

Taylor Morrison Home Corp  
Form DEF 14A  
April 12, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

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))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material pursuant to § 240.14a-12

**TAYLOR MORRISON HOME CORPORATION**

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(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(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:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



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Scottsdale, Arizona

April 12, 2016

Dear Stockholders:

You are cordially invited to attend the Taylor Morrison Home Corporation 2016 Annual Meeting of Stockholders on Wednesday, May 25, 2016 at 9:00 a.m. local time. The meeting will be held at 4800 N. Scottsdale Road, Theater G2, Scottsdale, Arizona 85251. Our board of directors has fixed the close of business on March 31, 2016 as the record date for determining those holders of our Class A common stock and Class B common stock entitled to notice of, and to vote at, the Annual Meeting of Stockholders and any adjournments or postponements of the Annual Meeting of Stockholders.

The Notice of Annual Meeting of Stockholders and Proxy Statement, both of which accompany this letter, provide details regarding the business to be conducted at the meeting, including proposals for the election of directors (Proposal 1), an advisory resolution to approve the compensation of our named executive officers (Proposal 2), the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016 (Proposal 3) and the approval of the amendment and restatement of the Taylor Morrison Home Corporation 2013 Omnibus Equity Award Plan (Proposal 4).

Our board of directors recommends that you vote **FOR** each of Proposals 1, 2, 3 and 4. Each proposal is described in more detail in this Proxy Statement.

Your vote is very important. Please vote your shares promptly, whether or not you expect to attend the meeting in person. You may vote over the Internet, as well as by telephone, or, if you requested to receive printed proxy materials, by mailing a proxy or voting instruction card. If you attend the Annual Meeting of Stockholders, you may vote in person if you wish, even though you have previously submitted your vote.

Sincerely,

Sheryl D. Palmer

President and Chief Executive Officer

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**TAYLOR MORRISON HOME CORPORATION**

4900 N. Scottsdale Road, Suite 2000

Scottsdale, Arizona 85251

## **Notice of Annual Meeting of Stockholders**

**To be Held on May 25, 2016**

The 2016 Annual Meeting of Stockholders of Taylor Morrison Home Corporation (the Annual Meeting ) will be held on Wednesday, May 25, 2016 at 9:00 a.m. local time at 4800 N. Scottsdale Road, Theater G2, Scottsdale, Arizona 85251 for the following purposes:

1. To elect four Class III directors nominated by our board of directors to serve until the 2019 Annual Meeting of Stockholders;
2. To conduct an advisory vote to approve the compensation of our named executive officers;
3. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
4. To approve the amendment and restatement of the Taylor Morrison Home Corporation 2013 Omnibus Equity Award Plan (the Amended and Restated Plan ); and
5. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements of the Annual Meeting.

Only holders of record of our Class A common stock and Class B common stock (collectively, our common stock ) at the close of business on March 31, 2016 (the Record Date ) will be entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements of the Annual Meeting.

This Notice of Annual Meeting of Stockholders and Proxy Statement are first being distributed or made available, as the case may be, on or about April 12, 2016.

Our stockholders and persons holding proxies from stockholders may attend the Annual Meeting. If your shares are registered in your name, you must bring a form of identification to the Annual Meeting. If your shares are held in the name of a bank, broker or other nominee, you must bring proof of ownership that confirms you are the beneficial owner of those shares.

By order of the board of directors,

Darrell C. Sherman

Executive Vice President, Chief Legal Officer

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and Secretary

Scottsdale, Arizona

April 12, 2016

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 25, 2016**

**THIS PROXY STATEMENT AND OUR ANNUAL REPORT ON FORM 10-K ARE AVAILABLE AT: [WWW.PROXYVOTE.COM](http://WWW.PROXYVOTE.COM)**

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## Proxy Statement Summary

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and you should review all of the information contained in the Proxy Statement before voting.

**Annual Meeting of Stockholders**

**Date:** Wednesday, May 25, 2016  
**Time:** 9:00 a.m., local time  
**Location:** 4800 N. Scottsdale Road, Theater G2, Scottsdale, Arizona 85251  
**Record Date:** March 31, 2016  
**Voting:** Stockholders as of the record date are entitled to vote. Each share of Class A common stock and Class B common stock is entitled to one vote per share.

**Proposals and Voting Recommendations**

	<b>Board</b>	
	<b>Recommendation</b>	<b>Page</b>
Election of Directors		
Kelvin Davis	For	5
James Henry	For	5
Anne L. Mariucci	For	5
Rajath Shourie	For	5
Advisory vote on the compensation of our named executive officers	For	45
Ratification of our independent auditor	For	46
Approval of the Amendment and Restatement of our 2013 Omnibus Equity Award Plan	For	49

**Voting Methods**

You can vote in one of four ways:

Visit [www.proxyvote.com](http://www.proxyvote.com) to vote VIA THE INTERNET

Call 1-800-690-6903 to vote BY TELEPHONE

If you received printed proxy materials, sign, date and return your proxy card in the prepaid enclosed envelope to vote BY MAIL

Attend the meeting to vote IN PERSON

To reduce our administrative and postage costs and the environmental impact of the Annual Meeting, we encourage stockholders to vote via the Internet or by telephone, both of which are available 24 hours a day, seven days a week, until 11:59 p.m. Eastern Time on May 24, 2016. Stockholders may revoke their proxies at the times and in the manners described on page 3 of this Proxy Statement.

If your shares are held in street name through a bank, broker or other nominee, you will receive voting instructions from the holder of record that you must follow in order for your shares to be voted. If you wish to vote in person at the meeting, you must obtain a legal proxy from the bank, broker or other nominee that holds your shares.



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**GENERAL INFORMATION**

**TAYLOR MORRISON HOME CORPORATION**

**4900 N. Scottsdale Road, Suite 2000**

**Scottsdale, Arizona 85251**

## **Proxy Statement**

# **For the 2016 Annual Meeting of Stockholders**

## **General Information Concerning Proxies and Voting at the Annual Meeting**

### **Why did I receive these proxy materials?**

We are providing these proxy materials in connection with the solicitation by the board of directors of Taylor Morrison Home Corporation (the Company, TMHC, we, us, or our ), a Delaware corporation, of proxies to be voted at our 2016 annual meeting of stockholders (the Meeting ) and at any adjournment or postponement of the Annual Meeting. In accordance with rules of the Securities and Exchange Commission ( SEC ), on or about April 12, 2016, we sent a Notice of Internet Availability of Proxy Materials (or, upon your request, will deliver printed versions of these proxy materials) and made available our proxy materials over the Internet to the holders of our common stock as of the close of business on the Record Date.

### **When and where will the Annual Meeting be held?**

The Annual Meeting will be held at 4800 N. Scottsdale Road, Theater G2, Scottsdale, Arizona 85251, on Wednesday, May 25, 2016 at 9:00 a.m. local time. For directions, please contact our Investor Relations department at 480-734-2060.

### **What information is included in this Proxy Statement?**

The information in this Proxy Statement relates to the proposals to be voted on at the Annual Meeting, the voting process, our board of directors and board committees, corporate governance, the compensation of current directors and certain executive officers for the year ended December 31, 2015, and other information.

### **Who is entitled to vote?**

Holders of our Class A common stock and Class B common stock (collectively, our common stock ) at the close of business on March 31, 2016 ( the Record Date ) are entitled to vote at the Annual Meeting. As of the close of business on the Record Date, there were 31,886,661 shares of our Class A common stock outstanding and entitled to vote and 89,106,748 shares of our Class B common stock outstanding and entitled to vote.

### **How many votes do I have?**

On any matter that is submitted to a vote of our stockholders, the holders of our common stock are entitled to one vote per share of Class A common stock and Class B common stock held by them on the Record Date. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters submitted to stockholders for a vote in this Proxy Statement and such other matters as may properly come before the Annual Meeting and any adjournments or postponements of the Annual Meeting. Holders of our common stock are not entitled to cumulative voting in the election of directors.

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### **What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

Most stockholders hold their shares through a bank, broker or other nominee rather than directly in their own name.

If, on the Record Date, your shares were registered directly in your name with our transfer agent, Computershare Limited, then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote over the Internet, by telephone or by filling out and returning a proxy card to ensure your vote is counted.

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If, on the Record Date, your shares were held in an account at a brokerage firm, bank, dealer or other similar organization, then you are the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid legal proxy from your broker or other agent.

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

We are asking you to vote on the following matters in connection with the Annual Meeting:

1. The election of four Class III directors nominated by our board of directors to serve until the 2019 Annual Meeting of Stockholders;
2. An advisory vote to approve the compensation of our named executive officers;
3. Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016; and
4. Approval of our Amended and Restated Plan.

We will also consider any other business that may properly come before the Annual Meeting. At the date of this Proxy Statement, we know of no business that will be brought before the Annual Meeting other than the matters set forth above.

#### **How do I vote?**

##### *Vote by Internet*

Stockholders of record may submit proxies over the Internet by following the instructions on the Notice of Internet Availability of Proxy Materials or, if printed copies of the proxy materials were requested, the instructions on the printed proxy card. Most beneficial stockholders may vote by accessing the website specified on the voting instructions forms provided by their banks, brokers or other nominees. Please check your voting instruction form for Internet voting availability.

##### *Vote by Telephone*

Stockholders of record may submit proxies using any touch-tone telephone from within the United States by following the instructions on the Notice of Internet Availability of Proxy Materials or, if printed copies of the proxy materials were requested, the instructions on the printed proxy card. Most beneficial owners may vote using any touch-tone telephone from within the United States by calling the number specified on the voting instruction forms provided by their banks, brokers or other nominees.

##### *Vote by Mail*

Stockholders of record may submit proxies by mail by requesting a printed proxy card and completing, signing and dating the printed proxy card and mailing it in the pre-addressed envelopes that will accompany the printed proxy materials. Beneficial owners may vote by completing, signing and dating the voting instruction forms provided by their banks, brokers or other nominees and mailing them in the pre-addressed envelopes accompanying the voting instruction forms.

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If you are a stockholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by that proxy as recommended by the board of directors. If you are a beneficial owner and you return your signed voting instruction form but do not indicate your voting preferences, please see [What are broker non-votes?](#) regarding whether your bank, broker or other nominee may vote your uninstructed shares on a particular proposal.

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**GENERAL INFORMATION**

*Vote in Person at the Annual Meeting*

All stockholders as of the close of business on the Record Date can vote in person at the Annual Meeting. You can also be represented by another person at the Annual Meeting by executing a proper proxy designating that person. If you are a beneficial owner, you must obtain a legal proxy from your bank, broker or nominee and present it to the inspector of election with your ballot to be able to vote at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you also vote either by telephone, by Internet or by mail so that your vote will be counted if you decide not to attend.

**What does it mean if I receive more than one set of materials?**

If you receive more than one set of materials, it means that your shares are registered in more than one name or are registered in different accounts. In order to vote all the shares you own, you must either sign and return all of the proxy cards or follow the instructions for any alternative voting procedures on each of the proxy cards or Notices of Internet Availability of Proxy Materials you receive.

**What can I do if I change my mind after I vote?**

If you are a stockholder of record, you may revoke your proxy at any time before it is exercised at the Annual Meeting by (a) delivering written notice stating that the proxy is revoked, bearing a date later than the proxy to Taylor Morrison Home Corporation, 4900 N. Scottsdale Road, Suite 2000, Scottsdale, Arizona 85251, Attn: Chief Legal Officer and Secretary, (b) submitting a later-dated proxy relating to the same shares by mail, telephone or the Internet prior to the vote at the Annual Meeting or (c) attending the Annual Meeting and voting in person. Stockholders of record may send a request for a new proxy card via e-mail to [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com), or follow the instructions provided on the Notice of Internet Availability of Proxy Materials and proxy card to submit a new proxy by telephone or via the Internet. Stockholders of record may also request a new proxy card by calling 1-800-579-1639. If you are a beneficial stockholder, you may revoke your proxy or change your vote only by following the separate instructions provided by your bank, broker or other nominee.

**What constitutes a quorum at the Annual Meeting?**

Transaction of business at the Annual Meeting may occur only if a quorum is present. A quorum will be present if at least a majority of votes represented by the holders of our outstanding Class A common stock and Class B common stock, treated as a single class, are present in person or represented by proxy. If a quorum is not present, it is expected that the Annual Meeting will be adjourned or postponed in order to permit additional time for soliciting and obtaining additional proxies or votes, and, at any subsequent reconvening of the Annual Meeting, all proxies will be voted in the same manner as such proxies would have been voted at the original convening of the Annual Meeting, except for any proxies that have been effectively revoked or withdrawn, as discussed above under the heading **What can I do if I change my mind after I vote?**

Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum.

**What are the voting requirements to elect directors and approve each of the other proposals described in this Proxy Statement?**

With respect to Proposal 1, the election of directors, the four Class III director nominees receiving the largest number of votes cast will be elected. With respect to Proposals 2, 3 and 4, the affirmative vote of a majority of the shares of common stock present in person or by proxy at the Annual Meeting and entitled to vote is required for the proposal to be approved. With respect to Proposals 2, 3 and 4, abstentions will have the effect of voting against these proposals, and, with respect to Proposals 2 and 4, broker non-votes will have no effect on the outcome of these proposals. With respect to Proposal 1, abstentions and broker non-votes will have no effect on the outcome of this proposal. Brokers may vote shares with respect to Proposal 3 in the absence of client instructions and, thus, there will be no broker non-votes with respect to Proposal 3.



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### **GENERAL INFORMATION**

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#### **What are broker non-votes ?**

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote the shares on a proposal because the nominee does not have discretionary voting power for a particular item and has not received instructions from the beneficial owner regarding voting. Brokers who hold shares for the accounts of their clients have discretionary authority to vote shares if specific instructions are not given with respect to routine items. If your shares are held by a bank, broker or other nominee on your behalf and you do not instruct the bank, broker or nominee as to how to vote your shares on Proposals 1, 2 or 4, the bank, broker or other nominee may not exercise discretion to vote for or against those proposals because these proposals are considered non-routine by the NYSE. With respect to Proposal 3, the ratification of the appointment of our independent registered public accounting firm, the bank, broker or other nominee may exercise its discretion to vote for or against that proposal in the absence of your instructions.

#### **Who will count the votes?**

Representatives of the Company will act as inspectors of election. Representatives of Broadridge Financial Solutions, Inc. will tabulate the votes.

