

TOLL BROTHERS INC  
Form 424B5  
March 07, 2017  
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Filed Pursuant to Rule 424(b)(5)  
Registration Statement No. 333-202046

**The information contained in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED MARCH 7, 2017**

**PRELIMINARY PROSPECTUS SUPPLEMENT**

**(To Prospectus Dated February 12, 2015)**

\$

**Toll Brothers Finance Corp.**

**% Senior Notes due 2027**

**Guaranteed on a Senior Basis by**

**Toll Brothers, Inc.**

**and Certain of its Subsidiaries**

Toll Brothers Finance Corp., or Toll Brothers Finance, is offering \$ aggregate principal amount of its % senior notes due 2027 (the notes ).

Toll Brothers Finance will pay interest on the notes semi-annually in arrears on and of each year, beginning on , 2017. The notes will mature on , 2027. Toll Brothers Finance may, at its option, redeem some or all of the notes at any time at the redemption prices described in this prospectus supplement under the caption Description of the Notes Optional Redemption. There is no sinking fund for the notes.

We expect to use the net proceeds of this offering for general corporate purposes, which may include the repayment of indebtedness.

We must offer to purchase the notes if we experience a change of control under certain circumstances. See Description of the Notes Change of Control Repurchase Event.



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We are only responsible for the information incorporated by reference or provided in this prospectus supplement and the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus, or any document incorporated by reference in this prospectus supplement or the accompanying prospectus or in any related free writing prospectus, is accurate as of any date other than the date of the document containing such information.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement is part of a registration statement that we have filed with the Securities and Exchange Commission, or the SEC, utilizing a shelf registration process. Under this process, we are offering to sell the notes using this prospectus supplement and the accompanying prospectus. This prospectus supplement describes the specific terms of this offering. The accompanying prospectus gives general information about our offerings of debt securities described in the accompanying prospectus. You should read this prospectus supplement and the accompanying prospectus, as well as the documents incorporated by reference herein and therein, and the additional information described below under the heading **Where You Can Find More Information**. If the information contained or incorporated by reference in this prospectus supplement is inconsistent with the accompanying prospectus, the information contained or incorporated by reference in this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus supplement and the accompanying prospectus to Toll Brothers, we, us, our, the Company or similar references mean Toll Brothers Inc. and its consolidated subsidiaries, including Toll Brothers Finance and the other subsidiary guarantors.

**INDUSTRY AND MARKET DATA**

We obtained the market and competitive position data used throughout this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein from our own research, surveys or studies conducted by third parties and industry or general publications. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications is reliable, neither we nor the underwriters have independently verified such data and neither we nor the underwriters make any representation as to the accuracy of such information. Similarly, we believe our internal research is reliable, but it has not been verified by any independent sources.

**WHERE YOU CAN FIND MORE INFORMATION**

This prospectus supplement is part of a registration statement on Form S-3 that we have filed with the SEC under the Securities Act of 1933, as amended, or the Securities Act. This prospectus supplement and the accompanying prospectus do not contain all of the information set forth in the registration statement. For further information about us, you should refer to the registration statement. The information included or incorporated by reference in this prospectus supplement and the accompanying prospectus summarizes material provisions of contracts and other documents to which we refer you. Since the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus may not contain all of the information that you may find important, you should review the full text of the documents to which we refer you. We have filed certain of these documents as exhibits to our registration statement.

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. In accordance with those requirements, we file annual, quarterly and special reports, proxy statements and other information with the SEC. You can read and copy any document we file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549.

You may obtain information on the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public from the SEC's Internet website at [www.sec.gov](http://www.sec.gov) and on our website, at [www.tollbrothers.com](http://www.tollbrothers.com). Information contained on our website is not incorporated by reference into

this prospectus supplement or the accompanying prospectus and you should not consider information contained on our website to be part of this prospectus supplement or the accompanying prospectus.

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In addition, our common stock is listed on the New York Stock Exchange ( NYSE ) under the symbol TOL and our SEC filings are also available at the NYSE, 11 Wall Street, New York, New York 10005.

### **INCORPORATION OF CERTAIN INFORMATION BY REFERENCE**

The SEC allows us to incorporate by reference into this prospectus supplement the information we file with it. This means that we are permitted to disclose important information to you by referring you to other documents we have filed with the SEC. We incorporate by reference in two ways. First, we list below certain documents that we have filed with the SEC. Second, we expect to file additional documents with the SEC in the future that will, when filed, update the current information included in or incorporated by reference in this prospectus supplement. You should consider any statement contained in this prospectus supplement or in a document which is incorporated by reference into this prospectus supplement to be modified or superseded to the extent that the statement is modified or superseded by another statement contained in a later dated document that constitutes a part of this prospectus supplement or is incorporated by reference into this prospectus supplement. You should consider any statement that is so modified or superseded to be a part of this prospectus supplement only as so modified or superseded.

We incorporate by reference in this prospectus supplement all the documents listed below and any filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement and prior to the termination of the offerings made by this prospectus supplement (excluding, in each case, any portion of such documents that may have been furnished but not filed for purposes of the Exchange Act):

Annual Report on Form 10-K of Toll Brothers, Inc. for the fiscal year ended October 31, 2016 (including portions of our definitive Proxy Statement for our 2017 Annual Meeting of Stockholders filed with the SEC on January 31, 2017, to the extent specifically incorporated by reference in such Form 10-K), filed with the SEC on December 23, 2016; and

Quarterly Report on Form 10-Q of Toll Brothers, Inc. for the quarterly period ended January 31, 2017, filed with the SEC on March 7, 2017.

You may request copies of these filings at no cost by writing or calling us at Toll Brothers, Inc., 250 Gibraltar Road, Horsham, PA 19044, Attention: Director of Investor Relations, (215) 938-8000.

### **FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus as well as the documents incorporated by reference herein contain or may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. One can identify these statements by the fact that they do not relate to matters of a strictly historical or factual nature and generally discuss or relate to future events. These statements contain words such as anticipate, estimate, expect, project, intend, plan, believe, may, can, could, might, sh phrases of similar meaning. Such statements may include, but are not limited to, information related to: anticipated operating results; home deliveries; financial resources and condition; changes in revenues; changes in profitability; changes in margins; changes in accounting treatment; cost of revenues; selling, general and administrative expenses; interest expense; inventory write-downs; unrecognized tax benefits; anticipated tax refunds; sales paces and prices; effects of home buyer cancellations; growth and expansion; joint ventures in which we are involved; anticipated results from our investments in unconsolidated entities; the ability to acquire land and pursue real estate opportunities; the ability to gain approvals and open new communities; the ability to sell homes and properties; the ability to deliver

homes from backlog; the ability to secure materials and subcontractors; the ability to produce the liquidity and capital necessary to expand and take advantage of opportunities; and legal proceedings and claims.

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Any or all of the forward-looking statements included in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus are not guarantees of future performance and may turn out to be inaccurate. Consequently, actual results may differ materially from those that might be anticipated from our forward-looking statements. Therefore, we caution you not to place undue reliance on our forward-looking statements. The factors that could cause actual results to differ from those expressed or implied by our forward-looking statements include, among others: demand fluctuations in the housing industry; adverse changes in economic conditions in markets where we conduct our operations and where prospective purchasers of our homes live; increases in cancellations of existing agreements of sale; the competitive environment in which we operate; changes in interest rates or our credit ratings; the availability of capital; uncertainties in the capital and securities markets; the ability of customers to obtain financing for the purchase of homes; the availability and cost of land for future growth; the ability of the participants in various joint ventures to honor their commitments; effects of governmental legislation and regulation; effects of increased taxes or governmental fees; weather conditions; the availability and cost of labor and building and construction materials; the cost of raw materials; the outcome of various product liability claims, litigation and warranty claims; the effect of the loss of key management personnel; changes in tax laws and their interpretation; construction delays; and the seasonal nature of our business. For a more detailed discussion of these factors, see the risk factors beginning on page S-6 of this prospectus supplement and the information under the captions *Risk Factors* and *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our most recent annual report on Form 10-K and our subsequent quarterly report on Form 10-Q filed with the SEC.

From time to time, forward-looking statements also are included in our periodic reports on Forms 10-K, 10-Q and 8-K, in press releases, in presentations, on our website and in other materials released to the public. Any or all of the forward-looking statements included in our reports or public statements made by us are not guarantees of future performance and may turn out to be inaccurate. This can occur as a result of incorrect assumptions or as a consequence of known or unknown risks and uncertainties. Many factors mentioned in our reports or public statements made by us, such as market conditions, government regulation, and the competitive environment, will be important in determining our future performance. Consequently, actual results may differ materially from those that might be anticipated from our forward-looking statements.

This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995, and all of our forward-looking statements are expressly qualified in their entirety by the cautionary statements contained or referenced in this section.

Forward-looking statements speak only as of the date they are made. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*The following summary contains information about us and the offering of the notes. It does not contain all of the information that may be important to you in making a decision to purchase the notes. For a more complete understanding of us and the notes, we urge you to read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the Risk Factors sections and our financial statements and the notes to those statements incorporated by reference herein. See Where You Can Find More Information.*

**Toll Brothers, Inc.**

Toll Brothers, Inc., a Delaware corporation formed in May 1986, began doing business through predecessor entities in 1967. We design, build, market, sell and arrange financing for detached and attached homes in luxury residential communities. We cater to move-up, empty-nester, active-adult, age-qualified and second-home buyers in the United States. We also build and sell homes in urban infill markets through Toll Brothers City Living®. As of the date of this prospectus supplement, we are operating in 20 states.

We operate our own land development, architectural, engineering, mortgage, title, landscaping, security monitoring, lumber distribution, house component assembly, and manufacturing operations. We also develop, own and operate golf courses and country clubs, which generally are associated with several of our master planned communities. In addition to our residential for-sale business, we also develop and operate for-rent apartments through joint ventures.

Our executive offices are located at 250 Gibraltar Road, Horsham, Pennsylvania 19044. Our telephone number is (215) 938-8000 and our website address is [www.tollbrothers.com](http://www.tollbrothers.com). Information contained on our website does not constitute part of this prospectus supplement or the accompanying prospectus.

**Toll Brothers Finance Corp.**

Toll Brothers Finance is an indirect, 100% owned subsidiary of Toll Brothers, Inc. Toll Brothers Finance generates no operating revenues and does not have any independent operations other than the financing of other subsidiaries of Toll Brothers, Inc. by lending the proceeds of the offering of the notes and previous offerings of debt securities as well as any offerings of debt securities it may make in the future.



equal with all of Toll Brothers Finance's unsecured and unsubordinated indebtedness, including, without limitation, its approximately \$400 million aggregate principal amount of 8.910% Senior Notes due 2017, its \$350 million aggregate principal amount of 4.000% Senior Notes due 2018, its \$250 million aggregate principal amount of 6.750% Senior Notes due 2019, its approximately \$420 million aggregate principal amount of 5.875% Senior Notes due 2022, its \$400 million aggregate principal amount of 4.375% Senior Notes due 2023, its \$250 million aggregate principal amount of 5.625% Senior Notes due 2024, its

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\$350 million aggregate principal amount of 4.875% Senior Notes due 2025, its approximately \$288 million aggregate principal amount of 0.5% Exchangeable Senior Notes due 2032, any indebtedness arising from its guarantee of the Revolving Credit Facility and its guarantee of the \$500 million term loan facility (the Term Loan Facility) of First Huntingdon Finance Corp. At January 31, 2017, the aggregate outstanding principal and accrued interest of Toll Brothers Finance's unsecured and unsubordinated indebtedness, including its guarantee of the Revolving Credit Facility (including the face amount of letters of credit issued thereunder) and its guarantee of the Term Loan Facility, was approximately \$3.61 billion, and the undrawn availability under the Revolving Credit Facility was approximately \$932.6 million, after taking into account \$112.4 million of outstanding letters of credit that have been issued thereunder; and

senior to the rights of creditors of Toll Brothers Finance under existing and future debt that is expressly subordinated to the notes.

The guarantee of the notes by each of the guarantors will also not be secured by any collateral. Your right to payment under any guarantee will be:

effectively subordinated to the rights of secured creditors of the applicable guarantor, to the extent of the value of the guarantor's assets securing the applicable secured obligations. At January 31, 2017, the guarantors had approximately \$131.5 million aggregate principal amount of secured indebtedness for borrowed money comprised principally of indebtedness secured by purchase money mortgages on some of their respective real property for borrowed money and various revenue bonds that were issued by government entities on behalf of certain guarantors to finance community infrastructure and manufacturing facilities;

structurally subordinated to the prior claims of creditors, including trade creditors, of the subsidiaries of the applicable guarantor that are not guarantors of the notes; the aggregate amount of liabilities of Toll Brothers, Inc.'s subsidiaries that will not guarantee the notes was approximately \$444.9 million at January 31, 2017; and

equal with the rights of creditors under the guarantors' other existing and future unsecured and unsubordinated indebtedness, including, without limitation, each guarantor's guarantee of Toll Brothers Finance's 8.910% Senior Notes due 2017, 4.000% Senior Notes due

2018, 6.750% Senior Notes due 2019, 5.875% Senior Notes due 2022, 4.375% Senior Notes due 2023, 5.625% Senior Notes due 2024, 4.875% Senior Notes due 2025, 0.5% Exchangeable Senior Notes due 2032, the Revolving Credit Facility and the Term Loan Facility. As of January 31, 2017, the aggregate outstanding principal and accrued interest of unsecured and unsubordinated indebtedness of the guarantors, including, without limitation, each guarantor's guarantees as described above,

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was approximately \$3.61 billion, and the undrawn availability under the Revolving Credit Facility was approximately \$932.6 million, after taking into account \$112.4 million of outstanding letters of credit that have been issued thereunder; and

senior to the rights of creditors under the guarantors' existing and future debt that is expressly subordinated to the guarantee.

**Certain Covenants**

The indenture governing the notes contains covenants that, among other things, will limit the ability of Toll Brothers Finance, Toll Brothers, Inc. and some of Toll Brothers, Inc.'s subsidiaries to:

issue, assume or guarantee certain additional secured indebtedness; and

engage in sale and lease-back transactions.

These covenants are subject to important exceptions and qualifications. See Description of the Notes.

**Change of Control Repurchase Event**

Upon the occurrence of both a change of control and a below investment grade rating event (each as defined in Description of the Notes), we will be required to make an offer to each holder to repurchase all or any part of that holder's notes at a repurchase price in cash equal to 101% of the aggregate principal amount of such notes.

**No Limit on Debt**

Except as noted above under Certain Covenants, the indenture governing the notes does not limit the amount of debt that we may issue.

Each of Toll Brothers Finance, Toll Brothers, Inc. and the other guarantors of the notes is a guarantor of the Revolving Credit Facility and the Term Loan Facility. At January 31, 2017, we had \$250.0 million of outstanding borrowings under the Revolving Credit Facility (and undrawn availability thereunder of approximately \$932.6 million after taking into account \$112.4 million of outstanding letters of credit), and \$500.0 million of outstanding borrowings under the Term Loan Facility.

At January 31, 2017, Toll Brothers Finance had approximately \$2.71 billion in senior notes outstanding (\$2.70 billion when calculated

net of unamortized bond discount and deferred issuance costs), guaranteed, on a senior basis, by Toll Brothers, Inc. and all of Toll Brothers, Inc.'s subsidiaries that are guarantors under our Revolving Credit Facility.

Use of Proceeds

We intend to use the net proceeds of this offering for general corporate purposes, which may include the repayment of indebtedness.

Listing

We currently do not intend to list the notes on any securities exchange, and there is currently no market for the notes.



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Risk Factors

See **Risk Factors** and all other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus (including the **Risk Factors** under Item 1A of our Annual Report on Form 10-K for the fiscal year ended October 31, 2016, incorporated by reference herein) for a discussion of the factors you should carefully consider before deciding to invest in the notes.

For additional information regarding the notes, please read **Description of the Notes** in this prospectus supplement and **Description of Senior Debt Securities and Guarantees** in the accompanying prospectus.

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**RISK FACTORS**

*An investment in the notes involves risks. Before making an investment decision, you should consider carefully the risks described below and those contained in the documents incorporated by reference in this prospectus supplement, including the factors listed under Risk Factors in Item 1A of our Annual Report on Form 10-K for the fiscal year ended October 31, 2016, and the other information included in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein.*

**Risks Related to the Notes**

*We have a significant amount of indebtedness and will require a substantial amount of cash to service our indebtedness, including the notes. Our ability to generate cash depends on many factors beyond our control.*

At January 31, 2017, assuming we had completed this offering at that date, we would have had approximately \$ billion of debt outstanding, and the undrawn availability under the Revolving Credit Facility would have been approximately \$932.6 million, after taking into account \$112.4 million of outstanding letters of credit issued thereunder. Subject to certain conditions, the terms of the indenture under which the notes will be issued and our other existing debt instruments do not prohibit us or our subsidiaries from incurring additional indebtedness.

Our ability to meet our debt service and other obligations will depend upon our future performance. We are engaged in a business that is substantially affected by changes in economic cycles and the recent improvement in housing market conditions following an extended period of slowdown may not continue. Our results of operations vary with the level of general economic activity in the markets we serve. Financial, political, business and other factors, many of which are beyond our control, also could affect our business.

Our annual debt service obligations vary from year to year, principally due to the varying maturities of our indebtedness. In addition, changes in prevailing interest rates affect our annual debt service obligations because certain of our borrowings, including under our Revolving Credit Facility and Term Loan Facility, bear interest at floating rates. Higher interest rates would have the effect of increasing our debt service obligations and may also affect the desire or ability of customers to buy our products. We cannot be certain that our cash flow will be sufficient to allow us to pay the principal and interest on our debt, including the notes, and meet our other obligations. If we do not have enough funds, we may be required to refinance all or part of our existing debt, including the notes, sell assets, borrow additional funds or issue equity. We may not be able to refinance our debt, sell assets, borrow additional funds or issue equity on terms acceptable to us, if at all.

*The notes are subordinated to any future secured debt of Toll Brothers Finance and are effectively subordinated to the secured debt of Toll Brothers, Inc. and the other guarantors.*

The notes will not be secured by any of our assets and will be effectively subordinated in right of payment to future secured debt of Toll Brothers Finance to the extent of the value of the assets of Toll Brothers Finance securing such debt. In addition, the notes will be effectively subordinated in right of payment to existing and future secured debt of Toll Brothers, Inc. and the subsidiary guarantors, including the obligations of the subsidiary guarantors under various purchase money mortgages to the extent of the value of the assets of the applicable guarantor securing such debt. Accordingly, in the event of bankruptcy of Toll Brothers Finance, Toll Brothers, Inc. or a subsidiary guarantor, or upon a default in payment on, or the acceleration of, any secured debt, the assets of Toll Brothers Finance, Toll Brothers, Inc. and the subsidiary guarantors that secure such debt will be available to pay obligations on the notes only after all secured debt has been paid in full. At January 31, 2017, Toll Brothers Finance Corp., Toll Brothers, Inc. and the subsidiary guarantors had approximately \$131.5 million of secured indebtedness outstanding (comprised

principally of indebtedness secured by purchase money mortgages on certain of the subsidiary guarantors' real property and various revenue bonds that were issued by government entities on behalf of certain guarantors to finance community infrastructure and manufacturing

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facilities). Subject to certain limits in the indenture under which the notes will be issued and our other existing debt instruments, we will be able to incur additional secured debt.

***The notes will be structurally subordinated to indebtedness of our non-guarantor subsidiaries.***

The notes will be structurally subordinated in right of payment to all existing and future debt and other liabilities, including trade payables, of Toll Brothers, Inc.'s non-guarantor subsidiaries and the claims of creditors of those subsidiaries, including trade creditors, will have priority as to the assets of those subsidiaries.

At January 31, 2017, Toll Brothers, Inc.'s non-guarantor subsidiaries had \$444.9 million of outstanding liabilities, including trade payables. In addition, the indenture under which the notes will be issued will, subject to certain limitations, permit these subsidiaries to incur additional indebtedness.

***Federal and state laws allow courts, under specific circumstances, to void guarantees and to require you to return payments received from guarantors.***

Although you will be direct creditors of the guarantors by virtue of the guarantees, existing or future creditors of any guarantor could avoid or subordinate that guarantor's guarantee under the fraudulent conveyance laws if they were successful in establishing that:

the guarantee was incurred with fraudulent intent; or

the guarantor did not receive fair consideration or reasonably equivalent value for issuing its guarantee and

was insolvent at the time of the guarantee; was rendered insolvent by reason of the guarantee; was engaged in a business or transaction for which its assets constituted unreasonably small capital to carry on its business; or intended to incur, or believed that it would incur, debt beyond its ability to pay such debt as it matured.

The measures of insolvency for purposes of determining whether a fraudulent conveyance has occurred vary depending upon the laws of the relevant jurisdiction and upon the valuation assumptions and methodology applied by the court. Generally, however, a company would be considered insolvent for purposes of the foregoing if:

the sum of the company's debts, including contingent, unliquidated and unmatured liabilities, is greater than all of such company's property at a fair valuation, or

if the present fair saleable value of the company's assets is less than the amount that will be required to pay the probable liability on its existing debts as they become absolute and matured.

We cannot assure you as to what standard a court would apply in order to determine whether a guarantor was insolvent as of the date its guarantee was issued, and we cannot assure you that, regardless of the method of valuation, a court would not determine that any guarantors were insolvent on that date. The subsidiary guarantees could be subject to the claim that, since the guarantees were incurred for the benefit of Toll Brothers Finance and Toll Brothers,

Inc. and only indirectly for the benefit of the other guarantors, the obligations of the guarantors thereunder were incurred for less than reasonably equivalent value or fair consideration.

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***We may not be able to repurchase the notes upon a change of control repurchase event.***

Upon the occurrence of a change of control repurchase event (as defined in Description of the Notes ), each holder of notes will have the right to require us to repurchase all or any part of such holder's notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the date of repurchase. If we experience a change of control repurchase event, we cannot assure you that we would have sufficient financial resources available to satisfy our obligations to repurchase the notes. Our failure to repurchase the notes as required under the indenture governing the notes would result in a default under the indenture, which could result in defaults under our other debt agreements and have material adverse consequences for us and the holders of the notes. See Description of the Notes Certain Covenants Repurchase Upon Change of Control Repurchase Event.

***The terms of the indenture and the notes provide only limited protection against significant corporate events that could affect adversely your investment in the notes.***

While the indenture and the notes contain terms intended to provide protection to holders upon the occurrence of certain events involving significant corporate transactions and our creditworthiness, these terms are limited and may not be sufficient to protect your investment in the notes. As described under Description of the Notes Certain Covenants Repurchase Upon Change of Control Repurchase Event, upon the occurrence of a change of control repurchase event, holders are entitled to require us to repurchase their notes at 101% of their principal amount. However, the definition of the term change of control repurchase event is limited and does not cover a variety of transactions (such as acquisitions by us or recapitalizations) that negatively could affect the value of your notes. If we were to enter into a significant corporate transaction that negatively affects the value of the notes, but would not constitute a change of control repurchase event, you would not have any rights to require us to repurchase the notes prior to their maturity, which also would adversely affect your investment.

***If an active trading market for the notes does not develop, you may not be able to resell them.***

There is currently no established trading market for the notes. As a result, we cannot provide any assurances that a trading market for the notes will ever develop or be maintained. Further, we can make no assurances as to the liquidity of any market that may develop for the notes, your ability to sell your notes or the price at which you will be able to sell your notes. Future trading prices of the notes will depend on many factors, including prevailing interest rates, our financial condition and results of operations, the condition of the industry in which we operate generally, the then-current ratings assigned to the notes and the market for similar securities. Accordingly, you may be required to bear the financial risk of an investment in the notes for an indefinite period of time. We do not intend to apply for listing or quotation of the notes on any securities exchange or automated quotation system, respectively.

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**USE OF PROCEEDS**

We expect the net proceeds to us from the sale of the notes in this offering will be approximately \$        million. We intend to use the net proceeds of this offering for general corporate purposes, which may include the repayment of indebtedness.

Pending application of the net proceeds of this offering for the foregoing purposes, we expect to, but we are not required to, invest such net proceeds in either cash or high quality, short-term debt securities.

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The following table shows our ratio of earnings to fixed charges for the periods indicated:

	<b>Twelve Months Ended October 31,</b>					<b>Three Months Ended January 31,</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Ratio of earnings to fixed charges	1.45	2.83	3.84	4.23	4.26	3.28

The ratio of earnings to fixed charges is computed by dividing our earnings, which consist of income (loss) before income taxes, interest expense, amortization of debt issuance costs and rent expense, by our fixed charges, which consist of interest incurred, amortization of debt issuance costs and rent expense.

