

# D.R. HORTON, INC. REPORTS 47% INCREASE IN FIRST QUARTER NET INCOME

01/22/02

## Quarter Highlights

- 47% increase in consolidated net income
- 42% increase in diluted earnings per share
- 31% increase in consolidated revenue
- 22% increase in net new sales contracts
- 19% increase in sales contract backlog
- 74 basis point increase in home sales gross profit margin

ARLINGTON, Texas, Jan. 22 /PRNewswire-FirstCall/ -- D.R. Horton, Inc. (NYSE: DHI) Tuesday (January 22, 2002) reported its 97th consecutive quarter of year-over-year growth in profitability, which increased shareholders' equity to a record \$1.3 billion. Net income for the quarter ended December 31, 2001 increased 47% to \$73.4 million (\$0.94 per share), compared to \$49.9 million (\$0.66 per share) for the same quarter of fiscal year 2001. For the quarter ended December 31, 2001, income before the cumulative effect of a change in accounting principle increased 54% to \$73.4 million from \$47.8 million. Homebuilding revenues for the quarter increased 30% to \$1,135.0 million (5,691 homes closed) from \$873.6 million (4,290 homes closed) for the same quarter of fiscal year 2001.

The Company previously reported record first quarter net new sales contracts. Net new sales contracts for the first quarter of fiscal 2002 increased 22% to 5,144 homes (\$1,021.4 million) from 4,229 homes (\$900.3 million) for the same period last year. Sales contract backlog at December 31, 2001 increased 19% to 8,716 homes (\$1.8 billion) from 7,327 homes (\$1.6 billion) last year.

Donald R. Horton, Chairman of the Board, said, "We are extremely pleased with the Company's first quarter performance, where we once again grew our net income at a faster pace than our revenues. The excellent results of our first quarter, combined with our record backlog for December 31, provide a solid foundation for achieving our 25th consecutive year of growth and profitability.

"This is an especially exciting time for our Company as we look forward to welcoming Jim Schuler and the Schuler companies into the D.R. Horton family of companies. Both D.R. Horton and Schuler have scheduled shareholder meetings to vote on the merger on February 21, 2002. Shareholders as of January 14, 2002 are invited to attend and vote in person or by proxy. We anticipate closing the merger upon shareholder approval."

Founded in 1978, D.R. Horton, Inc. is engaged in the construction and sale of high quality homes designed principally for the entry-level and first time move-up markets. The Company currently builds and sells homes under the D.R. Horton, Arappco, Cambridge, Continental, Dietz-Crane, Dobson, Emerald, Mareli, Milburn, Regency, SGS Communities, Torrey and Trimark names in 20 states and 38 markets, with a geographic presence in the Midwest, Mid-Atlantic, Southeast, Southwest and Western regions of the United States. The Company also provides mortgage financing and title services for homebuyers through its subsidiaries CH Mortgage, DRH Title Company, Principal Title, Travis Title Company, Metro Title Company, Century Title Company and Custom Title Company.

Portions of this document may constitute "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. Although the Company believes any such statements are based on reasonable assumptions, there is no assurance that actual outcomes will not be materially different. All forward-looking statements are based upon information available to the Company as of the date of this press release. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future results or otherwise. Factors that may cause the actual results to be materially different from the future results expressed by the forward-looking statements include, but are not limited to: changes in general economic, real estate and business conditions; changes in interest rates and the availability of mortgage financing; governmental regulation and environmental matters; the Company's substantial leverage; competitive conditions within the industry; the availability of capital and the Company's ability to successfully effect growth strategies. Additional information about issues that could lead to material changes in performance is contained in the Company's annual report on Form 10-K and most recent quarterly report on Form 10-Q, which are filed with the Securities and Exchange Commission.

WEBSITE ADDRESS: [www.DRHORTON.com](http://www.DRHORTON.com)

D.R. HORTON, INC.

CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

	Three Months	
	Ended	
	December 31,	
	2000	2001
	(In millions, except per share amounts)	
Homebuilding:		
Revenues		
Home sales	\$856.1	\$1,125.7
Land/lot sales	17.5	9.3
	873.6	1,135.0
Cost of sales		
Home sales	689.9	898.9

Home sales	166.2	226.8
Land/lot sales	4.0	1.4
	170.2	228.2
Selling, general and administrative expenses	91.9	118.4
Interest expense	2.9	1.2
Other (income)	3.3	2.6
Operating income from homebuilding	72.1	106.0
Financial Services:		
Revenues	14.1	24.9
Selling, general and administrative expenses	10.1	15.1
Interest expense	1.1	1.3
Other (income)	(1.4)	(3.0)
Operating income from financial services	4.3	11.5
Income before income taxes	76.4	117.5
Provision for income taxes	28.6	44.1
Income before cumulative effect of change in accounting principle	\$47.8	\$73.4
Cumulative effect of change in accounting principle	2.1	---
Net income	\$49.9	\$73.4
Amounts per share - basic:		
Income before cumulative effect of change in accounting principle	\$0.64	\$0.95
Cumulative effect of change in accounting principle	0.03	---
Net income	\$0.67	\$0.95
Weighted average number of common shares	75.0	77.0
Amounts per share - diluted:		
Income before cumulative effect of change in accounting principle	\$0.63	\$0.94
Cumulative effect of change in accounting principle	0.03	---
Net income	\$0.66	\$0.94
Weighted average number of common shares	76.1	78.3

Homebuilding Financial Data:

Interest incurred

29.5

36.7

D.R. HORTON, INC.  
CONSOLIDATED BALANCE SHEET  
(UNAUDITED)

December 31, 2001

(In millions)

ASSETS

Homebuilding:

Cash and cash equivalents	\$22.1
Inventories	2,980.1
Property and equipment (net)	55.1
Other assets	207.9
Excess of cost over net assets acquired (net)	136.7
	3,401.9

Financial services:

Cash and cash equivalents	9.9
Mortgage loans held for sale	233.9
Other assets	13.9
Excess of cost over net assets acquired (net)	1.2
	258.9
	\$3,660.8

LIABILITIES

Homebuilding:

Accounts payable and other liabilities	\$465.6
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Notes payable:

Revolving credit facility due 2002	---
8 3/8% senior notes due 2004, net	149.0
10 1/2% senior notes due 2005, net	199.5
10% senior notes due 2006, net	147.7
8% senior notes due 2009, net	383.3
9 3/4% senior subordinated notes due 2010, net	148.9
9 3/8% senior subordinated notes due 2011, net	199.7
7 7/8% senior notes due 2011, net	198.3
Zero coupon convertible senior notes due 2021, net	204.2
Other	69.3
Total notes payable	1,699.9
	2,165.5

Financial services:

Accounts payable and other liabilities	7.9
Notes payable	154.8
	162.7
	2,328.2

STOCKHOLDERS' EQUITY

Common stock	0.8
Additional capital	708.3
Retained earnings	614.2
	1,323.3
	\$3,660.8

D.R. HORTON, INC.

(\$'s in millions)

NET NEW SALES CONTRACTS

Three months ended December 31,

	2000		2001	
	Units	\$'s	Units	\$'s
Mid-Atlantic	550	\$128.4	628	\$128.1
Midwest	326	80.1	388	96.9
Southeast	548	98.0	735	118.3
Southwest	1,679	277.8	2,332	379.2
West	1,126	316.0	1,061	298.9
	4,229	\$900.3	5,144	\$1,021.4

HOMES DELIVERED

Three months ended December 31,

	2000		2001	
	Units	\$'s	Units	\$'s
Mid-Atlantic	595	\$133.9	595	\$125.1
Midwest	488	118.7	463	118.7
Southeast	565	100.2	888	154.9
Southwest	1,792	288.5	2,571	432.6
West	850	214.8	1,174	294.4

SALES CONTRACT BACKLOG

December 31,

	2000		2001	
	Units	\$'s	Units	\$'s
Mid-Atlantic	778	\$202.0	855	\$193.3
Midwest	738	186.8	843	241.0
Southeast	970	175.6	1,311	216.9
Southwest	3,076	540.8	3,996	684.6
West	1,765	475.9	1,711	493.7
	7,327	\$1,581.1	8,716	\$1,829.5

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