

TOLL BROTHERS INC
Form DEF 14A
February 01, 2010

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

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

TOLL BROTHERS, INC.

(Name of Registrant as Specified In Its Charter)

(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:

- o Fee paid previously with preliminary materials.
- o 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:

Table of Contents

**TOLL BROTHERS, INC.
250 Gibraltar Road
Horsham, Pennsylvania 19044**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be held on Wednesday, March 17, 2010**

The 2010 Annual Meeting of Stockholders (the Meeting) of Toll Brothers, Inc. (the Company) will be held on Wednesday, March 17, 2010 at 12:00 noon EDT, at the offices of the Company, 250 Gibraltar Road, Horsham, Pennsylvania 19044, for the following purposes:

1. To elect the four directors nominated by the Board of Directors and named in the proxy statement to hold office until the 2013 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified. (The terms of office of the other directors do not expire until 2011 or 2012.)
2. To ratify the re-appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the 2010 fiscal year.
3. To approve a protective amendment to the Company s Second Restated Certificate of Incorporation to restrict certain transfers of common stock in order to preserve the tax treatment of the Company s net operating losses and unrealized tax losses.
4. To approve the Toll Brothers, Inc. Section 382 Rights Agreement.
5. To approve the Toll Brothers, Inc. Senior Officer Bonus Plan.
6. To consider two stockholder proposals if properly presented at the Meeting.
7. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on January 19, 2010, as the record date for the Meeting. Only stockholders of record at that time are entitled to notice of and to vote at the Meeting and any adjournment or postponement thereof.

The enclosed proxy card is solicited by the Board of Directors of the Company. Reference is made to the attached proxy statement for further information with respect to the business to be transacted at the Meeting. The Board of Directors urges you to sign, date and return the enclosed proxy card promptly, although you are cordially invited to attend the Meeting in person. The return of the enclosed proxy card will not affect your right to vote in person if you do attend the Meeting.

Please note the admission policy and procedures regarding attendance at the Meeting, which are set forth on the next page.

MICHAEL I. SNYDER
Secretary

February 1, 2010

Table of Contents

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MARCH 17, 2010

**The proxy statement and 2009 Annual Report of Toll Brothers, Inc. are available at:
<https://materials.proxyvote.com/889478>**

ATTENDANCE AT ANNUAL MEETING ADMISSION POLICY AND PROCEDURES

The Meeting will begin promptly at 12:00 noon EDT. All attendees must present a valid photo identification to be admitted to the Meeting. Cameras (including cellular phones or PDAs with photographic capabilities), recording devices and other electronic devices, and the use of cellular phones or PDAs, will not be permitted at the Meeting. Representatives will be at the entrance to the Meeting and these representatives will have the authority, on the Company's behalf, to determine whether the admission policy and procedures have been followed and whether you will be granted admission to the Meeting.

Admission Policy

Attendance at the Meeting is limited to:

- (A) Stockholders who own shares directly with the Company (record holders).
- (B) Stockholders whose shares are held for them by banks, brokerages or other intermediaries (beneficial holders). Beneficial holders must present evidence of their ownership, such as a letter from the bank, broker or other intermediary confirming ownership, or the relevant portion of a bank or brokerage firm account statement.
- (C) Authorized representatives of entities who are beneficial holders. In addition to any evidence required under (B), above, authorized representatives must present: (1) a letter from the record holder certifying to the beneficial ownership of the entity they represent, and (2) a letter from the entity certifying to their status as an authorized representative.

Admission Procedures

Record Holders

If you plan to vote by proxy, but attend the Meeting in person, please:

- 1. Indicate your votes on your proxy card
- 2. Mark the box on your proxy card indicating your intention to attend
- 3. Return the proxy card to the address indicated therein
- 4. Follow all other admissions policies set forth above

Beneficial Holders

If you plan to vote by proxy, but attend the Meeting in person, please:

- 1. Indicate your votes on the voting instruction card and return the card to the address indicated therein
- 2. Send written notice* of your intention to attend to the address below by March 3, 2010:

Toll Brothers, Inc.
250 Gibraltar Road
Horsham, PA 19044
Attention: Michael I. Snyder, Secretary

- 3. Follow all other admissions policies set forth above

Edgar Filing: TOLL BROTHERS INC - Form DEF 14A

If you plan to attend and vote at the Meeting, please:

1. Bring your proxy card with you to the Meeting
2. Send written notice* of your intention to attend to the address below by March 3, 2010:

Toll Brothers, Inc.
250 Gibraltar Road
Horsham, PA 19044
Attention: Michael I. Snyder, Secretary