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The following table sets forth as of January 31, 2017 (amounts in thousands):

our actual cash and cash equivalents and capitalization; and

our cash and cash equivalents and capitalization on an as adjusted basis, giving effect to (i) the sale of the notes in this offering and (ii) the initial investment of the net proceeds from this offering in cash and cash equivalents.

	<b>As of January 31, 2017</b>	
	<b>Actual</b>	<b>As Adjusted</b>
	<b>(Unaudited)</b>	
Cash and Cash Equivalent	\$ 373,469	\$
<b>Debt:</b>		
Revolving Credit Facility <sup>(1)</sup>	\$ 250,000	\$ 250,000
Term Loan Facility	500,000	500,000
Loans payable-other <sup>(2)</sup>	131,537	131,537
8.910% Senior Notes due October 15, 2017	400,000	400,000
4.000% Senior Notes due December 31, 2018	350,000	350,000
6.750% Senior Notes due November 1, 2019	250,000	250,000
5.875% Senior Notes due February 15, 2022	419,876	419,876
4.375% Senior Notes due April 15, 2023	400,000	400,000
5.625% Senior Notes due January 15, 2024	250,000	250,000
4.875% Senior Notes due November 15, 2025	350,000	350,000
% Senior Notes due , 2027, offered hereby		
0.5% Exchangeable Senior Notes due September 15, 2032	287,500	287,500
Mortgage company loan facility	57,040	57,040
<b>Total debt</b>	<b>3,645,953</b>	
<b>Stockholders' equity:</b>		
Preferred stock, 15,000 shares authorized, none issued		
Common stock, 400,000 shares authorized, 177,937 shares issued at January 31, 2017	1,779	1,779
Additional paid-in capital	718,861	718,861
Retained earnings	4,047,713	4,047,713
Treasury stock, at cost-15,431 shares at January 31, 2017	(450,072)	(450,072)
Accumulated other comprehensive loss	(3,167)	(3,167)
<b>Total stockholders' equity</b>	<b>4,315,114</b>	<b>4,315,114</b>
Noncontrolling interest	5,910	5,910

Total equity	4,321,024	4,321,024
Total capitalization	\$ 7,966,977	\$

- (1) At January 31, 2017, the undrawn availability under the Revolving Credit Facility was approximately \$932.6 million, after taking into account \$112.4 million of outstanding letters of credit that have been issued thereunder. The principal amount outstanding under our Revolving Credit Facility can fluctuate significantly over the course of each month and may be different, sometimes materially, from the amounts shown above or as of the end of any accounting period.
- (2) Loans payable other represent purchase money mortgages on properties we acquired that the seller of the property had financed and various revenue bonds that were issued by government entities on our behalf to finance community infrastructure and our manufacturing facilities.

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**DESCRIPTION OF THE NOTES**

The following description of the notes supplements, and to the extent inconsistent, replaces, the description of the general terms and provisions of senior debt securities set forth in the accompanying prospectus. The notes will be issued under an indenture (the **Base Indenture**), dated as of February 7, 2012, among Toll Brothers Finance, as issuer, the guarantors named therein, including Toll Brothers, Inc. (collectively, the **Guarantors**), and The Bank of New York Mellon as trustee (the **Trustee**), as amended and supplemented by the resolutions dated on or about \_\_\_\_\_, 2017, authorizing the notes (together with the Base Indenture, and for purposes of this **Description of the Notes** section, the **Indenture**).

The statements under this caption relating to the notes and the Indenture are brief summaries only, are not complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the Indenture and the notes. This description of the notes contains definitions of terms, including those defined under the caption

**Definitions.** Defined terms used in this **Description of the Notes** section apply only to this section and not, unless otherwise indicated, to any other section of this prospectus supplement. Capitalized terms that are used but not otherwise defined herein have the meanings assigned to them in the Indenture.

As used in this **Description of the Notes** section, all references to **we**, **us**, **our** and all similar references are to Toll Brothers Finance. References to **Senior Notes** in this section are references to the \$ \_\_\_\_\_ million aggregate principal amount of \_\_\_\_\_ % Senior Notes due 2027 offered hereby and any Additional Notes of such series hereafter issued.

**General**

The Senior Notes will mature on \_\_\_\_\_, 2027. Interest on the Senior Notes will accrue at a rate of \_\_\_\_\_ % per annum, will be computed on the basis of a 360-day year of twelve 30-day months and will be payable semi-annually in arrears on each \_\_\_\_\_ and \_\_\_\_\_ (each an **Interest Payment Date**), commencing \_\_\_\_\_, 2017. Interest will accrue from \_\_\_\_\_, 2017, or the date it was most recently paid or duly provided for. We will pay interest to the persons in whose names the Senior Notes are registered at the close of business on \_\_\_\_\_ or \_\_\_\_\_, as the case may be, before any Interest Payment Date. If any Interest Payment Date or maturity date of any of the Senior Notes is not a business day at any place of payment, then payment of principal, premium, if any, and interest need not be made at such place of payment on that date but may be made on the next succeeding business day at that place of payment, and no interest will accrue on the amount payable for the period from and after such Interest Payment Date or maturity date, as the case may be.

The Senior Notes will not be entitled to the benefit of any sinking fund provisions.

We expect that payments of principal, premium, if any, and interest to owners of beneficial interests in global notes in respect of the Senior Notes will be made in accordance with the procedures of The Depository Trust Company (**DTC**) and its participants in effect from time to time. DTC will act as the depository for such global notes.

The Senior Notes will be issued only in fully registered form without coupons, in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The Senior Notes will initially be represented by one or more global notes in book-entry form. See **Global Notes and Book-Entry System**.

The principal of, premium, if any, and interest on the Senior Notes will be payable, and, subject to the restrictions on transfer described herein, the Senior Notes may be surrendered for registration of transfer or exchange, at the office or agency maintained by us for that purpose; provided that payments of interest may be made at our option by check mailed to the address of the persons entitled thereto or by transfer to an account maintained by the payee with a bank

located in the United States. The office or agency initially maintained by us for the foregoing purposes will be the corporate trust office of the Trustee. No service charge will be made for any registration of transfer or exchange of the Senior Notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

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The Indenture does not limit the amount of indebtedness that Toll Brothers Finance, Toll Brothers, Inc. or any of Toll Brothers, Inc.'s subsidiaries may issue. The Indenture provides only limited protection against significant corporate events that could adversely affect investments in the Senior Notes.

We expect that interests in the global notes in respect of the Senior Notes will trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in these interests will therefore be required by DTC to settle in immediately available funds.

We currently do not intend to list the Senior Notes on any securities exchange.

**Ranking**

The Senior Notes will be unsecured and unsubordinated obligations of Toll Brothers Finance. The Senior Notes will rank equally with the other unsecured and unsubordinated indebtedness of Toll Brothers Finance, including, without limitation, the \$400 million aggregate principal amount of 8.910% Senior Notes due 2017, the \$350 million aggregate principal amount of 4.000% Senior Notes due 2018, the \$250 million aggregate principal amount of 6.750% Senior Notes due 2019, the approximately \$420 million aggregate principal amount of 5.875% Senior Notes due 2022, the \$400 million aggregate principal amount of 4.375% Senior Notes due 2023, the \$250 million aggregate principal amount of 5.625% Senior Notes due 2024, the \$350 million aggregate principal amount of 4.875% Senior Notes due 2025, the approximately \$288 million of 0.5% Exchangeable Senior Notes due 2032, and any indebtedness arising from Toll Brothers Finance's guarantee of the Revolving Credit Facility and the Term Loan Facility. As of January 31, 2017, the aggregate outstanding principal and accrued interest amount of unsecured and unsubordinated indebtedness of Toll Brothers Finance, including its guarantee of the Revolving Credit Facility (including the face amount of letters of credit issued thereunder) and its guarantee of the Term Loan Facility, was approximately \$3.61 billion.

**Guarantees**

Toll Brothers, Inc. conducts its operations through its subsidiaries and, therefore, it is primarily dependent on the earnings and cash flows of its subsidiaries to meet its debt service obligations. Any right Toll Brothers Finance, Toll Brothers, Inc. or Toll Brothers, Inc.'s creditors have to participate in the assets of any of Toll Brothers, Inc.'s subsidiaries upon any liquidation or reorganization of any such subsidiary will be subject to the prior claims of that subsidiary's creditors, including trade creditors. Accordingly, the Senior Notes will be structurally subordinated to the prior claims of creditors of Toll Brothers, Inc.'s subsidiaries other than Toll Brothers Finance and the Guarantors (as defined below). The Senior Notes will, however, have the benefit of the guarantees (each, a Guarantee and collectively, the Guarantees) from Toll Brothers, Inc. and all of Toll Brothers, Inc.'s subsidiaries that are guarantors under our Revolving Credit Facility (each, a Guarantor and collectively, the Guarantors). The Senior Notes and the Guarantee of Toll Brothers, Inc. will be structurally subordinated to the prior claims of creditors of non-guarantor subsidiaries of Toll Brothers, Inc., including trade creditors. The aggregate amount of liabilities of the non-guarantor subsidiaries, at January 31, 2017, was approximately \$444.9 million.

Payment of principal of, premium, if any, and interest on the Senior Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior basis by each of the Guarantors. Each Guarantee will be a full and unconditional unsecured senior obligation of the Guarantor issuing such Guarantee, ranking equal in right of payment with all existing and future senior debt of the Guarantor, including, without limitation, any indebtedness arising from the Guarantor's guarantees of Toll Brothers Finance's 8.910% Senior Notes due 2017, 4.000% Senior Notes due 2018, 6.750% Senior Notes due 2019, 5.875% Senior Notes due 2022, 4.375% Senior Notes due 2023, 5.625% Senior Notes due 2024, 4.875% Senior Notes due 2025, 0.5% Exchangeable Senior Notes due 2032, the Revolving Credit Facility and the Term Loan Facility. Each Guarantee from a Guarantor will be effectively subordinated to the secured debt of

that Guarantor to the extent of the value of the assets of such Guarantor securing such debt. At January 31, 2017, the Guarantors had approximately \$131.5 million aggregate principal amount of such secured indebtedness, principally in the form of purchase money mortgages on certain

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of their respective real property and various revenue bonds that were issued by government entities on behalf of certain Guarantors to finance community infrastructure and manufacturing facilities.

The Indenture provides that, in the event any Guarantee would constitute or result in a fraudulent conveyance in violation of applicable federal law or other similar law of any relevant jurisdiction, the liability of the Guarantor under such Guarantee will be reduced to the maximum amount, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to certain collections from or payments made by or on behalf of any other Guarantor, permissible under the applicable federal law or other similar law.

Toll Brothers, Inc.'s subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Senior Notes or to make any funds available therefor, whether by dividends, loans or other payments, other than if and as expressly provided in the Guarantees. The payment of dividends and the making of loans and advances to Toll Brothers, Inc. by its subsidiaries are subject to contractual, statutory or regulatory restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business considerations.

The Indenture provides that any subsidiary of Toll Brothers, Inc. that provides a guarantee of the Revolving Credit Facility will guarantee the Senior Notes. The Indenture further provides that any Guarantor other than Toll Brothers, Inc. may be released from its Guarantee so long as (1) no Default or Event of Default exists or would result from release of such Guarantee, (2) the Guarantor being released has Consolidated Net Worth of less than 5% of Toll Brothers, Inc.'s Consolidated Net Worth as of the end of the most recent fiscal quarter, (3) the Guarantors released from their Guarantees in any year end period comprise in the aggregate less than 10% (or 15% if and to the extent necessary to permit the cure of a Default) of Toll Brothers, Inc.'s Consolidated Net Worth as of the end of the most recent fiscal quarter, (4) such release would not have a material adverse effect on the homebuilding business of Toll Brothers, Inc. and its subsidiaries and (5) the Guarantor is released from its guaranty(ies) under the Revolving Credit Facility. If there are no guarantors under the Revolving Credit Facility, Guarantors under the Indenture, other than Toll Brothers, Inc., will be released from their Guarantees.

## **Further Issuances**

We may, from time to time, without the consent of the holders of the Senior Notes, create and issue additional Senior Notes ( Additional Notes ) having the same terms as the Senior Notes offered hereby, except for the issue date, issue price and, in some cases, the date from which interest will begin to accrue and the first interest payment date for such Additional Notes. We will not, however, issue such Additional Notes with the same CUSIP number as the Senior Notes offered hereby if they are not fungible for U.S. federal income tax purposes with the Senior Notes offered hereby. Any Additional Notes will constitute part of the same series as the Senior Notes offered hereby.

## **Optional Redemption**

Prior to the Par Call Date, we may, at our option, redeem the Senior Notes in whole at any time, or in part from time to time, on at least 30 but not more than 60 days' prior notice, at a redemption price equal to the greater of:

100% of the principal amount of the Senior Notes being redeemed, and

the present value of the Remaining Scheduled Payments on the Senior Notes being redeemed on the redemption date (assuming, for this purpose, that the Senior Notes are scheduled to mature on the Par Call Date), discounted to the date of redemption, on a semi-annual basis, at the Treasury Rate plus      basis points.

We will also pay accrued and unpaid interest on the Senior Notes to the date of redemption. In determining the redemption price and accrued interest, interest will be calculated on the basis of a 360- day year consisting of twelve 30-day months.

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On and after the Par Call Date, we may, at our option, redeem the Senior Notes in whole at any time, or in part from time to time, at a redemption price equal to 100% of the principal amount of the Senior Notes to be redeemed, plus accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to the redemption date.

If money sufficient to pay the redemption price of and accrued and unpaid interest on the Senior Notes to be redeemed is deposited with the Trustee on or before the redemption date, on and after the redemption date interest will cease to accrue on the Senior Notes (or such portions thereof) called for redemption and such Senior Notes will cease to be outstanding.

Notice of any redemption may, at our discretion, be subject to one or more conditions precedent. In the event that the relevant conditions precedent are not satisfied (or waived by us) as of the date specified for redemption in any such notice (or amendment thereto), we may, in our discretion, rescind such notice or amend it on one or more occasions to specify another redemption date until the satisfaction (or waiver by us) of any such conditions precedent, unless such notice is earlier rescinded by us as described above.

In determining whether to redeem the Senior Notes, we will generally consider one or more of the following factors:

prevailing interest rates;

available cash; and

other business considerations.

**Comparable Treasury Issue** means, with respect to the Senior Notes, the United States Treasury security selected by the Reference Treasury Dealer as having a maturity comparable to the remaining term of the Senior Notes to be redeemed (assuming, for this purpose, that the Senior Notes are scheduled to mature on the Par Call Date) that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to such remaining term of such Senior Notes.

**Comparable Treasury Price** means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the Quotation Agent obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

**Par Call Date** means the date that is three months prior to the date that the Senior Notes are scheduled to mature.

**Quotation Agent** means one of the Reference Treasury Dealers appointed by us.

**Reference Treasury Dealer** means (A) Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Mizuho Securities USA Inc., a primary U.S. government securities dealer selected by SunTrust Robinson Humphrey, Inc. and Wells Fargo Securities, LLC (or their respective successors or affiliates which are Primary Treasury Dealers), and any successor; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), we will substitute therefor another Primary Treasury Dealer; and (B) any other Primary Treasury Dealer(s) selected by us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m. on the third business day preceding such redemption date.

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**Remaining Scheduled Payments** means, with respect to any Senior Notes, the remaining scheduled payments of the principal thereof to be redeemed and interest thereon that would be due after the related redemption date but for such redemption (assuming, for this purpose, that the Senior Notes are scheduled to mature on the Par Call Date); provided, however, that, if such redemption date is not an interest payment date with respect to such Senior Note, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

**Treasury Rate** means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

The Trustee will have no obligation to calculate or determine the redemption price.

## **Certain Covenants**

*Restrictions on Secured Debt.* The Indenture provides that Toll Brothers Finance and Toll Brothers, Inc. will not, and will not cause or permit a Restricted Subsidiary to, create, incur, assume or guarantee any Secured Debt unless the Senior Notes will be secured equally and ratably with (or prior to) such Secured Debt, with certain exceptions. This restriction does not prohibit the creation, incurrence, assumption or guarantee of Secured Debt that is secured by:

- (1) Security Interests in model homes, homes held for sale, homes that are under contract for sale, contracts for the sale of homes, land (improved or unimproved), manufacturing plants, warehouses or office buildings and fixtures and equipment located thereat or thereon;
- (2) Security Interests in property at the time of its acquisition by Toll Brothers Finance, Toll Brothers, Inc. or a Restricted Subsidiary, including Capitalized Lease Obligations, which Security Interests secure obligations assumed by Toll Brothers Finance, Toll Brothers, Inc. or a Restricted Subsidiary, or in the property of a corporation or other entity at the time it is merged into or consolidated with Toll Brothers Finance, Toll Brothers, Inc. or a Restricted Subsidiary (other than Secured Debt created in contemplation of the acquisition of such property or the consummation of such a merger or where the Security Interest attaches to or affects the property of Toll Brothers Finance, Toll Brothers, Inc. or a Restricted Subsidiary prior to such transaction);
- (3) Security Interests arising from conditional sales agreements or title retention agreements with respect to property acquired by Toll Brothers Finance, Toll Brothers, Inc. or a Restricted Subsidiary;
- (4) Security Interests incurred in connection with pollution control, industrial revenue, water, sewage or any similar item; and
- (5) Security Interests securing Indebtedness of a Restricted Subsidiary owing to Toll Brothers Finance, Toll Brothers, Inc. or to another Restricted Subsidiary that is wholly-owned (directly or indirectly) by Toll Brothers, Inc. or Security Interests securing Toll Brothers Finance Indebtedness owing to a Guarantor.

Additionally, such permitted Secured Debt includes any amendment, restatement, supplement, renewal, replacement, extension or refunding, in whole or in part, of Secured Debt permitted at the time of the original incurrence thereof.

In addition, Toll Brothers Finance and the Guarantors may create, incur, assume or guarantee Secured Debt, without equally and ratably securing the Senior Notes, if immediately thereafter the sum of (1) the aggregate principal amount of all Secured Debt outstanding (excluding Secured Debt permitted under clauses (1) through (5) above and any

Secured Debt in relation to which the Senior Notes have been equally and ratably secured) and

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(2) all Attributable Debt (as defined below) in respect of Sale and Lease-back Transactions (as defined below) (excluding Attributable Debt in respect of Sale and Lease-back Transactions as to which the provisions of clauses (1) through (3) described under Restrictions on Sale and Lease-back Transactions have been complied with) as of the date of determination would not exceed 20% of Consolidated Net Tangible Assets.

The provisions described above with respect to limitations on Secured Debt are not applicable to Non-Recourse Indebtedness by virtue of the definition of Secured Debt, and will not restrict or limit Toll Brothers Finance's or any Guarantors' ability to create, incur, assume or guarantee any unsecured Indebtedness, or the ability of any subsidiary which is not a Restricted Subsidiary to create, incur, assume or guarantee any secured or unsecured Indebtedness.

*Restrictions on Sale and Lease-Back Transactions.* The Indenture provides that Toll Brothers Finance and Toll Brothers, Inc. will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Lease-back Transaction, unless:

- (1) notice is promptly given to the Trustee of the Sale and Lease-back Transaction;
- (2) fair value is received by Toll Brothers Finance, Toll Brothers, Inc. or the relevant Restricted Subsidiary for the property sold (as determined in good faith by Toll Brothers, Inc. communicated in writing to the Trustee); and
- (3) Toll Brothers Finance, Toll Brothers, Inc. or a Restricted Subsidiary, within 365 days after the completion of the Sale and Lease-back Transaction, applies, or enters into a definitive agreement to apply within such 365-day period, an amount equal to the net proceeds of such Sale and Lease-back Transaction:

to the redemption, repayment or retirement of (a) senior notes of any series under the Existing Indentures (including the cancellation by the Trustee of any senior notes of any series delivered by Toll Brothers Finance to the Trustee), (b) Indebtedness of ours that ranks equally with the Senior Notes, including the Revolving Credit Facility and the Term Loan Facility, or (c) Indebtedness of any Guarantor that ranks equally with the Guarantee of such Guarantor, and/or

to the purchase by Toll Brothers Finance, Toll Brothers, Inc. or any Restricted Subsidiary of property used in their respective trade or businesses.

This provision will not apply to a Sale and Lease-back Transaction that relates to a sale of a property that occurs within 180 days from the latest of (x) the date of acquisition of the property by Toll Brothers Finance, Toll Brothers, Inc. or a Restricted Subsidiary, (y) the date of the completion of construction of that property or (z) the date of commencement of full operations on that property. In addition, Toll Brothers Finance and the Guarantors may, without complying with the above restrictions, enter into a Sale and Lease-back Transaction if immediately thereafter the sum of (1) the aggregate principal amount of all Secured Debt outstanding (excluding Secured Debt permitted under clauses (1) through (5) described in Restrictions on Secured Debt above and any Secured Debt in relation to which the Senior Notes have been equally and ratably secured) and (2) all Attributable Debt in respect of Sale and Lease-back Transactions (excluding Attributable Debt in respect of Sale and Lease-back Transactions as to which the provisions of clauses (1) through (3) above have been complied with) as of the date of determination would not exceed 20% of Consolidated Net Tangible Assets.

## **Change of Control Repurchase Event**

If a change of control repurchase event occurs, unless we have exercised our right to redeem the Senior Notes as described above, we will make an offer to each holder of Senior Notes to repurchase all or any part (in amounts of \$2,000 or in integral multiples of \$1,000 in excess thereof) of that holder's Senior Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of Senior Notes repurchased plus any accrued and unpaid interest on the Senior Notes repurchased to the date of purchase. Within 30 days following

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any change of control repurchase event or, at our option, prior to any change of control, but after the public announcement of the change of control, we will send a notice to each holder, with a copy to the Trustee, describing the transaction or transactions that constitute or may constitute the change of control repurchase event and offering to repurchase Senior Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is sent. The notice shall, if sent prior to the date of consummation of the change of control, state that the offer to purchase is conditioned on the change of control repurchase event occurring on or prior to the payment date specified in the notice. We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations under the Exchange Act to the extent those laws and regulations are applicable in connection with the repurchase of the Senior Notes as a result of a change of control repurchase event. To the extent that the provisions of any securities laws or regulations conflict with the change of control repurchase event provisions of the Senior Notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the change of control repurchase event provisions of the Senior Notes by virtue of such conflict.

On the change of control repurchase event payment date, we will, to the extent lawful:

1. accept for payment all Senior Notes or portions of Senior Notes properly tendered pursuant to our offer;
2. deposit with the paying agent an amount equal to the aggregate purchase price in respect of all Senior Notes or portions of Senior Notes properly tendered; and
3. deliver or cause to be delivered to the Trustee the Senior Notes properly accepted, together with an officers certificate stating the aggregate principal amount of Senior Notes being purchased by us.

The paying agent will promptly pay to each holder of Senior Notes properly tendered the purchase price for the Senior Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Senior Note equal in principal amount to any unpurchased portion of any Senior Notes surrendered; provided that each new Senior Note will be in a principal amount of \$2,000 or an integral multiple of \$1,000.

We will not be required to make an offer to repurchase the Senior Notes upon a change of control repurchase event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all Senior Notes properly tendered and not withdrawn under its offer.

The term **below investment grade rating event** means the Senior Notes are rated below investment grade (defined below) by all three rating agencies on any date from the date of the public notice of an arrangement that could result in a change of control until the end of the 60-day period following public notice of the occurrence of a change of control (which period shall be extended so long as the rating of the Senior Notes is under publicly announced consideration for possible downgrade by any of the rating agencies); provided that a below investment grade rating event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular change of control (and thus shall not be deemed a below investment grade rating event for purposes of the definition of change of control repurchase event) if the rating agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable change of control (whether or not the applicable change of control shall have occurred at the time of the below investment grade rating event).

The term **change of control** means the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any **person** (as that term is used in Section 13(d)(3) of

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the Exchange Act) becomes the beneficial owner, directly or indirectly, of more than 50% of Toll Brothers, Inc.'s voting stock (defined below), measured by voting power rather than number of shares. Notwithstanding the foregoing, a transaction will not be deemed to involve a change of control if (1) Toll Brothers Inc. becomes a wholly owned subsidiary of a holding company and (2) the holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of our voting stock immediately prior to that transaction.

The term "change of control repurchase event" means the occurrence of both a change of control and a below investment grade rating event.

The term "Fitch" means Fitch Ratings.

