

Toll Brothers

America's Luxury Home Builder®

Code of Ethics & Business Conduct



Code of Ethics

TOLL BROTHERS, INC.
CODE OF ETHICS AND BUSINESS CONDUCT

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INTRODUCTION BY CEO DOUGLAS C. YEARLEY, JR.

At Toll Brothers, we are committed to offering unparalleled service and exceptional quality. Honest and ethical conduct is vital to helping us achieve this goal. At a minimum, honest and ethical conduct means compliance with the laws and regulations that apply to our business and with the principles, policies and procedures that apply to our Company. It also requires us to be ethical in dealings that involve the Company, its businesses and its reputation.

With this commitment in mind, we have developed this Code of Ethics and Business Conduct, which will provide you with vital information and will reinforce your understanding of our ethical responsibilities in the conduct of our business. It sets forth the principles and policies which must be adhered to and observed by all Company directors, officers and employees. Each person must ensure that the principles set forth in this Code of Ethics are observed in all of our dealings with customers, subcontractors, vendors, suppliers, stockholders and colleagues.

It is essential that you read and fully comprehend this Code of Ethics. If there are any questions regarding this Code of Ethics, they should be directed to the Company's Legal Department.

We expect that you will personally comply with this Code. We also expect that you will immediately report any person or situation that deviates from this Code. There are easy and confidential ways to report any unethical or inappropriate behavior or other violations of this Code that you may witness or learn about from other sources. Employees who in good faith report violations or suggested violations will not be subject to retaliation of any kind. Reported violations will be investigated and addressed promptly and will be treated confidentially.

Thank you for understanding the importance of this Code of Ethics and Business Conduct. We have a great Company with great employees, and I am very proud that we hold each other to a very high ethical standard.

DOUGLAS C. YEARLEY, JR.
CEO

I. GENERAL GUIDELINES; DEFINITIONS

The Company 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 the Company.

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. The Company 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 the Company.
- No code of conduct can 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, transparency, disclosure and communication. The Company strongly encourages you to communicate with your Supervisor, the Legal Department or the Human Resources Department regarding any questions you may have with respect to the meaning or applicability of this Code or any violations or potential violations of this Code. 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 the parties mentioned above. To the fullest extent possible, all such inquiries will be kept confidential.
- In furtherance of the above, we should have:
 - (a) honesty, candor, and fair dealing 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 the Company and the avoidance of activities which might reflect adversely on the Company; and
 - (d) integrity in dealing with the Company’s assets.

Throughout this Code, certain terms or references are used repeatedly. Some of these terms and references are explained below to aid your reading and understanding of the Code.

- “Board” means the Board of Directors of Toll Brothers, Inc. (“TBI”).
- “Company” means Toll Brothers, Inc. and all of its subsidiaries and affiliates.
- “Supervisor” means the Regional President, Group President or Division President in charge of your division, or the Senior Vice President or Vice President in charge of your department. If you are a Regional President or Senior Vice President, “Supervisor” means the Chief Executive Officer.
- Inquiries or reports to the Human Resources Department may be made as follows:

- Jon Downs
Senior Vice President, Human Resources
Phone: 215.938.8035
Fax: 215.938.8291
Email: jdowns@tollbrothersinc.com
- Michele Wolfe
Vice President, Human Resources
Phone: 215.938.8066
Fax: 215.938.8291
Email: mwolfe@tollbrothersinc.com
- Inquiries or reports to the Legal Department may be made as follows:
 - John K. McDonald
Senior Vice President, General Counsel, and Chief Compliance Officer
Phone: 215.938.8295
Fax: 215.938.8255
Email: jmcdonald@tollbrothersinc.com

Except where otherwise provided, when this Code requires that you seek approval or advice from your Supervisor or the Legal Department, you may consult either; however, if you elect to consult your Supervisor, your Supervisor will be required to consult the Legal Department.

II. YOUR OBLIGATIONS

It is a condition of your employment with the Company that you read and comply with the provisions of this Code. Our employees are expected to act fairly and honestly and to maintain the highest ethical standards in accordance with this Code. Failure to comply may result in disciplinary action against you and may subject you to termination.