3. Follow all other admissions policies set forth above

If you plan to attend and vote at the Meeting, please:

1. Contact your bank or broker to obtain a written legal proxy form in order to vote your shares at the Meeting; failure to obtain a legal proxy form from your bank or broker will prevent you from voting your shares at the Meeting

2. Send written notice* of your intention to attend to the address below by March 3, 2010:

Toll Brothers, Inc.
250 Gibraltar Road
Horsham, PA 19044
Attention: Michael I. Snyder, Secretary

3. Follow all other admissions policies set forth above

* Written notice should include: (1) your name, complete mailing address and phone number, (2) if you are a beneficial holder, evidence of your ownership, and (3) if you are a beneficial holder who is not a natural person and will be naming a representative to attend on your behalf, the name, complete mailing address and phone number of that individual. If you do not provide the requested information by March 3, 2010, please be prepared to show it at the entrance to the Meeting in order to gain admission. Failure to provide such information either in advance or at the Meeting may result in non-admission to the Meeting.

TABLE OF CONTENTS

	Page Number
<u>General</u>	1
<u>Voting Securities and Security Ownership</u>	1
<u>Proposal One Election of Directors</u>	4
<u>Proposal Two Ratification of the Re-Appointment of Independent Registered Public Accounting Firm</u>	10
<u>Background to Proposals Three and Four</u>	11
<u>Proposal Three Approval of Protective Amendment to the Toll Brothers, Inc. Second Restated Certificate of Incorporation</u>	12
<u>Proposal Four Approval of the Toll Brothers, Inc. Section 382 Rights Agreement</u>	17
<u>Certain Considerations Related to the Protective Amendment and the Section 382 Rights Agreement</u>	19
<u>Proposal Five Approval of the Toll Brothers, Inc. Senior Officer Bonus Plan</u>	21
<u>Proposal Six Stockholder Proposal</u>	25
<u>Proposal Seven Stockholder Proposal</u>	27
<u>Corporate Governance</u>	30
<u>Compensation Discussion and Analysis</u>	33
<u>Executive Compensation Committee Report</u>	47
<u>Executive Compensation Tables</u>	48
<u>Report of the Audit Committee</u>	58
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	59
<u>Certain Transactions</u>	59
<u>Stockholder Proposals for 2011 Annual Meeting of Stockholders</u>	60
<u>Procedures for Nominating Candidates or Recommending Candidates for Nomination to the Board of Directors</u>	61
<u>Householding Information</u>	61
<u>Solicitation of Proxies</u>	62
<u>Annual Report on Form 10-K</u>	62

Table of Contents

**TOLL BROTHERS, INC.
250 Gibraltar Road
Horsham, Pennsylvania 19044**

**PROXY STATEMENT
For
Annual Meeting of Stockholders
Wednesday, March 17, 2010**

GENERAL

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Toll Brothers, Inc., a Delaware corporation, for use at the Toll Brothers, Inc. 2010 Annual Meeting of Stockholders (the Meeting), which will be held on the date, at the time and place, and for the purposes set forth in the foregoing notice, and any adjournment or postponement thereof. Any reference to Toll Brothers or any use of the terms Company, we, us or our in this proxy statement refers to Toll Brothers, Inc. This proxy statement, the foregoing notice and the enclosed proxy card are first being sent to our stockholders on or about February 1, 2010.

The Board of Directors does not intend to bring any matter before the Meeting except as specifically indicated in the notice and does not know of anyone else who intends to do so; however, if any other matters properly come before the Meeting, Robert I. Toll and Zvi Barzilay, acting as your designated proxies, will vote or otherwise act thereon in accordance with their judgment on such matters.

If the enclosed proxy card is properly executed and returned to and received by us prior to voting at the Meeting, the shares represented thereby will be voted in accordance with the instructions marked thereon. If the enclosed proxy card is properly executed, returned and received by us prior to voting at the Meeting without specific instructions, Messrs. Robert I. Toll and Zvi Barzilay, acting as your proxies, will vote your shares FOR all nominees under Proposal One, FOR Proposals Two, Three, Four and Five, and AGAINST Proposals Six and Seven.

Any proxy card may be revoked at any time before its exercise by notifying the Secretary in writing, by delivering a duly executed proxy card bearing a later date, or by attending the Meeting and voting in person.

