

PULTEGROUP INC/MI/  
Form DEF 14A  
April 05, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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.
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- (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):
- (4) Proposed maximum aggregate value of transaction:
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- (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 2011 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 11, 2011, at 4:00 p.m., Eastern Time. At this meeting, shareholders will vote on:

The election of four 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.

An advisory vote on the frequency with which an advisory vote on executive compensation should be held.

Three 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 14, 2011. 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 2010 annual report, are first being mailed to shareholders beginning on April 5, 2011. 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 5, 2011

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF  
SHAREHOLDERS TO BE HELD ON MAY 11, 2011.**

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The Company's Proxy Statement for the 2011 Annual Meeting of Shareholders and the Annual Report to Shareholders for the fiscal year ended December 31, 2010 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 11, 2011, 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 5, 2011.

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

***What am I voting on?***

You are voting on seven proposals:

1. The election of four 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. An advisory vote on the frequency with which an advisory vote on executive compensation should be held.
5. A shareholder proposal requesting an amendment to the Company's Corporate Governance Guidelines to require that the Chairman of the Board of Directors be an independent director, if properly presented at the meeting.
6. A shareholder proposal regarding the use of performance-based options, if properly presented at the meeting.
7. A shareholder proposal requesting cumulative voting in the contested election of directors, 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.

FOR holding the advisory vote on executive compensation annually.

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AGAINST the shareholder proposal requesting an amendment to the Company's Corporate Governance Guidelines to require that the Chairman of the Board of Directors be an independent director.

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

AGAINST the shareholder proposal requesting cumulative voting in the contested election of directors.

***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.

***How do I vote my shares?***

If you are a shareholder of record as of the close of business on March 14, 2011 (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, FOR holding the advisory vote on executive compensation annually under Item 4 and AGAINST Items 5, 6 and 7.

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



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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 10, 2011; or

by voting in person at the meeting.

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

The four 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. The frequency of the advisory vote on executive compensation receiving the greatest number of votes (every one, two or three years) will be considered the frequency recommended by shareholders. Although the advisory votes on executive compensation and the frequency of the advisory vote on executive compensation are non-binding, the Board of Directors will review the results of the votes and will take them into account in making a determination concerning executive compensation and the frequency of such advisory votes.

***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 (888) 294-8217, by mail at Computershare Investor Services, P.O. Box 43078, Providence, Rhode Island 02940-3078, or via the internet at [www.computershare.com](http://www.computershare.com).

***Who can attend the annual meeting?***

All shareholders of record as of the close of business on March 14, 2011 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 11, 2011 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 14, 2011 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 14, 2011.

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 382,832,422 shares outstanding on March 14, 2011 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, the advisory vote on the frequency with which an advisory vote on executive compensation should be held, 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, the advisory vote on the frequency with which an advisory vote on executive compensation should be held, 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 14, 2011 by each of our directors and each of our executive officers named in the Summary Compensation Table on page 46, 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 14, 2011, restricted shares, and PulteGroup common shares held in our 401(k) Plan.

		Exercisable	Percentage of
<b>Directors And Named Executive Officers</b>	<b>Shares(1)</b>	<b>Stock Options(14)</b>	<b>Outstanding Shares</b>
Brian P. Anderson	33,371(2)	40,000	*
Steven M. Cook	122,371(3)	119,750	*
Roger A. Cregg	770,481(4)	1,864,168	*
Richard J. Dugas, Jr.	981,222(5)	2,555,000	*
Timothy R. Eller	927,664(6)	1,338,929	*
James R. Ellinghausen	292,331(7)	310,000	*
Cheryl W. Grisé	8,200	14,000	*
Debra J. Kelly-Ennis	34,381(8)	108,000	*
David N. McCammon	168,471(9)	76,000	*
Deborah W. Meyer	68,500(10)	0	*
Clint W. Murchison, III	153,445(11)	41,210	*
Patrick J. O'Leary	40,371	40,000	*
Steven C. Petruska	480,589(12)	1,190,000	*
James J. Postl	27,253	32,463	*
Bernard W. Reznicek	43,743(13)	92,000	*
Thomas M. Schoewe	38,589	34,760	*
All directors and executive officers as a group (17), including the above	4,252,450	7,868,280	3.17%

\* 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) 28,500 restricted shares that are scheduled to vest on February 10, 2012; (ii) 28,500 restricted shares that are scheduled to vest on February 11, 2013; and (iii) 28,500 restricted shares that are scheduled to vest on February 10, 2014.

(4) Includes (i) 418,350 PulteGroup common shares that Mr. Cregg owns jointly with his wife; (ii) 105,000 restricted shares that are scheduled to vest on February 10, 2012; (iii) 90,000 restricted shares that are scheduled to vest on February 11, 2013; (iv) 90,000 restricted shares that are scheduled to vest on February 10, 2014; and (v) 87 PulteGroup common shares held in our 401(k) Plan.

(5) Includes (i) 69,800 PulteGroup common shares that Mr. Dugas owns jointly with his wife; (ii) 452,593 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) 120,000 restricted shares that are scheduled to vest on February 10, 2012; (v) 140,000 restricted shares that are scheduled to vest on February 11, 2013; (vi) 140,000 restricted shares that are scheduled to vest on February 10, 2014; and (vii) 18,208 PulteGroup common shares held in our 401(k) Plan.

(6) These shares are owned jointly between Mr. Eller and his wife.

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- (7) Includes (i) 50,000 restricted shares that are scheduled to vest on February 10, 2012; (ii) 75,000 restricted shares that are scheduled to vest on February 11, 2013; and (iii) 75,000 restricted shares that are scheduled to vest on February 10, 2014.
- (8) Includes 33,181 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) 28,500 restricted shares that are scheduled to vest on February 11, 2013, and (ii) 40,000 restricted shares that are scheduled to vest on February 10, 2014.
- (11) Includes 125,724 shares that are owned in a trust of which Mr. Murchison is a trustee and a beneficiary.
- (12) These are the shares that are known to be owned by Mr. Petruska after his retirement from the Company effective August 14, 2010.
- (13) Includes 7,200 shares that Mr. Reznicek owns jointly with his wife.

- (14) These are shares which the listed director or executive officer has the right to acquire within 60 days of March 14, 2011 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 Ownership	Percentage of Outstanding Common Shares on
Beneficial Owner	of Common Shares	March 14, 2011
FMR LLC 82 Devonshire Street  Boston, MA 02109	57,305,570(1)	14.97
William J. Pulte 100 Bloomfield Hills Parkway, Suite 300	41,479,815(2)	10.83
Bloomfield Hills, MI 48304 BlackRock, Inc. 40 East 52nd Street	22,763,751(3)	5.95
New York, NY 10022		
Notes:		

- (1) This information is derived from a Schedule 13G/A filed by FMR LLC on February 14, 2011. According to the Schedule 13G/A, FMR LLC had sole power to vote or direct the vote of 6,814,146 PulteGroup common shares, sole power to dispose of or direct the disposition of 57,305,570 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.

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- (2) Includes (i) 41,352,384 PulteGroup common shares that are owned by various trusts of which Mr. Pulte is a trustee and (ii) 127,431 PulteGroup common shares held in our 401(k) Plan.
- (3) This information is derived from a Schedule 13G filed by BlackRock, Inc. on February 8, 2011. According to the Schedule 13G, BlackRock, Inc. had sole power to vote or direct the vote of 22,763,751 PulteGroup common shares, sole power to dispose of or direct the disposition of 22,763,751 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 2010 our directors and executive officers complied with all Section 16(a) reporting requirements.

**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 11. The Board of Directors is currently divided into three classes of directors who have overlapping three year terms. However, the classified structure of the Board of Directors is being eliminated, beginning with the class of directors whose terms expire at the 2011 annual meeting. Directors elected at the 2011 annual meeting and thereafter will be elected annually for one-year terms. Four current directors, Brian P. Anderson, Cheryl W. Gris , Patrick J. O'Leary and Thomas M. Schoewe, have terms expiring at the 2011 annual meeting. These four 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](http://www.pultegroupinc.com).

***Nominees to Serve a One Year Term Expiring at the 2012 Annual Meeting*****Brian P. Anderson**

<i>Age:</i>	60
<i>Director since:</i>	2005
<i>Principal Occupation:</i>	Retired Chief Financial Officer of OfficeMax Incorporated
<i>Recent Business Experience:</i>	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.
<i>Outside Directorships (Last Five Years):</i>	Mr. Anderson currently serves as a member of the board of directors of W.W. Grainger, Inc., A.M. Castle & Co., 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 is an audit committee financial expert for purposes of the SEC's rules.

**Cheryl W. Grisé**

*Age:* 58

*Director since:* 2008

*Principal Occupation:* Retired 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), University of Connecticut Foundation 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.

**Patrick J. O'Leary**

*Age:* 53

*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.

*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.

**Thomas M. Schoewe**

*Age:* 58

*Director since:* 2009

*Principal Occupation:* Retired Executive Vice President and Chief Financial Officer of Wal-Mart Stores, Inc.

*Recent Business Experience:* Mr. Schoewe is the former executive vice president and chief financial officer of Wal-Mart Stores, Inc., where he has served since January 2000. Prior to joining Wal-Mart Stores, Mr. Schoewe spent 14 years at Black and Decker Corp., most recently as senior vice president and chief financial officer. Previously, he had a 12-year career with Beatrice Companies, where he was chief financial officer and controller of Beatrice Consumer Durables, Inc.

*Outside Directorships (Last Five Years):* Mr. Schoewe currently serves as a member of the board of directors of KKR Management LLC, the managing partner of KKR & Co. L.P.

*Qualifications:* The specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to conclude that Mr. Schoewe should serve as a director in light of our business and structure include his experience as a chief financial officer of a large U.S.-based multinational company. Mr. Schoewe 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, which provides Mr. Schoewe with a valuable perspective on the Company's financial operations.

***The Board of Directors recommends a vote FOR the election of these four nominees.  
Directors Continuing to Serve a Three Year Term Expiring at the 2013 Annual Meeting  
Richard J. Dugas, Jr.***

*Age:* 45

*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 16-year tenure at PulteGroup, including more than seven 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 decision making.

**David N. McCammon**

*Age:* 76

*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:* 65

*Director since:* 2009

*Principal Occupation:* Retired 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.

***Directors Continuing to Serve a Three Year Term Expiring at the 2012 Annual Meeting***  
**Debra J. Kelly-Ennis**

*Age:* 54

*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 decision making.

**Bernard W. Reznicek**

*Age:* 74

*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.

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*Outside Directorships (Last Five Years):* Mr. Reznicek currently serves as a member of the board of directors of CSG Systems International, Inc., Central States Indemnity, and Info Group, Inc.

*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.

***Directors Continuing to Serve a Two Year Term Expiring at the 2012 Annual Meeting***

**Timothy R. Eller**

*Age:* 62

*Director since:* 2009

*Principal Occupation:* Principal of Cordalla Capital, LLC, Dallas, Texas, Vice Chairman, PulteGroup, Inc.

*Recent Business Experience:* Mr. Eller has been a principal of Cordalla Capital, LLC, a private real estate investment fund, since September 2009. Mr. Eller has served as Vice Chairman of the Board of Directors of PulteGroup, Inc. since August 18, 2009. Prior to joining PulteGroup, Mr. Eller served as chairman and chief executive officer of Centex Corporation from April 2004 until August 2009, when PulteGroup acquired Centex Corporation. Mr. Eller is also a director of The PMI Group, a publicly held residential mortgage insurer, and BuildLinks, a private company engaged in the development and sale of software to the homebuilding industry.

*Qualifications:* The specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to conclude that Mr. Eller should serve as a director in light of our business and structure include his substantial experience in the homebuilding industry, having spent over 35 years at a large, public homebuilder, most recently as chairman and chief executive officer. In his former role as chairman and chief executive officer of Centex Corporation, Mr. Eller was responsible for day to day operations and he was regularly involved in the preparation and review of complex financial reporting statements. Mr. Eller's extensive experience in the homebuilding industry provides an in-depth understanding of the complexities, challenges and opportunities facing home builders such as PulteGroup.

As previously disclosed, Mr. Eller will cease to serve as a director upon the expiration of his consulting agreement with PulteGroup in August 2011.

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**Clint W. Murchison, III**

*Age:* 64

*Director since:* 2009

*Principal Occupation:* Chairman of Tecon Corporation, Dallas, Texas, and Bankers Trust Company of Texas, Dallas, Texas

*Recent Business Experience:* Mr. Murchison is chairman of Tecon Corporation, which is engaged in private real estate development and other investment activities, and is also chairman of Bankers Trust Company of Texas, a private trust company. He has held these positions for more than five years. Mr. Murchison is a trustee of the Boys & Girls Clubs of America.

*Qualifications:* The specific experience, qualifications, attributes or skills that led the Nominating and Governance Committee to conclude that Mr. Murchison should serve as a director in light of our business and structure include his substantial experience with complex real estate development and other investment activities. Based on his real estate and investment experience, Mr. Murchison is familiar with the complex challenges that home builders such as PulteGroup face.

As previously disclosed, Mr. Murchison will cease to serve as a director effective May 12, 2011.

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, Cheryl W. Gris , Debra J. Kelly-Ennis, David N. McCammon, Clint W. Murchison, III, 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, and Timothy R. Eller, who has a consulting agreement with the Company, are 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 Committee. Charters for the Audit Committee, Compensation and Management Development Committee, and Nominating and Governance Committee are available on the Company's website at [www.pultegroupinc.com](http://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 Committee
Brian P. Anderson	X		X	
Richard J. Dugas, Jr.				X
Timothy R. Eller				X
Cheryl W. Grisé		X	X	
Debra J. Kelly-Ennis			X*	
David N. McCammon	X*			X
Clint W. Murchison, III			X	
Patrick J. O'Leary		X		X*
James J. Postl**		X		
Bernard W. Reznicek	X	X*		
Thomas M. Schoewe	X			

\* Chair

\*\* Lead Director

#### Audit Committee

The Audit Committee met 15 times in 2010. 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 nine times in 2010. 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. Roger A. Cregg, 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 2010 made with respect to Messrs. Petruska, Cregg, Ellinghausen, and Cook and Ms. Meyer were made after deliberation with Mr. Dugas. In addition, Messrs. Dugas and Ellinghausen assisted the Committee in determining Mr. Petruska'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. The Compensation and Management Development Committee reviews the Company's succession planning and leadership development programs annually. In 2010, 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, as well as the full Board of Directors, various times throughout the year 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 2010, 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 and board of director compensation.

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 five times in 2010. 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 both the Board of Directors and the executive officers of the Company. 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 Committee**

The Finance Committee met seven times in 2010. The Finance Committee reviews all aspects of the Company's policies that relate to the management of the Company's financial affairs. The Finance 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 six meetings in 2010. During 2010, 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 2011 PulteGroup will hold at least one executive session of its non-management directors without the participation of management and the non-management director who is not independent within the meaning of the Company's categorical standards and the NYSE rules. James J. Postl, our Lead Director, presides at these executive sessions.

**2010 DIRECTOR COMPENSATION**

The table below shows compensation for the Company's directors for the fiscal year ended December 31, 2010. 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 2010 Summary Compensation Table set forth in this proxy statement.

Name	Fees Earned or Paid			
	in Cash	Stock Awards	All Other Compensation	Total
	(1)	(2)	(3)	(4)
Brian P. Anderson	\$ 95,000	\$ 140,000	\$ 0	\$ 235,000
Timothy R. Eller	\$ 95,000	\$ 140,000	\$ 1,020,000	\$ 1,255,000
Cheryl W. Gris�	\$ 95,000	\$ 140,000	\$ 0	\$ 235,000
Debra J. Kelly-Ennis	\$ 120,000	\$ 140,000	\$ 0	\$ 260,000
David N. McCammon	\$ 130,417	\$ 140,000	\$ 0	\$ 270,417
Clint W. Murchison, III	\$ 95,000	\$ 140,000	\$ 0	\$ 235,000
Patrick J. O'Leary	\$ 120,000	\$ 140,000	\$ 0	\$ 260,000
James J. Postl	\$ 109,583	\$ 140,000	\$ 0	\$ 249,583
William J. Pulte	\$ 0	\$ 0	\$ 4,647,183	\$ 4,647,183
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 meeting 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 11 to the Company's audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010. On June 3, 2010, the directors received their annual equity grant of 13,271 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. Gris  and Mr. Murchison 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 2010 (\$720,000) and (ii) a cash bonus (\$300,000) paid based on Mr. Eller's continued availability to provide consulting services through the first 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. Please see Consulting Agreement Between Timothy R. Eller and PulteGroup for further information regarding the consulting arrangement. Amounts included in this column for Mr. Pulte represent (i) salary earned by Mr. Pulte prior to his retirement from the Company in 2010 (\$242,038), (ii) life insurance premiums (\$195), (iii) financial and tax planning benefits (\$14,680), (iv) post-separation payments pursuant to the terms of Mr. Pulte's consulting agreement (\$3,265,000), and (v) consulting fees earned during 2010 (\$1,125,000). Please see Consulting Agreement Between William J. Pulte and PulteGroup for further information regarding the consulting fees and severance paid to Mr. Pulte.

