

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

THE CITY OF HIALEAH EMPLOYEES’)	Civ. Action No. 07-1513
RETIREMENT SYSTEM and LABORERS)	
PENSION TRUST FUND FOR NORTHERN)	
CALIFORNIA, On Behalf of Themselves and All)	
Others Similarly Situated,)	The Honorable C. Darnell Jones II
)	
Plaintiffs,)	NOTICE OF PENDENCY AND PROPOSED
)	SETTLEMENT OF CLASS ACTION AND
vs.)	MOTION FOR AWARD OF ATTORNEYS’
)	FEES AND EXPENSES
TOLL BROTHERS, INC., et al.,)	
)	
Defendants.)	
)	

TO: ALL PERSONS WHO PURCHASED OR ACQUIRED TOLL BROTHERS, INC. (“TOLL BROTHERS”) COMMON STOCK BEGINNING DECEMBER 9, 2004 THROUGH AND INCLUDING NOVEMBER 8, 2005

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. PLEASE NOTE THAT IF YOU ARE A SETTLEMENT CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE (“PROOF OF CLAIM”) POSTMARKED ON OR BEFORE MARCH 16, 2011.

IF YOU DO NOT WISH TO BE INCLUDED IN THE SETTLEMENT CLASS AND YOU DO NOT WISH TO PARTICIPATE IN THE PROPOSED SETTLEMENT DESCRIBED IN THIS NOTICE, YOU MAY REQUEST TO BE EXCLUDED. TO DO SO, YOU MUST SUBMIT A WRITTEN REQUEST FOR EXCLUSION THAT MUST BE POSTMARKED ON OR BEFORE DECEMBER 20, 2010.

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Eastern District of Pennsylvania (the “Court”). The purpose of this Notice is to inform you of the pendency and proposed settlement of this class action litigation and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement. This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Litigation or the merits of the claims or defenses asserted. This Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement and this class action litigation.

The proposed Settlement creates a fund in the amount of \$25,000,000.00 in cash (the “Settlement Amount”) and will include interest that accrues on the fund prior to distribution (the “Settlement Fund”). Your recovery from this fund will depend on a number of variables, including the number of shares of Toll Brothers common stock you purchased or acquired during the period beginning December 9, 2004 through and including November 8, 2005 and the timing of your purchases, acquisitions, and any sales. Lead Counsel estimate that if claims are made representing 100% of the number of shares entitled to participate in a distribution from the Net Settlement Fund, the average distribution per share will be approximately \$0.28 before deduction of Court-approved fees and expenses. Typically,

claims for less than 100% of eligible shares are submitted to the Claims Administrator and, thus, average distributions are higher than that estimated above. Lead Plaintiffs and Defendants do not agree on the average amount of damages per share that would be recoverable if the Lead Plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include: (1) the amount by which Toll Brothers common stock was allegedly artificially inflated (if at all) during the Settlement Class Period; (2) the effect of various market forces influencing the trading price of Toll Brothers common stock at various times during the Settlement Class Period; (3) the extent to which external factors, such as general market and industry conditions, influenced the trading price of Toll Brothers common stock at various times during the Settlement Class Period; (4) the extent to which the various matters that Lead Plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of Toll Brothers common stock at various times during the Settlement Class Period; (5) the extent to which the various allegedly adverse material facts that Lead Plaintiffs alleged were omitted influenced (if at all) the trading price of Toll Brothers common stock at various times during the Settlement Class Period; and (6) whether the statements made or facts allegedly omitted were material, false, misleading or otherwise actionable under the securities laws.

The Lead Plaintiffs believe that the proposed Settlement is a good recovery and is in the best interests of the Settlement Class. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that the putative class would not have prevailed on any of its claims, in which case the putative class would receive nothing. The amount of damages recoverable by the putative class was and is challenged by the Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the Litigation gone to trial, Defendants would have asserted that all or most of the losses of putative class members were caused by non-actionable market, industry or general economic factors. Defendants would also assert that throughout the putative class period the uncertainties and risks associated with the purchase of Toll Brothers common stock were fully and adequately disclosed.