VOTING SECURITIES AND SECURITY OWNERSHIP

Shares Entitled To Vote, Quorum and Required Vote

The record date fixed by our Board of Directors for the determination of stockholders entitled to notice of and to vote at the Meeting is January 19, 2010 (the Record Date). At the close of business on the Record Date, there were 165,293,308 shares of our common stock outstanding and eligible to vote at the Meeting. We have no other class of voting securities outstanding. At the Meeting, stockholders will be entitled to one vote for each share of common stock owned at the close of business on the Record Date. The presence at the Meeting, in person or by proxy, of persons entitled to cast the votes of a majority of such outstanding shares of common stock will constitute a quorum for consideration of the matters expected to be voted on at the Meeting. Abstentions and broker non-votes represented by submitted proxies will be included in the calculation of the number of the shares present at the Meeting for the purposes of determining a quorum. Broker non-votes means shares held of record by a broker that are not voted on a matter because the broker has not received voting instructions from the beneficial owner of the shares and either lacks or declines to exercise the authority to vote the shares in its discretion.

Proposal One: Directors are elected by a plurality of the votes cast at the Meeting on this proposal and the four nominees who receive the most votes will be elected. Please note that the New York Stock Exchange (NYSE) rules that guide how brokers vote your stock have changed. Your brokerage firm or other nominee may no longer vote your shares with respect to Proposal One without specific instructions from you as to how to vote with respect to the election of each of the four nominees for director, because the election of directors is no longer considered a routine matter under the NYSE rules. Abstentions and broker non-votes represented by submitted proxies will not be taken into account in determining the outcome of the election of directors.

Table of Contents

Proposal Two: To be approved, this proposal must receive an affirmative majority of the total votes cast FOR and AGAINST this proposal at the Meeting. Proposal Two is considered a routine matter under the NYSE rules and, therefore, brokerage firms and nominees that are members of the NYSE have the authority under those rules to vote their customers unvoted shares on Proposal Two if the customers have not furnished voting instructions within a specified period of time prior to the Meeting. Abstentions and broker non-votes represented by submitted proxies will not be taken into account in determining the outcome of this proposal.

Proposal Three: To be approved, this proposal must receive an affirmative majority of our outstanding shares of common stock. Proposal Three is not considered a routine matter under the NYSE rules and, therefore, brokerage firms and nominees that are members of the NYSE will not be able to vote the shares of customers from whom they have not received voting instructions with regard to this proposal. Abstentions and broker non-votes represented by submitted proxies will have the effect of a negative vote on this proposal.

Proposal Four: To be approved, this proposal must receive an affirmative majority of the total votes cast FOR and AGAINST this proposal at the Meeting. This proposal is not considered a routine matter under the NYSE rules and, therefore, brokerage firms and nominees that are members of the NYSE will not be able to vote the shares of customers from whom they have not received voting instructions with regard to this proposal. Abstentions and broker non-votes represented by submitted proxies will not be taken into account in determining the outcome of this proposal.

Proposals Five, Six and Seven: To be approved, each of these proposals must receive an affirmative majority of the total votes cast FOR and AGAINST each of these proposals at the Meeting. These proposals are not considered routine matters under the NYSE rules and, therefore, brokerage firms and nominees that are members of the NYSE will not be able to vote the shares of customers from whom they have not received voting instructions with regard to any of these proposals. Abstentions and broker non-votes represented by submitted proxies will not be taken into account in determining the outcome of these proposals.

Security Ownership of Principal Stockholders and Management

The following table sets forth certain information with respect to the holdings of: (1) each person known to us to be the beneficial owner of more than 5% of our common stock; (2) each of our directors, nominees for director and executive officers; and (3) all directors and executive officers as a group. This information is as of the Record Date, except as otherwise indicated. To the best of our knowledge, each of the persons named in the table below as beneficially owning the shares set forth therein has sole voting power and sole investment power with respect to such shares, unless otherwise indicated.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Common Stock
Robert I. Toll (2)(3)(4)	19,044,612	11.22
Bruce E. Toll (5)	5,186,727	3.13
FMR LLC (6)	24,053,853	14.55
Wellington Management Company, LLP (7)	11,814,400	7.14
BlackRock, Inc. (8)	8,913,964	5.39
Zvi Barzilay	2,082,189	1.25
Robert S. Blank	225,592	*

Edgar Filing: TOLL BROTHERS INC - Form DEF 14A

Edward G. Boehne	328,600	*
Richard J. Braemer	481,140	*
Christine N. Garvey	0	*
Roger S. Hillas	474,625	*
Carl B. Marbach (9)(10)	391,213	*
Stephen A. Novick	143,500	*
Joel H. Rassman	1,084,135	*
Paul E. Shapiro	399,049	*
Douglas C. Yearley, Jr. (11)	309,778	*
All directors and executive officers as a group (13 persons) (3)(5)(12)	30,151,160	17.27