(4) As of December 31, 2010, each outside director had outstanding the following number of deferred stock units and stock options:

Director	Deferred Stock Units	Options (A)
Brian P. Anderson		40,000
Timothy R. Eller		1,663,929(B)
Cheryl W. Gris�	13,271	14,000
Debra J. Kelly-Ennis		108,000
David N. McCammon		76,000
Clint W. Murchison, III	13,271	41,210
Patrick J. O'Leary		40,000
James J. Postl		32,463
William J. Pulte		
Bernard W. Reznicek		92,000
Thomas M. Schoewe		34,760

(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) Of this amount, 1,338,929 are exercisable.

#### Director Compensation

The Compensation and Management Development Committee, with input from the Compensation and Management Development Committee's outside compensation consultant, annually reviews the compensation of the Company's non-employee directors. As part of the 2009 review, the Company's 2009 director compensation levels were compared to the Company's historical compensation levels, the director compensation levels at our Compensation Peer Group (please see the Compensation Discussion and Analysis for a discussion of the Compensation Peer Group), and general industry director compensation levels (based on Equilar's 2009 S&P 500 Committee Members and Chair Compensation Trends Report and general industry survey data provided by Pearl Meyer & Partners). The Compensation and Management Development Committee also evaluated the impact of the Company's stock price on overall compensation levels and the complexity of the Company's fee structure.

Based on the 2009 review of director compensation levels, the Compensation and Management Development Committee approved changes to the non-employee director compensation for 2010 in order to provide competitive director compensation levels, maintain consistent director compensation levels over time and reduce the complexity of the Company's fee structure. Effective January 1, 2010, non-employee directors receive 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;

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); and

The annual committee membership fees (other than the committee chair retainer fee described above) and the attendance fees for Board and committee meetings were eliminated.

***Director Deferred Compensation***

In 2010, 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 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 Company.

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

***Consulting Agreement Between William J. Pulte and PulteGroup***

In connection with Mr. Pulte's retirement from the Company, Mr. Pulte and the Company entered into a consulting agreement pursuant to which Mr. Pulte agreed to provide consulting services to the Company for the two-year period commencing on April 1, 2010. Pursuant to the consulting agreement, Mr. Pulte is compensated at the rate of \$1,500,000 per year for his consulting services and is provided with an office and administrative assistance during the consulting period. Also pursuant to the consulting agreement, Mr. Pulte was paid \$3,265,000 in connection with his separation from the Company. The Compensation and Management Development Committee approved this payment after considering the numerous years of service that Mr. Pulte dedicated to the Company and in recognition of Mr. Pulte's forfeiture of his outstanding long-term incentive awards upon his separation. In addition, pursuant to the consulting agreement, Mr. Pulte has agreed not to compete with the Company or to solicit its employees or otherwise interfere with the Company's business relationships during the consulting period.

***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. The consulting agreement provides, among other benefits, that (i) Mr. Eller will serve as vice chairman of the Board of Directors and a consultant to the Company, reporting to the Company's Chief Executive Officer, with the consulting period and board service to continue for 24 months following the occurrence of the acquisition, (ii) the Company will pay to Mr. Eller Board fees equal to the fees paid to other non-chairman directors of the Company and an annual consulting fee of \$750,000, and (iii) the Company will provide Mr. Eller during the consulting period with an office and an administrative assistant in Dallas, Texas. The consulting agreement also provides for a cash bonus of \$300,000 payable on the first and second anniversaries of the Company's acquisition of Centex, subject to Mr. Eller's continued availability to provide consulting services through the applicable anniversary date of the Centex acquisition. Under the agreement, Mr. Eller is 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. Upon a termination of the consulting period for any reason, except by the Company for cause or by Mr. Eller without good reason (as defined in the consulting agreement), Mr. Eller would be entitled to the consulting fees and performance bonuses that would have been payable over the remainder of the consulting period, and equity awards in respect of Board fees not yet paid. In addition, his outstanding equity awards would vest in full, with his stock options remaining exercisable for their full term. Mr. Eller is subject to a standard non-competition and non-solicitation covenant provided by senior executive officers of the Company.

### ***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.

## **CORPORATE GOVERNANCE**

### **Governance Guidelines; Business Practices Policy; 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](http://www.pultegroupinc.com). The Board of Directors also has adopted a Business Practices Policy, 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 Business Practices Policy 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 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 risks 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](http://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

Code of Ethics (for Covered Senior Officers)

Business Practices Policy

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 that 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.

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

the name, age, business address, and residence address of the proposed nominee;

the principal occupation or employment of the proposed nominee;

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;

any other information you believe is relevant concerning the proposed nominee;

a written consent of the proposed nominee to being named as a nominee and to serve as a director if elected;

your name and record address;

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; and

any other information relating to you 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.

## COMPENSATION DISCUSSION AND ANALYSIS

### Executive Summary

Since early 2006, the U.S. housing market has been unfavorably impacted by weak consumer confidence, tightened mortgage standards, and large supplies of resale and new home inventories and related pricing pressures, among other factors. When combined with significant foreclosure activity, a more challenging appraisal environment, higher than normal unemployment levels, and uncertainty in the United States economy in recent periods, these conditions have contributed to sharply weakened demand for new homes, slower sales, and heightened pricing pressures to attract homebuyers.

Over the past three years, the Company has modified its executive compensation programs in response to these challenging conditions. In 2008 and 2009, the Company believed that it was necessary for the Company 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 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 have focused on profitability and return measures in 2010 and 2011 and, accordingly, the Compensation and Management Development Committee (the Committee) has incorporated economic profit improvement and total shareholder return, relative to a peer group of companies, into the Company's long-term incentive program. To that end, the Company is implementing strategies to capture greater operating efficiencies within its homebuilding operations and focusing on reducing selling general & administration spending.

### *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, other than Ms. Meyer, none of the named executive officers has an employment agreement or change in control severance agreement with the Company.

As part of its pay for performance philosophy, the Committee believes that all incentive compensation paid to the named executive officers should be determined in February after a review of the Company's financial statements for a full year in order to ensure that actual pay is consistent with the Committee's view of the Company's and individual's performance for such year. As such, the equity awards shown in the table below are presented in a manner that is consistent with how the Committee views compensation, with the equity grants being reported in the year in which they were deemed earned rather than the year in which the awards are granted.

While the Committee has awarded the named executive officers for the accomplishment of important metrics for the Company and our stakeholders, the compensation paid to our named executive officers has fluctuated with changes in the Company's stock price. With respect to the compensation of our Chairman of the Board, President and Chief Executive Officer, there has been a strong correlation between Mr. Dugas' compensation and the market price of the Company's common shares, except for an increase in Mr. Dugas' compensation in 2009 as a result of the grant of additional equity awards to him in connection with the completion of the Centex acquisition and his promotion to the position of

Chairman of the Board. These 2009 grants were made to Mr. Dugas to reward him for significant contributions to the consummation of the merger, to motivate him in attaining synergies resulting from the merger and to align his interests with shareholders after the merger.

As illustrated in the following charts, the Committee decided to reduce the 2010 equity grant levels (these are the grants that were made in 2011 but relate to 2010 performance) for Mr. Dugas relative to his 2009 equity grants. The Committee reduced Mr. Dugas' total equity grant value by approximately \$3.6 million from 2009 to 2010, including a 50% reduction in the number of stock options Mr. Dugas received.

SEC rules require the 2010 Summary Compensation Table to include equity awards granted during 2010, and not 2011. Because of this, the 2010 Summary Compensation Table reflects a \$720,000 increase in Mr. Dugas' equity grant value from 2009 to 2010, rather than the \$3.6 million reduction as determined by the Committee. We have therefore included the Alternative Summary Compensation Table below for Mr. Dugas to present Mr. Dugas' total compensation as determined by the Committee in light of 2010 performance.

**Alternative Summary Compensation Table for Mr. Richard J. Dugas, Jr.**

	Year	Salary (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation \$(1)	Total \$(2)
Richard J. Dugas Jr.	2010	\$ 1,200,000	\$ 1,087,100	\$ 729,897	\$ 1,694,667	\$ 4,711,664
Chairman, President & CEO	2009(3)	\$ 1,000,000	\$ 1,602,300	\$ 3,815,556	\$ 1,799,933	\$ 8,217,789
	2008	\$ 1,000,000	\$ 1,308,600	\$ 2,079,000	\$ 842,333	\$ 5,229,933

**CEO Total Compensation v. Company Share Price (FY 2006 – FY 2010)**

Footnotes to the Alternative Summary Compensation Table and CEO Total Compensation v. Company Share Price Chart

- (1) Represents amounts earned during the applicable year under the Company's annual incentive program and long-term incentive program. For 2010 and consistent with the award payouts to other participants, Mr. Dugas earned a payout of 22.0% of the annual incentive plan target and earned a payout of 100% of the long-term incentive program targets for the 2010 performance year under the 2008-2010 and 2009-2011 performance periods.
- (2) Total direct compensation reflects base salary, annual incentive program payouts, amounts paid under the 2000 Long-Term Incentive Plan, amounts earned under the 2008 Long-Term Incentive Program and equity grants awarded for that year's performance (e.g., February 2011 restricted share and stock option grants are viewed as part of 2010 compensation but will be reported as 2011 compensation in the 2011 Summary Compensation Table). Equity awards have been valued pursuant to Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation - Stock Compensation.
- (3) Mr. Dugas' 2009 equity awards include the \$1,694,000 grant of additional equity awards to him in connection with the completion of the Centex acquisition and his promotion to the position of Chairman of the Board.
- (4) Share price reflects the closing price of PulteGroup's common shares traded on the NYSE on the last trading date of each reported fiscal year.

***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 recent years, the Committee or, in the case of the Severance Agreement Policy described below, the Board of Directors implemented the following key decisions and actions, which are each discussed in greater detail later in this CD&A:

**Modification of Long-Term Incentive Program.** As part of the Committee's on-going review of the Company's executive compensation program, the Committee modified the long-term incentive program to (i) provide that awards will be earned for Economic Profit improvement over a three-year period rather than the current design which allows for a portion of the long-term incentive grant to be earned in each year of the three-year performance period, (ii) include a total shareholder return modifier which requires the Committee to adjust the award for the performance of the Company in relation to our peer group of companies, and (iii) eliminate the individual performance opportunity.

**Reduction in Equity Grant Levels.** In February 2011, the Committee decided to reduce the equity grant levels relative to the February 2010 grants due to the named executive officers' current equity holdings, historical equity grants and Company performance. In making this decision, the Committee determined that a significant portion of the named executive officers' wealth accumulation was already tied to the Company stock performance, creating a sufficient link between the interests of our executives and the interests of our shareholders.

**Perquisite Policy.** The Committee approved the elimination of all tax gross-ups relating to perquisite expenses incurred after January 1, 2010, including, without limitation, gross-ups relating to the Company's Financial & Tax Planning Reimbursement Plan.

**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.

**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. See "2011 Compensation Decisions" for further information regarding this policy.



## **Named Executive Officers**

For 2010, our named executive officers are Richard J. Dugas, Jr., Chairman of the Board, President and Chief Executive Officer, Roger A. Cregg, Executive Vice President and Chief Financial Officer, James R. Ellinghausen, Executive Vice President, Human Resources, Steven M. Cook, Senior Vice President, General Counsel and Secretary, Deborah W. Meyer, Senior Vice President and Chief Marketing Officer, and Steven C. Petruska, the Company's former Executive Vice President and Chief Operating Officer. After over 26 years with the Company, Mr. Petruska retired from the Company, effective August 14, 2010. Please see the Separation Agreement with Steven C. Petruska section of this Compensation Discussion and Analysis for a description of benefits to be paid to Mr. Petruska in connection with his departure from the Company. In addition, in February 2011, Mr. Cregg, announced his intention to retire from the Company. Mr. Cregg will remain in his current role full-time while a search is completed to fill the chief financial officer position.

## **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 short and 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;

creating a pay for performance environment by aligning the long-term interests of our executives with those of our shareholders;

delivering a significant portion of total compensation through performance-based, variable pay;

encouraging 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 short-term 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](http://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 recommend to the Board the compensation arrangements for non-employee directors;

to develop and review succession plans for the Chief Executive Officer position, including assessing and creating development plans for internal talent; and

to review succession planning, leadership development programs and bench strength for all other senior executive positions.

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 Messrs. Bernard W. Reznicek, Patrick O. Leary, James J. Postl and Ms. Cheryl W. Grisé. Mr. Reznicek, who has served on the Board of Directors for approximately nine 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 (the "Pearl Meyer") provides executive consulting services to the Committee. Pearl Meyer is retained by and reports to the Committee and participates in 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;



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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 regulatory, disclosure and other technical matters;

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

Reviews and advises the 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 2010 made with respect to Messrs. Petruska, Cregg, Ellinghausen, and Cook and Ms. Meyer were made after deliberation with Mr. Dugas. In addition, Messrs. Dugas and Ellinghausen assisted the Committee in determining Mr. Petruska's retirement benefits. Please see the Separation Agreement with Steven C. Petruska section of this Compensation Discussion and Analysis for a description of benefits to be paid to Mr. Petruska in connection with his departure from the Company.

At various times during the year at the request of the Committee, Mr. Roger A. Cregg, our 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 2010 Compensation***

In establishing and evaluating the Company's 2010 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 2010;

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. 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 50<sup>th</sup> to 75<sup>th</sup> 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 2010 Compensation Peer Group represent the companies with which we compete for executive talent. The companies currently comprising the Compensation Peer Group are:

D.R. Horton, Inc.  
KB Home  
Lennar Corporation

NVR, Inc.  
The Ryland Group, Inc.  
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 the general business industry and 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 2010 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 2,700 participating companies); TowersWatson General Industry Executive Database (which has approximately 880 participating companies); and TowersWatson Top Management Compensation (which has approximately 1,637 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. 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 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 short- and long-term strategies of the Company.

The following chart sets forth various compensation elements under the Company's compensation program, each of which is described in detail in this Compensation Discussion and Analysis, and the purpose of each element.

Program Element	Purpose
<b>Annual Base Salary</b>	Provides base pay levels that are competitive with market practices in order to attract, motivate and retain top executive talent.
<b>Annual Incentive Program</b>	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.
<b>Discretionary Bonuses</b>	Aligns interests of executives with those of our shareholders. Recognize results, increased responsibilities or significant efforts that may not be reflected in the performance objectives established under the Annual Incentive Program or Long-Term Incentive Program.
<b>Long-Term Incentive Program</b>	Motivates and rewards executives for the 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.
<b>Equity</b>	Aligns interests of executives with those of our shareholders. Provides equity grants that are competitive with market practices in order to attract, motivate and retain top executive talent.
Stock Options with 4-year installment vesting	Focuses executives on long-term performance of the Company.
<b>Non-Qualified Benefits</b>	Directly aligns the interests of executives with those of our shareholders. 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 ( <i>e.g.</i> , the applicable 2010 interest rate was 4.635%).
<b>Income and Long-Term Deferral Plan Perquisites</b>	Provides a limited number of perquisites that are competitive with market practices.

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Financial & Tax Planning Reimbursements

In the case of Health Examination Reimbursements, attempts to minimize disruptions to shareholders by encouraging executives to be proactive about their health.

Health Examination Reimbursements

### 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, by 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 2009 for the named executive officers other than Messrs. Dugas and Cook. For 2010, Mr. Dugas' base salary increased from \$1,000,000 to \$1,200,000 as a result of his new role as Chairman of the Board of Directors, President and Chief Executive Officer. In addition, Mr. Cook's base salary increased from \$355,000 to \$375,000 as a result of a competitive pay comparison and individual performance.

