

HORTON D R INC /DE/  
Form 8-K  
November 13, 2013

**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 7, 2013**

**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.**

*(c) Appointment of Certain Officers*

On November 7, 2013, the Board of Directors appointed and promoted David V. Auld, age 57, to the office of Executive Vice President and Chief Operating Officer. For the Company's fiscal year ending September 30, 2014, Mr. Auld is expected to be a named executive officer in the Company's proxy statement and will be a Section 16 reporting person.

Mr. Auld has more than 25 years of experience in the residential development and home building industry. Mr. Auld joined D.R. Horton in 1988 as the division president of the Company's Orlando division. In 2005, he was promoted to serve as the region president of the Company's East homebuilding region. Prior to joining D.R. Horton, David worked for Texas American Bank and General Dynamics. He graduated from Texas Tech University in 1978 with a bachelor of business administration degree in accounting.

*(e) Compensatory Arrangements of Certain Officers*

**2013 Fiscal Year Compensation of Chairman and Chief Executive Officer.**

On November 7, 2013, the Compensation Committee of the Board of Directors determined and approved the performance compensation to be paid to Donald R. Horton, Chairman, and to Donald J. Tomnitz, President and Chief Executive Officer, for the fiscal year ended September 30, 2013 ( *2013 fiscal year* ). Under the 2013 fiscal year cash performance bonus program, Mr. Horton and Mr. Tomnitz each had the opportunity to earn a cash performance bonus up to a maximum of 1% of the consolidated pre-tax income of the Company for each semi-annual period in the 2013 fiscal year. Under this program, Mr. Horton and Mr. Tomnitz each received \$2,499,999 for the semi-annual period ended March 31, 2013 and each received \$2,412,646 for the semi-annual period ended September 30, 2013 resulting in Mr. Horton and Mr. Tomnitz each receiving a total cash bonus in the amount of \$4,912,645 or 0.75% of consolidated pre-tax income for the 2013 fiscal year. The Compensation Committee used its discretion to reduce the percentage paid from a maximum of 1% to 0.75% of consolidated pre-tax income for the 2013 fiscal year.

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

On November 11, 2010, 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 and Mr. Tomnitz. The three year performance period for the Performance RSUs was October 1, 2010 to September 30, 2013 ( *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 is weighted twenty-five percent (25%) of the target number of Performance RSUs. The Performance RSUs had a target number of 150,000 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 relative peer group rankings for the four performance goals and the terms of the Performance RSUs and determined that Mr. Horton and Mr. Tomnitz and based on the performance rankings achieved each vested in 243,750 Performance RSUs. The Compensation Committee approved payout of the Performance RSUs to each of Mr. Horton and Mr. Tomnitz in the form of 243,750 shares of common stock valued at \$4,736,063 as of September 30, 2013, the last day of the Performance Period.

**2014 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. Tomnitz and Mr. Auld for the fiscal year ending September 30, 2014 ( *2014 fiscal year* ) were also approved by the Compensation Committee. Mr. Horton's base annual salary remains unchanged at \$1,000,000 and Mr. Tomnitz's base annual salary remains unchanged at \$900,000. Mr. Auld's base annual salary shall be \$500,000.

**Annual Performance Bonus.** Mr. Horton and Mr. Tomnitz also have the opportunity to earn cash bonuses of up to 0.6% 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 2014 fiscal year, while Mr. Auld also has the opportunity to earn cash bonuses of up to 0.25% of consolidated pre-tax income for the same two semi-annual performance periods.

The primary components of the 2014 fiscal year compensation program for Mr. Horton, Mr. Tomnitz, and Mr. Auld 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 Units Award - Vesting September 30, 2016.**

On November 7, 2013, 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  |
| Donald J. Tomnitz | President and CEO     | 150,000  |

The Performance RSUs relate to a three-year performance period beginning on October 1, 2013 and ending on September 30, 2016 (*the 2016 Performance Period*). The Performance RSUs will vest if four performance goals are satisfied. The four performance goals relate to relative 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 and 300,000 for Mr. Tomnitz 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. Performance and percentages that fall between the maximum RSUs, the Target RSUs and the minimum (zero) RSUs shall be ranked using linear interpolation. The Company's peer group includes ten publicly traded homebuilding companies, and with the Company included, includes eleven homebuilding companies in the final rankings.

Each Performance RSU represents the contingent right to receive one share of the Company's common stock if vesting is satisfied. The Compensation Committee reserves the sole discretion to pay the final earned and vested Performance RSUs in equity, cash or a combination of both. The Performance RSUs have no rights to dividends or voting.

Vesting of the TSR Performance Goal component will be determined after the 2016 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 2016 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. The Compensation Committee may use its sole discretion to adjust downward, in part or in whole the vested Performance RSUs or the value of the Performance RSUs based on performance of the Company, including based on total annual pre-tax income or stock price of the Company, the performance of the participant or other factors.

#### **2013 Fiscal Year Compensation of Other Named Executive Officers.**

The Board of Directors on recommendation of the Compensation Committee approved discretionary bonuses to the executive officers listed below consistent with past practices. The executive officers set forth below were named executive officers (as defined in Item 402(a)(3) of Regulation S-K) of the Company as of the end of the Company's 2013 fiscal year. There have been no changes to the discretionary bonus plans of the below listed named executive officers as previously approved by the Board of Directors. A summary of the bonuses is as follows:

| Name            | Office   | Annual<br>Discretionary Bonus<br>for the Year<br>Ended<br>September 30,<br>2013 |
|-----------------|--|---|
| Bill W. Wheat   | Executive Vice President and<br>Chief Financial<br>Officer | \$ 500,000  |
| Stacey H. Dwyer | Executive Vice<br>President and<br>Treasurer               | \$ 400,000  |

For each of Mr. Wheat and Ms. Dwyer, \$175,000 of the annual bonus related to the semi-annual period ended March 31, 2013 and \$325,000 related to the semi-annual period ended September 30, 2013 for Mr. Wheat and \$225,000 related to the semi-annual period ended September 30, 2013 for Ms. Dwyer. For Mr. Wheat, \$100,000 of his \$325,000 semi-annual bonus was paid in the form of shares of common stock of the Company.

**2014 Fiscal Year Compensation of Other Named Executive Officers.**

The Board of Directors established and approved the 2014 fiscal year annual base salaries and 2014 fiscal year compensation programs for Bill W. Wheat and Stacey H. Dwyer.

A summary of the 2014 compensation program for each of Mr. Wheat and Ms. Dwyer 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 7, 2013, the Board of Directors of the Company approved cash director fees, committee member fees and committee chairperson fees to be paid to non-management directors of the Company in the 2014 fiscal year. All cash director fees remained at the same levels from the prior 2013 fiscal year. Board of Directors fees are \$15,000 per meeting but not to exceed \$60,000 per year. Director fees, committee fees and chairperson fees are only paid to non-management directors.

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 Officers
- 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 13, 2013

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 Officers                                      |
| 10.3                      | Summary of Director, Committee and Chairperson Compensation  |