PULTEGROUP INC/MI/
Form DEF 14A
April 03, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

PulteGroup, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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¨ Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

PULTEGROUP, INC.

100 Bloomfield Hills Parkway, Suite 300

Bloomfield Hills, Michigan 48304

NOTICE OF 2012 ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholder:

We will hold our annual meeting of shareholders at the Detroit Metro Airport Marriott, 30559 Flynn Drive, Romulus, Michigan, on Wednesday, May 9, 2012, at 4:00 p.m., Eastern Time. At this meeting, shareholders will vote on:

The election of six directors to serve a term of one year.

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm.

An advisory vote on executive compensation.

Two shareholder proposals, if properly presented at the meeting.

Such other business as may properly come before the meeting.

You can vote if you were a shareholder of record at the close of business on March 12, 2012. You may vote by internet, telephone, written proxy or written ballot at the meeting.

This proxy statement and the enclosed form of proxy, as well as our 2011 annual report, are first being mailed to shareholders beginning on April 3, 2012. We encourage you to sign and return the accompanying proxy card in the enclosed envelope or instruct us via the internet or by telephone as to how you would like your shares voted.

By Order of the Board of Directors

STEVEN M. COOK

Senior Vice President, General Counsel

and Secretary

Bloomfield Hills, Michigan

April 3, 2012

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 9, 2012.

The Company s Proxy Statement for the 2012 Annual Meeting of Shareholders and the Annual Report to Shareholders for the fiscal year ended December 31, 2011 are available at: http://phx.corporate-ir.net/phoenix.zhtml?c=77968&p=irol-sec.

PROXY STATEMENT

The Board of Directors of PulteGroup, Inc. (PulteGroup or the Company) is soliciting proxies to be used at the annual meeting of shareholders to be held on Wednesday, May 9, 2012, beginning at 4:00 p.m., Eastern Time, at the Detroit Metro Airport Marriott, 30559 Flynn Drive, Romulus, Michigan. This proxy statement and the enclosed form of proxy are first being mailed to shareholders beginning April 3, 2012.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIAL AND THE ANNUAL MEETING:

What am I voting on?

You are voting on five proposals:

1. The election of six nominees for director to serve a term of one year.

2. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm.

3. An advisory vote on executive compensation.

4. A shareholder proposal requesting the election of directors by a majority, rather than plurality, vote, if properly presented at the meeting.

5. A shareholder proposal regarding the use of performance-based options, if properly presented at the meeting.

What are the voting recommendations of the Board?

The Board of Directors recommends the following votes:

FOR the election of all of the nominees for director.

FOR ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm.

FOR the proposal relating to the Company s executive compensation.

AGAINST the shareholder proposal requesting the election of directors by a majority, rather than plurality, vote.

AGAINST the shareholder proposal regarding the use of performance-based options.

Will any other matter be voted on?

We are not aware of any other matters on which you will be asked to vote at the meeting. If you have completed and mailed your proxy card and any other matter is properly brought before the meeting, Richard J. Dugas, Jr. and Steven M. Cook, acting as your proxies, will vote for you in their discretion.

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How do I vote my shares?

If you are a shareholder of record as of the close of business on March 12, 2012 (the record date), you can give a proxy to be voted at the meeting either:

- by mailing in the enclosed proxy card;
- by written ballot at the meeting;
- over the telephone by calling a toll-free number; or
- electronically, using the internet.

If you complete and mail in your proxy card, your shares will be voted as you indicate. If you do not indicate your voting preferences, Richard J. Dugas, Jr. and Steven M. Cook, acting as your proxies, will vote your shares FOR Items 1, 2 and 3 and AGAINST Items 4 and 5.

The telephone and internet voting procedures have been set up for your convenience and have been designed to authenticate your identity, to allow you to give voting instructions and to confirm that those instructions have been recorded properly. If you are a shareholder of record and you would like to vote by telephone or by using the internet, please refer to the instructions on the enclosed proxy card.

If you hold your shares in street name, you must vote your shares in the manner prescribed by your broker or nominee. Your broker or nominee has enclosed or provided a voting instruction card for you to use in directing the broker or nominee on how to vote your shares.

What is the difference between a shareholder of record and a street name holder?

If your shares are registered directly in your name with Computershare Trust Company, N.A. (Computershare), the Company s stock transfer agent, you are considered the shareholder of record with respect to those shares.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of these shares, and your shares are held in street name.

Can I change my vote?

Yes. You can change your vote or revoke your proxy before the meeting in any of three ways:

- by submitting another proxy by telephone, via the internet or by mail that is later dated and, if by mail, that is properly signed; or
- by submitting written notice to the Secretary of the Company, which notice must be received by the Company by 5:00 p.m., Eastern Time, on May 8, 2012; or
- by voting in person at the meeting.

What percentage of the vote is required for a proposal to be approved?

The six director nominees receiving the greatest number of votes will be elected. The service of such directors will be subject to the Corporate Governance Guidelines of the Company. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm, the advisory vote on executive compensation and the shareholder proposals each require the affirmative vote of a majority of the votes cast at the meeting. Although the advisory vote on executive compensation is non-binding, the Board of Directors will review the results of the vote and will take them into account in making a determination concerning executive compensation.

Who will count the vote?

Computershare will act as the independent tabulator to receive and tabulate the proxies and as the independent inspector of election to certify the results.

What does it mean if I get more than one proxy card?

It means your shares are held in more than one account. You should vote the shares on all your proxy cards. To provide better shareholder service, we encourage you to have all your shares registered in the same name and address. You may do this by contacting our transfer agent, Computershare, by phone at (877) 282-1168, by mail at Computershare Investor Services, P.O. Box 43078, Providence, Rhode Island 02940-3078, or via the internet at www.computershare.com.

Who can attend the annual meeting?

All shareholders of record as of the close of business on March 12, 2012 can attend. Registration will begin at 3:30 p.m., Eastern Time. Institutional or entity shareholders are allowed to bring one representative. Attendance at the meeting will be on a first-come, first-served basis, upon arrival at the meeting.

What do I need to do to attend the annual meeting?

You should plan to arrive at the Detroit Metro Airport Marriott, 30559 Flynn Drive, Romulus, Michigan, on Wednesday, May 9, 2012 by 3:30 p.m., Eastern Time. Upon your arrival, please follow the signs to the registration desk where you will register for the meeting.

An admission ticket (or other proof of stock ownership) and a government-issued photo identification (such as a valid driver s license or passport) will be required for admission to the annual meeting. Representatives of PulteGroup will be present at the registration desk to review and determine the validity of such documentation. **Only shareholders who own PulteGroup common shares as of the close of business on March 12, 2012 will be entitled to attend the meeting. An admission ticket or recent bank or brokerage statement will serve as verification of your ownership.**

- If your PulteGroup shares are registered in your name and you receive your proxy materials by mail, an admission ticket will be attached to your proxy card.

- If your PulteGroup shares are registered in your name and you vote your shares electronically over the Internet, you may access and print an admission ticket after voting such shares.

- If your PulteGroup shares are held in a bank or brokerage account, contact your bank or broker to obtain a written legal proxy in order to vote your shares at the meeting. If you do not obtain a legal proxy from your bank or broker, you will not be entitled to vote your shares, but you can still attend the annual meeting if you bring a recent bank or brokerage statement showing that you owned PulteGroup shares on March 12, 2012.

For your comfort and security, no cameras (including cell phones with built-in cameras), recording devices or other electronic devices, packages, signage or costumes will be permitted in the meeting room. We encourage you to leave any such items at home. We will not be responsible for any items checked at the door. Attendees (including their personal belongings) will be subject to security inspections.

What is the quorum requirement of the annual meeting?

A majority of the 383,684,039 shares outstanding on March 12, 2012 constitutes a quorum for voting at the meeting. If you vote, your shares will be part of the quorum. Each share outstanding on the record date shall be entitled to one vote.

How will abstentions be treated?

Abstentions will be counted as shares present at the meeting for purposes of determining whether a quorum exists. You may not abstain with respect to the election of directors. With respect to the proposals to ratify the appointment of Ernst & Young LLP, the advisory vote on executive compensation and with respect to the shareholder proposals, an abstention will not be counted as a vote cast and therefore will have no effect on whether the proposal is approved.

How will broker non-votes be treated?

Broker non-votes will be treated in the same manner, and have the same effect, as abstentions. A broker non-vote occurs when a broker cannot vote on a matter because the broker has not received instructions from the beneficial owner and lacks discretionary voting authority with respect to that matter. Brokers will lack discretionary voting authority with respect to the election of directors, the advisory vote on executive compensation and with respect to the shareholder proposals. Brokers will not lack discretionary voting authority with respect to the proposal to ratify the appointment of Ernst & Young LLP.

BENEFICIAL SECURITY OWNERSHIP

The table below shows the number of our common shares beneficially owned as of March 12, 2012 by each of our directors and each of our executive officers named in the 2011 Summary Compensation Table on page 45, as well as the number of shares beneficially owned by all of our directors and executive officers as a group. The table also includes information about stock options exercisable within 60 days after March 12, 2012, restricted shares, and PulteGroup common shares held in our 401(k) Plan.

Directors And Named Executive Officers	Shares(1)	Exercisable Stock Options(14)	Percentage of Outstanding Shares
Brian P. Anderson	50,445(2)	40,000	*
John B. Bertero III	91,578(3)	82,065	*
Bryce Blair	41,065(4)	0	*
Roger A. Cregg	654,200(5)	1,560,092	*
Richard J. Dugas, Jr.	1,197,565(6)	3,020,000	1.10
James R. Ellinghausen	355,839(7)	472,500	*
Cheryl W. Grisé	8,200	14,000	*
Debra J. Kelly-Ennis	55,900(8)	92,000	*
David N. McCammon	195,545(9)	76,000	*
Patrick J. O Leary	67,445	40,000	*
Robert T. O Shaughnessy	157,134(10)	0	*
James J. Postl	67,368	32,463	*
Bernard W. Reznicek	72,817(11)	92,000	*
Thomas M. Schoewe	67,263	31,080	*
Harmon D. Smith	220,616(12)	182,750	*
All directors and executive officers as a group (19 persons), including the above(13)	3,354,015	5,163,983	2.22%

* Less than 1%.

Notes:

(1) All directors and executive officers listed in this table have sole voting and investment power over the PulteGroup shares they beneficially own, except as otherwise noted below.

(2) Includes 3,000 PulteGroup common shares that Mr. Anderson owns jointly with his wife.

