

TECHNICAL OLYMPIC USA INC

Form PRE 14A

March 29, 2004

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

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- x Preliminary Proxy Statement o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- o Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

Technical Olympic USA, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials:

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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TECHNICAL OLYMPIC USA, INC.

**4000 Hollywood Boulevard, Suite 500 N
Hollywood, Florida 33021**

To Our Stockholders:

We cordially invite you to attend the 2004 Annual Meeting of Stockholders to be held on Tuesday, April 27, 2004, at the Wyndham Grand Bay, 2669 South Bayshore Drive, Miami, FL 33133. The meeting will start promptly at 12:00 p.m.

The attached Notice of Annual Meeting and the Proxy Statement describe the formal business to be transacted at the Annual Meeting. Our directors and officers, as well as a representative of Ernst & Young LLP, our independent certified public accountants, will be present at the Annual Meeting to respond to any questions that our stockholders may have regarding the business to be transacted.

It is important that your shares be represented and voted at the meeting. Therefore, we urge you to complete, sign, date, and return the enclosed proxy card in the envelope according to the instructions on the proxy card. If you attend the meeting, you may vote your shares personally, even though you have previously designated a proxy. The items to be considered at the meeting include the election of directors, consideration of an amendment to our Certificate of Incorporation to increase the number of authorized shares of all classes of stock that we may issue from 70,000,000 shares to 100,000,000 shares, of which 3,000,000 shares shall be classified as preferred stock and 97,000,000 shares shall be classified as common stock, and transaction of such other business as may properly come before the meeting and any adjournments or postponements thereof.

We sincerely hope you will be able to attend and participate in our 2004 Annual Meeting of Stockholders. We welcome the opportunity to meet with you and give you a firsthand report on the progress of your company.

On behalf of
Technical Olympic USA, Inc. s
Board of Directors,

KONSTANTINOS STENGOS
Chairman

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TECHNICAL OLYMPIC USA, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD APRIL 27, 2004

To Our Stockholders:

We will hold our Annual Meeting of Stockholders on Tuesday, April 27, 2004, at 12:00 p.m. Our meeting will be held at the Wyndham Grand Bay, 2669 South Bayshore Drive, Miami, FL 33133. If you owned common stock at the close of business on March 26, 2004, you may vote at this meeting or any adjournments or postponements thereof.

At the meeting, we plan to:

1. elect nine directors for a term of one year and, in each case, until his or her successor is duly elected and qualified;
 2. consider and vote on an amendment to our Certificate of Incorporation to increase the number of authorized shares of all classes of stock that we may issue from 70,000,000 shares to 100,000,000 shares, of which 3,000,000 shares shall be classified as preferred stock and 97,000,000 shares shall be classified as common stock; and
 3. transact such other business as may properly come before the meeting or any adjournments or postponements thereof.
- Our Board of Directors is not aware of any other proposals for the April 27, 2004 meeting.

It is important that your common stock be represented at the meeting regardless of the number of shares you hold. You are encouraged to specify your voting preferences by signing, dating, and returning the enclosed proxy card. If you attend the meeting, you may, if you wish, withdraw your proxy and vote in person.

TECHNICAL OLYMPIC USA, INC.

PATRICIA M. PETERSEN
Secretary

Hollywood, Florida
April , 2004

YOUR VOTE IS IMPORTANT.

PLEASE COMPLETE, SIGN, DATE, AND RETURN THE ENCLOSED PROXY PROMPTLY SO THAT YOUR VOTE MAY BE RECORDED AT THE MEETING IF YOU DO NOT ATTEND IN PERSON.

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TECHNICAL OLYMPIC USA, INC.

**4000 Hollywood Boulevard, Suite 500 N
Hollywood, Florida 33021**

PROXY STATEMENT

INFORMATION ABOUT THE MEETING

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Technical Olympic USA, Inc. (TOUSA or the Company) for our Annual Meeting of Stockholders to be held on Tuesday, April 27, 2004 at 12:00 p.m. Our Annual Meeting will be held at the Wyndham Grand Bay, 2669 South Bayshore Drive, Miami, FL 33133. This proxy statement and the accompanying proxy are first being mailed to stockholders on or about April , 2004.

Voting Instructions

Who May Vote

You may vote your common stock if our records show you owned your shares at the close of business on the record date, which is March 26, 2004. On the record date, there were 29,895,837 shares of our common stock outstanding, with a par value of \$.01 per share. Holders of our common stock are entitled to one vote per share held as of the record date.