* Less than 1%

Table of Contents

- (1) Shares issuable pursuant to restricted stock units (RSUs) and options exercisable within 60 days after the Record Date are deemed to be beneficially owned. Accordingly, the information presented above includes the following numbers of shares of common stock underlying RSUs and options held by the following individuals, and all directors and executive officers as a group: Mr. Robert I. Toll, 4,443,491 shares; Mr. Bruce E. Toll, 265,500 shares; Mr. Barzilay, 1,786,005 shares; Mr. Blank, 212,000 shares; Mr. Boehne, 326,500 shares (includes options for 64,000 shares transferred to his wife); Mr. Braemer, 264,500 shares; Mr. Hillas, 283,000 shares; Mr. Marbach, 292,500 shares; Mr. Novick, 142,500 shares; Mr. Rassman, 775,122 shares; Mr. Shapiro, 289,375 shares; Mr. Yearley, 201,301 shares; and all directors and executive officers as a group, 9,281,794 shares.
- (2) The address for Mr. Robert I. Toll is c/o Toll Brothers, Inc., 250 Gibraltar Road, Horsham, Pennsylvania 19044.
- (3) Amount includes 112,365 shares held by trusts for Mr. Robert I. Toll s children and grandchildren, of which Mrs. Jane Toll, Mr. Robert I. Toll s spouse, is a trustee with voting and dispositive power, and as to which he disclaims beneficial ownership. Amount also includes 56,000 shares owned by the Robert and Jane Toll Foundation, of which Mr. Robert I. Toll is a trustee with voting and dispositive power, and as to which he disclaims beneficial ownership.
- (4) Amount includes 7,120,316 shares pledged to certain financial institutions to secure personal obligations of Mr. Robert I. Toll.
- (5) Amount includes 4,150,000 shares pledged to certain financial institutions to secure obligations of The Bruce E. Toll Revocable Trust (of which Mr. Bruce E. Toll is the sole trustee).
- (6) FMR LLC filed a Schedule 13G with the Securities and Exchange Commission (the SEC) on February 16, 2009, which states that the address of FMR LLC (FMR) is 82 Devonshire Street, Boston, Massachusetts 02109, and that FMR has sole dispositive power with respect to 24,053,853 shares, but does not have sole or shared voting power with respect to any of the shares. Various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares. One person, Magellan Fund, an investment company registered under the Investment Company Act of 1940, had an interest in 8,912,077 shares as of the date the Schedule 13G was filed.
- (7) Wellington Management Company, LLP (Wellington Management) has informed the Company that, as of December 31, 2009, Wellington Management, in its capacity as an investment adviser, may be deemed to have had beneficial ownership of 11,814,400 shares of common stock that are owned by numerous investment advisory clients, none of which is known to have such interest with respect to more than five percent (5%) of the class of shares. Wellington Management has shared voting authority over 3,240,100 shares and shared dispositive power over 11,814,400 shares. Wellington Management is a registered investment adviser under the Investment Advisers Act of 1940, as amended, and its offices are located at 75 State Street, Boston, Massachusetts 02109.
- (8) BlackRock, Inc. (BlackRock) filed a Schedule 13G with the SEC on January 29, 2009, which states that the address of BlackRock is 40 East 52nd Street, New York, New York 10022, and that BlackRock has sole dispositive and voting power with respect to 8,913,964 shares. Various persons have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares, and no one person s interest is more than five percent (5%) of the total outstanding shares.
- (9) Amount includes an aggregate of 9,400 shares beneficially owned by individual retirement accounts (IRAs) for the benefit of Mr. Marbach and his wife. Mr. Marbach disclaims beneficial ownership of the 4,700 shares held by

his wife's IRA.

- (10) Mr. Marbach has pledged an aggregate of 88,863 shares in accordance with a brokerage firm's customary margin account requirements.
- (11) Amount includes 24,500 shares pledged to a financial institution to secure personal obligations of Mr. Yearley.
- (12) The Board of Directors, after reviewing the functions of all of our officers, both in terms of designated function and functions actually performed, has determined that only Messrs. Robert I. Toll, Zvi Barzilay, Joel H. Rassman and Douglas C. Yearley, Jr. are deemed to be officers or executive officers of the Company for reporting purposes under Item 403 of Regulation S-K of the SEC.

Table of Contents**PROPOSAL ONE****ELECTION OF DIRECTORS**

At the Meeting, our stockholders will elect four directors to hold office until the 2013 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified. The directors whose terms of office expire at the Meeting are Messrs. Zvi Barzilay, Edward G. Boehne, Richard J. Braemer and Carl B. Marbach.

