
  - ✓ Low inventory of new and existing homes
  - ✓ Historically low interest rates
  - ✓ Rising rental rates



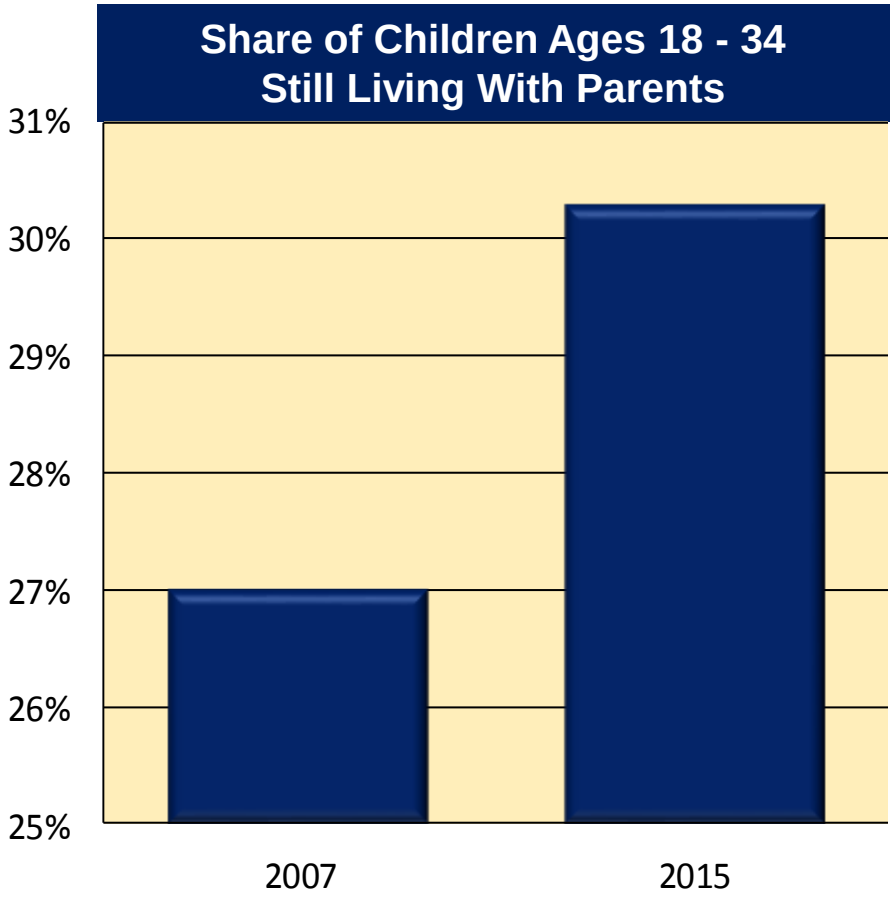
Unique Housing Opportunities Across Demographic Spectrum