Lead Plaintiffs' counsel have not received any payment for their services in conducting this Litigation on behalf of the Lead Plaintiffs and the Members of the Settlement Class, nor have they been paid their expenses. If the Settlement is approved by the Court, counsel for the plaintiffs will apply to the Court for attorneys' fees of 25% of the Settlement Amount plus expenses not to exceed \$750,000, plus interest thereon, to be paid from the Settlement Fund. If the amount requested is approved by the Court, the average cost per share will be \$0.08. In addition, the two Lead Plaintiffs may seek payment of their expenses (including lost wages) incurred in prosecuting the Litigation on behalf of the Settlement Class in an amount not to exceed \$10,000 each.

For further information regarding this Settlement you may contact a representative of Lead Counsel: Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 W. Broadway, Suite 1900, San Diego, CA 92101, Telephone: 800/449-4900; Sherrie R. Savett, Berger & Montague, P.C., 1622 Locust Street, Philadelphia, PA 19103, Telephone: 215/875-3000.

I. NOTICE OF HEARING ON PROPOSED SETTLEMENT

A settlement hearing will be held on February 24, 2011, at 10:00 a.m., before the Honorable C. Darnell Jones, II, United States District Judge, at the James A. Byrne United States Courthouse, 601 Market Street, Philadelphia, PA (the "Settlement Hearing"). The purpose of the Settlement Hearing will be to determine: (1) whether the Settlement consisting of \$25,000,000.00 in cash should be approved as fair, reasonable, and adequate to the Settlement Class; (2) whether the proposed plan to distribute the settlement proceeds (the "Plan of Allocation") is fair, reasonable, and adequate; and (3) whether the application by Lead Counsel for an award of attorneys' fees and expenses and payment of the expenses of the Lead Plaintiffs should be approved. The Court may adjourn or continue the Settlement Hearing without further notice to the Settlement Class.

II. DEFINITIONS USED IN THIS NOTICE

1. "Authorized Claimant" means any Settlement Class Member whose claim for recovery has been allowed pursuant to the terms of the Stipulation.
2. "Claims Administrator" means The Garden City Group, Inc.
3. "Defendants" means Toll Brothers and the Individual Defendants.
4. "Individual Defendants" means Bruce E. Toll, Robert I. Toll, Zvi Barzilay, Robert S. Blank, Richard Braemer, Paul E. Shapiro, Carl B. Marbach, and Joseph R. Sicree.

5. "Lead Counsel" means Robbins Geller Rudman & Dowd LLP (formerly known as Coughlin Stoya Geller Rudman & Robbins LLP), or its successor(s), Keith F. Park, Spencer A. Burkholz, 655 W. Broadway, Suite 1900, San Diego, CA 92101; and Berger & Montague, P.C., or its successor(s), Sherrie R. Savett, Barbara A. Podell, Russell D. Paul, 1622 Locust Street, Philadelphia, PA 19103.

6. "Lead Plaintiffs" means The City of Hialeah Employees' Retirement System and Laborers Pension Trust Fund for Northern California.

7. "Person" means any individual, corporation, limited liability company, professional corporation, limited liability partnership, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

8. "Plan of Allocation" means a plan or formula of allocation of the Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses of notice and administration of the Settlement, Taxes and Tax Expenses, and such attorneys' fees, costs, expenses, and interest, as well as Lead Plaintiffs' expenses, if any, as may be awarded by the Court. Any Plan of Allocation is not part of the Stipulation and neither the Defendants nor their Related Parties shall have any responsibility or liability with respect thereto.