(3) Includes (i) 7,796 restricted shares that are scheduled to vest on March 31, 2012; (ii) 20,000 restricted shares that are scheduled to vest on February 11, 2013; (iii) 26,000 shares that are scheduled to vest on February 10, 2014; (iv) 31,092 restricted shares that are scheduled to vest on February 9, 2015; and (v) 454 PulteGroup common shares owned in our 401(k) plan.

(4) Includes 41,065 shares that Mr. Blair owns jointly with his wife.

(5) These are shares that are known to be owned by Mr. Cregg as of his May 27, 2011 retirement date (excluding shares withheld to settle tax obligations upon the vesting of Mr. Cregg s restricted shares on June 2, 2011).

(6) Includes (i) 69,800 PulteGroup common shares that Mr. Dugas owns jointly with his wife; (ii) 534,658 PulteGroup common shares owned in a trust of which Mr. Dugas is the trustee and beneficiary; (iii) 40,612 PulteGroup common shares owned in a trust of which Mr. Dugas is a beneficiary; (iv) 140,000 restricted shares that are scheduled to vest on February 11, 2013;

(v) 140,000 restricted shares that are scheduled to vest on February 10, 2014; (vi) 254,382 restricted shares that are scheduled to vest on February 9, 2015; (vii) 18,104 PulteGroup common shares held in our 401(k) Plan; and (viii) 9 shares that are held in an Individual Retirement Account.

(7) Includes (i) 126,698 PulteGroup common shares owned in a trust of which Mr. Ellinghausen is the trustee and beneficiary; (ii) 75,000 restricted shares that are scheduled to vest on February 11, 2013; (iii) 75,000 restricted shares that are scheduled to vest on February 10, 2014; and (iv) 79,141 restricted shares that are scheduled to vest on February 9, 2015.

(8) Includes 54,700 shares that are owned in a trust of which Ms. Kelly-Ennis is a trustee and a beneficiary; and 1,200 shares that are held in an Individual Retirement Account.

(9) These shares are owned in a trust of which Mr. McCammon is a trustee and a beneficiary.

(10) Includes (i) 69,513 restricted shares that are scheduled to vest on June 1, 2014; and (ii) 87,621 restricted shares that are scheduled to vest on February 9, 2015.

(11) Includes 44,745 shares that Mr. Reznicek owns jointly with his wife.

(12) Includes (i) 26,000 restricted shares that are scheduled to vest on February 11, 2013; (ii) 26,000 restricted shares that are scheduled to vest on February 10, 2014; (iii) 33,918 restricted shares that are scheduled to vest on February 9, 2015; and (iv) 13,010 PulteGroup common shares held in our 401(k) Plan.

(13) Does not include Mr. Cregg, as he is no longer employed by the Company.

(14) These are shares that the listed director or executive officer has the right to acquire within 60 days of March 12, 2012 pursuant to PulteGroup s stock option plans.

Beneficial Ownership of Significant Shareholders

The following table provides information regarding security holders that beneficially own more than 5% of all outstanding PulteGroup common shares:

Name and Address of Beneficial Owner	Beneficial Ownership of Common Shares	Percentage of Outstanding Common Shares on March 12, 2012
William J. Pulte 8111 Bay Colony Drive #2001 Naples, FL 34108	41,469,166(1)	10.81%
Wellington Management Company, LLP 280 Congress Street Boston, MA 02210	34,668,225(2)	9.04%
FMR LLC 82 Devonshire Street Boston, MA 02109	30,472,581(3)	7.94%
BlackRock, Inc. 40 East 52nd Street	28,656,007(4)	7.47%

New York, NY 10022
Notes:

(1) This information is derived from a Schedule 13D/A filed by Mr. Pulte on December 15, 2011. According to the Schedule 13D/A, Mr. Pulte had sole power to vote or direct the vote of 41,469,166 PulteGroup common shares, sole power to dispose of or direct the disposition of 14,519,176 PulteGroup common shares, shared power to vote or direct the vote of no PulteGroup common shares, and shared power to dispose of or direct the disposition of 26,949,990 PulteGroup common shares.

(2) This information is derived from a Schedule 13G filed by Wellington Management Company, LLP on February 14, 2012. According to the Schedule 13G, Wellington Management Company, LLP had sole power to vote or direct the vote of, and sole power to dispose of or direct the disposition of, no PulteGroup common shares, shared power to vote or direct the vote of 25,611,700 PulteGroup common shares, and shared power to dispose of or direct the disposition of 34,668,225 PulteGroup common shares.

(3) This information is derived from a Schedule 13G/A filed by FMR LLC on February 14, 2012. According to the Schedule 13G/A, FMR LLC had sole power to vote or direct the vote of 4,116,685 PulteGroup common shares, sole power to dispose of or direct the disposition of 30,472,581 PulteGroup common shares, and shared power to vote or direct the vote of, and shared power to dispose of or direct the disposition of, no shares.

(4) This information is derived from a Schedule 13G/A filed by BlackRock, Inc. on February 10, 2012. According to the Schedule 13G/A, BlackRock, Inc. had sole power to vote or direct the vote of, and sole power to dispose of or direct the disposition of, 28,656,007 PulteGroup common shares, and shared power to vote or direct the vote of, and shared power to dispose of or direct the disposition of, no shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Our directors and executive officers file reports with the Securities and Exchange Commission (the SEC) indicating the number of our common shares that they beneficially owned when they became a director or executive officer and, after that, any changes in their beneficial ownership of our common shares. They must also provide us with copies of these reports. These reports are required by Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act). We have reviewed the copies of these reports that we have received and have also received and reviewed written representations of the accuracy of these reports from these individuals.

Based on these reports and representations, PulteGroup believes that during 2011 our directors and executive officers complied with all Section 16(a) reporting requirements, except that John B. Bertero III, our Area President-East, filed a late Form 4 in connection with his withholding of shares to settle tax obligations upon the vesting of restricted shares.

PROPOSAL ONE

ELECTION OF DIRECTORS

Our Restated Articles of Incorporation, as amended, require that we have at least three, but no more than 15, directors. The exact number of directors is set by the Board of Directors and is currently ten. The Board of Directors is currently divided into two classes of directors who have overlapping terms. However, the classified structure of the Board of Directors is being eliminated, a process that began with the class of directors whose terms expired at the 2011 annual meeting. Beginning in 2013, all directors will be elected on an annual basis for one year terms. Six current directors, Brian P. Anderson, Bryce Blair, Cheryl W. Grisé, Debra J. Kelly Ennis, Patrick J. O Leary and Bernard W. Reznicek, have terms expiring at the 2012 annual meeting. These six nominees have each agreed to serve the one-year term for which they have been nominated, if elected. Please see below for a description of the occupations and recent business experience of all director nominees and continuing directors. In addition, the specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to the conclusion that each of the director nominees and continuing directors should serve as a director of the Company are included in the descriptions below.

The Corporate Governance Guidelines of the Company provide that any nominee for director who, in an uncontested election receives a greater number of votes withheld from his or her election than votes for his or her election at the annual meeting (Majority Withheld Vote) will promptly tender his or her resignation from the Board of Directors. The Nominating and Governance Committee, which is comprised exclusively of independent directors, will consider the resignation and recommend to the Board of Directors whether to accept the tendered resignation or reject it. The Board of Directors will act upon the Nominating and Governance Committee s recommendation no later than the first regularly scheduled meeting of the Board of Directors following certification of the Majority Withheld Vote. The action taken by the Board of Directors will be publicly disclosed in a report filed with the SEC and may include, without limitation, acceptance or rejection of the tendered resignation or adoption of measures designed to address the issues underlying the Majority Withheld Vote. The foregoing description is qualified in its entirety by reference to our Corporate Governance Guidelines, which are available for viewing on our website at www.pultegroupinc.com.

Nominees to Serve a One Year Term Expiring at the 2013 Annual Meeting

Brian P. Anderson

Age:	61
Director since:	2005
Principal Occupation:	Former Chief Financial Officer of OfficeMax Incorporated
Recent Business Experience:	Mr. Anderson is the former Executive Vice President of Finance and Chief Financial Officer of OfficeMax Incorporated, a distributor of business-to-business and retail office products. Prior to assuming this position in 2004, Mr. Anderson was Senior Vice President and Chief Financial Officer of Baxter International Inc., a global diversified medical products and services company, a position he assumed in 1998.
Outside Directorships (Last Five Years):	Mr. Anderson currently serves as a member of the board of directors of W.W. Grainger, Inc. (Lead Director), A.M. Castle & Co. (Chairman), and James Hardie Industries.

Qualifications:	The specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to conclude that Mr. Anderson should serve as a director in light of our business and structure include his significant experience as a chief financial officer of two large multinational companies and as a director of several large public companies. In addition, he has held finance positions including corporate controller and vice president of audit and was an audit partner at an international public accounting firm. Mr. Anderson has significant experience in the preparation and review of complex financial reporting statements as well as experience in risk management and risk assessment. Mr. Anderson also brings to the Board of Directors meaningful experience based on his service as Lead Director of W.W. Grainger, Inc. and Chairman of A.M. Castle & Co. Mr. Anderson is an audit committee financial expert for purposes of the SEC s rules.

Bryce Blair

Age:	53
Director since:	2011
Principal Occupation:	Chairman of the Board and Former Chief Executive Officer, AvalonBay Communities, Inc.
Recent Business Experience:	Mr. Blair has served as Chairman of the board of directors of AvalonBay Communities, Inc., a publicly-traded multifamily real estate investment trust, since January 2002. In addition, Mr. Blair served in a number of senior leadership positions with AvalonBay Communities, Inc., including Chief Executive Officer from February 2001 through December 2011, President from September 2000 through February 2005 and Chief Operating Officer from February 1999 to February 2001. Mr. Blair is also a member of the National Association of Real Estate Investment Trusts, where he served as Chairman and was on the Executive Committee and the Board of Governors, and the Urban Land Institute, where he is past Chairman of the Multifamily Council and is a past Trustee.
Outside Directorships (Last Five Years):	Mr. Blair currently serves as the chairman of the board of directors of AvalonBay Communities, Inc.
Qualifications:	The specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to conclude that Mr. Blair should serve as a director in light of our business and structure include his substantial experience in real estate development and investment, including having spent over ten years as chairman and chief executive officer of a public real estate investment trust. In addition, in his former role as chief executive officer of AvalonBay Communities, Inc., Mr. Blair was responsible for day to day operations and he was regularly involved in the preparation and review of complex financial reporting statements.

