

TOLL BROTHERS, INC.

CODE OF ETHICS AND BUSINESS CONDUCT

TABLE OF CONTENTS

| | |
|--|-----------|
| GENERAL GUIDELINES..... | 1 |
| I. CONFLICTS OF INTEREST | 2 |
| II. RECEIPT OF GIFTS, GRATUITIES AND ENTERTAINMENT GUIDELINES | 4 |
| III. CONFIDENTIAL INFORMATION..... | 7 |
| IV. ANTITRUST LAWS | 10 |
| V. MARKETING..... | 11 |
| VI. PURCHASING..... | 12 |
| VII. POLITICAL CONTRIBUTIONS..... | 12 |
| VIII. EMPLOYMENT RELATED MATTERS..... | 14 |
| IX. SAFETY AND ENVIRONMENTAL LAWS..... | 16 |
| X. REPORTING POSSIBLE ACCOUNTING AND AUDITING CONCERNS | 16 |
| XI. OTHER LAWS | 17 |
| XII. YOUR OBLIGATIONS; PROCEDURES | 17 |

TOLL BROTHERS CODE OF ETHICS AND BUSINESS CONDUCT

GENERAL GUIDELINES

A business enterprise is usually thought of in strictly economic terms. But it is more realistically, and more importantly, an institution of people. As such, a business has certain legal, moral and ethical obligations, as well as economic responsibilities. It must conform to law and to certain generally accepted customs, practices and values. Consequently, Toll Brothers is publishing this Code of Ethics and Business Conduct (the "Code") in order to provide you with guidelines to govern your conduct as a representative of Toll Brothers.

Our policy starts with these general principles:

- There should be no conflict between attention to profit and attention to ethics. In fact, the two should go hand in hand. Toll Brothers will prosper most in an environment that is fair, open and ethically sound. As you contribute to such an environment, you will also contribute to the good health of Toll Brothers.

- No code of conduct can hope to spell out the appropriate ethical behavior for every situation with which you will be confronted. As a result, the cornerstone of this Code is based on honesty, disclosure and communication. The Company strongly encourages employees to communicate with their supervisors (or the personnel listed below) regarding possible violations of this Code or regarding any questions they may have with respect to the meaning or applicability of the Code. In some circumstances, reporting of illegal actions, unethical behavior or prohibited activities is expressly required by the Code. Generally, this report should be made **immediately** to any of the following personnel: (i) the Regional President, Group President or Division President in charge of your division or the Senior Vice President in charge of your department, (ii) the Vice President or Senior Vice President of Human Resources at 215.938.8066 or 215.938.8035, or (iii) any attorney in the Legal Department at 215.938.8006. You may also send a fax to the Human Resources Department at 215.938.8291 or to the Legal Department at 215.938.8255. Any manager made aware of a violation or possible violation of this Code **must immediately** notify either the Human Resources Department or Legal Department. Whether expressly required or not, where you have some doubt or some question whether an action is or might be in violation of this Code, you should bring the matter to the attention of your supervisor or the other parties mentioned above. To the fullest extent possible, all inquiries will be kept confidential. No code of conduct can be truly effective without the free exchange of information in an environment without the fear of reprisal.

In addition to the general principles outlined above, our Code is based on the following foundations which are meant to guide our basic business operations as well as our personal conduct:

- (a) honesty and candor in all of our activities;

- (b) the avoidance of conflicts or even the appearance of conflicts between personal interests and the interests of the Company;

- (c) the promotion of the reputation of Toll Brothers and the avoidance of activities which might reflect adversely on the Company; and
- (d) integrity in dealing with Toll Brothers' assets.

Toll Brothers' good name and its outstanding reputation are valuable corporate assets nurtured by the Company for many years. Wherever we operate, Toll Brothers strives for a standard of conduct above what law and custom demand – not just to remain accountable to legitimate public scrutiny but to foster our own self-respect and self-image.

I. CONFLICTS OF INTEREST

A. GENERALLY

The primary principle underlying Toll Brother's conflicts of interest policy is that employees and their family members must never permit their personal interests to conflict or appear to conflict with the interests of Toll Brothers, Inc. or any of its subsidiaries or affiliates. In this document, any reference to "Toll Brothers" or the "Company" refers to Toll Brothers, Inc. and all of its subsidiaries and affiliates.

A conflict of interest may exist when employees or their family members are involved in activities for which they may receive a personal gain or benefit, whether tangible or intangible, that might interfere or appear to interfere with the performance of Company duties and responsibilities. These activities include, but are not limited to, being employed by others in areas similar to those in which the Company is involved; working for suppliers, competitors or potential competitors of the Company; accepting free or greatly discounted goods or services from the Company's suppliers or subcontractors; and engaging in other activities that have the potential to affect the employee's objectivity and work performance or reflect negatively on the reputation of the Company and its employees. Holding a financial interest in a business concern that is a supplier, customer, or competitor of the Company may also, under certain conditions, constitute a conflict of interest.