You may not circumvent this Code by doing indirectly what is prohibited directly (e.g., having prohibited actions taken by, or arranging to have an unacceptable business courtesy made to, an associate or a family member).

III. FAIR DEALING

The Company expects its employees to be honest, fair and straightforward in all dealings. All Company employees must always deal fairly and in good faith with the Company, with the Company's customers, subcontractors, suppliers, vendors, competitors, investors and business partners, and with each other. No employee is to use his or her position with the Company to take unfair advantage of anyone through manipulation, coercion, concealment, abuse of privileged or confidential information, misrepresentation of material facts, fraudulent behavior or any other unfair practice.

IV. CONFLICTS OF INTEREST

A. GENERALLY

The primary principle underlying the Company's conflicts of interest policy is that our employees must not permit their personal interests to conflict or appear to conflict with the interests of the Company, except where specifically permitted under this Code.

A conflict of interest may exist when an employee is involved in activities for which he or she 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.

Certain types of conflicts of interest are discussed in this section. Discounts, gifts and business courtesies are covered under Section VI below.

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 your Supervisor or the Legal Department.

B. OUTSIDE EMPLOYMENT

Every employee is expected to devote full time in the Company's service during his or her regular hours of employment. Management employees (e.g., Assistant Vice Presidents and above, department heads and managers, including sales, construction and project managers) may not hold a second job or engage in a separate business or occupation while employed by the Company without prior approval from their Supervisor or the Legal Department. Nonmanagement 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. No employee may become a director or an officer of any business organized for profit without first obtaining the approval of his or her Supervisor or the Legal Department. If there is a question, you should contact the Legal Department for further information and advice.

C. INTEREST IN VENDORS, SUPPLIERS AND OTHERS

Without the prior approval of your Supervisor or the Legal Department, the following activities are prohibited:

1. Serving (paid or unpaid) as an officer, director, consultant, employee, representative or agent of, or holding an active investment interest (either directly or indirectly) in:
 - a. A vendor, supplier, subcontractor or competitor of the Company.

- b. Any business that is involved in the industries or product lines that are similar to those of the Company.

An “active investment interest” is defined as serving as a partner, member or stockholder of an entity where you participate in the day-to-day management of the entity and/or have the power to influence the policies, products or business of the entity.

2. Holding a passive investment interest (either directly or indirectly) in a vendor, supplier, subcontractor or any competitor of the Company if the holding represents either:
 - a. Five percent or more of the stock (or other equity interests) or assets of such entity, or
 - b. Twenty percent or more of your assets (excluding your personal residence).

A “passive investment interest” is defined as a purely financial involvement in an entity where you perform no managerial functions, provide no advice and have no ability to influence the policies, products or business of the entity.

D. USE OF SUBCONTRACTORS, VENDORS AND SUPPLIERS FOR PERSONAL MATTERS

The following procedures must be strictly followed by any employee who wishes to engage a Company subcontractor, vendor or supplier for:

- i. the construction of a personal residence on the employee’s own lot;
- ii. any residential or commercial improvement or remodeling project;
- iii. a commercial construction project.

Each of these is referred to herein as the “project.” If the total value of the project is in excess of \$2,000:

1. The employee must obtain advance approval for the project from his or her Reviewing Supervisor.

A Reviewing Supervisor is:

- (a) for a project being undertaken by an operations employee, the head of an ancillary business or a corporate administrative department head who reports to a Regional President, his or her Regional President;

- (b) for a project being undertaken by an employee of an ancillary businesses or a corporate administrative employee, the head of the ancillary business or corporate administrative department;
 - (c) for a project being undertaken by a Regional President, another Regional President designated by the Senior Vice President of Human Resources; and
 - (d) for a project being undertaken by an Executive Officer or the head of a corporate administrative department who does not report to a Regional President, the General Counsel.
2. The employee must complete the “Request for Approval to Use a TBI Subcontractor, Vendor or Supplier for Personal Use” form and submit the completed form to the Reviewing Supervisor for approval and to Human Resources.
 3. The employee must present a preliminary budget for each trade and any plans for the project to the Reviewing Supervisor.
 4. If the project is approved by the Reviewing Supervisor, the employee must obtain and maintain itemized invoices from every Company subcontractor, vendor, or supplier used on that project and proof of payment. These records will be subject to an audit at any time during the construction process or at the completion of the job.
 5. Upon the completion of the project, the Reviewing Supervisor must audit at least three Company trades who worked on the project.