Cheryl W. Grisé

Age:	59
Director since:	2008
Principal Occupation:	Former Executive Vice President of Northeast Utilities

Recent Business Experience:	Ms. Grisé was Executive Vice President of Northeast Utilities, a public utility holding company, from December 2005 until her retirement effective July 2007; Chief Executive Officer of its principal operating subsidiaries from September 2002 to January 2007; President of the Utility Group of Northeast Utilities Service Company from May 2001 to January 2007; and Senior Vice President, Secretary and General Counsel of Northeast Utilities from 1998 to 2001. Ms. Grisé is a Senior Fellow of the American Leadership Forum.
Outside Directorships (Last Five Years):	Ms. Grisé currently serves as a member of the board of directors of Pall Corporation, MetLife, Inc. (Lead Director) and Kingswood-Oxford School, and previously served as a member of the board of directors of Dana Corporation.
Qualifications:	The specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to conclude that Ms. Grisé should serve as a director in light of our business and structure include her significant experience based on her service as a director of several large public corporations and as a former executive officer of a public utility holding company. Ms. Grisé s substantial experience, including earlier experience as general counsel and secretary, provide her with a unique perspective on the complex legal, compensation, and other issues that affect companies in regulated industries and the Board s roles and responsibilities with respect to the effective functioning of the Company s corporate governance structures. Ms. Grisé also brings to the Board of Directors meaningful experience based on her service as Lead Director of MetLife, Inc.

Debra J. Kelly-Ennis

Age:	55
Director since:	1997
Principal Occupation:	President and CEO, Diageo Canada, Inc., Etobicoke, Ontario, Canada
Recent Business Experience:	Ms. Kelly-Ennis has served as President and Chief Executive Officer of Diageo Canada, Inc., an adult spirits company, since September 2008. She served as Chief Marketing Officer of Diageo North America from April 2005 to September 2008. She served as President of Saab Cars USA, a wholly-owned subsidiary of General Motors Europe, from October 2002 to April 2005. Ms. Kelly-Ennis served as General Manager of the Oldsmobile Division of General Motors Corporation from May 2000 until September 2001, and served as Brand Manager of General Motors Chevrolet Division from March 1999 until April 2000.
Outside Directorships (Last Five Years):	Ms. Kelly-Ennis currently serves as a member of the board of directors of Dress for Success Worldwide.
Qualifications:	The specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to conclude that Ms. Kelly-Ennis should serve as a director in light of our business and structure include her significant experience as an executive with several large, customer-focused companies in multiple industries. In addition, Ms. Kelly-Ennis s significant amount of marketing and distribution experience provides an in-depth understanding of PulteGroup s customers needs and adds a valuable perspective for Board decisionmaking.

Patrick J. O Leary

Age:	54
Director since:	2005
Principal Occupation:	Executive Vice President and Chief Financial Officer of SPX Corporation
Recent Business Experience:	Mr. O Leary has served as Executive Vice President and Chief Financial Officer of SPX Corporation, a global industrial and technological services and products company, since December 2004. Prior to that time, he served as Chief Financial Officer and Treasurer of SPX Corporation from October 1996 to December 2004. SPX Corporation announced that Mr. O Leary will retire effective after the company has completed its report of the second quarter 2012 operating results.
Qualifications:	The specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to conclude that Mr. O Leary should serve as a director in light of our business and structure include his significant experience as a chief financial officer of a large multinational corporation. In addition, Mr. O Leary has significant experience in the preparation and review of complex financial reporting statements and is an audit committee financial expert for purposes of the SEC s rules.

Bernard W. Reznicek

Age:	75
Director since:	2002
Principal Occupation:	President and Chief Executive Officer, Premier Enterprises Inc., Omaha, Nebraska
Recent Business Experience:	Mr. Reznicek has served as President and Chief Executive Officer of Premier Enterprises Inc., a consulting, investment, and real estate development company, since April 1993. Mr. Reznicek was an executive with Central States Indemnity Company, a member of the Berkshire Hathaway Insurance Group, from January 1997 until January 2003. Mr. Reznicek served as Dean of the College of Business of Creighton University in Omaha, Nebraska from July 1994 until January 1997 and served as Chairman and Chief Executive Officer of Boston Edison, a utility company, from September 1987 to July 1994. He is also former President and Chief Executive Officer of Omaha Public Power.
Outside Directorships (Last Five Years):	Mr. Reznicek currently serves as a member of the board of directors of CSG Systems International, Inc. and Central States Indemnity.
Qualifications:	The specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to conclude that Mr. Reznicek should serve as a director in light of our business and structure include his substantial experience with real estate development and investment activities, as well as his experience as an executive of several large, complex corporations earlier in his career. Mr. Reznicek also served as Dean of a well-known business school. Based on his real estate and general management experience, Mr. Reznicek is familiar with the complexities of operating a large corporation in the homebuilding industry. Mr. Reznicek is an audit committee financial expert for purposes of the SEC s rules.

The Board of Directors recommends a vote FOR the election of these six nominees.

Directors Continuing to Serve a Three Year Term Expiring at the 2013 Annual Meeting

Richard J. Dugas, Jr.

Age:	46
Director since:	2003
Principal Occupation:	Chairman, President and Chief Executive Officer, PulteGroup, Inc.
Recent Business Experience:	Mr. Dugas has served as Chairman of the Board of Directors of PulteGroup, Inc. since August 18, 2009 and as President and Chief Executive Officer of PulteGroup since July 1, 2003. Prior to that, he served as Chief Operating Officer of PulteGroup from May 2002 through June 2003. Mr. Dugas previously served in various management positions with PulteGroup since 1994, including, most recently, Coastal Region President with responsibility for the Georgia, North Carolina, South Carolina and Tennessee operations.
Qualifications:	The specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to conclude that Mr. Dugas should serve as a director in light of our business and structure include the insight he brings to the Board of Directors from his 17-year tenure at PulteGroup, including more than eight years as President and Chief Executive Officer. Mr. Dugas many years of experience as the Chief Executive Officer of the Company provides an in-depth understanding of PulteGroup s history and complexity and adds a valuable perspective for Board decisionmaking.

David N. McCammon

Age:	77
Director since:	1997
Principal Occupation:	Senior Partner, Strength Capital Partners, L.L.C., Bloomfield Hills, Michigan
Recent Business Experience:	Mr. McCammon has been Senior Partner of Strength Capital Partners, L.L.C., a private-equity fund, since June 2000. Previously, Mr. McCammon served as Vice President of Finance for Ford Motor Company until his retirement in 1997.
Qualifications:	The specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to conclude that Mr. McCammon should serve as a director in light of our business and structure include his significant experience as an executive of a private equity fund and as a former finance executive of a large public corporation. In addition, Mr. McCammon has substantial experience assisting companies in multiple industries with strategic allocation of capital resources and other financial management issues. Mr. McCammon is an audit committee financial expert for purposes of the SEC s rules.

James J. Postl

Age:	66
Director since:	2009
Principal Occupation:	Former President and Chief Executive Officer of Pennzoil-Quaker State Company

Recent Business Experience:	Mr. Postl retired as president and chief executive officer of Pennzoil-Quaker State Company following its acquisition by Shell Products U.S. in October 2002. He joined Pennzoil in October 1998, prior to the formation of Pennzoil-Quaker State Company in December 1998, when he was named president and chief operating officer and was elected to the board of directors of the new company. In May 2000, he was named president and chief executive officer. Prior to joining Pennzoil-Quaker State, he served as president of Nabisco Biscuit Company from 1996 and was president and chief executive officer of Nabisco International from 1994 to 1996. Prior to joining Nabisco, he held a variety of management positions with PepsiCo, Inc. over a 19-year period.
Outside Directorships (Last Five Years):	Mr. Postl currently serves as a member of the board of directors of American Funds and Cooper Industries, Ltd., and previously served as a member of the board of directors of AutoZone, Inc. and Northwest Airlines Corporation.
Qualifications:	The specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to conclude that Mr. Postl should serve as a director in light of our business and structure include his significant experience serving as an executive officer of several corporations and as a director of several private and public corporations. Mr. Postl has substantial experience in operational matters, having served as president and chief executive officer of several corporations and large business divisions. Mr. Postl also brings to the Board of Directors significant public company management experience, having served as president and chief executive officer of Pennzoil-Quaker State Company, a large public company.

If a nominee is unable to stand for election, the Board of Directors may reduce the number of directors or choose a substitute. If the Board of Directors chooses a substitute, shares represented by proxies will be voted for the substitute. If a director retires, resigns, dies, or is unable to serve for any reason, the Board of Directors may reduce the number of directors or appoint a new director to fill the vacancy. The new director would serve until the next annual meeting.

Independence

Under the Company s Corporate Governance Guidelines, a substantial majority of the members of our Board of Directors must be independent. The Board of Directors has adopted categorical independence standards to assist the Nominating and Governance Committee in determining director independence, which standards either meet or exceed the independence requirements of the New York Stock Exchange s (NYSE) corporate governance standards. Under these standards, no director can qualify as independent unless (i) the Board of Directors affirmatively determines that the director has no material relationship with the Company directly or as an officer, shareholder or partner of an organization that has a relationship with the Company, and (ii) the director meets the following categorical standards:

Has not been an employee of the Company for at least three years;

Has not, during the last three years, been employed as an executive officer by a company for which an executive officer of the Company concurrently served as a member of such company s compensation committee;

Has no immediate family members (i.e., spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than employees) who shares the director s home) who did not satisfy the foregoing criteria during the last three years; provided, however, that such director s immediate family member may have served as an employee but not as an executive officer of the Company during such three-year period so long as such immediate family member shall not have received, during any twelve-month period within such three-year period, more than $120,000 in direct compensation from the Company for such employment;

Is not a current partner or employee of the Company s internal or external audit firm, and the director was not within the past three years a partner or employee of such a firm who personally worked on the Company s internal or external audit within that time;

Has no immediate family member who (i) is a current partner of a firm that is the Company s internal or external auditor, (ii) is a current employee of such a firm and personally works on the Company s internal or external audit or (iii) was within the past three years a partner or employee of such a firm and personally worked on the Company s audit within that time;

Has not received, and has no immediate family member who has received, during any twelve-month period within the last three years, more than $120,000 in direct compensation from the Company (other than in his or her capacity as a member of the Board of Directors);

Is not a current employee, and has no immediate family member who is a current executive officer, of a company that made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other company s consolidated gross revenues;

Does not serve, and has no immediate family member who has served, during the last three years as an executive officer or general partner of an entity that has received an investment from the Company or any of its subsidiaries, unless such investment is less than the greater of $1 million or 2% of such entity s total invested capital, whichever is greater, in any of the last three years; and

Has not been, and has no immediate family member who has been, an executive officer of a charitable or educational organization for which the Company contributed more than the greater of $1 million or 2% of such charitable organizations consolidated gross revenues, in any of the last three years.