The term "investment grade" means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating categories of Moody's); a rating of BBB- or better by Fitch (or its equivalent under any successor rating categories of Fitch); a rating of BBB- or better by S&P (or its equivalent under any successor rating categories of S&P); and the equivalent investment grade credit rating from any additional rating agency (defined below) or rating agencies selected by us.

The term "Moody's" means Moody's Investors Service, Inc.

The term "rating agency" means (1) each of Moody's, Fitch and S&P; and (2) if any of Moody's, Fitch or S&P ceases to rate the Senior Notes or fails to make a rating of the Senior Notes publicly available (for reasons outside of our control), a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us (as certified by a resolution of our board of directors) as a replacement agency for Moody's, Fitch or S&P, or all three, as the case may be.

The term "S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

The term "voting stock" of any specified person (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

## **Definitions**

**Attributable Debt** means, with respect to a Sale and Lease-back Transaction, the present value (discounted at the weighted average effective interest cost per annum of the outstanding senior notes of all series issued by Toll Brothers Finance, compounded semiannually) of the obligation of the lessee for rental payments during the remaining term of the lease included in such transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended or, if earlier, until the earliest date on which the lessee may terminate such lease upon payment of a penalty (in which case the obligation of the lessee for rental payments shall include such penalty), after excluding all amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water and utility rates and similar charges.

**Consolidated Net Tangible Assets** means the total amount of assets which would be included on a combined balance sheet of us and the Guarantors under accounting principles generally accepted in the United States (less applicable reserves and other properly deductible items) after deducting therefrom:

(1) all short-term liabilities, except for liabilities payable by their terms more than one year from the date of determination (or renewable or extendible at the option of the obligor for a period ending more than one year after such date) and liabilities in respect of retiree benefits other than pensions for which the Restricted Subsidiaries are required to accrue pursuant to Statement of Financial Accounting Standards No. 106;

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(2) investments in subsidiaries that are not Restricted Subsidiaries; and

(3) all goodwill, trade names, trademarks, patents, unamortized debt discount, unamortized expense incurred in the issuance of debt and other tangible assets.

Consolidated Net Worth of any person means the consolidated stockholders equity of the person determined in accordance with accounting principles generally accepted in the United States.

Existing Indentures means (1) the Indenture dated as of April 20, 2009, among the Issuer, the guarantors named therein and The Bank of New York Mellon, as trustee, as amended and supplemented by the First Supplemental Indenture through the Fifteenth Supplemental Indenture, the resolutions dated as of April 20, 2009 authorizing the 8.910% Senior Notes due 2017 and the resolutions dated as of September 22, 2009 authorizing the 6.750% Senior Notes due 2019, and as may be further amended and supplemented, (2) the Indenture dated as of February 7, 2012, among the Issuer, the guarantors named therein and The Bank of New York Mellon, as trustee, as amended and supplemented by the First Supplemental Indenture through the Thirteenth Supplemental Indenture and the resolutions dated as of January 31, 2012 authorizing the 5.875% Senior Notes due 2022, the resolutions dated as of April 3, 2013 and May 8, 2013 authorizing the 4.375% Senior Notes due 2023, the resolutions dated as of November 21, 2013 authorizing the 4.000% Senior Notes due 2018, the resolutions dated as of November 21, 2013 authorizing the 5.625% Senior Notes due 2024, the resolutions dated as of October 30, 2015 authorizing the 4.875% Senior Notes due 2025, and as may be further amended and supplemented and (3) the Indenture dated as of September 11, 2012, among the Issuer, the guarantors named therein and The Bank of New York Mellon, as trustee, pursuant to which the 0.5% Exchangeable Senior Notes due 2032 were issued, as amended and supplemented by the First Supplemental Indenture through the Twelfth Supplemental Indenture, and as may be further amended and supplemented.

Indebtedness means (1) any liability of any person (A) for borrowed money, (B) evidenced by a bond, note, debenture or similar instrument (including a purchase money obligation) given in connection with the acquisition of any businesses, properties or assets of any kind (other than a trade payable or a current liability arising in the ordinary course of business), (C) for the payment of money relating to a Capitalized Lease Obligation or (D) for all Redeemable Capital Stock valued at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; (2) any liability of others described in the preceding clause (1) that such person has guaranteed or that is otherwise its legal liability; (3) all Indebtedness referred to in (but not excluded from) clauses (1) and (2) above of other persons and all dividends of other persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Security Interest upon or in property (including, without limitation, accounts and contract rights) owned by such person, even though such person has not assumed or become liable for the payment of such Indebtedness; and (4) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (1), (2) and (3) above.

Non-Recourse Indebtedness means Indebtedness or other obligations secured by a lien on property to the extent that the liability for the Indebtedness or other obligations is limited to the security of the property without liability on the part of Toll Brothers, Inc., Toll Brothers Finance or any Restricted Subsidiary (other than the Restricted Subsidiary which holds title to the property) for any deficiency.

Redeemable Capital Stock means any capital stock of Toll Brothers Finance, Toll Brothers, Inc. or any subsidiary of Toll Brothers, Inc. that, either by its terms, by the terms of any security into which it is convertible or exchangeable or otherwise, (1) is or upon the happening of an event or passage of time would be required to be redeemed on or prior to the final stated maturity of the Senior Notes or (2) is redeemable at the option of the holder thereof at any time prior to such final stated maturity or (3) is convertible into or exchangeable for debt securities at any time prior to such final

stated maturity.

Restricted Subsidiary means any Guarantor other than Toll Brothers, Inc.

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**Revolving Credit Facility** means the Credit Agreement by and among First Huntingdon Finance Corp., Toll Brothers, Inc., the lenders named therein and Citibank, N.A., as administrative agent, dated May 19, 2016, and any related documents (including, without limitation, any guarantees or security documents), as such agreements (and such related documents) may be amended, restated, supplemented, renewed, replaced by the existing lenders or by successors or otherwise modified from time to time, including any agreement(s) extending the maturity of or refinancing or refunding all or any portion of the indebtedness or increasing the amount to be borrowed under such agreement(s) or any successor agreement(s), whether or not by or among the same parties.

**Sale and Lease-back Transaction** means a sale or transfer made by Toll Brothers Finance, Toll Brothers, Inc. or a Restricted Subsidiary (except a sale or transfer made to Toll Brothers Finance, Toll Brothers, Inc. or another Restricted Subsidiary) of any property which is either (a) a manufacturing facility, office building or warehouse whose book value equals or exceeds 1% of Consolidated Net Tangible Assets as of the date of determination or (b) another property (not including a model home) which exceeds 5% of Consolidated Net Tangible Assets as of the date of determination, if such sale or transfer is made with the agreement, commitment or intention of leasing such property to Toll Brothers Finance, Toll Brothers, Inc. or a Restricted Subsidiary for more than a three-year term.

**Secured Debt** means any Indebtedness which is secured by (1) a Security Interest in any of the property of Toll Brothers Finance, Toll Brothers, Inc. or any Restricted Subsidiary or (2) a Security Interest in shares of stock owned directly or indirectly by Toll Brothers Finance, Toll Brothers, Inc. or a Restricted Subsidiary in a corporation or in equity interests owned by Toll Brothers Finance, Toll Brothers, Inc. or a Restricted Subsidiary in a partnership or other entity not organized as a corporation or in Toll Brothers, Inc.'s rights or the rights of a Restricted Subsidiary in respect of Indebtedness of a corporation, partnership or other entity in which Toll Brothers Finance, Toll Brothers, Inc. or a Restricted Subsidiary has an equity interest; provided that Secured Debt shall not include Non-Recourse Indebtedness, as such categories of assets are determined in accordance with accounting principles generally accepted in the United States. The securing in the foregoing manner of any such Indebtedness which immediately prior thereto was not Secured Debt shall be deemed to be the creation of Secured Debt at the time security is given.

**Security Interests** means any mortgage, pledge, lien, encumbrance or other security interest which secures the payment or performance of an obligation.

**Significant Subsidiary** means any Subsidiary (1) whose revenues exceed 10% of Toll Brothers, Inc.'s total revenues, in each case for the most recent fiscal year, or (2) whose net worth exceeds 10% of Toll Brothers, Inc.'s total stockholders equity, in each case as of the end of the most recent fiscal year.

**Subsidiary** means any person of which Toll Brothers, Inc., at the time of determination by Toll Brothers, Inc., directly and/or indirectly through one or more Subsidiaries, owns more than 50% of the shares of Voting Stock.

**Term Loan Facility** means the Credit Agreement by and among First Huntingdon Finance Corp., Toll Brothers, Inc., the lenders party thereto and SunTrust Bank, as administrative agent, dated February 3, 2014, as amended, and any related documents (including, without limitation, any guarantees or security documents), as such agreements (and such related documents) may be amended, restated, supplemented, renewed, replaced by the existing lenders or by successors or otherwise modified from time to time, including any agreement(s) extending the maturity of or refinancing or refunding all or any portion of the indebtedness or increasing the amount to be borrowed under such agreement(s) or any successor agreement(s), whether or not by or among the same parties.

**Voting Stock** means any class or classes of capital stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of any person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting

power by reason of the happening of any contingency).

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### **Consolidation, Merger and Sale of Assets**

Neither Toll Brothers Finance, Toll Brothers, Inc. nor any of the other Guarantors will consolidate with or merge with or into or sell, assign, transfer or lease all or substantially all of its assets to another person unless:

- (1) such person is a corporation, in the case of Toll Brothers Finance or Toll Brothers, Inc., or any other legal entity in the case of any other Guarantor, organized under the laws of the United States of America or any state thereof;
- (2) such person (unless it has merged into Toll Brothers Finance or a Guarantor) assumes by supplemental indenture, in a form reasonably satisfactory to the Trustee, all the obligations of Toll Brothers Finance or such Guarantor, as the case may be, relating to the Senior Notes or, the Guarantee, as the case may be, and the Indenture; and
- (3) immediately after the transaction no Default or Event of Default exists; provided that this clause (3) will not restrict or be applicable to a consolidation, merger, sale, assignment, transfer or lease of a Guarantor with or into Toll Brothers Finance, Toll Brothers, Inc. or another Subsidiary that is, or concurrently with the completion of such consolidation, merger, sale, assignment, transfer, or lease becomes, a Guarantor.

Upon any such consolidation, merger, sale, assignment or transfer (including any merger, sale, assignment, transfer or consolidation described in the proviso at the end of the immediately preceding clause), the successor corporation or legal entity, as applicable, will be substituted for Toll Brothers Finance or such Guarantor, as applicable, under the Indenture. The successor may then exercise every power and right of Toll Brothers Finance or such Guarantor, as applicable, under the Indenture, and Toll Brothers Finance or such Guarantor, as applicable, will be released from all of its respective liabilities and obligations in respect of the Senior Notes or the Guarantee, as applicable, and the Indenture. If Toll Brothers Finance or any Guarantor leases all or substantially all of its assets, the lessee will be the successor to Toll Brothers Finance or such Guarantor, as applicable, and may exercise every power and right of Toll Brothers Finance or such Guarantor, as the case may be, under the Indenture, but Toll Brothers Finance or such Guarantor, as the case may be, will not be released from its respective obligations to pay the principal of and premium, if any, and interest, if any, on the Senior Notes.

Notwithstanding the foregoing, the requirements of the immediately preceding paragraphs in this covenant will not apply to any transaction pursuant to which a Guarantor (other than Toll Brothers, Inc.) will be upon consummation thereof permitted to be released from its Guarantee in accordance with the last paragraph of the section entitled Guarantee above.

### **Events of Default**

Each of the following is an Event of Default with respect to the Senior Notes under the Indenture:

- (1) the failure by Toll Brothers Finance or a Guarantor to pay interest on the Senior Notes when the same becomes due and payable and the continuance of any such failure for a period of 30 days;
- (2) the failure by Toll Brothers Finance or a Guarantor to pay the principal of the Senior Notes when the same becomes due and payable at maturity, upon acceleration or otherwise;
- (3) the failure by Toll Brothers Finance, Toll Brothers, Inc. or any Guarantor which is a Significant Subsidiary to comply with any of its agreements or covenants in, or provisions of, the Senior Notes, the Guarantees (as they relate to the Senior Notes) or the Indenture (as they relate to the Senior Notes), other than a failure specifically dealt with elsewhere in the Indenture, and such failure shall not have been remedied within 60 days after receipt of written notice

of such failure by Toll Brothers Finance and Toll Brothers, Inc. from the Trustee or by Toll Brothers Finance, Toll Brothers, Inc. and the Trustee from the holders of at least 25% in aggregate principal amount of the then outstanding Senior Notes;

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(4) any default under an instrument evidencing or securing any of Toll Brothers Finance's Indebtedness or the Indebtedness of any Guarantor (other than Non-Recourse Indebtedness) aggregating \$75,000,000 or more in aggregate principal amount, resulting in the acceleration of such Indebtedness, or due to the failure to pay such Indebtedness at maturity upon acceleration or otherwise;

(5) any Guarantee with respect to the Senior Notes by Toll Brothers, Inc. or a Guarantor that is a Significant Subsidiary shall for any reason cease to be, or be asserted in writing by Toll Brothers, Inc. or such Guarantor or Toll Brothers Finance, as applicable, not to be, in full force and effect and enforceable in accordance with its terms (other than by reason of the termination of the Indenture or the release or discharge of any such Guarantee in accordance with the terms of the Indenture); provided, however, that if Toll Brothers, Inc. or such Guarantor or Toll Brothers Finance, as applicable, asserts in writing that such Guarantee is not in full force and effect and enforceable in accordance with its terms, such assertion shall not constitute an Event of Default for purposes of this paragraph if (A) such written assertion is accompanied by an opinion of counsel of each of Toll Brothers Finance, Toll Brothers, Inc. and such Guarantor to the effect that, as a matter of law, the defect or defects rendering such Guarantee unenforceable can be remedied within 10 days of the date of such assertion, (B) each of Toll Brothers Finance and Toll Brothers, Inc. delivers an officers' certificate to the effect that Toll Brothers, Inc., such Guarantor or Toll Brothers Finance, as applicable, represents that such defect or defects shall be so remedied within such 10-day period, and (C) such defect or defects are in fact so remedied within such 10-day period; and

(6) certain events of bankruptcy, insolvency or reorganization involving us, Toll Brothers, Inc. or any Significant Subsidiary.

We may cure any Event of Default that relates exclusively to a Guarantor other than Toll Brothers, Inc. to the extent such Guarantor is released from its Guarantee to the extent permitted by the provisions of the Indenture.

The Indenture provides that if an Event of Default (other than an Event of Default described in clause (6) above) shall have occurred and be continuing, either the Trustee by notice to Toll Brothers Finance and Toll Brothers, Inc., or the holders of at least 25% in aggregate principal amount of Senior Notes then outstanding by notice to Toll Brothers Finance, Toll Brothers, Inc. and the Trustee, may declare the principal amount of all the Senior Notes and interest, if any, accrued thereon to be due and payable immediately. If an Event of Default with respect to Toll Brothers Finance, Toll Brothers, Inc. or any Significant Subsidiary specified in clause (6) above occurs, all amounts due and payable on the Senior Notes will become and be immediately due and payable without any declaration, notice or other act on the part of the Trustee, Toll Brothers Finance, Toll Brothers, Inc. or any holder. Holders of a majority in principal amount of the then outstanding Senior Notes may rescind an acceleration with respect to the Senior Notes and its consequence (except an acceleration due to nonpayment of principal or interest on the Senior Notes) if the rescission would not conflict with any judgment or decree and if all past Events of Default have been cured or waived.

No such rescission shall extend to or shall affect any subsequent Event of Default, or shall impair any right or power consequent thereon.

The Trustee, subject to the duty of the Trustee during default to act with the required standard of care, will be entitled to be indemnified by the holders of the Senior Notes before proceeding to exercise any right or power under the Indenture at the request of the holders of the Senior Notes. The Indenture also provides that the holders of a majority in principal amount of the outstanding Senior Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee.

No holder of Senior Notes will have any right to institute any proceeding with respect to the Indenture or pursue any remedy thereunder, unless: (1) the holder shall have previously given the Trustee written notice of a

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continuing Event of Default with respect to the Senior Notes, (2) the holders of at least 25% in aggregate principal amount of the outstanding Senior Notes shall have made written request, and offered indemnity satisfactory to the Trustee against any loss, liability or expense to the Trustee to pursue the remedy, (3) the Trustee shall have failed to comply with the request for 60 days after its receipt of such notice and offer of indemnity and (4) no written request inconsistent with such written request has been given to the Trustee during the 60-day period by the holders of a majority in aggregate principal amount of the outstanding Senior Notes under the Indenture. However, any right of a holder of Senior Notes to receive payment of the principal of and any interest on the Senior Notes on or after the dates expressed in the Senior Notes or to bring suit for the enforcement of any such payment on or after such dates shall be absolute and unconditional and shall not be impaired or affected without the consent of such holder.

The Indenture contains a covenant that Toll Brothers Finance and Toll Brothers, Inc. each will file with the Trustee within 120 days after the end of their respective fiscal years, a certificate as to the absence of any Default or specifying any Default that exists.

## **Modification and Waiver**

Toll Brothers Finance and the Trustee, with the written consent of the holders of at least a majority of the principal amount of the outstanding Senior Notes affected by the amendment, may execute supplemental indentures adding any provisions to or changing or eliminating any of the provisions of the Indenture or modifying the rights of the holders of the Senior Notes, except that no such supplemental indenture may, without the consent of the holder of each outstanding Senior Note affected by the supplemental indenture, among other things:

(1) change the final maturity of the Senior Notes, or reduce the rate or extend the time of payment of interest on the Senior Notes, or reduce the principal amount of the Senior Notes, or impair the right to institute suit for payment of the Senior Notes;

(2) reduce the percentage of Senior Notes, the consent of the holders of which is required for any such supplemental indenture, for any waiver of compliance with certain provisions of the Indenture or certain Defaults under the Indenture and their consequences provided in the Indenture or any other covenant or provision;

(3) modify any of the provisions regarding the modification of the Indenture, waivers of past Defaults or Events of Default in the payment of principal of, premium if any, or interest on any of the Senior Notes and waivers of certain covenants, except to increase any percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each outstanding Senior Notes affected thereby;

(4) alter the provisions (including related definitions) with respect to redemption of Senior Notes or Toll Brothers Finance's duty to offer to purchase or redeem such Senior Notes pursuant to the resolutions authorizing the Senior Notes or the Indenture;

(5) modify the ranking or priority of the Senior Notes or the related Guarantees in a manner adverse to the holders of Senior Notes; or

(6) make any Senior Note payable at a place or in money other than that stated in the Senior Note.

The holders of a majority in principal amount of the outstanding Senior Notes may, on behalf of the holders of all Senior Notes, waive any past Default under the Indenture relating to the Senior Notes without notice to any holder. However, without the consent of the holders of the Senior Notes affected, no amendment, supplement or waiver, including any waiver of past Defaults as permitted in the Indenture, will effect any of the actions contemplated by the

immediately preceding clauses (1) through (6). Each series of debt securities issued under

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the Indenture (including the Senior Notes, 4.000% Senior Notes due 2018, 5.875% Senior Notes due 2022, 4.375% Senior Notes due 2023, 5.625% Senior Notes due 2024 and 4.875% Senior Notes due 2025) will vote as a separate class.

Neither our Board of Directors nor the Board of Directors of any Guarantor has the power to waive any of the covenants of the Indenture including those relating to consolidation, merger or sale of assets.

We and the Trustee may modify or amend provisions of the Indenture, the Guarantees or the Senior Notes without notice to or the consent of any holder for any of the following purposes:

- (1) to evidence the succession of another person to Toll Brothers Finance or any Guarantor under the Indenture, the Guarantees or the Senior Notes, respectively;
- (2) to add to our covenants or the covenants of any Guarantor for the benefit of the holders of the Senior Notes or to surrender any right or power conferred upon us or such Guarantor by the Indenture;
- (3) to add Events of Default for the benefit of the holders of the Senior Notes;
- (4) to change or eliminate any provisions of the Indenture, provided that any such change or elimination shall become effective only when there are no outstanding Senior Notes;
- (5) to secure any Senior Notes or Guarantees under the Indenture;
- (6) to establish the form or terms of the senior notes or Guarantees of any new series;
- (7) to add Guarantors;
- (8) to provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;
- (9) to close the Indenture to authentication and delivery of additional series of senior notes;
- (10) to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate defeasance and discharge of the Senior Notes, provided that such action shall not adversely affect the rights of the holders of the Senior Notes;
- (11) to remove a Guarantor with respect to any Senior Notes which, in accordance with the terms of the Indenture, ceases to be liable in respect of its Guarantee;
- (12) to cure any ambiguity, omission, defect or inconsistency in the Indenture, provided that such action does not adversely affect the interests of holders of the Senior Notes;
- (13) to provide that specific provisions of the Indenture will not apply to a series not previously issued under the Indenture;
- (14) to provide for uncertificated Senior Notes in addition to or in place of certificated Senior Notes; and
- (15) to make any other change that does not adversely affect the interests of holders of the Senior Notes.

**Defeasance Provisions**

*Defeasance and Discharge.* The Indenture provides that we will be discharged from any and all obligations with respect to the outstanding Senior Notes (except for certain obligations to register the transfer or exchange of

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the Senior Notes, replace stolen, lost, destroyed or mutilated Senior Notes, maintain offices or agencies and hold moneys for payment in trust) upon the deposit with the Trustee, in trust, of money in U.S. Dollars, U.S. government obligations or a combination thereof which through the payment of interest and principal thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of and interest on, and any mandatory sinking fund payments with respect to, the outstanding Senior Notes on the stated maturity date of the payments in accordance with the terms of the Indenture and the Senior Notes. This type of discharge may only occur if we deliver to the Trustee an opinion of counsel to the effect that there has been a change in applicable federal income tax law or we have received from, or there has been published by, the United States Internal Revenue Service a ruling to the effect that the holders of the Senior Notes will not recognize income, gain or loss for federal income tax purposes as a result of that discharge and will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if the discharge had not occurred. In order to be discharged the deposit of cash in U.S. Dollars and/or U.S. government obligations must not result in a Default under the Indenture, or constitute a default under any material instrument to which Toll Brothers Finance, Toll Brothers, Inc. or any of the Subsidiaries is a party or by which they or any of their property are bound. In addition, this type of discharge may only occur so long as no Event of Default or event which, with notice or lapse of time, would become an Event of Default with respect to the Senior Notes has occurred and is continuing on the date cash in U.S. Dollars and/or U.S. government obligations are deposited in trust and other conditions specified in the Indenture are satisfied. The term government obligations means securities of the government which issued the currency in which the Senior Notes are denominated or in which interest is payable or of government agencies backed by the full faith and credit of that government.

***Defeasance of Certain Covenants.*** The Indenture also provides that we may omit to comply with certain covenants described above under Certain Covenants and Consolidation, Merger and Sale of Assets with respect to the Senior Notes if we comply with the following conditions and the Senior Notes shall thereafter be deemed not outstanding for the purpose of any direction, waiver, consent or declaration or act of the holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed outstanding for all other purposes under the Indenture. In order to exercise this option, we will be required to deposit with the Trustee money in U.S. Dollars, U.S. government obligations or a combination thereof which through the payment of interest and principal thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of (and premium, if any) and interest on the outstanding Senior Notes on the stated maturity date of the payments in accordance with the terms of the Indenture and the Senior Notes. In order to be discharged, the deposit of cash and/or government obligations must not result in a Default under the Indenture, or constitute a default under any material instrument to which Toll Brothers Finance, Toll Brothers, Inc. or any of the Subsidiaries is a party or by which they or any of their property are bound. In addition, this type of discharge may only occur so long as no Event of Default or event which, with notice or lapse of time, would become an Event of Default with respect to the Senior Notes has occurred and is continuing on the date cash and/or government obligations are deposited in trust and other conditions specified in the Indenture are satisfied. We will also be required to deliver to the Trustee an opinion of counsel to the effect that the deposit and related covenant defeasance will not cause the holders of the Senior Notes to recognize income, gain or loss for federal income tax purposes and that those holders will be subject to federal income tax on the same amount, in the same manner and at the same times as would have been the case if the deposit and covenant defeasance had not occurred, and to satisfy other conditions specified in the Indenture.

***Covenant Defeasance and Events of Default.*** In the event we exercise our option to effect covenant defeasance with respect to the Senior Notes and the Senior Notes are declared due and payable because of the occurrence of any Event of Default, the amount of money and government obligations on deposit with the Trustee will be sufficient to pay amounts due on the senior notes of that series at the time of their stated maturity dates but may not be sufficient to pay amounts due on the Senior Notes at the time of the acceleration resulting from such Event of Default. However, we will remain liable for such payments.