For projects valued at \$2,000 or less, and at all other times, the employee must comply with all applicable provisions of this Code, the Company's Employee Handbook and all other relevant Company policies.

For any employee who wishes to build a TBI home within a TBI community, this must be done through the standard TBI Agreement of Sale and will be subject to the Company's existing policy regarding employee purchases of TBI homes.

Accepting free or discounted services from a Company subcontractor, vendor or supplier is expressly prohibited unless approved in advance by the employee's Supervisor or the Legal Department, pursuant to Section VI.D of this Code.

Violation of this policy may result in disciplinary action up to and including termination.

E. CORPORATE OPPORTUNITY AND OTHER OUTSIDE ACTIVITIES

Without the prior approval of the Legal Department, the following activities are prohibited:

1. Directly or indirectly acquiring any business opportunity in which the Company might reasonably be interested or directing such opportunity to your own personal advantage or that of someone other than the Company.
2. Engaging in any other outside activity that influences, may influence or appears to influence the objective decisions required of employees in the performance of their job responsibilities at the Company.

F. SERVICE WITH CIVIC, CHARITABLE AND PROFESSIONAL ORGANIZATIONS

The Company encourages employees to participate in civic and charitable activities. Participation in such activities does not require any prior approval, but employees are required to obtain the prior approval of his or her Supervisor or the Legal Department if any circumstances exist that might present a conflict of interest 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.

G. SERVICE AS AN ELECTED OFFICIAL

The Company is aware that employees may be asked to or may desire to serve as elected or appointed officials in their local communities. Before accepting any such appointment or running a campaign for office, employees are required to obtain the prior approval of their Supervisor or the Legal Department.

V. BRIBES AND KICKBACKS

Receiving a kickback or bribe or giving a kickback or bribe to someone else to influence a decision for the benefit of the Company, even if intended to facilitate or influence a business transaction, is unethical, is contrary to this Code and may be unlawful. See also the last paragraph under Section IX.B. Any employee found to have received or given a kickback or bribe will be subject to disciplinary action up to and including termination.

VI. GUIDELINES FOR GIFTS, DISCOUNTS AND OTHER BUSINESS COURTESIES

A. POLICY

Business decisions made by Company employees should be made on the basis of quality, service, price and similar competitive factors and not on gifts or business courtesies offered by others. Employees are prohibited from soliciting gifts or business courtesies. Employees are permitted to receive unsolicited gifts and business courtesies only to the extent that they are in accordance with the provisions of this Code. The acceptance of business courtesies, to the extent permitted, should not create the appearance that the donor expects to receive preferential treatment in return, or the appearance that an attempt is being made to induce a Company employee to grant an unfair competitive advantage or motivate him or her to do anything that is prohibited by law, regulation or the Company's policy.

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

B. DEFINITION OF BUSINESS COURTESY

A "business courtesy" is a gift, gratuity or favor, from a current or prospective vendor, supplier, subcontractor or customer, for which fair market value is not paid, or fully paid, by the recipient. It may be a tangible or intangible benefit, monetary or not, in the form of free or discounted items or services including, but not limited to, meals, drinks, entertainment, tickets, clothing, accessories, other gift items, event attendance, subscriptions, memberships, housing and hospitality, trips and transportation, recreation, promotional material and the use of the donor's time, material, property or equipment.

C. DISCOUNTS

Except as provided in Section VI.E below, business courtesies in the nature of free or discounted items or services (collectively referred to as "discounts") are deemed by the Company to be unacceptable and may only be accepted with the prior approval of the employee's Supervisor or the Legal Department.