Our Board of Directors is currently divided into three classes serving staggered three-year terms, with the term of one class of directors expiring each year. The Board of Directors has determined that, at the 2011 Annual Meeting of Stockholders, it will recommend that stockholders approve measures that would permit us to take the necessary steps to declassify the Board so that all directors are thereafter elected annually, with such declassification to be carried out in such a manner that does not affect the unexpired terms of any previously elected directors then in office.

The Board of Directors, upon the recommendation of the Nominating and Corporate Governance Committee, has nominated Messrs. Zvi Barzilay, Edward G. Boehne, Richard J. Braemer and Carl B. Marbach to serve again as directors until the 2013 Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified. Each nominee has indicated a willingness to continue to serve as a director. Should a nominee become unavailable to accept election as a director, the persons named in the enclosed proxy will vote the shares that such proxy represents for the election of such other person as the Board of Directors may nominate on the recommendation of the Nominating and Corporate Governance Committee.

Set forth below is certain information concerning each current director, each nominee for election as a director at the Meeting and each director whose current term of office will continue after the Meeting.

Name	Age	Director Since	Term Expires	Position(s) with the Company
Robert I. Toll	69	1986	2011	Chairman of the Board and Chief Executive Officer
Bruce E. Toll	66	1986	2011	Vice Chairman of the Board
Zvi Barzilay	63	1994	2010	President, Chief Operating Officer and Director
Robert S. Blank	69	1986	2012	Director
Edward G. Boehne	69	2000	2010	Director
Richard J. Braemer	68	1986	2010	Director
Christine N. Garvey	64	2009	2011	Director
Roger S. Hillas	82	1988	2012	Director
Carl B. Marbach	68	1991	2010	Director
Stephen A. Novick	69	2003	2012	Director
Joel H. Rassman	64	1996	2011	Executive Vice President, Chief Financial Officer, Treasurer and Director
Paul E. Shapiro	68	1993	2012	Director

Robert I. Toll co-founded our predecessor's operations with his brother, Bruce E. Toll, in 1967. He has been a member of our Board of Directors since our inception in May 1986. His principal occupation since our inception has been to serve as our Chief Executive Officer and Chairman of the Board.

Bruce E. Toll, the brother of Robert I. Toll, has been a member of our Board of Directors since our inception in May 1986 and served as our Chief Operating Officer until May 1998 and our President until November 1998. He is a member of the Public Debt and Equity Securities Committee. Mr. Toll is the founder and president of BET Investments, a commercial real estate company, and the owner of several car dealerships. From June 2006 through August 2009, Mr. Toll was the Chairman of Philadelphia Media Holdings, L.L.C., the parent company of the Philadelphia Inquirer and the Philadelphia Daily News, and from December 2007 through February 2009, he served on the board of directors of Fifth Street Finance Corp., a NYSE-listed company that lends to and invests in small and mid-sized companies. From 2000 until July 2006, Mr. Toll was a member of the board of directors of UbiquiTel, Inc.

Table of Contents

Zvi Barzilay has been a member of our Board of Directors since June 1994. He joined our predecessor in 1980 as a Project Manager and was appointed a Vice President in 1983. He held the position of Executive Vice President from January 1992 until May 1998, when he was appointed to the additional position of Chief Operating Officer. Since November 1998, he has been our President and Chief Operating Officer.

Robert S. Blank has been a member of our Board of Directors since September 1986. He is a member of the Nominating and Corporate Governance Committee and the Public Debt and Equity Securities Committee. For more than the past five years, Mr. Blank has been Co-Chairman and Co-Chief Executive Officer of Whitney Communication Company and Senior Partner of Whitcom Partners. Whitney Communications Company and Whitcom Partners make investments in public and non-public companies. From August 2001 until June 2007, Mr. Blank was a member of the board of directors of Advanta Corp.

Edward G. Boehne has been a member of our Board of Directors since July 2000. He is the Chair of the Nominating and Corporate Governance Committee and a member of the Audit Committee. From 1981 until his retirement in May 2000, Mr. Boehne was the President of the Federal Reserve Bank of Philadelphia. Mr. Boehne is a member of the board of directors of Beneficial Mutual Bancorp, Inc., Penn Mutual Life Insurance Co. and AAA Mid-Atlantic, Inc. Mr. Boehne is also a member of the board of directors of, and a Senior Economic Advisor to, the Haverford Trust Company.

Richard J. Braemer has been a member of our Board of Directors since September 1986. He is the Chair of the Public Debt and Equity Securities Committee. Mr. Braemer is senior counsel at the law firm of Ballard, Spahr, Andrews & Ingersoll, LLP, where he was a partner from 1994 through 2008.