#### **Who will pay for the cost of this proxy solicitation?**

We will bear the cost of the solicitation of proxies from our stockholders. In addition to solicitation by mail, our directors, officers and employees, without additional compensation, may solicit proxies from stockholders by telephone, by email, by letter, by facsimile, in person or otherwise. Following the original circulation of the proxies and other soliciting materials, we will request banks, brokers or other nominees to forward copies of the proxy and other soliciting materials to persons for whom they hold shares of our common stock and to request authority for the exercise of proxies. In such cases, we, upon the request of the banks, brokers and other nominees, will reimburse such holders for their reasonable expenses. We will also bear the cost of retaining any proxy solicitation firm, should we choose to retain one. We would expect the expenses associated with retaining any such proxy solicitation firm would not exceed \$25,000.

#### **Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?**

Pursuant to rules adopted by the SEC, we have elected to provide access to our proxy materials over the Internet. Accordingly, we are sending a Notice of Internet Availability of Proxy Materials to each of our stockholders (other than those who have previously requested a printed copy of proxy materials) who held our common stock as of the Record Date. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice of Internet Availability of Proxy Materials or proxy card and request to receive an electronic copy or printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request an electronic copy or printed copy may be found in the Notice of Internet Availability of Proxy Materials and in the proxy card. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. We encourage stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the costs and environmental impact of the Annual Meeting.

#### **When will we announce the results of the voting?**

We expect to announce the final voting results by filing a Current Report on Form 8-K within four business days after the Annual Meeting. If the final voting results are unavailable at that time, we will file an amended Current Report on Form 8-K within four business days of the day the final results are available.

#### **What are the requirements for admission to the Annual Meeting?**

Only stockholders and persons holding proxies from stockholders may attend the Annual Meeting. If your shares are registered in your name, you must bring a form of identification to the Annual Meeting. If your shares are held in the name of a bank, broker or other nominee that holds your shares, you must bring proof of ownership, such as a bank or brokerage statement, that confirms you are the beneficial owner of those shares. Attendance at the Annual Meeting without voting or revoking a previously submitted proxy in accordance with the voting procedures will not in and of itself revoke a proxy.



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**PROPOSAL 1: ELECTION OF DIRECTORS**

## Proposal 1: Election of Directors

### Board Composition

The number of directors is currently fixed at 13, which, pursuant to the terms of the Stockholder Agreement (as defined below), includes one vacancy that the board of directors does not currently plan to fill and 12 members, divided into three classes as follows:

Class I directors: Sheryl D. Palmer, Timothy R. Eller, Jason Keller and Peter Lane, whose current terms will expire at our annual meeting of stockholders to be held in 2017;

Class II directors: John Brady, Joe S. Houssian, David Merritt and James Sholem, whose current terms will expire at our annual meeting of stockholders to be held in 2018; and

Class III directors: Kelvin Davis, James Henry, Anne L. Mariucci and Rajath Shourie, whose current terms expire at the Annual Meeting and who have been nominated by our board of directors for election to our board for a term that will expire at our annual meeting of stockholders to be held in 2019.

For more information on the composition of the board of directors, see [Corporate Governance Information About Our Board of Directors Process for Identifying and Nominating Directors](#) and [Corporate Governance Board Structure and Operations Composition of our Board of Directors](#).

Upon recommendation of our nominating and corporate governance committee, our board of directors has nominated Ms. Mariucci and Messrs. Davis, Henry and Shourie for election as members of our board of directors. Each of Ms. Mariucci and Messrs. Davis, Henry and Shourie is currently serving as a director and, if elected at the Annual Meeting, Ms. Mariucci and Messrs. Davis, Henry and Shourie will serve as directors until the 2019 Annual Meeting of stockholders or until their respective successor is duly elected and qualified, or until their earlier resignation, removal or retirement. Proxies will be voted in favor of Ms. Mariucci and Messrs. Davis, Henry and Shourie unless the stockholder indicates otherwise on the proxy. Ms. Mariucci and Messrs. Davis, Henry and Shourie have consented to being named as nominees in this Proxy Statement and have agreed to serve if elected. If any nominee becomes unable to serve at the time the election occurs, proxies will be voted for another nominee designated by the board of directors unless the board chooses to reduce the number of directors serving on the board. The board of directors has no reason to believe that any of the nominees will be unable or unwilling to serve as a director if elected.

In connection with our April 2013 initial public offering ( IPO ), we entered into a Stockholders Agreement, dated as of April 9, 2013 (and as subsequently amended on March 6, 2014), by and among Taylor Morrison Home Corporation and the stockholders of Taylor Morrison Home Corporation named therein (as amended, the Stockholders Agreement ), which include our Principal Equityholders, as described below. The Stockholders Agreement contains provisions related to the composition of our board of directors and its committees. Among other things, the Stockholders Agreement gives an affiliate of TPG Global, LLC (the TPG Holding Vehicle ), an affiliate of Oaktree Capital Management, L.P. (the Oaktree Holding Vehicle ) and JHI Holding Limited Partnership ( JHI and together with the TPG Holding Vehicle and the Oaktree Holding Vehicle, the Principal Equityholders ) the right to nominate a majority of the members of our board of directors. The TPG Holding Vehicle has nominated Kelvin Davis, Peter Lane and James Sholem to serve on our board of directors, the Oaktree Holding Vehicle has nominated John Brady, Jason Keller and Rajath Shourie to serve on our board of directors and JHI has nominated Joe S. Houssian to serve on our board of directors.

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**PROPOSAL 1: ELECTION OF DIRECTORS**

**Class III Directors for Election to a Three-Year Term Expiring at the 2019 Annual Meeting of Stockholders**

**KELVIN DAVIS**

*AGE 52*

Mr. Davis has served as a director since July 2011. Mr. Davis is a TPG Senior Partner and co-heads TPG's Real Estate Group. Prior to 2012, he was also head of TPG's North American Buyouts Group, incorporating investments in all non-technology industry sectors. Prior to joining TPG in 2000, Mr. Davis was President and Chief Operating Officer of Colony Capital, Inc., which he co-founded in 1991. Prior to the formation of Colony, Mr. Davis was a principal of RMB Realty, Inc., the real estate investment vehicle of Robert M. Bass. Prior to his affiliation with RMB Realty, he worked at Goldman, Sachs & Co., an investment bank, in New York City and with Trammell Crow Company, a real estate developer, in Dallas and Los Angeles. Mr. Davis is a Director of AV Homes, Inc., a public homebuilder, Caesars Entertainment Corporation, a casino and resort developer and Parkway Properties, Inc., a public real estate investment trust. He is also a long-time Director (and one-time Chairman) of Los Angeles Team Mentoring, Inc. (a charitable mentoring organization), is a member of the Board of Trustees of the Los Angeles County Museum of Art, and is on the Board of Overseers of the Huntington Library, Art Collections, and Botanical Gardens. Mr. Davis holds a B.A. in Economics from Stanford University and an M.B.A. from Harvard University. Mr. Davis was nominated by the TPG Holding Vehicle.

Mr. Davis brings extensive experience in real estate, management, finance and corporate governance to our board of directors. For these reasons, we believe he is well qualified to serve on our board of directors.

**JAMES HENRY**

*AGE 69*

Mr. Henry has served as a director since March 2013. Mr. Henry has held various positions at Bank of the West, a financial services company, most recently serving as Vice Chairman and Chief Risk Officer from 2006 until his retirement in 2007. For most of his tenure at Bank of the West, Mr. Henry was responsible for operating and growing the bank's specialty lending groups. Mr. Henry is a Director of Wedgewood, Inc., a privately held, large real estate foreclosure company, and Chief Enterprises, Inc., a privately held auto and heavy equipment supplier, and is a former director and currently serves on the investment committee of the board of directors of the John Muir Health System, a not-for-profit healthcare provider. He holds a B.S. in Business Administration from the University of Dayton and an M.B.A. from DePaul University.

We believe Mr. Henry's long experience in finance, banking and extensive knowledge of lending practices make him well qualified to serve on our board of directors.

**ANNE L. MARIUCCI**

*AGE 58*

Ms. Mariucci has served as a director since March 2014. Ms. Mariucci has over 30 years of experience in homebuilding and real estate. Prior to 2003, Ms. Mariucci held a number of executive senior management roles with Del Webb Corporation, a homebuilder, and was responsible for its large-scale community development and homebuilding business. She also served as President of Del Webb Corporation following its merger with Pulte Homes, Inc. She presently serves on the board of Banner Health, a national nonprofit health care provider. She also serves as a director of Corrections Corporation of America, a publicly traded corrections company, Southwest Gas Company, a publicly traded utility company, Arizona State University Foundation and the Fresh Start Women's Foundation. Since 2003, she has been affiliated with the private equity firms Hawkeye Partners (Austin, Texas), serving as a member of the Board of Advisors, and Glencoe Capital (Chicago, Illinois). She is a past director of the Arizona State Retirement System, Action Performance Companies, the Arizona Board of Regents where she was its immediate past chairman and the University of Arizona Health Network, as well as a past Trustee of the Urban Land Institute. Ms. Mariucci received her undergraduate degree in accounting and finance from the University of Arizona and completed the corporate finance program at the Stanford University Graduate School of Business.

Ms. Mariucci brings extensive experience in real estate, homebuilding and corporate governance. For these reasons, we believe she is well qualified to serve on our board of directors.



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**PROPOSAL 1: ELECTION OF DIRECTORS**

**RAJATH SHOURIE**  
AGE 42

Mr. Shourie has served as a director since July 2011. Mr. Shourie is a Managing Director in Oaktree Capital Management L.P.'s (Oaktree) Distressed Debt Group. Mr. Shourie contributes to the analysis, portfolio construction and management of Oaktree's Distressed Opportunities, Value Opportunities and Strategic Credit strategies. Since joining Oaktree in 2002, Mr. Shourie has spent his time investing in distressed debt. He has invested in the airline/aircraft industry for a number of years, and led the firm's investments in financial institutions during the global financial crisis. Mr. Shourie has worked with a number of Oaktree's portfolio companies, and currently serves on the board of STORE Capital, a specialty real estate investment trust. He has been an active on a number of creditors' committees, including the steering committee in the restructuring of CIT Group. Prior to joining Oaktree, he was an Associate in the Principal Investment area at Goldman, Sachs & Co., and a management consultant at McKinsey & Co. Mr. Shourie earned his B.A. in Economics from Harvard College, where he was elected to Phi Beta Kappa. He then went on to receive an M.B.A. from Harvard Business School, where he was a Baker Scholar. Mr. Shourie was nominated by the Oaktree Holding Vehicle.

Mr. Shourie brings extensive experience in real estate, finance and corporate governance to our board of directors. For these reasons, we believe he is well qualified to serve on our board of directors.

In the vote on the election of Class III director nominees, stockholders may:

vote **FOR** all nominees;

**WITHHOLD** votes for all nominees; or

**WITHHOLD** votes as to specific nominees.

Unless you elect to vote differently by so indicating on your signed proxy, your shares will be voted **FOR** the board of directors' nominees. The four Class III director nominees receiving the largest number of votes cast at the Annual Meeting will be elected. Proxies marked withhold or broker non-votes will have no effect on the outcome of the proposal.

**The Board of Directors Recommends a Vote FOR Each of the Above-Named Director Nominees.**

**Class I Directors Continuing in Office Until the 2017 Annual Meeting of Stockholders**

**SHERYL D. PALMER**  
AGE 54

Ms. Palmer became President and Chief Executive Officer in August 2007 after previously serving as Executive Vice President for the West Region of Morrison Homes. Her previous experience includes senior leadership roles at Blackhawk Corp and most recently Pulte Homes/Del Webb Corporation, each homebuilders and developers of retirement communities, where she last held the title of Nevada Area President at Pulte/Del Webb Corporation. Ms. Palmer brings 30 years of experience to her position, including leadership in land acquisition, sales and marketing, development and operations management. In addition to her employment with the Company, Ms. Palmer currently serves as a member of the board and compensation committee of Interface, Inc., a leading global manufacturer of modular carpet.

We believe Ms. Palmer's 30 years of industry experience make her a valuable member of our board of directors. In addition, as our President and Chief Executive Officer, the directors believe it is appropriate for her to be a member of our board.

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**TIMOTHY R. ELLER**  
*AGE 67*

Mr. Eller has served as a director since June 2012 and as Chairman of the board of directors since November 2012. Mr. Eller is a principal of Cordalla Capital, LLC, a private equity firm he founded in 2009, where he directs major investments in real estate and related businesses. He is also Chief Executive Officer of Cambridge Homes, LLC, Cordalla's homebuilding entity, a subsidiary of Cordalla engaged in homebuilding in Texas. Prior to founding Cordalla Capital, Mr. Eller served in various industry roles, including President and CEO of Centex Homes, a public homebuilder; Chairman, President and CEO of Centex Corporation; and board Vice Chairman of Pulte Group, Inc. Mr. Eller is currently a member of the Advisory Board of the Encore Housing Opportunity Fund, a private equity fund.

We believe Mr. Eller contributes extensive experience in leadership, real estate investment and corporate governance to our board of directors, which makes him well qualified to serve as Chairman of our board of directors.

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**PROPOSAL 1: ELECTION OF DIRECTORS**

**JASON KELLER**  
*AGE 46*

Mr. Keller has served as a director since July 2011. Mr. Keller is a Managing Director of Oaktree and previously served as Senior Vice President since he joined the firm in July 2007. Mr. Keller oversees the Oaktree real estate group's land, residential and homebuilding investments. Mr. Keller previously worked as a Vice President in the Real Estate Private Equity division of DLJ/Credit Suisse, an investment bank. Prior to joining DLJ, Mr. Keller worked in real estate finance at Salomon Brothers and CIBC Oppenheimer, financial services providers, advising numerous public and private companies, REITs, and financial institutions with respect to the acquisition, disposition and recapitalization of their real estate portfolios. He also worked as a real estate manager and developer for D-Street Investments, a boutique private equity firm. Mr. Keller holds a B.A. in Finance from Utah State University and an M.B.A. in Finance and Real Estate from the Wharton School at the University of Pennsylvania. Mr. Keller was nominated by the Oaktree Holding Vehicle.

We believe Mr. Keller's extensive background in real estate, corporate strategy and corporate finance make him well qualified to serve on our board of directors.

**PETER LANE**  
*AGE 51*

Mr. Lane has served as a director since June 2012. Mr. Lane has served since 2010 as Chief Executive Officer of AXIP Energy Services (formerly known as Valerus Compression Services, AXIP), an oilfield services company headquartered in Houston, Texas. Prior to joining AXIP, Mr. Lane was a TPG Operating Partner from 2009 to 2011. Before TPG, Mr. Lane spent 12 years at Bain & Company, a global consulting firm, where he led the Dallas and Mexico City offices as well as its oil and gas practice. He became a Partner at Bain in 2003. Mr. Lane currently serves on the boards of AXIP and Petro Harvester, an oil and gas company. Mr. Lane holds a B.S. in physics from the University of Birmingham in the United Kingdom and an M.B.A. from the Wharton School at the University of Pennsylvania. Mr. Lane was nominated by the TPG Holding Vehicle.

