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Form 10-Q  
July 02, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended May 31, 2015.

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from [ ] to [ ].

Commission File No. 001-09195

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(Exact name of registrant as specified in its charter)

Delaware

95-3666267

(State of incorporation)

(IRS employer identification number)

10990 Wilshire Boulevard

Los Angeles, California 90024

(310) 231-4000

(Address and telephone number of principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of May 31, 2015.

There were 92,017,178 shares of the registrant's common stock, par value \$1.00 per share, outstanding on May 31, 2015. The registrant's grantor stock ownership trust held an additional 10,335,461 shares of the registrant's common stock on that date.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

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## CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands, Except Per Share Amounts – Unaudited)

|  | Six Months Ended May 31, |             | Three Months Ended May 31, |           |
|--|--------------------------|-------------|----------------------------|-----------|
|  | 2015                     | 2014        | 2015                       | 2014      |
| Total revenues   | \$1,203,090              | \$1,015,694 | \$622,969                  | \$565,007 |
| Homebuilding:  |                          |             |                            |           |
| Revenues   | \$1,198,692              | \$1,010,663 | \$620,804                  | \$562,396 |
| Construction and land costs                              | (1,016,828)              | (825,834)   | (524,410)                  | (456,560) |
| Selling, general and administrative expenses             | (149,604)                | (132,818)   | (78,532)                   | (71,544)  |
| Operating income   | 32,260                   | 52,011      | 17,862                     | 34,292    |
| Interest income  | 255                      | 283         | 152                        | 115       |
| Interest expense   | (13,456)                 | (19,834)    | (8,118)                    | (8,558)   |
| Equity in income (loss) of unconsolidated joint ventures | (758)                    | 1,912       | (411)                      | (678)     |
| Homebuilding pretax income                               | 18,301                   | 34,372      | 9,485                      | 25,171    |
| Financial services:                                      |                          |             |                            |           |
| Revenues   | 4,398                    | 5,031       | 2,165                      | 2,611     |
| Expenses   | (1,892)                  | (1,704)     | (928)                      | (852)     |
| Equity in income (loss) of unconsolidated joint ventures | 2,365                    | (12)        | 1,951                      | (6)       |
| Financial services pretax income                         | 4,871                    | 3,315       | 3,188                      | 1,753     |
| Total pretax income                                      | 23,172                   | 37,687      | 12,673                     | 26,924    |
| Income tax expense                                       | (5,800)                  | (500)       | (3,100)                    | (300)     |
| Net income   | \$17,372                 | \$37,187    | \$9,573                    | \$26,624  |
| Earnings per share:                                      |                          |             |                            |           |
| Basic  | \$.19                    | \$.43       | \$.10                      | \$.30     |
| Diluted  | \$.18                    | \$.40       | \$.10                      | \$.27     |
| Weighted average shares outstanding:                     |                          |             |                            |           |
| Basic  | 91,974                   | 86,668      | 91,995                     | 89,529    |
| Diluted  | 101,470                  | 96,759      | 101,544                    | 99,508    |
| Cash dividends declared per common share                 | \$.050                   | \$.050      | \$.025                     | \$.025    |

See accompanying notes.

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CONSOLIDATED BALANCE SHEETS  
(In Thousands – Unaudited)

|  | May 31,<br>2015 | November 30,<br>2014 |
|--|-----------------|----------------------|
| Assets                                       |                 |                      |
| Homebuilding:                                |                 |                      |
| Cash and cash equivalents                    | \$439,920       | \$356,366            |
| Restricted cash                              | 27,213          | 27,235               |
| Receivables                                  | 151,578         | 125,488              |
| Inventories                                  | 3,393,672       | 3,218,387            |
| Investments in unconsolidated joint ventures | 77,935          | 79,441               |
| Deferred tax assets, net                     | 819,532         | 825,232              |
| Other assets                                 | 117,745         | 114,915              |
|  | 5,027,595       | 4,747,064            |
| Financial services                           | 11,465          | 10,486               |
| Total assets                                 | \$5,039,060     | \$4,757,550          |