### 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 2010 Annual Incentive Program (the "Annual Program") under the 2008 Incentive Plan. Under the Annual Program, payment of awards to participating officers for performance during PulteGroup's fiscal year ending December 31, 2010 was subject to the attainment of specific performance goals relating to pre-tax income, gross margin and number of closings.

The table below indicates the performance metrics and potential payouts with respect to the Company's achievement in pre-tax income, adjusted gross margin and number of closings. The Committee believes that these performance metrics, along with Economic Profit, were the most meaningful measures of the Company's 2010 performance for our investors. The Committee assigned the most weight to achievement of pre-tax income to increase the focus of participants on returning the Company to a state of profitability. Adjusted gross margin and number of closings also support the goal of returning to a state of profitability, but the Committee believed that it was important to assign lower and equal weightings to mitigate any risk associated with participants focusing on one objective at the detriment of the other. In addition, 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 reasonably achievable with strong management performance, while payout at the maximum level was designed to be very difficult to achieve.

Performance Measures	Weighting	2010 Goals (1) Target			Audited Result	Achieved Payout	Weighted Payout
		Threshold Payout	Payout	Maximum Payout			
		(50%)	(100%)	(200%)			
Pre-Tax Income (000s) (2)	60%	\$ 57,000	\$ 100,000	\$ 200,000	(4)	0%	0%
Adjusted Gross Margin (3)	20%	16%	20%	25%	16.6%	58%	11.6%
Number of Closings	20%	17,000	20,000	25,000	17,095	52%	10.4%
<b>Total % of Target:</b>							<b>22.0%</b>

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

(2) Pre-tax income excludes the impact of (i) land impairments, (ii) net realizable value impairments and forfeiture of pre-acquisition costs, (iii) gains on land sales below original basis, (iv) accounting changes, and (v) non-cash amortization.

(3) Adjusted gross margin equals gross margin before impairments and amortization of capitalized interest.

(4) The results for this performance metric did not satisfy the performance goal required for payout at the threshold performance level.

The Company's performance did not satisfy the pre-tax income goal, which was assigned a 60% weight. The Company's performance, however, exceeded the Company's threshold performance goals with respect to adjusted gross margin and number of closings, which were each assigned a 20% weight. Pursuant to the terms of the Annual Program, each performance goal is measured and paid out independently of the other performance goals. Because the Company's performance exceeded the threshold performance goals with respect to gross margin and number of closings, each of the named executive officers received a payout above the threshold award with respect to the gross margin and number of closings performance objectives. Because the Company's performance did not satisfy its performance goal with respect to pre-tax income, the named executive officers did not receive a payout with respect to this performance goal under the Annual Program. As a result, the total payout under the Annual Program for Messrs. Dugas, Petruska, Cregg, Ellinghausen, and Cook and Ms. Meyer was slightly less than a quarter of each named executive officer's total targeted award under the Annual Program. 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 has 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. 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.

Executive	Base Salary	Target as % of Salary	Threshold(1)	Target	Maximum	Total Payout
	1/1/2010					
Richard J. Dugas, Jr.	\$ 1,200,000	200%	\$ 240,000	\$ 2,400,000	\$ 4,800,000	\$ 528,000
Steven C. Petruska (2)	\$ 775,000	150%	\$ 116,250	\$ 1,162,500	\$ 2,325,000	\$ 158,355
Roger A. Cregg	\$ 675,000	120%	\$ 81,000	\$ 810,000	\$ 1,620,000	\$ 178,200
James R. Ellinghausen	\$ 475,000	100%	\$ 47,500	\$ 475,000	\$ 950,000	\$ 104,500
Steven M. Cook	\$ 375,000	100%	\$ 37,500	\$ 375,000	\$ 750,000	\$ 82,500
Deborah W. Meyer	\$ 400,000	80%	\$ 32,000	\$ 320,000	\$ 640,000	\$ 70,400

(1) The threshold amount represents the minimum award that could be paid to the named executive officer upon the Company's satisfaction of either the adjusted gross margin or number of closings performance goals due to their lower weightings. As noted previously, each performance goal is measured and paid out independently of the other performance goal.

(2) In connection with Mr. Petruska's retirement from the Company, his award under the Annual Program was prorated for the period in 2010 during which he performed services for the Company.

#### **Discretionary Bonuses**

Periodically named executive officers earn discretionary bonuses to recognize increased responsibilities or results or significant efforts that may not be reflected in the performance objectives established under the Annual Program or Long-Term Incentive Program. The Committee believes that these discretionary bonuses are necessary when important Company events require significant time and effort by the named executive officer in addition to the time and effort needed for meeting the Company's target performance objectives. For 2010, Mr. Ellinghausen and Ms. Meyer received discretionary bonuses equal to \$100,000 and \$30,000, respectively, in recognition of their individual performance and increased roles and responsibilities.

### ***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 2010, each named executive officer was granted an aggregate award opportunity under the LTI Program for the 2010-2012 performance period. For the fiscal year ended December 31, 2010, the 2010-2012, 2009-2011 and 2008-2010 performance periods were outstanding under the LTI Program. The Committee designed the LTI Program to have overlapping performance periods to address the cyclical nature of the home-building 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.

#### ***2010-2012 LTI Program***

At the time the Committee implemented the 2008-2010 and 2009-2011 performance periods 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 2008-2010 and 2009-2011 performance periods 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 2008 and 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, began reevaluating 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.

The Committee ultimately determined that Economic Profit improvement was viewed as an effective long-term measure to align the executives' interests with shareholders' interests of value creation in the current market conditions and also provided the ability to create more meaningful performance targets because the three-year goals would continually be based on improvement relative to prior performance rather than on an absolute basis.

In modifying the LTI Program, the Committee added an additional performance metric requiring the Committee to either increase or decrease the award payouts by an amount 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 2010-2012 performance period. Actual payout of the award will be determined after the end of the three-year performance period based on the average of the Economic Profit improvement for each year during the performance period relative to 2009. 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 2010-2012 Performance Period

Executive	Target as		Threshold	Target	Maximum
	Base Salary as of 1/1/2010(1)	% of Salary			
Richard J. Dugas, Jr.	\$ 1,200,000	167%	\$ 1,000,000	\$ 2,000,000	\$ 4,000,000
Steven C. Petruska (2)	\$ 775,000	150%	\$ 581,250	\$ 1,162,500	\$ 2,325,000
Roger A. Cregg	\$ 675,000	120%	\$ 405,000	\$ 810,000	\$ 1,620,000
James R. Ellinghausen	\$ 475,000	100%	\$ 237,500	\$ 475,000	\$ 950,000
Steven M. Cook	\$ 375,000	80%	\$ 150,000	\$ 300,000	\$ 600,000
Deborah W. Meyer	\$ 400,000	60%	\$ 120,000	\$ 240,000	\$ 480,000

(1) Base salary is measured as of the first day of the performance period.

(2) Upon his retirement from the Company, Mr. Petruska forfeited his award opportunity with respect to the 2010-2012 performance period.  
2009-2011 and 2008-2010 LTI Programs

For each of the named executive officers, a portion of the award opportunity for the 2010 performance year under the 2009-2011 and 2008-2010 performance periods was based on Economic Profit. The remainder of the award opportunity was based on the attainment of individual performance goals, which varied by named executive officer. For each of our named executive officers, the award opportunity based on Economic Profit comprised 70%, and the award opportunity based on individual performance comprised 30%, of the named executive officer's aggregate award opportunities under the 2009-2011 and 2008-2010 performance periods. The payment of any award earned by a participant for the 2009-2011 performance period based on the achievement of the 2010 performance goals is conditioned upon the continued employment of the participant by PulteGroup until the last day of the three-year performance period (subject, in each case, to earlier vesting in specific circumstances) at which time the award will vest and become payable.

Company Award Under the 2009-2011 and 2008-2010 LTI Programs. The table below indicates the performance metrics with respect to the Company's achievement of Economic Profit for the year 2010 in the 2009-2011 and 2008-2010 performance periods. The Committee believes that Economic Profit is an effective measure to align the executives' interests with shareholders' interests of value creation in the current economic and market conditions. The Committee determined that Economic Profit should be the sole performance measure under the LTI Program for 2010. In addition, 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 reasonably achievable with strong management performance, while payout at the maximum level was designed to be difficult to achieve.

Performance Measures	2010 Goals (in 000s)			Audited Result	Company Award Earned(2)
	Threshold Payout (50%)	Target Payout (100%)	Maximum Payout (200%)		
Economic Profit Improvement (1)	\$ 1,154,000	\$ 1,243,000	\$ 1,422,000	\$ 1,243,660	100%

(1) Economic Profit equals earnings before interest and taxes less the cost of capital and is compared to 2009 Economic Profit. In order to compare similar performance year over year, Economic Profit is adjusted to exclude the impact of the accounting treatment of certain items, including goodwill impairments, land-related adjustments and certain construction reserves.

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



The Company's performance equaled the Company's target performance goal with respect to improvement in Economic Profit and, as a result of the Company's performance, each of the named executive officers is eligible to receive a payout of his target award with respect to this performance measure. Each named executive officer also satisfied his individual performance goals for the 2010 performance year. As noted previously, the payment of any amounts earned under the LTI Program is conditioned upon the continued employment of the participant by PulteGroup until the expiration of the performance period (subject to earlier vesting in specific circumstances), at which time the award will vest and become payable. 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 has determined to pay the award based on Company performance in cash.

The tables below indicate the award opportunities established by the Committee relating to the individual and Company awards and the amounts earned for the 2010 performance year under the LTI Program. The Committee determined the target payout levels 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. Ms. Meyer did not participate in the 2009-2011 and 2008-2010 performance periods under the LTI Program because she was hired after the commencement of such performance periods.

#### 2010 Company Award Under 2009-2011 and 2008-2010 Performance Periods

Executive	Performance Period	Target as				Company Award Earned in 2010(3)
		Base Salary(1)	% of Salary	Threshold	Target	Maximum
Richard J. Dugas, Jr.	2008-2010	\$ 1,000,000	40.8%	\$ 204,167	\$ 408,333	\$ 816,667
	2009-2011	\$ 1,000,000	40.8%	\$ 204,167	\$ 408,333	\$ 816,667
Steven C. Petruska (2)	2008-2010	\$ 775,000	35.0%	\$ 135,625	\$ 271,250	\$ 542,500
	2009-2011	\$ 775,000	35.0%	\$ 135,625	\$ 271,250	\$ 542,500
Roger A. Cregg	2008-2010	\$ 675,000	28.0%	\$ 94,500	\$ 189,000	\$ 378,000
	2009-2011	\$ 675,000	28.0%	\$ 94,500	\$ 189,000	\$ 378,000
James R. Ellinghausen	2008-2010	\$ 475,000	23.3%	\$ 55,417	\$ 110,833	\$ 221,667
	2009-2011	\$ 475,000	23.3%	\$ 55,417	\$ 110,833	\$ 221,667
Steven M. Cook	2008-2010	\$ 340,000	14.0%	\$ 23,800	\$ 47,600	\$ 95,200
	2009-2011	\$ 355,000	18.7%	\$ 33,133	\$ 66,267	\$ 132,533

(1) Base salary is measured as of the first day of the performance period.

(2) Pursuant to the terms of the LTI Program, upon his retirement, Mr. Petruska became entitled to the amounts already earned in the completed years of the 2008-2010 performance period (\$655,000) and the 2009-2011 performance period (\$398,350), plus an amount for the year 2010 in each such performance period based on the actual performance of the Company and prorated through his date of separation. Mr. Petruska forfeited all other award opportunities under the LTI Program upon his retirement.

(3) With respect to the completed 2008-2010 performance period under the LTI Program, Messrs. Dugas, Petruska, Cregg, Ellinghausen, and Cook earned cumulative awards for the corporate performance measures in the amounts of \$1,045,333, \$591,102, \$483,840, \$283,733 and \$121,856, respectively. The portion of the award earned in 2008 and 2009 is included in the Summary Compensation Table in the years in which it was earned and was based on the achievement of performance measures relating to cash flows from operations.

Individual Award Under the 2009-2011 and 2008-2010 LTI Programs. The award opportunity based on the attainment of individual performance goals varied by named executive officer, and included the following: achieving the 2010 business plan for earnings, profitability, sign-ups and gross margin; achieving total shareholder return targets; improve operating performance relative to peer companies;



brand development; improving organizational effectiveness; debt management; implementation of the Pulte Operating System, analyzing investment strategy; participation in investor events; succession management, employee retention, diversity and leadership development; leadership role with respect to various ethics initiatives; management of legal expenses; improving legal communication process; litigation management; and development of a legal training program.

With respect to awards under the LTI Program based on individual performance, each of the eligible named executive officers earned an award at target level based upon the achievement of his performance goals. Please see the footnotes to the 2010 Individual Award Under 2009-2011 and 2008-2010 Performance Periods table for a discussion of some of the performance criteria considered by the Compensation and Management Development Committee in determining the award for the individual component of the LTI Program.

#### 2010 Individual Award Under 2009-2011 and 2008-2010 Performance Periods

Executive	Performance Period	Base Salary(1)	Target as		Individual Award Earned in 2010 (7)
			% of Salary	Target	
Richard J. Dugas, Jr. (2)	2008-2010	\$ 1,000,000	17.5%	\$ 175,000	\$ 175,000
	2009-2011	\$ 1,000,000	17.5%	\$ 175,000	\$ 175,000
Steven C. Petruska (3)	2008-2010	\$ 775,000	15.0%	\$ 116,250	\$ 71,979
	2009-2011	\$ 775,000	15.0%	\$ 116,250	\$ 71,979
Roger A. Cregg (4)	2008-2010	\$ 675,000	12.0%	\$ 81,000	\$ 81,000
	2009-2011	\$ 675,000	12.0%	\$ 81,000	\$ 81,000
James R. Ellinghausen (5)	2008-2010	\$ 475,000	10.0%	\$ 47,500	\$ 47,500
	2009-2011	\$ 475,000	10.0%	\$ 47,500	\$ 47,500
Steven M. Cook (6)	2008-2010	\$ 340,000	6.0%	\$ 20,400	\$ 20,400
	2009-2011	\$ 355,000	8.0%	\$ 28,400	\$ 28,400

(1) Base salary is measured as of the first day of the performance period.

(2) For Mr. Dugas, (i) improvement in the Company's management of selling, general and administrative expenses as compared to the Company's peers, (ii) substantial progress in brand development was achieved, (iii) achieved goals aimed at increasing organizational effectiveness, and (iv) Mr. Dugas performance with respect to participating in investor meetings and events and educating the investment community with respect to the Company's vision and strategy.

(3) Pursuant to the terms of the LTI Program, Mr. Petruska received a payout under the LTI Program for 2010 based on actual performance and prorated through his date of separation. In evaluating Mr. Petruska, the Committee considered his achievement and contributions to the following individual goals that were established for Mr. Petruska at the beginning of 2010: (i) efforts relating to achieving or exceeding the 2010 business plan with respect to earnings, profitability, sign ups and gross margins; (ii) the implementation of the Pulte Operating System; (iii) improving operating metrics as compared to the peer group; and (iv) brand development.

(4) For Mr. Cregg, (i) performance with respect to debt management was viewed as excellent in the context of the significant downturn in the homebuilding industry, (ii) successful implementation of changes with respect to the Company's investment strategy and management of risks, and (iii) participation in investment conferences and investor meetings to educate the investment community with respect to the Company's vision and strategy.

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- (5) For Mr. Ellinghausen, (i) development of the Company's plans and strategies with respect to succession management, (ii) design and facilitation of goal setting and compensation processes with senior management, (iii) implementation of strategies with respect to culture, inclusion and diversity, and (iv) his leadership role with respect to various ethics and compliance training programs.
- (6) For Mr. Cook, (i) successful management of legal costs as a result of various processes implemented with respect to litigation management and the use of outside counsel, (ii) effective implementation of processes to improve communication of legal issues impacting the Company, (iii) successful management of significant litigation, and (iv) effective implementation of a legal training program.

- (7) With respect to the completed 2008-2010 performance period under the LTI Program, Messrs. Dugas, Petruska, Cregg, Ellinghausen, and Cook earned cumulative awards for the individual performance measures in the amounts of \$525,000, \$304,479, \$243,000, \$142,500 and \$61,200, respectively. The portion of the award earned in 2008 and 2009 is included in the Summary Compensation Table in the years in which it was earned and was based on the achievement of annual individual performance measures established for each of the executives.

