

KB HOME  
Form 11-K  
June 28, 2002

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**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 11-K**

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 2001.

or

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from [ ] to [ ].

Commission File No. 1-9195

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**KB Home  
401 (k) Savings Plan**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**KB Home  
10990 Wilshire Boulevard  
Los Angeles, California 90024**

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FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE  
KB Home 401(k) Savings Plan  
*Years ended December 31, 2001 and 2000*  
*with Report of Independent Auditors*

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KB Home 401(k) Savings Plan

Audited Financial Statements and Supplemental Schedule

Years ended December 31, 2001 and 2000

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Report of Independent Auditors

To the Administrative Committee, as Plan Administrator  
of the KB Home 401(k) Savings Plan

We have audited the accompanying statements of net assets available for benefits of the KB Home 401(k) Savings Plan as of December 31, 2001 and 2000, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2001 and 2000, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2001, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Los Angeles, California  
May 15, 2002

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KB Home 401(k) Savings Plan

Statements of Net Assets Available for Benefits

	December 31,	
	2001	2000
<b>Assets</b>		
Investments, at fair value	<b>\$72,103,311</b>	\$71,452,156
Receivables	<b>47,292</b>	
	<hr/>	<hr/>
<b>Net assets available for benefits</b>	<b>\$72,150,603</b>	\$71,452,156
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*See accompanying notes.*

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## KB Home 401(k) Savings Plan

## Statements of Changes in Net Assets Available for Benefits

	Year ended December 31,	
	2001	2000
<b>Additions:</b>		
Contributions from:		
Plan participants	\$ 9,420,291	\$ 9,226,585
Employer, net of forfeitures	4,467,567	5,845,557
	<u>13,887,858</u>	<u>15,072,142</u>
Transfers from other plans		17,698,420
Investment income (loss):		
Interest and dividends	1,725,949	5,500,770
Net depreciation in fair value of investments	(6,835,066)	(8,014,335)
	<u>(5,109,117)</u>	<u>(2,513,565)</u>
Total additions	8,778,741	30,256,997
<b>Deductions:</b>		
Benefits paid to participants	8,040,375	14,264,844
Administrative expenses	39,919	111,149
	<u>8,080,294</u>	<u>14,375,993</u>
Total deductions	8,080,294	14,375,993
<b>Net increase in net assets available for benefits</b>	<b>698,447</b>	<b>15,881,004</b>
<b>Net assets available for benefits:</b>		
Beginning of year	<u>71,452,156</u>	<u>55,571,152</u>
End of year	<u>\$ 72,150,603</u>	<u>\$ 71,452,156</u>

See accompanying notes.



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KB Home 401(k) Savings Plan

Notes to Financial Statements

December 31, 2001

**1. General Description of the Plan**

The KB Home 401(k) Savings Plan (the Plan), formerly Kaufman and Broad Home Corporation Amended and Restated 401(k) Savings Plan, is a defined contribution plan in which salaried employees of KB Home (the Company) were eligible to enroll on January 1, April 1, July 1 or October 1 following the completion of 1,000 hours of service with the Company computed from the date of employment, or full-time employment for six months. Effective September 1, 2001, all employees are eligible to participate on the first day of the month following the date of hire.

Participants electing to participate in the Plan may contribute up to 15% (10% in 2000) of their annual compensation, on a pretax basis, by means of payroll deduction. Participants may also contribute up to an additional 9% of their annual compensation, on an after tax basis, also by means of payroll deduction. All contributions must be in whole percentages. Pretax contributions are eligible for tax deferred treatment up to the limits provided by the Tax Reform Act of 1986, as adjusted for cost of living.

Unless otherwise elected by the Board of Directors, the Company will match the participant's pretax contribution up to 6% of annual base salary (determined without regard to bonuses and a maximum of \$50,000 of regular earnings for commission employees). Company matching contributions and related investment income vest to participants over five years.

Plan assets are held by Fidelity Management Trust Company, Inc. (the Trustee). Plan participants may direct the investment of their funds among one or more of the several fund options offered by the Plan.

Terminating participants may elect (with spousal consent) to withdraw their contributions, vested Company contributions and related investment income as a lump-sum payment. In the absence of a valid election, the participant's vested benefits will be distributed in the form of a Qualified Joint and Survivor Annuity or a Qualified Preretirement Survivor Annuity, or in a lump sum if the actuarial equivalent is not more than \$5,000. Effective December 1, 2001, the participant is able to withdraw their vested Company contributions and related income as a lump sum without spousal consent.

Nonvested Company contributions for terminated employees are forfeited and used by the Company to reduce future employer contributions. For the years ended December 31, 2001 and 2000, the Company used \$1,052,626 and \$638,410, respectively, of forfeitures to reduce employer contributions. The forfeiture balances available to offset future employer contributions were \$157,915 and \$570,574 at December 31, 2001 and 2000, respectively.

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KB Home 401(k) Savings Plan

Notes to Financial Statements (continued)

**1. General Description of the Plan (continued)**

The Plan allows participant loans and hardship withdrawals subject to certain limitations.

In the event of Plan termination, benefits of all affected participants, if not already so, shall become 100% vested and nonforfeitable.