How You May Vote

You may vote: (a) in person by attending the meeting or (b) by mail by completing, signing, dating, and returning the enclosed proxy card. If you hold your shares through a broker, bank, or other nominee, you will receive separate instructions from the nominee describing how to vote your shares.

Proxies duly executed and received in time for the meeting will be voted in accordance with your instructions. If no instructions are given, proxies will be voted as follows:

1. FOR the election as directors of the nominees named herein, each to serve for a term of one year and, in each case, until his or her successor is duly elected and qualified;
2. FOR the approval of an Amendment to our Certificate of Incorporation to increase the number of authorized shares of all classes of stock that we may issue from 70,000,000 shares to 100,000,000 shares, of which 3,000,000 shares shall be classified as preferred stock and 97,000,000 shares shall be classified as common stock; and
3. In the discretion of the proxy holders, FOR or AGAINST such other business as may properly come before the meeting or any adjournment or postponement thereof.

How You May Revoke or Change Your Vote

Proxies may be revoked at any time prior to the meeting in the following ways:

by giving written notice of revocation to our Secretary;

by giving a later dated proxy; or

by attending the meeting and voting in person.

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If providing revocation by written notice to our Secretary, however, please note that no such revocation shall be effective until received by us at or prior to the meeting.

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Voting Procedures

All record holders of issued and outstanding shares of our common stock are entitled to vote. Brokers who hold shares in street name for customers have the authority under the rules of the various stock exchanges to vote on certain items when they have not received instructions from beneficial owners. Shares for which brokers have not received instructions, and which therefore are not voted with respect to a certain proposal, are referred to as broker non-votes.

Quorum

Under Delaware law and our Bylaws, the presence, in person or by proxy, of stockholders entitled to cast a majority of all votes entitled to be cast on the matter at the annual meeting constitutes a quorum. Abstentions and broker non-votes will count for purposes of determining if there is a quorum present at the annual meeting. In the event there are not sufficient votes for a quorum to approve or ratify any proposal at the time of the annual meeting, the annual meeting may be adjourned in order to permit the further solicitation of proxies.

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PROPOSAL 1

ELECTION OF DIRECTORS

General

Pursuant to our Bylaws, our Board of Directors may have up to 15 members. Currently, we have nine members on our Board of Directors and each director is elected for a one-year term. Our Independent Directors Committee has recommended and nominated each of the individuals listed below for election to our Board of Directors at the Annual Meeting to hold office until the next Annual Meeting and the election of their successors. All of the nominees other than Ms. Stengou are currently serving as members of our Board of Directors.

Each of the nominees has consented to be named in this proxy statement and to serve as a member of our Board of Directors, if elected. In the event that any nominee withdraws or for any reason is not able to serve as a director, the proxy will be voted for such other person as may be designated by our Board of Directors. Our management has no reason to believe that any nominee will not serve if elected.

Recommendation of our Board of Directors

We recommend that you vote your shares to elect the following nominees. If you sign, date, and return the enclosed proxy, your shares will be voted for the election of the nine nominees recommended by our Board of Directors, unless you mark the proxy in such a manner as to withhold authority to vote. Please see the Voting Instructions on page 1 of this proxy statement for instructions on how to cast your vote.

Nominees

Nominees to Serve for a One-Year Term Expiring in 2005

Below is a short biography of the business experience of the individuals who are nominated for election. The age indicated and other information in each nominee's biography is as of March 26, 2004.

Konstantinos Stengos, 67, has been the Chairman of our Board since December 15, 1999. From November 1999 through October 2003, Mr. Stengos served as director and President of Technical Olympic, Inc. (TOI). Until October 2003, TOI was a wholly-owned subsidiary of Technical Olympic (UK) Limited (formerly known as Technical Olympic (UK) PLC), which in turn is a wholly-owned subsidiary of Technical Olympic S.A. Mr. Stengos formed Technical Olympic S.A. in 1965 and has continued to serve as its President and Managing Director. Mr. Stengos owns more than 5% of the outstanding equity of Technical Olympic S.A., which is publicly traded on the Athens Stock Exchange. Mr. Stengos has also served as a director of Technical Olympic (UK) Limited since November 1999 and as director and President of Technical Olympic Services, Inc. (TOSI) since October 2003. Each of Technical Olympic S.A., Technical Olympic (UK) Limited, and TOSI is an affiliate of ours.