D. UNACCEPTABLE BUSINESS COURTESIES

Except as provided in Sections VI.E below, business courtesies are deemed by the Company to be unacceptable and may only be accepted with the prior approval of the employee's Supervisor or the Legal Department. The following are some examples of unacceptable business courtesies:

1. Cash, cash equivalents, gift cards and securities.
2. Business courtesies in excess of nominal value.

3. Tickets to sporting, cultural or other entertainment events with a value greater than \$250 per individual and \$500 in the aggregate for any single event from one source.

E. ACCEPTABLE BUSINESS COURTESIES

Employees are urged to use their best judgment when offered a business courtesy and to contact their Supervisor to resolve any questions or doubts. For purposes of this Section VI.E., Supervisors are not required to consult the Legal Department, but may feel free to do so. The following are some examples of acceptable business courtesies:

1. Discounts from another company or person with which the Company has an arrangement for the benefit of our employees (e.g., discounts described on the Company's intranet site or discounts available to all employees in the same geographic area).
2. Discounts that are available to the general public or to all employees generally.
3. Novelties and other items of nominal monetary value and infrequently received of a type typically distributed widely to others who have essentially the same business relationship with the donor.
4. Tickets to sporting, cultural or other entertainment events with a value of less than \$250 per individual and \$500 in the aggregate for any single event from one source; there should be reasonable limitations in terms of the frequency of accepting tickets from any single source.
5. Meals, provided they accompany or facilitate the discussion of Company business or otherwise serve a demonstrable business purpose and would ordinarily be reimbursable by the Company in accordance with the Company's Travel Policy referred to in the Employee Handbook.
6. Complimentary attendance at sponsored industry (or related industry) entertainment and/or award dinners or events, to be attended by other industry representatives.
7. Complimentary attendance at charitable or community events.

VII. TRANSACTIONS WITH THE COMPANY

The Company has various policies in place which govern transactions between it and its employees and Board members. Compliance with these policies is essential to be in full compliance with this Code. For information on the policies and procedures which apply to a transaction between you and the Company, please see one of the following policies, all of which are available on the Company's intranet site or from the Human Resources Department or Legal Department.

- Policy for Employee Discounts on Toll Brothers Homes
- Policy for Employee's Immediate Family Member Discounts on Toll Brothers Homes
- Employee Mortgage Loan Discount Policy
- Westminster Security Employee Discount Policy
- Policy for Purchase from Toll Integrated Systems
- Related Party Transaction Policy
- Management Guidelines for Insider Transactions

VIII. EMPLOYMENT-RELATED MATTERS

A. GENERAL; EMPLOYEE HANDBOOKS

The provisions set forth in this Section VIII are selected employment-related matters. For a fuller discussion of each, as well as other matters which pertain to Company employees, please consult the Employee Handbook for your job category. You received a copy of the applicable Employee Handbook for your job category when you began employment with us. The Employee Handbook contains policies and procedures applicable to you. In addition to reading and complying with this Code, you are, from the date of commencement of your employment, also responsible for reading and complying with the policies and procedures set forth in the current Employee Handbook for your job category. A copy of the current Employee Handbook applicable to your job category is available on the Company's intranet or may be obtained by contacting the Human Resources Department.

B. DRUGS AND ALCOHOL

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 will 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 the Company's policies regarding drugs and alcohol will be deemed to have engaged in serious misconduct and will be subject to disciplinary action, up to and including termination.

C. EQUAL EMPLOYMENT OPPORTUNITY

The Company provides equal employment opportunities to all qualified individuals without regard to gender, age, race, color, religion, national origin, ancestry, citizenship,

physical or mental disability, sexual orientation, genetic information, family responsibility or any other status protected by law.