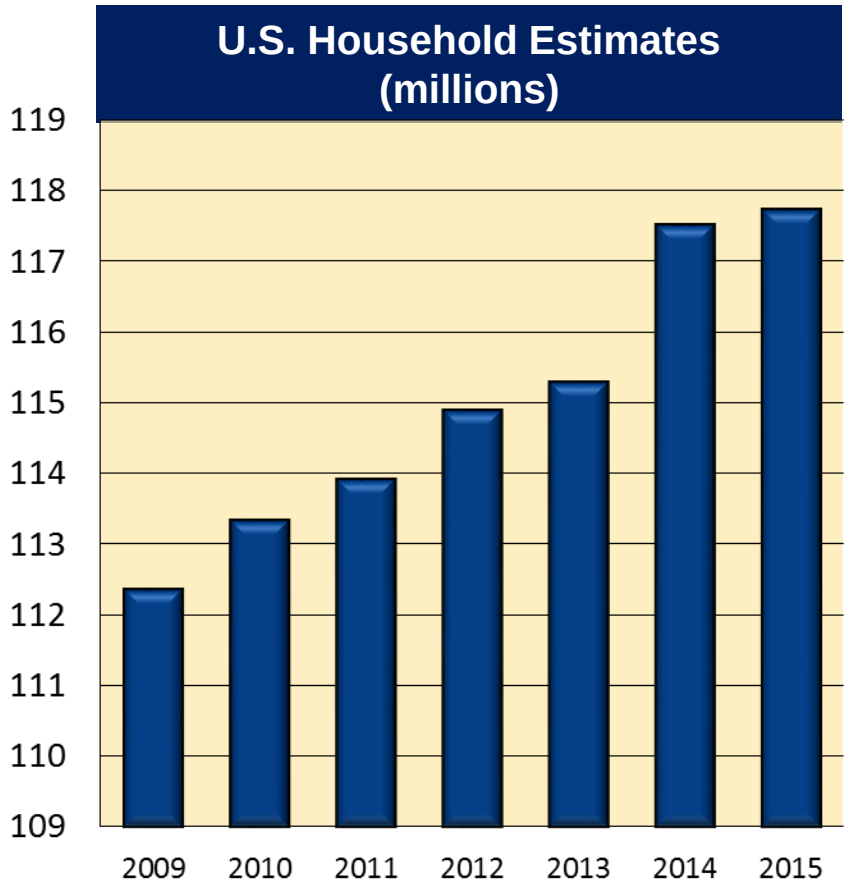
U.S. 2015 Population by Age



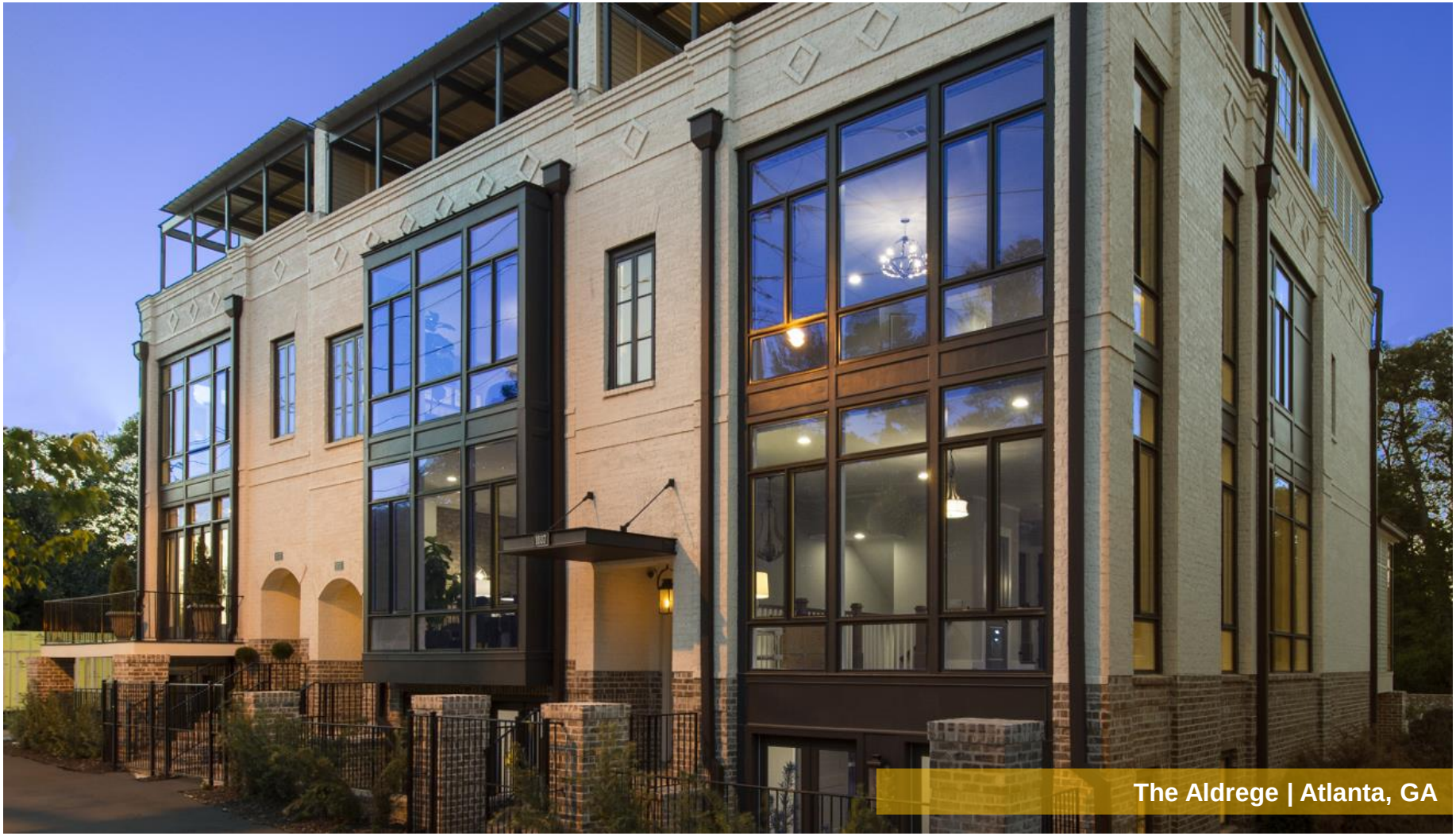
*Census.gov – projected population by single age, 2014 – 2060 (2015 Projection)