Antonio B. Mon, 59, became a director of our Company, and our Executive Vice Chairman, Chief Executive Officer, and President, on June 25, 2002. From October 2001 to June 2002, Mr. Mon served as the Chief Executive Officer of TOI. From May 2001 to October 2001, Mr. Mon was a consultant to TOI. From 1997 to 2001, Mr. Mon was the Chairman of Maywood Investment Company, LLC, a private firm engaged in private equity investments and general consulting. In 1991, Mr. Mon co-founded Pacific Greystone Corporation, a west coast homebuilder that merged with Lennar Corporation in 1997, and served as its Vice Chairman from 1991 to 1997. Prior to 1991, Mr. Mon worked in various positions for The Ryland Group, Inc. (a national homebuilder), M.J. Brock Corporation (a California homebuilder), and Cigna Corporation (a financial services corporation).

Andreas Stengos, 41, has been a director of our Company since 1999 and has been a director of Technical Olympic (UK) Limited since 1997. From 1999 through October 2003, Mr. Stengos served as a director and Treasurer of TOI, and since October 2003, Mr. Stengos has served as director and Treasurer

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of TOSI. Mr. Stengos has also been a director of Technical Olympic S.A. since 1989 and has served as its General Manager since 1995.

George Stengos, 37, has been a director of our Company since 1999 and has been a director of Technical Olympic (UK) Limited since 1999. From 1999 through October 2003, Mr. Stengos served as a director of TOI, and since October 2003, Mr. Stengos has served as director, Vice President, and Secretary of TOSI. From 2001 to December 2002, Mr. Stengos served as President and Chairman of the Board of Mochlos S.A., a subsidiary of Technical Olympic S.A. From 1993 to 2000, Mr. Stengos was Executive Vice President of Mochlos S.A. Mr. Stengos has also served as Executive Vice Chairman of Technical Olympic S.A. since June 30, 2003.

Larry D. Horner, 69, has been a director of our Company since 1997. Mr. Horner served as Chairman of Pacific USA Holdings Corp., a subsidiary of Pacific Electric Wire and Cable Co., a cable manufacturer, from 1994 to 2001 and was Chairman of the Board of Asia Pacific Wire & Cable Corporation Limited, a manufacturer of copper wire, cable and fiber optic wire products, with operations in Southeast Asia, which was publicly traded on the New York Stock Exchange until 2001. He is also a director of ConocoPhillips (an energy company), Atlantis Plastics, Inc. (a manufacturer of plastic films and plastic components), UT Starcom, Inc. (a provider of wireline, wireless, optical, and access switching solutions), Clinical Data, Inc. (a provider of physicians office and hospital laboratory products), and New River Pharmaceuticals, Inc. (a research-based pharmaceutical company). Mr. Horner was formerly associated with KPMG LLP, a professional services firm, for 35 years, retiring as Chairman and Chief Executive Officer of both the U.S. and International firms in 1991. He is a certified public accountant.

William A. Hasler, 62, has been a director of our Company since 1998. Mr. Hasler served as Co-Chief Executive Officer of Apton Corporation, a biopharmaceutical company, from July 1998 to January 2004, and has served as its Vice Chairman since July 1998. From August 1991 to July 1998, Mr. Hasler served as Dean of the Haas School of Business at the University of California at Berkeley. Prior to that, he was both Vice Chairman and a director of KPMG LLP, a professional services firm. Mr. Hasler also serves on the boards of Mission West (a real estate investment trust), DiTech Communications (a global telecommunications equipment supplier for voice networks), Schwab Funds (a mutual fund company), and Stratex Networks (a provider of high-speed wireless transmission solutions), and is Chairman of the Board of Solectron Corp. (a provider of electronics manufacturing services). Mr. Hasler is a trustee of Pomona College. He is a certified public accountant.

Michael J. Poulos, 73, has been a director of our Company since 2000. Mr. Poulos also serves as an advisory director of Greystone Capital Partners I, LP and a trustee of Century Shares Trust, a mutual fund. Mr. Poulos had been Chairman, President, and Chief Executive Officer of Western National Corporation, a life insurance company, from 1993 until 1998 when he retired. Mr. Poulos worked for American General Corporation, from 1970 to 1993, and served as its Vice Chairman from 1991 to 1993.

Lonnie M. Fedrick, 59, has been a director of our Company since 1997 and served as our President and Chief Executive Officer from 1997 until June 25, 2002. Mr. Fedrick was President and Chief Executive Officer of Newmark Home Corporation since 1994 and was its Executive Vice President from 1984 to 1994.