D. HARASSMENT

1. Generally. The Company prohibits the harassment of any employee on the basis of gender, age, race, color, religion, national origin, ancestry, citizenship, physical or mental disability, sexual orientation, genetic information, family responsibility or any other status protected by law. For the purpose of this policy statement, harassment is defined as verbal or physical conduct of a discriminatory nature directed towards an employee of the Company 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 should immediately report the offending conduct to the Human Resources Department or the Legal Department. Any Supervisor made aware of a possible harassment or discrimination problem must immediately notify either the Human Resources Department or the Legal Department.

2. Sexual Harassment. It is the Company's 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 or exposure 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. 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 should immediately report the offending conduct to the Human Resources Department or the Legal Department. Any Supervisor or manager made aware of a possible harassment or discrimination

problem must immediately notify either the Human Resources Department or the Legal Department.

No employee who exercises his or her right to report such incidents involving discrimination or sexual harassment will be subject to retaliation.

E. SEARCHES

The Company's 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, including compliance with this Code and other Company policies and procedures. This includes the theft of any Company property or any property of any Company employee or visitor. It also includes, but is not limited to, suspicion of possession, sale or use of drugs, alcohol, firearms or anything else that is prohibited or restricted on Company property.

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 the Company. 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, documents, emails and online communications). Such an inspection can occur at any time, with or without advance notice. Employees therefore should not expect that they have any privacy or confidentiality with regard to Company property.

IX. CONFIDENTIAL INFORMATION

A. GENERALLY

Unauthorized disclosure of Confidential Information relating to the Company can cause competitive harm to the Company and, in some cases, can result in legal liability for the employee and the Company. For purposes of this Code, "Confidential Information" includes, but is not limited to:

- Marketing, legal, planning, tax and accounting methods, policies, plans, procedures, strategies, and techniques;
- Financial information concerning the Company, including, but not limited to, projections, guidance, estimates, forecasts and supporting schedules, and documentation;
- Research and development projects, plans, and results;
- Trade secrets and other technical information;
- Names, addresses and other nonpublic 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;
- Information concerning the Company's employees such as names, addresses, nonpublic personal information, salaries, bonuses, performance ratings, corrective action, and employee relations issues; and
- Information obtained by the Company from others pursuant to a confidentiality or nondisclosure agreement or understanding.

B. NONDISCLOSURE OF CONFIDENTIAL INFORMATION

It is a violation of this Code and potentially of civil and criminal laws for you to disclose to persons outside the Company – even inadvertently – Confidential Information about the Company, except as required by law or in the performance of your regular duties. To the extent disclosure is required by law, you must consult the Legal Department prior to making such disclosure.

C. SAFEGUARDING CONFIDENTIAL INFORMATION

All Confidential Information concerning the Company and its affairs is the property of the Company, and due care must be taken by each employee to ensure that it is safeguarded. For example, sensitive documents should not be left lying on desks either during or after working hours, and care should be taken when disposing of such documents (e.g., shredding). Visitors should not be left unattended in offices or conference rooms containing sensitive or confidential Company documents. Employees 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.

Specifically, all computer systems should be locked when unattended. In addition, screensavers should be password-protected and automatically activate after no more than 10 minutes of inactivity.

D. COMMUNICATIONS WITH MEDIA AND WITH INVESTORS

Communications on behalf of the Company with the media, banks, brokers, financial and securities analysts and investors must be made only by the Chairman of the Board, 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 financial or securities analyst or an investor to your Supervisor or one of the Company officers listed above.

E. 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 must be referred to the Legal Department.

F. PERSONNEL RECORDS

1. Only authorized 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 federal law, and various other personal data.
2. 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, and members of their families. Any information regarding the physical or mental condition, the medical history or medical treatment of an employee, former employee, prospective employee or any member of their respective 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 ensure that appropriate procedures are taken to preserve the confidentiality of medical information. Questions concerning whether information is confidential medical information, how an employee should handle a request for disclosure of confidential medical information, or what specific procedures apply to ensure the security of confidential medical information should be directed to the Human Resources Department or the Legal Department.

3. Employees who work with or are called upon to review personnel records (including payroll records) are entrusted with access to nonpublic personal information regarding employees, former employees, prospective employees, and members of their respective families. Any nonpublic 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 any member of their respective families constitutes Confidential Information, which must be safeguarded and may only be disclosed under limited circumstances.

