



**Home Improvement Industry
Presidents Council
February 2007**





A Brief History

- Three of the strongest brands in homebuilding today
 - Pulte Homes
 - Del Webb
 - DiVosta
- Operate in 53 markets, 27 states
- Serve all four (4) major buyer categories:
 - First-time
 - First move-up
 - Second move-up
 - Active adult (age 55-plus)
- Del Webb
 - No. 1 in active adult in U.S.
 - 2001 – 15 communities in 7 states
 - 2006 – 55 communities in 20 states



Recognized Leader in Customer Satisfaction

- Pulte continues to lead in customer satisfaction
 - 7th-consecutive year as most-awarded builder
 - First-ever winner of J.D. Power Platinum Award for homebuilding (2004)

2006 J.D. Power & Associates Customer Satisfaction Study

Rankings in 30 Markets Surveyed*

	#1	#2	#3
Pulte	14	12	10
Centex	13	5	2
Lennar	1	5	2
KB Homes	0	1	2
Beazer	0	1	0
Hovnanian	0	0	0
NVR	0	0	2
DR Horton	0	0	0
MDC	0	0	0
Ryland	0	0	0

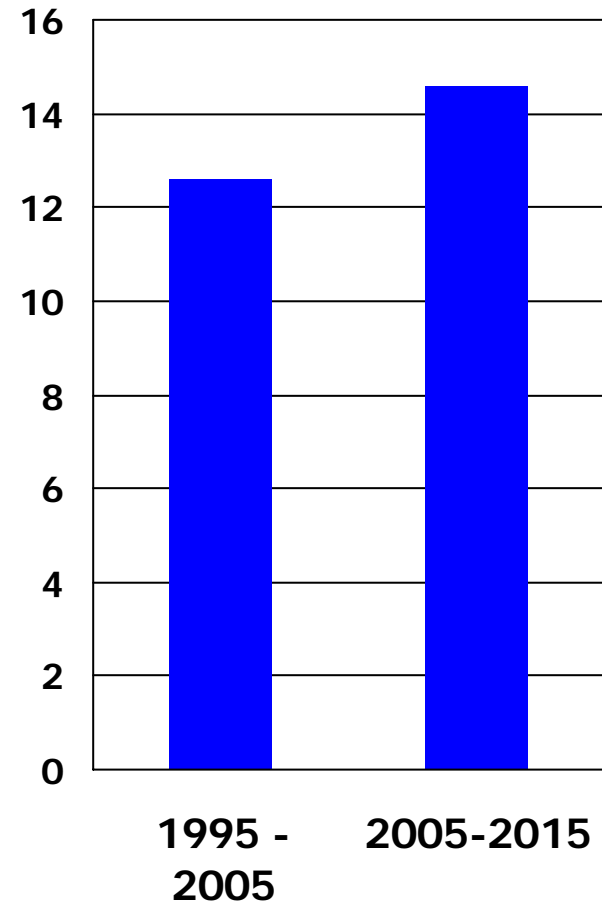
* Pulte operates in 30 of 34 markets surveyed



Macro Factors Remain Favorable

- According to the Joint Center for Housing Studies:
 - total household growth in the next decade could surpass the prior 10 years by 2 million households.
 - Immigration will be a key driver of the increase

Household Growth
(millions)