**Governing Law**

The Indenture, the Senior Notes and the Guarantees will be governed by the laws of the State of New York.

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**Regarding the Trustee**

The Bank of New York Mellon is the trustee under the Indenture pursuant to which the Senior Notes will be issued and pursuant to which Toll Brothers Finance's 4.875% Senior Notes due 2025, 5.625% Senior Notes due 2024, 4.375% Senior Notes due 2023, 5.875% Senior Notes due 2022 and 4.000% Senior Notes due 2018 were issued. The Bank of New York Mellon is also trustee under the indenture pursuant to which Toll Brothers Finance's 8.910% Senior Notes due 2017 and 6.750% Senior Notes due 2019 were issued and the indenture pursuant to which Toll Brothers Finance's 0.5% Exchangeable Senior Notes due 2032 were issued.

**Global Notes and Book-Entry System**

The Senior Notes will be issued in the form of one or more registered notes in global form, without interest coupons. Such global notes will be deposited on the issue date with DTC and registered in the name of Cede & Co., as nominee of DTC, or will remain in the custody of the Trustee under the Indenture pursuant to the FAST Balance Certificate Agreement between DTC and the Trustee. Beneficial interests in the global notes may not be exchanged for certificated notes except in the circumstances described below. All interests in global notes may be subject to the procedures and requirements of DTC.

Exchanges of beneficial interests in one global security for interests in another global security will be subject to the applicable rules and procedures of DTC and its direct and indirect participants. Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in another global security will, upon transfer, cease to be an interest in that global security and become an interest in the global security to which the beneficial interest is transferred and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in the global security to which the beneficial interest is transferred for as long as it remains an interest in that global security.

The descriptions of the operations and procedures of DTC set forth below are based on materials made available by DTC. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. We do not take any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

DTC has advised us that it is a limited purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities for persons who have accounts with DTC ( participants ) and facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, which eliminates the need for physical movement of certificates. Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to the DTC system is available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a direct or indirect custodial relationship with a participant ( indirect participants ). Investors who are not participants may beneficially own Senior Notes held by or on behalf of DTC only through participants or indirect participants. The rules applicable to DTC and its participants are on file with the Commission.

Upon the issuance of the global note, DTC or its custodian will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by the global note to the accounts of the persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the initial purchasers. Ownership of beneficial interests in the global note will be limited to participants or persons who hold interests through participants.

Ownership of beneficial interests in the global note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants and indirect participants (with respect to interests of persons other than participants).

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So long as DTC or its nominee is the registered owner or holder of a global note, DTC or such nominee, as the case may be, will be considered the sole record owner or holder of the Senior Notes represented by a global note for all purposes under the Indenture and the Senior Notes. Except as set forth herein, owners of beneficial interests in a global note will not be entitled to have Senior Notes represented by such global note registered in their names, will not receive or be entitled to receive physical delivery of Senior Notes in definitive certificated form, and will not be considered holders of the Senior Notes for any purposes under the Indenture.

Accordingly, each person owning a beneficial interest in a global note must rely on the procedures of DTC and, if such person is not a participant, on the procedures of the participant through which such person directly or indirectly owns its interest, to exercise any rights of a holder under the Indenture. We understand that under existing industry practices, if we request any action of holders or any owner of a beneficial interest in a global note desires to give any notice or take any action that a holder is entitled to give or take under the Indenture, DTC would authorize the participants holding the relevant beneficial interests to give such notice or take such action, and such participants would authorize beneficial owners owning through such participants to give such notice or take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Payments of the principal of, premium, if any, and interest on a global note will be made to DTC or its nominee, as the case may be, as the registered owner. Neither we, the Trustee nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a global note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that DTC or its nominee, upon receipt of any payment of principal of, premium, if any, or interest in respect of a global note will credit participants' accounts with payments in amounts proportionate to their respective beneficial ownership interests in the principal amount of such global note, as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in a global note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for such payments.

The Indenture provides that, if the Depository notifies us that it is unwilling or unable to continue as depository for the global notes or if at any time the Depository ceases to be a clearing agency registered under the Exchange Act and we do not appoint a successor depository within 90 days, or if there shall have occurred and be continuing an Event of Default or an event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default with respect to the Senior Notes, then we will issue certificated notes in exchange for the global note. In addition, we may at any time and in our sole discretion determine not to have the Senior Notes represented by a global note and, in such event, will issue certificated notes in exchange for the global note. In any such instance, an owner of a beneficial interest in a global note will be entitled to physical delivery of certificated notes equal in principal amount to its beneficial interest and to have the certificated notes registered in its name. We expect that instructions for registering the certificated notes would be based upon directions received from the Depository with respect to ownership of the beneficial interests in a global note.

Although DTC has agreed to the procedures described above in order to facilitate transfers of interests in a global note among participants of DTC, it is under no obligation to perform such procedures and such procedures may be discontinued at any time. Neither we nor the Trustee will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.



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**MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following is a summary of the material U.S. federal income tax consequences, of the acquisition, ownership and disposition of the notes as of the date hereof. Unless otherwise stated, this summary deals only with notes held as capital assets by persons who purchase the notes for cash pursuant to this offering at their initial offering price. We have not requested, and do not expect to request, a ruling from the Internal Revenue Service (the IRS) on the tax consequences of acquiring, owning, and disposing of the notes and there can be no assurance that the IRS will agree with the statements and conclusions contained in this summary.

As used herein, a U.S. Holder means a beneficial owner of the notes that is for U.S. federal income tax purposes any of the following:

an individual citizen or resident of the United States;

a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

The term non-U.S. Holder means a beneficial owner of the notes (other than a partnership or any other entity treated as a partnership for U.S. federal income tax purposes) that is not a U.S. Holder.

This summary does not represent a detailed description of the U.S. federal income tax consequences applicable to you if you are a person subject to special tax treatment under the U.S. federal income tax laws, including, without limitation:

a dealer in securities or currencies;

a financial institution;

a regulated investment company;

a real estate investment trust;

a tax-exempt organization;

an insurance company;

a person holding the notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle for U.S. federal income tax purposes;

a trader in securities that has elected the mark-to-market method of tax accounting for securities;

a person subject to the alternative minimum tax;

a partnership or other pass-through entity for U.S. federal income tax purposes (or an investor therein);

a U.S. Holder whose functional currency is not the U.S. dollar;

a controlled foreign corporation;

a passive foreign investment company; or

a U.S. expatriate.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the Code), U.S. Treasury regulations, administrative rulings and judicial decisions as of the date hereof. Those authorities may be changed,

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possibly on a retroactive basis, so as to result in U.S. federal income tax consequences different from those summarized below. This summary does not represent a detailed description of the U.S. federal income tax consequences to you in light of your particular circumstances and does not address any non-income tax such as the Medicare tax on net investment income, U.S. federal estate or gift tax or the effects of any state, local or non-U.S. tax laws. It is not intended to be, and should not be construed to be, legal or tax advice to any particular purchaser of the notes.

If any entity classified as a partnership for U.S. federal income tax purposes holds the notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner in a partnership holding the notes, you should consult your own tax advisors.

If you are considering the purchase of the notes, you should consult your own tax advisors concerning the particular U.S. federal income tax consequences to you of the acquisition, ownership, and disposition of the notes, as well as the consequences to you arising under other U.S. federal tax laws or local tax laws or the laws of any other taxing jurisdiction.

### **Material Tax Consequences to U.S. Holders**

The following is a summary of certain U.S. federal income tax consequences that will apply to U.S. Holders of the notes.

***Payments of Interest.*** Interest on a note generally will be taxable to you as ordinary income at the time it is paid or accrued in accordance with your method of accounting for U.S. federal income tax purposes.

***Sale, Exchange, Redemption, Retirement or Other Disposition of Notes.*** Upon the sale, exchange, redemption, retirement or other taxable disposition of a note, you generally will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, redemption, retirement or other taxable disposition (less an amount equal to any accrued but unpaid interest, which will be treated as interest income to the extent not previously included in income) and your adjusted tax basis in the note. Your adjusted tax basis in a note generally will be your cost for that note.

Your gain or loss will generally be capital gain or loss and will be long-term capital gain or loss if, at the time of sale, exchange, redemption, retirement or other taxable disposition, you have held the note for more than one year. Capital gains of non-corporate U.S. Holders, including individuals, derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

### **Material Tax Consequences to Non-U.S. Holders**

The following is a summary of material U.S. federal income tax consequences that will apply to non-U.S. Holders of the notes.

***U.S. Federal Withholding Tax.*** Subject to the discussion below regarding effectively connected income, FATCA (which is defined below in [Additional Withholding Requirements](#) ) and backup withholding, interest paid on a note to a non-U.S. Holder generally will not be subject to U.S. federal withholding tax, provided that:

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interest paid on the notes is not effectively connected with your conduct of a trade or business in the United States;

you do not actually (or constructively) own 10% or more of the total combined voting power of Toll Brothers Inc. or Toll Brothers Finance Corp. within the meaning of the Code and applicable U.S. Treasury regulations;

you are not a controlled foreign corporation that is related to us through stock ownership;

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you are not a bank whose receipt of interest on the notes is described in Section 881(c)(3)(A) of the Code; and

either (a) you provide your name and address on an applicable IRS Form W-8BEN or W-8BEN-E and certify, under penalties of perjury, that you are not a United States person as defined under the Code or (b) you hold your notes through certain foreign intermediaries and satisfy the certification requirements of applicable U.S. Treasury regulations. Special certification rules apply to non-U.S. Holders that are pass-through entities rather than corporations or individuals.

If you cannot satisfy the requirements described above, payments of interest made to you will be subject to a 30% U.S. federal withholding tax, unless you provide the applicable withholding agent with a properly executed:

IRS Form W-8BEN or W-8BEN-E (or other applicable form) certifying an exemption from or reduction in withholding under the benefit of an applicable income tax treaty; or

IRS Form W-8ECI (or other applicable form) certifying that interest paid on the notes is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States (as discussed below under U.S. Federal Income Tax ).

The 30% U.S. federal withholding tax generally will not apply to any payment of principal or gain that you realize on the sale, exchange, redemption, retirement or other disposition of a note.

***U.S. Federal Income Tax.*** Subject to the discussion below regarding FATCA and backup withholding, any gain realized on the disposition of a note generally will not be subject to U.S. federal income tax unless:

the gain is effectively connected with your conduct of a trade or business in the United States which will be taxed as described below; or

you are an individual who is present in the United States for 183 days or more in the taxable year of that disposition and certain other conditions are met.

Proceeds from a disposition of a note that are accrued but unpaid interest generally will be subject to, or exempt from, tax to the same extent as described above with respect to interest paid on a note.

If you are engaged in a trade or business in the United States and interest or gain with respect to the notes is effectively connected with the conduct of that trade or business, then you will be subject to U.S. federal income tax on that interest or gain on a net income basis (although you will be exempt from the 30% U.S. federal withholding tax, provided that the certification requirements discussed above in U.S. Federal Withholding Tax are satisfied) in generally the same manner as if you were a United States person as defined under the Code, unless an applicable income tax treaty provides otherwise. In addition, if you are a foreign corporation, you may be subject to a branch profits tax equal to 30% (or lower applicable income tax treaty rate) of your effectively connected earnings and profits, subject to adjustments.

**Information Reporting and Backup Withholding**

***U.S. Holders.*** In general, information reporting requirements will apply to certain payments of interest and principal paid on the notes and to the proceeds of the sale or other disposition (including a redemption) of a note paid to you (unless you are an exempt recipient). Backup withholding may apply to such payments if you fail to provide a correct taxpayer identification number or a certification that you are not subject to backup withholding.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your U.S. federal income tax liability provided that the required information is timely furnished to the IRS.

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**Non-U.S. Holders.** Generally, the amount of interest paid to you and the amount of tax, if any, withheld with respect to those payments will be reported to the IRS. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which you reside under the provisions of an applicable income tax treaty.

In general, you will not be subject to backup withholding with respect to payments of interest on the notes that we make to you provided that the applicable withholding agent does not have actual knowledge or reason to know that you are a United States person as defined under the Code, and such withholding agent has received from you the required certification that you are a non-U.S. Holder described above in the fifth bullet point under **Material Tax Consequences to Non-U.S. Holders** **U.S. Federal Withholding Tax**.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds from a sale or other disposition of notes within the United States or conducted through certain U.S.-related financial intermediaries, unless you certify to the payor under penalties of perjury that you are a non-U.S. Holder (and the payor does not have actual knowledge or reason to know that you are a United States person as defined under the Code), or you otherwise establish an exemption.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your U.S. federal income tax liability provided that the required information is timely furnished to the IRS.

## **Additional Withholding Requirements**

Under Sections 1471 through 1474 of the Code (such sections commonly referred to as FATCA), a 30% U.S. federal withholding tax may apply to any interest income paid on the notes and, for a disposition of a note occurring after December 31, 2018, the gross proceeds from such disposition, in each case paid to (i) a foreign financial institution (as specifically defined in the Code) that does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner that avoids withholding, or (ii) a non-financial foreign entity (as specifically defined in the Code) that does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA or (y) adequate information regarding each substantial United States owner (as specifically defined in the Code) of such entity (if any). Withholding under FATCA will apply to the applicable payments regardless of whether the foreign financial institutions or non-financial foreign entities receive the payments as beneficial owners or intermediaries. If an interest payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under **Material Tax Consequences to Non-U.S. Holders** **U.S. Federal Withholding Tax**, the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. If you are a foreign financial entity or a non-financial foreign entity in a jurisdiction that has entered into an intergovernmental agreement with the United States, you may be subject to different rules. You should consult your own tax advisor regarding these rules and whether they may be relevant to your ownership and disposition of the notes.

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**CERTAIN ERISA CONSIDERATIONS**

The following is a summary of certain considerations associated with the purchase of the notes by employee benefit plans (as defined in Section 3(3) of Employee Retirement Income Security Act of 1974, as amended ( ERISA )) that are subject to Title I of ERISA, plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the Code ) or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, Similar Laws ), and entities whose underlying assets are considered to include plan assets of any such plan, account or arrangement (each, a Plan ).

**General Fiduciary Matters**

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an ERISA Plan ) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA or Section 4975(g)(3) of the Code) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA and the Code, may nevertheless be subject to Similar Laws. Fiduciaries of such Plans, in consultation with their counsel, should consider the impact of their respective laws on investments in the notes and the considerations discussed herein, to the extent applicable.

**Prohibited Transaction Issues**

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are parties in interest, within the meaning of ERISA, or disqualified persons, within the meaning of Section 4975 of the Code, unless a statutory exemption or an exemption issued by the United States Department of Labor ( DOL ) is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of notes by an ERISA Plan with respect to which we, an underwriter or a subsidiary guarantor is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the DOL has issued prohibited transaction class exemptions, or PTCEs, that may apply to the acquisition and holding of the notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38

respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in- house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and

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Section 4975 of the Code for certain transactions between an ERISA Plan and a party in interest or disqualified person, provided that such person is a party in interest or disqualified person solely by reason of providing services to the ERISA Plan or a relationship to such a service provider, neither such person nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than adequate consideration in connection with the transaction. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Because of the foregoing, the notes should not be purchased or held by any person investing plan assets of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a similar violation of any applicable Similar Laws. In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws. No representation is made that the sale of any notes to a Plan meets the fiduciary requirements for investments by Plans generally or any particular Plan or that such an investment is appropriate for Plans generally. Neither the Issuer, the guarantors nor any of the parties described in this prospectus, or their affiliates, is providing investment advice to any Plan, through this prospectus or otherwise, in connection with the sale of the notes in this offering.

## **Representation**

Accordingly, by acceptance of a note, each purchaser and subsequent transferee of a note will be deemed to have represented and warranted that (a) either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the notes (or any interest therein) constitutes assets of any Plan or (ii) the purchase, holding and disposition of the notes (or any interest therein) by such purchaser or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws; and (b) it will not transfer the notes (or any interest therein) to any person or entity, unless such person or entity could itself truthfully make the foregoing representations and warranties.

The foregoing discussion is general in nature and is not intended to be all inclusive, and should not be construed as legal advice or a legal opinion. Further, no assurance can be given that future legislation, administrative rulings, court decisions or regulatory action will not modify the conclusions set forth in this discussion. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the notes.

**Table of Contents****UNDERWRITING**

Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Mizuho Securities USA Inc., SunTrust Robinson Humphrey, Inc. and Wells Fargo Securities, LLC are acting as representatives of the several underwriters. Subject to the terms and conditions contained in an underwriting agreement among Toll Brothers Finance, Toll Brothers, Inc. and the underwriters, Toll Brothers Finance has agreed to sell to the underwriters, and each underwriter has agreed to purchase, severally and not jointly, the principal amount of notes set forth opposite the underwriters' names below.

<b>Underwriters</b>	<b>Principal Amount of Notes</b>
Citigroup Global Markets Inc.	\$
Deutsche Bank Securities Inc.	
Mizuho Securities USA Inc.	
SunTrust Robinson Humphrey, Inc.	
Wells Fargo Securities, LLC	
PNC Capital Markets LLC	
<b>Total</b>	<b>\$</b>

Under the underwriting agreement, the obligations of the underwriters to purchase the notes in this offering are subject to specified conditions. The underwriters must purchase all of the notes if they purchase any of them.

Notes sold by the underwriters to the public will initially be offered at the applicable initial public offering price set forth on the cover of this prospectus supplement. Any notes sold by the underwriters to securities dealers may be sold at a discount from the applicable initial public offering price of up to % of the principal amount of the notes. Any such securities dealers may resell any notes purchased from the underwriters to certain other brokers or dealers at a discount from the applicable initial public offering price of up to % of the principal amount of notes offered hereby. If all the notes are not sold at the applicable initial offering prices, the underwriters may change the offering price and the other selling terms.

We have agreed that, for a period of ten (10) business days from the date of this prospectus supplement, we will not, without the prior written consent of Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Mizuho Securities USA Inc., SunTrust Robinson Humphrey, Inc. and Wells Fargo Securities, LLC, offer, sell, or contract to sell, pledge or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by us (other than the notes). Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Mizuho Securities USA Inc., SunTrust Robinson Humphrey, Inc. and Wells Fargo Securities, LLC in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

The following table shows the underwriting discounts that we are to pay to the underwriters in connection with this offering (expressed as a percentage of the principal amount of the notes).

	<b>Paid by Us</b>
Per note	%

Additionally, we estimate that our total expenses for the offering, excluding the underwriting discounts, will be approximately \$ .

We have agreed to indemnify each underwriter against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriter may be required to make resulting from those liabilities.

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There is currently no established trading market for the notes. The notes will not be listed on any securities exchange or on any automated dealer quotation system. The underwriters may make a market in the notes after completion of the offering but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

In connection with the offering, the underwriters may purchase and sell notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases.

Short sales involve secondary market sales by the underwriters of a greater number of notes than they are required to purchase in the offering.

Covering transactions involve purchases of notes in the open market after the distribution has been completed in order to cover short positions.

Stabilizing transactions involve bids to purchase notes so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the notes. They may also cause the price of the notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the market price of the notes. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time without notice.

The underwriters are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The underwriters and their respective affiliates have provided from time to time, and may provide in the future, commercial banking and investment advisory services to us and our affiliates in the ordinary course of business, for which they have received and may continue to receive customary fees and expenses. Affiliates of certain of the underwriters are agents and/or lenders under First Huntingdon Finance Corp.'s Revolving Credit Facility and Term Loan Facility. In addition, certain of the underwriters are arrangers and bookrunners under First Huntingdon Finance Corp.'s Revolving Credit Facility and Term Loan Facility. An affiliate of SunTrust Robinson Humphrey, Inc. and an affiliate of Citigroup Global Markets Inc. are the administrative agents under First Huntingdon Finance Corp.'s Term Loan Facility and Revolving Credit Facility, respectively. Additionally, certain of the underwriters or their affiliates may from time to time hold other indebtedness of ours or our subsidiaries, including any series of existing Senior Notes.

## **Canada**

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions*

*and Ongoing Registrant Obligations.* Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the

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securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (**NI 33-105**), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

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**LEGAL MATTERS**

Certain legal matters related to the notes being offered hereby are being passed upon for us by Cravath, Swaine & Moore LLP, New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriters by Cahill Gordon & Reindel LLP, New York, New York.

**EXPERTS**

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements included in our Annual Report on Form 10-K for the year ended October 31, 2016, and the effectiveness of our internal control over financial reporting as of October 31, 2016, as set forth in their reports, which are incorporated by reference in this prospectus supplement and elsewhere in the registration statement. Our financial statements are incorporated by reference in reliance on Ernst & Young LLP's reports, given on their authority as experts in accounting and auditing.

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**PROSPECTUS**

**TOLL BROTHERS, INC.**

**Common Stock**

**Preferred Stock**

**Warrants**

**Guarantees of Debt Securities**

**TOLL CORP.**

**FIRST HUNTINGDON FINANCE CORP.**

**TOLL BROTHERS FINANCE CORP.**

**Senior Debt Securities, Subordinated Debt Securities, Guarantees of Debt Securities**

Toll Brothers, Inc. may offer and sell any combination of the following securities from time to time:

common stock;

preferred stock;

warrants to purchase common stock or preferred stock issued by Toll Brothers, Inc. or debt securities issued by Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp.; and

guarantees of debt securities issued by Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp.

Toll Corp., First Huntingdon Finance Corp. and Toll Brothers Finance Corp. may offer senior debt securities and subordinated debt securities, from time to time, in one or more offerings. If indicated in the relevant prospectus supplement, the debt securities issued by Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp. may, in addition to the guarantee of Toll Brothers, Inc., be fully and unconditionally guaranteed by a number of our directly or indirectly wholly-owned subsidiaries. Toll Corp., First Huntingdon Finance Corp. and Toll Brothers

Finance Corp. are indirect, wholly-owned subsidiaries of Toll Brothers, Inc.

We may offer these securities from time to time, in amounts, on terms and at prices that will be determined at the time of offering. We will provide specific terms of these securities, including their offering prices, in prospectus supplements to this prospectus. The prospectus supplements may also add, update or change information contained in this prospectus. You should read this prospectus and any prospectus supplement, including the information we have incorporated by reference herein, together with the additional information described under the heading **Where You Can Find More Information**, carefully before you invest.

Toll Brothers, Inc. common stock is listed on the New York Stock Exchange under the Symbol **TOL**. As of the date of this prospectus, none of the other securities that we may offer by this prospectus is listed on any national securities exchange.

We may offer these securities to or through underwriters, through dealers or agents, directly to you or through a combination of these methods. You can find additional information about our plan of distribution for the securities under the heading **Plan of Distribution** beginning on page 30 of this prospectus. We will also describe the plan of distribution for any particular offering of these securities in the prospectus supplement. If agents, underwriters or dealers are used to sell these securities, a prospectus supplement will name them and describe their compensation. This prospectus may not be used to sell our securities unless it is accompanied by a prospectus supplement.

**Investing in our securities involves risk. See Risk Factors beginning on page 4 of this prospectus and **Item 1A Risk Factors** beginning on page 14 of our Annual Report on Form 10-K for the fiscal year ended October 31, 2014, which is incorporated by reference herein, as well as any other subsequently filed annual, quarterly or other reports that update our risk factors.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is February 12, 2015.**

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or the SEC, utilizing a shelf registration process. Under this process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities we may offer. Each time we offer securities that are registered under this process, we will provide a prospectus supplement that will contain specific information about the terms of that offering. That prospectus supplement may include a description of any risk factors or other special considerations applicable to those securities. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in the prospectus and the prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and the prospectus supplement, including the information we have incorporated by reference, together with the additional information described under the heading **Where You Can Find More Information**, before you invest.

We are only responsible for the information incorporated by reference or provided in this prospectus and the accompanying prospectus supplement or included elsewhere in the registration statement of which this prospectus is a part. We have not authorized anyone to provide you with different information. We are not making an offer to sell or soliciting an offer to buy these securities in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation. You should not assume that the information in this prospectus or the accompanying prospectus supplement or in any document incorporated by reference is accurate as of any date other than the date of the document containing such information.

Any of the securities described in this prospectus may be convertible or exchangeable into other securities we describe in this prospectus or will describe in a prospectus supplement and may be issued separately, together or as part of a unit consisting of two or more securities, which may or may not be separate from one another. These securities may include new or hybrid securities developed in the future that combine features of any of the securities described in this prospectus.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to **Toll Brothers, the Company, we, us, our** or similar references mean Toll Brothers, Inc. and its subsidiaries, including Toll Corp., First Huntingdon Finance Corp. and Toll Brothers Finance Corp., unless the context otherwise requires.