B. PROHIBITED ACTIVITIES

Without the prior approval of the Legal Department, the following activities by Toll Brothers' employees **are prohibited**:

1. Acting (paid or unpaid) as an officer, director, partner, consultant, representative, agent or employee of:
 - a. A supplier, subcontractor, customer or competitor of Toll Brothers;
 - b. Any business that is involved in technical areas or product lines that are similar to those of Toll Brothers; or
 - c. A business, the customers of which reasonably may be expected to include Toll Brothers or customers of Toll Brothers.

2. Holding a passive investment interest (either directly or indirectly) in a supplier, subcontractor, customer or any competitor of Toll Brothers if the holding is either:
 - a. Five percent (or more) of the stock, assets or other interest of the supplier, customer or competitor; or
 - b. Twenty percent (or more) of the employee's assets in such entity.

A passive investment interest is defined as a purely financial involvement where the employee performs no managerial functions and provides no advice and has no ability to influence the policies, products or business of the organization.

3. Accepting free or greatly discounted products, services or other items of an extraordinary value that are suitable for personal use from an employee or representative of a supplier, vendor, subcontractor, consultant or competitor of the Company (See Part II).
4. Using a significant amount of Company time or resources (including the promise of future business transactions with the Company) to support or solicit support for any cause or any organization.
5. Engaging in any other outside activity that influences or appears to influence the objective decisions required of employees in the performance of their job responsibilities at Toll Brothers. Examples of such activities could include:
 - a. A financial involvement with an employee or representative of a supplier, subcontractor, vendor or competitor of Toll Brothers with whom the employee regularly comes into contact in the performance of his or her job responsibilities.
 - b. Personal or business activities that could involve unapproved disclosures of Company proprietary information, or the unapproved disclosure of the proprietary information of others that has been entrusted to the Company (See Part III).
 - c. Personal interests or activities that are or could only be reasonably accomplished using Company time, material, equipment or proprietary information (e.g., working for an outside interest - whether paid or unpaid - whose activities could only reasonably be conducted during normal business hours).
 - d. Directly or indirectly acquiring or turning any business opportunity which ought to be available to the Company to your own or someone else's personal advantage.

- e. You or a family member taking any action (paid or unpaid) which is adverse to the interests of the Company.

NOTE: It must be emphasized that an actual conflict of interest need not be present to constitute a violation of this Code. Activities that create the mere appearance of conflict of interest should be avoided as well. If you have any doubts or questions regarding the propriety of certain conduct, please be sure to check with the appropriate Company official.

C. SERVICE WITH OUTSIDE ORGANIZATIONS FOR PROFIT.

An employee must not become a director or an officer of any business organized for profit without first obtaining the approval of his/her supervisor and the approval of the Legal Department. In addition, management employees (e.g., managers, including sales, construction and project managers, department heads and on up) may not hold a second job while employed by the Company. If there is any question, the employee should contact the Legal Department for further information and advice. Employees should not allow outside employment to interfere with their job performance or require such long hours as to affect their physical or mental effectiveness. Every employee is expected to devote full time to the Company's interest during regular hours of employment.

D. SERVICE WITH CIVIC, CHARITABLE AND PROFESSIONAL ORGANIZATIONS; SERVICE AS AN ELECTED OFFICIAL.

The Company encourages employees to participate in civic and charitable activities. Participation in civic or charitable activities do not require any prior approval, but an employee is required to notify and obtain the prior approval of his/her supervisor of any circumstances which might present a conflict or the appearance of a conflict of interest or require the employee to be out of the office or engaged in such activity during the Company's normal business hours. Please remember that as discussed in Section I, B.4 above, employees may not, without the prior approval of the Legal Department, use a significant amount of Company time or resources to support or solicit support for any cause or any organization.

The Company is aware that our employees may be asked to or may desire to serve as elected or appointed officials in their local communities. Prior to accepting any such appointment or running a campaign for office, you should notify and obtain the prior approval of the Regional President, Group President or Division President in charge of your division or the Senior Vice President in charge of your department.

II. RECEIPT OF GIFTS, GRATUITIES AND ENTERTAINMENT GUIDELINES

A. COMPANY POLICY

Toll Brothers' policy prohibits employees from offering or accepting extraordinary business courtesies. In general, a business courtesy is extraordinary if:

- It can be reasonably construed as intended to corrupt the judgment of the recipient so as to secure unfair preferential treatment.

- Public disclosure of the gift would be embarrassing to Toll Brothers or to the other party.