The Board of Directors considered all relevant facts and circumstances in assessing director independence and affirmatively determined that Brian P. Anderson, Bryce Blair, Cheryl W. Grisé, Debra J. Kelly-Ennis, David N. McCammon, Patrick J. O Leary, James J. Postl, Bernard W. Reznicek and Thomas M. Schoewe are independent within the meaning of the Company s categorical standards and the NYSE listing standards. The Board of Directors further determined that Richard J. Dugas, Jr., who is a current PulteGroup employee, is not independent within the meaning of the Company s categorical standards and the NYSE listing standards.

Board Qualifications

In addition to the individual attributes of each of the directors described above, PulteGroup highly values the collective experience and qualifications of the directors. PulteGroup believes that the collective experiences, viewpoints and perspectives of its directors results in a Board with the commitment and energy to advance the interests of PulteGroup s shareholders.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has four standing committees to facilitate and assist the Board of Directors in the execution of its responsibilities. The committees are currently the Audit Committee, Compensation and Management Development Committee, Nominating and Governance Committee and Finance and Investment Committee. Charters for all of these committees are available on the Company s website at www.pultegroupinc.com. The table below shows current membership for each of the standing Board committees.

Director Name	Audit Committee	Compensation and Management Development Committee	Nominating and Governance Committee	Finance and Investment Committee
Brian P. Anderson	X		X	
Bryce Blair		X		X
Richard J. Dugas, Jr.				X
Cheryl W. Grisé		X	X	
Debra J. Kelly-Ennis	X		X*	
David N. McCammon	X*			X
Patrick J. O Leary		X		X*
James J. Postl**		X	X	
Bernard W. Reznicek	X	X*		
Thomas M. Schoewe	X			X

* Chair

** Lead Director

Audit Committee

The Audit Committee met nine times in 2011. The Committee represents and assists the Board of Directors with the oversight of: the integrity of the Company s financial statements and internal controls, the performance of the Company s internal audit function, the annual independent audit of the Company s financial statements and the independent auditor s engagement, qualifications and independence, the Company s compliance with legal and regulatory requirements, and the evaluation of enterprise risk issues.

The Audit Committee is also responsible for selecting (subject to ratification by our shareholders) the independent auditor as well as setting the compensation for and overseeing the work of the independent auditor and pre-approving all audit services to be provided by the independent auditor. The Board of Directors has determined that each of the members of the Audit Committee is independent within the meaning of the Company s categorical standards and the applicable NYSE and SEC rules and financially literate as defined by the NYSE rules, and that David N. McCammon, Bernard W. Reznicek, Brian P. Anderson and Thomas M. Schoewe are audit committee financial experts for purposes of the SEC s rules.

Compensation and Management Development Committee

The Compensation and Management Development Committee met 11 times in 2011. The Compensation and Management Development Committee is responsible for the review, approval, and administration of the compensation and benefit programs for the Chief Executive Officer and the other named executive officers. It also reviews and makes recommendations regarding the Company s incentive plans and certain other compensation plans and reviews the Company s leadership development programs and initiatives and discusses performance, leadership development, and succession planning for key officers with the Chairman of the Board, President and Chief Executive Officer, as appropriate. The Board of Directors has determined that each of the members of the Compensation and Management Development Committee is independent within the meaning of the Company s categorical standards and the NYSE rules.

The Compensation and Management Development Committee meets regularly in person and via teleconference to discharge its duties and responsibilities. Mr. Bernard W. Reznicek is the Chair of the Compensation and Management Development Committee. Mr. Reznicek works with Mr. James R. Ellinghausen, the Company s Executive Vice President, Human Resources, to establish meeting agendas and determine whether any members of PulteGroup s management or outside advisors should attend meetings. The Compensation and Management Development Committee also meets regularly in executive session. At various times during the year at the request of the Compensation and Management Development Committee, Mr. Robert T. O Shaughnessy, our Executive Vice President and Chief Financial Officer, may attend Compensation and Management Development Committee meetings, or portions of Compensation and Management Development Committee meetings, to provide the Compensation and Management Development Committee with information regarding the Company s operational performance, financial performance, or other topics requested by the Compensation and Management Development Committee to assist it in making its compensation decisions.

The Chairman of the Board, President and Chief Executive Officer, Mr. Richard J. Dugas, annually reviews the performance of each member of senior management (other than Mr. Dugas, whose performance is reviewed by the Compensation and Management Development Committee). Recommendations based on these reviews, including salary adjustments, annual bonuses, and equity grants, are presented to the Compensation and Management Development Committee. Decisions regarding salary adjustments, annual bonuses, and equity grants for Mr. Dugas are made by the Compensation and Management Development Committee. All decisions for 2011 made with respect to the executives listed in the Summary Compensation Table were made after deliberation with Mr. Dugas. In addition, Messrs. Dugas and Ellinghausen assisted the Committee in determining Mr. Cregg s retirement benefits.

The Compensation and Management Development Committee is also responsible for overseeing the development of, and risks associated with, the Company s succession plan for the Chairman of the Board, President and Chief Executive Officer and other key members of senior management as well as the Company s leadership development programs. In 2011, the Company engaged a consultant, Heidrick and Struggles, to support the Compensation and Management Development Committee s succession planning and leadership development efforts. Heidrick and Struggles met with the Compensation and Management Development Committee to review succession plans for the Company s key leadership roles and to assist in the review and consideration of candidates for executive officer succession.

The Compensation and Management Development Committee receives and reviews materials in advance of each meeting provided by the Compensation and Management Development Committee s consultant and management. These materials include information that management believes will be helpful to the Compensation and Management Development Committee, as well as materials the Compensation and Management Development Committee specifically requests.

The Compensation and Management Development Committee has the authority to hire and fire its own outside compensation consultant and any other advisors it deems necessary. Since 2003, the

Compensation and Management Development Committee has engaged Pearl Meyer & Partners to act as its independent consultant. The consultant regularly provides the Compensation and Management Development Committee with information regarding market compensation levels, general compensation trends and best practices. The Compensation and Management Development Committee also regularly asks the consultant to opine on the reasonableness of specific pay decisions and actions for the named executive officers, as well as the appropriateness of the design of the Company s executive compensation programs.

The activities of the compensation consultant are directed by the Compensation and Management Development Committee, although the consultant may communicate with members of management, as appropriate, to gather data and prepare analyses as requested by the Compensation and Management Development Committee. During 2011, the Compensation and Management Development Committee asked Pearl Meyer to review market data and advise the Committee on setting executive compensation and the competitiveness and reasonableness of the Company s executive compensation program; review and advise the Compensation and Management Development Committee regarding the Company s pay for performance, equity grant and dilution levels, each as relative to the Company s peers; review and advise the Compensation and Management Development Committee regarding regulatory, disclosure and other technical matters; and review and advise the Compensation and Management Development Committee regarding the Company s compensation risk assessment procedures. The Compensation and Management Development Committee also asked Pearl Meyer to provide opinions on named executive officer pay decisions.

The Compensation and Management Development Committee has determined that Pearl Meyer & Partners is independent because it does no work for us other than that requested by the Compensation and Management Development Committee. The Chairman of the Compensation and Management Development Committee reviews the consultant s invoices, which are paid by the Company.

Nominating and Governance Committee

The Nominating and Governance Committee met six times in 2011. The Nominating and Governance Committee is responsible for matters related to the governance of the Company and for developing and recommending to the Board of Directors the criteria for Board membership, the selection of new Board members, and the assignment of directors to the committees of the Board of Directors. The Nominating and Governance Committee assures that a regular evaluation is conducted of the performance, qualifications, and integrity of the Board of Directors and the committees of the Board. The Nominating and Governance Committee also reviews and makes recommendations with respect to the compensation of members of the Board of Directors and asked Pearl Meyer to provide opinions on Board of Director compensation. The Board of Directors has determined that each of the members of the Nominating and Governance Committee is independent within the meaning of the Company s categorical standards and the NYSE rules.

Finance and Investment Committee

The Finance and Investment Committee met five times in 2011. The Finance and Investment Committee reviews all aspects of the Company s policies that relate to the management of the Company s financial affairs. The Finance and Investment Committee also reviews the Company s long-term strategic plans and annual budgets, capital commitments budget, and the Company s cash needs and funding plans.

Board Meeting Information

The Board of Directors held a total of seven meetings in 2011. During 2011, each director attended at least 75% of the aggregate number of meetings of the Board of Directors and of the committees on which such director served that were held during the period that such director served as a member of the Board of Directors and as a member of such committees.

PulteGroup encourages its directors to attend each Annual Meeting of our shareholders, and all of our directors serving on the date of last year s annual meeting attended that meeting.

Throughout the year, PulteGroup held regularly scheduled executive sessions of its non-management directors without management participation. In addition, in 2012, PulteGroup will hold at least one executive session of its non-management directors without the participation of management. James J. Postl, our Lead Director, presides at these executive sessions.

2011 DIRECTOR COMPENSATION

The table below shows compensation for the Company s directors for the fiscal year ended December 31, 2011. Richard J. Dugas, Jr. our Chairman of the Board, President and Chief Executive Officer, receives no additional compensation for his services as a director of the Company. The compensation received by Mr. Dugas as an employee of the Company is shown in the 2011 Summary Compensation Table set forth in this proxy statement.

Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)	All Other Compensation (3)	Total (4)
Brian P. Anderson	$ 95,000	$ 140,000	$ 0	$ 235,000
Bryce Blair (5)	$ 47,500	$ 140,000	$ 0	$ 187,500
Timothy R. Eller (6)	$ 59,375	$ 140,000	$ 792,174	$ 991,549
Cheryl W. Grisé	$ 95,000	$ 140,000	$ 0	$ 235,000
Debra J. Kelly-Ennis	$ 120,000	$ 140,000	$ 0	$ 260,000
David N. McCammon	$ 120,000	$ 140,000	$ 0	$ 260,000
Clint W. Murchison, III (7)	$ 37,208	$ 0	$ 0	$ 37,208
Patrick J. O Leary	$ 120,000	$ 140,000	$ 0	$ 260,000
James J. Postl	$ 120,000	$ 140,000	$ 0	$ 260,000
Bernard W. Reznicek	$ 120,000	$ 140,000	$ 0	$ 260,000
Thomas M. Schoewe	$ 95,000	$ 140,000	$ 0	$ 235,000

(1) The amounts in this column represent the fees earned or paid in cash for services as a director, including annual retainer, committee chairmanship, and lead director fees.