**OUR COMPANY**

Toll Brothers, Inc., a Delaware corporation formed in May 1986, began doing business through predecessor entities in 1967.

We design, build, market, and arrange financing for detached and attached homes in luxury residential communities. We cater to move-up, empty-nester, active-adult, age-qualified, and second-home buyers in the United States. We also build and sell homes in urban infill markets through Toll Brothers City Living®. At October 31, 2014, we were operating in 19 states. In the five years ended October 31, 2014, we delivered 18,120 homes from 553 communities, including 5,397 homes from 346 communities in fiscal 2014.

We operate our own land development, architectural, engineering, mortgage, title, landscaping, security monitoring, lumber distribution, house component assembly, and manufacturing operations. We also develop, own, and operate



golf courses and country clubs, which generally are associated with several of our master planned communities. We have investments in and advances to various unconsolidated entities. We have

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investments in joint ventures (i) to develop land for the joint venture participants and for sale to outside builders; (ii) to develop for-sale homes; (iii) to develop luxury for-rent residential apartments, commercial space and a hotel; (iv) to invest in commercial real estate opportunities; and (v) to invest in a portfolio of distressed loans and real estate.

Our communities are generally located on land we have either acquired and developed or acquired fully approved and, in some cases, improved. We also operate through a number of joint ventures. At October 31, 2014, we were operating in the following major suburban and urban residential markets:

Philadelphia, Pennsylvania, metropolitan area

Lehigh Valley area of Pennsylvania

Central and northern New Jersey

Virginia and Maryland suburbs of Washington, D.C.

District of Columbia

Boston, Massachusetts, metropolitan area

Fairfield, Hartford, and New Haven Counties, Connecticut

Westchester, Dutchess, and Ulster Counties, New York

Boroughs of Manhattan and Brooklyn in New York City

Los Angeles, California, metropolitan area

San Francisco Bay, Sacramento and San Jose areas of northern California

San Diego and Palm Springs, California areas

Phoenix, Arizona metropolitan area

Raleigh and Charlotte, North Carolina, metropolitan areas

Dallas, San Antonio, Houston and Austin, Texas, metropolitan areas

Southeast and southwest coasts and the Jacksonville and Orlando areas of Florida

Las Vegas and Reno, Nevada, metropolitan areas

Detroit, Michigan, metropolitan area

Chicago, Illinois metropolitan area

Denver, Colorado metropolitan area and Fort Collins, Colorado

Minneapolis/St. Paul, Minnesota, metropolitan area, and

Seattle, Washington, metropolitan area.

Our executive offices are located at 250 Gibraltar Road, Horsham, Pennsylvania 19044. Our telephone number is (215) 938-8000.

#### **WHERE YOU CAN FIND MORE INFORMATION**

This prospectus is part of a registration statement on Form S-3 that we have filed with the SEC under the Securities Act of 1933 (the Securities Act ). This prospectus does not contain all of the information set forth in the registration statement. For further information about us, you should refer to the registration statement. The information included or incorporated by reference in this prospectus summarizes material provisions of contracts

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and other documents to which we refer you. Since the information included or incorporated by reference in this prospectus may not contain all of the information that you may find important, you should review the full text of the documents to which we refer you. We have filed these documents as exhibits to our registration statement.

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act ). In accordance with those requirements, we file annual, quarterly and special reports, proxy statements and other information with the SEC. You can read and copy any document we file with the SEC at the SEC's public reference room at the following location:

100 F Street, N.E.

Washington, D.C. 20549

You may obtain information on the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public from the SEC's Internet website at <http://www.sec.gov>. We also make available free of charge on our website, at <http://www.tollbrothers.com>, all materials that we file electronically with the SEC. **Information contained on our website is not incorporated by reference into this prospectus and you should not consider information contained on our website to be part of this prospectus.**

### **INCORPORATION OF CERTAIN INFORMATION BY REFERENCE**

The SEC allows us to incorporate by reference into this prospectus the information we file with it. This means that we are permitted to disclose important information to you by referring you to other documents we have filed with the SEC. You should consider any statement contained in this prospectus or in a document which is incorporated by reference into this prospectus to be modified or superseded to the extent that the statement is modified or superseded by another statement contained in a later dated document that constitutes a part of this prospectus or is incorporated by reference into this prospectus. You should consider any statement which is so modified or superseded to be a part of this prospectus only as so modified or superseded.

We incorporate by reference in this prospectus all the documents listed below and any filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus (excluding, in each case, any portion of such documents that may have been furnished but not filed for purposes of the Exchange Act):

Annual Report on Form 10-K of Toll Brothers, Inc. for the fiscal year ended October 31, 2014, filed with the SEC on December 23, 2014;

portions of the Definitive Proxy Statement of Toll Brothers Inc. on Schedule 14A filed with the SEC on January 30, 2015 that are incorporated by reference into Part III of the Annual Report of Toll Brothers, Inc. for the fiscal year ended October 31, 2014;

the description of the common stock of Toll Brothers, Inc. contained in its Registration Statement on Form 8-A of Toll Brothers, Inc., filed with the SEC on June 19, 1986, and any amendment or report filed to update the description; and

the description of preferred stock purchase rights contained in the Registration Statement on Form 8-A, filed with the SEC on June 19, 2007, and any amendment or report filed to update the description.

We will deliver, without charge, to anyone receiving this prospectus, upon written or oral request, a copy of any document incorporated by reference in this prospectus but not delivered with this prospectus, but the exhibits to those documents will not be delivered unless they have been specifically incorporated by reference. Requests for these documents should be made to: Director of Investor Relations, Toll Brothers, Inc., 250 Gibraltar Road, Horsham PA 19044 (215) 938-8000. We will also make available to the holders of the securities offered by this

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prospectus annual reports which will include audited financial statements of Toll Brothers, Inc. and its consolidated subsidiaries, including Toll Corp., First Huntingdon Finance Corp., and Toll Brothers Finance Corp. We do not expect that Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp. will be required to make filings with the Commission under Section 15(d) of the Exchange Act.

## **RISK FACTORS**

Our business is subject to certain uncertainties and risks. You should consider carefully and evaluate all of the information contained or incorporated by reference in this prospectus and the applicable prospectus supplement to this prospectus, including the risk factors incorporated by reference from our Annual Report on Form 10-K for the fiscal year ended October 31, 2014 and any other subsequently filed annual, quarterly or other reports, before purchasing any securities offered in connection with this prospectus. It is possible that our business, financial condition, liquidity or results of operations could be materially adversely affected by any of these risks.

## **FORWARD-LOOKING STATEMENTS**

This prospectus, the accompanying prospectus supplement and the documents incorporated by reference into this prospectus contain or may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. You can identify these statements by the fact that they do not relate to matters of strictly historical or factual nature and generally discuss or relate to future events. They contain words such as anticipate, estimate, expect, project, intend, plan, believe, may, can, could, might, should, phrases of similar meaning. Such statements may include, but are not limited to, information related to: anticipated operating results; home deliveries; financial resources and condition; changes in revenues; changes in profitability; changes in margins; changes in accounting treatment; cost of revenues; selling, general and administrative expenses; interest expense; inventory writedowns; unrecognized tax benefits; anticipated tax refunds; sales paces and prices; effects of home buyer cancellations; growth and expansion; joint ventures in which we are involved; anticipated results from our investments in unconsolidated entities; the ability to acquire land and pursue real estate opportunities; the ability to gain approvals and open new communities; the ability to sell homes and properties; the ability to deliver homes from backlog; the ability to secure materials and subcontractors; the ability to produce the liquidity and capital necessary to expand and take advantage of opportunities; legal proceedings and claims; the anticipated benefits to be realized from the consummation of the acquisition of the home building business of Shapell Industries, Inc. ( Shapell ); and post-closing asset sales.

Any or all of the forward-looking statements included in this prospectus, the accompanying prospectus supplement and the documents incorporated by reference into this prospectus are not guarantees of future performance and may turn out to be inaccurate. Consequently, actual results may differ materially from those that might be anticipated from our forward-looking statements. Therefore, we caution you not to place undue reliance on our forward-looking statements. The factors that could cause actual results to differ from those expressed or implied by our forward-looking statements include, among others: demand fluctuations in the housing industry; adverse changes in economic conditions in markets where we conduct our operations and where prospective purchasers of our homes live; increases in cancellations of existing agreements of sale; the competitive environment in which we operate; changes in interest rates or our credit ratings; the availability of capital; uncertainties in the capital and securities markets; the ability of customers to obtain financing for the purchase of homes; the availability and cost of land for future growth; the ability of the participants in various joint ventures to honor their commitments; effects of governmental legislation and regulation; effects of increased taxes or governmental fees; weather conditions; the availability and cost of labor and building and construction materials; the cost of raw materials; the outcome of various product liability claims, litigation and warranty claims; the



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effect of the loss of key management personnel; changes in tax laws and their interpretation; construction delays; the seasonal nature of our business; and exposure to liabilities as a result of the acquisition of the home building business of Shapell.

From time to time, forward-looking statements also are included in other periodic reports on Forms 10-K, 10-Q and 8-K, in press releases, in presentations, on our website and in other materials released to the public. Any or all of the forward-looking statements included in this prospectus and in any other reports or public statements made by us are not guarantees of future performance and may turn out to be inaccurate. This can occur as a result of incorrect assumptions or as a consequence of known or unknown risks and uncertainties. Many factors mentioned in this prospectus or in other reports or public statements made by us, such as government regulation and the competitive environment, will be important in determining our future performance. Consequently, actual results may differ materially from those that might be anticipated from our forward-looking statements.

For a discussion of factors that we believe could cause our actual results to differ materially from expected and historical results, see **Risk Factors** and **Item 1A Risk Factors** of our Annual Report on Form 10-K for the fiscal year ended October 31, 2014. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995, and all of our forward-looking statements are expressly qualified in their entirety by the cautionary statements contained or referenced in this section.

**USE OF PROCEEDS**

We intend to use the net proceeds from the sale of the securities offered by this prospectus for general corporate purposes, which may include the acquisition of residential development properties, the repayment of our outstanding indebtedness, working capital, or for any other purposes as may be described in the accompanying prospectus supplement.

**RATIO OF EARNINGS TO FIXED CHARGES**

The following table shows our ratio of earnings to fixed charges for the periods indicated:

	<b>Twelve months ended October 31,</b>				
	2010	2011	2012	2013	2014
Ratio of earnings to fixed charges	(a)	(a)	1.59	2.77	3.82

(a) For the twelve-month periods ended October 31, 2011 and 2010, our earnings were not sufficient to cover fixed charges by approximately \$63.8 million and \$125.2 million, respectively.

There was no preferred stock outstanding for any of the periods shown above. Accordingly, the ratio earnings to combined fixed charges and preferred stock dividends was identical to the ratio of earnings to fixed charges.

**DESCRIPTION OF CAPITAL STOCK**

As of October 31, 2014, our authorized capital stock consisted of 400,000,000 shares of common stock, \$.01 par value per share, and 15,000,000 shares of preferred stock, \$.01 par value per share. As of October 31, 2014, we had 175,046,150 shares of common stock outstanding.





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**Common Stock**

Subject to the rights and preferences of any holders of our preferred stock, of which there were none as of October 31, 2014, the holders of our common stock are entitled to one vote per share on all matters that require a vote of the common stockholders. In addition, the holders of our common stock are entitled to receive such dividends as legally may be declared by the Board of Directors and to receive pro rata our net assets available for distribution to such holders upon liquidation. There are no cumulative voting, preemptive, conversion or redemption rights applicable to our common stock. All outstanding shares of common stock are fully paid and non-assessable.

On March 17, 2010, the Board of Directors of the Company adopted a Certificate of Amendment to the Second Restated Certificate of Incorporation of the Company (the "Certificate of Amendment"). The Certificate of Amendment includes an amendment approved by the Company's stockholders at the 2010 Annual Meeting which restricts certain transfers of the Company's common stock in order to preserve the tax treatment of the Company's net operating and unrealized tax losses. The Certificate of Amendment's transfer restrictions generally restrict any direct or indirect transfer of the Company's common stock if the effect would be to increase the direct or indirect ownership of any Person (as defined in the Certificate of Amendment) from less than 4.95% to 4.95% or more of the Company's common stock, or increase the ownership percentage of a Person owning or deemed to own 4.95% or more of the Company's common stock. Any direct or indirect transfer attempted in violation of this restriction would be void as of the date of the prohibited transfer as to the purported transferee.

Except as otherwise specifically provided by law or as set forth in "Anti-Takeover Effects of our Certificate of Incorporation, our Bylaws, our Rights Plan and Delaware Law - Classified Board of Directors and Restrictions On Removal" below, all matters coming before a meeting of stockholders other than election of Directors are determined by a majority of the votes cast affirmatively or negatively. Directors are elected by a plurality of the votes cast.

On June 13, 2007, the Board of Directors adopted a Rights Agreement which established a Stockholder Rights Plan. This Stockholder Rights Plan provides for one right to attach to each share of our common stock. Upon the occurrence of certain events, each right entitles the registered holder to purchase from us a unit consisting of one ten-thousandth of a share of Series A Junior Participating Preferred Stock at a purchase price of \$100 per unit. Initially the rights attach to all common stock certificates and no separate rights certificates will be distributed. The rights will separate from the common stock and a distribution date will occur upon the earlier of:

10 days following a public announcement that a person or group of affiliated persons has acquired beneficial ownership of 15% or more of the outstanding shares of our common stock (the "Stock Acquisition Date"); or

10 business days following the commencement of a tender offer that would result in a person or group beneficially owning 15% or more of the outstanding shares of our common stock.

The rights are not exercisable until the distribution date and will expire at the close of business on July 11, 2017. In the event any non-exempt person or group acquires 15% or more of the then outstanding shares of our common stock, unless the acquisition is made pursuant to a tender offer for all outstanding shares at a price determined by a majority of the members of the Board of Directors, excluding any members of the Board of Directors who are also officers of the Company, to be fair and otherwise in our best interests and the best interests of our stockholders, each holder of a right will have the right to receive, upon exercise, common stock having a value equal to two times the exercise price of the right; except that the rights held by a non-exempt person or group become null and void upon that person or group acquiring 15% or more of the then outstanding shares of our common stock. At any time until 10 days

following the Stock Acquisition Date, we may redeem the rights at a price of \$.001 per right. The Rights Agreement establishing the Stockholder Rights Plan was filed with the SEC on June 18, 2007 as an exhibit to a Current Report on Form 8-K. For additional information, holders of the common stock of Toll Brothers, Inc. should read the Rights Agreement, which is incorporated by reference in this prospectus.

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Our common stock is traded on the NYSE under the symbol TOL.

The registrar and transfer agent for our common stock is American Stock Transfer & Trust Company, LLC.

## **Preferred Stock**

*General.* We may issue, from time to time, shares of one or more series of preferred stock. Summarized below are the general terms and provisions that will apply to any preferred stock that may be offered, except as otherwise described by the prospectus supplement. When we offer to sell a particular series of preferred stock, a prospectus supplement will update our description of our preferred stock, as applicable, to reflect the issuance of any then issued and outstanding series and describe the specific terms of the series of preferred stock being offered. If any of the general terms and provisions described in this prospectus apply to the particular series of preferred stock, the prospectus supplement will so indicate and will describe any alternative provisions that are applicable. Each series of preferred stock will be issued under a certificate of designations relating to that series, and will also be subject to our Second Restated Certificate of Incorporation, as may be amended from time to time ( Certificate of Incorporation ).

The following summary of various provisions of the preferred stock is not complete. You should read our Certificate of Incorporation and each certificate of designations relating to a specific series of preferred stock for additional information. Each certificate of designations relating to a specific series of preferred stock will be filed as an amendment to the registration statement or as an exhibit to a document incorporated by reference in the registration statement of which this prospectus is a part at the time of issuance of the particular series of preferred stock.

The Board of Directors is authorized to issue shares of preferred stock, in one or more series, and to fix for each series voting powers and the preferences and relative, participating, optional or other special rights and the qualifications, limitations or restrictions, that are permitted by the Delaware General Corporation Law. The Board of Directors is authorized to determine the following terms for each series of preferred stock, which will be described in the prospectus supplement:

the number of shares and their designation and title;

the dividend rate or the method of calculating the dividend rate, if applicable;

the priority as to payment of dividends;

the dividend periods or the method of calculating the dividend periods, if applicable;

the voting rights, if any;

the liquidation preference and the priority as to payment of the liquidation preference upon our liquidation or winding-up;

whether and on what terms the shares will be subject to redemption or repurchase at our option;

whether and on what terms the shares will be convertible into or exchangeable for other debt or equity securities;

whether the shares will be listed on a securities exchange; and

the other rights and privileges and any qualifications, limitations or restrictions relating to the shares.

*Dividends.* Holders of a series of preferred stock will be entitled to the dividend rights, if any, described in the prospectus supplement relating to the offering of that series. The prospectus supplement will identify, as applicable, the dividend rates and the record and payment dates, as well as any other terms of any dividend rights applicable to the series.

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Unless otherwise described in the prospectus supplement, each series of preferred stock to which dividend rights apply will rank junior with respect to dividends to any series of preferred stock that may be issued in the future that is expressly senior with respect to dividends to the earlier series of the preferred stock. If at any time we fail to pay accrued dividends on any senior series of preferred stock at the time dividends are payable on a junior series of preferred stock, we may not pay any dividend on the junior series of preferred stock or redeem or otherwise repurchase shares of the junior series of preferred stock until the accumulated but unpaid dividends on the senior series have been paid or set aside for payment in full by us.

*Convertibility.* No series of preferred stock will be convertible or exchangeable for other securities or property, except, in the case of any series, to the extent conversion or exchange rights of that series are otherwise stated in the prospectus supplement.

*Redemption and Sinking Fund.* We will not have the right or obligation to redeem or pay into a sinking fund for the benefit of any series of preferred stock, except, in the case of any series, to the extent such rights or obligations are otherwise stated in the prospectus supplement.

*Liquidation Rights.* Unless otherwise stated in the prospectus supplement, in the event of our liquidation, dissolution or winding-up, holders of each series of preferred stock will be entitled to receive the per share liquidation preference specified in the prospectus supplement for that particular series of preferred stock, plus any accrued and unpaid dividends. We will pay these amounts to the holders of each series of the preferred stock and all amounts owing on any preferred stock ranking equally with that series of preferred stock as to distributions. These payments will be made out of our assets available for distribution to stockholders before any distribution is made to holders of common stock or any other shares of our preferred stock ranking junior to the series of preferred stock as to rights upon liquidation, dissolution or winding-up.

In the event that there are insufficient funds to pay in full the amounts payable to all equally-ranked classes of our preferred stock, we will allocate the remaining assets equally among all series of equally-ranked preferred stock in proportion to the full respective preferential amounts to which they are entitled. Unless otherwise specified in the prospectus supplement for a series of preferred stock, after we pay the full amount of the liquidation distribution to which they are entitled, the holders of shares of a series of preferred stock will not be entitled to participate in any further distribution of our assets. Our consolidation or merger with another corporation or sale of securities will not be considered a liquidation, dissolution or winding-up for these purposes.

*Voting Rights.* Holders of a series of preferred stock will not have any voting rights other than any such rights that are described in the prospectus supplement relating to the offering of that series and any such rights as are otherwise from time to time required by law.

*Miscellaneous.* When the preferred stock is issued, it will be fully paid and non-assessable. Holders of preferred stock will have no preemptive rights. If we redeem or otherwise reacquire any shares of preferred stock, we will restore the shares to the status of authorized and unissued shares of preferred stock. These shares will not be a part of any particular series of preferred stock and we may reissue the shares. There are no restrictions on repurchase or redemption of the preferred stock on account of any arrearage on sinking fund installments, except as may be described in the prospectus supplement. Payment of dividends on any series of preferred stock may be restricted by loan agreements, indentures or other agreements entered into by us. The prospectus supplement will describe any material contractual restrictions on dividend payments. The prospectus supplement will also describe any material United States federal income tax considerations applicable to the preferred stock.

*No Other Rights.* The shares of a series of preferred stock will not have any preferences, voting powers or relative, participating, optional or other special rights except for those described above or in the prospectus supplement, our Certificate of Incorporation or the applicable certificate of designations, or as otherwise required by law.

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*Transfer Agent and Registrar.* The prospectus supplement for each series of preferred stock will identify the transfer agent and registrar.

**Anti-Takeover Effects of our Certificate of Incorporation, our Bylaws, our Rights Plan and Delaware Law**

*Blank Check Preferred Stock.* Our Certificate of Incorporation provides for 15,000,000 authorized shares of preferred stock. See Description of Capital Stock. The existence of authorized but unissued shares of preferred stock may enable the Board of Directors to render more difficult or to discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise. For example, if in the due exercise of its fiduciary obligations, the Board of Directors were to determine that a takeover proposal is not in the best interests of the Company, the Board of Directors could cause shares of preferred stock to be issued without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquiror or insurgent stockholder or stockholder group. In this regard, the Certificate of Incorporation grants our Board of Directors broad power to establish the rights and preferences of authorized and unissued shares of preferred stock. The issuance of shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock, may make it more difficult to change the composition of our Board of Directors and may discourage or make difficult any attempt by a person or group to obtain control of us.

*Board of Directors and Restrictions On Removal.* Our Certificate of Incorporation provides for the annual election of the entire Board of Directors each year.

Our Certificate of Incorporation also provides that:

any vacancy on the Board of Directors or any newly created directorship will be filled by the remaining directors then in office, though they may constitute less than a quorum; and

advance notice of stockholder nominations for the elections of directors must be given in the manner provided by our bylaws.

We are subject to Section 141(k) of the Delaware General Corporation Law, which provides that any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of our shares then entitled to vote at an election of directors.

Our Certificate of Incorporation requires a 66  $\frac{2}{3}$ % stockholder vote necessary to alter, amend or repeal certain provisions of our Certificate of Incorporation (including with respect to certain matters related to our Board of Directors) and all other provisions of our bylaws adopted by the Board of Directors. These provisions may make it more difficult to change the composition of our Board of Directors and may discourage or make difficult any attempt by a person or group to obtain control of us.

*Provisions of Rights Plan.* As discussed under Description of Capital Stock Common Stock, we have adopted a Rights Agreement that provides stockholders with rights to purchase shares of our Series A Junior Participating Preferred Stock under certain circumstances involving a potential change in control. The rights have certain anti-takeover effects, and will cause substantial dilution to a person or group that attempts to acquire the Company in certain circumstances. Accordingly, the existence of the rights may deter certain acquirors from making takeover proposals or tender offers. The rights, however, are not intended to prevent a takeover, but rather are designed to enhance the ability of the Board of Directors to negotiate with a potential acquiror on behalf of all of the stockholders.



*Delaware Anti-Takeover Statute.* We are subject to Section 203 of the Delaware General Corporation Law, which, subject to certain exceptions, prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that such stockholder became an interested stockholder, unless (a) prior to such date, the board of directors of the corporation approved

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either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, (b) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer or (c) at or subsequent to such time the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66  $\frac{2}{3}$ % of the outstanding voting stock that is not owned by the interested stockholder. The application of Section 203 of the Delaware General Corporation Law may discourage or make difficult any attempt by a person or group to obtain control of us.

Section 203 of the Delaware General Corporation Law defines the term "business combination" to include: (a) any merger or consolidation involving the corporation or any of its direct or indirect majority-owned subsidiaries and the interested stockholder or another entity if the merger or consolidation is caused by the interested stockholder; (b) any sale, lease, exchange, mortgage, pledge or transfer of 10% or more of either the aggregate market value of all of the assets of the corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the corporation or any of its direct or indirect majority-owned subsidiaries involving the interested stockholder; (c) subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation or by any of its direct or indirect majority-owned subsidiaries of any stock of the corporation or that subsidiary to the interested stockholder; (d) subject to certain exceptions, any transaction involving the corporation or any of its direct or indirect majority-owned subsidiaries that has the effect of increasing the proportionate share of the stock of any class or series of the corporation or that subsidiary owned by the interested stockholder; or (e) the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation or any of its direct or indirect majority-owned subsidiaries. In general, Section 203 defines an "interested stockholder" as any entity or person owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by such entity or person.

## **DESCRIPTION OF WARRANTS**

### **General**

We may issue, together with other securities offered by this prospectus or separately, warrants for the purchase of the following:

our common stock

our preferred stock; or

our debt securities.

Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a bank or trust company, as warrant agent. The terms of each warrant agreement will be discussed in the prospectus supplement relating to the particular series of warrants. Copies of the form of agreement for each warrant, including the forms of certificates representing the warrants, reflecting the provisions to be included in these agreements for a particular

offering will be, in each case, filed with the SEC in an amendment to the registration statement or as an exhibit to a document incorporated by reference in the registration statement of which this prospectus is a part prior to the date of any prospectus supplement relating to an offering of the particular warrant.

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We have summarized below the general terms and provisions that will apply to any warrants that may be offered, except as otherwise described by the prospectus supplement. When we offer to sell warrants, a prospectus supplement will describe the specific terms of that series of warrants. If any of the general terms and provisions described in this prospectus do not apply to the particular series of warrants being offered the prospectus supplement will so indicate and will describe any alternative provisions that are applicable. The following summary of various provisions of the warrants, the warrant agreements and the warrant certificates is not complete. You should read all of the provisions of the applicable warrant agreement and warrant certificate, including the definitions contained in those documents of various terms, for additional important information concerning any series of warrants offered by this prospectus.

### **Common Stock Warrants**

General. The prospectus supplement relating to any series of common stock warrants that are offered by this prospectus will describe the specific terms of that series of common stock warrants, any related common stock warrant agreement and the common stock warrant certificate(s) representing the common stock warrants. The prospectus supplement will describe, among other things, the following terms, to the extent they are applicable to that series of common stock warrants:

the procedures and conditions relating to the exercise of the common stock warrants;

the number of shares of common stock, if any, issued with the common stock warrants;

the date, if any, on and after which the common stock warrants and any related shares of common stock will be separately transferable;

the offering price, if any, of the common stock warrants;

the number of shares of common stock that may be purchased upon exercise of the common stock warrants and the price or prices at which the shares may be purchased upon exercise;

the date on which the right to exercise the common stock warrants will begin and the date on which the right will expire;

a discussion of the material United States federal income tax considerations applicable to the exercise of the common stock warrants;

call provisions, if any, of the common stock warrants; and

any other material terms of the common stock warrants.

Common stock warrant certificates will be exchangeable for new common stock warrant certificates of different denominations. In addition, common stock warrants may be exercised at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement. A holder of a common stock warrant will not have any of the rights of a holder of the common stock which may be purchased by the exercise of the common stock warrant before the common stock is purchased by the exercise of the common stock warrant. Accordingly, before a common stock warrant is exercised, the holder will not be entitled to receive any dividend payments or exercise any voting or other rights associated with the shares of common stock which may be purchased when the common stock warrant is exercised.

*Exercise of Common Stock Warrants.* Each common stock warrant will entitle the holder to purchase for cash the number of shares of our common stock at the exercise price that is described or explained in the prospectus supplement. Common stock warrants may be exercised at any time from the time they become exercisable, as described in the prospectus supplement, up to the time on the date stated in the prospectus supplement. Afterwards, unexercised common stock warrants will become void.

Common stock warrants may be exercised in the manner described in the prospectus supplement. When we receive payment and the properly completed and duly executed common stock warrant certificate at the corporate

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trust office of the warrant agent or any other office indicated in the prospectus supplement, we will, as soon as practicable, forward a certificate representing the number of shares of common stock purchased upon exercise of the common stock warrants. If less than all of the common stock warrants represented by the common stock warrant certificate are exercised, we will issue a new common stock warrant certificate for the amount of common stock warrants that remain exercisable.

**Preferred Stock Warrants**

*General.* The prospectus supplement relating to any series of preferred stock warrants that are offered by this prospectus will describe the specific terms of that series of preferred stock warrants, any related preferred stock warrant agreement and the preferred stock warrant certificate(s) representing the preferred stock warrants. The prospectus supplement will describe, among other things, the following terms, to the extent they are applicable to that series of preferred stock warrants:

the designation and terms of the shares of preferred stock that may be purchased upon exercise of the preferred stock warrants and the procedures and conditions relating to the exercise of the preferred stock warrants;

the designation and terms of any related shares of preferred stock with which the preferred stock warrants are issued and the number of shares of the preferred stock, if any, issued with preferred stock warrants;

the date, if any, on and after which the preferred stock warrants and any related shares of preferred stock will be separately transferable;

the offering price, if any, of the preferred stock warrants;

the number of shares of preferred stock which may be purchased upon exercise of the preferred stock warrants and the initial price or prices at which the shares may be purchased upon exercise;

the date on which the right to exercise the preferred stock warrants will begin and the date on which the right will expire;

a discussion of the material United States federal income tax considerations relevant to the exercise of the preferred stock warrants;

call provisions, if any, of the preferred stock warrants; and

any other material terms of the preferred stock warrants.

Preferred stock warrant certificates will be exchangeable for new preferred stock warrant certificates of different denominations. In addition, preferred stock warrants may be exercised at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement. A holder of a preferred stock warrant will not have any of the rights of a holder of the preferred stock which may be purchased by the exercise of the preferred stock warrant before the preferred stock is purchased by the exercise of the preferred stock warrant. Accordingly, before a preferred stock warrant is exercised, the holder will not be entitled to receive any dividend payments or exercise any voting or other rights associated with the preferred stock which may be purchased when the preferred stock warrant is exercised.

*Exercise of Preferred Stock Warrants.* Each preferred stock warrant will entitle the holder to purchase for cash the number of shares of our preferred stock at the exercise price described or explained in the prospectus supplement. Preferred stock warrants may be exercised at any time from the time they become exercisable, as described in the prospectus supplement, up to the time on the date stated in the prospectus supplement. Afterwards, unexercised preferred stock warrants will become void.

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Preferred stock warrants may be exercised in the manner described in the prospectus supplement. When we receive payment and the properly completed and duly executed preferred stock warrant certificate at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement, we will, as soon as practicable, forward a certificate representing the number of shares of preferred stock purchased upon exercise of the preferred stock warrants. If less than all of the preferred stock warrants represented by the preferred stock warrant certificate are exercised, we will issue a new preferred stock warrant certificate for the amount of preferred stock warrants that remain exercisable.

## **Debt Warrants**

*General.* The prospectus supplement relating to any series of debt warrants that are offered by this prospectus will describe the specific terms of that series of debt warrants, any related debt warrant agreement and the debt warrant certificate(s) representing the debt warrants. The prospectus supplement will describe, among other things, the following terms, to the extent they are applicable to that series of debt warrants:

the issuer of the debt securities that may be purchased upon exercise of the debt warrants, the designation, number, stated value and terms of those debt securities, the terms of the related guarantees and the procedures and conditions relating to the exercise of the debt warrants;

the designation and terms of any debt securities and related guarantees with which the debt warrants are issued and the number of the debt warrants issued with each debt security;

the date, if any, on and after which the debt warrants and the related debt securities will be separately transferable;

the principal amount of debt securities which may be purchased upon exercise of each debt warrant and the price at which the principal amount of debt securities may be purchased upon exercise of the debt warrant;

the date on which the right to exercise the debt warrants will begin and the date on which the right will expire;

a discussion of the material United States federal income tax considerations relevant to the exercise of the debt warrants;

whether the debt warrants represented by the debt warrant certificates will be issued in registered or bearer form, and, if registered, where they may be transferred and registered;

call provisions, if any, of the debt warrants; and



any other material terms of the debt warrants.

Debt warrant certificates will be exchangeable for new debt warrant certificates of different denominations. In addition, debt warrants may be exercised at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement. A holder of a debt warrant will not have any of the rights of a holder of the debt securities which may be purchased by the exercise of the debt warrant before the debt securities are purchased by the exercise of the debt warrant. Accordingly, before a debt warrant is exercised, the holder will not be entitled to receive any payments of principal, premium, if any, or interest, if any, on the debt securities which may be purchased by the exercise of that debt warrant.

*Exercise of Debt Warrants.* Each debt warrant will entitle the holder to purchase for cash the principal amount of debt securities described in the prospectus supplement at the exercise price described or explained in the prospectus supplement. Debt warrants may be exercised at any time from the time they become exercisable, as described in the prospectus supplement, up to the time on the date stated in the prospectus supplement. Afterwards, unexercised debt warrants will become void.

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Debt warrants may be exercised in the manner described in the prospectus supplement. When we receive payment and the properly completed and duly executed debt warrant certificate at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement, we will, as soon as practicable, forward the debt securities purchased upon the exercise of the debt warrants. If less than all of the debt warrants represented by the debt warrant certificate are exercised, we will issue a new debt warrant certificate for the amount of debt warrants that remain exercisable.

## **DESCRIPTION OF SENIOR DEBT SECURITIES AND GUARANTEES**

Toll Corp., First Huntingdon Finance Corp. and Toll Brothers Finance Corp. may issue senior secured debt securities or senior unsecured debt securities ( debt securities ) from time to time in one or more series. Any series of debt securities offered by Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp. will be offered together with the guarantees of Toll Brothers, Inc. and any of its directly or indirectly owned subsidiaries, as set forth in the prospectus supplement, and such guarantees, unless otherwise provided in the prospectus supplement, will be full and unconditional.

One or more series of the debt securities of Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp. may be issued under a single indenture. Alternatively, any series of debt securities may be issued under a separate indenture. The terms applicable to each series of debt securities will be stated in the indenture and may be modified by the resolution(s) authorizing that series of debt securities adopted by the Board of Directors, or an officer or committee of officers authorized by the Board of Directors, of both the issuer of the debt securities, Toll Brothers, Inc. and any of its directly or indirectly owned subsidiaries that guarantee the debt securities under the applicable indenture. The resolution(s) authorizing a series of debt securities are referred to in this section of this prospectus as an authorizing resolution. Each indenture under which any debt securities are issued, including the applicable authorizing resolution(s), is referred to in this section of this prospectus as an indenture, and collectively with any other indentures, as the indentures. Each indenture will be entered into among Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp., as the obligor, Toll Brothers, Inc. and/or any of its directly or indirectly owned subsidiaries that are guarantors of the debt securities, as guarantors, and the institution named in the prospectus supplement, as trustee.

The following is a description of certain general terms and provisions of the debt securities we may offer by this prospectus. The name of the issuer and the particular terms of any series of debt securities we offer, including the extent to which the general terms and provisions may apply to that series of debt securities, will be described in a prospectus supplement relating to those debt securities. Except as otherwise indicated in this prospectus or in the prospectus supplement, the following description of indenture terms is applicable to each indenture that Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp. may enter into with respect to any series of debt securities we may offer by this prospectus, unless the context otherwise requires.

The terms of any series of the debt securities include those stated in the applicable indenture. Holders of each series of the debt securities are referred to the indenture for that series, including the applicable authorizing resolution, for a statement of the terms. The respective forms of indentures for the debt securities of Toll Corp., First Huntingdon Finance Corp. and Toll Brothers Finance Corp. are filed as exhibits to the registration statement of which this prospectus is a part. Each indenture may be amended or modified for any series of debt securities by an authorizing resolution which will be described in the prospectus supplement, and the applicable authorizing resolution relating to any series of debt securities offered pursuant to this prospectus will be filed as an exhibit to a report incorporated by reference in this prospectus. The following summary of certain provisions of the debt securities and the indenture is not complete. You should read all of the provisions of the indenture, including the definitions contained in the indenture that are not otherwise defined in this prospectus, and the prospectus supplement. Wherever we refer to

particular provisions or defined terms of the indenture, these provisions or defined terms are incorporated in this prospectus by reference.

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The debt securities, when issued, will be obligations that constitute senior secured debt or senior unsecured debt of Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp., as the case may be. Toll Brothers, Inc. and any of its directly or indirectly owned subsidiaries that guarantee the debt securities will guarantee the payment of the principal, premium, if any, and interest on the debt securities when due, whether at maturity, by declaration of acceleration, call for redemption or otherwise. The guarantees will be full and unconditional unless otherwise provided in the prospectus supplement. See **Guarantee of Debt Securities**. The total principal amount of debt securities which may be issued under the indenture will not be limited. Debt securities may be issued under the indenture from time to time in one or more series. Unless the prospectus supplement relating to the original offering of a particular series of debt securities indicates otherwise, the issuer of that series of debt securities will have the ability to reopen the previous issue of that series of debt securities and issue additional debt securities of that series pursuant to an authorizing resolution, an officers' certificate or an indenture supplement. Because neither Toll Corp., First Huntingdon Finance Corp. nor Toll Brothers Finance Corp. has any independent operations or generates any operating revenues, the funds required to pay the principal, the premium, if any, and interest on the debt securities will come from Toll Brothers, Inc. and its other subsidiaries. Except as otherwise stated in the prospectus supplement, there is no legal or contractual restriction on the ability of Toll Brothers, Inc. or the other subsidiaries of Toll Brothers, Inc. to provide these funds.

If the debt securities of any series issued by Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp. will be subordinated to any other indebtedness of that issuer, the indebtedness of that issuer to which that series will be subordinated will be referred to in the applicable authorizing resolution and prospectus supplement as senior indebtedness of Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp., as the case may be. The applicable authorizing resolution and prospectus supplement will define that senior indebtedness and describe the terms of the subordination. Unless otherwise stated in the prospectus supplement, the payment of principal, premium, if any, and interest on any series of debt securities issued by Toll Corp., First Huntingdon Finance Corp., or Toll Brothers Finance Corp. which is subordinated by its terms to other indebtedness of that issuer will be subordinated in right of payment, in the manner and to the extent described in the indenture under which that series is issued, to the prior payment in full of all senior indebtedness of the issuer, as defined in the applicable authorizing resolution and prospectus supplement, whether the senior indebtedness is outstanding on the date of the indenture or is created, incurred, assumed or guaranteed after the date of the indenture.

The prospectus supplement relating to any series of debt securities that are offered by this prospectus will name the issuer and describe the specific terms of that series of debt securities. The prospectus supplement will describe, among other things, the following terms, to the extent they are applicable to that series of debt securities:

their title and, if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which they will be issuable;

their price or prices (expressed as a percentage of the respective aggregate principal amount of the debt securities) at which they will be issued;

their total principal amount and, if applicable, the terms on which the principal amount of the series may be increased by a subsequent offering of additional debt securities of the same series;

the interest rate (which may be fixed or variable and which may be zero in the case of certain debt securities issued at an issue price representing a discount from the principal amount payable at maturity), the date or dates from which interest, if any, will accrue and the circumstances, if any, in which the issuer may defer interest payments;

any special provisions for the payment of any additional amounts with respect to the debt securities;

any provisions relating to the seniority or subordination of all or any portion of the indebtedness evidenced by the securities to other indebtedness of the issuer;

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the date or dates on which principal and premium, if any, are payable or the method of determining those dates;

the dates and times at which interest, if any, will be payable, the record date for any interest payment and the person to whom interest will be payable if other than the person in whose name the debt security is registered at the close of business on the record date for the interest payment;

the place or places where principal, premium, if any, and interest, if any, will be payable;

the terms applicable to any original issue discount (as defined in the Internal Revenue Code of 1986, as amended, and the related regulations), including the rate or rates at which the original issue discount will accrue, and any special federal income tax and other considerations;

the right or obligation, if any, of the issuer to redeem or purchase debt securities under any sinking fund or analogous provisions or at the option of a holder of debt securities, or otherwise, the conditions, if any, giving rise to the right or obligation and the period or periods within which, and the price or prices at which and the terms and conditions upon which, debt securities will be redeemed or purchased, in whole or in part, and any provisions for the marketing of the debt securities;

if the amount of payments of principal, premium, if any, and interest, if any, is to be determined by reference to an index, formula or other method, the manner in which these amounts are to be determined and the calculation agent, if any, with respect to the payments;

if other than the principal amount of the debt securities, the portion of the principal amount of the debt securities which will be payable upon declaration or acceleration of the stated maturity of the debt securities pursuant to an Event of Default, as defined in the applicable indenture;

whether the debt securities will be issued in registered or bearer form and the terms of these forms;

whether the debt securities will be issued in certificated or book-entry form and, if applicable, the identity of the depositary;

any provision for electronic issuance or issuances in uncertificated form;

any listing of the debt securities on a securities exchange;

any events of default or covenants in addition to or in place of those described in this prospectus;

the terms, if any, on which the debt securities will be convertible into or exchangeable for other debt or equity securities, including without limitation the conversion price, the conversion period and any other provisions in addition to or in place of those included in this prospectus;

the collateral, if any, securing payments with respect to the debt securities and any provisions relating to the collateral;

whether and upon what terms the debt securities may be defeased; and

any other material terms of that series of debt securities.

### **Guarantees of Debt Securities**

Each guarantor of the debt securities will guarantee, fully and unconditionally unless otherwise provided in the prospectus supplement, the payment of the principal, premium, if any, and interest on the debt securities as they become due, whether at maturity, by declaration of acceleration, call for redemption or otherwise. The terms of any guarantees of any debt securities will be described in an applicable prospectus supplement.

The assets of Toll Brothers, Inc. consist principally of the stock of its subsidiaries. Therefore, the rights of Toll Brothers, Inc. and the rights of its creditors, including the holders of debt securities that are fully and unconditionally guaranteed by Toll Brothers, Inc., to participate in the assets of any subsidiary other than the

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issuer of those debt securities upon liquidation, recapitalization or otherwise will be subject to the prior claims of that subsidiary's creditors except to the extent that claims of Toll Brothers, Inc. itself as a creditor of the subsidiary may be recognized. This includes the prior claims of the banks that are lenders under First Huntingdon Finance Corp.'s revolving credit facility, under which Toll Brothers, Inc. and certain of its other subsidiaries, including Toll Corp. and Toll Brothers Finance Corp., have guaranteed or will guarantee the obligations owing to the banks under the credit facility.

### **Conversion of Debt Securities**

Unless otherwise indicated in the prospectus supplement, the debt securities will not be convertible into our common stock or into any other securities. The particular terms and conditions of the conversion rights of any series of convertible debt securities other than those described below will be described in the prospectus supplement.

Unless otherwise indicated in the prospectus supplement, and subject, if applicable, to prior redemption at the option of the issuer of the debt securities, the holders of any series of convertible debt securities will be entitled to convert the principal amount or a portion of the principal amount which is \$2,000 or an integral multiple of \$1,000 at any time before the date specified in the prospectus supplement for the series of debt securities into shares of our common stock at the conversion price stated in the prospectus supplement, subject to adjustment as described below.

In the case of any debt security or portion of debt security called for redemption, conversion rights will expire at the close of business on the second business day preceding the redemption date.

We will not be required to issue fractional shares of common stock upon conversion of the debt securities of a convertible series. Instead, we will pay a cash adjustment for any fractional interest in a share of its common stock.

Convertible debt securities surrendered for conversion during the period from the close of business on a Record Date, as defined in the applicable indenture, or the next preceding Business Day, as defined in the applicable indenture, if the Record Date is not a Business Day, preceding any Interest Payment Date, as defined in the applicable indenture, to the opening of business on that Interest Payment Date, other than convertible debt securities or portions of convertible debt securities called for redemption during the period, will be accompanied by payment in next-day funds or other funds acceptable to us of an amount equal to the interest payable on the Interest Payment Date on the principal amount of the convertible debt securities then being converted. Except as described in the preceding sentence, no payment or adjustment will be made on conversion of convertible debt securities on account of interest accrued on the debt securities surrendered for conversion or for dividends on the common stock delivered on conversion. If an issuer of convertible debt securities defaults on the payment of interest for which payment is made upon the surrender of those convertible debt securities for conversion, the amount so paid will be returned to the party who made the payment.

The conversion price of the debt securities of a convertible series will be subject to adjustment in certain events, including:

the issuance of our common stock as a dividend or distribution on our common stock;

the subdivision, combination or reclassification of our outstanding common stock;



the issuance of rights or warrants, expiring within 45 days after the record date for issuance, to the holders of our common stock generally entitling them to acquire shares of our common stock at less than the common stock's then Current Market Price as defined in the indenture;

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the distribution to holders of our common stock, generally, of evidences of indebtedness or our assets, excluding cash dividends paid from retained earnings and dividends or distributions payable in stock for which adjustment is otherwise made; or

the distribution to the holders of our common stock, generally, of rights or warrants to subscribe for our securities, other than those for which adjustment is otherwise made.

There will be no upward adjustment in the conversion price except in the event of a reverse stock split. We are not required to make any adjustment in the conversion price of less than 1%, but the adjustment will be carried forward and taken into account in the computation of any subsequent adjustment.

A conversion price adjustment or the failure to make a conversion price adjustment may, under various circumstances, be deemed to be a distribution that could be taxable as a dividend under the Internal Revenue Code to holders of debt securities or to holders of common stock.

There will be no adjustments to the conversion price of the debt securities of any convertible series as discussed above in the following situations:

any consolidation or merger to which we are a party other than a merger or consolidation in which we are the continuing corporation;

any sale or conveyance to another corporation of our property as an entirety or substantially as an entirety; or

any statutory exchange of securities with another corporation, including any exchange effected in connection with a merger of a third corporation into us.

However, the holder of each convertible debt security outstanding at that time will have the right to convert the debt security into the kind and amount of securities, cash or other property which the holder would have owned or have been entitled to receive immediately after the transaction if the debt security was converted immediately before the effective date of the transaction.

**Form, Exchange, Registration, Conversion, Transfer and Payment**

Unless otherwise indicated in the prospectus supplement:

each series of debt securities will be issued in registered form only, without coupons;

payment of principal, premium, if any, and interest, if any, on each series of the debt securities will be payable at the office or agency of the issuer of that series maintained for this purpose; and

the exchange, conversion and transfer of each series of debt securities may be registered at the office or agency of the issuer of that series maintained for this purpose and at any other office or agency maintained for this purpose.

Subject to various exceptions described in the indenture, any transfer or exchange shall be without charge, except that the issuer of each series of debt securities may require payment of a sum sufficient to cover any tax or other governmental charge imposed or expenses incurred in connection with the transfer or exchange of such series of debt securities.

All payments made by the issuer of a series of debt securities to the trustee and paying agent for the payment of principal, premium, if any, and interest on the debt securities of that series which remain unclaimed for two years after the principal, premium, if any, or interest has become due and payable may be repaid to the issuer. Afterwards, the holder of the debt security may look only to the issuer or, if applicable, Toll Brothers, Inc., and

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any of its directly or indirectly owned subsidiaries that guarantee the debt securities for payment, unless applicable abandoned property law designates another person.

### **Registered Global Securities**

The registered debt securities of a series may be issued in whole or in part in the form of one or more registered global debt securities. A registered global security is a security, typically held by a depositary, that represents the beneficial interests of a number of purchasers of the security. Any registered global debt securities will be deposited with and registered in the name of a depositary or its nominee identified in the prospectus supplement. In this case, one or more registered global securities will be issued, each in a denomination equal to the portion of the total principal amount of outstanding registered debt securities of the series to be represented by the registered global security.

Unless and until a registered global security is exchanged in whole or in part for debt securities in definitive registered form, it may not be transferred except as a whole:

by the depositary for the registered global security to a nominee for the depositary;

by a nominee of the depositary to the depositary or to another nominee of the depositary; or

by the depositary or its nominee to a successor depositary or a nominee of a successor depositary.

The prospectus supplement relating to a particular series of debt securities will describe the specific terms of the depositary arrangement involving any portion of a series of debt securities to be represented by a registered global security. We anticipate that the following provisions will apply to all depositary arrangements for debt securities:

ownership of beneficial interests in a registered global security will be limited to persons that have accounts with the depositary for the registered global security (each a participant and, collectively, the participants ) or persons holding interests through the participants;

after the issuer of a series of debt securities issues the registered global security for the series, the depositary will credit, on its book-entry registration and transfer system, the participants' accounts with the respective principal amounts of the debt securities of that series represented by the registered global security beneficially owned by the participants;

the underwriters, agents or dealers participating in the distribution of the debt securities will designate the accounts to be credited;

only a participant or a person that may hold an interest through a participant may be the beneficial owner of a registered global security; and

ownership of beneficial interests in the registered global security will be shown on, and the transfer of that ownership interest will be effected only through, records maintained by the depository for the registered global security for interests of the participants, and on the records of the participants for interests of persons holding through the participants.

The laws of some states may require that specified purchasers of securities take physical delivery of the securities in definitive form. These laws may limit the ability of those persons to own, transfer or pledge beneficial interests in registered global securities.

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So long as the depository for a registered global security, or its nominee, is the registered owner of the registered global security, the depository or its nominee, as the case may be, will be considered the sole owner or holder of the debt securities represented by the registered global security for all purposes under the indenture. Except as stated below, owners of beneficial interests in a registered global security:

will not be entitled to have the debt securities represented by a registered global security registered in their names;

will not receive or be entitled to receive physical delivery of the debt securities in definitive form; and

will not be considered the owners or holders of the debt securities under the indenture.