Mr. Lane brings extensive experience in business operations, finance and corporate governance to our board of directors. For these reasons, we believe he is well qualified to serve on our board of directors.

**Class II Directors Continuing in Office Until the 2018 Annual Meeting of Stockholders**

**JOHN BRADY**  
*AGE 52*

Mr. Brady has served as a director since July 2011. Mr. Brady joined Oaktree in 2007 as Managing Director and Head of the global real estate group. From 2003 to 2007, Mr. Brady was Principal and Head of the North American acquisitions business (excluding gaming) at Colony Capital, LLC, a private international real estate-related investment firm in Los Angeles. In 2000, he co-founded The Destination Group, LLC, a private equity investment firm in Los Angeles targeting opportunities in travel and leisure. From 1991 to 2000, Mr. Brady focused on distressed investments for Colony Capital and led Colony's expansion into Asia in 1998. He holds a B.A. in English from Dartmouth College and an M.B.A. with concentrations in corporate finance and real estate from the University of California at Los Angeles. Mr. Brady was nominated by the Oaktree Holding Vehicle.


Mr. Brady brings to our board of directors extensive experience across a range of real estate investments and property types, including distressed loan portfolio acquisitions and asset management, loan restructurings and workouts, and direct real estate and real estate related acquisitions and financings. For these reasons, we believe he is well qualified to serve on our board of directors.

**JOE S. HOUSSIAN**  
*AGE 67*

Mr. Houssian has served as a director since July 2011. Mr. Houssian founded JH Investments Inc., his personal investment and holding company, in 2007 and has served as its Chairman since. Mr. Houssian began his career in 1973 at Xerox, a multinational document management corporation, before founding Intrawest in 1976. Intrawest grew from an urban residential real estate business into an internationally renowned resort and real estate development company responsible for the success of such pre-eminent ski resorts as Whistler Blackcomb as well as dozens of award winning golf courses, resort



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villages and developments around the world. Mr. Houssian served as Chairman of Intrust until his departure in 2006 when the firm was sold to Fortress Investments Group, a private equity firm. Mr. Houssian is also the co-founder of Intracorp a North American urban real estate developer and the co-founder of Versacold Cold Storage, a Canadian refrigeration services provider. More recently, Mr. Houssian co-founded Replay Resorts, an integrated hospitality company, as well as Elemental Energy, an alternative energy development company with operations in the United States and Canada. Mr. Houssian holds an M.B.A. from the University of British Columbia. Mr. Houssian was nominated by JHI.

We believe that Mr. Houssian's extensive experience in the real estate industry as well as in organizational leadership, corporate governance and finance make him well qualified to serve on our board of directors.

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**PROPOSAL 1: ELECTION OF DIRECTORS**

**DAVID MERRITT**  
*AGE 61*

Mr. Merritt has served as a director since June 2013. From March 2009 through December 2013, he was the president of BC Partners, Inc., a financial advisory firm. From October 2007 to March 2009, Mr. Merritt served as Senior Vice President and Chief Financial Officer of iCRETE, LLC. Mr. Merritt is a director of Charter Communications, Inc. and of Calpine Corporation and currently serves as Chairman of the Audit Committee of each company. From 1975 to 1999, Mr. Merritt was an audit and consulting partner of KPMG serving in a variety of capacities during his years with the firm, including national partner in charge of the media and entertainment practice. Mr. Merritt holds a B.S. degree in Business and Accounting from California State University Northridge.

As a seasoned director and audit committee chair with extensive accounting experience, Mr. Merritt brings a strong background in leadership, governance and corporate finance to our board of directors and audit committee. For these reasons, we believe he is well qualified to serve on our board of directors.

**JAMES SHOLEM**  
*AGE 31*

Mr. Sholem has served as a director since January 2015. Mr. Sholem is a Principal at TPG Real Estate and is based in New York City. Prior to joining TPG Real Estate in 2011, Mr. Sholem spent his entire career in the Real Estate Principal Investment Area of Goldman, Sachs & Co., an investment bank, focusing on real estate private equity investing in North America. Mr. Sholem has completed over \$8 billion of transactions across various real estate asset classes. Mr. Sholem received a B.A., Magna Cum Laude, from Brown University. Mr. Sholem also serves on the Board of Directors of LifeStorage, MWest Properties and the Governing Board of New York Needs You, a non-profit focused on high-potential first-generation college students in the New York City area. Mr. Sholem was nominated by the TPG Holding Vehicle.

Mr. Sholem brings considerable experience in real estate, private equity and corporate finance to our board of directors. For these reasons, we believe he is well qualified to serve on our board of directors.

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### **CORPORATE GOVERNANCE**

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## **Corporate Governance**

We believe that effective corporate governance is critical to our ability to create long-term value for our stockholders. We have adopted and implemented charters, policies, procedures and controls that we believe promote and enhance corporate governance, accountability and responsibility and create a culture of honesty and integrity at our company. Our Corporate Governance Guidelines, Code of Conduct and Ethics, various other governance-related information and board committee charters are available on the Investor Relations page of our corporate website at [www.taylormorrison.com](http://www.taylormorrison.com) under the category Corporate Governance.

### **Controlled Company**

For purposes of New York Stock Exchange ( NYSE ) rules, we are a controlled company. Controlled companies under those rules are companies of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company. Together, the Principal Equityholders control more than 50% of the combined voting power of our common stock and are able to elect a majority of our board of directors. Accordingly, we are eligible for certain exemptions from the NYSE rules. Specifically, as a controlled company under NYSE rules, we are not required to have (1) a majority of independent directors, (2) a nominating and corporate governance committee nor, if we have such a committee, that it be composed entirely of independent directors or (3) a compensation committee nor, if we have such a committee, that it be composed entirely of independent directors. We avail ourselves of all of these exemptions.

### **Information About Our Board of Directors**

#### *Director Independence*

Our board of directors consults with our legal counsel to ensure that the board's independence determinations are consistent with all relevant securities and other laws and regulations regarding director independence. To assist in the board's independence determinations, each director completes materials designed to identify any relationships that could affect the director's independence. In addition, through discussions among our directors, an analysis of independence is undertaken by the nominating and corporate governance committee and an affirmative determination is made by the board of directors. The board of directors has determined that Ms. Mariucci and Messrs. Eller, Henry and Merritt are independent, as such term is defined by the applicable rules and regulations of the NYSE. Additionally, each of these directors meets the categorical standards for independence established by our board of directors, as set forth in our Corporate Governance Guidelines.

#### *Director Qualifications*

The board of directors has delegated to the nominating and corporate governance committee the responsibility of reviewing and recommending nominees for membership of the board of directors. Though we have no formal policy addressing diversity, the nominating and corporate governance committee seeks candidates from diverse professional and personal backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. The assessment of these candidates includes, among other factors, an individual's independence, which determination is based upon applicable NYSE rules, applicable SEC rules and regulations, our Corporate Governance Guidelines and the input from legal counsel, if necessary, as well as consideration of age, skills, character and experience, and a policy of promoting diversity, in the context of the needs of the Company. Other characteristics, including, but not limited to, the director nominee's material relationships with us, time availability, service on other boards of directors and their committees or any other characteristics which may prove relevant at any given time are also reviewed by the nominating and corporate governance committee for purposes of determining a director nominee's qualification.

In the case of incumbent directors whose terms of office are set to expire, the nominating and corporate governance committee reviews such directors' overall service to our Company during their respective term, including the number of meetings attended, level of participation, quality of performance and any relationships and transactions that might impair such directors' independence.

To date, the nominating and corporate governance committee has not paid a fee to any third party to assist in the process of identifying or evaluating director candidates.



**Table of Contents****CORPORATE GOVERNANCE***Process for Identifying and Nominating Directors*

Pursuant to the Stockholders Agreement to which we are a party, along with the TPG Holding Vehicle, the Oaktree Holding Vehicle and JHI, each of the Principal Equityholders have certain director nomination rights. For so long as the TPG or Oaktree Holding Vehicles owns at least 50% of the shares of our common stock held by it immediately following our IPO and the application of net proceeds therefrom, such holding vehicle will be entitled to nominate three directors to serve on our board of directors. When such holding vehicle owns less than 50% but at least 10% of the shares of common stock held by it immediately following our IPO and the application of net proceeds therefrom, such holding vehicle will be entitled to nominate two directors. Thereafter, such holding vehicle will be entitled to nominate one director so long as it owns at least 5% of the shares of common stock held by it immediately following our IPO and the application of net proceeds therefrom. To the extent permitted under applicable laws and regulations of the NYSE, for so long as the TPG Holding Vehicle or the Oaktree Holding Vehicle has the right to nominate one director, such holding vehicle shall be entitled to have one of its nominees serve on each committee of our board of directors. In addition, for so long as JHI owns 50% of its interest in the TPG and Oaktree Holding Vehicles and such holding vehicles in the aggregate own at least 50% of the shares of our common stock held by such holding vehicles immediately following our IPO and the application of net proceeds therefrom, JHI will be entitled to nominate one director to our board of directors. The TPG Holding Vehicle nominated Kelvin Davis, Peter Lane and James Sholem, the Oaktree Holding Vehicle nominated John Brady, Jason Keller and Rajath Shourie and JHI nominated Joe S. Houssian to serve on our board of directors.

The Stockholders Agreement also provides that, for so long as each of the TPG Holding Vehicle and the Oaktree Holding Vehicle owns at least 50% of the shares of our common stock held by it following our IPO and the application of net proceeds therefrom, we have agreed to maintain a vacancy on our board of directors until such time as the TPG Holding Vehicle and Oaktree Holding Vehicle jointly designate a director to fill this vacancy. However, if at any time either of the TPG Holding Vehicle or Oaktree Holding Vehicle certifies to us that they cannot agree on a joint designee for our board of directors, we will take necessary action to expand the board of directors from 13 to 14 directors and permit each of the TPG Holding Vehicle and Oaktree Holding Vehicle to designate an additional director to serve on our board of directors.

Each of the TPG Holding Vehicle and Oaktree Holding Vehicle has agreed to vote its shares in favor of the directors nominated by the other and by JHI in accordance with the terms of the Stockholders Agreement. To the extent that either group of our Principal Equityholders is no longer entitled to nominate a board member, our board of directors (upon the recommendation of the nominating and corporate governance committee) will nominate a director in its place.

The remaining nominees for our board of directors are recommended by the nominating and corporate governance committee, which may utilize a variety of methods for identifying nominees for director. Candidates may come to the attention of the nominating and corporate governance committee through current board members, management, professional search firms, stockholders or other persons. Each of Ms. Mariucci and Mr. Henry were recommended as nominees to our board of directors by members of management and by our Principal Equityholders.

The nominating and corporate governance committee will consider nominees proposed by our stockholders in accordance with the provisions contained in our by-laws. Each notice of nomination submitted in this manner must contain the information specified in our by-laws, including, but not limited to, information with respect to the beneficial ownership of our common stock or derivative securities that have a value associated with our common stock held by the proposing stockholder and its associates and any voting or similar agreement the proposing stockholder has entered into with respect to our common stock. To be timely, the notice must be received at our corporate headquarters not less than 90 days nor more than 120 days prior to the first anniversary of the date of the prior year's annual meeting of stockholders. If the annual meeting of stockholders is advanced by more than 30 days, or delayed by more than 60 days, from the anniversary of the preceding year's annual meeting of stockholders, or if no annual meeting of stockholders was held in the preceding year, notice by the stockholder, to be timely, must be received no earlier than the 120th day prior to the annual meeting of stockholders and no later than the later of (1) the 90th day prior to the annual meeting of stockholders and (2) the tenth day following the day on which we notify stockholders of the date of the annual meeting of stockholders, either by mail or other public disclosure.

The foregoing description of our Stockholders Agreement and the advance notice provisions of our by-laws is a summary and is qualified in its entirety by reference to the full text of the Stockholders Agreement and by-laws. Accordingly, we advise you to review our Stockholders Agreement and by-laws for additional stipulations relating to the

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### **CORPORATE GOVERNANCE**

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process for identifying and nominating directors, including advance notice of director nominations and stockholder proposals. See also Additional Information Submission of Stockholder Proposals for Inclusion in Next Year's Proxy Statement.

#### **Board Structure and Operations**

##### *Composition of our Board of Directors*

Our amended and restated certificate of incorporation provides that our board of directors will consist of no less than three and not more than 15 members, with the exact number of members to be determined from time to time by the board of directors.

The number of directors on our board is currently fixed at 13, which, pursuant to the terms of the Stockholder Agreement, includes one vacancy that the board of directors does not currently plan to fill and 12 members. In accordance with our amended and restated certificate of incorporation and our amended and restated bylaws, the number of directors on our board will be determined from time to time by our board of directors and may be increased to 14 members as provided in the Stockholders Agreement as described under Information About Our Board of Directors Process for Identifying and Nominating Directors. Only a majority of the board of directors may fix the number of directors, provided that Requisite Investor Approval (as defined in the Stockholders Agreement) is required to increase the size of the board of directors further beyond 14, except if such increase is to provide for the minimum number of directors required for us to comply with applicable law and the regulations of the NYSE. For purposes of the Stockholders Agreement, Requisite Investor Approval means, in addition to the approval of a majority vote of our board of directors, the approval of a director nominated by the TPG Holding Vehicle so long as it owns at least 50% of our common stock held by it immediately following our IPO and the application of net proceeds therefrom and the approval of a director nominated by the Oaktree Holding Vehicle so long as it owns at least 50% of our common stock held by it immediately following our IPO and the application of net proceeds therefrom.

Each director is to hold office until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. Vacancies and newly created directorships on the board of directors may be filled at any time by the remaining directors.

Until the Triggering Event (which is the point in time at which the TPG and Oaktree Holding Vehicles no longer collectively beneficially own shares representing 50% or more of the combined voting power of our common stock), any director may be removed with or without cause by holders of a majority of our outstanding shares of common stock. Thereafter, directors may only be removed for cause by the affirmative vote of the holders of at least three-fourths of our outstanding shares of common stock. At any meeting of our board of directors, except as otherwise required by law, a majority of the total number of directors then in office will constitute a quorum for all purposes, provided that, until the Triggering Event, a quorum will require the attendance of one director nominated by each holding vehicle that has the right to designate at least one director for election to the board of directors.