(2) The amounts reported in this column are valued based on the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation (FASB ASC Topic 718). Assumptions used in the calculation of these amounts are included in note 10 to the Company s audited financial statements included in our Annual Report on Form 10-K (Annual Report) for the fiscal year ended December 31, 2011. On June 1, 2011, the directors received their annual equity grant of 17,074 shares, which represents $140,000 divided by the average of the high and low share price on the date of grant. On July 6, 2011, Mr. Blair received his annual equity grant of 18,349 shares, which represents $140,000 divided by the average of the high and low share price on the date of grant. The amounts reported in this column for Ms. Grisé represent the value of stock units deferred under the PulteGroup, Inc. Deferred Compensation Plan for Non-Employee Directors. The stock units consist of fully vested deferred stock units that are settled in common shares and may be subject to a deferral election consistent with Internal Revenue Code Section 409A.

(3) Amounts included in this column for Mr. Eller represent (i) consulting fees relating to the post-merger integration that were earned during 2011 ($480,000) and (ii) a cash bonus ($300,000) paid based on Mr. Eller s continued availability to provide consulting services through the second anniversary of the effective date of the Company s acquisition of Centex Corporation (Centex). These amounts were payable pursuant to the terms of Mr. Eller s consulting agreement with the Company that was negotiated at the time of the Centex acquisition. The consulting agreement expired on August 18, 2011. Please see Consulting Agreement Between Timothy R. Eller and PulteGroup for further information regarding the consulting arrangement. Also included for Mr. Eller is the value of a retirement gift and a tax gross-up of $4,614 related to such gift.

(4) As of December 31, 2011, each individual serving as an outside director during 2011 had outstanding the following number of deferred stock units and stock options:

Director	Deferred Stock Units	Options (A)
Brian P. Anderson		40,000
Bryce Blair		
Timothy R. Eller		1,453,329 (B)
Cheryl W. Grisé	30,345	14,000
Debra J. Kelly-Ennis		92,000
David N. McCammon		76,000
Clint W. Murchison, III		33,849
Patrick J. O Leary		40,000
James J. Postl		32,463
Bernard W. Reznicek		92,000
Thomas M. Schoewe		31,080

(A) The outstanding options held by Messrs. Murchison, Postl and Schoewe, as well as a portion of the outstanding options held by Mr. Eller, had been options to purchase shares of common stock of Centex that became options to purchase common shares of the Company pursuant to the merger agreement with respect to the Company s acquisition of Centex. The remaining outstanding options held by Mr. Eller were granted to Mr. Eller pursuant to the terms of his consulting agreement with the Company.

(B) All are exercisable.

(5) On July 6, 2011, Mr. Blair was appointed as a member of the Company s Board of Directors.

(6) Mr. Eller resigned as a member of the Board of Directors, effective August 18, 2011 in accordance with the terms of Mr. Eller s consulting agreement with the Company.

(7) Mr. Murchison resigned as a member of the Board of Directors, effective May 12, 2011.

Director Compensation

The Nominating and Governance Committee, with input from an independent compensation consultant, annually reviews the compensation of the Company s non-employee directors. Based on a 2011 review of director compensation levels, the Nominating and Governance Committee did not make any changes to the non-employee director compensation levels. During 2011, non-employee directors received the following compensation for service as members of the Board of Directors and as members of Board committees:

Annual Board membership fee of $95,000 in cash;

Committee chair retainer fee of $25,000 in cash;

Lead Director retainer fee of $25,000 in cash; and

Annual Equity Retainer Fee of $140,000 in common shares (the number determined by dividing 140,000 by the average of the high and low share price on the date of grant).

Director Deferred Compensation

In 2011, non-employee directors were entitled to defer all or a portion of their cash and equity compensation. Deferred cash payments were credited with interest at a rate equal to the five year U.S. treasury rate, plus 2%. Under the Deferred Compensation Plan for Non-Employee Directors, the payment of director fees may be deferred for up to eight years, and directors may elect to receive their

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deferred fees in a lump sum or in equal annual installments over a period not to exceed eight years. In the event of the director s departure either before or after the commencement of a deferral period, such director s deferred fees will be paid in a lump sum payment. Under the terms of the plan, all deferred equity shall be distributed to the director upon his or her departure from the Board.

Directors who also are our employees do not receive any of the compensation described above.

Consulting Agreement Between Timothy R. Eller and PulteGroup

On April 7, 2009, Timothy R. Eller, former chairman and chief executive officer of Centex, entered into a consulting agreement with PulteGroup, which became effective upon the completion of the Company s acquisition of Centex. Because Mr. Eller was viewed as instrumental to the smooth integration of Centex into PulteGroup and the attainment of synergies resulting from the Centex acquisition, the Company entered into a consulting agreement with Mr. Eller that was negotiated at the time of the Centex acquisition. Under the consulting agreement, Mr. Eller served as vice chairman of the Board of Directors and a consultant to the Company and received (i) Board fees equal to the fees paid to other non-chairman directors of the Company, (ii) an annual consulting fee of $750,000, and (iii) a Company-provided office and an administrative assistant in Dallas, Texas. The consulting agreement also provided for a cash bonus of $300,000 payable on the first and second anniversaries of the Centex acquisition, subject to Mr. Eller s continued availability to provide consulting services through the applicable anniversary date. Under the agreement, Mr. Eller was required to assist with the integration of the merger, including with respect to the integration of field roles, operating systems and processes (e.g., scheduling, purchasing, construction, sales, service and customer relations), personnel, use of brands, Centex s public company functions (e.g., legal, tax, treasury and accounting), human resources, and compensation and employee benefits. Mr. Eller remains subject to a standard non-competition and non-solicitation covenant provided by senior executive officers of the Company. The consulting agreement expired on August 18, 2011.

Equity Ownership Guidelines

Each member of the Board of Directors is expected to maintain an equity investment in the Company equal to three times the annual cash retainer, which must be achieved within five years of the director s initial election to the Board. The holdings that may be counted toward achieving the equity investment guidelines include outstanding stock awards or units, shares obtained through stock option exercise, shares owned jointly with or separately by the director s spouse and shares purchased on the open market. Outstanding stock options do not count toward achieving the equity investment guidelines. As of March 12, 2012, all members of the Board of Directors have met or, within the applicable period, are expected to meet, these share ownership guidelines.

CORPORATE GOVERNANCE

Governance Guidelines; Code of Ethical Business Conduct; Code of Ethics

The Board of Directors has adopted Corporate Governance Guidelines, which reflect the principles by which PulteGroup operates. The guidelines address an array of governance issues and principles including: director independence, committee independence, management succession, annual Board of Directors evaluation, periodic director evaluation, director share ownership, director nominations, director age limitations, role of the Lead Director, and executive sessions of the independent directors. PulteGroup s Governance Guidelines are available for viewing on our website at www.pultegroupinc.com. The Board of Directors also has adopted a Code of Ethical Business Conduct, which applies to all directors and employees and a Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer, Controller and other senior officers. The Company intends to include on its website any waivers of its Code of Ethical Business Conduct that relate to executive officers and directors as well as any amendments to, or waivers from, a provision of its Code of Ethics that applies to the Company s principal executive officer, principal financial officer, or controller that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K.

Board Leadership

Our Corporate Governance Guidelines contemplate that the independent directors will designate one of the independent directors to serve as Lead Director for a three year term. As noted above, Mr. Postl currently serves as Lead Director. The Lead Director works with the Chairman and Chief Executive Officer to ensure that the Board of Directors discharges its responsibilities, has structures and procedures in place to enable it to function independently of management and clearly understands the respective roles and responsibilities of the Board of Directors and management. In addition, the Lead Director s duties include convening and chairing regular executive session meetings of the non-management directors and, as appropriate, providing prompt feedback to the Chairman and Chief Executive Officer; coordinating and developing the agenda for executive sessions of the independent directors; convening meetings of the independent directors if necessary; coordinating feedback to the Chairman and Chief Executive Officer on behalf of the independent directors regarding business issues and management; providing final approval, after consultation with the Chairman and Chief Executive Officer, as to the agendas for meetings of the Board of Directors and informational needs associated with those agendas and presentations; performing such other duties as may be necessary for the Board of Directors to fulfill its responsibilities or as may be requested by the Board of Directors as a whole, by the non-management directors, or by the Chairman of the Board; in the absence of the Chairman of the Board, acting as chair of meetings of the Board of Directors; serving as the designated spokesperson for the Board of Directors when it is appropriate for the Board of Directors to comment publicly on any matter; and being available for consultation and direct communication if requested by the Company s major shareholders. The Board of Directors believes that having a combined Chairman and Chief Executive Officer and an independent Lead Director having significant and well-defined responsibilities as described above enhances the Chairman and Chief Executive Officer s ability to provide insight and direction on important strategic initiatives to both management and the independent directors and, at the same time, ensures that the appropriate level of independent oversight is applied to all decisions of the Board of Directors, and accordingly facilitates the overall functioning of the Board of Directors.

Board Role in Risk Oversight

The Board of Directors involvement in risk oversight includes both formal and informal processes and involves the Board of Directors and committees of the Board of Directors.

On a periodic basis, when determined by the Board of Directors or by PulteGroup management to be advisable, the Board of Directors or selected committees of the Board of Directors will undertake a formal enterprise risk assessment at which risks facing PulteGroup and associated responses are evaluated in detail. Additionally, the Board of Directors periodically engages in a detailed review of downside business risks to PulteGroup. The Board of Directors expects to conduct enterprise risk assessments and downside risk analyses on a periodic basis as determined to be appropriate.

In addition to the formal processes described in the preceding paragraph, the Board of Directors and committees of the Board of Directors are also involved in risk oversight on a more informal basis at regular Board of Directors and committee meetings. The Audit Committee receives materials on at least a quarterly basis to address the identification and status of risks to the Company, including financial risks and litigation claims and risks. At meetings of the full Board of Directors, these risks are identified to Board members, and the Chairman of the Audit Committee reports on the activities of the Audit Committee regarding risk analysis. In addition, two times per year, the Audit Committee receives a report from PulteGroup s Ethics Committee regarding current hotline activities and associated responses. The other committees of the Board of Directors also consider and address risk as they perform their respective responsibilities, and such committees report to the full Board of Directors from time to time as appropriate, including whenever a matter rises to the level of a material or enterprise level risk. The Board of Directors also receives regular financial and business updates from senior management, which updates involve detailed reports on financial and business risks facing PulteGroup when applicable.