Supports for Sustained Growth in Demand





Defined Land Investment Process



Disciplined Land Investment Process

- Project Feasibility Report
  - ✓ Comprehensive review and analysis completed for every transaction
    1. Project overview
    2. Financial Summary including risk scoring
    3. Market and submarket analysis
    4. Marketing assessment and financial reviews
    5. House costs and pricing
    6. Sales production and closing schedules
    7. Land analysis including entitlement and development timelines
    8. Contract structure
    9. Soils and environment

- Feasibility report completed for every project
- Asset Management Committee reviews and approves every transaction to validate assumptions, stress test financials and identify opportunities to enhance project returns and/or reduce risks

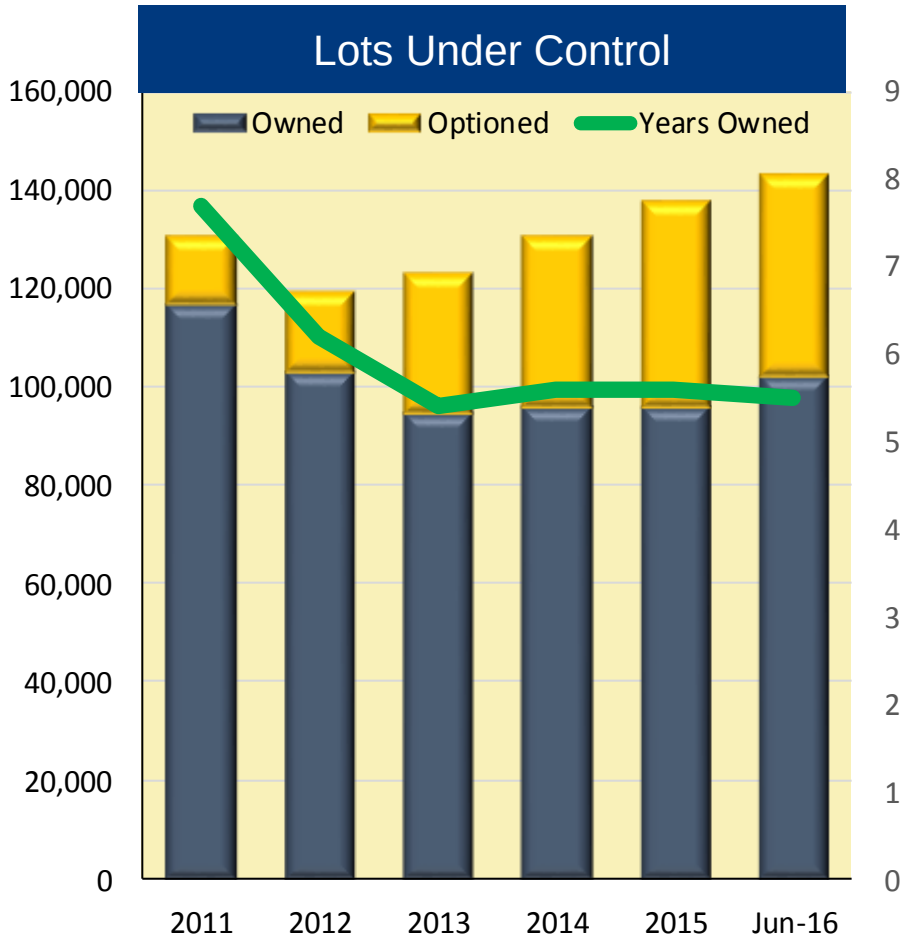
Consistent Assessment of Project Risk

IRR Threshold	18%	18%	18%	18%	18%	19%	19%	20%	20%	21%	21%	22%	22%	23%	24%	25%	26%	27%	28%	29%	30%
Score	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33

- Four major categories to determine risk profile
  1. Strategic Marketing
     - ✓ Location, marketability, supply & demand
  2. Execution Risk
     - ✓ Entitlement, development, product, recent performance
  3. Deal structure
     - ✓ Takedown structure, years supply, exit costs
  4. Operational metrics
     - ✓ Pace, price and sensitivity
- Process provides common language for assessing projects across operations

Land Pipeline Supportive of Volume Growth

- Land investment focused on shorter, faster turning positions
  - ✓ Project size averaging 125 lots
  - ✓ Investment continues to be weighed toward communities serving move-up buyers
- First-time buyers focus on closer-in and more urban locations likely at the upper end of the price range
- Investing in smaller active adult projects that are less capital intensive
  - ✓ Harvesting prior investment in legacy Del Webb communities



Unmatched Capacity to Serve Distinct Buyer Groups



First-Time Buyer Strategy

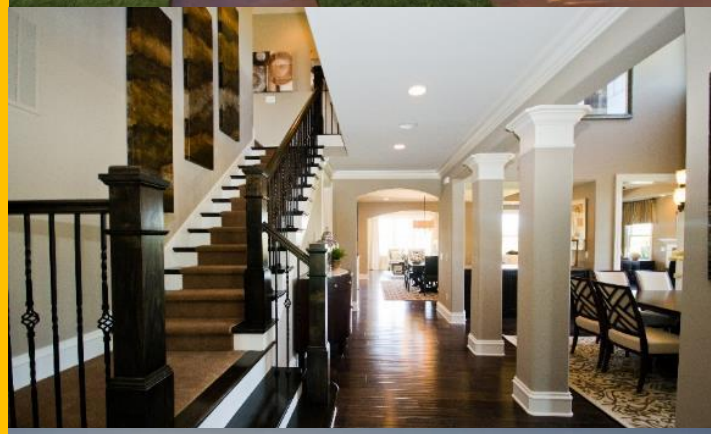
- Investing in first-time buyer projects that generate acceptable returns
  - ✓ Focus on closer-in communities; not betting on outlying, albeit lower cost, land positions
- Ongoing work to lower overall product costs, but not targeting the lower price points of the segment
- Growing opportunity serving first-time buyers looking for a more urban location
  - ✓ Older Millennials seeking closer-in locations and willing to accept attached product
  - ✓ Better financial profile with greater access to mortgage market than entry-level buyer
  - ✓ Opportunities to target this buyer in many markets across the country