Source: Joint Center for Housing Studies 2006

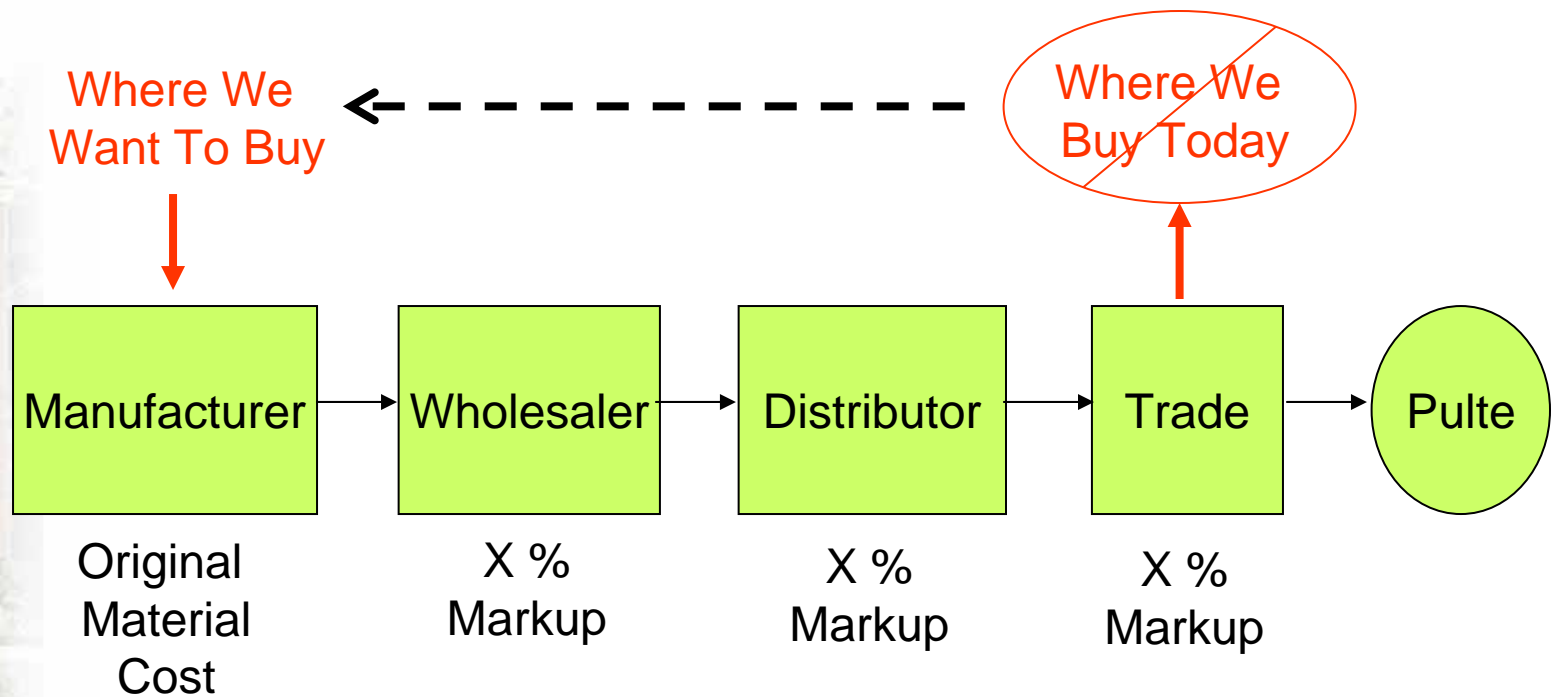


Long Term Strategies Deliver More Value

- The goal is to deliver more pretax dollars
 - Need to demonstrate economies of scale or why be big
 - Unit volumes have reached a level where the opportunity for cost savings are too great to be ignored
 - Having to learn as we go because no builder has ever achieved these scales
 - Maintain ultimate focus on customer satisfaction and quality



Where Do We Want to Buy?



But, we don't think we can replicate the value delivered by the supply chain as well as our partners can.



Simplification – Operational Excellence

- Construction efficiency; reduce labor and material costs
 - Simplify design, engineering, specification and build processes
 - Initiatives to standardize specifications to drive lower costs and/or increased customer value
 - Better coordination of material purchases regionally and nationally
 - Better supply chain management
 - Vertical integration where it makes sense (Pulte Building Systems, DiVosta)
 - Even Flow of home deliveries – we have to get better



What Defines a Successful Supply Chain?

- Partner with suppliers vs. squeezing them
 - Data Sharing
 - Forecasts/Schedules
 - Costs
 - Etc.
 - Operational best practice sharing
- Mutual commitment and shared goals – long term focus
- Undying commitment to continuous improvement
 - Cost
 - Cycle time
 - Material availability
- Sharing the save





How Does Supply Chain Deliver Value?