Available information about PulteGroup

The following information is available on PulteGroup s website at www.pultegroupinc.com and in print for any shareholder upon written request to our Secretary:

Previously filed SEC current reports, quarterly reports, annual reports, and reports under Section 16(a) of the Exchange Act

Audit Committee Charter

Compensation and Management Development Committee Charter

Nominating and Governance Committee Charter

Finance and Investment Committee Charter

Code of Ethics (for Covered Senior Officers)

Code of Ethical Business Conduct

Corporate Governance Guidelines

By-laws

DIRECTOR NOMINATION RECOMMENDATIONS

The Nominating and Governance Committee does not have a single method for identifying director candidates but will consider candidates suggested by a wide range of sources, including candidates recommended by shareholders. The Committee reviews the qualifications of various persons to determine whether they might make good candidates for consideration for membership on the Board of Directors. The Committee will review all proposed nominees, including those proposed by shareholders, in accordance with its charter and PulteGroup s Corporate Governance Guidelines. While the Committee has not established specific types of experience or skills for potential candidates, the Committee will review the person s judgment, experience, qualifications, independence, understanding of PulteGroup s business or other related industries, and such other factors as the Committee determines are relevant in light of the needs of the Board of Directors and PulteGroup. The Board of Directors also believes that diversity is an important goal, and looks for potential candidates who will help ensure that the Board of Directors has the benefit of a wide range of attributes, including cultural, gender, ethnic and age diversity. Although there is no specific policy on diversity, the Nominating and Governance Committee takes various considerations into account in its selection criteria for new directors, which considerations may include the achievement of diversity on the basis of gender, race, national origin, functional background, and executive or professional experience. The Committee will select qualified candidates and review its recommendations with the Board of Directors, which will decide whether to invite the candidate to be a nominee for election to the Board of Directors.

You may recommend a person to be nominated for director by writing to our Secretary by certified mail, return receipt requested, or by recognized overnight courier to Steven M. Cook, Senior Vice President, General Counsel and Secretary, PulteGroup, Inc., 100 Bloomfield Hills Parkway, Suite 300, Bloomfield Hills, Michigan 48304. Shareholders wishing to directly nominate a candidate for election as a director at next year s annual meeting must deliver written notice to PulteGroup at the above address not later than 60 days prior to the date of next year s annual meeting (unless public disclosure of the date of such meeting is made less than 70 days before such meeting, in which case notice must be received within 10 days following such public disclosure).

As further described in the Company s By-laws, your recommendation must set forth:

- the name and address of the proposed nominee;
- the class or series and number of PulteGroup common shares which you own of record or beneficially and a representation that you intend to appear in person or by proxy at the meeting to nominate the proposed nominee;
- a description of all arrangements or understandings between you and any other person (naming such person) pursuant to which the recommendation is being made by you;
- any other information relating to the proposed nominee that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act; and
- a written consent of the proposed nominee to being named as a nominee and to serve as a director if elected.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

Since early 2006, the U.S. housing market has been unfavorably impacted by severe weakness in new home sales attributable to, among other factors, weak consumer confidence, tightened mortgage standards, significant foreclosure activity, a more challenging appraisal environment, increased unemployment levels, and significant uncertainty in the global economy. These conditions have contributed to sharply weakened demand for new homes and heightened pricing pressures on new and existing home sales.

Over the past three years, the Company has modified its executive compensation programs in response to these challenging conditions. In 2009, the Company believed that it was necessary to focus on cash flow generation in light of the significant volatility in the housing market and U.S. economy and, therefore, incorporated a cash flow from operations component into its 2009 executive incentive programs. The U.S. housing market and broader economy remain in a period of uncertainty; however, the Company is beginning to see signs of stabilization in certain of its local markets, though at near historically low levels. In light of this more stable environment, the Board and management focused on profitability and return measures in 2010 and 2011 and, accordingly, the Compensation and Management Development Committee (the Committee) incorporated economic profit improvement and total shareholder return, relative to a peer group of companies, into the Company s long-term incentive program.

We expect that market conditions will remain challenging in the near term. Our strategy to enhance shareholder value is centered on the following operational objectives:

- Revenue enhancement by establishing clear business models for each of our brands based on systematic, consumer-driven input, optimizing our pricing through the expanded use of options and lot premiums, and lessening our reliance on speculative home sales (homes for which construction began prior to a customer order and which generally result in lower margins than pre-sold homes);
- Reducing our house costs through common house plan management, value-engineering our house plans, working with suppliers to reduce costs, and following lean production principles;
- Maintaining an efficient overhead structure; and
- Improving our inventory turns.

Pay for Performance

Pay for performance is a significant element of the Company s executive compensation program. The material elements of our executive compensation program consist of base salary, annual incentive, long-term incentive and equity grants, with a majority of the total target compensation of each named executive officer provided in the form of variable or performance-based compensation. The Company does not offer a service-based defined benefit pension plan or other similar benefits to its employees. In addition, the Committee believes that employment at all levels of the Company should be based on sustained good performance rather than contractual terms. As a result, none of the named executive officers has an employment agreement or change in control severance agreement with the Company.

Key Executive Compensation Decisions and Actions

The Committee, with advice from its independent compensation consultant, engages in an ongoing review of the Company s executive compensation program to ensure that the executive compensation program supports the Committee s executive compensation philosophy. In connection with this ongoing review, the Committee continues to revise the executive compensation program to implement and maintain best practices with respect to executive compensation. These best practices include the following, each of which reinforces our executive compensation philosophy and objectives:

Emphasis on Future Pay Opportunity Versus Current Pay. The Committee seeks to provide an appropriate mix of compensation elements, striking a balance between short-term versus long-term compensation and cash versus equity-based compensation. The Committee believes that equity-based compensation aligns the interests of the named executive officers with those of our shareholders and encourages the named executive officers to continue to deliver results over the long-term. The Committee believes that the compensation awarded to the named executive officers should be at-risk by being based on the Company s operating and stock price performance. Accordingly, beginning in 2012, the Committee replaced the performance-based long-term cash incentive awards granted under the Company s long-term incentive program with performance-based awards that will be settled in PulteGroup shares in accordance with the terms of the applicable award agreements. In addition, the Committee eliminated the stock option grant that would have been made in February 2012 as part of the Company s annual equity award.

Adoption of Severance Agreement Policy. Effective March 17, 2011, the Board of Directors adopted a policy under which the Company will not enter into a severance agreement with a senior executive of the Company without shareholder approval if such agreement provides for specified benefits exceeding 2.99 times the sum of the senior executive s base salary and target annual bonus.

Share Ownership Guidelines. To align our executives interests with those of our shareholders and to assure that our executives own meaningful levels of PulteGroup common shares throughout their tenures with the Company, the Committee approved share ownership guidelines for our executives, effective March 10, 2011. The share ownership guidelines require, within a five-year period from date of hire, promotion or determination that a position is subject to Section 16 of the Exchange Act, the Chief Executive Officer to own PulteGroup common shares equal in value to six times his base salary and each of the other named executive officers to own PulteGroup common shares equal to one to three times his or her respective base salary, depending on the position.

Perquisite Policy. The Committee approved the elimination of all tax gross-ups relating to executive perquisite expenses incurred after January 1, 2010, except for gross-ups relating to relocation expenses.

Clawback Policy. In 2009, the Committee determined that it was in the best interests of its shareholders to implement a clawback policy with respect to the annual incentive program, long-term incentive program, and equity grants. See Clawback Policy for further information regarding the clawback policy.

In its compensation review process, the Committee considers whether the Company s executive compensation and benefits program serves the best interests of the Company s shareholders. In that respect, as part of its on-going review of the Company s executive compensation program, the Compensation Committee considered the input it has received from various shareholders, including the affirmative shareholder say on pay vote at the Company s prior annual meeting of shareholders. In connection with this review, while the Committee determined that the Company s executive compensation philosophy, compensation objectives, and compensation elements continued to be appropriate, the Committee approved modifications to the Company s executive compensation program to include performance-based awards that will be settled in PulteGroup shares in accordance with the terms of the applicable award agreements and the elimination of stock options and the cash component from the Company s long-term incentive program for 2012.

Named Executive Officers

For 2011, our named executive officers are Richard J. Dugas, Jr., Chairman of the Board, President and Chief Executive Officer, Robert T. O Shaughnessy, Executive Vice President and Chief Financial Officer, James R. Ellinghausen, Executive Vice President, Human Resources, John B. Bertero III, Area President-East, Harmon D. Smith, Area President-Gulf Coast, and Roger A. Cregg, the Company s former Executive Vice President and Chief Financial Officer. Mr. Cregg retired from the Company, effective May 27, 2011. Please see the Separation Agreement with Roger A. Cregg section of this Compensation Discussion and Analysis for a description of benefits paid to Mr. Cregg in connection with his departure from the Company.

Establishing and Evaluating Executive Compensation

Executive Compensation Philosophy

Our overall compensation philosophy applicable to named executive officers is to provide a compensation program that is intended to attract and retain qualified executives for PulteGroup through fluctuating business cycles, provide them with incentive to achieve our strategic, operational, and financial goals, increase shareholder value, and reward long-term financial success. The Committee also intends to motivate the named executive officers to achieve other non-financial objectives, including customer satisfaction, people development, and building and maintaining a strong culture within the organization.

Key principles of our executive compensation philosophy include:

- providing total compensation levels that are competitive with our direct competitors within the homebuilding industry, as well as companies of similar size and complexity in other industries;
- fostering a pay for performance environment by delivering a significant portion of total compensation through performance-based, variable pay;
- aligning the long-term interests of our executives with those of our shareholders;
- requiring our executives to own significant levels of PulteGroup shares;
- balancing cash compensation with equity compensation to ensure that each executive has a significant personal financial stake in PulteGroup s share price performance (in general, we seek to provide a significant portion of total compensation to named executive officers in the form of equity compensation); and
- balancing short-term compensation with long-term compensation to ensure that our senior executives are properly focused on the achievement of both operational and financial goals and longer-term strategic objectives.

While our executive compensation philosophy and decisions with respect to compensation do not differ materially as applied to each of our named executive officers, the Committee believes that, given the contributions of Mr. Dugas to our overall strategy, as well as the requirements and responsibilities of his position as Chairman of the Board and leader of the Company, the total compensation levels for Mr. Dugas should be higher than the total compensation levels of the other named executive officers.