***Equity Grants***

We make annual grants of equity to named executive officers as a means of creating a strong linkage between an executive's long-term incentive compensation and shareholder value. We seek to provide a significant portion of total compensation to named executive officers in the form of equity compensation. We believe that equity awards:

support a pay-for-performance culture, as compensation is only recognized by executives to the extent that value is created for shareholders;

balance the overall compensation program by providing an appropriate mix of equity and cash compensation;

properly focus executives on long-term value creation for shareholders; and

encourage executive retention, particularly through fluctuating business cycles.

The Company's philosophy is to award equity grants to our named executive officers in amounts reflecting the participant's position, ability to influence our overall performance and individual performance based on a review of our named executive officers' performance during the prior year against pre-determined objectives such as operational efficiency, cash management, and retention and development of key management talent. In addition, the Committee considers historical grant practices, the current value of each executive's unvested equity holdings, market compensation levels, and executive ownership levels in determining grants for individual executives. To further enhance the linkage between executives' long-term incentive compensation and shareholder value, PulteGroup's insider trading policy prohibits directors and executive officers from engaging in hedging or monetization transactions, such as zero-cost collars and forward sale contracts, with respect to their PulteGroup security holdings. Additionally, under PulteGroup's insider trading policy, directors and executive officers are prohibited from holding PulteGroup securities in a margin account or pledging PulteGroup securities as collateral for a loan, as such arrangements could result under some circumstances in a margin sale or foreclosure sale occurring at a time when the director or executive officer is aware of material nonpublic information or otherwise is not permitted to trade in PulteGroup securities.

The Committee believes that all equity grants to the named executive officers, including stock option and restricted share grants, should be determined after a review of the Company's financial statements for a full year. As a result, all annual equity awards are expected to be granted on the date of the regular Board meeting to be held in February of the following year. The Company does not have a program, plan or practice to time option grants in coordination with the release of material non-public information.

In determining the annual restricted share grants for 2010 performance, the Committee considered the following: (i) the Company's historical year-over-year compensation practices, including historical grant levels; (ii) total compensation earned by the named executive officers; (iii) current equity ownership of each of the named executive officers; (iv) a peer group analysis conducted by Pearl Meyer & Partners of the compensation of executive officers holding comparable positions at the companies within the Compensation Peer Group; (v) PulteGroup's objective to provide greater incentive based on long-term Company performance; and (vi) the Company's objective to preserve cash.

As set forth in the table below, in February 2011, the Committee granted the following awards in recognition of each named executive officer's performance in 2010. As a result of the Company's performance in 2010 and in light of prior equity grants, the Committee determined to grant option awards to the named executive officers (other than Ms. Meyer) that were, on average, 50% less than the prior year's number of annual option grants. The number of restricted shares awarded for 2010 performance were at the same level as those granted in 2009.

Executive	Stock Options(1)		Restricted Shares(1)		Total Value
	#	Value(2)	#	Value(2)	
Richard J. Dugas, Jr.	165,000	\$ 729,897	140,000	\$ 1,087,100	\$ 1,816,997
Roger A. Cregg	67,500	\$ 298,594	90,000	\$ 698,850	\$ 997,444
James R. Ellinghausen	37,500	\$ 165,886	75,000	\$ 582,375	\$ 748,261
Steven M. Cook	21,375	\$ 94,555	28,500	\$ 221,303	\$ 315,857
Deborah W. Meyer	21,375	\$ 94,555	40,000	\$ 310,600	\$ 405,155

(1) These equity awards were granted in 2011 and, accordingly, are excluded from the 2010 Summary Compensation Table.

(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.

#### ***Employment Arrangements***

The Committee believes that employment at all levels of the Company should be based on sustained good performance rather than contractual terms. Under certain circumstances, the Committee recognizes that special arrangements may be necessary or desirable. Pursuant to the terms of Ms. Meyer's offer of employment, the Company agreed to provide Ms. Meyer with certain severance benefits in the event of a qualifying termination of employment during her first three years of employment with the Company. The terms of Ms. Meyer's offer of employment were negotiated as part of the Company's efforts to recruit Ms. Meyer to the Company in August 2009. Please see the Narrative to the Summary Compensation Table and Grants of Plan-Based Awards Table - Employment Arrangements for further information regarding the terms of Ms. Meyer's offer of employment.

#### ***Separation Agreement with Mr. Petruska***

After over 26 years with the Company, Mr. Petruska retired from the Company, effective August 14, 2010. In connection with Mr. Petruska's retirement from the Company, Mr. Petruska and the Company entered into a separation agreement on August 10, 2010. Pursuant to the terms of the separation agreement, in exchange for Mr. Petruska signing a general release of claims in favor of the Company, Mr. Petruska received separation pay in the amount of \$1,550,000. The Committee, working with Messrs. Dugas and Ellinghausen, evaluated the level of separation pay by reviewing peer group data. In addition, Mr. Petruska was eligible to receive (i) his 2010 annual bonus, based on the actual performance of the Company for 2010 and prorated through his date of separation on August 14, 2010, (ii) in accordance with the terms of the Company's LTI Programs, the amounts he already earned in the completed years of the 2008-2010 performance period (\$655,650) and the 2009-2011 performance period (\$398,350), plus an amount for the year 2010 in each such performance period based on the actual performance of the Company and prorated through his date of separation, and (iii) company-paid COBRA premiums through August 14, 2012 relating to medical, dental and vision benefits. The Separation Agreement also contains various covenants, including covenants relating to non-competition, non-solicitation and cooperation.



## **Benefits**

Named executive officers participate in employee benefit plans generally available to all employees on the same terms as similarly-situated employees. Beginning in April 2009, the Company indefinitely suspended the Company match on 401(k) contributions. In addition, each of the named executive officers were eligible to participate in the Health Examination Reimbursement Plan and the Financial Counseling Reimbursement Plan. The named executive officers, as well as other PulteGroup executives, may also participate in the Company's Non-Qualified Deferral Program, under which they may elect to defer the receipt of their annual and/or long-term incentive cash awards. This plan is discussed further under the section 2010 Non-Qualified Deferred Compensation Table. We do not have a defined benefit pension plan or any supplemental executive retirement arrangements.

## **Compensation Mix**

As noted in the Executive Summary of this Compensation Discussion and Analysis, the Committee places significant emphasis on variable, performance-based compensation. The Committee also retains flexibility in determining the allocation between annual and long-term incentive compensation. In addition, because the Committee seeks to provide more than 50% of total compensation to named executive officers in the form of equity, determinations regarding the amount of stock options granted are based in part on the total compensation awarded to a named executive officer as well as the portion of any incentive payout paid in the form of restricted shares.

- (1) For each of our named executive officers, the annual incentive award opportunity under the Annual Program as determined by the Committee was based on pre-tax income, gross margins and number of closings. Also includes discretionary bonuses paid to Mr. Ellinghausen and Ms. Meyer for 2010 performance. Please see *Annual Incentive Compensation* for a summary of the amounts paid to each named executive officer under the Annual Program.
- (2) For the fiscal year ended December 31, 2010, the 2010-2012, 2009-2011 and 2008-2010 performance periods were outstanding under the LTI Program. During 2010, each named executive officer was granted an aggregate award opportunity under the LTI Program for the 2010-2012 performance period. Under the 2010-2012 LTI Program, participants

are eligible to earn an award based on cumulative Economic Profit improvement over 2009 Economic Profit that is modified by the Company's performance relative to the Compensation Peer Group. Under the 2009-2011 and 2008-2010 LTI Programs, each participant may earn up to one-third of the award opportunity for each year in the three-year performance period if the performance objectives with respect to such year are satisfied. For each of the named executive officers, a portion of the award opportunity under the 2009-2011 and 2008-2010 performance periods was based on cash flows from operations. The remainder of the award opportunity was based on the attainment of individual performance goals, which varied by named executive officer. The payment of any award earned by a participant for the 2009-2011 performance period based on the 2009 performance goals is conditioned upon the continued employment of the participant by PulteGroup until the end of the three-year performance period (subject, in each case, to earlier vesting in specific circumstances) at which time the award will vest and become payable. Please see *Long-Term Incentive Compensation-LTI Program* for a summary of the amounts earned by each named executive officer under the LTI Program.

#### **Clawback Policy**

At its December 2009 meeting, the Committee approved a clawback policy with respect to the Annual Program, LTI Program, and equity grants. Under the policy, in the event any named executive officer engages in detrimental conduct (as defined in the policy), the Committee may require that such named executive officer (i) reimburse the Company for all or any portion of any bonus, incentive payment, equity-based award, or other compensation received by such named executive officer within the 36 months following such detrimental conduct and (ii) remit to the Company any profits realized from the sale of Company securities within the 36 months following such detrimental conduct.

#### **Compliance with Internal Revenue Code Section 162(m)**

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), generally disallows a tax deduction to public companies for compensation over \$1 million paid to any covered employee under section 162(m), and provides that qualifying performance-based compensation will not be subject to the deduction limit if certain requirements are met. The Committee structures compensation to take advantage of the performance-based compensation exemption under Section 162(m) to the extent practicable. Because the Committee also recognizes the need to retain flexibility to make compensation decisions that may not meet section 162(m) standards when necessary to enable PulteGroup to continue to attract, retain, and motivate highly-qualified executives, it reserves the authority to approve potentially non-deductible compensation in appropriate circumstances. Due to the ambiguities and uncertainties as to the application and interpretation of section 162(m) and the regulations and guidance issued thereunder, no assurance can be given, notwithstanding our efforts, that compensation intended by us to satisfy the requirements for deductibility under section 162(m) does, in fact, do so.

#### **2011 Compensation Decisions**

At its December 2010 and February 2011 meetings, the Committee took the following actions with respect to 2011 compensation matters:

**Base Salary.** The Committee approved 2011 salary amounts, which in light of the continuing uncertainty in market conditions, did not increase from the base salary levels set in 2010 for the named executive officers other than Mr. Ellinghausen. For 2011, Mr. Ellinghausen received a base salary increase of \$50,000 as a result of an increase in his roles and responsibilities, a competitive pay comparison and individual performance.

**Annual Program.** The Committee approved the performance metrics, consisting of pre-tax income and revenue, and the 2011 target award opportunities under the Annual Program. The 2011 target award opportunities under the Annual Program did not increase compared to the 2010 targets for the named executive officers other than Ms. Meyer. For 2011, Ms. Meyer's target award opportunity, as a percentage of base salary, increased from 80% to 100% as a result of an increase in her roles and responsibilities, a competitive pay comparison and individual performance.

**2009-2011 LTI Program.** The Committee approved the target award opportunities and the 2011 company performance metric, consisting of Economic Profit (earnings before interest and taxes less the cost of capital) improvement over 2010 performance, for the third year in the 2009-2011 LTI Program.

**2010-2012 and 2011-2013 LTI Programs.** The Committee approved the three-year target award opportunities and the 2011-2013 performance metrics, consisting of three-year Economic Profit improvement over 2010 performance that is modified by three-year relative Total Shareholder Return. The three-year aggregate target award opportunities under the 2011-2013 LTI Program did not increase compared to the three-year aggregate target award opportunities set for the 2010-2012 LTI Program for the named executive officers other than Ms. Meyer. For the 2011-2013 cycle, Ms. Meyer's target award opportunity, as a percentage of base salary, increased from 60% to 80% as a result of an increase in her roles and responsibilities, a competitive pay comparison and individual performance.

**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 (a) the senior executive's annual base salary as in effect immediately prior to termination of employment and (b) the senior executive's target annual bonus in the fiscal year in which the termination of employment occurs. Benefits excluded from this policy are (i) the value of any accelerated vesting of any outstanding equity-based award provided under plans, programs or arrangements of the Company applicable to one or more groups of employees in addition to the Company's senior executives, (ii) a pro-rata portion of the value of any accelerated vesting of any outstanding long-term cash-based incentive award provided under plans, programs or arrangements of the Company applicable to one or more groups of employees in addition to the Company's senior executives, (iii) compensation and benefits for services rendered through the date of termination of employment, (iv) any post-termination retirement and other benefits, special benefits or perquisites provided under plans, programs or arrangements of the Corporation applicable to one or more groups of employees in addition to the Company's senior executives and (v) payments that are required by the Company's bylaws regarding indemnification and/or a settlement of any claim made against the Company. The policy is available for viewing on our website at [www.pultegroupinc.com](http://www.pultegroupinc.com).

**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 three times (in the case of Messrs. Cregg and Ellinghausen), two times (in the case of Mr. Cook and Ms. Meyer), and one time (in the case of any other officer position that is subject to Section 16 of the Exchange Act), his or her respective base salary. Included in the definition of share ownership are restricted shares and restricted stock units, any PulteGroup common shares owned outright (including the value of restricted shares that have vested at the higher of the current market price or the share price on the date of vesting), common shares in any PulteGroup benefit plan, and the intrinsic value of vested in-the-money stock options. Unvested and/or underwater stock options do not count towards meeting share ownership guidelines. As of March 10, 2011, all of the named executive officers have met or, within the applicable period, are expected to meet the share ownership guidelines.

**Compensation and Management Development Committee Report**

The Compensation and Management Development Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation and Management Development Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K and this Proxy Statement.

Bernard W. Reznicek, Chair

Cheryl W. Grisé

Patrick O. Leary

James J. Postl

## EXECUTIVE COMPENSATION

## 2010 Summary Compensation Table

The following table sets forth information concerning the compensation of our Chief Executive Officer, our former Chief Operating Officer, our Chief Financial Officer and our other three most highly compensated executive officers who served in such capacities as of December 31, 2010 (the named executive officers):

Name and Principal Position	Year	Salary (\$)	Bonus (1)	Stock Awards (\$)(2)	Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
<b>Richard J. Dugas, Jr.</b>	<b>2010</b>	<b>\$ 1,200,000</b>	<b>\$ 0</b>	<b>\$ 1,602,300</b>	<b>\$ 2,120,731</b>	<b>\$ 1,694,667</b>	<b>\$ 17,936</b>	<b>\$ 6,635,633</b>
	2009	\$ 1,000,000	\$ 0	\$ 1,308,600	\$ 1,694,825	\$ 1,799,933	\$ 52,151	\$ 5,855,510
Chairman, President & CEO	2008	\$ 1,000,000	\$ 0	\$ 1,821,250	\$ 2,079,000	\$ 842,333	\$ 106,577	\$ 5,849,160
<b>Steven C. Petruska(5)</b>	<b>2010</b>	<b>\$ 476,929</b>	<b>\$ 0</b>	<b>\$ 1,201,725</b>	<b>\$ 1,012,167</b>	<b>\$ 638,218</b>	<b>\$ 1,625,192</b>	<b>\$ 4,954,231</b>
	2009	\$ 775,010	\$ 0	\$ 1,145,025	\$ 1,016,895	\$ 1,195,670	\$ 21,605	\$ 4,154,205
Former EVP & COO	2008	\$ 775,010	\$ 0	\$ 1,748,400	\$ 1,212,750	\$ 559,550	\$ 53,454	\$ 4,349,164
<b>Roger A. Cregg</b>	<b>2010</b>	<b>\$ 675,010</b>	<b>\$ 0</b>	<b>\$ 1,030,050</b>	<b>\$ 867,572</b>	<b>\$ 718,200</b>	<b>\$ 527</b>	<b>\$ 3,291,358</b>
	2009	\$ 675,010	\$ 0	\$ 1,145,025	\$ 1,016,895	\$ 833,112	\$ 23,942	\$ 3,693,984
EVP & CFO	2008	\$ 675,010	\$ 0	\$ 1,420,575	\$ 1,039,500	\$ 389,880	\$ 45,005	\$ 3,569,970
<b>James R. Ellinghausen (6)</b>	<b>2010</b>	<b>\$ 475,000</b>	<b>\$ 100,000</b>	<b>\$ 858,375</b>	<b>\$ 481,984</b>	<b>\$ 421,167</b>	<b>\$ 3,216</b>	<b>\$ 2,339,741</b>
	2009	\$ 475,000	\$ 0	\$ 545,250	\$ 1,016,895	\$ 488,553	\$ 23,750	\$ 2,549,448
EVP HR	2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Steven M. Cook (6)</b>	<b>2010</b>	<b>\$ 375,000</b>	<b>\$ 0</b>	<b>\$ 326,183</b>	<b>\$ 274,731</b>	<b>\$ 245,167</b>	<b>\$ 3,168</b>	<b>\$ 1,224,248</b>
	2009	\$ 355,00	\$ 0	\$ 310,793	\$ 508,448	\$ 289,057	\$ 11,130	\$ 1,474,427
SVP, General Counsel & Secretary	2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Deborah W. Meyer (6)</b>	<b>2010</b>	<b>\$ 400,000</b>	<b>\$ 30,000</b>	<b>\$ 326,183</b>	<b>\$ 274,731</b>	<b>\$ 70,400</b>	<b>\$ 4,217</b>	<b>\$ 1,105,531</b>
	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SVP & CMO	2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) This amount represents a discretionary bonus relating to 2010 performance.