Christine N. Garvey has been a member of our Board of Directors since September 2009. She is a member of the Audit Committee. Ms. Garvey was the Global Head of Corporate Real Estate Services at Deutsche Bank AG from 2001 to 2004. Prior to that, she served as Vice President of Worldwide Real Estate and Workplace Resources at Cisco Systems, Inc. and as Group Executive Vice President at Bank of America. Ms. Garvey has served as a member of the board of trustees of ProLogis since September 2005, when Catellus Development Corporation, where she had been a member of the board since 1995, merged into a subsidiary of ProLogis. She is also a member of the board of directors of HCP, Inc. and Maguire Properties, Inc., and she served on the board of directors of Hilton Hotels Corporation through October 2007.

Roger S. Hillas has been a member of our Board of Directors since April 1988. He is a member of the Audit Committee. From July 1988 until his retirement in December 1992, Mr. Hillas was Chairman and Chief Executive Officer of Meritor Savings Bank. Prior to July 1988, Mr. Hillas was Chairman of PNC Financial Corp. and, before that, Chairman of Provident National Bank. On August 11, 2009, Mr. Hillas advised the Chairman of the Board that he will be resigning as a member of our Board of Directors, effective at the Board of Directors meeting currently scheduled for March 17, 2010, immediately following the Annual Meeting of Stockholders, and he stated that his resignation was not the result of a disagreement with us on any matter relating to our operations, policies or practices.

Carl B. Marbach has been a member of our Board of Directors since December 1991. He is the Chair of the Executive Compensation Committee and a member of the Audit Committee and the Public Debt and Equity Securities Committee. Since January 2004, Mr. Marbach has been President of Greater Marbach Airlines, Inc. and Florida Professional Aviation, Inc., companies that provide aviation and consulting services. From January 1995 to January 2004, Mr. Marbach was President of Internetwork Publishing Corp., an electronic publisher, which he founded.

Stephen A. Novick has been a member of our Board of Directors since January 2003. He is a member of the Executive Compensation Committee and the Nominating and Corporate Governance Committee. Mr. Novick serves as Senior Advisor for The Andrea and Charles Bronfman Philanthropies, a private family foundation. Until December 2006,

Mr. Novick was a consultant to Grey Global Group, a marketing communications company. From 1990 until his retirement in December 2004, Mr. Novick was Chief Creative Officer-Worldwide, and from April 2000 to December 2004 was Vice Chairman, of Grey Global Group. Mr. Novick is also a member of the board of directors of Ark Restaurant Corp.

Table of Contents

Joel H. Rassman has been a member of our Board of Directors since September 1996. He joined our predecessor in 1984 as Senior Vice President, Treasurer and Chief Financial Officer. Mr. Rassman was appointed Executive Vice President in June 2002. Mr. Rassman continues to serve as our Executive Vice President, Treasurer and Chief Financial Officer.

Paul E. Shapiro has been a member of our Board of Directors since December 1993. He is the Chair of the Audit Committee. Since June 30, 2004, Mr. Shapiro has been Chairman of the Board of Q Capital Strategies, LLC, a life settlement company. From January 1, 2004 to June 30, 2004, Mr. Shapiro was Senior Vice President of MacAndrews & Forbes Holdings, Inc., a private holding company of operating businesses. From June 2001 to December 2003, Mr. Shapiro was Executive Vice President and Chief Administrative Officer of Revlon Inc.

Meetings and Committees of the Board of Directors

The Board of Directors held four meetings during our 2009 fiscal year.

The Board of Directors currently has an Audit Committee, an Executive Compensation Committee, a Nominating and Corporate Governance Committee and a Public Debt and Equity Securities Committee.

The Audit Committee is currently comprised of Paul E. Shapiro (Chair), Edward G. Boehne, Christine N. Garvey, Roger S. Hillas and Carl B. Marbach. Each of Messrs. Shapiro, Boehne, Hillas and Marbach was a member of the Audit Committee for the entire 2009 fiscal year; Ms. Garvey joined the Audit Committee upon her election to the Board of Directors in September 2009. Each member of the Audit Committee has been determined by the Board of Directors to meet the standards of independence required of audit committee members by the NYSE and applicable SEC rules. For more information on the NYSE standards for independence, see "Corporate Governance-Director Independence" in this proxy statement. The Board of Directors has also determined that all members of the Audit Committee are financially literate, and that Edward G. Boehne possesses accounting and related financial management expertise within the meaning of the listing standards of the NYSE and is an "audit committee financial expert" within the meaning of the applicable SEC rules. The Board of Directors has further determined that Ms. Garvey's simultaneous service on the audit committees of more than three public companies will not impair her ability to effectively serve on our Audit Committee.