It is Company policy to conduct its business affairs fairly and impartially in an ethical and proper manner. Integral to this policy is the avoidance of the appearance that an employee's decisions are influenced by business courtesies from those with whom the Company maintains business relations. **Business decisions made by Company employees should be made on the basis of quality, service, price and similar competitive factors. Business decisions should not be based on the business courtesies offered by those who are affected by an employee's decisions, nor should the acceptance of business courtesies create the appearance that those business decisions are being influenced.**

Employees in a position to deal with persons or firms with whom Toll Brothers maintains business relationships must be familiar with Company policy and procedures regarding the acceptance of business courtesies and must be sensitive to those circumstances where their offer or acceptance of business courtesies would be improper.

Employees may not accept or retain business courtesies offered to them or to their immediate families if doing so would cause or create the appearance of favoritism in the allocation of Company business, or adversely affect the reputation of Toll Brothers or its employees for impartiality or fair dealing.

B. DEFINITION OF BUSINESS COURTESY

A business courtesy is a gift or favor for which fair market value is not paid by the recipient. A business courtesy may be a tangible or intangible benefit and includes, but is not limited to such items as monetary gifts, non-monetary gifts, meals, drinks, entertainment, all forms of hospitality, recreation, transportation, discounts on goods or services by a supplier, vendor or subcontractor, tickets, passes, promotional material and the recipient's use of the donor's time, material, property or equipment. Notwithstanding the above, it is acceptable to receive some business courtesies, as outlined in subsection D below.

C. UNACCEPTABLE BUSINESS COURTESIES

Business courtesies should not be accepted under circumstances where it appears that the donor expects to receive preferential treatment in return, or where it might reasonably appear that an attempt is being made to induce Toll Brothers' employees to grant an unfair competitive advantage or motivate them to do anything that is prohibited by law, regulation or Toll Brothers' policy. As stated above, business decisions made by Company employees should be made on the basis of quality, service, price and similar competitive factors.

Without the prior approval of the Legal Department:

1. No employee may accept extraordinary business courtesies the value or nature of which would create the appearance that the employee's

discretionary decisions could be influenced. Sales, marketing and purchasing personnel (including project managers) involved in negotiating contracts must be particularly sensitive to these concerns. Business courtesies with a value of more than \$250 may be accepted only with the approval of (a) an employee's immediate supervisor and (b) the Regional President, Group President or Division President in charge of his or her division or the Senior Vice President in charge of his or her department.

2. No employee may use his or her position or responsibilities as a means of securing any type of business courtesy, discount, or good or services for personal use. Goods, services or benefits received as a part of a duly authorized barter or reciprocal trade arrangement shall be utilized for the sole benefit of the Company.
3. No employee may accept offers by present or potential suppliers to provide expense-paid trips, whether for business or pleasure, unless approved in advance by (a) an employee's immediate supervisor and (b) the Regional President, Group President or Division President in charge of his or her division or the Senior Vice President in charge of his or her department.
4. No employee or family member may personally accept cash, securities or other items of significant value intended for personal use, such as jewelry, appliances, home improvements, or extraordinary discounts for such items. As used in this Section II, an example of an "extraordinary" discount would be an item offered to an employee by a subcontractor or supplier at no charge or at a charge materially less than the charge to the Company for such item.

NOTE: An employee may not circumvent this Code by doing indirectly what is prohibited directly (e.g., arrange to have a gift made to an associate or a family member).

D. ACCEPTABLE BUSINESS COURTESIES

1. Generally it is appropriate to accept advertising novelties and other items of small monetary value, provided that the item is widely distributed to others who have essentially the same business relationship with the donor. Tickets to sporting or other entertainment events may be accepted from suppliers, provided the supplier makes the tickets available to others with essentially the same business relationship.
2. Meals will be acceptable, if:
 - a. Receipt helps the discussion of Toll Brothers' business, or otherwise serves a demonstrable business purpose; and

- b. Such expense would ordinarily be reimbursable by the Company in accordance with the Travel Policy as outlined in the Employee Handbook.
3. Invitations to company-sponsored entertainment and/or commemorative award dinners, to be attended by other business representatives, including competitors, may be accepted and the event attended.
4. Participation in events sponsored by charitable or community organizations is permissible.
5. An employee may accept free or discounted service from another company with which Toll Brothers has a reciprocal arrangement.

III. CONFIDENTIAL INFORMATION

A. GENERAL POLICY

Unauthorized disclosure of confidential, non-public information relating to Toll Brothers can cause competitive harm to the Company and in some cases can result in legal liability for the employee and the Company. Confidential non-public information includes:

- Marketing, legal, planning and accounting methods, policies, plans, procedures, strategies and techniques;
- Information concerning the Company's earnings, volumes of business, profits and methods for doing business (past, present or future);
- Research and development projects, plans and results;
- Trade secrets and other technical information;
- Names, addresses and other non-public information regarding the Company's suppliers, vendors, shareholders, customers and potential customers;
- Customer lists as well as transactional, financial or other personal information about our customers;
- Any other data or information relating to the business of the Company which is not generally known by and readily accessible to the public;
- Any other data or information relating to our customers which is not generally known by and readily accessible to the public; and
- Information concerning the Company's employees such as names, addresses, non-public personal information, salaries, bonuses, performance ratings, corrective action and employee relations issues.