(2) The amounts reported in this column are awards granted pursuant to the Company's Stock Incentive Plans and 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 11 to the Company's audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010. These awards were granted during 2010 based on 2009 performance.

(3) For 2010, the amounts reflect the actual payout received under the Annual Program by Messrs. Dugas, Petruska, Cregg, Ellinghausen and Cook in the amounts of \$528,000, \$158,355, \$178,200, \$104,500, \$82,500, and \$70,400, respectively, and the amounts earned in 2010 under the 2008-2010 and 2009-2011 LTI Program performance cycles by Messrs. Dugas, Petruska, Cregg, Ellinghausen, and Cook in the amounts of \$1,166,667, \$479,863, \$540,000, \$316,667, and \$162,667, respectively. The payment of amounts earned in 2010 under the 2009-2011 LTI Program is conditioned upon the continued employment of the participant by the Company until December 31, 2011, (subject to earlier vesting in specific circumstances). As discussed previously, Ms. Meyer was not eligible to participate in the LTI Program at the commencement of the 2008-2010 and 2009-2011 performance periods.

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(4) The following table contains information regarding the compensation and benefits included in All Other Compensation.

Name	Perquisites & Other	Post-Separation Compensation (B)	TOTAL All Other Compensation
	Personal Benefits (A)		
Richard J. Dugas, Jr.	\$ 17,936		\$ 17,936
Steven C. Petruska	\$ 403	\$ 1,624,789	\$ 1,625,192
Roger A. Cregg	\$ 527		\$ 527
James R. Ellinghausen	\$ 3,216		\$ 3,216
Steven M. Cook	\$ 3,168		\$ 3,168
Deborah W. Meyer	\$ 4,217		\$ 4,217

(A) Amounts in this column include the incremental cost or valuation of financial planning services for Messrs. Dugas and Ellinghausen and Ms. Meyer, life insurance premiums for each of the named executive officers, and the cost of health examinations for certain of our named executive officers.

(B) These amounts represent post-separation payments (\$1,550,000), COBRA or health insurance premium reimbursements, including estimates for future premiums (\$42,000) and unused vacation (\$32,789) paid to Mr. Petruska in connection with his retirement from the Company in 2010. Please see the Potential Payments Upon Termination or Change in Control section of this Proxy Statement for further information regarding the amount of compensation received or to be received by Mr. Petruska in connection with his retirement from the Company.

(5) Effective August 14, 2010, Mr. Petruska retired from the Company.

(6) Messrs. Ellinghausen and Cook were not named executive officers in 2008 and Ms. Meyer was not a named executive officer in 2009 or 2008.

**2010 Grants of Plan-Based Awards Table**

The following table sets forth information concerning award opportunities under our LTI Program and grants under the 2004 Stock Incentive Plan to the named executive officers during the fiscal year ended December 31, 2010, as well as estimated possible payouts under the Annual Program.

Name	Grant Date	Estimated Possible Payouts			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards (\$/Sh) (5)	Closing Market Price on the Date of Grant (5)	Grant Date Fair Value of Stock and Option Awards (6)
		Under Non-Equity Incentive Plan Awards	Threshold	Target	Maximum				
Richard J. Dugas, Jr.		\$ 240,000(1)	\$ 2,400,000(1)	\$ 4,800,000(1)					
		\$ 1,000,000(2)	\$ 2,000,000(2)	\$ 4,000,000(2)					
	2/11/2010				140,000				\$ 1,602,000
Steven C. Petruska	2/11/2010	\$ 116,250(1)	\$ 1,162,500(1)	\$ 2,325,000(1)		330,000	\$ 11.445	\$ 11.710	\$ 2,120,731
		\$ 581,250(2)	\$ 1,162,500(2)	\$ 2,325,000(2)					
	2/11/2010				105,000				\$ 1,201,725
Roger A. Cregg	2/11/2010	\$ 81,000(1)	\$ 810,000(1)	\$ 1,620,000(1)		157,500	\$ 11.445	\$ 11.710	\$ 1,012,167
		\$ 405,000(2)	\$ 810,000(2)	\$ 1,620,000(2)					
	2/11/2010				90,000				\$ 1,030,050
James R. Ellinghausen	2/11/2010	\$ 47,500(1)	\$ 475,000(1)	\$ 950,000(1)		135,000	\$ 11.445	\$ 11.710	\$ 867,572
		\$ 237,500(2)	\$ 475,000(2)	\$ 950,000(2)					
	2/11/2010				75,000				\$ 858,375
Steven M. Cook	2/11/2010	\$ 37,500(1)	\$ 375,000(1)	\$ 750,000(1)		75,000	\$ 11.445	\$ 11.710	\$ 481,984
		\$ 150,000(2)	\$ 300,000(2)	\$ 600,000(2)					
	2/11/2010				28,500				\$ 326,183
Deborah W. Meyer	2/11/2010	\$ 32,000(1)	\$ 320,000(1)	\$ 640,000(1)		42,750	\$ 11.445	\$ 11.710	\$ 274,731
		\$ 120,000(2)	\$ 240,000(2)	\$ 480,000(2)					
	2/11/2010				28,500				\$ 326,183
	2/11/2010					42,750	\$ 11.445	\$ 11.710	\$ 274,731

- (1) Consists of award opportunities under the Annual Program. For each of our named executive officers, the performance goals under the Annual Program were pre-tax income, adjusted gross margin and number of closings, with each goal weighted 60%, 20% and 20%, respectively, in determining the named executive officer's incentive award under the Annual Program. In connection with Mr. Petruska's retirement from the Company, his award under the Annual Program was prorated for the period in 2010 during which he performed services for the Company.
- (2) Represents the award opportunities under the LTI Program relating to the Company's performance for the 2010-2012 performance period. Payment of the award depends on improvement in Economic Profit over a three-year period. Effective August 14, 2010, Mr. Petruska retired from the Company. Accordingly, Mr. Petruska is no longer eligible to earn the awards reported in this table. Please see Compensation Discussion and Analysis for further information regarding the award.
- (3) Consists of restricted share awards under the 2004 Stock Incentive Plan, which are scheduled to vest on February 11, 2013. During the restriction period, the named executive officers are entitled to receive dividends and vote the restricted shares. As permitted under the plan documents, a portion of these awards were granted in lieu of the cash under the Company's Annual Program and LTI Program. These restricted share grants are subject to only time-based vesting and, accordingly, do not include a performance-based vesting requirement.

- (4) Consists of awards under the 2004 Stock Incentive Plan. Stock options vest as follows over four years: 50% will become exercisable on the second anniversary of the grant date; an additional 25% will become exercisable on the third anniversary of the grant date and the final 25% will become exercisable on the fourth anniversary of the grant date.
- (5) The stock option grant price of \$11.445 is based upon the average of the high and low stock prices on the date of grant.
- (6) The amounts reported in this column are valued based on the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in note 11 to the Company's audited financial statements included in our Annual report on Form 10-K for the fiscal year ended December 31, 2010.

#### **Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table**

##### ***Employment Arrangements***

The Committee believes that employment at all levels of the Company should be based on sustained good performance rather than contractual terms. Under certain circumstances, the Committee recognizes that special arrangements may be necessary or desirable. On August 20, 2009, the Company extended an offer of employment to Ms. Meyer to serve as SVP, Chief Marketing Officer. The following is a description of the terms of Ms. Meyer's offer of employment, which are relevant to an understanding of the 2010 Summary Compensation Table and 2010 Grants of Plan-Based Awards Table. Ms. Meyer's offer of employment provides, among other benefits, for (i) an initial annual base salary of \$400,000 per year, (ii) eligibility to participate in the Company's Annual Program and LTI Program, with an initial Annual Program and LTI Program target of \$320,000 and \$240,000, respectively, (iii) eligibility for a 2009 annual equity grant to be awarded in February 2010, as approved by the Committee, (iv) a sign-on stock option grant of 50,000 stock options, (v) a sign-on bonus of \$10,000, (vi) eligibility to participate in the Company's health and welfare benefits and (vii) participation in the Health Examination Reimbursement Plan and the Financial Counseling Reimbursement Plan. The terms of Ms. Meyer's offer of employment also provide for certain severance benefits following a qualifying termination of employment. Please see "Potential Payments Upon Termination or Change in Control" for a description of those benefits.

##### ***Equity Awards***

All stock options granted by the Company have a ten year term and vest over a four year period. Restricted share grants generally cliff vest three years from the anniversary of the grant date. In 2009, the Company amended its equity plan to provide that grants of restricted shares, restricted stock units, and performance share awards would generally be subject to minimum vesting provisions. Under the equity plan, the minimum vesting provisions are not required for grants that, when combined with unrestricted share awards and other restricted shares, restricted stock units, and performance shares (i) granted on or after July 8, 2009 and (ii) not subject to minimum vesting provisions, would not exceed five percent (5%) of the total number of PulteGroup common shares available for awards under the equity plan (not taking into account any awards granted prior to July 8, 2009). The equity plan provides that grants of restricted shares and restricted stock units will be subject to a minimum three-year vesting period, except that grants of restricted shares and restricted stock units that are subject to performance measures will be subject to a minimum one-year vesting period. Performance share awards are also subject to a minimum one-year vesting period. Under the equity plan, the Committee has the discretion to accelerate the restriction period applicable to a restricted share award, restricted stock unit award, or performance share only in the case of death, disability, retirement, or a change in control.

If an executive's employment is terminated for a reason other than death, disability or cause, outstanding options will continue to vest after such termination if at the time of termination, the sum of the executive's age and the executive's 12-month periods of full-time employment with the Company equals or exceeds 70 (the "Rule of 70"). In addition, if an executive's employment is terminated for a



reason other than death, disability or cause after a minimum of five years of employment, vested stock options will continue to be exercisable by such executive until the expiration of the stock option according to the terms of its grant (the Rule of 5 ). Certain executives, including the named executive officers, are required to sign a non-competition, non-solicitation and confidentiality agreement to obtain the benefits of the Rule of 70 and the Rule of 5.

Pursuant to the terms of Ms. Meyer's offer of employment, all outstanding equity will be forfeited on the date of her qualifying termination of employment and she will receive a cash payment equal to the value of such equity on the date of such qualifying termination of employment. Please see Potential Payments Upon Termination or Change in Control for a description of the severance provisions included in Ms. Meyer's offer of employment.

The exercise price of stock options is fixed as of the date of grant, and cannot be lower than the fair market value of PulteGroup common shares, defined in the equity incentive plan documents as the average of the high and low price of PulteGroup's common shares traded on the NYSE on the date of grant.

**2010 Outstanding Equity Awards at Fiscal Year-End Table**

The following table provides information regarding outstanding option awards and unvested stock awards held by each of the named executive officers at December 31, 2010.

Name (a)	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (b)	Number of Securities Underlying Unexercised Options Unexercisable (c)	Option Exercise Price (d)	Option Expiration Date (e)	Number of Shares or Units of Stock That Have Not Vested (f)	Market Value of Shares or Units of Stock That Have Not Vested(9) (g)
Richard J. Dugas, Jr.	0	330,000(1)	\$ 11.445	02/11/2020	385,000(6)	\$ 2,895,200
	0	250,000(2)	\$ 12.335	08/18/2019		
	180,000	180,000(3)	\$ 11.355	12/9/2018		
	375,000	125,000(4)	\$ 10.93	12/6/2017		
	400,000	0	\$ 34.235	12/7/2016		
	400,000	0	\$ 40.405	12/8/2015		
	400,000	0	\$ 28.363	12/9/2014		
	400,000	0	\$ 21.635	12/11/2013		
	360,000	0	\$ 11.403	12/12/2012		
	40,000	0	\$ 10.913	12/13/2011		
	0	157,500(1)	\$ 11.445	02/11/2020		
Steven C. Petruska	0	150,000(2)	\$ 12.335	08/18/2019	292,500(7)	\$ 2,199,600
	105,000	105,000(3)	\$ 11.355	12/9/2018		
	225,000	75,000(4)	\$ 10.930	12/6/2017		
	200,000	0	\$ 34.235	12/7/2016		
	200,000	0	\$ 40.405	12/8/2015		
	200,000	0	\$ 28.363	12/9/2014		
	180,000	0	\$ 21.635	12/11/2013		
	40,000	0	\$ 11.403	12/12/2012		
	40,000	0	\$ 10.913	12/13/2011		
	0	135,000(1)	\$ 11.355	02/11/2020		
	0	150,000(2)	\$ 12.335	08/18/2019		
Roger A. Cregg	90,000	90,000(3)	\$ 11.355	12/9/2018		
	180,000	60,000(4)	\$ 10.93	12/6/2017		
	160,000	0	\$ 34.235	12/7/2016		
	160,000	0	\$ 40.405	12/8/2015		
	180,000	0	\$ 28.363	12/9/2014		
	160,000	0	\$ 21.635	12/11/2013		
	300,000	0	\$ 11.403	12/12/2012		
	82,592	0	\$ 12.944	02/28/2012		

Name (a)	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (b)	Number of Securities Underlying Unexercised Options Unexercisable (c)	Option Exercise Price (d)	Option Expiration Date (e)	Number of Shares or Units of Stock That Have Not Vested (f)	Market Value of Shares or Units of Stock That Have Not Vested(9) (g)
James R. Ellinghausen	240,000	0	\$ 10.913	12/13/2011		
	240,000	0	\$ 9.278	9/6/2011		
	0	75,000(1)	\$ 11.445	02/11/2020	175,000(8)	\$ 1,316,000
	0	150,000(2)	\$ 12.335	08/18/2019		
	50,000	50,000(3)	\$ 11.355	12/9/2018		
	75,000	25,000(4)	\$ 10.930	12/6/2017		
	75,000	0	\$ 34.235	12/7/2016		
	70,000	0	\$ 40.405	12/8/2015		
Steven M. Cook	40,000	0	\$ 36.058	3/28/2015		
	0	42,750(1)	\$ 11.445	02/11/2020	87,000(9)	\$ 654,240
	0	75,000(2)	\$ 12.335	08/18/2019		
	28,500	28,500(3)	\$ 11.355	12/9/2018		
	41,250	13,750(4)	\$ 10.930	12/6/2017		
	40,000	0	\$ 34.235	12/7/2016		
Deborah W. Meyer	10,000	0	\$ 38.010	2/6/2016		
	0	42,750(1)	\$ 11.445	02/11/2020	28,500(10)	\$ 214,320
	0	50,000(5)	\$ 12.270	09/09/2019		

- (1) These options were awarded on February 11, 2010 and vest over four years as follows: 50% vest on the second anniversary of the grant date; 25% vest on the third anniversary of the grant date and 25% vest on the fourth anniversary of the grant date.
- (2) These options were awarded on August 18, 2009 and vest over four years as follows: 50% vest on the second anniversary of the grant date; 25% vest on the third anniversary of the grant date and 25% vest on the fourth anniversary of the grant date.
- (3) These options were awarded on December 9, 2008 and vest over four years as follows: 50% vest on the second anniversary of the grant date; 25% vest on the third anniversary of the grant date and 25% vest on the fourth anniversary of the grant date.
- (4) These options were awarded on December 6, 2007 and vest over four years as follows: 50% vest on the second anniversary of the grant date; 25% vest on the third anniversary of the grant date and 25% vest on the fourth anniversary of the grant date.
- (5) These options were awarded on September 9, 2009 and vest over four years as follows: 50% vest on the second anniversary of the grant date; 25% vest on the third anniversary of the grant date and 25% vest on the fourth anniversary of the grant date.
- (6) This amount includes 125,000 restricted shares that are scheduled to vest on February 7, 2011, 120,000 restricted shares that are scheduled to vest on February 10, 2012, and 140,000 restricted shares that are scheduled to vest on February 11, 2013.
- (7) This amount includes 97,500 restricted shares that are scheduled to vest on February 7, 2011, 105,000 restricted shares that are scheduled to vest on February 10, 2012, and 90,000 restricted shares that are scheduled to vest on February 11, 2013.

