

Transcript: Nightly Business Report – November 6, 2019

ANNOUNCER: This is NIGHTLY BUSINESS REPORT with Bill Griffeth and Sue Herrera.

SUE HERERA, NIGHTLY BUSINESS REPORT ANCHOR: Building a foundation. One of the nation's top ten homebuilders wants to get even bigger and expand its dominance in the industry.

GRIFFETH: And we do bid you good evening, everybody, and welcome.

Now when we talk about deal making, lately, we have been referring to trade deals. But not today. Today, it was about good old fashioned corporate acquisitions across a number of different industries. The kind of activity that can drive the market and change the investing landscape.

We start with homebuilding. There was a major merger in that sector, with Taylor Morrison buying William Lyon. And as usually happens, shares of the being acquired rose while shares of the company doing the buying fell. And this is a get together that both companies hope will make the combined firm a power player.

Here is Diana Olick.

(BEGIN VIDEOTAPE)

DIANA OLICK, NIGHTLY BUSINESS REPORT CORRESPONDENT: Scottsdale, Arizona-based Taylor Morrison will buy smaller rival William Lyon Homes, a California-based builder for more than \$800 million in cash and stocks. Total value, \$2.4 billion. That will make it the fifth largest U.S. home builder.

The deal expands Taylor Morrison's geographic reach substantially, putting it in Seattle, Portland, Oregon and Las Vegas. The deal also gives it a much larger footprint in Denver, San Francisco, Austin, L.A. and Riverside. It will also expand Taylor Morrison's reach into the entry level market.

Right now, about 28 percent of its business is entry but William Lyon share is 54 percent of that market.

SHERYL PALMER, TAYLOR MORRISON CEO: They have very successfully been able to appeal to entry level at the right place point, in the right location. That's compared to just continuing to go further out to the fringe market.

OLICK: Combined 36 percent of Taylor Morrison's business will be entry-level. Forty percent move-up and 13 percent active adult.

PALMER: We focused on the entry level, but I'm actually equally excited about the active adult positions. And the fact that you know we have not been deep in the 55-plus market in the west side of the United States.

OLICK: And Sheryl Palmer also told me that timing is just right, as Seattle, Portland and Denver have been going through a reset recently after overheating. Prices have settled since and buyers are coming back in.

For NIGHTLY BUSINESS REPORT, I'm Diana Olick in Washington.

(END VIDEOTAPE)

Forward-Looking Statements

Some of the statements in this communication are forward-looking statements (or forward-looking information) within the meaning of applicable U.S. securities laws. These include statements using the words "believe," "target," "outlook," "may," "will," "should," "could," "estimate," "continue," "expect," "intend," "plan," "predict," "potential," "project," "intend," "estimate," "aim," "on track," "target," "opportunity," "tentative," "positioning," "designed," "create," "seek," "would," "upside," "increases," "goal," "guidance" and "anticipate," and similar statements and the negative of such words and phrases, which do not describe the present or provide information about the past. There is no guarantee that the expected events or expected results will actually occur. Such statements reflect the current views of management of Taylor Morrison Home Corporation, a Delaware corporation ("Taylor Morrison"), or William Lyon Homes, a Delaware corporation ("William Lyon Homes"), and are subject to a number of risks and uncertainties. These statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, operational and other factors. Any changes in these assumptions or other factors could cause actual results to differ materially from current expectations. All forward-looking statements attributable to William Lyon Homes or Taylor Morrison or persons acting on their behalf, and are expressly qualified in their entirety by the cautionary statements set forth in this paragraph. Undue reliance should not be placed on such statements. In addition, material risks