Marianna Stengou, 26, is a first-time nominee to our Board of Directors. Ms. Stengou has served as Vice President of Porto Carras Campus Hospitality Studies S.A. since April 2002. Ms. Stengou has served in a variety of positions at Technical Olympic S.A., including most recently as Director of Human Resources and Quality, since January 2000. Ms. Stengou has served as President and Managing Director of Toxotis S.A. since November 1997. Ms. Stengou has also been a director of Technical Olympic S.A. since June 2003. Ms. Stengou was recommended to our Board of Directors by the Independent Directors Committee upon the recommendation of our Chairman, Konstantinos Stengos.

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Director Whose Term Expires in 2004

Yannis Delikanakis, 36, has been a director of our Company since 1999 and became our Executive Vice President on January 1, 2003. From 1999 through October 2003, Mr. Delikanakis served as a director and Vice President of TOI. From 1999 through June 2003, Mr. Delikanakis served as the General Manager - Real Estate of Technical Olympic S.A. Mr. Delikanakis was a director and the manager of the Real Estate Development and Project Management Departments of Lambert Smith Hampton S.A., a provider of commercial property consultancy services, from 1994 to 1999.

Vote Required

The affirmative vote of a plurality of the votes cast by holders of outstanding shares of our common stock is required for the approval of the election of the directors. You may vote in favor of all the nominees or you may withhold your vote from any or all nominees. Votes that are withheld with respect to this matter will be excluded entirely from the vote and will have no effect, other than for purposes of determining the presence of a quorum. Brokers that do not receive instructions are entitled to vote those shares with respect to the election of directors.

BOARD MEETINGS, COMMITTEES, COMPENSATION, AND INDEPENDENCE

Board Meetings and Committees

During fiscal year 2003, our Board of Directors held four regularly scheduled meetings, no special meetings, and acted by unanimous written consent on 10 occasions. For fiscal year 2003, each director attended at least 75% or more of the aggregate number of meetings held by our Board of Directors and the committees on which he served. As a general matter, Board members are expected to attend the Company's annual meetings of stockholders. All members of our Board were present at the Company's 2003 annual meeting of stockholders.

For the fiscal year 2003, our Board of Directors had four standing committees: the Audit Committee, the Compensation and Benefits Committee, the Independent Directors Committee, and the Board Executive Committee, each briefly described below.

Audit Committee. The Audit Committee consisted of Messrs. Hasler, Horner, and Poulos, each of whom is independent as defined and required by the National Association of Securities Dealers Marketplace Rules. Our Board of Directors has determined that each of Messrs. Hasler, Horner, and Poulos is also an audit committee financial expert as defined by the rules promulgated by the Securities and Exchange Commission (the Commission).

The Audit Committee generally has responsibility for appointing, overseeing, and determining the compensation of our independent certified public accountants, reviewing the plan and scope of the accountants' audit, reviewing our audit and control functions, approving all permitted non-audit services provided by our independent certified public accountants, and reporting to our full Board of Directors regarding all of the foregoing. The Audit Committee meets with the independent certified public accountants and our management in connection with its review and approval of (i) the unaudited financials for inclusion in our quarterly reports and (ii) the annual audited financial statements for inclusion in our Annual Report on Form 10-K. Additionally, the Audit Committee provides our Board of Directors with such additional information and materials as it may deem necessary to make our Board of Directors aware of significant financial matters that require its attention. The Audit Committee's goals and responsibilities are set forth in an audit committee charter, a copy of which is attached as Appendix A. The Audit Committee held seven meetings during the year ended December 31, 2003. The Audit Committee Report is set forth below.

Compensation and Benefits Committee. The Compensation and Benefits Committee consisted of Messrs. Poulos, Horner, and Hasler. Only independent directors served on the Compensation and Benefits Committee. The Compensation and Benefits Committee was responsible for (a) establishing the

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compensation and bonus plan for the Chief Executive Officer, (b) establishing the compensation and bonus plan for other executives, and (c) administering the Annual and Long-Term Incentive Plan and granting options. In addition, the Compensation and Benefits Committee has responsibility for matters of employee compensation and the granting of discretionary bonuses. The Compensation and Benefits Committee held one meeting and acted by unanimous written consent on two additional occasions during the year ended December 31, 2003.

