

HORTON D R INC /DE/  
Form 8-K  
November 10, 2015

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 8-K**

**Current Report**

**Pursuant to Section 13 or 15(d)**

**of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): November 4, 2015**

**D.R. Horton, Inc.**

**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction**

**1-14122**  
**(Commission**

**75-2386963**  
**(IRS Employer**

**of incorporation)**

**File Number)**

**Identification No.)**

**301 Commerce Street, Suite 500, Fort Worth, Texas 76102**

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**(Address of principal executive offices)**

**Registrant's telephone number, including area code: (817) 390-8200**

**Not Applicable**

**(Former Name or Former Address, if Changed Since Last Report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(e) *Compensatory Arrangements of Certain Officers*

**2015 Fiscal Year Compensation of Chairman of the Board, Chief Executive Officer and Chief Operating Officer.**

On November 4, 2015, the Compensation Committee of the Board of Directors determined and approved the performance compensation to be paid to Donald R. Horton, Chairman, David V. Auld, President and Chief Executive Officer, and Michael J. Murray, Executive Vice President and Chief Operating Officer, for the fiscal year ended September 30, 2015 ( *2015 fiscal year* ). Under the 2015 fiscal year cash performance bonus program, Mr. Horton had the opportunity to earn a cash performance bonus up to a maximum of 0.6% of the consolidated pre-tax income of the Company for each semi-annual period in the 2015 fiscal year. Mr. Auld had the opportunity to earn a cash performance bonus up to a maximum of 0.35% of the consolidated pre-tax income of the Company for each semi-annual period in the 2015 fiscal year. Mr. Murray had the opportunity to earn a cash performance bonus up to a maximum of 0.1% of the consolidated pre-tax income of the Company for each semi-annual period in the 2015 fiscal year.

For the six months ended March 31, 2015, consolidated pre-tax income was \$450,813,155 and for the six months ended September 30, 2015, consolidated pre-tax income was \$672,612,229. Under this program, Mr. Horton received \$2,704,879 for the semi-annual period ended March 31, 2015 and \$4,035,673 for the semi-annual period ended September 30, 2015, resulting in Mr. Horton receiving a total cash bonus in the amount of \$6,740,552 or 0.6% of consolidated pre-tax income for the 2015 fiscal year. Under this program, Mr. Auld received \$1,577,846 for the semi-annual period ended March 31, 2015 and \$2,354,143 for the semi-annual period ended September 30, 2015, resulting in Mr. Auld receiving a total cash bonus in the amount of \$3,931,989 or 0.35% of consolidated pre-tax income for the 2015 fiscal year. Under this program, Mr. Murray received \$450,813 for the semi-annual period ended March 31, 2015 and \$672,612 for the semi-annual period ended September 30, 2015, resulting in Mr. Murray receiving a total cash bonus in the amount of \$1,123,425 or 0.1% of consolidated pre-tax income for the 2015 fiscal year.

**Performance Determination of Grant of Performance Restricted Stock Units.**

On November 8, 2012, the Compensation Committee made an award of long-term performance restricted stock units ( *Performance RSUs* ) under the 2006 Stock Incentive Plan ( *2006 Plan* ) to Mr. Horton. The three-year performance period for the Performance RSUs was October 1, 2012 to September 30, 2015 ( *the Performance Period* ).

Vesting of the Performance RSUs was based on four performance goals. The four performance goals were (i) relative total shareholder return ( *TSR* ), (ii) relative return on investment ( *ROI* ), (iii) relative selling, general and administrative expense containment ( *SG&A* ) and (iv) relative gross profit ( *GP* ) ( *collectively, the Performance Goals* ). Each Performance

Goal was weighted twenty-five percent (25%) of the target number of Performance RSUs. The Performance RSUs had a target number of 200,000 for Mr. Horton which could be increased or decreased based on performance rankings at the end of the Performance Period.

After completion of the Performance Period, the Compensation Committee evaluated the performance achieved relative to peer group rankings for the four performance goals and the terms of the Performance RSUs and determined that Mr. Horton earned 286,116 Performance RSUs. The Compensation Committee approved payout of the Performance RSUs to Mr. Horton in the form of 286,116 shares of common stock valued at \$8,400,366. The value was determined based on the Company's stock price at September 30, 2015, the last day of the Performance Period.

**2016 Fiscal Year Compensation Program of Chairman of the Board, Chief Executive Officer and Chief Operating Officer.**

**Base Salaries.** The base salaries, annual performance-based bonus plans and other benefits for Mr. Horton, Mr. Auld and Mr. Murray for the fiscal year ending September 30, 2016 ( *2016 fiscal year* ) were also approved. Mr. Horton's annual base salary remains unchanged at \$1,000,000. Mr. Auld's annual base salary remains unchanged at \$700,000. Mr. Murray's annual base salary remains unchanged at \$500,000.

**Annual Performance Bonus.** Mr. Horton, Mr. Auld and Mr. Murray also have the opportunity to earn cash bonuses of up to 0.6%, 0.35% and 0.1%, respectively, of consolidated pre-tax income determined in accordance with generally accepted accounting principles and based on the two semi-annual performance periods ending March 31<sup>st</sup> and September 30<sup>th</sup> during the 2016 fiscal year.

The primary components of the 2016 fiscal year compensation program for Mr. Horton, Mr. Auld and Mr. Murray are set forth in Exhibit 10.1 to this Form 8-K and Exhibit 10.1 is hereby incorporated by reference into this Item 5.02.