(8) This amount includes 50,000 restricted shares that are scheduled to vest on February 7, 2011, 50,000 restricted shares that are scheduled to vest on February 10, 2012, and 75,000 restricted shares that are scheduled to vest on February 11, 2013.

(9) This amount includes 30,000 restricted shares that are scheduled to vest on February 7, 2011, 28,500 restricted shares that are scheduled to vest on February 10, 2012, and 28,500 restricted shares that are scheduled to vest on February 11, 2013.

(10) These restricted shares are scheduled to vest on February 11, 2013.

(11) Reflects the value using the closing share price at the 2010 fiscal year end of \$7.52.

# **2010 Option Exercises and Stock Vested Table**

The following table provides information regarding the exercise of stock options and the vesting of stock awards for each of the named executive officers at December 31, 2010.

Name (a)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (b)	Value Realized on Exercise (c)	Number of Shares Acquired on Vesting (d)	Value Realized on Vesting (e)
Richard J. Dugas, Jr.			100,000	\$ 1,092,000(1)
Steven C. Petruska			410,000	\$ 3,606,000(2)
Roger A. Clegg	21,548	\$ 163,448	65,000	\$ 709,800(1)
James R. Ellinghausen			35,000	\$ 382,200(1)
Steven M. Cook			20,000	\$ 218,400(1)
Deborah W. Meyer				

(1) Value realized reflects number of shares that vested multiplied by the closing price of \$10.92 per share on February 4, 2010.

(2) Value realized reflects 80,000 shares that vested on February 4, 2010, multiplied by the closing price of \$10.92 per share on February 4, 2010 and 330,000 shares that vested in connection with Mr. Petruska's retirement, multiplied by the closing price of \$8.28 per share on August 17, 2010.

**2010 Non-Qualified Deferred Compensation Table**

Pursuant to the Company's Non-Qualified Deferral Program, certain executives, including each of our named executive officers, may defer awards earned under the Senior Management Annual Incentive Plan. Deferral elections are made by executives prior to the beginning of the performance period in which awards are earned. Executives may elect to defer from 5% to a maximum of 90% of their incentive pay, with a minimum deferral amount of \$10,000. The executive selects a deferral period that may range from two to twenty years. Payout period elections are restricted to either a lump-sum or annual installments over a period of up to ten years. In the event of death, permanent disability or termination from employment, any remaining deferral period is overridden with the payouts to occur as either a lump-sum or in two or three annual installments. Unfunded deferral accounts are credited with interest on a monthly basis. The annual interest rate is determined each January 1 for a period of one calendar year and is equal to the applicable yield on the five-year U.S. Treasury Note as of the first business day of January, plus 2%. The interest crediting rate for 2010 was 4.635%.

Name	Executive	Registrant	Aggregate	Aggregate	Aggregate
	Contributions in	Contributions in	Earnings in	Withdrawals /	Balance at Last
	Last FY	Last FY	Last FY	Distributions (1)	FYE
Richard J. Dugas, Jr.	\$ 0	\$ 0	\$ 33,115	\$ 0	\$ 749,289
Steven C. Petruska	\$ 0	\$ 0	\$ 252	\$ 35,727	\$ 0
Roger A. Cregg	\$ 0	\$ 0	\$ 17,442	\$ 719,990	\$ 279,793
James R. Ellinghausen	\$ 0	\$ 0	\$ 8,018	\$ 0	\$ 181,424
Steven M. Cook	\$ 0	\$ 0	\$ 3,451	\$ 0	\$ 78,087
Deborah W. Meyer	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(1) These amounts were distributed from the Non-Qualified Deferral Program in 2010 pursuant to Messrs. Cregg's and Petruska's deferral elections.

**Potential Payments Upon Termination or Change in Control**

Historically, the Company's practice is to not have individual employment contracts or change in control agreements with our named executive officers. However, the Committee recognizes that, under certain circumstances, special arrangements may be necessary or desirable. As part of its efforts to recruit Ms. Meyer to the Company, the Company agreed to provide Ms. Meyer with certain severance benefits. Pursuant to the terms of Ms. Meyer's offer of employment, in the event that Ms. Meyer ceases to report to the Chief of Executive Officer or if her employment is terminated by the Company without cause during her first three years of employment with the Company, she will be eligible to receive (i) 12 months of salary continuation, (ii) employer-paid COBRA premiums for 12 months, (iii) an Annual Program bonus, prorated based on actual performance through the effective date of Ms. Meyer's termination of employment, (iv) any LTI Program payouts for Ms. Meyer accrued by the Company to the extent not paid as of the date of termination, and (v) a prorated cash award representing the value of Ms. Meyer's outstanding restricted stock awards and in the money stock options as of the date of termination. For each of the other named executive officers, any severance that may be payable to a named executive officer in the event of an involuntary termination would be determined by the Committee at the time of termination and is therefore undeterminable at this time.

Our Long-Term Incentive Program (the "LTI Program") under the PulteGroup, Inc. 2008 Senior Management Incentive Plan provides for the payment of awards under the program following a change in control and certain terminations of employment. In the case of a change in control or termination due to death or permanent disability, the participant shall receive any award earned with respect to a completed performance period but not yet paid and, with respect to a pending performance period, a

prorated target award calculated based on the number of days in the performance period that have elapsed prior to the change in control or termination, as applicable. In the event of a participant's termination by reason other than voluntary termination by the participant, death, disability or by the Company for cause, the participant shall receive any award earned with respect to a completed performance period but not yet paid and, with respect to a pending performance period, a prorated award based on actual performance of the Company during the annual performance period but prorated to reflect the period in which the participant was employed by the Company. In the event the participant's employment is terminated voluntarily by the participant or is terminated by the Company for cause, any outstanding awards under the LTI Program are immediately forfeited.

Our equity incentive plans provide for accelerated vesting of all outstanding stock options and restricted shares in the event of a change in control or an executive's death or disability. With respect to restricted shares only, the plans also provide for accelerated vesting in the event that an executive retires from the Company with the Company's consent and the executive timely executes a non-competition, non-solicitation and confidentiality agreement. Additionally, in accordance with the Rule of 70, if an executive's employment is terminated for a reason other than death, disability or cause, outstanding options granted under the plans will continue to vest after such termination if, at the time of termination, the sum of the executive's age and the executive's 12-month periods of full-time employment with the Company equals or exceeds 70. Except as described above, termination of employment for any other reason generally results in the forfeiture of any outstanding unvested awards.

Agreements granting stock option awards define disability as a sickness or a disability which renders an executive unable to perform his or her duties in the required and customary manner, as determined by the Company in its sole discretion, that has existed for more than three consecutive months and is expected to continue for no less than an additional three months. Cause is generally defined under the award agreements as a determination by the Company that the executive has (i) willfully and continuously failed to substantially perform the duties assigned to him or her, (ii) willfully engaged in conduct which is demonstrably injurious to the Company or its subsidiaries, or (iii) engaged in any act of dishonesty, the commission of a felony or a significant violation of any statutory or common law duty of loyalty to the Company or its subsidiaries.

At the time the Committee approved the equity incentive plans, the Committee determined that accelerated vesting of awards under such plans in the event of a change in control was appropriate based on competitive practices and in light of the fact that the Company does not otherwise provide change in control or severance agreements. The Committee also determined that these acceleration provisions were a necessary component of such plans in order to provide an increased incentive to key employees of the Company to make significant and extraordinary contributions to the long-term performance and growth of the Company.

In general, our equity incentive plans and LTI Program define a change in control as follows:

the acquisition by any individual, entity or group of the beneficial ownership of 40% or more of the then outstanding common shares of the Company or the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors;

individuals who constitute the Board or future directors approved by the Board cease for any reason to constitute at least a majority of such Board;

subject to certain exceptions contained in the plans, the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company; or

the consummation of a plan of complete liquidation or dissolution of the Company.

As noted earlier, after over 26 years with the Company, Mr. Petruska retired from the Company, effective August 14, 2010. In connection with Mr. Petruska's retirement from the Company, Mr. Petruska and the Company entered into a separation agreement on August 10, 2010. Pursuant to the terms of the separation agreement, in exchange for Mr. Petruska signing a general release of claims in favor of the Company, Mr. Petruska received separation pay in the amount of \$1,550,000. In addition, Mr. Petruska was eligible to receive (i) his 2010 annual bonus, based on the actual performance of the Company for 2010 and prorated through his date of separation on August 14, 2010, (ii) in accordance with the terms of the Company's LTI Programs, the amounts he already earned in the completed years of the 2008-2010 performance period (\$655,650) and the 2009-2011 performance period (\$398,350), plus an amount for the year 2010 in each such performance period based on the actual performance of the Company and prorated through his date of separation, and (iii) company-paid COBRA or health insurance premiums through August 14, 2012 relating to medical, dental and vision benefits. Pursuant to the terms of our equity plans, upon Mr. Petruska's retirement, Mr. Petruska received equity values with respect to the vesting of restricted shares upon his retirement of approximately \$2,732,400. In accordance with the Rule of 70, Mr. Petruska will continue to vest in his outstanding options. As of December 31, 2010, the exercise price of each Mr. Petruska outstanding stock options exceeded the closing price of \$7.52 per share. The Separation Agreement also contains various covenants, including covenants relating to non-competition, non-solicitation and cooperation.

The tables below reflect the amount of compensation to be received by each of the named executive officers in the event of a change in control and certain terminations of each executive's employment. The amounts shown assume that such change in control or termination was effective as of December 31, 2010, and thus includes amounts earned through such time and are estimates of the amounts which would be received by the executives upon a change in control or their termination. The calculations in the tables below are based on our closing stock price on December 31, 2010 of \$7.52 per share. The actual amounts to be received by the executives can only be determined at the time of such change in control or separation from the Company.

#### Termination Events (1)

	Severance Benefits	Acceleration of Long-Term Incentive Awards(2)	Acceleration of Unvested In the Money Stock Options(3)	Acceleration of Outstanding Restricted Shares(4)	COBRA Premiums	Total Benefits
Richard J. Dugas, Jr.		\$ 2,753,333		\$ 2,895,200		\$ 5,648,533
Roger A. Cregg		\$ 1,274,400		\$ 2,199,600		\$ 3,474,000
James R. Ellinghausen		\$ 747,333		\$ 1,316,000		\$ 2,063,333
Steven M. Cook		\$ 375,040		\$ 654,240		\$ 1,029,280
Deborah W. Meyer	\$ 400,000			\$ 214,320	\$ 18,052	\$ 632,372

(1) The table sets forth amounts that would have been received by the named executive officer if the employment of such named executive officer terminated due to death, disability, retirement or by reasons other than voluntary termination by the named executive officer or by the Company for cause, in which case no amounts would be paid. For Ms. Meyer and pursuant to the terms of Ms. Meyer's offer of employment, the table also includes amounts that would be payable to Ms. Meyer in the event that Ms. Meyer ceases to report to the Chief Executive Officer or if her employment is terminated by the Company without cause during her first three years of employment with the Company.

(2) This amount includes the amounts earned under the 2008-2010 and 2009-2011 performance periods under the LTI Program.

(3) As of December 31, 2010, the exercise price of each named executive officer's unvested stock options exceeded the closing price of \$7.52 per share and, as a result, none of the named executive officers would have received equity values with respect to such options in connection with a qualifying termination event.

(4) The amounts reported in this column for each of the named executive officers with respect to an involuntary termination without cause assumes that the Committee exercises its discretion to accelerate or pay out the value of outstanding

restricted shares. Under the terms of the stock incentive plan documents, restricted shares would not vest upon termination without cause, unless determined otherwise by the Committee; provided however, that, subject to certain exemptions described in the Compensation Discussion and Analysis, after July 8, 2009, the Committee has the discretion to waive the restriction period applicable to a restricted share award only in the case of death, disability, retirement or a change in control. Pursuant to the terms of Ms. Meyer's offer of employment, Ms. Meyer is entitled to a cash payment equal to the prorated value of her restricted stock awards on December 31, 2010; however, the amount for Ms. Meyer assumes that the Committee exercises its discretion to pay out the full value of outstanding restricted shares, rather than a prorated amount.

### Change In Control (1)

	Acceleration of Long-Term Incentive Awards(2)	Acceleration of Unvested In the Money Stock Options(3)	Acceleration of Outstanding Restricted Shares	Total Accelerated Long- Term Awards
Richard J. Dugas, Jr.	\$ 3,420,000	\$ 0	\$ 2,895,200	\$ 6,315,200
Roger A. Cregg	\$ 1,544,400	\$ 0	\$ 2,199,600	\$ 3,744,000
James R. Ellinghausen	\$ 905,666	\$ 0	\$ 1,316,000	\$ 2,221,666
Steven M. Cook	\$ 475,040	\$ 0	\$ 654,240	\$ 1,129,280
Deborah W. Meyer	\$ 80,000	\$ 0	\$ 214,320	\$ 294,320

(1) The table sets forth amounts that would have been received by the named executive officer upon a Change in Control of the Company.

(2) This amount includes the amounts earned under the 2008-2010 and 2009-2011 performance periods under the LTI Program and a prorated target payout for the 2010-2012 performance period under the LTI Program.

(3) As of December 31, 2010, the exercise price of each named executive officer's unvested stock options exceeded the closing price of \$7.52 per share and, as a result, none of the named executive officers would have received equity values with respect to such options in connection with a change in control.

### Risk Management and Compensation

As noted in our Compensation Discussion and Analysis, a key objective of the Company's compensation program is to appropriately incentivize our executives so that they may act in the best interests of the Company and its shareholders. The Compensation and Management Development Committee believes that its incentive compensation programs should encourage risk within parameters that are appropriate for the long-term health and sustainability of the Company's business.

At its February 9, 2011 meeting, the Compensation and Management Development Committee, in consultation with Pearl Meyer, reviewed each compensation element, the group of employees eligible to receive each compensation element, the current performance measures and payout ranges, the potential risks posed by each compensation element as well as the processes used to mitigate any such risks. The Compensation and Management Development Committee determined that any risks associated with the Company's executive and broad-based compensation plans were appropriately mitigated. For example, the maximum payouts under our executive and broad-based annual incentive plans are capped at or below 200% of target. In addition, the Company uses multiple performance metrics with respect to corporate performance under the Annual Program (e.g., pre-tax operating income, adjusted gross margin and number of closings) and LTI Program (e.g., economic improvement and total shareholder return), each of which is subject to the scrutiny of our internal control system as well as the Company's annual audit. The Compensation and Management Development Committee also believes that equity-based, long-term incentive awards which vest over a period of years aligns the interests of our executives and employees with those of our shareholders in support of the long-term health of the Company. Finally, the Compensation and Management Development Committee believes that its overall review of the competitiveness and reasonableness of the Company's compensation programs against market data serves as another mechanism to evaluate the compensation program and to identify any risks.



Effective January 1, 2010, the Compensation and Management Development Committee adopted a claw back policy. Under the policy, in the event any named executive officer engages in detrimental conduct (as defined in the policy), the Committee may require that such named executive officer (i) reimburse the Company for all or any portion of any bonus, incentive payment, equity-based award or other compensation received by such named executive officer within the 36 months following such detrimental conduct and (ii) remit to the Company any profits realized from the sale of Company securities within the 36 months following such detrimental conduct. The purpose of this policy is to discourage inappropriate and excessive risks, as executives will be held accountable for conduct which is harmful to the Company.

Based on its review, the Compensation and Management Development Committee determined that the risks arising from the Company's executive and broad-based compensation programs are not reasonably likely to have a material adverse effect on the Company.

### EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2010 with respect to our common shares that may be issued under our existing equity compensation plans:

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options (a)	Weighted-Average Exercise Price of Outstanding Options (b)	Number of Common Shares Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Common Shares Reflected in Column (a)) (c)
Equity compensation plans approved by shareholders	21,522,445(1)	\$ 19.0542	9,812,017(2)
Equity compensation plans not approved by shareholders			
<b>Total</b>	<b>21,522,445(1)</b>	<b>\$ 19.0542</b>	<b>9,812,017(2)</b>

Notes:

(1) Does not include options to purchase 2,481,580 PulteGroup common shares having a weighted average exercise price of \$35.8599, which were granted in substitution for options to purchase shares of Centex Corporation in connection with PulteGroup's 2009 acquisition of Centex.

(2) Of this number, up to 9,684,212 shares remain available for full value awards, including restricted shares, restricted stock units, and performance shares.

### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

We or one of our subsidiaries may occasionally enter into transactions with a related party. Related parties include our executive officers, directors, nominees for director, 5% or more beneficial owners of our common shares, and immediate family members of these persons. We refer to transactions involving amounts in excess of \$100,000 and in which the related party has a direct or indirect material interest as an interested transaction. Each interested transaction must be approved or ratified by the Nominating and Governance Committee of the Board of Directors in accordance with our written Related Party Transaction Policies and Procedures. The Nominating and Governance Committee will consider, among other factors it deems appropriate, whether the interested transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances as well as the extent of the related party's interest in the transaction. There were no interested transactions during the year ended December 31, 2010.

Our Related Party Transaction Policies and Procedures provide that the Nominating and Governance Committee has determined that the following types of transactions are pre-approved or ratified, as applicable, by the Nominating and Governance Committee, even if such transactions involve amounts in excess of \$100,000:

employment by the Company of an executive officer of the Company if: (i) the related compensation is required to be reported in our proxy statement or (ii) the compensation would have been reported in our proxy statement if the executive officer was a named executive officer and the executive officer is not an immediate family member of another executive officer or director of the Company;

compensation paid to a director if the compensation is required to be reported in our proxy statement;

any transaction with another company at which a related party's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed the greater of \$1,000,000, or 2% of that company's total annual revenues;

any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university at which a related party's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the lesser of \$1,000,000, or 2% of the charitable organization's total annual receipts;

any transaction where the related party's interest arises solely from the ownership of the Company's common shares and all holders of the Company's common shares received the same benefit on a pro rata basis; and

any transaction involving a related party where the rates or charges involved are determined by competitive bids.

Our Related Party Transaction Policies and Procedures were adopted on February 1, 2007.

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee is comprised of four directors, all of whom meet the independence standards contained in the applicable NYSE and SEC rules, and operates under a written charter adopted by the Board of Directors. The Audit Committee selects, subject to shareholder ratification, the Company's independent public accountants.

PulteGroup management is responsible for the Company's internal controls and financial reporting process. The Company's independent public accountants, Ernst & Young LLP, are responsible for performing an independent audit of the Company's consolidated financial statements and issuing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States, as well as an independent audit of the Company's internal control over financial reporting and issuing an opinion on the effectiveness of internal control over financial reporting. The Audit Committee monitors the Company's financial reporting process and reports to the Board of Directors on its findings.

During the last year, the Audit Committee met and held discussions with management and Ernst & Young LLP. The Audit Committee reviewed and discussed with PulteGroup management and Ernst & Young LLP the audited financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2010. The Audit Committee also discussed with Ernst & Young LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, Communications with Audit Committees (Codification of Statements on Auditing Standards, AU 380), as adopted by the Public Company Accounting Oversight Board, as well as by SEC regulations.

The Audit Committee has received from Ernst & Young LLP the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding Ernst & Young LLP's communications with the Audit Committee concerning independence. The Audit Committee discussed with Ernst & Young LLP such firm's independence.

The Audit Committee also considered whether the provision of other non-audit services by Ernst & Young LLP to the Company is compatible with maintaining the independence of Ernst & Young LLP, and the Audit Committee concluded that the independence of Ernst & Young LLP is not compromised by the provision of such services.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

### Members of the Audit Committee

David N. McCammon, Chair

Brian P. Anderson

Bernard W. Reznicek

Thomas M. Schoewe

**Audit and Non-Audit Fees**

The following table presents fees for professional audit services rendered by Ernst & Young LLP for the audit of the Company's annual financial statements for the years ended December 31, 2010 and 2009, and fees billed for other services rendered by Ernst & Young LLP during those periods.

	2010	2009
Audit Fees(1)	\$ 2,752,524	\$ 4,027,462
Audit-Related Fees(2)	78,600	26,800
Tax Fees(3)	246,199	219,542
All Other Fees(4)		
	\$ 3,077,323	\$ 4,273,804

Notes:

- (1) Audit services consisted principally of the audit of the consolidated financial statements included in the Company's Annual Report on Form 10-K, the audit of the effectiveness of the Company's internal controls over financial reporting, reviews of the consolidated financial statements included in the Company's Quarterly Reports on Form 10-Q, various statutory audit reports, and providing comfort letters in connection with debt financings. For 2009, audit services also included review of the Company's registration statements in connection with the Centex merger.
- (2) Audit-related services consisted principally of audits of employee benefit plans.
- (3) Tax services consisted principally of assistance with tax compliance, the preparation of tax returns and tax consultation, planning and implementation services. For 2009, tax services also included assistance with the Section 280G calculation in connection with the Centex merger.
- (4) The Company did not engage Ernst & Young LLP to perform any other services during the years ended December 31, 2010 and 2009.

**Audit Committee Preapproval Policies**

The Audit Committee has adopted strict guidelines and procedures on the use of Ernst & Young LLP to provide any services, including a requirement that the Audit Committee approve in advance any services to be provided by Ernst & Young LLP. The Audit Committee approves the annual audit services and fees at its meeting in May when it reviews the Ernst & Young LLP audit plan for the current year. In 2010 and 2009, the Audit Committee preapproved the use of Ernst & Young LLP for certain routine accounting and tax consultation matters, provided that the fees for any individual consultation are not expected to exceed \$25,000. Prior to the commencement of any other audit-related, tax or other service, the Audit Committee will review each individual arrangement, including the nature of the services to be provided and the estimate of the fees to be incurred, prior to engaging Ernst & Young LLP to perform the service. All engagements are approved at regularly scheduled meetings of the Audit Committee.

**ADDITIONAL PROPOSALS REQUIRING YOUR VOTE**

**PROPOSAL TWO**

**RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP**

**AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed Ernst & Young LLP as PulteGroup's independent registered public accounting firm for 2011, and the Board of Directors and the Audit Committee recommend that the shareholders ratify this appointment.

Although there is no requirement that Ernst & Young LLP's appointment be terminated if the ratification fails, the Audit Committee will consider the appointment of other independent registered public accounting firms if the shareholders choose not to ratify the appointment of Ernst & Young LLP. The Audit Committee may terminate the appointment of Ernst & Young LLP as our independent registered public accounting firm without the approval of the shareholders whenever the Audit Committee deems such termination appropriate.

Amounts paid by us to Ernst & Young LLP for audit and non-audit services rendered in 2010 and 2009 are disclosed elsewhere in this Proxy Statement.

Ernst & Young LLP served as our independent registered public accounting firm during 2010 and has served as our independent public accountants for many years. Representatives of Ernst & Young LLP are expected to attend the annual meeting and will be available to respond to appropriate questions, and to make a statement if they wish to do so.

*The Board of Directors and the Audit Committee recommend that shareholders vote **FOR** ratification of the appointment of Ernst & Young LLP as PulteGroup's independent registered public accounting firm for 2011.*

**PROPOSAL THREE**

**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Pursuant to recently enacted Section 14A of the Exchange Act, we are providing shareholders with a vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with Securities and Exchange Commission rules. The advisory vote on executive compensation described in this proposal is commonly referred to as a say-on-pay vote.

The Company asks that you indicate your approval of the compensation paid to our named executive officers as described on pages 26 through 58 of this Proxy Statement. Because your vote is advisory, it will not be binding on the Board of Directors. However, the Board of Directors and the Compensation and Management Development Committee will review the voting results and take them into consideration when making future decisions regarding executive compensation.

As described in the Compensation Discussion and Analysis, our overall compensation philosophy applicable to 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 short and long-term financial success. The Compensation and Management Development Committee of the Board of Directors 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;

creating a pay for performance environment by aligning the long-term interests of our executives with those of our shareholders;

delivering a significant portion of total compensation through performance-based, variable pay;

encouraging 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 more than 50% 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 short-term operational and financial goals and longer-term strategic objectives.

This proposal gives our shareholders the opportunity to express their views on the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement. For the reasons discussed above, we are asking our shareholders to indicate their support for our named executive officer compensation by voting FOR the following resolution at the Annual Meeting:

**RESOLVED**, that the Company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission (which disclosure includes the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure).

*The Board of Directors recommend that shareholders vote **FOR** the approval of the advisory resolution relating to the compensation of our named executive officers as disclosed in this Proxy Statement.*

#### **PROPOSAL FOUR**

##### **ADVISORY VOTE ON THE FREQUENCY WITH WHICH AN ADVISORY VOTE ON EXECUTIVE COMPENSATION SHOULD BE HELD**

We will provide shareholders with a say-on-pay vote as described in the previous proposal at least once every three years. Pursuant to recently enacted Section 14A of the Exchange Act, we are asking shareholders whether future say-on-pay vote should be held every one, two or three years.

After careful consideration of this proposal, the Board of Directors has determined that the Company should hold a say-on-pay vote every year. An annual say-on-pay vote will allow us to obtain shareholder input on our executive compensation program on a more consistent basis, which aligns more closely with our objective to engage in regular dialogue with our shareholders on corporate governance matters, including our executive compensation philosophy, policies and practices. In addition, holding an annual say-on-pay vote provides the highest level of accountability and communication by enabling the say-on-pay vote to correspond with the most recent executive compensation information presented in our proxy statement for the annual meeting. Holding say-on-pay votes annually reflects sound corporate governance principles and is consistent with a majority of institutional investor policies.

Shareholders are not voting to approve or disapprove of the Board of Directors' recommendation. Instead, the proxy card provides shareholders with four choices with respect to this proposal: one year, two years, three years or shareholders may abstain from voting on the proposal. For the reasons discussed above, we are asking our shareholders to vote for a ONE YEAR frequency when voting at the Annual Meeting.

This vote is an advisory vote only, and therefore it will not bind the Company or the Board of Directors. However, the Board of Directors and the Compensation and Management Development Committee will consider the voting results as appropriate when adopting a policy on the frequency of future say-on-pay votes. The option of one year, two years or three years that receives the highest number of votes cast by shareholders will be considered by the Board of Directors as the shareholders' recommendation as to the frequency of future say-on-pay votes. Nevertheless, the Board of Directors may decide that it is in the best interests of shareholders and the Company to hold say-on-pay votes more or less frequently than the option approved by our shareholders.

*The Board of Directors recommend that shareholders vote FOR holding a say-on-pay vote ANNUALLY.*

#### **PROPOSAL FIVE**

The AFL-CIO Reserve Fund, 815 Sixteenth Street, NW, Washington, D.C. 20006, which has represented to us that it beneficially owns 246 of our shares, has submitted the following proposal.

#### **INDEPENDENT CHAIRMAN OF THE BOARD PROPOSAL**

RESOLVED: That stockholders of PulteGroup, Inc. (the "Company") urge the Board of Directors (the "Board") to take the steps necessary to modify the Company's Corporate Governance Guidelines to require that an independent director, who has not previously served as an executive officer of the Company, be its Chairman.

The policy should be implemented so as not to violate any contractual obligations. The policy should also specify the process for selecting a new independent Chairman if the current Chairman ceases to be independent between annual meetings of shareholders; or if no independent director is available and willing to serve as Chairman.

#### **Supporting Statement**

We believe it is the responsibility of the Board of Directors to protect shareholders' long-term interests by providing independent oversight of management in directing the Company's business and affairs. In our opinion, the designation of a lead independent director is not an adequate substitution for an independent Board Chairman.

Company Chairman, President and CEO Richard J. Dugas, Jr. has served as Chairman of the Board since August 18, 2009. During the first 12 months after the appointment of Mr. Dugas as Chairman, our Company's stock price fell approximately 33 percent. We believe that our Company could have benefited from having an independent director rather than Mr. Dugas serve as Chairman during this period.

The Chairmen's Forum, an organization of non-executive board chairmen, has called on North American public companies to voluntarily adopt independent chairmanship as the default model. An independent chairman curbs conflicts of interest, promotes oversight of risk, manages the relationship

between the board and the CEO, serves as a conduit for regular communication with shareowners, and is a logical next step in the development of an independent board. (Millstein Center for Corporate Governance and Performance, Yale School of Management. *Chairing the Board: The Case for Independent Leadership in Corporate North America*, 2009).

In our view, when the CEO serves as Chairman, this arrangement may hinder the ability of the Board of Directors to monitor the CEO's performance and to provide the CEO with objective feedback and guidance. Andrew Grove, former chairman and CEO of Intel Corporation, recognized this when he stated: "The separation of the two jobs goes to the heart of the conception of a corporation. Is a company a sandbox for the CEO, or is the CEO an employee? If he's an employee, he needs a boss, and that boss is the board. The chairman runs the board. How can the CEO be his own boss?" (*Business Week*, November 11, 2002.)

We believe an independent Chairman can enhance investor confidence in our Company and strengthen the independent leadership of the Board.

We urge you to vote FOR this resolution.

***The Board of Directors recommends a vote AGAINST this proposal for the following reasons:***

The Board of Directors strongly endorses the view that one of its primary functions is to protect shareholders' interests by providing independent oversight of management. However, the Board of Directors does not believe that mandating a particular structure, such as an independent Chairman of the Board, would enhance the Board's current effective oversight on behalf of shareholders. In fact, the Board of Directors believes that restricting its ability to structure the Board of Directors in the manner it believes best, in the exercise of its judgment, would harm, rather than help, the Board of Directors in the fulfillment of its duty to protect shareholders' interests by eliminating the ability of the Board of Directors to consider whether a current or former executive officer is best positioned to serve in the role of Chairman of the Board at any given time. The Board of Directors believes that PulteGroup's establishment of an independent Lead Director position, as well as its existing corporate governance standards, its commitment to Board independence and the fiduciary obligations imposed upon all directors by state law ensure that the Board of Directors will continue to fulfill its obligation of protecting shareholders' interests.

The Board of Directors has established the position of Lead Director, which is required to be filled by an independent director selected by the other independent directors. The Lead Director's key role is to work with the Chairman and the 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. The Lead Director's duties also include, among other things, calling and chairing regular executive sessions of the non-management directors and the independent directors, 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 meetings, being available for consultation and direct communication, if requested, by our major shareholders and 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.

The Board of Directors is committed to high standards of corporate governance and, to this end, has adopted specific corporate governance and executive compensation standards and practices to protect shareholders' interests. Our corporate governance standards are set forth in a Business Practices



Policy, a Code of Ethics and Corporate Governance Guidelines. Each of these standards is reviewed on an annual basis and is amended as the Board of Directors deems appropriate and as needed to incorporate the requirements of the NYSE and the Securities and Exchange Commission under the Sarbanes-Oxley Act of 2002 and is posted on our website. In addition, a phase-out of our classified Board structure is being implemented, beginning at the 2011 annual meeting of shareholders, so that, as of the 2013 annual meeting of shareholders, all of our directors will stand for election on an annual basis. Moreover, our compensation practices are regularly reviewed by our Compensation and Management Development Committee (comprised solely of independent directors), as well as the Board's independent compensation consultant, and the Board of Directors believes they are in line with appropriate benchmarks.

Additionally, the Board of Directors has been, and continues to be, a strong proponent of Board independence, which it believes serves to protect shareholders' interests. Currently, nine of PulteGroup's eleven directors, including each member of the Audit, Nominating and Governance and Compensation and Management Development Committees, qualify as independent directors under the NYSE's independence standards and the Sarbanes-Oxley Act of 2002. Additionally, all committees of the Board of Directors have authority to seek legal, financial or other expert advice from a source independent from management.

The Board of Directors believes this governance structure and these practices ensure that strong and independent directors will continue to effectively oversee the Company's management, compensation decisions and key issues related to long-range business plans, long-range strategic issues and risks and integrity.

Moreover, all directors of the Company, including the Chairman, are bound by fiduciary obligations under state law to serve the best interests of our shareholders. Prohibiting current or former executive officers from serving as Chairman would not in any way enhance the obligations of any director of the Company to fulfill his or her fiduciary duties.

Finally, notwithstanding the statements in the proponent's supporting statement, there currently is not a clear consensus in the United States that requiring an independent chairman or requiring separation of the chairman and CEO roles is always in the best interests of a company and its shareholders. Indeed, according to the publicly available Spencer Stuart US Board Index 2010 (released October 2010 and available at [spencerstuart.com](http://spencerstuart.com)), only 19 percent of the S&P 500 companies had an independent chairman in 2010.

The Board of Directors believes that it should not have an arbitrary policy as to the independence of the Chairman but, rather, should consider it, together with other relevant factors, when a Chairman is appointed. The Board of Directors believes that it needs to retain the flexibility to exercise its judgment to appoint as Chairman someone with hands-on knowledge of and experience in the operations of the Company. The Board of Directors believes that this proposal would impose an unnecessary restriction that would not strengthen the Board's independence or oversight functions and would, therefore, not be in the best interests of the Company's shareholders.