Independent Directors Committee. The Independent Directors Committee consisted of Messrs. Horner, Hasler, and Poulos. Only independent directors, as defined by the National Association of Securities Dealers Marketplace Rules, served on the Independent Directors Committee. The Independent Directors Committee operates under a written charter adopted by our Board of Directors, a copy of which can be found on the Company's website, www.tousa.com, under Investor Information Corporate Governance.

The Independent Directors Committee generally has responsibility for considering and acting on any proposed transaction that would be considered a related party transaction, including any proposed transaction (a) between us and Technical Olympic S.A. or any affiliate of Technical Olympic S.A., and (b) by any affiliate which may affect or involve us and in which one or more of our directors may have an actual or perceived interest in the transaction. The Independent Directors Committee also has responsibility for considering and acting upon any other matters that require the review and/or approval of our independent directors.

In addition, the Independent Directors Committee solicits, considers, and nominates candidates to serve on our Board of Directors. The Independent Directors Committee considers possible candidates from many sources, including stockholders, for nominees for directors. In evaluating the qualifications of nominees for our Board of Directors, including nominees recommended by stockholders, the Independent Directors Committee evaluates a variety of factors, such as education, work experience, knowledge of the Company's industry, membership on the Boards of Directors of other corporations, and civic involvement. In addition, if a candidate is being considered for an independent director position, the Independent Directors Committee also evaluates the nominee's independence from the Company based on applicable securities laws and the requirements of the National Association of Securities Dealers Marketplace Rules.

The Independent Directors Committee acted by unanimous written consent on four occasions and held no meetings during the year ended December 31, 2003.

If a stockholder wishes to recommend a nominee for director, the recommendation should be sent to the Secretary by _____, 2004 in accordance with the instructions set forth later in this proxy statement under Stockholder Proposals for 2005 Annual Meeting. All recommendations should be accompanied by a complete statement of such person's qualifications (including education, work experience, knowledge of the Company's industry, membership on the Board of Directors of another corporation, and civic activity) and an indication of the person's willingness to serve.

Board Executive Committee. The members of the Board Executive Committee are Messrs. Horner, Delikanakis, Mon, and George Stengos, as well as Tommy McAden as the non-director management representative. The Board Executive Committee has authority to consider and approve land and homesite acquisitions for amounts not exceeding \$35 million, and other transactions, acquisitions, investments, operational matters, corporate management and financing by us or our subsidiaries for amounts not exceeding \$20.0 million, to the extent not considered and approved by our Board of Directors, and makes reports to our full Board of Directors. The Board Executive Committee did not hold any meetings during the year ended December 31, 2003.

Family Relationships

Konstantinos Stengos is the father of Andreas Stengos, George Stengos, and Marianna Stengou. Yannis Delikanakis is the son-in-law of Konstantinos Stengos and the brother-in-law of Andreas Stengos,

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George Stengos, and Marianna Stengou. We have no other familial relationships among the executive officers and directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers, and persons who own more than 10% of our outstanding common stock to file with the Commission reports of changes in their ownership of common stock. Directors, officers, and greater than 10% stockholders are also required to furnish us with copies of all forms they file under this regulation. To our knowledge, based solely on a review of the copies of such reports furnished to us and representations that no other reports were required, during the year ended December 31, 2003, all Section 16(a) filing requirements applicable to our directors, officers, and greater than 10% stockholders were satisfied.

Compensation Committee Interlocks and Insider Participation

Messrs. Poulos, Horner, and Hasler comprised the Compensation and Benefits Committee in 2003. None of these persons served as an officer or employee of ours or any of our subsidiaries during fiscal year 2003. There were no material transactions between us and any of the members of the Compensation and Benefits Committee during fiscal year 2003.

Compensation of Directors

In compliance with our director compensation policy, our outside directors, which we consider to be those directors who are not officers of our Company, Technical Olympic S.A., or their affiliates, other than the senior outside director, received an annual fee of \$40,000, an annual equity award of either non-qualified stock options or restricted stock valued at \$40,000, and reimbursement of reasonable out-of-pocket expenses incurred for attendance at Board and Board committee meetings. Under our policy, the designated senior outside director receives an annual cash retainer of \$80,000, an annual equity award of either non-qualified stock options or restricted stock valued at \$80,000, and reimbursement of reasonable out-of-pocket expenses incurred for attendance at Board and Board Committee meetings. Mr. Horner served as our senior outside director during fiscal year 2003 and has been designated our senior outside director for fiscal year 2004. Directors who also served as officers of our Company, Technical Olympic S.A., or their affiliates did not receive any additional compensation for their services as directors during 2003.