1. Disclosure of Confidential Information. It is a violation of this Code and potentially of civil and criminal laws for any employee to disclose to

persons outside the Company – even inadvertently –non-public information about the Company, except as required by law or in the performance of his or her regular duties. To the extent disclosure is required by law, the employee should consult the Legal Department prior to making such disclosure.

2. Safeguarding Confidential Information. All non-public information concerning the Company and its affairs is the property of the Company and due care must be taken by each employee to safeguard its confidentiality. For example, sensitive documents should not be left lying on desks either during or after working hours and visitors should not be left unattended in offices containing Company documents. Employees of the Company must exercise prudence in not discussing sensitive Company business in social settings or in places where it may be overheard by persons unaffiliated with the Company.
3. Communications with Media and with Investors. Communications on behalf of the Company with the media, securities analysts and investors must be made only by the Chief Executive Officer, President, Chief Financial Officer, General Counsel, Director of Investor Relations, Senior Vice President of Marketing or other specifically designated representatives of the Company. Unless you have been expressly authorized to make such communications, you should refer any inquiry relating to the Company from the media, a securities analyst or an investor to your supervisor or one of the Company officers listed above.
4. Requests by Regulatory or Governmental Agencies. Requests by regulatory or government agencies for information and requests by the media regarding any information concerning litigation or other investigative or legal proceeding involving the Company should be referred to the General Counsel

B. NO TRADING ON THE BASIS OF MATERIAL NON-PUBLIC INFORMATION

It is a violation of this Code and potentially of civil and criminal laws for any person (including officers, directors, employees, spouses and their family members and associates; all such persons are hereinafter referred to as “Insiders”) who is aware of any material information relating to the Company which has not been made generally available to the public to trade directly or indirectly in the Company’s securities or to disclose such information to another person who may trade in the Company’s securities except in accordance with the Company’s Insider Trading Policy.

Material information is any information that a reasonable investor would consider to be important in deciding whether to buy, sell or hold securities of the Company. In short, any information which could reasonably affect the price of the Company’s securities.

Some examples of information that may be regarded as material are earnings, revenues or contracts, forecasts, possible acquisitions or joint ventures involving the Company, acquisition or loss of a significant contract, dividend actions, important product developments, significant financing developments, major personnel changes and major litigation developments. It is also important to note that if an employee's securities transactions become the subject to scrutiny, they will be viewed after the fact with the benefit of 20/20 hindsight. As a result, before engaging in any transaction, you should carefully consider how regulators or others might view your transaction in hindsight.

Similarly, these principles apply to material non-public information concerning another company learned in the course of your employment at Toll Brothers. For example, if you become aware of material information involving another company which has not yet been made public, you may not use such information for personal gain or disclose that information.

The consequences of buying or selling securities while in possession of inside information or "tipping" others about such information can be severe. Persons found to have traded on inside information, or to have passed such information to others, are subject to civil sanctions and criminal prosecution. The potential penalties for such misconduct include imprisonment, disgorgement of profits, substantial fines and civil liability of up to three times the profit gained or loss avoided. Similar penalties may be imposed on "controlling persons" who knew or recklessly disregarded that another employee was engaged in insider trading and failed to take appropriate steps to disclose or prevent such violation.

The above is only a brief summary of the rather complicated rules surrounding the trading of the Company's securities based on non-public or "inside" information. The complete Company policy on Insider Trading has been made available to all employees in a separate document entitled "Insider Trading Policy" and is also available on the Company's intranet site. Remember, any questions concerning the application of this policy to a particular case, should be directed to the Senior Vice President/General Counsel who is hereby designated as the officer for the purpose of approving trading activities as outlined above.

C. PERSONNEL RECORDS

1. Only authorized Company employees with a valid work-related reason may have access to and use of personnel records kept by the Company about individual employees. Personal data maintained in the Human Resources Department and containing nonwork-related information should be accessible only by the employee, appropriate Human Resources staff, or individuals with assigned human resources duties which require the review of such data. This would include employee medical records (as discussed in greater detail below), payroll records, information supplied by applicants or employees for "employment eligibility verification" under the Immigration Reform and Control Act and personal data such as loan information, credit verifications, etc.

2. Company employees who work with or are called upon to review personnel records are entrusted with access to confidential medical information regarding employees, former and prospective employees, as well as their families. Any information regarding the physical or mental condition, the medical history or medical treatment of an employee, former employee, prospective employee or their families constitutes confidential medical information, which may only be disclosed under limited circumstances.

Employees have the responsibility to keep such medical information private and confidential, and to assure that appropriate procedures are taken to preserve the confidentiality of medical information. Questions concerning whether information is confidential medical information; how to handle a request for disclosure of confidential medical information; or the specific procedures that apply to assure the security of confidential medical information should be directed to (i) the Human Resources Department or (ii) an attorney in the Legal Department.