Employees have the responsibility to keep such nonpublic personal information private and confidential and to ensure that appropriate procedures are taken to preserve the confidentiality of nonpublic personal information. Questions concerning whether information is nonpublic personal information, how an employee should handle a request for disclosure of nonpublic personal information, or what specific procedures apply to ensure the security of nonpublic personal information should be directed to the Human Resources Department or the Legal Department.

X. INSIDER TRADING

It is a violation of this Code and potentially of civil and criminal laws for any Insider who is in possession of material nonpublic information relating to the Company 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. Employees, officers, members of the Board of Directors of the Company and members of the immediate family or household of such persons are all considered "Insiders."

Material nonpublic information is any information, positive or negative, that might be of significance to an investor in determining whether to buy, sell or hold securities of the Company, which has not been previously disclosed by the Company to the general public or is not otherwise available to the general public. In short, material nonpublic information is any information which could reasonably affect the price of the Company's securities.

Insider trading can bring severe consequences. 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.

This section is a brief summary of the rather complicated rules surrounding insider trading. The complete Company Insider Trading Policy has been made available to all employees in a separate document and should be read in conjunction with this Code. Particular attention should be paid to (a) situations when preapproval is required under the Insider Trading Policy in order for certain employees to trade in Company securities, and (b) the blackout periods set forth in the Insider Trading Policy, during which trading in Company securities by all Insiders is prohibited, unless a specific exception is provided in the Insider Trading Policy. Copies of the Insider Trading Policy and an annual calendar showing the blackout periods under the Insider Trading Policy are available on the Company's intranet or may be obtained by contacting the Legal Department. Any questions concerning the Insider Trading Policy, blackout periods, preapprovals or transactions in the Company's securities should be directed to the Legal Department.

XI. POLITICAL CONTRIBUTIONS

A. POLICY

No 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 or her position with the Company to solicit contributions from the Company's suppliers, subcontractors, vendors, consultants or employees, except in accordance with this Code and the Company's Political Contributions Policy.

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, or services or by allowing a candidate to use the Company's 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 Political Contributions Policy, a copy of which is available on the Company's intranet or from the Legal Department.

With respect to federal candidates, it is against the Company's policy:

1. For the Company to make any contribution or expenditure of any nature;
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 elections 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 Political Contributions Policy. No such contributions will be made without the prior written approval of the Legal Department and the Chief Executive Officer, as outlined in the Company's Political Contributions Policy.

D. INDIVIDUAL CONTRIBUTIONS

The Company's Political Contributions Policy 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 the Company's behalf. Since your work time can be considered a contribution, no employee may work for any candidate during hours for which he or she is being paid by the Company. In addition, no employee will be reimbursed by the Company for personal political contributions.

E. TRADE ASSOCIATIONS

It is the Company's policy to prohibit 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.

F. 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, but only with the prior approval of the Legal Department; and
4. Holiday gifts, but only with the prior approval of the Legal Department.

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

XII. CERTAIN LAWS AND REGULATIONS APPLICABLE TO OUR BUSINESS

The Company must comply with laws and regulations that are applicable to its business and requires that its employees also comply. If there is any question about any laws or regulations, you should seek advice from your Supervisor or the Legal Department.

A. ANTITRUST LAWS

The Company considers compliance with the applicable antitrust laws so vitally important to the Company that claims of ignorance, good intentions or failure to seek timely advice will not 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 or otherwise restrict competition are not only bad business practices but are also usually illegal.
- Contracts or other arrangements which involve restrictive agreements with suppliers may be unlawful and should not be entered into without the prior written approval of the Legal Department.
- The goods and services which the Company purchases from others and the prices and terms at which it does should not be discussed outside of the Company.

B. MARKETING AND ADVERTISING REGULATIONS

In marketing our products, you must follow all of the basic antitrust principles noted above. There are, however, some additional legal and ethical principles that should govern your conduct.

If you make specific claims about our homes or other products or services we offer, you should have evidence to substantiate those claims. You should not market our homes or services in any way that might cause confusion between the Company and any of our competitors. Similarly, you should be alert to any situation where a competitor may be attempting to mislead potential customers regarding our homes or services and inform appropriate management or the Legal Department of any such cases.

If a promotion is being offered, it should be offered to all of our customers who meet the qualifications for such promotion. Promotions are subject to very detailed and technical regulation and, therefore, should only be offered after approval from the appropriate Regional President and the Company's Marketing 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, receive prior approval from the Marketing Department. 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 or accept any bribe, kickback, or similar payment to or from anyone, including agents of our customers or members of their family, in connection with the sale of any of our homes, provision of any services or the conduct of our business. Should any such payments be requested, the Legal Department must be contacted immediately. Our policy is to forego any business which can only be obtained by improper or illegal payment.

C. PURCHASING POLICY

The Company will purchase all of its supplies and requirements on the basis of price, quality and service. All suppliers should be dealt with fairly, honestly and openly. Suppliers should 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, consulting, advertising, and construction, as well as to the purchase of goods used by the Company.

D. SAFETY AND ENVIRONMENTAL LAWS

The Company 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, you are also expected to comply with Company policies regarding these matters. The Company's policies pertaining to safety in homebuilding, storm water management, disposal of hazardous waste and other related policies are available on the Company's intranet. If you have any questions regarding such policies, you should consult the Legal Department.

E. FOREIGN CORRUPT PRACTICES ACT

The Foreign Corrupt Practices Act ("FCPA") is a federal criminal law which prohibits any Company officer, director, employee, or agent from corruptly making, or offering to make, or authorizing the payment of, any money or anything of value, directly or indirectly, to foreign government officials in order to obtain or retain business. This prohibition includes the provision of any payment intended to influence the decision of any foreign government official in his or her official capacity, including a decision not to perform an official function. In addition to employees and officers of foreign government departments, agencies, or political parties, the term "foreign public official" may include a candidate for foreign public office and employees of state-owned enterprises or companies. The FCPA applies to payments to any foreign public official, regardless of rank or position. Companies and individuals who violate the FCPA are subject to substantial penalties, including significant fines and imprisonment.

The FCPA also prohibits corrupt payments through intermediaries. Intermediaries may include joint venture partners or agents. It is unlawful to make a payment to a third party while knowing that all or a portion of the payment will go directly or indirectly to a foreign official. The term "knowing" can include conscious disregard and deliberate ignorance.

The FCPA also requires that publicly traded companies maintain adequate financial controls over corporate assets and that transactions and dispositions of corporate assets are accurately and fairly reflected in Company records.

The Company expects that all employees will conduct themselves in compliance with all applicable laws, including the FCPA and the anti-bribery laws of the countries in which the Company does business. Any questions regarding the scope of the FCPA, including whether any transaction may implicate the FCPA, should be directed to the Legal Department.

F. OTHER LAWS

As the Company continues to grow and expand into new geographic territories, it is becoming increasingly more difficult to stay ahead of new and ever-changing laws. 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, you should seek the advice of your Supervisor or the Legal Department.

XIII. REPORTING POSSIBLE ACCOUNTING AND AUDITING CONCERNS

A. GENERALLY

Congress passed the Sarbanes-Oxley Act of 2002 ("SOX") to improve, among other things, the accounting and auditing practices of publicly held companies. As required by Section 301 of SOX, the Audit Committee of the Company adopted the TBI Accounting and Auditing Complaint Monitoring 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.