Consulting Agreement

Lonnie M. Fedrick

Effective January 1, 2003, we entered into a consulting agreement with Mr. Fedrick with an initial term of three years. Under the terms of the consulting agreement, Mr. Fedrick will receive an annual fee of \$400,000. Upon recommendation of the Chief Executive Officer and approval of our Board of Directors or a designated committee, Mr. Fedrick may receive a bonus or other compensation in his capacity as a consultant. During the term of the agreement, in addition to his service as a member of our Board of Directors, Mr. Fedrick will (a) provide land review, acquisition, and development services for our Houston operations, (b) identify and acquire land in the greater Houston area, (c) perform other assignments requested by the Chairman of our Board of Directors or the Chief Executive Officer from time to time, (d) transition his network of contacts and local knowledge to Company management, and (e) provide other general business advisory services. Mr. Fedrick will devote at least twenty percent (20%) on average of his working time and energy to the Company. The consulting agreement contains non-compete and non-interference provisions and expires on January 1, 2006.

Independence

Technical Olympic S.A. currently owns 73.94% of our outstanding common stock. As a result, we are a controlled company within the meaning of the National Association of Securities Dealers Marketplace

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Rules and are not currently required to have independent directors comprise a majority of our Board of Directors. Messrs. Horner, Hasler, and Poulos do, however, qualify as independent directors within the meaning of the National Association of Securities Dealers Marketplace Rules. As noted above, Messrs. Horner, Hasler and Poulos comprise our Audit Committee, our Compensation and Benefits Committee, and our Independent Directors Committee. Our Independent Directors Committee has responsibility for, among other things, considering and acting on any proposed transaction that would be considered a related party transaction.

MANAGEMENT

Our executive officers, their ages and positions, as of the record date, are as follows:

Name	Age	Position
Antonio B. Mon	59	Executive Vice Chairman, Chief Executive Officer, President, and Director
Tommy L. McAden	41	Vice President Finance and Administration, Chief Financial Officer, and Treasurer
Yannis Delikanakis	36	Executive Vice President and Director
Patricia M. Petersen	44	Vice President, General Counsel, and Secretary
Randy L. Kotler	38	Vice President and Chief Accounting Officer
Harry Engelstein	69	Executive Vice President TOUSA Homes
J. Eric Rome	44	Executive Vice President TOUSA Homes
Mark R. Upton	46	Executive Vice President TOUSA Homes

Below is a summary of the business experience of each of our executive officers who does not serve on our Board of Directors. The business experience of Messrs. Mon and Delikanakis appears under the caption Proposal 1 Election of Directors set forth above.

Tommy L. McAden became our Vice President of Finance and Administration, Chief Financial Officer, and Treasurer on June 25, 2002. Mr. McAden served as a director, Vice President, and Chief Financial Officer of TOI from January 2000 to June 25, 2002. From 1994 to December 1999, Mr. McAden was Chief Financial Officer of Pacific Realty Group, Inc., which was our former 80% stockholder.

Patricia M. Petersen became our Vice President and General Counsel on September 1, 2002 and our Secretary on July 26, 2003. Before joining TOUSA, Ms. Petersen served as Assistant General Counsel of Corning Incorporated, a technology company, from January 2001 to August 2002. From September 1992 to October 2000, Ms. Petersen served as Managing Partner of the Nestor Nestor Kingston Petersen law firm in Bucharest, Romania, and from 1990 to August 1992 as Associate Counsel with the Hillis Clark Martin & Peterson law firm in Seattle, Washington.

Randy L. Kotler became our Vice President and Chief Accounting Officer on June 25, 2002. Prior to joining TOUSA, Mr. Kotler spent 13 years in public accounting, including the last five with Ernst & Young LLP in its Real Estate Group. Mr. Kotler is a certified public accountant.

Harry Engelstein became an Executive Vice President of TOUSA Homes, Inc. on February 3, 2003. Mr. Engelstein began his career in homebuilding in Montreal, Canada, in 1960, as a contractor. In 1979, he moved to Florida to help form Engle Homes. In 1992, Engle Homes went public, and Mr. Engelstein, as Executive Vice President, managed the South Florida Division.

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J. Eric Rome became an Executive Vice President of TOUSA Homes, Inc. on February 3, 2003. Mr. Rome joined Newmark Homes in 1983 and has held various management positions, including serving as Chief Operating Officer of Newmark and as President of Newmark Homes Texas and Tennessee Divisions.

Mark R. Upton became an Executive Vice President of TOUSA Homes, Inc. on February 3, 2003. Mr. Upton served as President of Engle Homes/ Arizona, Inc. since 1997 and has spent 25 years in the homebuilding business. Prior to joining Engle Homes, Mr. Upton was Executive Vice President of UDC Homes and had regional responsibility for various operating divisions. Before UDC, he held various management positions with Ryan Homes.

AUDIT COMMITTEE REPORT

For the fiscal year 2003, the Audit Committee operated under a written charter adopted by our Board of Directors, and on February 3, 2004, our Board of Directors adopted an amended and restated Audit Committee charter, a copy of which is attached as Appendix A to this Proxy Statement. The Audit Committee members' responsibilities and functions are not intended to duplicate or to certify the activities of management and the independent certified public accountants. The Audit Committee oversees our financial reporting process on behalf of our Board of Directors. Our management has the primary responsibility for the financial statements and reporting process, including our systems of internal controls.

During fiscal year 2003, at each of its meetings, the Audit Committee met with the senior members of the Company's financial management team, the Company's General Counsel, and our independent certified public accountants. In addition, the Company hired a Director of Internal Audit during 2003 who attends all Audit Committee meetings and regularly meets in private session with the Audit Committee. The committee agenda is established by the Audit Committee's Chairman and the Company's General Counsel. The Audit Committee had private sessions with the Company's independent certified public accountants, at which candid discussions of financial management, accounting, and internal control issues took place.

The Audit Committee approved the engagement of Ernst & Young LLP as our independent certified public accountants for the year ended December 31, 2003 and reviewed with the Company's senior financial management and the independent certified public accountants overall audit scope and plans, the results of audit examinations, evaluations by the auditors of the Company's internal controls, and the quality of the Company's financial reporting.

The Audit Committee held meetings on February 3 and February 9, 2004, and took the following actions regarding our 2003 audited financial statements:

reviewed and discussed the 2003 audited consolidated financial statements with our management; this included a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant accounting judgments and estimates, and the clarity of disclosures in the financial statements. In addressing the quality of management's accounting judgments, members of the Audit Committee asked for management's representations and reviewed certifications prepared by the Chief Executive Officer and Chief Financial Officer that the consolidated financial statements of the Company present fairly, in all material respects, the financial position and results of operations of the Company;

discussed with the independent certified public accountants, Ernst & Young LLP, matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees;

received the written disclosures and the letter from Ernst & Young LLP required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and discussed with Ernst & Young LLP its independence; and

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in reliance on the reviews and discussions referred to above, the Audit Committee recommended to our Board of Directors, and our Board has approved, that the audited consolidated financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2003 for filing with the Commission.

This report furnished by the Audit Committee of our Board of Directors.

Messrs. Hasler, Horner, and Poulos

The report of the Audit Committee and the performance graph on page 21 shall not be deemed to be soliciting material or to be filed with the Commission, nor shall this information be incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (the Acts), except to the extent that Technical Olympic USA, Inc. specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information at March 26, 2004 regarding beneficial ownership of our common stock by

each person (or group of affiliated persons) who we know to beneficially own more than 5% of the outstanding shares of our common stock;

each of our current directors, our director nominee, our Chief Executive Officer and four other most highly paid executive officers; and

all of our current executive officers and directors as a group.

The percentage of beneficial ownership is based on 29,895,837 shares of our common stock outstanding on March 26, 2004.

This table is based on information supplied to us by our executive officers, directors, and principal stockholder.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent Owned(1)
Technical Olympic S.A.(2)	22,103,787	73.94%
Bricoleur Capital Management LLC(3)	1,715,397	5.74%
Konstantinos Stengos	25,000	*
Antonio B. Mon	930,868(4)	3.02%
Andreas Stengos		
George Stengos		
Larry D. Horner	7,846	*
William A. Hasler	8,378(5)	*
Michael J. Poulos	3,922	*
Lonnie M. Fedrick	46,822	*
Yannis Delikanakis	477,000(4)	1.57%
Marianna Stengou	10,000	*
Tommy L. McAden	232,718(4)	*
Harry Engelstein	4,000(4)	*
J. Eric Rome	19,000(6)	*
Mark R. Upton	10,000(4)	*
All directors and executive officers as a group (15 persons)	1,780,554(7)	5.64%

* Less than one percent.