9. "Related Parties" means any and all of Defendants' respective present, former and future officers, directors, employees, managers, members, managing members, fiduciaries, managing directors, agents, managing agents, attorneys, legal counsel, advisors, consultants, insurers, co-insurers, reinsurers, accountants, auditors, trustees, underwriters, financial advisors, commercial bank lenders, investment bankers, associates, representatives, affiliates, parents, subsidiaries, partnerships, member firms, partners, joint ventures, limited liability companies, corporations, divisions, shareholders, principals, trusts, foundations, family members, beneficiaries, distributors, heirs, executors, personal representatives, estates, administrators, predecessors, successors and assigns, and their respective former, current and future direct or indirect equity holders, controlling persons, stockholders, general or limited partners or partnerships, or assignees and including, but not limited to, any directors, officers, agents, partners, members, managers, or employees of any of the foregoing.

10. "Released Plaintiffs' Claims" shall collectively mean any and all actions, claims, debts, demands, causes of action and rights and liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses, or liability whatsoever), in law or in equity, of whatever kind or nature, whether known or unknown, suspected or unsuspected, fixed or contingent, against Defendants and their corresponding Released Persons, belonging to Lead Plaintiffs and/or any or all Settlement Class Members (whether or not such Settlement Class Member executes and delivers the Proof of Claim and Release) and their present or past heirs, executors, estates, administrators, predecessors, successors, assigns, parents, subsidiaries, associates, affiliates, employers, employees, agents, insurers, reinsurers, directors, managing directors, officers, partners, principals, members, managing members, attorneys, financial and other advisors, investment bankers, underwriters, lenders, and any other representatives of any of these persons and entities, including, without limitation, any claims, causes of action and rights, whether direct, representative or in any other capacity, arising under federal, state, local or foreign, statutory or common law or any other law, rule or regulation, including the law of any foreign jurisdiction, that relate in any way to any violation of state, federal, or any foreign jurisdiction's securities laws, any misstatement, omission, or disclosure, any breach of duty, any negligence or fraud, or any other alleged wrongdoing or misconduct by Defendants and/or the corresponding Released Persons, including both known claims and Unknown Claims (as defined in paragraph 16 below), in connection with, arising out of, related to, based upon, in whole or in part, directly or indirectly, both the purchase or other acquisition of Toll Brothers common stock during the Settlement Class Period and any allegation, transaction, fact, matter, event, occurrence, representation, action, disclosure, statement, omission, or failure to act and/or to supervise Toll Brothers' officers or employees that was alleged, involved, set forth, referred to, or that could have been alleged in the Action.

11. "Released Persons" means each and all of the Defendants and their Related Parties.

12. "Settling Parties" means, collectively, each of the Defendants and Lead Plaintiffs on behalf of themselves and each of the Settlement Class Members.

13. "Settlement Class," "Settlement Class Members" or "Members of the Settlement Class" mean all Persons who purchased or acquired Toll Brothers common stock during the period beginning December 9, 2004 through and including November 8, 2005. Excluded from the Settlement Class are: Defendants, and members of the families of each of the Individual Defendants; any parent, subsidiary, affiliate, partner, officer, executive or director of Toll Brothers during the Settlement Class Period in their capacity as such; any entity in which any such excluded

Person has a controlling interest or is a beneficiary and the legal representatives, heirs, successors and assigns of any such excluded party. Also excluded from the Settlement Class are any Settlement Class Members who timely and validly exclude themselves from the Settlement Class in accordance with the requirements set forth in this Notice.

14. "Settlement Class Period" means the period between December 9, 2004 and November 8, 2005, inclusive.

15. "Toll Brothers" means Toll Brothers, Inc.

