

KAUFMAN BROAD

Press release- For immediate release

2008 ANNUAL REVENUES

UNAUDITED

HEADS OF AGREEMENT WITH THE BANKING SYNDICATE

PARIS, December 29, 2008 – Kaufman & Broad SA announced that its estimated annual revenues for the entire financial year ended on November 30, 2008 amounted to EUR 1,165.1 millions, a 15.7% decrease compared to 2007.

Furthermore, as part of the discussions initiated with its banks with the view to rearrange the Senior Facilities Agreement, Kaufman & Broad SA announced that it has entered into a Heads of Agreement with all the lenders party to the Senior Facilities Agreement, designed to reinforce its financial flexibility. The Heads of Agreements provides, in particular, for an additional EUR 75,000,000 credit facility to be made available to the Company for a period of two years and for an adjustment of the financial covenants applicable to the Group.

Commenting on this Heads of Agreement, Guy NAFILYAN, Chairman and Chief Executive Officer of Kaufman & Broad SA, said: “We have been the first, in 2008, to take the necessary actions to face the banking crisis that is affecting today the whole economy. Our efforts have focused first on the costs of operations, and in particular on the key items such as land, project conception and construction costs. We have also abandoned certain unprofitable projects. In addition, we have decided to significantly reduce our operating expenses. Today we are consolidating our banking debt and regain the financial flexibility necessary for the coming years. I am therefore particularly satisfied at the Heads of Agreement entered into with the banking syndicate which allows us to contemplate future with confidence ”.

The main terms and conditions of the Heads of Agreement are summarized in the schedule hereto.

Moreover, after having taken note of the AFEP/MEDEF recommendations of October 6, 2008 on the remuneration of executives who are corporate officers of listed companies, the Board of Directors of Kaufman & Broad SA met on December 22, 2008 and confirmed that these recommendations are in line with the Company’s principles of corporate governance and that the AFEP/MEDEF corporate governance code such as amended by these recommendations is the one to which the Company will refer for the drafting of the report referred to in article L.225-37 of the French Commercial Code.

For nearly 40 years, Kaufman & Broad has been designing, building and selling single-family homes and apartments, as well as office properties on behalf of third parties. Its size, profitability and strong brand name have made Kaufman & Broad one of France's leading developers and builders of homes.

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SCHEDULE

The Heads of Agreement defines the terms and conditions of the amendments to be made to the existing financial documentation and in particular provides for:

- **The maintenance of facility B (EUR 200 millions), of facility C (EUR 201.5 millions) and of the revolving facility (EUR 175 millions):** the amounts, interest rates and maturity dates remain unchanged;
- **The extension of the purpose of the the capex / acquisition facility to the financing of the working capital and general corporate purposes of the Group:** this facility (the amount of which is reduced from EUR 80,000,000 to EUR 75,000,000) will be available for drawdowns until November 30, 2009 and its maturity date will be rescheduled to December 31, 2010 (instead of July 10, 2014 currently);
- **The adjustment of the financial covenants:**
 - o the Group will have no obligation to respect any testing of financial covenants during the 2009 financial year;
 - o during the first quarter of 2010, the consolidated EBITDA, such as adjusted, must be positive;
 - o for all subsequent accounting quarters, until the final maturity date of the agreement in 2016, the Group will have the obligation to respect the following three financial covenants, the levels of which have been modified:
 - a Leverage Ratio;
 - a Net Cash Interest Cover ratio; and
 - a Cashflow Cover ratio;
- **The suspension of dividend distributions for at least three financial years:** the Company will not proceed to any payment of dividends during the financial years ending on November 30, 2009, 2010 and 2011 it being specified that, as from the 2012 financial year, it may proceed to dividend distributions only to the extent the Leverage Ratio is equal to or less than 3.

The effectiveness of the amendments to be made to the existing financial documentation is subject to certain conditions, in particular the finalisation and execution of a final legal documentation no later than January 30, 2009.