Accordingly, each person owning a beneficial interest in a registered global security must rely on the procedures of the depository for the registered global security and, if the person is not a participant, on the procedures of the participant through which the person owns its interests, to exercise any rights of a holder under the indenture applicable to the registered global security.

We understand that under existing industry practices, if we request any action of holders, or if an owner of a beneficial interest in a registered global security desires to give or take any action which a holder is entitled to give or take under the indenture, the depository for the registered global security would authorize the participants holding the relevant beneficial interests to give or take the action, and the participants would authorize beneficial owners owning through the participants to give or take the action or would otherwise act upon the instructions of beneficial owners holding through them.

Principal, premium, if any, and interest payments on debt securities represented by a registered global security registered in the name of a depository or its nominee will be made to the depository or its nominee, as the case may be, as the registered owner of the registered global security. None of the issuer of a series of debt securities, Toll Brothers, Inc., any of Toll Brothers, Inc.'s directly or indirectly owned subsidiaries that guarantee the debt securities, the trustee under the indenture nor any agent of any of them will be responsible or liable for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the registered global security for the series or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

We expect that the depository for any debt securities represented by a registered global security, upon receipt of any payment of principal, premium, if any, or interest in respect of the registered global security, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the registered global security as shown on the depository's records. We also expect that payments by participants to owners of beneficial interests in a registered global security held through the participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of the participants.

If the depository for any debt securities represented by a registered global security is at any time unwilling or unable to continue as depository or ceases to be a clearing agency registered under the Exchange Act, we will appoint an eligible successor depository. If we fail to appoint an eligible successor depository within 90 days, the debt securities will be issued in definitive form in exchange for the registered global security. In addition, we may, at any time and in our sole discretion, determine not to have any debt securities of a series represented by one or more registered global

securities. In that event, debt securities of that series will be issued in definitive form in exchange for each registered global security representing the debt securities. Any debt securities issued in definitive form in exchange for a registered global security will be registered in such name or names as the depositary instructs the trustee. We expect that the instructions will be based upon directions received by the depositary from the participants with respect to ownership of beneficial interests in the registered global security.

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**Events of Default, Notice and Waiver**

Unless otherwise indicated in the prospectus supplement, each of the following events will be an Event of Default with respect to each series of debt securities issued under the indenture:

a Guarantor (as defined in the indenture) or the issuer of that series of debt securities fails to pay interest due on any debt securities of that series for 30 days;

a Guarantor or the issuer of that series of debt securities fails to pay the principal of any debt securities of that series when due;

a Guarantor that is a Significant Subsidiary (as defined in the indenture), Toll Brothers, Inc. or the issuer of that series of debt securities fails to perform any other agreements contained in the debt securities of that series or in the guarantee relating to that series of debt securities or contained in the indenture for that series of debt securities and applicable to that series for a period of 60 days after the issuer's receipt of notice of the default from the trustee under the indenture or from the holders of at least 25% in principal of the debt securities of that series;

any default under an instrument evidencing or securing any of the issuer's indebtedness or the indebtedness of any Guarantor aggregating \$10,000,000 or more in aggregate principal amount, resulting in the acceleration of such indebtedness, or due to the failure to pay such indebtedness at maturity, upon acceleration or otherwise; provided that, subject to certain limitations described in the indenture, the term indebtedness does not include for this purpose an acceleration of or default on certain Non-Recourse Indebtedness, as that term is defined in the indenture and described below;

an acceleration of, or a significant modification of the terms of any outstanding debt securities identified in the indenture (each of these series of notes being referred to below as an Outstanding Series), occurs, provided that on the date of the occurrence, the outstanding principal amount of at least one Outstanding Series to which the occurrence relates exceeds \$5,000,000;

any one of various events of bankruptcy, insolvency or reorganization specified in the indenture occurs with respect to Toll Brothers, Inc., a Significant Subsidiary, or the issuer of that series of debt securities; or

the guarantee of a Guarantor relating to that series of debt securities ceases to be in full force and effect for any reason other than in accordance with its terms.

Non-Recourse Indebtedness, as defined in the indenture, means indebtedness or other obligations secured by a lien on property to the extent that the liability for the indebtedness or other obligations is limited to the security of the property without liability on the part of Toll Brothers, Inc. or any subsidiary (other than the subsidiary which holds title to the property) for any deficiency.



The trustee is required to give notice to the holders of any series of debt securities within 90 days of a default with respect to that series of debt securities under the indenture. However, the trustee may withhold notice to the holders of any series of debt securities, except in the case of a default in the payment of principal, premium, if any, or interest, if any, with respect to that series, if the trustee considers the withholding to be in the interest of the holders.

If an Event of Default occurs and is continuing for a series of debt securities, other than an Event of Default resulting from certain events of bankruptcy, insolvency or reorganization with respect to Toll Brothers, Inc., any Significant Subsidiary or the issuer of that series of debt securities, either the trustee or the holders of at least 25% in principal amount of all of the outstanding debt securities of that series may, by giving an acceleration notice to the issuer of that series of debt securities and Toll Brothers, Inc., or to the issuer of that series of debt securities, Toll Brothers, Inc. and the Trustee, as applicable, declare the unpaid principal of and accrued and unpaid interest on all of the debt securities of that series to be due and payable immediately.

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If an Event of Default occurs with respect to a series of debt securities as a result of certain events of bankruptcy, insolvency or reorganization with respect to Toll Brothers, Inc., any Significant Subsidiary or the issuer of that series of debt securities, then the unpaid principal amount of all of the debt securities of that series outstanding and any accrued and unpaid interest will automatically become due and payable immediately without any declaration or other act by the trustee or any holder of debt securities of that series.

At any time after a declaration of acceleration with respect to debt securities of any series has been made, but before a judgment or decree based on acceleration has been obtained, the holders of a majority in principal amount of the outstanding debt securities of that series may rescind the acceleration and its consequences (except an acceleration due to nonpayment of principal or interest on the debt securities of such series), provided that, among other things, all Events of Default with respect to the particular series have been cured or waived as provided in the indenture.

The holders of a majority in outstanding principal amount of the debt securities of a particular series may generally waive a past default with respect to that series and its consequences in accordance with terms and conditions provided in the indenture. However, these holders may not waive a default in the payment of the principal, any premium or any interest on the debt securities.

Toll Brothers, Inc. and any issuer of debt securities offered by this prospectus will each be required to file annually with the trustee under the indenture a certificate, signed by an officer of Toll Brothers, Inc. or the issuer, as applicable, stating whether or not the officer knows of any default under the terms of the indenture and providing a description of any default of which the officer has knowledge.

## **Redemption**

The prospectus supplement relating to a series of redeemable debt securities will describe the rights or obligations of the issuer to redeem those debt securities and the procedure for redemption.

## **Additional Provisions**

Subject to the duty of the trustee to act with the required standard of care during a default, the indenture provides that the trustee will be under no obligation to perform any duty or to exercise any of its rights or powers under the indenture at the request of holders, unless the trustee receives indemnity satisfactory to it against any loss, liability or expense. Subject to these provisions for the indemnification of the trustee and various other conditions, the holders of a majority in total principal amount of the outstanding debt securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee, with respect to the debt securities of that series.

A holder of debt securities of a series will not have the right to pursue any remedy with respect to the indenture or the debt securities of that series, unless:

the holder gives to the trustee written notice of a continuing Event of Default;

the holders of not less than 25% in total principal amount of the outstanding debt securities of that series make a written request to the trustee to pursue the remedy;

the holder offers the trustee indemnity satisfactory to it against any loss, liability or expense;

the trustee fails to comply with the holder's request within 60 days after receipt of the written request and offer of indemnity; and

the trustee, during the same 60-day period, has not received from the holders of a majority in principal amount of the outstanding debt securities of that series a direction inconsistent with the aforementioned written request of holders.

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However, the holder of any debt security will have an absolute right to receive payment of the principal of and interest on that debt security on or after the respective due dates expressed in that debt security and to bring suit for the enforcement of any payment.

## **Covenants**

The prospectus supplement relating to the debt securities of any series will describe any special covenants applicable to the issuer of the series or Toll Brothers, Inc. with respect to that series.

## **Merger or Consolidation**

Neither Toll Brothers, Inc., nor any of its directly or indirectly owned subsidiaries that guarantee the debt securities, nor the issuer of a series of debt securities offered by this prospectus may consolidate with or merge into, or transfer all or substantially all of its assets to, any other person, unless:

the other person is a corporation organized and existing under the laws of the United States or a state thereof or the District of Columbia and expressly assumes by supplemental indenture all the obligations of Toll Brothers, Inc., any of its directly or indirectly owned subsidiaries that guarantee the debt securities, or the issuer, as the case may be, under the indenture and either the guarantees or the debt securities, as the case may be; and

immediately after giving effect to the transaction no Default or Event of Default, as these terms are defined in the indenture, has occurred and is continuing.

Afterwards, all of the obligations of the predecessor corporation will terminate.

## **Modification of an Indenture**

The respective obligations of Toll Brothers, Inc., any of its directly or indirectly owned subsidiaries that guarantee the debt securities, and the issuer of debt securities of any series offered by this prospectus and the rights of the holders of those debt securities under the indenture generally may be modified with the written consent of the holders of a majority in outstanding principal amount of the debt securities of all series under the indenture affected by the modification. However, without the consent of each affected holder of debt securities, no amendment or supplement may, among other things:

reduce the amount of debt securities whose holders must consent to an amendment, supplement or waiver;

reduce the rate or extend the time for payment of interest on the debt securities;

reduce the principal amount of, or premium on, the debt securities;

change the maturity of any debt securities;

change the redemption provisions;

modify the subordination or guarantee provisions in a manner adverse to holders of any series of debt securities;

make the medium or place of payment other than that stated in the debt securities;

impair the right to bring suit for the enforcement of any of these payments; and

modify the provisions regarding modifications to the indenture or waivers of a past Default or Events of Default in the payment of the principal of or interest on any series of debt securities that will be effectively against any holders of any series of debt securities.

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### **Governing Law**

The indenture, the debt securities and the guarantees will be governed by the laws of the State of New York.

### **Satisfaction and Discharge of Indenture**

Unless otherwise provided in the applicable authorizing resolution and prospectus supplement, the indenture will be discharged:

upon payment of all the series of debt securities issued under the indenture; or

upon deposit with the trustee, within one year of the date of maturity or redemption of all of the series of debt securities issued under the indenture, of funds sufficient for (a) the payment of principal of and interest on the securities to maturity or (b) redemption of the securities.

### **Reports to Holders of Debt Securities**

As long as the securities issued under the indenture are outstanding, we will file with the SEC, with a copy to the Trustee, our annual reports, quarterly reports and other periodic reports that we would be required to file with the SEC in accordance with Section 13(a) or 15(d) of the Exchange Act, on or prior to the dates we would be required to file such documents and regardless of whether or not we are subject to Section 13(a) or 15(d). If our obligation to file these reports or information with the SEC is not then permitted by the SEC, or if such filings are not generally available on the Internet free of charge, we shall mail to the holders of such securities, at no cost to such holders, and file with the Trustee, copies of the annual reports, quarterly reports and other periodic reports required to be filed with the SEC by companies subject to Section 13(a) or 15(d). We will also supply copies of such reports, promptly upon written request, to any prospective holder at our cost.

## **DESCRIPTION OF SUBORDINATED DEBT SECURITIES AND GUARANTEES**

Toll Corp., First Huntingdon Finance Corp. and Toll Brothers Finance Corp. may issue senior subordinated debt securities or subordinated debt securities ( subordinated debt securities ) from time to time in one or more series. Any series of subordinated debt securities offered by Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp. will be offered together with the guarantees of Toll Brothers, Inc. and any of its directly or indirectly owned subsidiaries, as set forth in the prospectus supplement, and such guarantees, unless otherwise provided in the prospectus supplement, will be full and unconditional.

One or more series of the subordinated debt securities of Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp. may be issued under a single indenture. Alternatively, any series of subordinated debt securities may be issued under a separate indenture. The terms applicable to each series of subordinated debt securities will be stated in the indenture and may be modified by the resolution(s) authorizing that series of subordinated debt securities adopted by the Board of Directors, or an officer or committee of officers authorized by the Board of Directors, of both the issuer of the subordinated debt securities, Toll Brothers, Inc. and any of its directly or indirectly owned subsidiaries that guarantee the subordinated debt securities under the applicable indenture. The resolution(s) authorizing a series of subordinated debt securities is referred to in this section of this prospectus as an authorizing resolution. Each indenture under which any subordinated debt securities are issued, including the applicable authorizing resolution(s), is referred to in this section of this prospectus as a subordinated indenture, and collectively with any other subordinated

indentures, as the subordinated indentures. Each subordinated indenture will be entered into among Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp., as the obligor, Toll Brothers, Inc., and/or any of its directly or indirectly owned subsidiaries that are guarantors of the subordinated debt securities, as guarantors and the institution named in the prospectus supplement, as trustee.

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The following is a description of certain general terms and provisions of the subordinated debt securities we may offer by this prospectus. The name of the issuer and the particular terms of any series of subordinated debt securities we offer, including the extent to which the general terms and provisions may apply to that series of subordinated debt securities, will be described in a prospectus supplement relating to those subordinated debt securities. Except as otherwise indicated in this prospectus or in the prospectus supplement, the following description of subordinated indenture terms is applicable to each subordinated indenture that Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp. may enter into with respect to any series of subordinated debt securities we may offer by this prospectus, unless the context otherwise requires.

The terms of any series of the subordinated debt securities include those stated in the applicable subordinated indenture. Holders of each series of the subordinated debt securities are referred to the subordinated indenture for that series, including the applicable authorizing resolution, for a statement of the terms. The respective forms of the subordinated indenture for the subordinated debt securities of Toll Corp., First Huntingdon Finance Corp. and Toll Brothers Finance Corp. are filed as exhibits to the registration statement of which this prospectus is a part. Each subordinated indenture may be amended or modified for any series of subordinated debt securities by an authorizing resolution which will be described in the prospectus supplement, and the applicable authorizing resolution relating to any series of subordinated debt securities offered pursuant to this prospectus will be filed as an exhibit to a report incorporated by reference in this prospectus. The following summary of certain provisions of the subordinated debt securities and the subordinated indenture is not complete. You should read all of the provisions of the subordinated indenture, including the definitions contained in the subordinated indenture that are not otherwise defined in this prospectus, and the prospectus supplement. Wherever we refer to particular provisions or defined terms of the subordinated indenture, these provisions or defined terms are incorporated in this prospectus by reference.

## **General**

The subordinated debt securities, when issued, will be obligations that constitute either senior subordinated debt or subordinated debt of Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp., as the case may be. Toll Brothers, Inc. and any of its directly or indirectly owned subsidiaries that guarantee the subordinated debt securities will unconditionally guarantee the payment of the principal, premium, if any, and interest on the subordinated debt securities when due, whether at maturity, by declaration of acceleration, call for redemption or otherwise. See **Guarantee of Debt Securities**. The total principal amount of subordinated debt securities which may be issued under the subordinated indenture will not be limited. Debt securities may be issued under the subordinated indenture from time to time in one or more series. Unless the prospectus supplement relating to the original offering of a particular series of subordinated debt securities indicates otherwise, the issuer of that series of subordinated debt securities will have the ability to reopen the previous issue of that series of subordinated debt securities and issue additional subordinated debt securities of that series pursuant to an authorizing resolution, an officers' certificate or a supplemental indenture. Because neither Toll Corp., First Huntingdon Finance Corp. nor Toll Brothers Finance Corp. has any independent operations or generates any operating revenues, the funds required to pay the principal, the premium, if any, and interest on the subordinated debt securities will come from Toll Brothers, Inc. and its other subsidiaries. Except as otherwise stated in the prospectus supplement, there is no legal or contractual restriction on the ability of Toll Brothers, Inc. or the other subsidiaries of Toll Brothers, Inc. to provide these funds.

If the subordinated debt securities of any series issued by Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp. will be subordinated to any other indebtedness of that issuer, the indebtedness of that issuer to which that series will be subordinated will be referred to in the applicable authorizing resolution and prospectus supplement as senior indebtedness of Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp., as the case may be. The applicable authorizing resolution and prospectus supplement will define that senior indebtedness and describe the terms of the subordination. Unless otherwise stated in the prospectus supplement, the payment of principal,



premium, if any, and interest on any series of subordinated debt securities issued by Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp. which is subordinated by its

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terms to other indebtedness of that issuer will be subordinated in right of payment, in the manner and to the extent described in the subordinated indenture under which that series is issued, to the prior payment in full of all senior indebtedness of the issuer, as defined in the applicable authorizing resolution and prospectus supplement, whether the senior indebtedness is outstanding on the date of the subordinated indenture or is created, incurred, assumed or guaranteed after the date of the subordinated indenture.

The prospectus supplement relating to any series of subordinated debt securities that are offered by this prospectus will name the issuer and describe the specific terms of that series of subordinated debt securities. The prospectus supplement will describe, among other things, the following terms, to the extent they are applicable to that series of subordinated debt securities:

their title and, if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which they will be issuable;

their price or prices (expressed as a percentage of the respective aggregate principal amount of the subordinated debt securities) at which they will be issued;

their total principal amount and, if applicable, the terms on which the principal amount of the series may be increased by a subsequent offering of additional subordinated debt securities of the same series;

the interest rate (which may be fixed or variable and which may be zero in the case of certain subordinated debt securities issued at an issue price representing a discount from the principal amount payable at maturity), the date or dates from which interest, if any, will accrue and the circumstances, if any, in which the issuer may defer interest payments;

any special provisions for the payment of any additional amounts with respect to the subordinated debt securities;

any provisions relating to the seniority or subordination of all or any portion of the indebtedness evidenced by the securities to other indebtedness of the issuer;

the date or dates on which principal and premium, if any, are payable or the method of determining those dates;

the dates and times at which interest, if any, will be payable, the record date for any interest payment and the person to whom interest will be payable if other than the person in whose name the subordinated debt security is registered at the close of business on the record date for the interest payment;

the place or places where principal, premium, if any, and interest, if any, will be payable;

the terms applicable to any original issue discount (as defined in the Internal Revenue Code of 1986, as amended, and the related regulations), including the rate or rates at which the original issue discount will accrue, and any special federal income tax and other considerations;

the right or obligation, if any, of the issuer to redeem or purchase subordinated debt securities under any sinking fund or analogous provisions or at the option of a holder of subordinated debt securities, or otherwise, the conditions, if any, giving rise to the right or obligation and the period or periods within which, and the price or prices at which and the terms and conditions upon which, subordinated debt securities will be redeemed or purchased, in whole or in part, and any provisions for the marketing of the subordinated debt securities;

if the amount of payments of principal, premium, if any, and interest, if any, is to be determined by reference to an index, formula or other method, the manner in which these amounts are to be determined and the calculation agent, if any, with respect to the payments;

if other than the principal amount of the subordinated debt securities, the portion of the principal amount of the subordinated debt securities which will be payable upon declaration or acceleration of the stated maturity of the subordinated debt securities pursuant to an Event of Default, as defined in the applicable subordinated indenture;

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whether the subordinated debt securities will be issued in registered or bearer form and the terms of these forms;

whether the subordinated debt securities will be issued in certificated or book-entry form and, if applicable, the identity of the depository;

any provision for electronic issuance or issuances in uncertificated form;

any listing of the subordinated debt securities on a securities exchange;

any events of default or covenants in addition to or in place of those described in this prospectus;

the terms, if any, on which the subordinated debt securities will be convertible into or exchangeable for other debt or equity securities, including without limitation the conversion price, the conversion period and any other provisions in addition to or in place of those included in this prospectus;

the collateral, if any, securing payments with respect to the subordinated debt securities and any provisions relating to the collateral;

whether and upon what terms the subordinated debt securities may be defeased; and

any other material terms of that series of subordinated debt securities.

**Guarantees of Subordinated Debt Securities**

Each guarantor of the subordinated debt securities will guarantee, fully and unconditionally unless otherwise provided in the prospectus supplement, the payment of the principal, premium, if any, and interest on the subordinated debt securities as they become due, whether at maturity, by declaration of acceleration, call for redemption or otherwise. The terms of the guarantees of any subordinated debt securities will be described in an applicable prospectus supplement.

The assets of Toll Brothers, Inc. consist principally of the stock of its subsidiaries. Therefore, the rights of Toll Brothers, Inc. and the rights of its creditors, including the holders of subordinated debt securities that are unconditionally guaranteed by Toll Brothers, Inc., to participate in the assets of any subsidiary other than the issuer of those subordinated debt securities upon liquidation, recapitalization or otherwise will be subject to the prior claims of that subsidiary's creditors except to the extent that claims of Toll Brothers, Inc. itself as a creditor of the subsidiary may be recognized. This includes the prior claims of the banks that are lenders under First Huntingdon Finance Corp.'s credit facility, under which Toll Brothers, Inc. and certain of its other subsidiaries, including Toll Corp. and Toll Brothers Finance Corp., have guaranteed or will guarantee the obligations owing to the banks under the credit facility.

### **Conversion of Subordinated Debt Securities**

Unless otherwise indicated in the prospectus supplement, the subordinated debt securities will not be convertible into our common stock or into any other securities. The particular terms and conditions of the conversion rights of any series of convertible subordinated debt securities other than those described below will be described in the prospectus supplement.

Unless otherwise indicated in the prospectus supplement, and subject, if applicable, to prior redemption at the option of the issuer of the subordinated debt securities, the holders of any series of convertible subordinated debt securities will be entitled to convert the principal amount or a portion of the principal amount which is an integral multiple of \$1,000 at any time before the date specified in the prospectus supplement for the series of subordinated debt securities into shares of our common stock at the conversion price stated in the prospectus supplement, subject to adjustment as described below.

In the case of any subordinated debt security or portion of subordinated debt security called for redemption, conversion rights will expire at the close of business on the second business day preceding the redemption date.

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We will not be required to issue fractional shares of common stock upon conversion of the subordinated debt securities of a convertible series. Instead, we will pay a cash adjustment for any fractional interest in a share of its common stock.

Convertible subordinated debt securities surrendered for conversion during the period from the close of business on a Record Date, as defined in the applicable subordinated indenture, or the next preceding Business Day, as defined in the applicable subordinated indenture, if the Record Date is not a Business Day, preceding any Interest Payment Date, as defined in the applicable subordinated indenture, to the opening of business on that Interest Payment Date, other than convertible subordinated debt securities or portions of convertible subordinated debt securities called for redemption during the period, will be accompanied by payment in next-day funds or other funds acceptable to us of an amount equal to the interest payable on the Interest Payment Date on the principal amount of the convertible subordinated debt securities then being converted. Except as described in the preceding sentence, no payment or adjustment will be made on conversion of convertible subordinated debt securities on account of interest accrued on the subordinated debt securities surrendered for conversion or for dividends on the common stock delivered on conversion. If an issuer of convertible subordinated debt securities defaults on the payment of interest for which payment is made upon the surrender of those convertible subordinated debt securities for conversion, the amount so paid will be returned to the party who made the payment.

The conversion price of the subordinated debt securities of a convertible series will be subject to adjustment in certain events, including:

the issuance of our common stock as a dividend or distribution on our common stock;

the subdivision, combination or reclassification of our outstanding common stock;

the issuance of rights or warrants, expiring within 45 days after the record date for issuance, to the holders of our common stock generally entitling them to acquire shares of our common stock at less than the common stock's then Current Market Price as defined in the subordinated indenture;

the distribution to holders of our common stock, generally, of evidences of indebtedness or our assets, excluding cash dividends paid from retained earnings and dividends or distributions payable in stock for which adjustment is otherwise made; or

the distribution to the holders of our common stock, generally, of rights or warrants to subscribe for our securities, other than those for which adjustment is otherwise made.

There will be no upward adjustment in the conversion price except in the event of a reverse stock split. Toll Brothers, Inc. is not required to make any adjustment in the conversion price of less than 1%, but the adjustment will be carried forward and taken into account in the computation of any subsequent adjustment.

A conversion price adjustment or the failure to make a conversion price adjustment may, under various circumstances, be deemed to be a distribution that could be taxable as a dividend under the Internal Revenue Code to holders of subordinated debt securities or to holders of common stock.

There will be no adjustments to the conversion price of the subordinated debt securities of any convertible series as discussed above in the following situations:

any consolidation or merger to which we are a party other than a merger or consolidation in which we are the continuing corporation;

any sale or conveyance to another corporation of our property as an entirety or substantially as an entirety; or

any statutory exchange of securities with another corporation, including any exchange effected in connection with a merger of a third corporation into us However, the holder of each convertible

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subordinated debt security outstanding at that time will have the right to convert the subordinated debt security into the kind and amount of securities, cash or other property which the holder would have owned or have been entitled to receive immediately after the transaction if the subordinated debt security was converted immediately before the effective date of the transaction.