Pursuant to our amended and restated certificate of incorporation, our board of directors is divided into three classes, with staggered three-year terms, with the classes to be as nearly as equal in number as possible. The composition of the board of directors of our indirect subsidiaries Taylor Morrison Holdings, the parent company of our U.S. business, and Taylor Morrison Holdings II, Inc. (formerly known as Monarch Communities Inc.) (Holdings II), the parent company of our Canadian business until we sold it in January 2015, is identical to the current composition of our board of directors. Pursuant to governance agreements entered into by us in connection with the IPO, we contractually control the composition of the boards of directors of Taylor Morrison Holdings and Holdings II and their respective committees. As a result, all directors elected to our board of directors also serve on the boards of Taylor Morrison Holdings and Holdings II. Holdings II no longer has any material business operations. See Certain Relationships and Related Person Transactions Governance Agreements.

Our board of directors and its committees have supervisory authority over Taylor Morrison Home Corporation, which, through its indirect control of its subsidiary holding partnerships, TMM Holdings Limited Partnership (TMM) and TMM Holdings II Limited Partnership (New TMM), exercises stewardship over the business and affairs of Taylor Morrison Holdings and its subsidiaries and Holdings II and its subsidiaries. Taylor Morrison Home Corporation, New TMM and TMM do not conduct any activities other than direct or indirect ownership and stewardship over Taylor Morrison Holdings and Holdings II and their respective subsidiaries. The board of directors of Taylor Morrison Holdings and its committees have supervisory authority over Taylor Morrison Holdings and its subsidiaries and exercise control

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**CORPORATE GOVERNANCE**

over the operations and businesses of Taylor Morrison Holdings and its subsidiaries. The board of directors of Holdings II and its committees have supervisory authority over Holdings II and its subsidiaries and exercise control over Holdings II and its subsidiaries.

*Board Leadership Structure*

Our board of directors does not currently have a policy as to whether the role of Chairman of the board of directors and the Chief Executive Officer, or CEO, should be separate. Our board of directors believes that the Company and its stockholders are best served by maintaining the flexibility to determine whether the Chairman and CEO positions should be separated or combined at a given point in time in order to provide appropriate leadership for us at that time. The board of directors believes that its current leadership structure, with Mr. Eller, an independent director, serving as Chairman, and Ms. Palmer serving as CEO, is appropriate at this time.

In addition, our Corporate Governance Guidelines provide that, in order to maintain the independent integrity of our board of directors, if the Chairman is not an independent director, the board of directors will appoint an independent director as Lead Director.

*Board's Role in Risk Oversight*

Our board of directors exercises oversight of risk management consistent with its duties to the Company and its subsidiaries. The audit committee is responsible for discussing with management our major financial, credit, liquidity and other risk exposures, as well as our risk assessment and risk management policies. The audit committee works directly with members of senior management and our internal audit staff to review and assess our risk management initiatives, including our compliance programs and cybersecurity initiatives, and reports as appropriate to the board. In addition, the audit committee meets as appropriate (1) as a committee to discuss our risk management guidelines, policies and exposures and (2) with our independent auditors to review our internal control environment and other risk exposures. The compensation committee oversees the management of risks relating to our executive compensation programs and employee benefit plans. In the fulfillment of its duties, the compensation committee reviews at least annually our executive compensation programs, meets regularly with management to understand the financial, human resources and stockholder implications of compensation decisions and reports as appropriate to the board.

The board of directors as a whole also engages in the oversight of risk in various ways.

During the course of each year, the board of directors reviews the structure and operation of various departments and functions of our company, including its risk management and internal audit functions. In these reviews, the board of directors discusses with management the risks affecting those departments and functions and management's approaches to mitigating those risks.

The board of directors reviews and approves each year's management operating plan. These reviews cover risks that could affect the management operating plan and measures to cope with those risks.

In its review and approval of annual reports on Form 10-K, the board of directors reviews our business and related risks, including as described in the Business, Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of the document. The audit committee updates this review quarterly in connection with the preparation of our quarterly reports on Form 10-Q.

Management must obtain the approval of the board of directors, acting through an investment committee of the board of directors, before proceeding with any land acquisition above a pre-established threshold. When the board of directors reviews particular transactions and initiatives that require board approval, or that otherwise merit the board of directors' involvement, the board of directors generally includes related risk analysis and mitigation plans among the matters addressed with management.

The day-to-day identification and management of risk is the responsibility of our management. As the market environment, industry practices, regulatory requirements and our business evolve, management and the board of directors intends to respond with appropriate adaptations to risk management and oversight.

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### *Meetings of our Board of Directors*

Our board of directors and its committees meet periodically during the year, hold special meetings as needed and act by written consent from time to time as deemed appropriate. During 2015, our board of directors met eight times.

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During 2015, no director attended fewer than 75% of the aggregate of (a) the total number of meetings of the board of directors and (b) the total number of meetings held by all committees of the board of directors on which such director served. Each of our directors is strongly encouraged, but is not required, to attend our annual meetings of stockholders. Six of our directors attended our 2015 annual meeting of stockholders.

#### *Executive Sessions of our Board of Directors*

Generally, an executive session of non-management directors is held in conjunction with each regularly scheduled board meeting and at other times as deemed appropriate. Our Chairman presides over each executive session. In addition, because the board of directors includes non-management directors who are not independent as defined by the NYSE rules, the independent directors meet in executive session at least once each fiscal year. The non-management directors met in executive session four times during 2015, and the independent directors met in executive session once during 2015. Each committee of the board of directors also generally conducts an executive session in conjunction with each regularly scheduled committee meeting and at other times as deemed appropriate.

#### **Committees of Our Board of Directors**

Our board of directors has three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee. Each of the standing committees operates pursuant to a written charter, which is available on the Investor Relations page of our corporate website at [www.taylormorrison.com](http://www.taylormorrison.com) on the Investor Relations page under the category Corporate Governance. The following is a brief description of our committees, including their membership and responsibilities.

Pursuant to the Stockholders Agreement, for so long as the TPG and Oaktree Holding Vehicles are entitled to nominate directors for appointment to our board of directors, the TPG and Oaktree Holding Vehicles will each have the right to appoint a member to each committee of our board of directors, subject to applicable rules and regulations of the NYSE.

#### *Audit Committee*

Our audit committee assists the board in fulfilling its responsibilities by overseeing, among other things, (1) the integrity of financial information and other information provided to stockholders, investors and others; (2) the performance of our internal audit function and systems of internal controls; and (3) our compliance with legal and regulatory requirements. The audit committee also has direct responsibility for the appointment, compensation, retention (including termination) and oversight of our independent auditors and is responsible for the preparation of an audit committee report to be included in our annual proxy statement as required by the SEC. The audit committee also reviews and approves related person transactions in accordance with our Related Person Transaction Policy. See Certain Relationships and Related Person Transactions Related Person Transaction Policy. During 2015, the audit committee met eight times.

Our audit committee currently is comprised of Mr. Henry (chairman), Ms. Mariucci and Mr. Merritt. Under NYSE rules and SEC requirements and pursuant to the Stockholders Agreement, our audit committee must be comprised entirely of independent directors. Our board of directors has determined that each member of our audit committee has the financial literacy required by NYSE rules and is independent as defined under the independence requirements of the NYSE and the SEC applicable to audit committee members. In addition, the board of directors has determined that Mr. Henry qualifies as an audit committee financial expert as that term is defined under SEC rules. Information about Mr. Henry's background that qualifies him as an audit committee financial expert is included in Proposal 1: Election of Directors Class III Directors for Election to a Three-Year Term Expiring at the 2019 Annual Meeting of Stockholders.

#### *Compensation Committee*

Our compensation committee, among other things, reviews and recommends policies and plans relating to compensation and benefits of our directors, employees and certain other persons providing services to our Company, and is responsible for approving the compensation of our CEO and other executive officers. Our compensation committee also administers our omnibus equity incentive plan, our annual bonus plan and other benefit programs. The compensation committee has delegated authority to our CEO to issue equity awards to employees other than to executive officers and certain other senior members of our management. In addition, to the extent the compensation committee intends to qualify any compensation as performance-based compensation for purposes of



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**CORPORATE GOVERNANCE**

Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), all such compensation shall be established, administered and approved by the compensation committee or, if required, a subcommittee of the compensation committee consisting of two or more members, each of whom shall qualify as an outside director under Section 162(m) of the Code. If at any time the compensation committee includes a member who is not a non-employee director within the meaning of Rule 16b-3 under the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), and the rules and regulations promulgated thereunder, then either a subcommittee comprised entirely of individuals who are non-employee directors or the board of directors will approve any grants of equity-based compensation made to any individual who is subject to Section 16 of the Exchange Act. The compensation committee has the sole authority to retain and terminate any compensation consultant to assist in the evaluation of employee compensation and to approve the consultant's fees and other terms and conditions of the consultant's retention. During 2015, the compensation committee met five times.

Our compensation committee currently is comprised of Messrs. Shourie (chairman), Houssian and Davis. Because we are a controlled company under the rules of the NYSE, our compensation committee is not required to be fully independent. If such rules change in the future or we no longer meet the definition of a controlled company under the NYSE's rules, we will adjust the composition of the compensation committee accordingly in order to comply with such rules. Mr. Shourie was nominated to the committee by the Oaktree Holding Vehicle and Mr. Davis was nominated to the committee by the TPG Holding Vehicle in accordance with the Stockholders Agreement.

For additional discussion of the processes and procedures the compensation committee has used for the consideration and determination of executive officer and director compensation, please see Compensation Discussion and Analysis.

*Nominating and Corporate Governance Committee*

Our nominating and corporate governance committee, among other things, provides assistance to the board of directors in identifying and recommending individuals qualified to serve as directors of our Company, reviews the composition of the board of directors and periodically evaluates the performance of the board of directors and its committees. The nominating and corporate governance committee also recommends our various committee memberships based upon, among other considerations, a director's available time commitment, background and/or the skill set it deems appropriate to adequately perform the responsibilities of the applicable committee. In addition, the nominating and corporate governance committee develops and recommends corporate governance policies and procedures for us, including our Corporate Governance Guidelines and monitors and reviews compliance with those policies. During 2015, the nominating and corporate governance committee met three times.

Our nominating and corporate governance committee currently is comprised of Messrs. Lane (chairman), Brady and Eller. Because we are a controlled company under the rules of the NYSE, our nominating and corporate governance committee is not required to be fully independent. If such rules change in the future or we no longer meet the definition of a controlled company under the NYSE's rules, we will adjust the composition of the nominating and corporate governance committee accordingly in order to comply with such rules. Mr. Brady was nominated to the committee by the Oaktree Holding Vehicle and Mr. Lane was nominated to the committee by the TPG Holding Vehicle in accordance with the Stockholders Agreement.

**Compensation Committee Interlocks and Insider Participation**

None of the members of our compensation committee in 2015 was, at any time during 2015 or at any other time, an officer or employee of the Company, and, except as described in the section entitled Certain Relationships and Related Person Transactions, none had or has any relationships with us that are required to be disclosed under Item 404 of Regulation S-K. None of our executive officers has served as a member of the board of directors, or as a member of the compensation or similar committee, of any entity that has one or more executive officers who served on our board of directors or compensation committee during 2015.

**Corporate Governance Guidelines and Code of Conduct and Ethics**

Our board of directors has adopted Corporate Governance Guidelines and a Code of Conduct and Ethics that is applicable to all members of our board of directors, executive officers and employees. We have posted these documents on the Investor Relations page of our corporate website at [www.taylormorrison.com](http://www.taylormorrison.com) under the category



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**CORPORATE GOVERNANCE**

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Corporate Governance. We intend to post amendments to or waivers from, if any, certain provisions of our Code of Conduct and Ethics (to the extent applicable to our directors; our executive officers, including our principal executive officer and principal financial officer; or our principal accounting officer or controller, or persons performing similar functions) at this location on our website.

**Anti-Hedging Policy**

We have a securities trading policy that sets forth guidelines and restrictions on transactions involving our stock, which are applicable to our employees, including our executive officers, and our directors. Our policy prohibits hedging, including, among other things, purchases of stock on margin, calls or similar options on Company stock or from selling our stock short. These types of transactions would allow employees to own Company stock without the full risks and rewards of ownership. When that occurs, employees or directors may no longer have the same objectives as our other stockholders and, therefore, such transactions involving our stock are prohibited.

**Table of Contents****DIRECTOR COMPENSATION**

## Director Compensation

### Annual Retainer Fees

Directors who are our employees or are employed by our Principal Equityholders are not separately compensated by us for their service on our board of directors. For our other directors, referred to collectively herein as non-employee directors, we pay an annual cash retainer for their service on our board. The annual cash retainer is paid to such directors in quarterly installments in arrears. The amount of the annual retainer depends on whether the director is the Chairman of the board of directors or if the director is also a member of one of our committees.

In early 2015, the compensation committee engaged Exequity LLP, its independent compensation consultant, to conduct a board of directors pay study, with the goal of maintaining a non-employee director compensation program that comports with market norms and aligns the interests of non-employee directors with those of our stockholders. After reviewing the study and consulting with its independent compensation consultant, the compensation committee determined that it was appropriate to make certain adjustments to our director compensation program.

For 2015, the base annual cash retainer was increased from \$40,000 to \$50,000, and the annual cash retainer for the Chairman of the board of directors was increased from \$80,000 to \$100,000. In addition, for 2015, members of our audit committee received an additional annual cash retainer equal to \$20,000 (previously, members of the audit committee did not receive an additional cash retainer), and for the chairman of the audit committee such additional retainer was increased from \$20,000 to \$45,000. We also reimburse our directors for reasonable travel and other related expenses to attend board and committee meetings.

In addition to cash retainers and expense reimbursement, our board of directors and compensation committee have determined that it is important to include an equity component in director compensation because they believe it is important for our directors who receive compensation from us to build and maintain a long-term ownership position in our business, to further align their financial interests with those of our stockholders and to encourage the creation of long-term value. In furtherance of this objective, each non-employee director receives an annual equity award of restricted stock units ( RSUs ). For 2015, the RSU aggregate grant date fair value was increased from \$50,000 to \$130,000. The number of shares subject to the RSU grant is determined by dividing the aggregate grant date fair value by the closing price of our Class A common stock on the grant date. The annual RSU award vests in full on the first anniversary of the grant date. As part of the 2015 normalization of our director compensation program, the compensation committee also eliminated the sign on option grant for new non-employee directors and the additional annual \$25,000 RSU award for the chairman of the audit committee.