**Three-Year Performance Restricted Stock Unit Award - Vesting September 30, 2018.**

On November 4, 2015, the Compensation Committee approved an award of performance restricted stock units ( *Performance RSUs* ) pursuant to the Company's 2006 Stock Incentive Plan, as amended and restated ( *2006 Plan* ) to the following executive officers and in the following amounts:

| Name              | Office                           | Target # of Performance Restricted Stock Units |
|-------------------|----------------------------------|--|
| Donald R. Horton  | Chairman of the Board            | 200,000  |
| David V. Auld     | President and CEO                | 100,000  |
| Michael J. Murray | Executive Vice President and COO | 30,000   |

The Performance RSUs relate to a three-year performance period beginning on October 1, 2015 and ending on September 30, 2018 (*the 2018 Performance Period*). The Performance RSUs will vest if four performance goals are satisfied. The four performance goals are total shareholder return (*TSR*), relative return on investment (*ROI*), relative selling, general and administrative expense containment (*SG&A*) and relative gross profit (*GP*) (*collectively, the Performance Goals*). Each Performance Goal is weighted twenty-five percent (25%) of the target number of Performance RSUs. The target number of Performance RSUs may be increased to a maximum number of 400,000 for Mr. Horton, 200,000 for Mr. Auld and 60,000 for Mr. Murray upon maximum achievement of each of the four Performance Goals and decreased to a minimum number of zero upon minimum achievement of each of the four Performance Goals based on relative performance to the Company's peer group or the S&P 500 Index TSR, as applicable. Performance and percentages that fall between the maximum RSUs, the Target RSUs and the minimum (zero) RSUs shall be ranked using linear interpolation.

Each Performance RSU represents the contingent right to receive one share of the Company's common stock if vesting is satisfied. The Performance RSUs have no rights to dividends or voting.

Vesting of the TSR Performance Goal component will be determined after the 2018 Performance Period based on a comparison of the Company's TSR to the S&P 500 Index's TSR as computed by Standard and Poor's using their TSR methodology. Vesting of the ROI, SG&A and GP Performance Goal components will be determined after the 2018 Performance Period based on the relative ranking of the Company's performance on each Performance Goal to each peer group company's performance on each Performance Goal. Any portion of the Performance RSUs that do not vest due to inadequate relative performance will be forfeited.

**2015 Fiscal Year Compensation of Other Named Executive Officer – Chief Financial Officer.**

The Board of Directors on recommendation of the Compensation Committee approved a discretionary bonus to the executive officer listed below consistent with past practices. The executive officer set forth below was a named executive officer (as defined in Item 402(a)(3) of Regulation S-K) of the Company as of the end of the Company's 2015 fiscal year. There have been no changes to the discretionary bonus plan of the below listed named executive officer as previously approved by the Board of Directors. A summary of the bonus is as follows:

| Name          | Office                           | Annual<br>Discretionary Bonus<br>for the Year<br>Ended<br>September 30,<br>2015 |
|---------------|----------------------------------|---|
| Bill W. Wheat | Executive Vice President and CFO | \$ 950,000  |

Of Mr. Wheat's annual bonus, \$450,000 related to the semi-annual period ended March 31, 2015 and \$500,000 related to the semi-annual period ended September 30, 2015, of which \$100,000 was paid in the form of 3,355 shares of the Company's common stock based on the closing price of \$29.80 on November 4, 2015.

**Three-Year Time Vesting Restricted Stock Unit Award.**

On November 4, 2015, the Compensation Committee approved an award of restricted stock units ( *Time Vesting RSUs* ) pursuant to 2006 Stock Incentive Plan, as amended and restated, to the following executive officer and in the following amount:

| Name          | Office                           | Number of Time Vesting Restricted Stock Units |
|---------------|----------------------------------|---|
| Bill W. Wheat | Executive Vice President and CFO | 30,000  |

The Time Vesting RSUs vest at a rate of 10,000 per year over a three-year period ending November 4, 2018.

**2016 Fiscal Year Compensation of Other Named Executive Officer - Chief Financial Officer.**

The Board of Directors established and approved the 2016 fiscal year annual base salary and 2016 fiscal year compensation program for Mr. Wheat. Mr. Wheat's annual base salary remains unchanged at \$500,000.

A summary of the 2016 fiscal year compensation program for Mr. Wheat is set forth in Exhibit 10.2 to this Form 8-K and Exhibit 10.2 is hereby incorporated by reference into this Item 5.02.

**Board and Committee Compensation.**

On November 5, 2015, the Board of Directors of the Company approved director fees, committee member fees and committee chairperson fees to be paid to non-management directors of the Company in the 2016 fiscal year. All director fees remained at the same level as the 2015 fiscal year. Board of Directors fees are \$15,000 per meeting, not to exceed \$60,000 per year.

A summary of the non-management director, committee and chairperson fees is set forth in Exhibit 10.3 to this Form 8-K and Exhibit 10.3 is hereby incorporated by reference into this Item 5.02.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

- 10.1 Summary of Executive Compensation Notification Chairman, Chief Executive Officer and Chief Operating Officer
- 10.2 Summary of Executive Compensation Notification Other Executive Officer Chief Financial Officer
- 10.3 Summary of Director, Committee and Chairperson Compensation

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**D. R. Horton, Inc.**

Date: November 10, 2015

By: /s/ THOMAS B. MONTANO  
Thomas B. Montano  
Vice President and Corporate and Securities  
Counsel



**EXHIBIT INDEX**

| <b>Exhibit<br/>Number</b> | <b>Description</b>   |
|---------------------------|--|
| 10.1                      | Summary of Executive Compensation Notification Chairman, Chief Executive Officer and Chief Operating Officer |
| 10.2                      | Summary of Executive Compensation Notification Other Executive Officer Chief Financial Officer               |
| 10.3                      | Summary of Director, Committee and Chairperson Compensation  |