3. Company employees who work with or are called upon to review personnel records (including payroll records) are entrusted with access to non-public personal information regarding employees, former and prospective employees, as well as their families. Any non-public personal information (which includes, but is not limited to, social security number, birth date, home address, home telephone number, bank account number, and salary) regarding an employee, former employee, prospective employee or their families constitutes confidential information, which may only be disclosed under limited circumstances.

Employees have the responsibility to keep such non-public personal information private and confidential, and to assure that appropriate procedures are taken to preserve the confidentiality of non-public personal information. Questions concerning whether information is non-public personal information; how to handle a request for disclosure of non-public personal information; or the specific procedures that apply to assure the security of non-public personal information should be directed to (i) the Human Resources Department or (ii) an attorney in the Legal Department.

IV. ANTITRUST LAWS

Toll Brothers considers compliance with the applicable antitrust laws so vitally important to the Company that neither claims of ignorance, good intentions nor failure to seek timely advice will be accepted as an excuse for violations. The penalties for violations of the antitrust laws are quite severe and include not only possible dismissal from the Company, but also civil fines and penalties and criminal fines and **penalties including imprisonment. Therefore, whenever in doubt about compliance with antitrust laws,**

you must seek the guidance of the Legal Department. In general, these principles should be kept in mind:

- Agreements or understandings with competitors which fix prices, limit marketing/sales areas or otherwise restrict competition are not only bad business practices but are also usually illegal. These matters are not to be discussed outside the Company.
- Contracts or other arrangements which involve exclusive dealing, or other restrictive agreements with suppliers, may be unlawful and should not be entered into without the prior written approval of the Legal Department.
- Which goods and services the Company purchases from others and the prices and terms at which it does should not be discussed with competitors of the Company.

V. MARKETING

In marketing our products, we must, of course, follow all of the basic antitrust principals noted in Section IV above. There are, however, some additional legal and ethical principals that should govern our conduct.

Our advertising should always be truthful. If we make specific claims about specific products or the performance of our products, we should have evidence to substantiate those claims. We should not label or market our products in any way that might cause confusion between our products and those of any of our competitors. Similarly, we should be alert to any situation where a competitor may be attempting to mislead potential customers as to the origin of products and inform appropriate management or the Company's Legal Department of any such cases.

If we offer advertising or promotional allowances, we should offer them on a proportionately equal basis to all of our customers. Advertising and promotional allowances are subject to very detailed and technical regulation under the Robinson Patman Act and, therefore, should only be offered after approval from the Company's Legal Department.

We should not disparage any of the products, services or employees of any of our competitors. If we do engage in any comparison of our products against those of our competitors, such comparisons should be fair. Comparative advertising is also subject to some regulation and should, therefore, be cleared with the Company's Marketing Department and Legal Department beforehand. All use of the Company's trademarks and trade names should be in accordance with our practices governing such use.

The Company will not pay any bribe, kickback, or any similar payment to anyone, including agents of our customers or members of their family, in connection with the sale of any of our products. Should any such payments be requested, the Company's Legal Department should be contacted immediately. The Company policy is to forego any business which can only be obtained by improper or illegal payment.

VI. PURCHASING

Toll Brothers will purchase all of its supplies and requirements on the basis of price, quality and service. All suppliers will be dealt with fairly, honestly and openly. Suppliers will be chosen without regard to the size of their company or the nationality of the shareholders or management, except in so far as specific legal requirements dictate that those factors be taken into consideration.

This policy extends to services such as banking, auditing, legal, advertising, and construction, as well as to purchasing goods used by the Company.

VII. POLITICAL CONTRIBUTIONS

A. POLICY

No Toll Brothers' employee, officer, director or agent is authorized to make a political contribution on behalf of the Company or in the Company's name or to use his/her position with the Company to solicit contributions from the Company's suppliers, subcontractors, vendors or consultants, except in accordance with this Code.

B. FEDERAL ELECTIONS

Federal law prohibits the Company from making any contributions to any candidate for federal office or to any federal party committees or federal political action committees. This prohibition includes direct and indirect payments, regardless of whether they are given in cash, goods, services or by allowing a candidate to use Toll Brothers' facilities and equipment. This prohibition does not preclude contributions by the Company's employee-funded political action committee, which may be made in accordance with the Company's policy on political contributions, a copy of which is available from the Legal Department. Therefore, with respect to federal candidates, it is against Toll Brothers' policy:

1. For the Company to make any contribution or expenditure of any nature; or
2. To use Company stationery or assets to make or solicit contributions; or
3. To reimburse an employee for any contribution or expenditure.

C. STATE AND LOCAL ELECTIONS

Political contributions to candidates for state or local election are limited under state law. Therefore, as a general matter of policy, such contributions are not to be made on behalf of the Company except in accordance with the Company's policy on political contributions. **No such contributions will be made without the written approval of the employee's supervising Vice President, Division, Group or Regional President**

and the Legal Department, as outlined in the Company's policy on political contributions.

D. INDIVIDUAL CONTRIBUTIONS

Toll Brothers' policy on political contributions applies solely to the use of Company assets and is not intended to discourage or prevent individuals from engaging in political activities on their own time and at their own expense. You must take care, however, in all cases to avoid giving the appearance that you are acting or speaking on Toll Brothers' behalf. Since your work time can be considered a contribution, no employee may work for any candidate during hours for which he is being paid by the Company. In addition, no employee will be reimbursed by the Company for personal political contributions.

E. TRADE ASSOCIATIONS

Toll Brother's policy prohibits Company contributions to trade associations where the contribution will be used either directly or indirectly in support of candidates in violation of federal or state law. This policy does not, however, prohibit the Company from supporting the legitimate lobbying efforts of a trade association of which this Company is a member. Please contact the Legal Department if you have any questions or require any clarification as to whether a contribution is permissible.

E. DEALING WITH PUBLIC OFFICIALS

It is in the public's and the Company's best interest to avoid any action which could give the appearance that a public official's judgment or integrity may have been compromised. Therefore, it is against Company policy to purchase meals, gifts or entertainment for public officials without prior approval from the Legal Department. For similar reasons, free or greatly discounted services to public officials are prohibited. Exceptions to this policy may be made for:

1. Beverages and food consumed on the Company's premises in connection with the conduct of the official's duties;
2. Advertising novelties;
3. Occasional meals or entertainment, provided that the Company is not aware of any prohibition against the public official accepting such courtesy; and
4. Holiday gifts, but only with the prior approval of the Regional President, Group President or Division President in charge of your division or the Senior Vice President in charge of your department.

If you are unclear about providing a service to a public official, contact the Legal Department.

VIII. EMPLOYMENT RELATED MATTERS

A. DRUG AND ALCOHOL POLICY

1. Prohibition Against Unlawful Controlled Substances in the Workplace.
The possession, distribution (selling or otherwise), manufacture or use of any illicit drugs on Company premises, in Company vehicles or while on Company time is strictly prohibited. For purposes of this policy, lunch or break times and Company-sponsored events are considered Company time. Any employee who violates this policy shall be subject to termination.
2. Prohibition Against Working Under the Influence of Alcohol/Drugs.
Employees are prohibited from working (including driving a Company vehicle) under the influence of alcohol and/or illicit drugs.

Any employee violating Toll Brothers' Alcohol and Drug Policy shall be deemed to have engaged in serious misconduct and shall be subject to disciplinary action, up to and including termination. This subject is covered in greater detail in the Employee Handbook.

B. EQUAL EMPLOYMENT OPPORTUNITY

Toll Brothers provides equal employment opportunities to all qualified individuals without regard to race, color, religion, national origin, age, sex, sexual orientation, marital status or non-qualifying physical or mental handicap.

C. HARASSMENT

Toll Brothers prohibits the harassment of any employee on the basis of race, color, religion, national origin, age, sex, sexual orientation, marital status or non-disqualifying physical or mental handicap. For the purpose of this policy statement, harassment is defined as verbal or physical conduct of a discriminatory nature directed towards an employee of Toll Brothers which affects an individual's employment status, is used as a basis for employment decisions, has the purpose of interfering with an individual's job performance, or creates an intimidating or offensive work environment. **If you feel that you have been the target of harassment or have witnessed the harassment of another, you must immediately report the offending conduct to any the following personnel: (i) the Regional President, Group President or Division President in charge of your division or the Senior Vice President in charge of your department, (ii) the Vice President or Senior Vice President of Human Resources at 215.938.8066 or 215.938.8035, or (iii) any attorney in the Legal Department at 215.938.8006. You may also send a fax to the Human Resources Department at 215.938.8291 or to the Legal Department at 215.938.8255. Any manager made aware of a possible harassment or discrimination problem must immediately notify either the Human Resources Department or Legal Department.** No code of conduct can be truly effective without the disclosure and communication of information.

D. SEARCHES

Toll Brothers policy allows the use of any lawful method of investigation that the Company deems necessary to determine whether any person has engaged in any conduct that interferes or adversely affects its business. This includes the theft of any Company property or any property of any Company employee or visitor. It also includes suspicion of possession of drugs, alcohol, firearms or anything else that is prohibited or restricted on Company property.

All Toll Brothers employees are expected to participate in the Company's reasonable security efforts. Failure to do so may result in disciplinary action, including dismissal.

Although desks, lockers, computers, filing cabinets, company vehicles and other work spaces are made available for the convenience of employees while at work, employees should remember that all remain the sole property of Toll Brothers. The Company reserves the right, in furtherance of its interest in promoting safety, security and proper usage in the workplace, to open, inspect and monitor such Company property (including, without limitation, e-mails and on-line communications). Such an inspection can occur at any time, with or without advance notice or further consent. Employees therefore should not expect that they have any privacy or confidentiality with regard to Company property.

E. SEXUAL HARASSMENT

It is Toll Brothers' policy that each employee should be able to enjoy a work environment free of all forms of discrimination including sexual harassment. Sexual harassment in any form by any employee, director or officer or by a vendor, contractor or customer is unacceptable and expressly prohibited.

Sexual harassment may include any unwelcome action which is sexual in content or implication where submission to the action is either an explicit or implicit term or condition of employment, or where submission to or rejection of the action is used as a basis for employment decisions affecting that employee. It also includes conduct which has the purpose or effect of interfering with the employee's work performance or creating an intimidating, hostile or offensive work environment. Such conduct includes unwelcome sexual advances, requests or demands for sexual favors or other verbal, physical or visual conduct of a sexual nature. Sexual harassment does not refer to occasional compliments of a socially acceptable nature. It refers to behavior with a sexual connotation which is not welcome and which is personally intimidating, hostile or offensive, and debilitates morale and, therefore, interferes with work effectiveness.

Any employee who believes that he or she has been the victim of sexual harassment must immediately report the offending conduct to any of the following personnel: (i) the Regional President, Group President or Division President in charge of your division or the Senior Vice President in charge of your department, (ii) the Vice President or Senior Vice President of Human Resources at 215.938.8066 or 215.938.8035, or (iii) any attorney in the Legal Department at 215.938.8006. You may also send a fax to the Human Resources Department at 215.938.8291 or to the

Legal Department at 215.938.8255. Any manager made aware of a possible harassment or discrimination problem must immediately notify either the Human Resources or Legal Department. No employee who exercises his or her right to report such incidents involving sexual harassment will be subject to retaliation.

IX. SAFETY AND ENVIRONMENTAL LAWS

Toll Brothers operates its business in a safe and environmentally sound manner, and we consider compliance with safety regulations and environmental laws to be vitally important to the welfare of the Company. In addition to complying with all federal, state and local laws regarding safety and environmental standards, employees are also expected to comply with Company policies regarding these matters. The Company's policies pertaining to safety in homebuilding, stormwater management, disposal of hazardous waste and other related policies are available on the Company's intranet. If an employee has any questions regarding such policies, the employee should consult with the Legal Department.

X. REPORTING POSSIBLE ACCOUNTING AND AUDITING CONCERNS

In the past couple of years, there have been reports of accounting and auditing irregularities among a few larger, well-known publicly held companies, such as Enron, Tyco and WorldCom. Most of us have heard about the problems experienced by these companies and the impact on investors and the employees of these companies.

In order to address some of these issues, Congress passed the Sarbanes-Oxley Act of 2002 ("SOX") to improve, among other things, the accounting and auditing practices of publicly held companies. The Company is a publicly held company and is subject to the requirements of SOX.

As required by the Section 301 of SOX, the Audit Committee of the Company has adopted procedures for (a) the receipt, retention and treatment of complaints received by the Company from outside parties regarding accounting, internal accounting controls, or auditing matters ("Accounting Matters") and (b) the confidential, anonymous submission by employees of the Company of concerns regarding Accounting Matters.

A. RECEIPT OF EMPLOYEE COMPLAINTS

Any employee of the Company may submit, on an anonymous basis if so desired, any concerns regarding Accounting Matters. All such concerns shall be set forth in writing and sent via regular or electronic mail to the Company's General Counsel, who also serves as the Company's Chief Compliance Officer, or Chairman of the Audit Committee of the Company at the address set forth below:

Mark Kessler, Senior Vice President & General Counsel
Toll Brothers, Inc.
250 Gibraltar Road

Horsham, PA 19044
Email: mkessler@tollbrothersinc.com

Paul Shapiro
Chairman of the Audit Committee of the Company's Board of Directors
c/o Mark Kessler, Senior Vice President and General Counsel
Toll Brothers, Inc.
250 Gibraltar Road
Horsham, PA 19044
Email: mkessler@tollbrothersinc.com

In addition, we have set up an anonymous hotline called Guideline that you can access by dialing: (866) 870-0730. Guideline is an easy and confidential way to report any concerns about Accounting Matters that you may witness or learn about from other sources. More information about Guideline is available on the Company's intranet.

B. TREATMENT OF COMPLAINTS

The General Counsel, in conjunction with the Chief Executive Officer and, if deemed appropriate by the Chief Executive Officer, the Chief Financial Officer, will determine the best method of investigating the material facts relating to the complaint and determine what remedy, if any, is appropriate under the circumstances.

The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employees in the terms and conditions of employment based on any lawful action of such employee with respect to good faith reporting of complaints regarding Accounting Matters or otherwise as specified in Section 806 of SOX.

C. REPORTING AND RETENTION OF COMPLAINTS AND INVESTIGATIONS

The General Counsel will maintain a log of all complaints, tracking their receipt, investigation and resolution and will prepare a periodic summary report thereof for the Audit Committee of the Company. Copies of complaints and such log will be maintained in accordance with the Company's record retention policy.

XI. OTHER LAWS

As Toll Brothers continues to grow and expand into new geographic territories, it is becoming increasingly more difficult to stay ahead of all of the new and ever changing laws that the Company may be subject to. Therefore, it is important to remember that if you have any doubts or questions regarding the applicability of any law or regarding the propriety of certain conduct, please be sure to seek the advice of the appropriate Company official.

XII. YOUR OBLIGATIONS; PROCEDURES

A. VIOLATIONS OF THE CODE OF ETHICS

Violations of this Code or any of the Company's rules of conduct may constitute grounds for dismissal. Employees are expected to act fairly and honestly in all transactions with the Company and with others and to maintain the highest ethical standards in accordance with this Code. If a situation arises which presents in your mind a potential violation of this Code, you must immediately contact any of the following personnel: (i) the Regional President, Group President or Division President in charge of your division or the Senior Vice President in charge of your department, (ii) the Vice President or Senior Vice President of Human Resources at 215.938.8066 or 215.938.8035, or (iii) any attorney in the Legal Department at 215.938.8006. You may also send a fax to the Human Resources Department at 215.938.8291 or to the Legal Department at 215.938.8255. Any manager made aware of a violation or possible violation of this Code must immediately notify either the Human Resources Department or Legal Department.

Discovery of events of a questionable, fraudulent or illegal nature or which appear to be in violation of the Code must be promptly reported to the appropriate parties listed above.

Employees wishing to make an anonymous report of a potential violation of the Code may also send such a report in writing via regular or electronic mail to the General Counsel of the Company at the address set forth below:

Mark Kessler, Senior Vice President & General Counsel
Toll Brothers, Inc.
250 Gibraltar Road
Horsham, PA 19044
Email: mkessler@tollbrothersinc.com

In addition, we have set up an anonymous hotline called Guideline that you can access by dialing: (866) 870-0730. Guideline is an easy and confidential way to report any criminal activities, unethical or inappropriate behavior, or other violations of this Code that you may witness or learn about from other sources. More information about Guideline is available on the Company's intranet.

B. TREATMENT OF COMPLAINTS

The General Counsel, in conjunction with the Chief Executive Officer and, if deemed appropriate by the Chief Executive Officer, the Senior Vice President of Human Resources, will determine the best method of investigating the material facts relating to any reported potential violations and determine what remedy, if any, is appropriate under the circumstances.

The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employees in the terms and conditions of employment based on any lawful action of such employee with respect to good faith reporting of complaints regarding any violation of the Code.

C. REPORTING AND RETENTION OF COMPLAINTS AND INVESTIGATIONS

The General Counsel will maintain a log of all complaints, tracking their receipt, investigation and resolution and will prepare a periodic summary report thereof for the Nominating and Corporate Governance Committee of the Company. Copies of complaints and such log will be maintained in accordance with the Company's record retention policy.

D. ANONYMITY

No code of conduct can be truly effective without the freedom to ask questions, exchange information and report questionable conduct without the fear of reprisal for taking of such actions. Therefore, to the fullest extent possible, all inquiries and reports made pursuant to this Code will be held in the strictest confidence. **There will be no adverse effect on any employee who brings to the attention of his or her supervisor (or other officer of the Company) a violation or potential violation of this Code by another employee.**

E. AUDITS; COMPLIANCE OFFICER

For the purpose of this Code, the Company will conduct periodic audits from time to time to ensure compliance with the Code by all employees and others subject to its provisions. The General Counsel of the Company is hereby designated the officer responsible for all questions regarding the applicability and enforcement of this Code.

F. COMPLIANCE WITH THE CODE OF CONDUCT

It is a condition to employment with Toll Brothers that you comply with the provisions of this Code. Failure to comply may result in disciplinary action against you and may subject you to termination.

G. COMPLIANCE WITH LAWS AND REGULATIONS

Toll Brothers strives to comply with laws and regulations that are applicable to its business and requires that its employees also comply. Although laws and regulations may sometimes be ambiguous and difficult to interpret, the Company emphasizes good faith efforts to follow the spirit and intent of the law. If there is any question about any law or regulations, you should seek advice from your supervisor, your Vice President, the Human Resources Department or the Legal Department.

CERTIFICATION

I, _____ ,
hereby certify that I have reviewed the Toll Brothers Code of Ethics and Business Conduct and,
as of this _____ day of _____ , 20__ , I am in compliance with the
Code.

This page remains a part of this booklet.
It is only a sample copy of the form you have signed.