Except as otherwise indicated, the address of each person named in this table is c/o Technical Olympic USA, Inc., 4000 Hollywood Boulevard, Suite 500 N, Hollywood, Florida 33021.

- (1) The amounts and percentage of common stock beneficially owned are reported on the basis of regulations of the Commission. Under the rules of the Commission, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or direct the voting of the security, or investment power, which includes the power to dispose of or direct the disposition of the security. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. In addition, in determining the number and percentage of shares beneficially owned by each person pursuant to options exercisable within 60 days after March 26, 2004, shares issuable upon exercise of such options are deemed outstanding for purposes of determining the total number outstanding for such person and

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are not deemed outstanding for such purpose for all other stockholders. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he has no economic interest.

- (2) The principal business address of Technical Olympic S.A. is 20 Solomou Street, Alimos, Athens, Greece, 17456. Mr. Konstantinos Stengos owns more than 5% of the outstanding stock of Technical Olympic S.A.
- (3) The principal business address of Bricoleur Capital Management (Bricoleur) is 12230 El Camino Real, Suite 100, San Diego, California 92130. This number is based solely on the Schedule 13G filed with the Commission on February 10, 2004. According to the Schedule 13G, Bricoleur has shared voting power and shared dispositive power with respect to all of the referenced shares.
- (4) Consists solely of shares issuable upon exercise of stock options that have already vested or will vest within 60 days.
- (5) Includes 7,018 shares issuable upon exercise of stock options that have already vested or will vest within 60 days.
- (6) Includes 10,000 shares issuable upon exercise of stock options that have already vested or will vest within 60 days.
- (7) Includes 1,686,604 shares issuable upon exercise of stock options that have already vested or will vest within 60 days.

Table of Contents**EXECUTIVE COMPENSATION**

The following table presents certain summary information concerning compensation earned for services rendered in all capacities by the individual who served as Chief Executive Officer of the Company during 2003, as well as our other four most highly compensated executive officers (the Named Executive Officers) whose total annual salary and bonus exceeded \$100,000 during the fiscal year ended December 31, 2003.

Name and Principal Position	Year	Annual Compensation			Long Term Compensation Awards	
		Salary(\$)	Bonus(\$)	Other Annual Compensation(\$)	Securities Underlying Options(#)	All Other Compensation(\$)
Antonio B. Mon	2003	896,700	2,500,000	117,239(1)		111,636(2)
Chief Executive Officer,	2002	828,333	2,394,700	61,644(1)	1,756,364	111,636(2)
President, and Director	2001			*		
Tommy L. McAden	2003	418,000	625,000	*		
Vice President	2002	395,833	550,000	*	439,091	
Finance and Administration,	2001			*		
Chief Financial Officer,						
and Treasurer						
Harry Engelstein	2003	445,000	1,019,064	*	50,000(3)	
Executive Vice President	2002	415,000	969,064	*		
TOUSA Homes	2001	385,000	902,948	*		
J. Eric Rome	2003	420,000	1,000,000	*	50,000	
Executive Vice President	2002	408,846	800,000	*		
TOUSA Homes	2001	350,000	479,640	*		
Mark R. Upton	2003	420,000	1,000,000	*	50,000	
Executive Vice President	2002	239,850	696,927	*		
TOUSA Homes	2001	234,000	791,981	*		

* Value of perquisites and other personal benefits does not exceed the lesser of \$50,000 or 10% of the total of annual salary and bonus reported for the Named Executive Officer.

- (1) This amount represents an automobile allowance, use of a corporate apartment, and tax gross-up payments.
- (2) This amount represents premiums paid for life insurance policies, including tax gross-up payments.
- (3) This number represents 20,000 options granted in March 2003 and 30,000 options granted in March 2004 that relate to services rendered by Mr. Engelstein during fiscal year 2003.

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Stock Option Grants and Exercises

The following table provides certain information concerning individual grants of stock options under our Annual and Long-Term Incentive Plan made during the year ended December 31, 2003 to the Named Executive Officers:

Option Grants in Last Fiscal Year

Name	Number of Securities Underlying Options Granted(#)	Percent of Total Options Granted To Employees In Fiscal Year	Exercise or Base Price (\$/Sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
					5%(\$)	10%(\$)
Antonio B. Mon						