16. "Unknown Claims" means any Released Plaintiffs' Claim which the Lead Plaintiffs or any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons, which, if known by him, her or it, would or might have affected his, her or its settlement with and release of the Released Persons, or would or might have affected his, her or its decision not to object to this Settlement; and any Released Defendants' Claim which any Defendant does not know or suspect to exist in his or its favor at the time of the release of the Released Persons, which, if known by him or it, would or might have affected his or its decision(s) with respect to the Settlement. Lead Plaintiffs or the Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Plaintiffs' Claims, but Lead Plaintiffs and the Settlement Class Members shall expressly, upon the Effective Date, be deemed to have, and by operation of the Final Judgment and Order shall have, fully, finally, and forever settled and released any and all Released Plaintiffs' Claims (including Unknown Claims, as defined herein), known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Likewise, Defendants may hereafter discover facts in addition to or different from those which he or it now knows or believes to be true with respect to the subject matter of the Released Defendants' Claims, but Defendants shall expressly waive, and by operation of the Final Judgment and Order shall have fully, finally, and forever settled and released any and all Released Defendants' Claims (including Unknown Claims, as defined herein), known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiffs and Defendants acknowledge, and the Settlement Class Members by operation of law shall be deemed by operation of the Final Judgment and Order to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Plaintiffs' Claims and Released Defendants' Claims was separately bargained for and was a key element of the Settlement, of which this release is a material and essential part, and expressly waive the benefits of (i) the provisions of §1542 of the California Civil Code, which provides that:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR,

and (ii) any and all provisions or rights conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542.

III. THE LITIGATION

In April 2007, a complaint was filed in the United States District Court for the Eastern District of Pennsylvania, seeking to bring claims against Defendants for alleged violations of the Securities Exchange Act of 1934 on behalf of all purchasers or acquirers of Toll Brothers common stock between December 9, 2004 and November 8, 2005, inclusive. By Order dated June 29, 2007, the Court appointed the Lead Plaintiffs, and approved Coughlin Stoia Geller Rudman & Robbins LLP and Berger & Montague, P.C. as Lead Counsel.¹

¹ On March 31, 2010, Coughlin Stoia Geller Rudman & Robbins LLP changed its name to Robbins Geller Rudman & Dowd LLP.

On August 13, 2007, Lead Plaintiffs filed an amended complaint (the “Complaint”) against Defendants contending, among other things, that Defendants made or were responsible for alleged misstatements or omissions during the Settlement Class Period relating to Toll Brothers.

On October 1, 2007, Defendants moved to dismiss the Complaint. Lead Plaintiffs opposed this motion on November 19, 2007. On September 2, 2008, the Court denied Defendants’ motion to dismiss. On October 29, 2008, Defendants answered the Complaint and moved for judgment on the pleadings, for reconsideration, and/or for certification for interlocutory appeal pursuant to 28 U.S.C. §1292(b). On September 21, 2009, the Court declined to grant Defendants’ motion for judgment on the pleadings or for reconsideration, but agreed to certify the case for immediate interlocutory appeal to the United States Court of Appeals for the Third Circuit. On November 3, 2009, the Third Circuit denied Defendants’ petition to appeal.

The Settling Parties have engaged in class certification briefing and discovery. Both Lead Plaintiffs and their investment advisors during the Settlement Class Period, as well as Lead Plaintiffs’ economics expert, have been deposed by Defendants. On May 14, 2010, Lead Plaintiffs filed their opening class certification brief. Defendants’ opposition brief was filed on June 15, 2010. The Settling Parties reached an agreement-in-principle to settle the Litigation before Lead Plaintiffs’ reply brief in support of class certification was due.

IV. CLAIMS OF THE LEAD PLAINTIFFS AND BENEFITS OF SETTLEMENT

The Lead Plaintiffs believe that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims. However, the Lead Plaintiffs and their counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against the Defendants through trial and through appeals. The Lead Plaintiffs and their counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Litigation, as well as the difficulties and delays inherent in such litigation. The Lead Plaintiffs and their counsel also are mindful of the inherent problems of proof under and possible defenses to the securities law violations asserted in the Litigation. The Lead Plaintiffs and their counsel believe that the Settlement set forth in the Stipulation confers substantial benefits upon the Settlement Class. Based on their evaluation, the Lead Plaintiffs and their counsel have determined that the Settlement set forth in the Stipulation is in the best interests of the Lead Plaintiffs and the Settlement Class.