The Compensation and Management Development Committee

The Committee establishes the Company s executive compensation philosophies and oversees the development and implementation of the Company s executive compensation program. The Committee operates under a written charter adopted by the Board of Directors. A copy of the charter is available at

www.pultegroupinc.com. In general, the scope of the Committee s authority is determined by the Board of Directors, or established by formal incentive plan documents. The fundamental responsibilities of the Committee include the following with respect to the Company s senior executives:

- to establish compensation-related performance objectives under the annual incentive program and long-term incentive program that support our strategic plan;
- to establish individual performance goals and objectives for the Chief Executive Officer and other named executive officers;
- to evaluate the job performance of the Chief Executive Officer and the other named executive officers in light of those goals and objectives;
- to annually review and approve compensation levels for the Company s Chief Executive Officer and other named executive officers. The Committee seeks input from the independent members of PulteGroup s Board of Directors in establishing compensation levels for the Company s named executive officers (including the Chief Executive Officer);
- to administer PulteGroup s equity compensation and shareholder-approved incentive compensation plans;
- to develop and review succession plans for the Chief Executive Officer position, including assessing and creating development plans for internal talent;
- to review succession planning, leadership development programs and bench strength for all other senior executive positions; and
- to annually review the potential risks associated with the Company s compensation program.

Information on the Committee s processes and procedures for consideration of executive compensation are addressed under Committees of the Board of Directors Compensation and Management Development Committee above.

The Committee is currently comprised of Mr. Bernard W. Reznicek, Mr. Bryce Blair, Ms. Cheryl W. Grisé, Mr. Patrick O Leary and Mr. James J. Postl. Mr. Reznicek, who has served on the Board of Directors for approximately ten years, is the Committee Chairman. Each member of the Committee qualifies as an independent director under NYSE listing standards and our Corporate Governance Guidelines.

Independent Compensation Consultant

Pearl Meyer & Partners (Pearl Meyer) provides independent executive consulting services to the Committee. Pearl Meyer is retained by and reports to the Committee and participates in all committee meetings. Pearl Meyer also:

- Participates in the design of the Company s executive compensation program to help the Committee evaluate the linkage between pay and performance;
- Provides and reviews market data and advises the Committee on setting executive compensation and the competitiveness and reasonableness of the Company s executive compensation program;

Reviews and advises the Committee regarding the elements of the Company s executive compensation program, equity grant and dilution levels, each as relative to the Company s peers;

Reviews and advises the Committee regarding individual executive pay decisions;

Reviews and advises the Committee regarding regulatory, disclosure and other technical matters;

Reviews and advises the Committee regarding the Company s compensation risk assessment procedures; and

Reviews and advises the Nominating and Governance Committee regarding Director compensation.

Pearl Meyer does not provide any other services to the Company.

Role of Executive Officers

As noted above, the Committee is responsible for all compensation decisions for our senior executives (which include the named executive officers). Mr. James R. Ellinghausen, the Company s Executive Vice President, Human Resources, works with Mr. Reznicek to establish meeting agendas and to determine whether any members of PulteGroup s management or outside advisors should attend meetings. Our Chairman of the Board, President and Chief Executive Officer, Mr. Richard J. Dugas, annually reviews the performance of each member of senior management (other than Mr. Dugas performance). Recommendations based on these reviews, including salary adjustments, annual bonuses, and equity grants, are presented to the Committee. Decisions regarding salary adjustments, annual bonuses, and equity grants for Mr. Dugas are made by the Committee. All decisions for 2011 made with respect to the named executive officers other than Mr. Dugas were made after deliberation with Mr. Dugas. In addition, Messrs. Dugas and Ellinghausen assisted the Committee in determining Mr. Cregg s retirement benefits. Please see the Separation Agreement with Roger A. Cregg section of this Compensation Discussion and Analysis for a description of benefits to be paid to Mr. Cregg in connection with his departure from the Company.

At various times during the year at the request of the Committee, the Executive Vice President and Chief Financial Officer attended Committee meetings, or portions of Committee meetings, to provide the Committee with information regarding the Company s operational performance, financial performance, or other topics requested by the Committee to assist the Committee in making its compensation decisions.

Key Factors in Setting 2011 Compensation

In establishing and evaluating the Company s 2011 executive compensation program, the Committee, in consultation with Mr. Dugas, as applicable, considered the following key factors:

overall Company performance and specific financial results relative to incentive performance goals established by the Committee in February 2011;

competitive pay practices (evaluated based on market comparisons and recommendations of Pearl Meyer);

individual performance of each of our named executive officers;

historical equity grants and the current value of each of our named executive officer s equity holdings;

tally sheets presenting the potential compensation for each of our named executive officers based on equity grant values and performance levels under our incentive compensation programs; and

our ability to retain and motivate key talent.

Market Comparisons

The Committee does not believe that it is appropriate to establish compensation levels based only on market practices. The Committee believes that compensation decisions are complex and require a deliberate review of Company performance and peer compensation levels, as well as the overall business environment. While the Committee factors peer compensation levels and practices into setting compensation levels, this peer information is one of the many factors that the Committee considers in determining compensation levels. For each element of compensation, the Committee, based on the advice of its consultant, uses a guideline range of 50th to 75th percentile of the market data (i.e., peer group and survey data) to establish target compensation levels. Additionally, at various times during the year, the Committee reviews market data to assess the reasonableness and competitiveness of the Company s executive compensation program.

The peer group data is based on a peer group of publicly-traded homebuilding companies (collectively, the Compensation Peer Group). Even though the size of the Compensation Peer Group has decreased in the past several years due to the continued consolidation of the home-building industry, the Committee believes that the companies included in the 2011 Compensation Peer Group represent companies with which we compete for executive talent. The companies currently comprising the Compensation Peer Group are:

D.R. Horton, Inc.	NVR, Inc.
KB Home	The Ryland Group, Inc.
Lennar Corporation	Toll Brothers, Inc.

The Committee considers factors such as the size of the Company relative to the Compensation Peer Group, management ownership and financial performance in evaluating market data.

In addition to reviewing compensation practices among the Compensation Peer Group, the Committee believes it is important to review compensation practices within general industry. The Company participates in or purchases a number of compensation surveys. The Committee reviews a blend of general industry survey data in establishing target compensation levels and to evaluate whether the Company s compensation policies are in line with market data. The 2011 survey data provided to the Committee by Pearl Meyer was compiled from the following general industry compensation surveys: Mercer Human Resource Consulting s US Mercer Benchmark Database (MBD) Executive (which has approximately 2,500 participating companies); TowersWatson General Industry Executive Database (which has approximately 800 participating companies); and TowersWatson Top Management Compensation (which has approximately 1,600 participating companies). For the Area Presidents, Pearl Meyer also utilized survey data from the ACS Homebuilders survey (which has 11 participating companies). To assist the Committee in its review of the general industry survey data, Pearl Meyer extracts compensation information from the surveys with respect to companies with annual revenues ranging from $3 billion to $6 billion for Named Executive Officers holding corporate-wide positions and $1 billion to $2 billion for the Area Presidents. The Committee believes that the compensation practices at companies of this size are most relevant to the Committee s decision-making process.

Use of Tally Sheets

The Committee reviews tally sheets, prepared by management and reviewed by Pearl Meyer, which present comprehensive data on the total potential compensation for each of the named executive officers based on various equity grant values and performance levels under our incentive compensation programs. The tally sheets provide the Committee with a framework of potential minimum and maximum compensation levels that each named executive officer may earn under the Company s executive compensation program. While the tally sheets provide a framework for the Committee, they are not determinative of the elements or amounts of compensation paid.

Executive Compensation Program Elements

The Committee has designed the elements of the compensation program for the named executive officers to advance the operational objectives and the long-term strategies of the Company. The following chart sets forth various compensation elements under the Company s 2011 compensation program, each of which is described in detail in this Compensation Discussion and Analysis, and the purpose of each element.

Program Element	Purpose
Annual Base Salary	Provides base pay levels that are competitive with market practices in order to attract, motivate and retain top executive talent.
Annual Incentive Program	Provides annual incentive opportunities that are competitive with market practices in order to attract, motivate and retain top executive talent. Rewards executives for annual performance results relative to pre-established goals that are deemed critical to the success of the Company. Aligns interests of executives with those of our shareholders.
Long-Term Incentive Program	Motivates and rewards executives for long-term performance results relative to pre-established goals that are deemed critical to the success of the Company. Focuses executives on long-term operational performance of the Company. Retains top executive talent over a 3-year period. Aligns interests of executives with those of our shareholders.
Equity	Provides equity grants that are competitive with market practices in order to attract, motivate and retain top executive talent.
Restricted Shares with 3-year cliff vesting	Focuses executives on long-term performance of the Company.
Performance-Based Equity Awards	Directly aligns the interests of executives with those of our shareholders.
Stock Options with 4-year installment vesting	Motivates and rewards executives for long-term performance results relative to pre-established goals that are deemed critical to the success of the Company.
Non-Qualified Benefits	Provides a vehicle for deferred compensation in addition to our 401(k) plan that allows participants to defer a portion of their incentive income that earns interest until the amount is distributed at future date(s) specified by the participant (*e.g.*, the applicable 2011 interest rate was 4.003%).

Income and Long-Term Deferral Plan	
Perquisites	
Financial & Tax Planning Reimbursements	Provides a limited number of perquisites that are competitive with market practices.
Health Examination Reimbursements	In the case of Health Examination Reimbursements, attempts to minimize disruptions to shareholders by encouraging executives to be proactive about their health.

Base Salary

The Committee determines the appropriateness of executives base salaries by considering the responsibilities of their positions, their individual performance and tenure, internal equity, comparison to the base salary levels of executives in the Compensation Peer Group and the general industry compensation surveys and the recommendations of Pearl Meyer. Base salary increases are considered annually and are based upon both individual and Company performance in the prior year.

In light of the continuation of the global economic downturn, the Committee elected not to increase the base salary levels from the levels set in 2010 for the named executive officers other than Mr. Ellinghausen and Mr. Bertero. For 2011, Mr. Ellinghausen received a base salary increase of $50,000 as a result of an increase in his responsibilities, a competitive pay comparison and individual performance. For 2011, Mr. Bertero received a base salary increase of $100,000 to bring his total compensation levels in line with similarly situated executives at the Company. In determining Mr. O Shaughnessy s initial base salary level, the Committee considered the compensation paid to the Company s former Chief Financial Officer, market data as well as the compensation received by Mr. O Shaughnessy at his prior employer.

Annual Incentive Compensation

Under the shareholder-approved PulteGroup, Inc. 2008 Senior Management Incentive Plan (the 2008 Incentive Plan), the Committee provides both annual and long-term incentives. The Committee adopted the 2011 Annual Incentive Program (the Annual Program) under the 2008 Incentive Plan. Awards for named executive officers who hold corporate-wide positions are based entirely on corporate performance, while awards for the Area Presidents are based on their respective Area s performance. The Committee believes that this design element appropriately ties incentive compensation to the performance of the named executive officer s primary area of responsibility.