and uncertainties that could cause actual results to differ from forward-looking statements include, among other things: the inherent uncertainty associated with financial or other projections, including anticipated synergies; the integration of Taylor Morrison and William Lyon Homes and the ability to recognize the anticipated benefits from the combination of Taylor Morrison and William Lyon Homes, and the amount of time it may take to realize those benefits, if at all; the risks associated with Taylor Morrison's and William Lyon Homes' ability to satisfy the conditions to closing the consummation of the merger, including obtaining the requisite stockholder approvals, and the timing of the closing of the merger; the failure of the merger to close for any other reason; the outcome of any legal proceedings that may be instituted against the parties and others related to the merger; any unanticipated difficulties or expenditures relating to the merger; the effect of the announcement and pendency of the merger on the respective business relationships or operating results of Taylor Morrison, William Lyon Homes, or the combined company; risks relating to the value of the Taylor Morrison common stock to be issued in connection with the merger, and the value of the combined company's common stock after the merger is consummated; the anticipated size of the markets and continued demand for Taylor Morrison's and William Lyon Homes' homes and the impact of competitive responses to the announcement and pendency of the merger; the diversion of attention of management of Taylor Morrison or William Lyon Homes from ongoing business concerns during the pendency of the merger; and the access to available financing on a timely basis, and the terms of any such financing. Additional risks and uncertainties are described in Taylor Morrison's and William Lyon Homes' respective filings with the U.S. Securities and Exchange Commission (the "SEC"), including as described under the heading "Risk Factors" in Taylor Morrison's Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on February 20, 2019, in William Lyon Homes' Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC on February 28, 2019, and in their respective subsequent Quarterly Reports on Form 10-Q. Forward-looking statements speak only as of the date they are made. Except as required by law, neither Taylor Morrison nor William Lyon Homes has any intention or obligation to update or to publicly announce the results of any revisions to any of the forward-looking statements to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.

Important Additional Information and Where to Find it

This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. In connection with the proposed merger between Taylor Morrison and William Lyon Homes, Taylor Morrison will file with the SEC a registration statement on Form S-4 that will include a joint proxy statement

of Taylor Morrison and William Lyon Homes that also constitutes a prospectus of Taylor Morrison (the "Joint Proxy Statement/Prospectus"). Taylor Morrison and William Lyon Homes plan to mail to their respective shareholders the definitive Joint Proxy Statement/Prospectus in connection with the merger. INVESTORS AND SECURITY HOLDERS OF TAYLOR MORRISON AND WILLIAM LYON HOMES ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION ABOUT TAYLOR MORRISON, WILLIAM LYON HOMES, THE MERGER AND RELATED MATTERS. Investors and security holders will be able to obtain free copies of the Joint Proxy Statement/Prospectus (when available) and other documents filed with the SEC by Taylor Morrison and William Lyon Homes through the website maintained by the SEC at www.sec.gov. In addition, investors and security holders will be able to obtain free copies of the documents filed with the SEC by Taylor Morrison in the Investor Relations section of Taylor Morrison's website at <http://investors.taylormorrison.com> or by contacting Taylor Morrison's Investor Relations at investor@taylormorrison.com or by calling (480) 734-2060, and will be able to obtain free copies of the documents filed with the SEC by William Lyon Homes in the Investor Relations section of William Lyon Homes' website at www.lyonhomes.com or by contacting William Lyon Homes' Investor Relations at WLH@finprofiles.com or by calling (310) 622-8223.

Participants in the Merger Solicitation

Taylor Morrison, William Lyon Homes and certain of their respective directors, executive officers and employees may be considered participants in the solicitation of proxies in connection with the proposed merger. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of the shareholders of Taylor Morrison and William Lyon Homes in connection with the merger, including a description of their respective direct or indirect interests, by security holdings or otherwise, will be included in the Joint Proxy Statement/Prospectus described above when it is filed with the SEC. Additional information regarding Taylor Morrison's directors and executive officers is also included in Taylor Morrison's proxy statement for its 2019 Annual Meeting of Shareholders, which was filed with the SEC on April 16, 2019, and information regarding William Lyon Homes' directors and executive officers is also included in William Lyon Homes' proxy statement for its 2019 Annual Meeting of Stockholders, which was filed with the SEC on March 29, 2019. These documents are available free of charge as described above.