V. NO ADMISSION OF WRONGDOING BY DEFENDANTS

Defendants have denied and continue to deny each and all of the claims alleged by the Lead Plaintiffs in the Litigation. Defendants expressly have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. Defendants also have denied and continue to deny, *inter alia*, the allegations that the Lead Plaintiffs or the Settlement Class have suffered damage, that the price of Toll Brothers common stock was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise, or that the Lead Plaintiffs or the Settlement Class were harmed by the conduct alleged in the Complaint and the Defendants believe that the evidence developed to date supports their positions.

Nonetheless, Defendants have concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Litigation. Defendants have, therefore, determined that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in the Stipulation.

VI. TERMS OF THE PROPOSED SETTLEMENT

Defendants’ insurers have paid or caused to be paid into an escrow account, pursuant to the terms of the Stipulation of Settlement dated October 25, 2010 (the “Stipulation”), cash in the amount of \$25,000,000.00 which has been earning and will continue to earn interest for the benefit of the Settlement Class. In exchange for such payment, the Released Claims will be released, discharged, and dismissed with prejudice as against each of the Released Persons.

A portion of the settlement proceeds will be used for certain administrative expenses, including costs of printing and mailing this Notice, the cost of publishing a newspaper notice, payment of any taxes assessed against the Settlement Fund and costs associated with the processing of claims submitted. In addition, as explained below, a portion of the Settlement Fund may be awarded by the Court to counsel for plaintiffs as attorneys' fees and expenses and the Lead Plaintiffs' expenses. The balance of the Settlement Fund (the "Net Settlement Fund") will be distributed according to the Plan of Allocation described below to Settlement Class Members who submit valid and timely Proof of Claim forms.

VII. THE RIGHTS OF SETTLEMENT CLASS MEMBERS

If you are a Settlement Class Member, you may receive the benefit of and you will be bound by the terms of the proposed Settlement described in Section VI of this Notice, upon approval of it by the Court.

If you are a Settlement Class Member, you have the following options:

1. You may file a Proof of Claim as described below. If you choose this option, you will remain a Settlement Class Member, you will share in the proceeds of the proposed Settlement if your claim is timely and valid and if the proposed Settlement is finally approved by the Court, and you will be bound by the Judgment and release described below.

2. If you do not wish to be included in the Settlement Class and you do not wish to participate in the proposed Settlement described in this Notice, you may request to be excluded. To do so, you must submit a written request for exclusion that must be postmarked on or before December 20, 2010. You must set forth: (a) your name, address, and telephone number; (b) the number of shares of Toll Brothers common stock purchased or acquired and the number of shares sold during the Settlement Class Period and the dates and prices of such purchase(s), acquisition(s), and/or sale(s); and (c) that you wish to be excluded from the Settlement Class. The exclusion request should be addressed as follows:

Toll Brothers Securities Litigation
Claims Administrator
c/o The Garden City Group, Inc.
P.O. Box 9637
Dublin, OH 43017-4937

NO REQUEST FOR EXCLUSION WILL BE CONSIDERED VALID UNLESS ALL OF THE INFORMATION DESCRIBED ABOVE IS INCLUDED IN ANY SUCH REQUEST.

If you timely and validly request exclusion from the Settlement Class, (a) you will be excluded from the Settlement Class, (b) you will not share in the proceeds of the Settlement described herein, (c) you will not be bound by any judgment entered in the Litigation, and (d) you will not be precluded, by reason of your decision to request exclusion from the Settlement Class, from otherwise prosecuting an individual claim, if timely, against Defendants based on the matters complained of in the Litigation.

3. If you do not request in writing to be excluded from the Settlement Class, as set forth in paragraph 2 above, you will be bound by any and all determinations or judgments in the Litigation in connection with the Settlement entered into or approved by the Court, whether favorable or unfavorable to the Settlement Class, and you shall be deemed to have, and by operation of the Judgment shall have, fully released all of the Released Claims against the Released Persons, whether or not you submit a valid Proof of Claim.