The Audit Committee, among other things, acts on behalf of our Board of Directors to discharge the Board's responsibilities relating to the integrity of our financial statements, our compliance with legal and regulatory requirements, risk oversight and assessment, the qualifications and independence of the independent registered public accounting firm, and the performance of our internal audit function and independent audits. The Audit Committee also has the responsibility and authority for the appointment, compensation, retention, evaluation, termination and oversight of the independent registered public accounting firm, and pre-approval of audit and permissible non-audit services provided by the independent registered public accounting firm. The Audit Committee held seven meetings during the last fiscal year. Four of its meetings were attended by representatives from Ernst & Young LLP, our independent registered public accounting firm, to consider, among other things, the scope of the annual audit and issues of accounting policy and internal control. The Chair of the Audit Committee (or, on one occasion, another Audit Committee member as his designee) also met telephonically with our management and representatives from Ernst & Young LLP eight times during the 2009 fiscal year, prior to each public release of our quarterly and annual financial information.

The Executive Compensation Committee is, and for the entire 2009 fiscal year was, comprised of Carl B. Marbach (Chair) and Stephen A. Novick, each of whom has been determined by the Board of Directors to meet the NYSE's standards for independence. In addition, each committee member is a "Non-Employee Director" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and an "outside director" as

defined for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). The Executive Compensation Committee, among other things, sets compensation for our executive officers and our named executive officers (NEOs) and administers (in some cases along with the Board of Directors) the Toll Brothers, Inc. Cash Bonus Plan (the Cash Bonus Plan), the Toll Brothers, Inc. Executive Officer Cash Bonus Plan (the Executive Officer Bonus Plan), the Toll Brothers, Inc. Amended and Restated Stock Incentive Plan for Employees (2007) (the Employee Plan), and the Toll Brothers, Inc. Supplemental Executive Retirement Plan (the SERP). It also administers the Toll Brothers, Inc. Stock Option and Incentive Plan (1995)

Table of Contents

(the 1995 Plan) and the Toll Brothers, Inc. Stock Incentive Plan (1998) (the 1998 Plan), which plans are inactive except for exercises of existing stock option grants. The Executive Compensation Committee held five meetings during the 2009 fiscal year, some of which took place over multiple days.

The Nominating and Corporate Governance Committee is, and for the entire 2009 fiscal year was, comprised of Edward G. Boehne (Chair), Robert S. Blank and Stephen A. Novick, each of whom has been determined by the Board of Directors to meet the NYSE s standards for independence. The Nominating and Corporate Governance Committee is responsible for, among other things, the recommendation to the Board of Directors of nominees for election to the Board of Directors, the evaluation of the size of the Board of Directors, the evaluation and recommendation to the Board of Directors of the compensation of the non-employee directors, the establishment and updating of corporate governance guidelines, the review and approval of related party transactions and the acting on behalf of the Board of Directors with respect to certain administrative matters. The Nominating and Corporate Governance Committee, along with the Board of Directors, administers the Toll Brothers, Inc. Amended and Restated Stock Incentive Plan for Non-Employee Directors (2007) (the Director Plan). The Nominating and Corporate Governance Committee held five meetings during the 2009 fiscal year.

The Public Debt and Equity Securities Committee is, and for the entire 2009 fiscal year was, comprised of Richard J. Braemer (Chair), Robert S. Blank, Carl B. Marbach and Bruce E. Toll. The Public Debt and Equity Securities Committee s primary responsibility, as set forth in its charter, is to review and approve, pursuant to authority granted by the Board of Directors, certain transactions relating to the public debt and equity securities of the Company and its affiliates. The Public Debt and Equity Securities Committee did not hold a formal meeting during the 2009 fiscal year.

Each director attended at least 75% of the meetings of the Board of Directors and of the committees of which he or she was a member during the 2009 fiscal year.

Director Compensation

The Nominating and Corporate Governance Committee is responsible for evaluating and recommending compensation for non-management directors to the Board of Directors.

Elements of Director Compensation

Non-management directors are compensated in cash, stock options and restricted stock for their services as directors.