Sustained Strength of the Move-Up Buyer

- Multiyear strength as buyer group realizes better wage growth and credit availability
- Majority of Company's land investment targeted toward move-up buyers
  - ✓ Ongoing mix shift toward the move-up buyer continues to raise ASP's
  - ✓ Wieland assets target move-up and luxury buyers
- Keeping average project size small
  - ✓ Closer-in projects with an expected cycle time of 36 to 48 months from acquisition to build out
- Continue to develop innovative new floor plans and product features

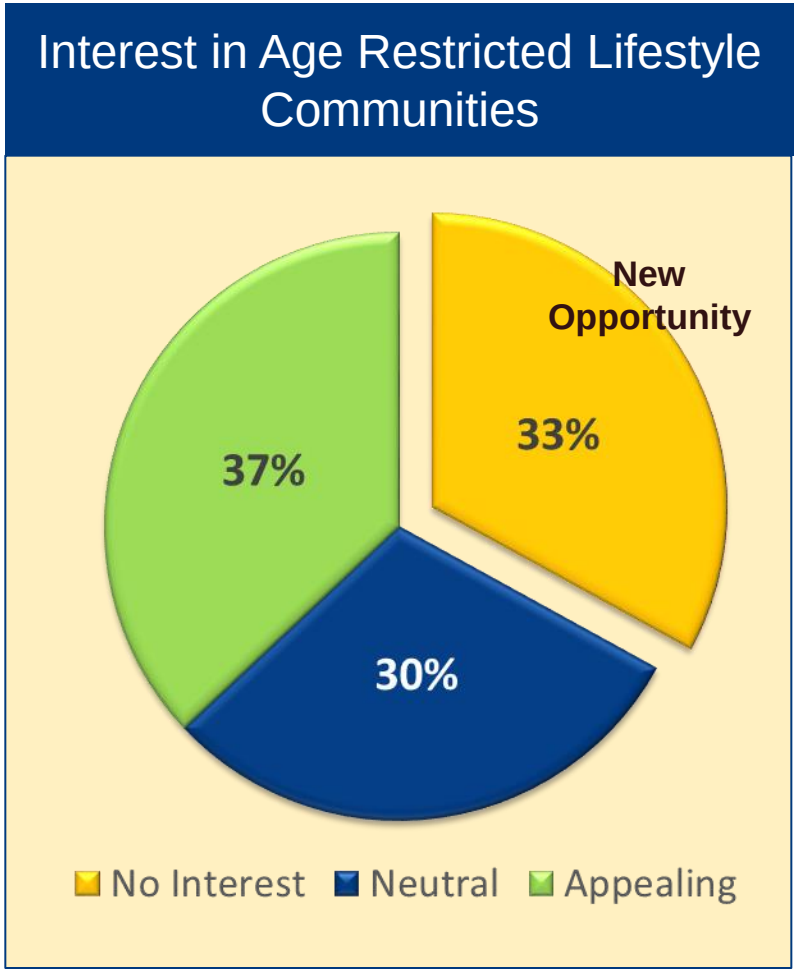






Expanding Penetration of Active Adult Market

- Changing profile of active adult projects;
  - ✓ 500 to 1,500 lots with right-sized amenity
  - ✓ Faster turning and less capital intensive communities
- Legacy investment in large, highly amenitized Del Webb communities
  - ✓ Continue to work down investment and redeploy capital
  - ✓ Highest gross margins, so high pace is important
- Assessing opportunities to expand penetration of active adult market
  - ✓ Potential to offer small, non-age restricted communities
  - ✓ Focus on product with “lite” or no amenities
  - ✓ Would not carry the Del Webb brand
  - ✓ Municipalities often more receptive to community profile given lower impact on local infrastructure



In Summary

- Among the nation's largest and most diversified homebuilders
- Articulated strategy focused on long-term success
- Unmatched ability to serve all major buyer groups
- Value Creation strategy goal to deliver better ROIC over the housing cycle and top quartile TSR over time
- Return excess capital to shareholders



PulteGroup™