B. SUBMISSION OF COMPLAINTS BY OUTSIDE PARTIES

Any outside party wishing to submit a complaint regarding Accounting Matters should do so in writing and send it by regular or electronic mail to the Company's General Counsel, who also serves as the Company's Chief Compliance Officer and Accounting Compliance Officer, or to the Chairman of the Audit Committee of the Company as follows:

John K. McDonald
Senior Vice President, General Counsel, and Chief Compliance Officer
Toll Brothers, Inc.
250 Gibraltar Road
Horsham, PA 19044
Email: jmcdonald@tollbrothersinc.com

Paul Shapiro
Chairman of the Audit Committee of the Board of Directors
c/o John K. McDonald, Senior Vice President, General Counsel, and
Chief Compliance Officer
Toll Brothers, Inc.
250 Gibraltar Road
Horsham, PA 19044
Email: jmcdonald@tollbrothersinc.com

In addition, the Company has an anonymous hotline that can be accessed by dialing 877.628.7892, or by going through the www.tollbrothersinc.com website. More information about the hotline is available on the Company's website.

C. ANONYMOUS SUBMISSION OF COMPLAINTS BY EMPLOYEES

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

John K. McDonald
Senior Vice President, General Counsel, and Chief Compliance Officer
Toll Brothers, Inc.
250 Gibraltar Road
Horsham, PA 19044
Tel: 215.938.8295
Email: jmcdonald@tollbrothersinc.com

Paul Shapiro
Chairman of the Audit Committee of the Board of Directors
c/o John K. McDonald, Senior Vice President, General Counsel, and
Chief Compliance Officer
Toll Brothers, Inc.
250 Gibraltar Road
Horsham, PA 19044
Tel: 215.938.8295
Email: jmcdonald@tollbrothersinc.com

In addition, you may access the Company's anonymous hotline by dialing 877.628.7892. You may also make an anonymous report on the Company's intranet or public Internet page. These are easy and confidential ways to report any concerns about Accounting Matters that you may witness or learn about from other sources. More information about anonymous reporting is available on the Company's intranet.

D. 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.

E. REPORTING AND RETENTION OF COMPLAINTS AND INVESTIGATIONS

The General Counsel will maintain a record of all complaints, tracking their receipt, content, investigation and resolution. The General Counsel will prepare a summary report thereof for the Audit Committee of the Company upon request or if circumstances dictate. Copies of complaints and such record will be maintained in accordance with the Company's record retention policy for accounting and auditing records for the fiscal period to which the complaint relates.

XIV. REPORTING POSSIBLE VIOLATIONS OF THE LAW, THE CODE OF ETHICS OR OTHER COMPANY POLICIES

A. VIOLATIONS

Violations of the law, this Code or any of the Company's policies or rules of conduct may constitute grounds for dismissal. If a situation arises which presents in your mind a potential violation of this Code, you should immediately contact: (i) your Supervisor, (ii) the Human Resources Department, or (iii) the Legal Department. Any Supervisor or manager made aware of a violation or possible violation of the law, this Code or any of the Company's policies or rules of conduct must immediately notify the Human Resources Department or the Legal Department.

Discovery of events of a questionable, fraudulent or illegal nature or which appear to be in violation of this Code must be promptly reported in the manner described above.

Employees wishing to make an anonymous report of a potential violation of the law, this Code or any of the Company's policies or rules of conduct may also send such a report in writing by regular or electronic mail to the General Counsel of the Company at the address set forth below:

John K. McDonald
Senior Vice President, General Counsel, and Chief Compliance Officer
Toll Brothers, Inc.
250 Gibraltar Road
Horsham, PA 19044
Tel: 215.938.8295
Email: jmcdonald@tollbrothersinc.com

In addition, the Company has an anonymous hotline that you can access by dialing 877.628.7892. You may also make an anonymous report on the Company's intranet or public Internet page. These are easy and confidential ways 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 the anonymous reporting 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 record of all complaints, tracking their receipt, content, 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 record 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 to the

Human Resources or Legal Departments (or other appropriate officer of the Company) a violation or potential violation of this Code by another employee.

XV. AUDITS; COMPLIANCE OFFICER

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 also the Chief Compliance Officer and is the officer responsible for all questions regarding the applicability and enforcement of this Code.

CERTIFICATION

I, _____,

hereby certify that I have received and reviewed the Toll Brothers Code of Ethics and Business Conduct (“Code”), that I understand the conduct that is expected of me under the Code as an employee of Toll Brothers, 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.