4. You may object to the Settlement, the Plan of Allocation, and/or the application of Lead Counsel or Lead Plaintiffs for an award of attorneys' fees and expenses in the manner set forth below. The filing of a Proof of Claim by a Settlement Class Member does not preclude a Settlement Class Member from objecting to the Settlement. However, if your objection is rejected you will be bound by the Settlement and the Judgment just as if you had not objected.

5. You may do nothing at all. If you choose this option, you will not share in the proceeds of the Settlement, but you will be bound by any judgment entered by the Court, and you shall be deemed to have, and by operation of the Judgment shall have, fully released all of the Released Claims against the Released Persons.

If you are a Settlement Class Member, you may, but are not required to, enter an appearance through counsel of your own choosing at your own expense. If you do not do so, you will be represented by Lead Counsel: Robbins Geller Rudman & Dowd LLP, Keith F. Park, Spencer A. Berkholz, 655 W. Broadway, Suite 1900, San Diego, CA 92101 and Berger & Montague, P.C., Sherrie R. Savett, Barbara A. Podell, and Russell D. Paul, 1622 Locust Street, Philadelphia, PA 19103.

VIII. PLAN OF ALLOCATION

The Net Settlement Fund will be distributed to Settlement Class Members who submit valid, timely Proof of Claim forms (“Authorized Claimants”) under the Plan of Allocation described below. The Plan of Allocation provides that you will be eligible to participate in the distribution of the Net Settlement Fund only if you have a net loss on all transactions in Toll Brothers common stock during the Settlement Class Period.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Lead Counsel have consulted with their damage experts and the Plan of Allocation reflects an assessment of the damages that they believe could have been recovered had Lead Plaintiffs prevailed at trial.

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant’s claim, as defined below. If, however (and as is more likely), the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant’s claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

A “claim” will be calculated as follows:

1. For shares of Toll Brothers common stock that were ***purchased or acquired from December 9, 2004 through November 7, 2005***, and
 - (a) ***sold prior to November 8, 2005***, the claim per share is \$0;
 - (b) ***sold from November 8, 2005 through February 3, 2006***, the claim per share is the lesser of:
 - (i) \$3.17 per share,
 - (ii) the purchase price per share less the sales price per share, or
 - (iii) the purchase price per share less the average closing price per share from November 8, 2005 through the date of the sale as set forth in the table below;
 - (c) ***retained at the end of February 3, 2006***, the claim per share is the lesser of:
 - (i) \$3.17 per share, or
 - (ii) the purchase price per share less \$35.53 per share (the 90-day average closing price following the Settlement Class Period).
2. For shares of Toll Brothers common stock that were ***purchased or acquired on November 8, 2005***, the claim per share is \$0.

PSLRA 90-Day Look-Back Table

Date	Closing Price	Average Closing Price
11/8/2005	\$33.91	\$33.91
11/9/2005	\$33.72	\$33.82
11/10/2005	\$34.33	\$33.99
11/11/2005	\$34.18	\$34.04
11/14/2005	\$33.75	\$33.98
11/15/2005	\$33.62	\$33.92
11/16/2005	\$34.17	\$33.95
11/17/2005	\$35.59	\$34.16
11/18/2005	\$34.09	\$34.15
11/21/2005	\$35.24	\$34.26
11/22/2005	\$35.57	\$34.38
11/23/2005	\$36.19	\$34.53
11/25/2005	\$36.55	\$34.69
11/28/2005	\$35.01	\$34.71
11/29/2005	\$34.44	\$34.69
11/30/2005	\$34.40	\$34.67
12/1/2005	\$35.20	\$34.70
12/2/2005	\$35.63	\$34.76
12/5/2005	\$35.46	\$34.79
12/6/2005	\$35.36	\$34.82
12/7/2005	\$34.30	\$34.80
12/8/2005	\$35.55	\$34.83
12/9/2005	\$35.20	\$34.85
12/12/2005	\$35.73	\$34.88
12/13/2005	\$36.52	\$34.95
12/14/2005	\$37.94	\$35.06
12/15/2005	\$37.62	\$35.16
12/16/2005	\$37.35	\$35.24
12/19/2005	\$36.24	\$35.27
12/20/2005	\$35.97	\$35.29
12/21/2005	\$35.33	\$35.30
12/22/2005	\$35.69	\$35.31
12/23/2005	\$35.50	\$35.31
12/27/2005	\$35.86	\$35.33
12/28/2005	\$35.82	\$35.34
12/29/2005	\$35.27	\$35.34
12/30/2005	\$34.64	\$35.32
1/3/2006	\$36.45	\$35.35
1/4/2006	\$35.94	\$35.37
1/5/2006	\$36.78	\$35.40
1/6/2006	\$37.23	\$35.45