**2. Summary of Significant Accounting Policies**

The financial statements of the Plan are prepared on an accrual basis. Investment income is recorded as earned. Distributions of Plan benefits to withdrawn participants are recorded when distributed. Expenses incurred in the administration of the Plan are paid by the Company. Expenses incurred related to terminated participants and participant loans are paid by the Plan.

The financial statements are based on information provided to the Company and certified as complete and accurate by the Trustee. Certain adjustments have been made to the financial statements provided by the Trustee in order for them to conform to the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that could affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**3. Transfers From Other Plans**

Transfers from other plans consist of transfers of participant account balances from other Company sponsored plans which were merged into the Plan.

**4. Differences Between Financial Statements and Form 5500**

The following is a reconciliation of net assets available for benefits between the financial statements and the Form 5500:

	<b>December 31,</b>	
	<b>2001</b>	<b>2000</b>
Net assets available for benefits per financial statements	<b>\$72,150,603</b>	\$71,452,156
Liability recorded in the Form 5500 for amounts due to withdrawn participants	<b>(1,804)</b>	
Net assets available for benefits per the Form 5500	<b>\$72,148,799</b>	\$71,452,156

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## KB Home 401(k) Savings Plan

Notes to Financial Statements (continued)

**4. Differences Between Financial Statements and Form 5500 (continued)**

The following is a reconciliation of benefits paid to participants between the financial statements and Form 5500:

	December 31,	
	2001	2000
Benefits paid to participants per financial statements	<b>\$8,040,375</b>	\$ 14,264,844
Add amounts related to withdrawn participants at year end	<b>1,804</b>	
Less amounts related to withdrawn participants from previous year		(2,652,378)
Benefits paid to participants per the Form 5500	<b>\$8,042,179</b>	\$ 11,612,466

**5. Investments**

Investments are valued at fair value, which is determined daily by the Trustee through reference to published market information using closing prices on the valuation date.

The fair value of the Plan's individual investments that represent five percent or more of the Plan's net assets as of December 31, 2001 and 2000, was as follows:

	December 31,	
	2001	2000
Strong Growth	<b>\$ 5,108,168</b>	\$ 7,105,426
Fidelity Magellan	<b>16,111,972</b>	17,877,966
Fidelity Contrafund	<b>9,051,965</b>	10,452,240
Fidelity Equity Income	<b>8,039,048</b>	7,634,983
Fidelity Asset Manager	<b>5,133,598</b>	5,235,770
Fidelity Retirement Money Market	<b>9,428,050</b>	7,767,083
Fidelity Low Priced Stock	<b>3,649,798</b>	*

\* Investment balance was less than 5% of the Plan's net assets

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KB Home 401(k) Savings Plan

Notes to Financial Statements (continued)

**5. Investments (continued)**

Net appreciation (depreciation) of the Plan's investments (including investments bought, sold, and held during the year) during the years ended December 31, 2001 and 2000, was as follows:

	December 31,	
	2001	2000
Mutual funds	\$(7,425,117)	\$(8,832,132)
Common stock	590,051	817,797
	<b>\$(6,835,066)</b>	<b>\$(8,014,335)</b>

**6. Tax Status of the Plan**

The Plan has received a determination letter from the Internal Revenue Service dated February 28, 2002, stating that the Plan is qualified, in form, under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

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KB Home 401(k) Savings Plan

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

December 31, 2001

Identity of Issue	Description of Asset	Current Value
Strong Capital Management Strong Growth Fund	288,923 shares	\$ 5,108,168
Franklin Templeton Templeton Developing Markets Trust I	73,916 shares	730,298
KB Home Common Stock	87,949 shares	3,526,755
Fidelity Management Trust Company Institutional Cash Portfolio		180,907
Fidelity Mutual Funds:		
Magellan	154,595 shares	16,111,972
Contrafund	211,643 shares	9,051,964
Equity Income	164,836 shares	8,039,048
Intermediate Bond	407,385 shares	4,204,218
Overseas	44,706 shares	1,225,844
Asset Manager	331,200 shares	5,133,598
Low-Priced Stock	133,107 shares	3,649,798
Fidelity Healthcare	360 shares	45,861
Fidelity Technology	3,926 shares	237,925
Fidelity Utilities GR	87 shares	3,361
Fidelity Financial	311 shares	31,449
Fidelity Freedom Income	1,194 shares	13,050
Fidelity Freedom 2000	88 shares	1,025
Fidelity Freedom 2010	16,115 shares	203,222
Fidelity Freedom 2020	10,755 shares	135,304
Fidelity Freedom 2030	40,036 shares	50,699
Fidelity Natural Resources	493 shares	6,194
Fidelity Cyclical Index	1,446 shares	21,525
Fidelity Consumer Index	63 shares	1,475
Fidelity Retire Money Market	9,428,049 shares	9,428,050
Spartan US Equity Index	77,168 shares	3,136,135
Fidelity Freedom 2040	1,853 shares	13,695
Participant* loans	Interest rates ranging from 6% to 10%	1,811,771
		\$72,103,311

\* Party-in-interest to the Plan.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

KB Home  
401 (k) Savings Plan

Dated: June 27, 2002

By: /s/ Cory Cohen

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Cory Cohen  
Senior Vice President, Tax

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**Exhibit Index**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>	<b><u>Sequentially Numbered Page</u></b>
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