Corporate Performance

The payment of awards under the 2011 Annual Program applicable to the named executive officers other than Messrs. Smith and Bertero, who are Area Presidents, was subject to the attainment of specific performance goals relating to consolidated pre-tax income and revenue.

The table below indicates the performance metrics and potential payouts with respect to the Company s achievement in pre-tax income and revenue. The Committee believes that these performance metrics were meaningful measures of the Company s 2011 performance because these metrics increase the focus of participants on returning the Company to profitability. The Committee established the payout formula to encourage strong, focused performance. The threshold payout level was designed to be reasonably achievable, given the economic and market conditions at the time the targets were set. The target payout level was designed to be achievable with strong management performance, while payout at the maximum level was designed to be very difficult to achieve.

			2011 Goals				
		Threshold Payout	Target Payout	Maximum Payout			
Performance Measures	**Weighting**	**(50%)**	**(100%)**	**(200%)**	**Result**	**Achieved Payout(3)**	**Weighted Payout**
Pre-Tax Income (000s) (1)	60%	$ 10,000	$ 40,000	$ 120,000	$ 11,421	52.0%	31.2%
Revenue (000s) (2)	40%	$ 3,800,000	$ 4,250,000	$ 5,000,000	$ 3,950,743	67.0%	26.8%
					Total % of Target:		58.0%

(1) Pre-tax income represents Income (Loss) Before Income Taxes as reported in the Company s Annual Report, as adjusted to exclude the impact of certain items, including; incentive compensation expense relating to the Annual and Long Term Incentive Compensation plans; goodwill impairments; land-related adjustments; gains on land sales; gains and losses on debt retirement; adjustments to mortgage repurchase reserves; adjustments to certain restructuring and other reserves; and certain other unusual items.

(2) Revenue is equal to consolidated Home Sale Revenues as reported in the Company s Annual Report.

(3) Payouts for performance between threshold and target payout levels and between target and maximum payout levels are calculated using straight line interpolation.

Pursuant to the terms of the Annual Program, each performance goal is measured and paid out independently of the other performance goal. As shown in the table above, the Company s performance exceeded the Company s threshold performance established with respect to both performance goals, resulting in each participating named executive officer receiving a payout above the threshold award level. Pursuant to the terms of the 2008 Incentive Plan, the Committee has the discretion to pay the awards in cash, equity or both. The Committee determined to pay the entire award in cash.

The table below indicates the award opportunities established by the Committee and the cash payout with respect to each performance goal under the Annual Program applicable to the named executive officers who held corporate-wide positions. The Committee determined the target payout level for each of the named executive officers based on each named executive officer s position within the Company, each named executive officer s historical pay levels, the incentive pay for executives at companies in our Compensation Peer Group and the general industry compensation surveys and the recommendations of Pearl Meyer. In setting the 2011 target award opportunities, the Committee did not change the target award percentage opportunities compared to the 2010 targets for the named executive officers. Pursuant to the terms of Mr. O Shaughnessy s offer of employment, his bonus was guaranteed to be at least $360,000, with the potential to earn up to 200% of his annual target amount based on the Company s performance.

Executive	Base Salary 2011	Target as % of Salary	Threshold(1)	Target	Maximum	Total Payout(4)
Richard J. Dugas, Jr.	$ 1,200,000	200%	$ 480,000	$ 2,400,000	$ 4,800,000	$ 1,392,000
Robert T. O Shaughnessy (2)	$ 700,000	100%	$ 140,000	$ 700,000	$ 1,400,000	$ 406,000
James R. Ellinghausen	$ 525,000	100%	$ 105,000	$ 525,000	$ 1,050,000	$ 304,500
Roger A. Cregg (3)	$ 675,000	120%	$ 162,000	$ 810,000	$ 1,620,000	$ 189,207

(1) The threshold amount represents the minimum award that could be paid to the named executive officer upon the Company s satisfaction of the revenue performance goal due to its lower weighting. As noted previously, each performance goal is measured and paid out independently of the other performance goal.

(2) Pursuant to the terms of Mr. O Shaughnessy s employment offer, Mr. O Shaughnessy s 2011 bonus was guaranteed to be at least $360,000, with the potential to earn up to 200% of his annual target amount based on the Company s performance.

(3) In connection with Mr. Cregg s retirement from the Company, his award under the Annual Program was prorated for the period in 2011 during which he performed services for the Company.

(4) Pursuant to the terms of the 2008 Incentive Plan, the Committee has the discretion to pay the awards in cash, restricted shares or both. The Committee determined to pay the entire award in cash.

Business Unit Performance

The Committee reviewed the design of the field leaders incentive plan to ensure that the plan measures encouraged strong, focused performance by our Area Presidents. The Area President s 2011 Annual Program awards were determined based on each Area President s respective business unit s pre-tax income and return on invested capital (ROIC) performance. Each business unit s pre-tax income and ROIC performance was assessed against a grid which outlined the various percentages of target payout that could be earned on the basis of reaching certain performance levels for each metric. A threshold level of payout under the grid would begin to calculate only if the Pre-Tax Income level for the business unit exceeded $6,000,000 and Return on Invested Capital (ROIC) exceeded 5%. The Area President s bonus payout was calculated using the weighted average payout resulting from each business unit s performance as measured against the grid. Weighting was based on each business unit s average invested capital as a percentage of the total invested capital for the Area.

The table below indicates the award opportunities established by the Committee and the cash payouts with respect to Area performance. The Committee determined the target payout level for each of the named executive officers based on each named executive officer s position within the Company, each named executive officer s historical pay levels, the incentive pay for executives at companies in our Compensation Peer Group and the general industry compensation surveys and the recommendations of Pearl Meyer. In setting the 2011 target award opportunities, the Committee reduced Mr. Bertero s and Mr. Smith s Annual Program target award opportunities by $50,000 and $100,000, respectively. This reduction in target award opportunities was made to establish a consistent total target compensation level among all Area Presidents.

Executive	Base Salary 2011	Target as % of Salary	Threshold (20%)	Target	Maximum (300%)	Performance Result(1)	Total Payout
Harmon D. Smith	$ 565,000	88%	$ 100,000	$ 500,000	$ 1,500,000	66%	$ 330,000
John B. Bertero III	$ 550,000	91%	$ 100,000	$ 500,000	$ 1,500,000	75%	$ 375,000

(1) For Mr. Smith, the payout represents weighted average performance results for six Business Units. For Mr. Bertero, the payout represents weighted average performance results for eight Business Units.

Long-Term Incentive Compensation

In order to provide management with incentives to achieve our long-term goals, in connection with the adoption of the 2008 Incentive Plan, the Committee adopted the Long-Term Incentive Program (the LTI Program). During 2011, each named executive officer was granted an aggregate award opportunity under the LTI Program for the 2011-2013 performance period. For the fiscal year ended December 31, 2011, the 2011-2013, 2010-2012 and 2009-2011 performance periods were outstanding under the LTI Program. Messrs. O Shaughnessy, Smith and Bertero did not participate in the LTI Program for the 2010-2012 and 2009-2011 performance periods. The Committee designed the LTI Program to have overlapping performance periods to address the cyclical nature of the homebuilding industry. These overlapping performance periods provide the Committee with the flexibility to address circumstances within our industry as well as the general economic and market conditions at the time the targets are set.

At the time the Committee implemented the 2009-2011 performance period under the LTI Program, the significant economic and market uncertainty existing at that time made it extremely difficult to establish meaningful long-term performance goals. Because this market uncertainty, coupled with the inability to use different performance measures, did not adequately serve as a motivational or retention device under the 2000 Long Term Incentive Plan, the Committee designed the 2009-2011 performance period under the LTI Program to allow participants to earn up to one-third of the award opportunity in each year of the three-year performance period based on an array of potential measures. The Committee was able to use this new design to focus on cash flow generation for 2009, a performance measure that the Committee felt was more appropriately measured and evaluated over a one-year period.

As the Company began to see signs of stabilization in certain of its local markets in late 2009, the Committee, working with Pearl Meyer and management, reevaluated the LTI Program to reinforce a focus on key long-term corporate performance metrics, as well as incorporate a performance measure that evaluates performance relative to the Company s peers. As a result, the Committee eliminated annual performance measures. In addition, the Committee eliminated individual performance metrics to emphasize the achievement of Company goals that are deemed most important. These design changes continued with respect to the 2011-2013 LTI Program. As described below under 2012 Compensation Decisions, for performance periods commencing after January 1, 2012, the Committee has replaced the long-term cash incentive awards previously granted under the LTI Program with performance awards that will be settled in PulteGroup shares in accordance with the terms of the applicable award agreements.

2011-2013 LTI Program

For the 2011-2013 LTI Program, the Committee selected Economic Profit improvement as an effective long-term measure to align the executives interests with shareholders interests in the current market conditions and also provided the ability to create meaningful performance targets because the three-year goals would continually be based on improvement relative to prior performance rather than on an absolute basis. Consistent with the design of the 2010-2012 LTI Program, the Committee included an additional performance metric requiring the Committee to either increase or decrease the award payouts by an amount of up to 20% based on the Company s Total Shareholder Return (TSR) percentile rank relative to that of the Company s peers. The companies used to evaluate TSR are the companies included in the Compensation Peer Group. Please see Market Comparisons for the list of companies included in the Compensation Peer Group.

The table below shows the award opportunities established by the Committee relating to the 2011-2013 performance period. The Committee did not increase the three-year aggregate target award percentage opportunities under the 2011-2013 LTI Program compared to the three-year aggregate target award percentage opportunities set for participating named executive officers for the 2010-2012 LTI Program. Actual payout of the award will be determined after the end of the three-year performance period based on the average of Economic Profit improvement for each year during the performance period relative to 2010. Given the economic and market conditions at the time the targets were set, the threshold payout level was designed to be reasonably achievable, while the target payout level was designed to be achievable with strong management performance and the maximum level was designed to be difficult to achieve.

Award Opportunity Under 2011-2013 Performance Period

Executive	Base Salary as of 1/1/2011(1)	Target as % of Salary	Threshold	Target	Maximum
Richard J. Dugas, Jr.	$ 1,200,000	167%	$ 1,000,000	$ 2,000,000	$ 4,000,000
Robert T. O Shaughnessy	$ 700,000	100%	$ 350,000	$ 700,000	$ 1,400,000
James R. Ellinghausen	$ 525,000	100%	$ 262,500	$ 525,000	$ 1,050,000
Harmon D. Smith	$ 565,000				