PSLRA 90-Day Look-Back Table

Date	Closing Price	Average Closing Price
1/9/2006	\$39.52	\$35.54
1/10/2006	\$39.83	\$35.64
1/11/2006	\$39.90	\$35.74
1/12/2006	\$38.21	\$35.80
1/13/2006	\$37.74	\$35.84
1/17/2006	\$37.03	\$35.86
1/18/2006	\$36.60	\$35.88
1/19/2006	\$35.94	\$35.88
1/20/2006	\$35.18	\$35.87
1/23/2006	\$34.82	\$35.85
1/24/2006	\$34.61	\$35.82
1/25/2006	\$34.02	\$35.79
1/26/2006	\$34.71	\$35.77
1/27/2006	\$34.72	\$35.75
1/30/2006	\$34.71	\$35.73
1/31/2006	\$34.00	\$35.70
2/1/2006	\$32.96	\$35.65
2/2/2006	\$31.81	\$35.59
2/3/2006	\$32.18	\$35.53

The date of purchase or sale is the “contract” or “trade” date as distinguished from the “settlement” date.

For Settlement Class Members who held shares at the beginning of the Settlement Class Period or made multiple purchases, acquisitions or sales during the Settlement Class Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases, acquisitions, and sales for purposes of calculating a claim. Under the FIFO method, sales of common stock during the Settlement Class Period will be matched, in chronological order, first against common stock held at the beginning of the Settlement Class Period. The remaining sales of common stock during the Settlement Class Period will then be matched, in chronological order, against common stock purchased or acquired during the Settlement Class Period.

A Settlement Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Settlement Class Member had a net loss, after all profits from transactions in Toll Brothers common stock during the Settlement Class Period are subtracted from all losses. However, the proceeds from sales of common stock which have been matched against common stock held at the beginning of the Settlement Class Period will not be used in the calculation of such net loss. No distributions will be made to Settlement Class Members who would otherwise receive less than \$10.00.

The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Settlement Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim of any kind against the Defendants or their Related Parties with respect to the investment or distribution of the Settlement Fund. No Person shall have any claim against Lead Plaintiffs, Lead Counsel or any claims administrator or other person designated by Lead Counsel based on distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. All Settlement Class Members who fail to complete and file a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulation, including the terms of any judgment entered and the releases given.

IX. PARTICIPATION IN THE SETTLEMENT

TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY COMPLETE AND RETURN THE PROOF OF CLAIM FORM THAT ACCOMPANIES THIS NOTICE. The Proof of Claim must be postmarked on or before March 16, 2011, and delivered to the Claims Administrator at the address in Section XIV below. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Stipulation and the Judgment.

X. DISMISSAL AND RELEASES

If the proposed Settlement is approved, the Court will enter a Final Judgment and Order of Dismissal with Prejudice (“Judgment”). The Judgment will dismiss the Released Claims with prejudice as to all Defendants. The Judgment will provide that all Settlement Class Members shall be deemed to have released and forever discharged all Released Claims against all Released Persons and that the Released Persons shall be deemed to have released and discharged all Settlement Class Members and counsel to the Lead Plaintiffs from all claims arising out of the institution, prosecution, and settlement of the Litigation or the Released Claims.