### Deferred Compensation Plan

Pursuant to the Taylor Morrison Home Corporation Non-Employee Director Deferred Compensation Plan (the Director Plan ), non-employee directors may, for any calendar year, irrevocably elect to defer (i) receipt of shares of our Class A common stock the director would have received upon vesting of RSUs granted as an annual equity award and (ii) receipt of all or a portion of their cash compensation earned for their service on our board of directors, in each case, in the form of unfunded deferred stock units ( DSUs ) under our 2013 Omnibus Equity Award Plan (the 2013 Equity Plan ). The purpose of the Director Plan is to enhance our ability to attract and retain non-employee directors with training, experience and ability who will promote our interests and to directly align the interests of such non-employee directors with the interests of our stockholders.

### Stock Retention Policy

Our board of directors has adopted a stock retention policy that requires non-employee directors to own shares of our Class A common stock having an aggregate value no less than three times such director's annual cash retainer. Generally, non-employee directors must achieve the required minimum retention level within three years from the date of their election to our board of directors; however, with respect to our non-employee directors who were serving as of August 27, 2015, such directors will have until August 27, 2018 to achieve the required minimum retention level.

**Table of Contents****DIRECTOR COMPENSATION****2015 Director Compensation Table**

The following table summarizes the compensation earned by, or awarded or paid to, those of our directors who, for the year ended December 31, 2015, were compensated for their service as directors. None of our other directors (i.e., those not in the table) earned, were awarded or were paid any compensation from us for the year ended December 31, 2015, for their service as directors.

Name <sup>(3)</sup>	Fees Earned		Total
	or Paid in Cash	Stock Awards	
	(\$) <sup>(1)</sup>	(\$)	(\$)
Timothy R. Eller, Chairman	100,000		100,000
James Henry	95,000	130,007 <sup>(2)</sup>	225,007
Peter Lane	50,000		50,000
Anne L. Mariucci	70,000	130,007 <sup>(2)</sup>	200,007
David Merritt	70,000	130,007 <sup>(2)</sup>	200,007

- (1) Mr. Eller, as Chairman of the board of directors, received an annual retainer fee of \$100,000. All other non-employee directors received an annual retainer fee of \$50,000. Mr. Henry received an additional annual retainer fee of \$45,000 for his service as the chair of our audit committee and Ms. Mariucci and Mr. Merritt each received an additional annual retainer fee of \$20,000 for their audit committee service. Mr. Lane elected to defer all of his cash retainer under the Director Plan for 2015 and received awards of DSUs in June 2015, September 2015 and December 2015 covering, in the aggregate, 2,065 shares of our Class A common stock (which number of DSUs represents, in the aggregate, each quarterly cash payment of the annual retainer fee divided by the closing price of our Class A common stock reported in the NYSE on such payment date). The value of these DSUs is included in this column. These DSUs are not reflected in a separate column in the table.
- (2) On May 27, 2015, each of Mr. Henry and Ms. Mariucci received an annual equity grant of 6,667 RSUs valued at \$19.50 per share, which was the closing sale price of our Class A common stock on the date of grant; the amount in this column reflects the aggregate grant date fair value of the award calculated in accordance with FASB ASC Topic 718. Mr. Merritt elected to defer all of his annual RSU award under the Director Plan and instead received an annual equity grant of 6,667 DSUs valued at \$19.50 per share, which was the closing sale price of our Class A common stock on the date of grant; the amount in this column reflects the aggregate grant date fair value of the award calculated in accordance with FASB ASC 718. Mr. Merritt's DSUs are subject to the same vesting conditions as the annual RSUs described above, but are paid (settled) upon the earlier of his separation from service or a change in control.
- (3) As of December 31, 2015, the aggregate number of options, RSUs, DSUs and New TMM Units (and a corresponding number of shares of our Class B common stock), in each case as described below, subject to awards outstanding for each of our non-employee directors were as set forth in the table below.

Name	New			
	Options (#)	RSUs (#)	DSUs (#)	TMM Units (#)
Timothy R. Eller <sup>(a)</sup>		6,334		63,695
James Henry	11,364	6,667		
Peter Lane <sup>(b)</sup>		3,167	2,065	31,848
Anne L. Mariucci	9,960	6,667		
David Merritt	12,525		6,667	

- (a) Prior to our IPO, Mr. Eller held equity in our business that was subject to service-based vesting conditions, under which Mr. Eller vests in 20% of his award on June 29 of each of 2013-2017. As part of the reorganization transactions that occurred in our IPO, he received New TMM Units. The New TMM Units figure in the table represents the total number of New TMM Units (and a corresponding number of shares of our Class B common stock) held by Mr. Eller. As of December 31, 2015, 38,217 of these New TMM Units (and a corresponding number of shares of our Class B common stock) were vested. Subject to Mr. Eller's continued service with us through the applicable vesting date, Mr. Eller will vest in 12,739 New TMM Units (and a

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corresponding number of shares of our Class B common stock) on each of June 29, 2016 and 2017. On April 12, 2013, in connection with the IPO, Mr. Eller received an equity grant of 6,334 shares of Class A common stock represented by unvested RSUs. The RSUs granted to Mr. Eller were subject to both service-based and performance-based vesting conditions. In February 2016, the compensation committee of our board of directors determined that the performance-based vesting condition was not satisfied as of December 31, 2015, and, as a result, all of the RSUs were forfeited in accordance with their terms.

- (b) Prior to our IPO, Mr. Lane held equity in our business that was subject to service-based vesting conditions, under which Mr. Lane vests in 20% of his award on June 29 of each of 2013-2017. As part of the reorganization transactions that occurred in our IPO, he received New TMM Units. The New TMM Units figure in the table represents the total number of New TMM Units (and a corresponding number of shares of our Class B common stock) held by Mr. Lane. As of December 31, 2015, 19,110 of these New



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**DIRECTOR COMPENSATION**

TMM Units (and a corresponding number of shares of our Class B common stock) were vested. Subject to Mr. Lane's continued service with us through the applicable vesting date, Mr. Lane will vest in 6,369 New TMM Units (and a corresponding number of shares of our Class B common stock) on each of June 29, 2016 and 2017. On April 12, 2013, in connection with the IPO, Mr. Lane received an equity grant of 3,167 shares of Class A common stock represented by unvested RSUs. The RSUs granted to Mr. Lane were subject to both service-based and performance-based vesting conditions. The compensation committee of our board of directors determined that the performance-based vesting condition was not satisfied as of December 31, 2015, and, as a result, all of the RSUs were forfeited in accordance with their terms.

**Looking Ahead 2016 Director Compensation**

For 2016, following consultation with Exequity LLP, our compensation committee decided to implement the following changes to our director compensation program in 2016 in order to ensure that our director compensation program is competitive:

**Annual Retainer Fees.** For 2016, the base annual cash retainer for all non-employee directors was increased from \$50,000 to \$65,000. In the case of the Chairman of the board of directors, his base annual cash retainer was decreased from \$100,000 to \$65,000. However, the compensation committee approved an additional annual retainer for the Chairman of the board of directors of \$50,000 representing an overall increase in the Chairman's annual cash retainer of \$15,000, from \$100,000 to \$115,000. The additional annual retainer for the chairman of the audit committee was decreased from \$45,000 to \$40,000, and the additional annual retainer for members of our audit committee (other than the chairman) was decreased from \$20,000 to \$10,000. The compensation committee also approved an additional annual retainer of \$10,000 for the chair of our nominating and governance committee.

**Annual RSU Grants.** For 2016, each non-employee director will receive an RSU grant with a grant date fair value of \$130,000, consistent with RSU awards that were granted in 2015; however, the Chairman of the board of directors will receive RSUs with a grant date fair value of \$145,000. Prior to 2015, neither Mr. Eller nor Mr. Lane received an annual grant of RSUs due to their ownership of previously granted New TMM Units, as described above.

**Table of Contents****EXECUTIVE OFFICERS****Executive Officers**

The executive officers of the Company as of the date hereof are listed below.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Sheryl D. Palmer	54	President, Chief Executive Officer and Director
C. David Cone	44	Executive Vice President and Chief Financial Officer
Darrell C. Sherman	51	Executive Vice President, Chief Legal Officer and Secretary

**SHERYL D. PALMER**

Ms. Palmer became President and Chief Executive Officer in August 2007 after previously serving as Executive Vice President for the West Region of Morrison Homes. Her previous experience includes senior leadership roles at Blackhawk Corp and most recently Pulte Homes/Del Webb Corporation, each homebuilders and developers of retirement communities, where she last held the title of Nevada Area President at Pulte/Del Webb Corporation. Ms. Palmer brings 30 years of experience to her position, including leadership in land acquisition, sales and marketing, development and operations management. In addition to her employment with the Company, Ms. Palmer currently serves as a member of the board and compensation committee of Interface, Inc., a leading global manufacturer of modular carpet.

**C. DAVID CONE**

Mr. Cone has served as our Vice President and Chief Financial Officer since October 2012, and his title was changed to Executive Vice President and Chief Financial Officer effective in January 2016. During the nine years prior to joining Taylor Morrison, Mr. Cone held various positions at PetSmart, Inc., a pet supply and service company, serving as Vice President of Financial Planning and Analysis in 2012, Vice President of Investor Relations and Treasury from 2008 to 2011, and Vice President of Finance from 2007 to 2008. Prior to his tenure at PetSmart, Mr. Cone was employed at AdvancePCS, a prescription benefit plan administrator, and PricewaterhouseCoopers, an accounting firm. Mr. Cone holds a degree in business economics from the University of California at Santa Barbara.

**DARRELL C. SHERMAN**

Mr. Sherman has served as our Vice President, General Counsel and Secretary since June 2009, and his title was changed to Executive Vice President, Chief Legal Officer and Secretary effective in January 2016. Mr. Sherman has twenty years of experience in the homebuilding industry, having served in senior legal roles at Centex Homes and Pulte Homes/Del Webb Corporation. Prior to joining the homebuilding industry, Mr. Sherman was a finance and real estate lawyer at Snell & Wilmer L.L.P., a law firm headquartered in Phoenix, Arizona. He holds a B.A. in Economics with university honors and a J.D., both from Brigham Young University, where he was a member of the BYU Law Review. He is a member of the State Bar of Arizona and the American Bar Association and admitted to the Arizona and U.S. Supreme Courts.

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**COMPENSATION DISCUSSION AND ANALYSIS**

## **Compensation Discussion and Analysis**

*This compensation discussion and analysis discusses our executive compensation programs for our named executive officers for our fiscal year ending December 31, 2015 and includes a discussion of our compensation objectives and philosophy and the material elements of compensation earned by, or awarded or paid to, our named executive officers in the year. This section also describes processes we use in reaching compensation decisions and is intended to provide context for understanding the amounts in the tabular disclosure that follows. We have also highlighted our corporate results in 2015 and how these results led to the executive compensation we paid for the year. In addition, we highlight key attributes of our compensation programs for our named executive officers.*

### **Executive Summary**

We delivered solid results in 2015, as evidenced by:

Our completed acquisition of three divisions of Orleans Homes, Inc. and JEH Homes, an Atlanta-based homebuilder;

Our completed sale of Monarch Corporation, our former Canadian business;

Community count increased 26% to 259 communities;

Net sales orders increased 17% to 6,681;

Cancellations as a percentage of gross sales orders remained steady at 13.9% compared to 13.2% in the prior year;

Homes closed increased 12% to 6,311, with an average selling price of \$458,000; and

Mortgage operations reported gross profit of \$17.5 million on revenue of \$43.1 million. Consistent with the pay-for-performance and stockholder alignment focuses of our compensation objectives and philosophy, which are discussed in further detail below in this compensation discussion and analysis, our compensation programs for 2015 have the following attributes:

A balanced mix of short-term cash compensation and long-term equity-based compensation;

Forfeiture of equity awards upon violation of certain post-employment restrictive covenants;

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Use of multiple performance measures with no guaranteed incentive payouts;

Limitations on the amount of awards that can be made under our equity incentive plans;

Consideration of external market data and use of an independent compensation consultant when designing compensation programs;

An anti-hedging policy applicable to all employees (including our executive officers and directors) that prohibits purchases of our stock on margin, calls or similar options on our stock, or selling our stock short;

An appropriate level of severance protection to ensure continuity of service;

No single-trigger change in control parachute payment features in any of our programs;

No gross ups for any excise or other penalty taxes related to compensation paid;

Clawback of certain cash and equity incentive compensation; and

A modest use of perquisites, which do not make up a material portion of the compensation and benefits provided to our named executive officers.

### **Prior Year's Annual Meeting of Stockholders Advisory Vote to Approve the Compensation of our Named Executive Officers**

At our 2015 annual meeting of stockholders, more than 99% of the shares voted (including those of our Principal Equityholders and our other stockholders) were cast in favor of the 2014 compensation of our named executive officers and our compensation philosophy, policies and practices. We were pleased to receive this strong support and took it into account as part of our annual analysis of the effectiveness of our compensation program for our named executive officers.

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### **COMPENSATION DISCUSSION AND ANALYSIS**

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We recognize that the business and executive compensation environments continue to evolve, and we are committed to having compensation programs and practices that support our business objectives, promote good corporate governance and align executive pay with our performance. The compensation committee will continue to consider the results from this year's and future advisory stockholder votes regarding our executive compensation programs. See Proposal 2: Advisory Vote to Approve the Compensation of our Named Executive Officers (Say on Pay) for additional information.

#### **Overview of Contents**

In this compensation discussion and analysis, the following topics will be discussed:

Our Named Executive Officers for 2015

Compensation Objectives and Philosophy

Establishing and Evaluating Executive Compensation

Key Elements of Executive Compensation Program

Other Program Attributes

Looking Ahead 2016 Compensation

#### **Our Named Executive Officers for 2015**

Our named executive officers for 2015 are<sup>(1)</sup>:

President and Chief Executive Officer

Executive Vice President and Chief Financial Officer

Executive Vice President, Chief Legal Officer and Secretary

**Sheryl D. Palmer**

**C. David Cone**

**Darrell C. Sherman**

(1) Our business is conducted through several operating companies indirectly held by TMHC. Our named executive officers hold officer positions at these operating companies as well as at TMHC. The partnerships through which TMHC owns the operating companies, TMM Holdings II Limited Partnership ( New TMM ) and TMM Holdings Limited Partnership ( TMM ), generally do not have executive officers.

#### **Compensation Objectives and Philosophy**

Our compensation program reflects our philosophy to pay all of our executives, including our named executive officers, in ways that support our primary objectives of:

Encouraging a results-driven culture through a pay-for-performance structure;

Balancing long-term and short-term compensation and cash and equity-based compensation to ensure our executives are focused on the appropriate short-term financial budget goals and long-term strategic objectives;

Aligning executives' interests with stockholder interests in creating long-term value for our stockholders;

Attracting, retaining and motivating key talent; and

Aligning total compensation levels with those paid by our direct competitors in the homebuilding sector as well as companies of comparable size and scope in other industries.

Our compensation structure is centered on a pay-for-performance philosophy, and this pay-for-performance focus is designed to align the interests of our executives, our Principal Equityholders and our other stockholders, motivate our executives to achieve our targeted financial and other performance objectives and reward them for their achievements when those objectives are met. To help achieve these objectives, a significant portion of our executive officers' compensation is at-risk and provided in the form of variable or performance-based compensation with upside potential for strong performance, as well as downside exposure for underperformance. We believe this is appropriate given our executive officers' ability to influence our overall performance.

We recognize the need for both short- and long-term incentives to retain talent and encourage both short- and long-term performance. To that end, we seek to provide a balance between short-term and long-term incentives as well as

**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS**

between cash compensation and equity-based compensation, which encourages a focus on long-term strategic objectives by linking compensation to the satisfaction of our long-term performance goals. Having a long-term compensation component is also consistent with the long-term horizon inherent in the homebuilding industry for the realization of revenue from any specific development project. In light of such objectives, we have determined that a significant portion of total compensation would be delivered in the form of long-term equity-based compensation.

The overall level of total compensation for our executive officers is intended to be reasonable in relation to and competitive with the compensation paid by similarly situated peer leaders in the homebuilding industry, subject to variation for factors such as the individual's experience, performance, duties, scope of responsibility, prior contributions and future potential contributions to our business. With these principles in mind, we structure our compensation program as a competitive total pay package, which we believe allows us to attract, retain and motivate executives with the skill and knowledge we require and ensure the stability of our management team, which is vital to the success of our business. However, in setting named executive officer compensation levels, we do not have a policy of setting compensation levels within a fixed range of benchmarks of our peer companies.

**Establishing and Evaluating Executive Compensation***Role of the Independent Compensation Consultant*

In March 2015, the compensation committee retained Exequity LLP, which provides the compensation committee with market data on executive compensation levels and practices at our selected competitors and also advises on trends and best practices in the areas of executive compensation and governance, assists the compensation committee in its review and evaluation of our compensation policies and practices, reviews our compensation discussion and analysis, and also provides independent advice on director compensation (including a comparative study of director pay in 2015). Exequity LLP is a nationally recognized independent provider of executive compensation advisory services. Exequity LLP does not provide other services to us or to our management, except at the direction of the compensation committee. We do not have any other relationships with Exequity LLP, and the compensation committee has determined that Exequity LLP is independent and has no conflicts of interest with us. The compensation committee has the sole authority to retain or terminate advisors to the compensation committee that assist in the evaluation of the compensation to our named executive officers and directors.

Prior to March 2015, the compensation committee retained Pearl Meyer & Partners ( Pearl Meyer ) as its independent compensation consultant. Pearl Meyer provided the compensation committee with market data on executive compensation levels and practices at our selected competitors and also advised on trends and best practices in the areas of executive compensation and governance, assisted the compensation committee in its review and evaluation of our compensation policies and practices and also provided independent advice on director compensation. Pearl Meyer did not provide, and was prohibited by compensation committee policy from providing, other services to us or to our management, except at the direction of the compensation committee. We did not have any other relationships with Pearl Meyer, and the compensation committee determined that Pearl Meyer was independent and had no conflicts of interest with us.

*Process Role of Officers and Compensation Committee*

The compensation committee is responsible for all compensation decisions for our named executive officers. Our Chief Human Resources Officer works with Ms. Palmer to establish compensation committee meeting agendas and provide various types of information, including interim progress against performance targets, information about other homebuilding companies or other topics requested by the compensation committee to assist the compensation committee in making its decisions.

The compensation committee, after consultation with Ms. Palmer as to officers other than herself, reviews and determines base salary, annual cash incentive bonuses and long-term incentive compensation levels for each executive officer. Ms. Palmer recommends to the compensation committee annual cash incentive bonus performance targets and evaluates actual performance relative to those targets, excluding any targets or performance evaluation applicable to her own compensation. The compensation committee, after taking into account Ms. Palmer's recommendations, reviews and approves annual base salaries, annual bonus performance targets and the amount of annual bonuses payable to each named executive officer based on achievement of annual performance targets, and long-term incentive compensation awards. Ms. Palmer's compensation levels are established by the compensation committee in its sole discretion. Ms. Palmer does not have any formal role or authority in the determination of her compensation.





**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS***Process Factors Considered in Setting Compensation*

The compensation committee believes that compensation decisions for our named executive officers are complex and require consideration of many factors, including the overall competitive market environment, industry compensation levels, the officer's individual performance and our performance.

**Market Data (Competitors and General Industry).** As mentioned above, the compensation committee does not set compensation levels for our named executive officers within a fixed range of benchmarks of our peer companies and only reviews such peer company information and market data to better assess the range of compensation needed to attract, retain and motivate executive talent in our highly competitive industry. Nevertheless, in establishing compensation packages for our named executive officers, the compensation committee reviews and considers the compensation levels of executives at public homebuilding companies as a factor, amongst other factors, in establishing targeted compensation. This review covers compensation data for a group of our competitors within the homebuilding industry (as available in such companies' public filings) and the most directly-relevant published survey sources available with respect to all direct pay elements, including salary, cash incentives and equity.

In connection with setting compensation, the compensation committee reviews data from the annual proxy statements of publicly traded homebuilders, as well as data from other published compensation survey sources, including FMI and Equilar, for compensation levels and trends as well as data on pay for executives and uses such information to guide our decisions. Additionally, in 2015 the compensation committee reviewed compensation data at the following 13 publicly-traded homebuilding companies in connection with setting compensation for Ms. Palmer and Messrs. Cone and Sherman:

PulteGroup Inc.	Toll Brothers, Inc.	Meritage Homes Corporation
D.R. Horton, Inc.	KB Home	M.D.C. Holdings Inc.
Lennar Corporation	Hovnanian Enterprises, Inc.	Beazer Homes USA Inc.
NVR, Inc.	The Ryland Group, Inc.	M/I Homes, Inc.
Standard Pacific Corp.		

In 2015, two of the companies in our peer group, The Ryland Group, Inc. and Standard Pacific Corp., completed a merger with the surviving company being renamed CalAtlantic Group, Inc. As a result of this merger, our peer group was reduced from thirteen publicly-traded homebuilding companies to twelve.

**Individual Performance.** As mentioned above, in addition to considering market data, the compensation committee considers each executive officer's individual performance in determining executive compensation levels, including the nature and scope of the executive's responsibilities and the executive's prior performance and expected future contributions. The compensation committee's review of individual performance is general and subjective in nature. Specific individual performance goals (such as goals tied to an officer's job function, role or personal performance) are not systematically established or measured.

**Company Performance.** The compensation committee also considers our performance, financial plans and budget in setting officer compensation levels for any given year taking into account general economic challenges as well as any specific challenges facing our business.

**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS****Key Elements of Executive Compensation Program**

The primary elements of our compensation structure are base salary, annual cash incentive bonuses, long-term equity-based incentive awards and certain employee benefits and perquisites. A brief description of, objectives of, and any changes in 2015 to each principal element of our executive compensation program for 2015 are summarized in the following table and described in more detail below.

**Key Compensation Program Elements Overview**

<b>Compensation Element</b>	<b>Brief Description</b>	<b>Objectives</b>	<b>Changes in 2015</b>
<b>Base Salary</b>	Fixed compensation	Provide a competitive, fixed level of cash compensation to attract and retain talented and skilled executives	Base salary increases effective as of April 5, 2015 were provided to our named executive officers as follows: Ms. Palmer approximately 11.1%, Mr. Cone approximately 8.7%, and Mr. Sherman approximately 3.1%.
<b>Annual Cash Incentive Bonuses</b>	Variable, performance-based cash compensation earned based on achieving pre-established annual goals	Motivate executives to achieve or exceed our current-year financial goals and reward them for their achievements	There were no changes to the bonus targets as a percentage of base salary for our named executive officers for 2015. Performance goals were updated in light of our short-term and long-term strategic objectives as discussed below.
<b>Long-Term Incentives Equity Based</b>	Variable, equity-based compensation to promote achievement of longer-term goals	Align executives and Principal Equityholders interests by linking rewards with achievement of return to our Principal Equityholders based on our long-term growth plan	In 2015, for the first time since our IPO, we granted our executive officers an annual equity award. The equity mix for our executive officers was as follows: 25% service-based vesting stock options, 25% service-based vesting RSUs and 50% performance-based vesting RSUs.
		Aid in retention of key executives in a highly competitive market for talent	
		Align executives interests with those of our other public stockholders and encourage executive decision-making that maximizes value creation over the long-term	
		Aid in retention of key executives and ensure continuity of management in a highly competitive market for talent	
<b>Employee Benefits and Perquisites (discussed below under Other Program Attributes )</b>	Participation in all broad-based employee health and welfare programs and retirement plans	Aid in retention of key executives in a highly competitive market for talent by providing overall benefits package competitive with industry peers	Employee benefits vary based on individual elections; auto allowance and certain commuting expense reimbursements are the only perquisites provided to our named executive officers.

*Base Salary*

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The base salary component of executive officer compensation is intended to provide a competitive, stable level of minimum compensation to each officer commensurate with the executive's role, experience and duties. The compensation committee annually reviews and approves base salaries for our executive officers based on several factors, including the individual's experience, responsibilities, performance, expected future contribution, our expected financial performance and salaries of similarly situated executives of our public peers in the homebuilding industry and in the general industry.

**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS**

Based on an evaluation of the foregoing factors, our desire to reward and retain the key executives who we believe are instrumental to our success, and the competitiveness of base salaries against peer and market data, the compensation committee, in consultation with Ms. Palmer (except as to her own compensation), determined that named executive officer base salaries would increase effective as of April 5, 2015, as follows:

Name	2014 Annual Base Salary	2015 Annual Base Salary	Percentage Increase
Sheryl D. Palmer	\$ 900,000	\$ 1,000,000	11.1%
C. David Cone	\$ 460,000	\$ 500,000	8.7%
Darrell C. Sherman	\$ 397,500	\$ 410,000	3.1%

With respect to Ms. Palmer and Mr. Cone, the compensation committee determined that, following a review of peer data, it was necessary to adjust their base salaries to remain competitive with industry standards. In addition, Ms. Palmer's and Mr. Cone's salaries were increased in recognition of their continued strong performance in driving business results. Specially, Ms. Palmer's increase recognizes her leadership, responsibility, and performance as our President and Chief Executive Officer, as well as her significant contributions in developing our strategic vision and direction and, with respect to Mr. Cone, his increase acknowledges his contribution to the leadership and growth of our financial reporting and financial management resources, contributions in working with our business units to improve efficiency and responsibility for other business management operations of the Company. Mr. Sherman's salary was increased as part of our annual review and reflects our belief that Mr. Sherman's performance and experience merited a salary increase.

*Annual Cash Incentive Bonuses*

The second component of executive officer compensation is annual cash incentive bonuses based on Company performance. Tying a portion of total compensation to annual Company performance permits us to adjust the performance measures each year to reflect changing objectives and those that may be of special importance for a particular year. Through this program, we seek to provide an appropriate amount of pre-established short-term cash compensation that is at-risk and tied to the achievement of certain short-term performance goals.

*Target Amounts.* Target annual cash incentive bonus opportunities for 2015 for each of our named executive officers remain unchanged from 2014. For 2015, the target annual cash incentive bonuses set by the compensation committee for each of our named executive officers were as follows:

Name	2015 Target Annual Bonus as a Percentage of Base Salary
Sheryl D. Palmer	150%
C. David Cone	125%
Darrell C. Sherman	125%

The actual 2015 annual cash incentive bonus amounts was calculated based on a combination of objective performance measures and using the following formula:

$$\begin{array}{ccccccc} & & \text{Target} & & \text{Actual} & & \text{Bonus} \\ \text{Annual} & & & & & & \\ \text{Salary} & \times & \text{Bonus} & \times & \text{Attainment} & = & \text{Payout} \\ & & \text{Percentage} & & \text{Percentage} & & \end{array}$$

Our Actual Attainment Percentage is an aggregated measure of the attainment of specific financial and operational performance goals for the Company as a whole expressed in the table below as a percentage. These performance goals are based on corporate and business objectives and are not tied to individual performance. To determine the Actual Attainment Percentage, specific criteria and corresponding goals are set for each

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officer. Each goal (1) has an associated threshold and target percentage attainment level and includes a stretch percentage attainment level, with straight-line interpolation for attainment between levels, and (2) is weighted to reflect the compensation committee's assessment of the goal's importance in relation to our overall business objectives. Specifically, the percentage attainment of each goal is applied to the weighting factor (itself a percentage), and these numbers are totaled to set the Actual Attainment Percentage.

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**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS**

Establishing Performance Goals for 2015 Annual Bonus Plan. The compensation committee established bonus plan goals for 2015. The target payout level was designed to be achievable with strong management performance and the stretch level was designed to encourage and reward our named executive officers for outstanding performance.

The approach to goal setting for 2015 bonuses involved a process of reviewing, among other things, our prior year's financial performance and our short-term and long-term strategic objectives. We also took into account the need for setting goals that are challenging yet reasonably achievable so as to provide a competitive pay package necessary for the retention of our talent.

Achievement of Corporate Performance Goals. The 2015 bonus program performance goals applicable to Ms. Palmer, Mr. Cone and Mr. Sherman were based 100% on total company performance. The applicable corporate performance goals were as follows:

Corporate Performance (\$ in thousands)						
Performance Goals	Weight	Threshold	Target	Stretch	Actual Attainment	Actual Attainment Percentage
Attainment level percentage		50%	100%	150%		
<b>Earnings Before Interest and Taxes ( EBIT )</b>	20%	\$450,000	\$500,000	\$550,000	\$466,238	66.24%
Attainment level percentage		50%	100%	150%		
<b>Order Book Goals</b>	20%	8,500	8,700	9,000	9,243	150.0%
Attainment level percentage		50%	75%	100%		
<b>Adjusted Homebuilding Gross Margin</b>	15%	18.0%	18.6%	19.0%	18.4%	65.79%
Attainment level percentage		50%	75%	100%		
<b>Mortgage Capture</b>	10%	70%	74%	78%	79%	100%
Attainment level percentage		50%	75%	100%		
<b>Net Operating Cash</b>	15%	\$450,000	\$515,000	\$545,000	\$260,694	0%
Attainment level percentage		25%	75%	100%		
<b>Customer Satisfaction</b>	20%	80%	84%	88%	84.4%	77.59%
Total (Actual Attainment Percentage)	100%					78.63%

We selected each performance goal in order to target performance across multiple levels of our business. An EBIT target encourages our executives to drive our Company-wide earnings, while a net operating cash target encourages an efficient use of capital and enhanced discipline as to the timing and appropriateness of capital expenditures. Order book goals and adjusted homebuilding gross margin goals encourage our executives to balance the price of our homes with the pace at which we construct them and with the quantity we construct. A mortgage capture target incentivizes behavior that appropriately balances risks and rewards in a changing regulatory environment. Finally, customer satisfaction, which we measure based on the average of 30-day and 10-month survey results from an H2Insight Customer Satisfaction Report, encourages our executives to focus both on short-term and long-term satisfaction of our customers.

The actual cash incentive bonuses approved for our named executive officers for 2015 were as follows: Ms. Palmer \$1,179,450, Mr. Cone \$491,438, and Mr. Sherman \$402,979 (each of which are reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table, below).

*Long-Term Incentives Equity Based*

Philosophy. As mentioned above, we believe that equity awards are an important component of our executive compensation program. Equity compensation aligns our executives', our Principal Equityholders' and our other public stockholders' interests by linking rewards with achievement of return to our Principal Equityholders and other public stockholders based on our long-term growth plan. Our equity compensation program is designed to foster a long-term commitment to us by our named executive officers, provide a balance to the short-term cash components of our compensation program and reinforce our pay-for-performance structure.

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**COMPENSATION DISCUSSION AND ANALYSIS**

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*Overview.* Equity-based compensation awards to our named executive officers in 2015 consisted of the following:

Options to purchase our Class A common stock, upon satisfaction of service-based vesting conditions, granted under the 2013 Equity Plan;

Restricted stock units, each representing the right to receive, upon satisfaction of service-based vesting conditions, one share of our Class A common stock, granted under the 2013 Equity Plan;

Performance-based restricted stock units, each representing the right to receive, upon satisfaction of vesting and performance conditions, one share of our Class A common stock, granted under the 2013 Equity Plan;

New TMM Units (and a corresponding number of shares of our Class B common stock) that are subject to time-based vesting conditions, which were converted from profits interests in TMM granted before the IPO, with the original vesting schedule continuing to apply;

Profits interests in the TPG Holding Vehicle, which vest based on the return received by such vehicle in respect of the New TMM Units it holds and were converted from profits interests in TMM granted before the IPO, with the original vesting terms continuing to apply; and

Profits interests in the Oaktree Holding Vehicle, which vest based on the return received by such vehicle in respect of the New TMM Units it holds and were converted from profits interests in TMM granted before the IPO, with the original vesting terms continuing to apply. (In this Proxy Statement, we collectively refer to the performance-vesting profits interests of the TPG and Oaktree Holding Vehicles as Holding Vehicle Performance Units. )

A more detailed discussion of the terms of these interests follows.

*Equity Awards*

All equity awards issued to our named executive officers since our IPO have been made pursuant to the terms of the 2013 Equity Plan. Awards granted under the 2013 Equity Plan are subject to the terms and conditions established by the compensation committee in the applicable award agreement and need not be the same for each participant. To date, all stock options granted under the 2013 Equity Plan have a term of ten years. Generally, equity awards will be granted to our eligible employees, including our named executive officers, during the annual award process. Equity awards shall be made in accordance with our Policy and Procedures for the Granting of Equity-Based Compensation Awards ( Granting Policy ). In February 2015, the compensation committee amended our Granting Policy to provide that annual equity awards to our executive officers and senior corporate management team would be made in the first quarter of the year, shortly following the public release of our annual earnings, rather than on the date of the annual stockholder meeting, to align the timing of the annual grant of equity awards with the compensation committee's annual review cycle of base salaries and target bonus opportunities for our employees, including our named executive officers.

*2015 Equity Awards*

2015 is the first year since our IPO that we provided an annual equity grant to our named executive officers. Our compensation committee determined that the annual equity grant for 2015 should include a mix of options and RSUs, a portion of which are subject to service-based vesting conditions and a portion of which are subject to performance-based vesting conditions.

In February 2015, the compensation committee approved annual equity awards for our employees, including our named executive officers. Based on recommendations from Pearl Meyer, the compensation committee's independent compensation consultant at that time, reviewing compensation best practices of public companies generally, reviewing compensation practices of our peer group, and the consideration of other

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factors deemed appropriate, the compensation committee decided to award long-term incentive equity awards for 2015 as follows: 50% of the annual grant was awarded in the form of performance-based vesting RSUs ( Performance RSUs ), half of which vest based on the Company's earnings per share, or EPS, and half of which vest based on the Company's relative total shareholder return, or TSR, each as described below; 25% of the annual grant was awarded in the form of service-based vesting RSUs ( Service-based RSUs ); and 25% of the annual grant was awarded in the form of service-based vesting nonqualified stock options. In making its determination, our compensation committee acknowledged that, while the mix of equity awards remains highly performance based, at the same time the mix also provides retention strength.



**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS**

The Performance RSUs will be earned based on performance over a three-year period, and will be payable (or settled) in shares of our Class A common stock as soon as practicable following the date that the compensation committee determines and certifies the applicable level of performance achieved, subject to continued employment through such date. Dividend equivalents on the Performance RSUs accrue based on dividends declared and paid on our Class A common stock during the performance period, if any, which vest and are payable only on the number of shares actually earned at the end of the performance period.

Performance RSUs that vest based on an EPS goal will be earned based upon our achievement of a cumulative EPS goal of reported EPS, subject to adjustments as described below, for periods in the three-year performance period beginning on the date of grant, February 9, 2015, and ending on February 8, 2018, subject to the named executive officer's continued employment through the last date of the performance period and the date that the compensation committee determines and certifies the applicable level of performance achieved. The levels of EPS performance that will result in an award of the threshold, target or maximum number of shares under these Performance RSUs are as shown in the following table, with linear interpolation used in the event that the actual results do not fall directly on one of the performance levels. If the Company does not meet the EPS threshold set forth below, no shares would be eligible to vest on the date that the compensation committee determines and certifies the applicable level of performance achieved. In calculating whether an EPS performance goal has been achieved, the Company's reported EPS is adjusted to account for, among other things, non-cash, non-routine events, transaction expenses related to acquisitions, and net changes in fair value of acquisition-related contingent liabilities.

Three-Year Company		
Cumulative EPS		
Performance Level	Performance Goals	Attainment Percentage <sup>(1)</sup>
Threshold	\$ 6.00	50%
Target	\$ 6.50	75%
Maximum	\$ 7.00	100%

(1) Number of shares earned is calculated by multiplying the attainment percentage by the product of the target number of shares subject to award multiplied by  $\frac{4}{3}$ .

Our compensation committee selected EPS over a three-year period as a performance measure in order to provide an element of incentive compensation based on a long-term company performance goal focused on profitability of the Company and to encourage our executives to achieve our business plan objectives. The Performance RSUs that vest based on our EPS will be payable in shares of our Class A common stock to further align the compensation of the named executive officers with the interests of our stockholders.

Performance RSUs that vest based on a TSR performance goal will be earned based upon our achievement of a TSR that compares favorably against a peer group of companies (e.g., other publicly traded homebuilders selected by the compensation committee) over a three-year performance period beginning on the date of grant, February 9, 2015, and ending on February 8, 2018, subject to the named executive officer's continued employment through the date that the compensation committee determines and certifies the applicable level of performance achieved. The levels of relative TSR performance that will result in an award of the threshold, target or maximum number of shares under these Performance RSUs are as shown in the following table. (Not shown in the table is that, if the relative TSR performance falls within the 63<sup>rd</sup> to 75<sup>th</sup> Percentile, shares are earned at 125% of target.) If relative TSR performance is below the threshold, no shares would be eligible to vest on the date that the compensation committee determines and certifies the applicable level of performance achieved. The maximum performance level is limited to 100% of target if the TSR for the performance period is negative.

Three-Year Relative TSR		
Performance Level	Performance Goals	Attainment Percentage <sup>(1)</sup>
Threshold	33 <sup>rd</sup> to 49 <sup>th</sup> Percentile	50%
Target	50 <sup>th</sup> to 62 <sup>nd</sup> Percentile	100%
Maximum	Greater than 75 <sup>th</sup> Percentile	150%

(1) Number of shares earned is calculated by multiplying the attainment percentage by the target number of shares subject to award.

The compensation committee selected relative TSR as a performance measure to align the compensation of the executive officers with the interests of our stockholders, and to encourage our executives and our Company's performance regardless of the trajectory of our peer group and the general market. The Performance RSUs that vest based on our relative TSR will be payable in shares of our Class A common stock to further align the compensation of the named executive officers with the interests of our stockholders.

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The compensation committee selected these two performance measures, EPS and relative TSR, for our 2015 long-term incentive program as it believes they best align with our current stockholder interests of strong returns and increased profitability per share. Additionally, the two metrics are assessed from both relative and absolute measurement approaches, thereby providing an internal and external performance perspective. Finally, the measures assess performance on a cumulative basis over three years, linking compensation opportunity to performance over an extended period.

The Service-based RSUs granted as part of the 2015 long-term incentive compensation program vest over a four-year period, with 33 1/3% of the grant vesting on each of the second, third and fourth anniversaries of the grant date, subject to continued employment through the applicable vesting date, and will be payable in shares of our Class A common stock. Dividend equivalents accrue on Service-based RSUs based on dividends declared and paid on our Class A common stock during the vesting period, if any, which vest and are payable in accordance with the vesting and payment of the underlying Service-based RSU award.

The nonqualified stock options granted as part of the 2015 long-term incentive compensation program vest over a four-year period, with 25% of the grant vesting on each of the first, second, third and fourth anniversaries of the grant date, subject to continued employment through the applicable vesting date. Stock options are granted at an exercise price equal to the fair market value (the closing price on the NYSE) of our Class A common stock on the grant date and have a term of ten years.

The table below shows the long-term incentive award opportunities established by the compensation committee relating to the 2015 long-term incentive compensation program:

**Award Opportunity Under 2015 Long-Term Incentive Program**

<b>Name</b>	<b>Base Salary as of 2/9/15<sup>(1)</sup></b>	<b>Target as % of Base Salary</b>	<b>Target Long-Term Incentive Opportunity</b>
Sheryl D. Palmer	\$ 900,000	350%	\$ 3,150,000
C. David Cone	\$ 460,000	150%	\$ 690,000
Darrell C. Sherman	\$ 397,500	125%	\$ 496,875

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

For further information on the 2015 long-term incentive awards granted to our named executive officers, see the Grants of Plan-Based Awards table.

*New TMM Units and Holding Vehicle Performance Units*

Certain of our directors and executive officers hold time-based vesting New TMM Units and Holding Vehicle Performance Units as a result of the conversion of certain profits interests in TMM in connection with our IPO. The New TMM Units and Holding Vehicle Performance Units retained the vesting schedule of, and relevant performance conditions applicable to, the outstanding profits interests they replaced. Both the vested and unvested New TMM Units and Holding Vehicle Performance Units are entitled to receive distributions, if any, from New TMM and/or the TPG and Oaktree Holding Vehicles, as applicable, but distributions (other than tax distributions) in respect of unvested New TMM Units are only delivered to the holder when, as, and if such units ultimately vest. The vesting and other terms applicable to the New TMM Units and Holding Vehicle Performance Units are contained in individual rollover award agreements and subject to the terms of the applicable plan documents.

Individuals who received New TMM Units in connection with our IPO also received a number of shares of our Class B common stock equal to the number of New TMM Units they received. Each share of Class B common stock paired with a New TMM Unit will be vested or unvested to the same extent as the New TMM Unit with which it is paired. There are no voting rights associated with the New TMM Units, whether vested or unvested, but each share of Class B common stock carries one vote, including both vested and unvested shares of Class B common stock. Management may exchange vested New TMM Units and the corresponding number of shares of our Class B common stock for shares of our Class A common stock on a one-for-one basis.



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**COMPENSATION DISCUSSION AND ANALYSIS**

**Other Program Attributes**

*Equity Ownership; Anti-Hedging Policy*

The compensation committee believes it is important for key members of our senior management team and directors to build and maintain a long-term ownership position in our Company, to further align their financial interests with those of our stockholders and to encourage the creation of long-term value. Our compensation structure for these individuals provides for a significant percentage of compensation to be equity-based, which places a substantial portion of compensation at risk over a long-term period. At this time, we do not have specific requirements or mandated levels of equity ownership for our executive officers because, in our view, our equity-based compensation programs and previously offered investment opportunities have to date resulted in management having a desirable level of direct ownership in our business. However, as noted above, we have an anti-hedging policy in place that is applicable to all employees (including our executive officers and directors), prohibiting purchases of our stock on margin, calls or similar options on our stock, or selling our stock short. See [Director Compensation Stock Retention Policy](#) for additional information relating to our equity ownership policy for non-employee directors.

*Clawback Policies*

Our equity-based awards provide that all vested equity-based awards will be forfeited by our executives automatically upon a breach by them of any of the post-employment restrictive covenants (e.g. non-competes) to which they are subject. The executive would also be responsible for damages suffered by us in connection with any such breach. We view this recovery of awards feature as a necessary element of our equity-based program as it deters competitive activities that would likely cause significant harm to our business.

In addition, if an equity plan participant receives an amount in excess of what should have been received under the terms of the award due to material noncompliance by the Company with any financial reporting requirement under the U.S. securities laws, any mistake in calculations or other administrative error, then the award will be cancelled with respect to any excess value, and the individual must promptly repay to us any such amount already received.

Under our bonus clawback policy, we may recover all or part of any incentive annual cash bonus compensation awarded or paid to these employees in the event that we determine that our financial results must be restated to correct an accounting error due to material financial restatement, where our board of directors determines that fraud or misconduct led to the need for such restatement and where cash bonuses paid for the years subject to restatement would have been materially lower.

In addition, we reserve the right to adopt any additional clawback policies as may be necessary to protect our compensation policies and objectives and as may be required by law, including mandates required by the Dodd-Frank Act.

*Employee Benefits and Perquisites*

We provide a number of benefit plans to all eligible employees, including our named executive officers. These benefits include programs such as medical, dental, life insurance, business travel accident insurance, short-and long-term disability coverage, a 401(k) defined contribution plan and home purchase rebate program providing employees with a 5% rebate on purchases of homes built by us.