***The Board of Directors recommends a vote AGAINST this proposal.***

## PROPOSAL SIX

The Laborers' District Council and Contractors' Pension Fund of Ohio, 800 Hillsdowne Road, Westerville, Ohio 43081-3302, which has represented to us that it beneficially owns approximately 752 of our shares, has submitted the following proposal.

### PERFORMANCE-BASED OPTIONS PROPOSAL

**Resolved:** That the shareholders of PulteGroup, Inc. (the "Company") request that the Compensation Committee of the Board of Directors adopt a policy that a significant portion of future stock option grants to senior executives shall be performance-based. Performance-based options are defined as follows: (1) indexed options, in which the exercise price is linked to an industry or well-defined peer group index; (2) premium-priced stock options, in which the exercise price is set above the market price on the grant date; or (3) performance-vesting options, which vest when a performance target is met.

**Supporting Statement:** As long-term shareholders of the Company, we support executive compensation policies and practices that provide challenging performance objectives and serve to motivate executives to enhance long-term corporate value. We believe that standard fixed-price stock option grants can and often do provide levels of compensation well beyond those merited, by reflecting stock market value increases, not performance superior to the company's peer group.

Our shareholder proposal advocates performance-based stock options in the form of indexed, premium-priced or performance-vesting stock options. With indexed options, the option exercise price moves with an appropriate peer group index so as to provide compensation value only to the extent that the company's stock price performance is superior to the companies in the peer group utilized. Premium-priced options entail the setting of an option exercise price above the exercise price used for standard fixed-priced options so as to provide value for stock price performance that exceeds the premium option price. Performance-vesting options encourage strong corporate performance by conditioning the vesting of granted options on the achievement of demanding stock and/or operational performance measures.

Our shareholder proposal requests that the Company's Compensation Committee utilize one or more varieties of performance-based stock options in constructing the long-term equity portion of the senior executives' compensation plan. The use of performance-based options, to the extent they represent a significant portion of the total options granted to senior executives, will help place a strong emphasis on rewarding superior corporate performance and the achievement of demanding performance goals.

Leading investors and market observers, such as Warren Buffet and Alan Greenspan, have criticized the use of fixed-price options on the grounds that they all too often reward mediocre or poor performance. The Conference Board's Commission on Public Trust and Private Enterprise in 2002 looked at the issue of executive compensation and endorsed the use of performance-based options to help restore public confidence in the markets and U.S. corporations.

At present, the Company does not employ performance-based stock options as defined in this proposal, so shareholders cannot be assured that only superior performance is being rewarded. Performance-based options can be an important component of a compensation plan designed to focus senior management on accomplishing long-term corporate strategic goals and superior long-term corporate performance. We urge your support for this important executive compensation reform.

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***The Board of Directors recommends a vote AGAINST this proposal for the following reasons:***

The Board of Directors believes that performance-based compensation is an essential component of executive compensation. As described in the Compensation Discussion and Analysis on page 26 of this Proxy Statement, the Company's Compensation and Management Development Committee is committed to pay-for-performance; accordingly, a significant portion of the Company's executive compensation is performance-based. The Board of Directors also believes that compensation should be competitive with our direct competitors in the homebuilding industry, as well as other companies of similar size and complexity, and should be designed to align the short-term and long-term interests of employees with those of shareholders.

The Board of Directors believes that the Compensation and Management Development Committee, which is comprised solely of directors who are independent as defined by the NYSE listing standards, is the governing body best suited to formulate executive compensation principles and practices that reflect the interests of shareholders, while retaining the ability to address the specific needs of the Company's business. Executive compensation practices are influenced by a wide range of complex factors, including changes in strategic goals, regulatory developments and the competitive compensation practices of other companies. As a result, it is important that the Committee retain the flexibility to select incentives that balance these influences and that the Committee have the ability to respond quickly to changes that may otherwise limit the Company's ability to attract, motivate and retain key talent.

The Board of Directors feels that the Company's current compensation policies and programs are already performance-based, and that a policy requiring that a significant portion of future option grants to senior executives be performance-based as described in the proposal would not provide an advantage over those currently used by the Company. Specifically, the Company's 2004 Stock Incentive Plan, which was approved by shareholders, provides that the Compensation and Management Development Committee may, in its discretion, grant performance-based options. The Board of Directors believes that it is important that the Compensation and Management Development Committee retain this discretion and not be constrained by a policy mandating that a significant portion of option grants be performance-based. The Company's performance-based compensation is linked to measures that drive specific outcomes, including both long-term and short-term incentive programs.

Moreover, fixed-price options already are performance-based because the exercise price equals the market value of the Company's common shares on the date of the award. Accordingly, no economic benefit is conferred on the optionee unless the Company's shares increase in value subsequent to the award date. Options generally vest over a period of years. These vesting periods require long-term focus on Company performance in order for the employee to realize any value from the exercise of options. The Compensation and Management Development Committee believes it appropriate for there to be elements of equity-based compensation in which employees are able to realize the full benefits of positive market performance and experience the effects of negative market performance, as do shareholders. The Compensation and Management Development Committee believes that fixed-price options provide an objective performance metric that is directly aligned with the interests of shareholders and is an appropriate performance measure for the Company.

Further, the majority of our significant competitors use fixed-price options, rather than performance-based options. Limiting the Compensation and Management Development Committee's ability to establish compensation packages in line with those of our competitors could place us at a competitive disadvantage in attracting, motivating, rewarding and retaining superior executive talent. The Board of Directors believes that the Compensation and Management Development Committee must have the flexibility to create compensation policies appropriate to the competitive environment in which PulteGroup competes for senior executives.

The Compensation and Management Development Committee has used other types of long-term incentive vehicles and may continue to do so in the future, as permitted under the Company's shareholder-approved equity incentive plan, to support particular business strategies, retention initiatives and/or recruiting activities, taking into account circumstances as they exist from time to time, including changing economic and industry conditions, accounting requirements and tax laws, together with evolving governance trends. However, the Board of Directors believes that the Compensation and Management Development Committee should not be constrained in determining which types or combinations of long-term incentive vehicles are the most appropriate and effective for a given situation.

*The Board of Directors recommends a vote AGAINST this proposal.*

#### **PROPOSAL SEVEN**

The Trust for the International Brotherhood of Electrical Workers Pension Benefit Fund, 900 Seventh Street, NW, Washington DC 20001, which has represented to us that it owns more than \$2,000 worth of our shares, has submitted the following shareholder proposal.

#### **PROPOSAL REQUESTING CUMULATIVE VOTING**

##### **IN THE CONTESTED ELECTION OF DIRECTORS**

**RESOLVED:** That the stockholders of PulteGroup, Inc. (the Company) hereby request the Board of Directors to take the necessary steps to provide for cumulative voting in the contested election of directors, which means each stockholder shall be entitled to as many votes as shall equal the number of shares he or she owns multiplied by the number of directors to be elected, and he or she may cast all of such votes for a single candidate, or any two or more of them as he or she may see fit.

**SUPPORTING STATEMENT:** Cumulative voting means that each shareholder may cast as many votes as equal the number of shares held, multiplied by the number of directors to be elected. Each shareholder may cast all such cumulated votes for a single candidate or split votes between one or more candidates, as each shareholder sees fit.

We believe that cumulative voting provides shareholders the ability to have more meaningful input in selecting their representatives to the Board of Directors. Cumulative voting allows shareholders a greater opportunity to be more deliberate in directing whatever portion of their ownership stake they determine to support or withhold support from a particular director, which we believe makes the election results more informative and useful to the Board and its nominating committee going forward.

We also believe that cumulative voting increases the possibility of electing at least one director with a viewpoint independent of management. In our opinion, this will help achieve the objective of the board representing all shareholders.

We urge our fellow shareholders to vote yes for cumulative voting and the opportunity to enhance our Board with a more independent perspective.

*The Board of Directors recommends a vote AGAINST this proposal for the following reasons:*

Our current method for the election of directors, like that of most major publicly traded corporations, provides that each common share is entitled one vote for each nominee for director. This method of voting allows all shareholders to vote on the basis of their share ownership. The Board of Directors believes that this method of voting is the most fair and the most likely to produce an effective Board of Directors that will represent the interests of all of our shareholders.

In contrast, cumulative voting could promote special interest representation on the Board of Directors by enabling minority shareholders to affect the outcome of contested director elections in a manner that is disproportionate to their economic investment in the Company. Implementation of the proposal would enable a shareholder or shareholder group to have a disproportionate effect on a contested election of directors, possibly leading to the election of directors who advocate the positions of the shareholder or group responsible for their election, rather than positions that are in the best interests of all shareholders. The Board of Directors believes that no director should represent or favor the interests of any one shareholder or group of shareholders. Rather, each director should represent the shareholders as a whole. In addition, support by directors of the special interests of the constituencies that elect them could create partisanship and divisiveness among members of the Board of Directors and impair the Board's ability to operate effectively as a governing body, to the detriment of all shareholders.

The likelihood that a director would support the special interests of the constituency that elected the director is greater where the director is elected in a contested election, which is the only type of election in which the proposal would require cumulative voting. Similarly, the use of cumulative voting to elect a director in an election that is contested is more likely to give rise to partisanship and divisiveness, which could weaken the ability of the Company's directors to work effectively together, which we believe is essential to the successful functioning of any board of directors.

The proponent states that cumulative voting increases the possibility of electing at least one director with a viewpoint independent of management and that adoption of the proposal would provide the opportunity to enhance our Board of Directors with a more independent perspective. The Board of Directors, however, already has a robust process to ensure the nomination and election of independent directors. 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 set forth in SEC rules and regulations and the NYSE listing standards. Procedures adopted by the Nominating and Governance Committee, which itself is composed solely of independent directors, include an examination of the candidate's qualifications in light of our standards for overall structure and composition of the Board of Directors and the minimum director qualifications set forth in our Corporate Governance Guidelines, as well as the candidate's independence. Currently, all but two of our directors are independent.

The Board of Directors strongly believes the current method of voting best promotes the election of directors who will represent the interests of our shareholders as a whole.

***The Board of Directors recommends a vote AGAINST this proposal.***

## OTHER MATTERS

### Multiple Shareholders Sharing the Same Address

If you and other residents at your mailing address own common shares in street name, your broker or bank may have sent you a notice that your household will receive only one annual report and proxy statement. This practice, known as householding, is designed to reduce our printing and postage costs. However, if any shareholder residing at such an address wishes to receive a separate annual report and proxy statement or if you are receiving multiple copies of proxy materials and would like to receive one set, you may contact Computershare and inform it of your request by phone at (888) 294-8217 or by mail at Computershare Investor Services, P.O. Box 43078, Providence, Rhode Island 02940-3078.

**Proxy solicitation cost**

PulteGroup pays the cost of soliciting proxies. Additionally, we hired D.F. King & Co., Inc. to assist in the distribution of proxy materials. The fee is expected not to exceed \$12,000, plus reasonable out-of-pocket expenses. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation material to shareholders.

**Shareholder proposals due for the 2012 annual meeting**

To be included in our proxy statement for next year's annual meeting, shareholder proposals must be in writing and received by PulteGroup by December 7, 2011. Shareholder proposals must be sent to Steven M. Cook, our Senior Vice President, General Counsel and Secretary, by certified mail, return receipt requested, or by recognized overnight courier, at the following address:

Steven M. Cook

Senior Vice President, General Counsel and Secretary

PulteGroup, Inc.

100 Bloomfield Hills Parkway, Suite 300

Bloomfield Hills, Michigan 48304

Shareholder proposals that are intended to be presented at our 2012 annual meeting of shareholders, but that are not intended to be considered for inclusion in our proxy statement and proxy related to that meeting, must be made in writing and sent to Mr. Cook by certified mail, return receipt requested, or recognized overnight courier at the mailing address specified for him above, and must be received by PulteGroup by February 20, 2012. Our form of proxy will confer discretionary authority to vote on proposals not received by that date, and the persons named in our form of proxy will vote the shares represented by such proxies in accordance with their best judgment.

**Communicating with the Board**

You may communicate directly with the Board of Directors, the non-management directors as a group or any individual director or directors by writing to our Secretary at the mailing address specified for him above. You should indicate on the outside of the envelope the intended recipient (i.e., full Board of Directors, non-management directors as a group or any individual director or directors) of your communication. Each communication intended for the Board of Directors or any of PulteGroup's non-management directors and received by our Secretary will be promptly forwarded to the specified party.

## Electronic Voting Instructions

**You can vote by Internet or telephone!**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on May 11, 2011.**

### **Vote by Internet**

Log on to the Internet and go to

**[www.investorvote.com/PHM](http://www.investorvote.com/PHM)**

Follow the steps outlined on the secured website.

### **Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada any time on a touch tone telephone. There is **NO CHARGE** to you for the call.

Using a **black ink** pen, mark your votes with an **X** as shown in **X**

this example. Please do not write outside the designated areas.

Follow the instructions provided by the recorded message.

q **IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.** q

**A Proposals** The Board of Directors recommends a vote FOR Proposals 1 - 3, every 1 Year for Proposal 4 and AGAINST Proposals 5 - 7.

1. Election of Directors:		For	Withhold			For	Withhold				+	
01 - Brian P. Anderson		..	..	02 - Cheryl W. Grisé		..	..					
(one-year term)				(one-year term)								
03 - Patrick J. O Leary		..	..	04 - Thomas M. Schoewe		..	..					
(one-year term)				(one-year term)								
				For	Against	Abstain			For	Against	Abstain	
2. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm.		..	..	..	3. An advisory vote on executive compensation.		..	..	..			
				1 Yr	2 Yrs	3 Yrs	Abstain			For	Against	Abstain
4. An advisory vote on the frequency with which an advisory vote on executive compensation should be held.		..	..	..	..	5. A shareholder proposal requesting an amendment to the Company's Corporate Governance Guidelines to require that the Chairman of the Board of Directors be an independent director, if properly presented at the meeting.		..	..	..		
				For	Against	Abstain			For	Against	Abstain	
6. A shareholder proposal regarding the use of performance-based options, if properly presented at the meeting.		..	..	..	7. A shareholder proposal requesting cumulative voting in the contested election of directors, if properly presented at the meeting.		..	..	..			



**B Authorized Signatures** This section must be completed for your vote to be counted. Date and Sign Below

Please sign exactly as your name appears hereon. Joint owners each should sign. Executors, administrators, insurers, guardians or other fiduciaries should give full title as such. If signing for a corporation, please sign in full corporate name by a duly authorized officer.

Date (mm/dd/yyyy) Please print date below.

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

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**2011 Annual Meeting Admission Ticket**

**2011 Annual Meeting of**

**PulteGroup, Inc. Shareholders**

**May 11, 2011**

**Upon arrival, please present this admission ticket**

**and photo identification at the registration desk.**

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

**Proxy PulteGroup, Inc.**

**+**

**PROXY SOLICITED BY THE BOARD OF DIRECTORS OF PULTEGROUP, INC.**

**ANNUAL MEETING OF SHAREHOLDERS MAY 11, 2011**

The undersigned authorizes each of Richard J. Dugas, Jr. and Steven M. Cook, with full power of substitution and resubstitution, to represent and vote the undersigned's shares as his, her or its proxy at the annual meeting of PulteGroup's shareholders to be held on May 11, 2011, and at any adjournments thereof.

The undersigned acknowledges receipt of the notice of the annual meeting of PulteGroup's shareholders, the related proxy statement and the Annual Report for 2010.

The undersigned revokes any proxy or proxies previously given for such shares. The undersigned ratifies and confirms any actions that the persons holding the undersigned's proxy, or their substitutes, by virtue of this executed card take in accordance with the proxy granted hereunder. If only one attorney and proxy shall be present and acting, then that one shall have and may exercise all the powers of said attorneys and proxies.

The shares represented by this proxy card will be voted in accordance with specifications made herein. If no specifications are made, this proxy will be voted FOR Proposals (1), (2) and (3), FOR holding the advisory vote on executive compensation annually under Proposal (4), and AGAINST Shareholder Proposals (5), (6) and (7).

**PLEASE MARK, DATE AND SIGN, AND RETURN THIS PROXY CARD PROMPTLY, USING THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES OF AMERICA.**

**C Non-Voting Items**

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**Change of Address** Please print new address below.

**Comments** Please print your comments below.

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**IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A C ON BOTH SIDES OF THIS CARD.**

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