- Lower Total Costs



More important in
down markets

- Production Capability



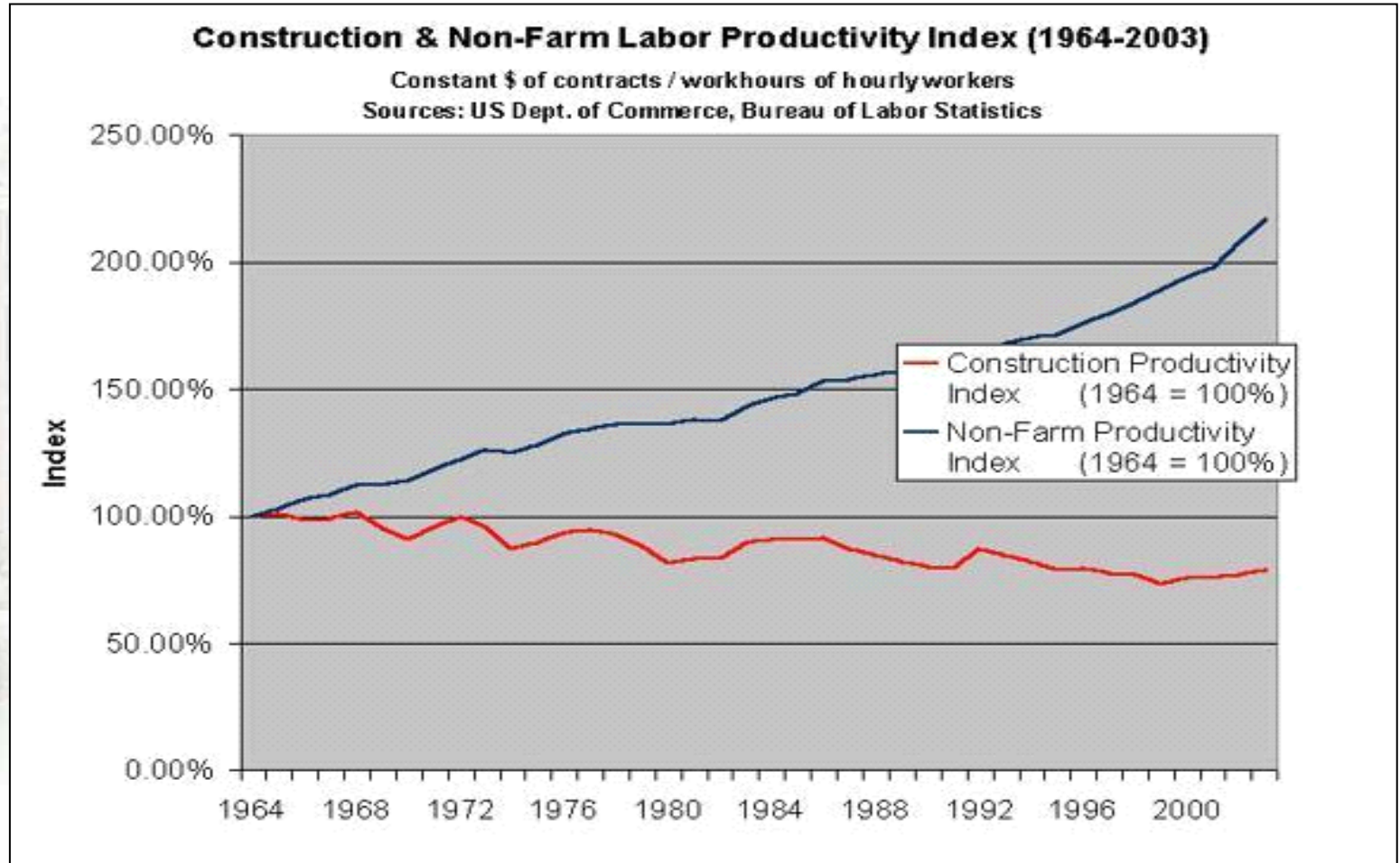
More important in
up markets

- Ensured Supply

Whether we are in a down market or an up market,
we can look to our supply chain to uncover the value
we need.



Construction Productivity Decline



Labor productivity comparison for non-farm industries and construction industry developed by Paul Teicholz



Questions You Should Be Asking

- Do I believe that the industry model is changing?
- Am I truly committed to lead that change or am I content to be a follower?
- Who is my customer?
- What is my customer trying to accomplish?
- What unique value proposition can I bring to help my customer achieve their goals?
- What do I expect to get out of the relationship that helps my company achieve their goals?