Cash. Directors receive no annual cash stipend for their service on the Board of Directors or its committees. Each non-management director, other than Bruce E. Toll, receives cash fees for each Board of Directors and Board committee meeting he or she attends that is determined to be a paid meeting. In general, telephone conferences lasting less than 30 minutes in duration are not considered paid meetings. Cash fees paid for meetings held during fiscal 2009 were as follows:

Each full day Board of Directors meeting	\$ 5,000
Each half day Board of Directors meeting	\$ 2,500
Each telephonic Board of Directors meeting	\$ 1,750
Each Board committee meeting	\$ 1,750

Equity Compensation. All non-management directors receive annual equity compensation in the form of stock options for service on the Board of Directors and on Board committees. Stock options are granted and priced on December 20 of each year (or, if December 20 falls on a weekend, options are granted as of December 20

and priced on the immediately preceding or succeeding business day) for service during the immediately preceding fiscal year. Each option grant made to a non-management director has a 10-year term and vests equally over a two-year period, with the potential for automatic vesting upon a change of control of the Company. Certain option grants to non-management directors also provide for continued vesting upon death, disability or retirement of the director. In addition, non-management directors also receive restricted stock awards for service on certain Board committees. Restricted stock is granted on December 20 of each year (or the immediately preceding or succeeding business day, if December 20 falls on a weekend) for

Table of Contents

service during the immediately preceding fiscal year. Restrictions on shares of restricted stock granted as director compensation lapse over two years, although all restrictions immediately lapse upon a change of control of the Company or upon the death or disability of the director. In order to receive equity compensation for Board committee service, the relevant Board committee must meet at least once during the fiscal year, and such meeting must be considered a paid meeting.

Equity compensation grants to non-management directors during fiscal 2009 for services rendered during fiscal 2008 were made on December 19, 2008 (in the case of restricted stock) and on December 20, 2008 (in the case of stock options) and were granted under the Director Plan as follows:

Service on the Board of Directors	Option to acquire 15,000 shares
Chair of the Audit Committee	Option to acquire 1,250 shares 250 shares of restricted stock
Member of the Audit Committee	Option to acquire 1,000 shares 100 shares of restricted stock
Chair of the Nominating and Corporate Governance Committee	Option to acquire 1,000 shares 200 shares of restricted stock
Member of the Nominating and Corporate Governance Committee	Option to acquire 1,000 shares 100 shares of restricted stock
Chair of the Executive Compensation Committee	Option to acquire 1,000 shares 200 shares of restricted stock
Member of the Executive Compensation Committee	Option to acquire 1,000 shares 100 shares of restricted stock
Chair or Member of the Public Debt and Equity Securities Committee	Option to acquire 500 shares

Ms. Garvey was granted an option under the Director Plan to acquire 10,000 shares of common stock upon her election to the Board of Directors on September 24, 2009. The option vests equally over a two-year period, with the potential for automatic vesting upon a change of control of the Company.

Perquisites and Benefits. Our non-management directors did not receive perquisites or other benefits from the Company during fiscal 2009, except for Mr. Bruce E. Toll, as discussed in the section below entitled Other Director Compensation Arrangements.

Other Director Compensation Arrangements

An Advisory and Non-Competition Agreement (the Advisory Agreement), dated as of November 1, 2004, and amended as of June 13, 2007, and November 24, 2008, is in place between the Company and Mr. Bruce E. Toll. The Advisory Agreement currently expires on October 31, 2010. The purpose of the Advisory Agreement is to provide us with the valuable and special knowledge, expertise and services of Mr. Toll, one of our co-founders and a director of the Company since our inception, on a continuing basis, as well as to ensure that Mr. Toll does not engage in activities or business ventures that compete with us. The Advisory Agreement provides, among other things, that (a) we will retain Mr. Toll as Special Advisor to the Chairman until October 31, 2010, at an annual compensation rate of \$675,000, (b) he will be paid such amount for each of the three years following the term (or termination) of the Advisory Agreement so long as he does not violate certain non-competition and other provisions, and (c) during the term of the Advisory Agreement, he will be entitled to receive the health and 401(k) retirement plan benefits provided to our NEOs. In January 2009, we suspended matching 401(k) contributions for all employees, which included our NEOs and Mr. Toll. During fiscal 2009, prior to the January 2009 suspension of this benefit, we made \$1,038 in

matching contributions to Mr. Toll. We also made an annual discretionary contribution to Mr. Toll's 401(k) account in March 2009 for service rendered during fiscal 2008, in the amount of \$7,160. We do not currently expect to make any matching or discretionary contributions to Mr. Toll's 401(k) account during fiscal 2010. Pursuant to the terms of the Advisory Agreement, Mr. Toll was designated a participant in the SERP, which provides an annual benefit of \$230,000 for 20 years, provided that no payments will be made to Mr. Toll under the SERP until

Table of Contents

the expiration of the three-year non-competition period following the term (or termination) of the Advisory Agreement. During fiscal 2009, we provided Mr. Toll with certain benefits having an estimated value of \$23,870, which are described in greater detail under Director Compensation Table below. These benefits were reviewed by the Executive Comp