### **Form, Exchange, Registration, Conversion, Transfer and Payment**

Unless otherwise indicated in the prospectus supplement:

each series of subordinated debt securities will be issued in registered form only, without coupons;

payment of principal, premium, if any, and interest, if any, on each series of the subordinated debt securities will be payable at the office or agency of the issuer of that series maintained for this purpose; and

the exchange, conversion and transfer of each series of subordinated debt securities may be registered at the office or agency of the issuer of that series maintained for this purpose and at any other office or agency maintained for this purpose.

Subject to various exceptions described in the subordinated indenture, the issuer of each series of subordinated debt securities will be entitled to charge a reasonable fee for the registration of transfer or exchange of the subordinated debt securities of that series, including an amount sufficient to cover any tax or other governmental charge imposed or expenses incurred in connection with the transfer or exchange.

All payments made by the issuer of a series of subordinated debt securities to the trustee and paying agent for the payment of principal, premium, if any, and interest on the subordinated debt securities of that series which remain unclaimed for two years after the principal, premium, if any, or interest has become due and payable may be repaid to the issuer. Afterwards, the holder of the subordinated debt security may look only to the issuer or, if applicable, Toll Brothers, Inc., and any of its directly or indirectly owned subsidiaries that guarantee the subordinated debt securities for payment, unless applicable abandoned property law designates another person.

### **Registered Global Securities**

The registered subordinated debt securities of a series may be issued in whole or in part in the form of one or more registered global subordinated debt securities. A registered global security is a security, typically held by a depositary, that represents the beneficial interests of a number of purchasers of the security. Any registered global subordinated debt securities will be deposited with and registered in the name of a depositary or its nominee identified in the prospectus supplement. In this case, one or more registered global securities will be issued, each in a denomination equal to the portion of the total principal amount of outstanding registered subordinated debt securities of the series to be represented by the registered global security.

Unless and until a registered global security is exchanged in whole or in part for subordinated debt securities in definitive registered form, it may not be transferred except as a whole:

by the depositary for the registered global security to a nominee for the depositary;



by a nominee of the depositary to the depositary or to another nominee of the depositary; or

by the depositary or its nominee to a successor depositary or a nominee of a successor depositary.

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The prospectus supplement relating to a particular series of subordinated debt securities will describe the specific terms of the depositary arrangement involving any portion of a series of subordinated debt securities to be represented by a registered global security. We anticipate that the following provisions will apply to all depositary arrangements for subordinated debt securities:

ownership of beneficial interests in a registered global security will be limited to persons that have accounts with the depositary for the registered global security (each a participant and, collectively, the participants ) or persons holding interests through the participants;

after the issuer of a series of subordinated debt securities issues the registered global security for the series, the depositary will credit, on its book-entry registration and transfer system, the participants accounts with the respective principal amounts of the subordinated debt securities of that series represented by the registered global security beneficially owned by the participants;

the underwriters, agents or dealers participating in the distribution of the subordinated debt securities will designate the accounts to be credited;

only a participant or a person that may hold an interest through a participant may be the beneficial owner of a registered global security; and

ownership of beneficial interests in the registered global security will be shown on, and the transfer of that ownership interest will be effected only through, records maintained by the depositary for the registered global security for interests of the participants, and on the records of the participants for interests of persons holding through the participants.

The laws of some states may require that specified purchasers of securities take physical delivery of the securities in definitive form. These laws may limit the ability of those persons to own, transfer or pledge beneficial interests in registered global securities.

So long as the depositary for a registered global security, or its nominee, is the registered owner of the registered global security, the depositary or its nominee, as the case may be, will be considered the sole owner or holder of the subordinated debt securities represented by the registered global security for all purposes under the subordinated indenture. Except as stated below, owners of beneficial interests in a registered global security:

will not be entitled to have the subordinated debt securities represented by a registered global security registered in their names;

will not receive or be entitled to receive physical delivery of the debt

securities in definitive form; and

will not be considered the owners or holders of the subordinated debt securities under the subordinated indenture.

Accordingly, each person owning a beneficial interest in a registered global security must rely on the procedures of the depositary for the registered global security and, if the person is not a participant, on the procedures of the participant through which the person owns its interests to exercise any rights of a holder under the subordinated indenture applicable to the registered global security.

We understand that under existing industry practices, if we request any action of holders, or if an owner of a beneficial interest in a registered global security desires to give or take any action which a holder is entitled to give or take under the subordinated indenture, the depositary for the registered global security would authorize the participants holding the relevant beneficial interests to give or take the action, and the participants would authorize beneficial owners owning through the participants to give or take the action or would otherwise act upon the instructions of beneficial owners holding through them.

Principal, premium, if any, and interest payments on subordinated debt securities represented by a registered global security registered in the name of a depositary or its nominee will be made to the depositary or its

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nominee, as the case may be, as the registered owner of the registered global security. Neither the issuer of a series of subordinated debt securities, Toll Brothers, Inc., any of Toll Brothers, Inc.'s directly or indirectly owned subsidiaries that guarantee the subordinated debt securities, the trustee under the subordinated indenture nor any other agent of any of them will be responsible or liable for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the registered global security for the series or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

We expect that the depository for any subordinated debt securities represented by a registered global security, upon receipt of any payment of principal, premium, if any, or interest in respect of the registered global security, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the registered global security as shown on the depository's records. We also expect that payments by participants to owners of beneficial interests in a registered global security held through the participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of the participants.

If the depository for any subordinated debt securities represented by a registered global security is at any time unwilling or unable to continue as depository or ceases to be a clearing agency registered under the Exchange Act, Toll Brothers, Inc. will appoint an eligible successor depository. If Toll Brothers, Inc. fails to appoint an eligible successor depository within 90 days, the subordinated debt securities will be issued in definitive form in exchange for the registered global security. In addition, Toll Brothers, Inc. may, at any time and in its sole discretion, determine not to have any subordinated debt securities of a series represented by one or more registered global securities. In that event, subordinated debt securities of that series will be issued in definitive form in exchange for each registered global security representing the subordinated debt securities. Any subordinated debt securities issued in definitive form in exchange for a registered global security will be registered in such name or names as the depository instructs the trustee. We expect that the instructions will be based upon directions received by the depository from the participants with respect to ownership of beneficial interests in the registered global security.

**Events of Default, Notice and Waiver**

Unless otherwise indicated in the prospectus supplement, each of the following events will be an Event of Default with respect to each series of subordinated debt securities issued under the subordinated indenture:

a Guarantor (as defined in the subordinated indenture) Toll Brothers, Inc. or the issuer of that series of subordinated debt securities fails to pay interest due on any subordinated debt securities of that series for 30 days;

a Guarantor Toll Brothers, Inc. or the issuer of that series of subordinated debt securities fails to pay the principal of any subordinated debt securities of that series when due;

a Guarantor that is a Significant Subsidiary (as defined in the subordinated indenture), Toll Brothers, Inc. or the issuer of that series of subordinated debt securities fails to perform any other agreements contained in the subordinated debt securities of that series or in the guarantee relating to that series of subordinated debt securities or contained in the subordinated indenture for that series of subordinated debt securities and

applicable to that series for a period of 60 days after the issuer's receipt of notice of the default from the trustee under the subordinated indenture or the holders of at least 25% in principal of the subordinated debt securities of that series;

default in the payment of indebtedness of Toll Brothers, Inc. or any Subsidiary, as defined in the subordinated indenture of Toll Brothers, Inc., including Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp., under the terms of the instrument evidencing or securing the indebtedness

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which permits the holder of the indebtedness to accelerate the payment of in excess of an aggregate of \$5,000,000 in principal amount of the indebtedness, after the lapse of applicable grace periods or, in the case of non-payment defaults, acceleration of the indebtedness if the acceleration is not rescinded or annulled within 10 days after the acceleration, provided that, subject to certain limitations described in the subordinated indenture, the term **indebtedness** does not include for this purpose an acceleration of or default on certain **Non-Recourse Indebtedness**, as that term is defined in the subordinated indenture;

a final judgment for the payment of money in an amount in excess of \$5,000,000 is entered against Toll Brothers, Inc. or any subsidiary (as defined in the subordinated indenture) of Toll Brothers, Inc., including Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp., which remains undischarged for a period during which execution is not effectively stayed of 60 days after the date on which the right to appeal has expired, provided that the term **final judgment** will not include a **Non-Recourse Judgment**, as that term is defined in the subordinated indenture, unless the book value of all property, net of any previous write downs or reserves in respect of the property, subject to the **Non-Recourse Judgment** exceeds the amount of the **Non-Recourse Judgment** by more than \$10,000,000;

an **Event of Default**, as that term is defined in the subordinated indenture relating to any outstanding subordinated debt securities identified in the subordinated indenture (each of these series of notes being referred to below as an **Outstanding Series**), occurs, provided that on the date of the occurrence, the outstanding principal amount of at least one **Outstanding Series** to which the occurrence relates exceeds \$5,000,000;

any one of various events of bankruptcy, insolvency or reorganization specified in the subordinated indenture occurs with respect to Toll Brothers, Inc. or the issuer of that series of subordinated debt securities; or

the guarantee of Toll Brothers, Inc. relating to that series of subordinated debt securities ceases to be in full force and effect for any reason other than in accordance with its terms.

**Non-Recourse Indebtedness**, as defined in the subordinated indenture, means indebtedness or other obligations secured by a lien on property to the extent that the liability for the indebtedness or other obligations is limited to the security of the property without liability on the part of Toll Brothers, Inc. or any subsidiary, other than the subsidiary which holds title to the property, for any deficiency.

**Non-Recourse Judgment**, as defined in the subordinated indenture, means a judgment in respect of indebtedness or other obligations secured by a lien on property to the extent that the liability for (1) the indebtedness or other obligations and (2) the judgment is limited to the property without liability on the part of Toll Brothers, Inc. or any subsidiary, other than the subsidiary which holds title to the property, for any deficiency.

The trustee is required to give notice to the holders of any series of subordinated debt securities within 90 days of a default with respect to that series of subordinated debt securities under the subordinated indenture. However, the trustee may withhold notice to the holders of any series of subordinated debt securities, except in the case of a default in the payment of principal, premium, if any, or interest, if any, with respect to that series, if the trustee considers the withholding to be in the interest of the holders.

If an Event of Default for the subordinated debt securities of any series at the time outstanding, other than an Event of Default resulting from certain events of bankruptcy, insolvency or reorganization with respect to Toll Brothers, Inc. or the issuer of that series of subordinated debt securities, occurs and is continuing, either the trustee or the holders of at least 25% in principal amount of all of the outstanding subordinated debt securities of that series may, by giving an acceleration notice to the issuer of that series of subordinated debt securities, declare the unpaid principal of and accrued and unpaid interest on all of the subordinated debt securities of that

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series to be due and payable if, with respect to subordinated debt securities of that series (1) (a) no designated senior debt of Toll Brothers, Inc. or the issuer of that series of subordinated debt securities is outstanding, or (b) if the subordinated debt securities of that series are not subordinated to other indebtedness of the issuer of that series of subordinated debt securities, immediately; or (2) if designated senior debt of Toll Brothers, Inc. or the issuer of that series of subordinated debt securities is outstanding and the subordinated debt securities of that series are junior to other indebtedness of the issuer of that series of subordinated debt securities, upon the earlier of (A) ten days after the acceleration notice is received by the issuer of that series of subordinated debt securities or (B) the acceleration of any senior indebtedness of Toll Brothers, Inc. or the issuer of that series of subordinated debt securities. The designated senior debt of Toll Brothers, Inc. is referred to in the subordinated indenture as Designated Senior Debt of the Guarantor and the designated senior debt of Toll Corp., First Huntingdon Finance Corp. or Toll Brothers Finance Corp., as the case may be, is referred to in the subordinated indenture for that issuer's subordinated debt securities as Designated Senior Debt of the Company, and each, as defined in the subordinated indenture, may be further defined in the prospectus supplement.

If an Event of Default occurs with respect to a series of subordinated debt securities as a result of certain events of bankruptcy, insolvency or reorganization with respect to Toll Brothers, Inc. or the issuer of that series of subordinated debt securities, then the unpaid principal amount of all of the subordinated debt securities of that series outstanding, and any accrued and unpaid interest, will automatically become due and payable immediately without any declaration or other act by the trustee or any holder of subordinated debt securities of that series. At any time after a declaration of acceleration with respect to subordinated debt securities of any series has been made, but before a judgment or decree based on acceleration has been obtained, the holders of a majority in principal amount of the outstanding subordinated debt securities of that series may rescind the acceleration, provided that, among other things, all Events of Default with respect to the particular series, other than payment defaults caused by the acceleration, have been cured or waived as provided in the subordinated indenture.

The holders of a majority in outstanding principal amount of the subordinated debt securities of a particular series may generally waive an existing default with respect to that series and its consequences in accordance with terms and conditions provided in the subordinated indenture. However, these holders may not waive a default in the payment of the principal, any premium or any interest on the subordinated debt securities.

Toll Brothers, Inc. and any issuer of subordinated debt securities offered by this prospectus will be required to file annually with the trustee under the subordinated indenture a certificate, signed by an officer of Toll Brothers, Inc. and the issuer, stating whether or not the officer knows of any default under the terms of the subordinated indenture and providing a description of any default of which the officer has knowledge.

**Additional Provisions**

Subject to the duty of the trustee to act with the required standard of care during a default, the subordinated indenture provides that the trustee will be under no obligation to perform any duty or to exercise any of its rights or powers under the subordinated indenture, unless the trustee receives indemnity satisfactory to it against any loss, liability or expense. Subject to these provisions for the indemnification of the trustee and various other conditions, the holders of a majority in total principal amount of the outstanding subordinated debt securities of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee, with respect to the subordinated debt securities of that series.

A holder of subordinated debt securities of a series will not have the right to pursue any remedy with respect to the subordinated indenture or the subordinated debt securities of that series, unless:



the holder gives to the trustee written notice of a continuing Event of Default;

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the holders of not less than 25% in total principal amount of the outstanding subordinated debt securities of that series make a written request to the trustee to pursue the remedy;

the holder offers the trustee indemnity satisfactory to it against any loss, liability or expense;

the trustee fails to comply with the holder's request within 60 days after receipt of the written request and offer of indemnity; and

the trustee, during the same 60-days, has not received from the holders of a majority in principal amount of the outstanding subordinated debt securities of that series a direction inconsistent with the aforementioned written request of holders.

However, the holder of any subordinated debt security will have an absolute right to receive payment of the principal of and interest on that subordinated debt security on or after the respective due dates expressed in that subordinated debt security and to bring suit for the enforcement of any payment.

### **Covenants**

The prospectus supplement relating to the subordinated debt securities of any series will describe any special covenants applicable to the issuer of the series or Toll Brothers, Inc. with respect to that series.

### **Merger or Consolidation**

Neither Toll Brothers, Inc., nor any of its directly or indirectly owned subsidiaries that guarantee the subordinated debt securities, nor the issuer of a series of subordinated debt securities offered by this prospectus may consolidate with or merge into, or transfer all or substantially all of its assets to, any other person without the consent of the holders of that series of subordinated debt securities, unless:

the other person is a corporation organized and existing under the laws of the United States or a state thereof or the District of Columbia and expressly assumes by supplemental indenture all the obligations of Toll Brothers, Inc., any of its directly or indirectly owned subsidiaries that guarantee the subordinated debt securities, or the issuer, as the case may be, under the subordinated indenture and either the guarantees or the subordinated debt securities, as the case may be; and

immediately after giving effect to the transaction no Default or Event of Default, as these terms are defined in the subordinated indenture, has occurred and is continuing.

Afterwards, all of the obligations of the predecessor corporation will terminate.

### **Modification of an Indenture**

The respective obligations of Toll Brothers, Inc., any of its directly or indirectly owned subsidiaries that guarantee the subordinated debt securities, and the issuer of debt securities of any series offered by this prospectus and the rights of the holders of those subordinated debt securities under the subordinated indenture generally may be modified with the

consent of the holders of a majority in outstanding principal amount of the subordinated debt securities of all series under the subordinated indenture affected by the modification. However, without the consent of each affected holder of subordinated debt securities, no amendment, supplement or waiver may:

extend the maturity of any subordinated debt securities;

reduce the rate or extend the time for payment of interest on the subordinated debt securities;

reduce the principal amount of, or premium on, the subordinated debt securities;

change the redemption provisions;

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make a change that adversely affects the right to convert or the conversion price for any series of convertible subordinated debt securities;

reduce the amount of subordinated debt securities whose holders must consent to an amendment, supplement or waiver;

waive a default in the payment of the principal, premium, if any, or interest on any series of subordinated debt securities;

modify the subordination or guarantee provisions in a manner adverse to holders of any series of subordinated debt securities;

make the medium of payment other than that stated in the subordinated debt securities;

make any change in the right of any holder of subordinated debt securities to receive payment of principal of, premium, if any, and interest on those subordinated debt securities, or to bring suit for the enforcement of any of these payments; and

change the provisions regarding modifications to the subordinated indenture or waiver of Defaults or Events of Default that will be effective against any holders of any series of subordinated debt securities.

### **Governing Law**

The subordinated indenture, the subordinated debt securities and the guarantees will be governed by the laws of the State of New York.

### **Satisfaction and Discharge of Indenture**

Unless otherwise provided in the applicable authorizing resolution and prospectus supplement, the subordinated indenture will be discharged:

upon payment of all the series of subordinated debt securities issued under the subordinated indenture; or

upon deposit with the trustee, within one year of the date of maturity or redemption of all of the series of subordinated debt securities issued under the subordinated indenture, of funds sufficient for the payment or redemption of the securities.

### **Reports to Holders of Subordinated Debt Securities**

We file with the trustee copies of our annual reports and other information, documents and reports that we file with the SEC. So long as our obligation to file these reports or information with the SEC is suspended or terminated, we

will provide the trustee with audited annual financial statements prepared in accordance with generally accepted accounting principles and unaudited condensed quarterly financial statements. These financial statements will be accompanied by management's discussion and analysis of the results of our operations and financial condition for the period reported upon in substantially the form required under the rules and regulations of the SEC then in effect.

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**PLAN OF DISTRIBUTION**

We may offer and sell the securities to which this prospectus relates in any one or more of the following ways:

directly to purchasers;

to or through underwriters;

to or through dealers;

to or through agents; or

through a combination of these methods.

Each time we sell securities, we will provide a prospectus supplement that will name any managing underwriter, if any, and any other underwriter, dealer or agent involved in the offer and sale of the securities. The prospectus supplement will also set forth the terms of the offering, including the purchase price of the securities and the proceeds to the issuer(s) from the sale of the securities, any underwriting discounts and other items constituting underwriters compensation, any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers and any securities exchanges on which the securities may be listed.

The securities may be distributed from time to time in one or more transactions:

at a fixed price or prices, which may be changed;

at market prices prevailing at the time of sale;

at prices related to prevailing market prices; or

at negotiated prices.

Each time we sell securities, we will describe the terms of the transaction and the method of distribution of the securities in the prospectus supplement relating to the transaction.

If underwriters are used in the offer and sale of the securities being offered by this prospectus, the securities will be acquired by the underwriters for their own accounts and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Any initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

If a dealer is used in the sale of the securities being offered by this prospectus, the issuer(s) of the securities will sell those securities to the dealer, as principal. The dealer may then resell those securities to the public at varying prices to be determined by the dealer at the time of resale.

If an agent is used in an offering of securities being offered by this prospectus, the terms of the agency will be described in the prospectus supplement relating to the offering. Unless otherwise indicated in the prospectus supplement, an agent will act on a best efforts basis for the period of its appointment.

Offers to purchase the securities offered by this prospectus may be solicited, and sales of the securities may be made, by the issuer(s) of those securities directly to institutional investors or others, who may be deemed to be underwriters within the meaning of the Securities Act with respect to any resales of the securities. The terms of any offer made in this manner will be included in the prospectus supplement relating to the offer.

If indicated in the prospectus supplement, the issuer(s) of the securities to which the prospectus supplement relates will authorize underwriters or their other agents to solicit offers by certain institutional investors to purchase securities from the issuer(s) pursuant to contracts providing for payment and delivery at a future date. Institutional investors with which these contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others. In all cases, these purchasers must be approved by the issuer(s) of the securities. The obligations of any purchaser under any of these contracts will not be subject to any conditions except that (a) the purchase of the securities must not at

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the time of delivery be prohibited under the laws of any jurisdiction to which that purchaser is subject and (b) if the securities are also being sold to underwriters, the issuer(s) must have sold to these underwriters the securities not subject to delayed delivery. Underwriters and other agents will not have any responsibility in respect of the validity or performance of these contracts.

In addition, the securities offered by this prospectus and an accompanying prospectus supplement may be offered and sold by the holders of the securities in one or more of the transactions described above, which transactions may be effected at any time and from time to time. Upon a sale of securities made in this manner, the respective holders of the securities and any participating broker, dealer or underwriter may be deemed to be underwriters within the meaning of Section 2(11) of the Securities Act, and any commissions, discounts or concessions upon the sale, or any profit on the resale of the securities, received in connection with the sale may be deemed to be underwriting commissions or discounts under the Securities Act. The compensation, including commissions, discounts, concessions and other profits, received by any broker, dealer or underwriter in connection with the sale of any of the securities, may be less than or in excess of customary commissions.

Some of the underwriters, dealers or agents we may use in any offering of securities under this prospectus may be customers of, including borrowers from, engage in transactions with, and perform services for us or our affiliates in the ordinary course of business. Underwriters, dealers, agents and other persons may be entitled, under agreements which may be entered into with us to indemnification against and contribution toward certain civil liabilities, including liabilities under the Securities Act, and to be reimbursed by us for certain expenses.

Until the distribution of the securities offered by this prospectus is completed, rules of the SEC may limit the ability of the underwriters and certain selling group members, if any, to bid for and purchase the securities. As an exception to these rules, the representatives of the underwriters, if any, are permitted to engage in certain transactions that stabilize the price of the securities. These transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the securities.

If underwriters create a short position in the securities in connection with the offering of the securities (i.e., if they sell more securities than are included on the cover page of the prospectus supplement), the representatives of the underwriters may reduce that short position by purchasing securities in the open market. The representatives of the underwriters also may elect to reduce any short position by exercising all or part of the over-allotment option, if any, described in the prospectus supplement.

The representatives of the underwriters, if any, also may impose a penalty bid on certain underwriters and selling group members. This means that if the representatives purchase securities in the open market to reduce the underwriters' short position or to stabilize the price of the securities, they may reclaim the amount of the selling concession from the underwriters and selling group members who sold those securities as part of the offering of the securities.

In general, purchases of a security for the purpose of stabilization or to reduce a syndicate short position could cause the price of the security to be higher than it might otherwise be in the absence of these types of purchases. The imposition of a penalty bid might have an effect on the price of a security to the extent that it were to discourage resales of the security by purchasers in the offering.

Neither we nor any of the underwriters, if any, makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the securities. In addition, neither we nor any of the underwriters, if any, makes any representation that the representatives of the underwriters, if any, will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.



The anticipated date of delivery of the securities offered by this prospectus will be described in the prospectus supplement relating to the offering. The securities offered by this prospectus may or may not be listed on a

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national securities exchange (including the NYSE (where our common stock is listed)), or a foreign securities exchange. We cannot give any assurances that there will be a market for any of the securities offered by this prospectus and any prospectus supplement.

Because an indeterminate amount of securities are covered by this Registration Statement and the number of offerings are indeterminable, the expenses in connection with the issuance and distribution of the securities are not currently determinable.

**LEGAL MATTERS**

Certain legal matters relating to the validity of the securities offered by this prospectus will be passed upon by Cravath, Swaine & Moore LLP, New York, New York.

**EXPERTS**

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements included in our Annual Report on Form 10-K for the year ended October 31, 2014, and the effectiveness of our internal control over financial reporting as of October 31, 2014, as set forth in their reports, which are incorporated by reference in this prospectus and elsewhere in the registration statement. Our financial statements are incorporated by reference in reliance on Ernst & Young LLP's reports, given on their authority as experts in accounting and auditing.

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\$

**Toll Brothers Finance Corp.**

*% Senior Notes due 2027*

**Preliminary Prospectus Supplement**

*Joint Active Book-Running Managers*

**Citigroup**

**Deutsche Bank Securities**

**Mizuho Securities**

**SunTrust Robinson Humphrey**

**Wells Fargo Securities**

*Lead Manager*

**PNC Capital Markets LLC**

, 2017