Employees who have been with us since on or before December 31, 2010, including certain of our named executive officers, were eligible to accrue pension benefits under a cash balance pension plan, which was frozen to new accruals and participants as of December 31, 2010. Under this plan, prior to 2011, our predecessor contributed a specified percentage of each employee's salary each quarter (generally based on the participant's age) to the participant's account balance, and employees vested in their accounts after five years of service. For further information on pension benefits for our named executive officers, see the [Pension Benefits](#) table.

Perquisites for our named executive officers are limited to monthly auto allowances and, solely for Ms. Palmer, certain commuting expenses for her travel from her residence in Las Vegas, Nevada to our offices in Scottsdale, Arizona. Auto allowances may be available to our other employees either in an executive role or those employees whose positions require regular driving for business as an essential job function. While perquisites help to provide competitive total



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### **COMPENSATION DISCUSSION AND ANALYSIS**

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compensation packages to the named executive officers in a cost-efficient manner by providing a benefit with a high perceived value at a relatively low cost, we do not generally view perquisites as a material component of our executive compensation program. In the future, we may provide additional or different perquisites or other personal benefits in limited circumstances, such as where we believe doing so is appropriate to assist an individual in the performance of his or her duties, to make our executive officers more efficient and effective and for recruitment, motivation and/or retention purposes.

#### *Employment Agreements, Severance Protection and Restrictive Covenant Agreements*

Each of our named executive officers is party to an employment agreement with us, which specifies the terms of the individual's employment including certain compensation levels and is intended to assure us of the executive's continued employment and provide stability in our senior management team.

Each of the employment agreements between us and Messrs. Cone and Sherman provides that their employment under their respective agreements will continue in effect until terminated by us or by the named executive officer. The term of Ms. Palmer's employment agreement (dated July 13, 2011, and amended as of May 17, 2012), continued for three years through July 13, 2014, subject to automatic successive one-year extensions thereafter unless either party gives at least 90 days' prior notice that the term will not be extended, and under the terms of the employment agreement such term was automatically extended on July 13 of each of 2014 and 2015.

Ms. Palmer (subject also to the additional considerations described below) and Messrs. Cone and Sherman are each party to a restrictive covenant agreement, which includes an 18-month post-employment non-compete and non-solicit of customers and employees in connection with certain terminations of employment; however, for Messrs. Cone and Sherman, if termination is without cause by us or the executive resigns for good reason, the covenants apply only through the duration of the period in which the executive is receiving severance.

Pursuant to the employment agreements, we provide salary continuation and other benefits in the event of certain terminations of employment. A portion of the New TMM Units held by our named executive officers is also subject to accelerated vesting upon certain terminations of employment following a sale of New TMM (generally, a transaction where (1) more than 80% of the common units are acquired by a third party that is unrelated to the partnership, (2) the buyer acquires the right to replace the general partner of New TMM, or (3) all or substantially all of the assets are sold (including due to the sale of more than 80% of the equity of the subsidiaries holding such assets)). All options and RSUs held by our named executive officers are subject to accelerated vesting upon certain terminations of employment that occur within the 24-month period following a change in control of the Company. These payments and benefits are designed to provide financial security in the event of certain corporate transactions and/or termination of employment, as well as consideration for the executive's compliance with certain post-employment restrictive covenants. We believe these provisions help retain our executives who are critical to the success and operation of our business while also protecting important business objectives through restrictive covenants. See *Potential Payments upon Termination of Employment or Change in Control* for a discussion of severance and change in control payments payable to our named executive officers pursuant to their employment agreements.

In May 2012, we amended Ms. Palmer's employment agreement to provide her with an opportunity to receive a special retirement bonus of \$1,000,000 if she voluntarily terminates her employment with us after May 15, 2013 and does not resume employment in the homebuilding industry in any capacity for five years. If Ms. Palmer resumes employment in the homebuilding industry within five years of such voluntary termination, she will be required to repay the bonus to us. The purpose of providing this bonus was twofold: to retain Ms. Palmer's services through at least May 15, 2013 and to incentivize her not to directly compete with us, which could cause significant harm to our business.

In February 2016, our compensation committee determined that it was appropriate to amend each of the employment agreements of our leadership team, including our named executive officers, to conform the definition of *change in control* contained therein to the *change in control* definition contained in the 2013 Equity Plan (or any successor plan thereto). This allows the compensation committee to apply a uniform definition of *change in control* to both the employment agreements and the 2013 Equity Plan.

**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS****Accounting Matters**

Each element of the compensation paid to our executives is expensed in our financial statements as required by U.S. generally accepted accounting principles. The financial statement impact of various compensation awards is an important factor that the compensation committee considers in determining the amount, form and design of each pay component for our named executive officers, but it is only one of many factors considered in setting such compensation.

**Certain Tax Matters**

Our compensation committee's general policy is that compensation should qualify as tax deductible to us for federal income tax purposes whenever possible, to the extent consistent with our overall compensation goals. Under Section 162(m) of the U.S. tax code, compensation paid to certain of our named executive officers (other than our chief financial officer) in excess of \$1 million per year is generally not deductible unless the compensation is performance-based as described in the regulations under Section 162(m). As a company that recently became public, we are permitted a transition period before the provisions of Section 162(m) become applicable to us (this transition period could last until the first meeting at which directors are elected that occurs following December 31, 2016), although in general we have structured our compensation programs in a manner intended to comply with Section 162(m). We believe it is important that our compensation committee retain flexibility and authority to adjust compensation as needed to address particular circumstances, or unexpected, unusual or non-recurring events, or to attract and retain key executive talent, even if this results in the payment of non-deductible compensation. Accordingly, our compensation committee may make payments that are not deductible if, in its judgment, such payments are necessary to achieve our compensation objectives and in the best interests of the Company and its stockholders.

**Looking Ahead 2016 Compensation**

At its February 2016 meeting, our compensation committee took the following actions with respect to 2016 compensation matters:

**Base Salary.** The compensation committee approved 2016 base salaries for the named executive officers. Ms. Palmer's base salary did not change, while Messrs. Cone's and Sherman's base salaries will increase to \$525,000 and \$425,000, respectively, effective April 2016.

**Annual Cash Incentive Bonuses.** The compensation committee approved the performance measures, consisting of EPS, Homebuilding Gross Margin, Backlog and Closings, and Customer Satisfaction, and the 2016 target annual bonus opportunities under our annual cash incentive bonus program. The target annual bonus opportunities did not change for Ms. Palmer or Mr. Sherman compared to their 2015 targets, while Mr. Cone's target bonus increased to 145% of base salary.

**Long-Term Incentive Awards.** The compensation committee determined that, like 2015, the annual equity grant to our named executive officers for 2016 should include a mix of options, Service-based RSUs and Performance RSUs in the same proportions as granted in 2015. Service-based RSUs and nonqualified stock options awarded as part of the 2016 long-term incentive program will vest over a four-year period in the same proportions as those granted in 2015, while Performance RSUs will vest over a three-year period subject to meeting various cumulative EPS and relative TSR goals similar to those established in connection with the 2015 grant. The 2016 target award opportunities under our long-term incentive program did not change compared to 2015 for the named executive officers other than for Mr. Cone. Mr. Cone's target award opportunity increased from 150% of base salary to 200% of base salary.

Our compensation committee's decision to increase the compensation of Messrs. Cone and Sherman reflects its consideration of each executive's overall performance, compensation, and its desire to reward and retain key members of our leadership team by maintaining a level of compensation that is competitive.



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**COMPENSATION DISCUSSION AND ANALYSIS**

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**Compensation Committee Report**

The compensation committee reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with our management. Based on our reviews and discussion with management, the compensation committee recommended to the board of directors, and the board of directors approved, that the Compensation Discussion and Analysis be included in this Proxy Statement for the Taylor Morrison Home Corporation 2016 Annual Meeting of Stockholders and incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2015.

**COMPENSATION COMMITTEE**

Rajath Shourie (Chairman)  
Kelvin Davis  
Joe S. Houssian

**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS****Summary Compensation Table**

The following table summarizes the compensation earned by, or awarded or paid to, each of our named executive officers for the years ended December 31, 2015, 2014 and 2013. As 2014 was the first year Mr. Sherman was a named executive officer, only his 2015 and 2014 compensation is reported.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(3)</sup>	Change in Pension Value and Nonqualified Deferred Compensation		Total (\$)
						Earnings (\$) <sup>(4)</sup>	All Other Compensation (\$) <sup>(5)</sup>	
<b>Sheryl D. Palmer</b> President and Chief Executive Officer	2015	978,077	2,122,331	787,505	1,179,450	1,389	41,724	5,110,476
	2014	850,000			2,149,845	12,848	36,892	3,049,585
	2013	700,000	1,170,750	2,312,000	1,417,418		36,135	5,636,303
<b>C. David Cone</b> Executive Vice President and Chief Financial Officer	2015	491,615	464,907	172,505	491,438		35,619	1,656,084
	2014	445,000			768,453		19,024	1,232,477
	2013	400,000	261,104	2,023,000	539,969		18,734	3,242,807
<b>Darrell C. Sherman</b> Executive Vice President, Chief Legal Officer and Secretary	2015	408,356	334,802	124,222	402,979	178	17,791	1,288,328
	2014	394,737			779,804	3,167	19,024	1,196,732

(1) The amounts shown in this column are the aggregate grant date fair values, assuming no risk of forfeiture, calculated in accordance with FASB ASC Topic 718 for Performance RSUs and Service-based RSUs granted during the applicable year.

The grant date fair value of the Performance RSUs to be earned based on EPS performance over three years was calculated using the fair market value on the date of grant multiplied by the target number of shares that may be earned. The amount reported for Performance RSUs in the table represents the grant date fair value as calculated in accordance with accounting guidance and assumes target performance. The following amounts represent the maximum potential EPS Performance RSU value by individual for 2015, determined at the time of grant (100% of the maximum EPS): Ms. Palmer \$787,503, Mr. Cone \$172,522 and Mr. Sherman \$124,236.

The grant date fair value of the Performance RSUs to be earned based on three-year relative TSR performance was calculated using a Monte Carlo simulation fair value on the date of grant multiplied by the target number of shares that may be earned. The amount reported for Performance RSUs in the table represents the grant date fair value as calculated in accordance with accounting guidance and assumes target performance. The following amounts represent the maximum potential TSR Performance RSU value by individual for 2015, determined at the time of grant (150% of the target award): Ms. Palmer \$1,116,295, Mr. Cone \$244,526 and Mr. Sherman \$176,106.

The grant date fair value of the Service-based RSU awards was calculated using the closing price of our Class A common stock on the date of grant multiplied by the number of shares underlying the Service-based RSU award.

The assumptions used in the valuation of stock-based awards are discussed in Note 15 to our Audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2015.

(2) The stock-based compensation amounts shown in this column reflect the aggregate grant date fair value, assuming no risk of forfeiture, of stock option awards granted during 2015 and 2013 calculated in accordance with FASB ASC 718. We use the Black-Scholes option pricing model to estimate the fair value of stock options granted, which requires the input of both subjective and objective assumptions. The assumptions used in the valuation of stock-based awards are discussed in Note 15 to our Audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended

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- (3) The amounts reported in this column were earned under our annual cash incentive bonus program for the applicable year, which is described above, see Compensation Discussion and Analysis Key Elements of Executive Compensation Program Annual Cash Incentive Bonuses. The amounts reported in this column for 2014 also include amounts earned under the 2012 long-term cash incentive plan.
  
- (4) These amounts do not represent realized compensation; rather, they represent an actuarial adjustment to the present value of accumulated benefits under our Taylor Morrison Cash Balance Pension Plan, from the pension plan measurement date used for financial statement reporting purposes with respect to our audited financial statements for the applicable fiscal year, to the pension plan measurement date used for financial statement reporting purposes with respect to our audited financial statements for the applicable fiscal year. See below under the heading Pension Benefits for additional details.

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**COMPENSATION DISCUSSION AND ANALYSIS**

(5) For each of our named executive officers, All Other Compensation consists of the payments for 2015 that are shown in the table below:

<b>Name</b>	<b>401(k) Company Match (\$)</b>	<b>Company Paid Life Insurance Premiums (\$)</b>	<b>Auto Allowance (\$)</b>	<b>Commuting Expenses (\$)<sup>(a)</sup></b>	<b>Other (\$)<sup>(b)</sup></b>	<b>Total (\$)</b>
<b>Sheryl D. Palmer</b>	9,275	1,288	14,455	16,706		41,724
<b>C. David Cone</b>	9,275	1,288	7,228		17,828	35,619
<b>Darrell C. Sherman</b>	9,275	1,288	7,228			17,791

- (a) We pay the commuting expense of Ms. Palmer's flights from her residence in Las Vegas, Nevada to our corporate headquarters in Scottsdale, Arizona.
- (b) This amount represents the value of the rebate Mr. Cone received in connection with his purchase of a Taylor Morrison home pursuant to the Taylor Morrison Home Purchase Rebate Program.

**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS****Grants of Plan-Based Awards**

The following table summarizes awards under our annual cash incentive bonus program and awards granted under 2013 Equity Plan as part of our 2015 long-term incentive plan to each of our named executive officers in the year ended December 31, 2015.

Name and Type of Award	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Possible Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Awards: Number of Securities Underlying Options (#)	Exercise of Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards <sup>(3)</sup> (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
<b>Sheryl D. Palmer</b>											
2015 Bonus Program Options <sup>(4)</sup>	02/09/15	75,000	1,275,000	1,800,000							
Service-based RSUs <sup>(4)</sup>	02/09/15						42,045	102,198	18.73	787,505	
Performance RSUs <sup>(4)(5)</sup>	02/09/15				21,023	31,534	42,045			787,503	
Performance RSUs <sup>(4)(6)</sup>	02/09/15				21,023	42,045	63,068			590,632	
<b>C. David Cone</b>											
2015 Bonus Program Options <sup>(4)</sup>	02/09/15	31,250	531,250	750,000							
Service-based RSUs <sup>(4)</sup>	02/09/15						9,210	22,386	18.73	172,505	
Performance RSUs <sup>(4)(5)</sup>	02/09/15				4,605	6,908	9,211			172,503	
Performance RSUs <sup>(4)(6)</sup>	02/09/15				4,605	9,210	13,815			129,387	
<b>Darrell C. Sherman</b>											
2015 Bonus Program Options <sup>(4)</sup>	02/09/15	25,625	435,625	615,000							
Service-based RSUs <sup>(4)</sup>	02/09/15						6,632	16,121	18.73	124,222	
Performance RSUs <sup>(4)(5)</sup>	02/09/15				3,317	4,975	6,633			124,217	
Performance RSUs <sup>(4)(6)</sup>	02/09/15				3,317	6,633	9,950			93,182	
										117,404	

(1) Under our annual cash incentive bonus