XI. APPLICATION FOR FEES AND EXPENSES

At the Settlement Hearing, counsel for plaintiffs will request the Court to award attorneys’ fees of 25% of the Settlement Amount, plus expenses, not to exceed \$750,000, which were incurred in connection with the Litigation, plus interest thereon. In addition, the Lead Plaintiffs will seek an award of their expenses (including lost wages) incurred in representing the Settlement Class in the Litigation, not to exceed \$10,000 each. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

To date, Lead Plaintiffs’ counsel have not received any payment for their services in conducting this Litigation on behalf of the Lead Plaintiffs and Members of the Settlement Class, nor have counsel been paid their expenses. The fee requested by Lead Plaintiffs’ counsel will compensate counsel for their efforts in achieving the Settlement Fund for the benefit of the Settlement Class, and for their risk in undertaking this representation on a wholly contingent basis. The fee requested is well within the range of fees awarded to plaintiffs’ counsel under similar circumstances in other litigation of this type.

XII. CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, among other things: (1) entry of the Judgment by the Court, as provided for in the Stipulation; and (2) expiration of the time to appeal from or alter or amend the Judgment. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might be terminated and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions as of July 11, 2010.

XIII. THE RIGHT TO BE HEARD AT THE HEARING

Any Settlement Class Member who timely and validly files a written objection to any aspect of the Settlement, the Plan of Allocation, or the application for attorneys’ fees and expenses, may appear and be heard at the Settlement Hearing. Any such Person must submit a written notice of objection, received on or before December 20, 2010, to each of the following:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA
JAMES A. BYRNE UNITED STATES COURTHOUSE
601 Market Street
Philadelphia, PA 19106

Lead Counsel for Plaintiffs:

ROBBINS GELLER RUDMAN
& DOWD LLP
KEITH F. PARK
655 West Broadway, Suite 1900
San Diego, CA 92101

BERGER & MONTAGUE, P.C.
SHERRIE R. SAVETT
1622 Locust Street
Philadelphia, PA 19103

Counsel for Defendants:

DAVIS POLK & WARDWELL LLP
EDMUND POLUBINSKI III
450 Lexington Avenue
New York, NY 10017

SKADDEN ARPS, SLATE,
MEAGHER & FLOM LLP
CHRISTOPHER P. MALLOY
4 Times Square
New York, NY 10036

The notice of objection must demonstrate the objecting Person's membership in the Settlement Class, including the number of Toll Brothers common stock shares purchased or acquired and sold during the Settlement Class Period and contain a statement of the reasons for objection. Only Members of the Settlement Class who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

XIV. SPECIAL NOTICE TO NOMINEES

If you hold any Toll Brothers common stock purchased or acquired during the Settlement Class Period as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice and the Proof of Claim by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Toll Brothers Securities Litigation
Claims Administrator
c/o The Garden City Group, Inc.
P.O. Box 9637
Dublin, OH 43017-4937

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and Proof of Claim and which would not have been incurred but for the obligation to forward the Notice and Proof of Claim, upon submission of appropriate documentation to the Claims Administrator.

XV. EXAMINATION OF PAPERS

This Notice is a summary and does not describe all of the details of the Stipulation. For full details of the matters discussed in this Notice, you may review the Stipulation filed with the Court, which may be inspected during business hours, at the office of the Clerk of the Court, United States District Court, Eastern District of Pennsylvania, James A. Byrne United States Courthouse, 601 Market Street, Philadelphia, Pennsylvania or at www.gardencitygroup.com.

If you have any questions about the settlement of the Litigation, you may contact Lead Counsel by writing:

ROBBINS GELLER RUDMAN & DOWD LLP
KEITH F. PARK
655 W. Broadway, Suite 1900
San Diego, CA 92101

or

BERGER & MONTAGUE, P.C.
SHERRIE R. SAVETT
1622 Locust Street
Philadelphia, PA 19103

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

DATED: November 3, 2010

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA