

## Toll Brothers' Record FY 2005 2nd Qtr Net Income Rises 135% to \$170 Million

May 26, 2005

Record 2nd Qtr EPS Increases 126% to \$2.01 Per Share

Record 2nd Qtr Contracts Grow 38% to \$2.20 Billion

Record 2nd Qtr Revenues Rise 52% to \$1.25 Billion

Record 2nd Qtr-End Backlog Increases 57% to \$5.87 Billion

HORSHAM, Pa., May 26, 2005 (PRIMEZONE) -- Toll Brothers, Inc., (NYSE:TOL) ([www.tollbrothers.com](http://www.tollbrothers.com)), the nation's leading builder of luxury homes, today reported record second-quarter and six-month results for earnings, contracts, revenues and backlog for the period ended April 30, 2005. The value of the company's second-quarter contracts and backlog were the highest for any quarter in its history.

Robert I. Toll, chairman and chief executive officer, stated: "We owe our excellent results to the tremendous perseverance and intensity of our associates. No one in our industry has a harder working, more dedicated team!

"With increasing numbers of communities in lot-constrained markets, our growing brand name and our broadening diversity of luxury new home product lines, we continue to produce record results.

"We expect to end fiscal 2005 with approximately 240 selling communities compared to 220 at FYE 2004. We believe our expertise in securing land and opening communities in highly-regulated, upscale markets gives us a competitive advantage, both today and in the future. We now control approximately 68,000 home sites, compared to 58,000 one year ago. These sites, which are in communities currently open for sale or wending their way through the approval process, represent a five-to-six year supply based on our historic pace of growth."

Joel H. Rassman, chief financial officer, stated: "Our record earnings, contracts and backlog reflect the strong demand and accompanying pricing power we have enjoyed over the past twelve months. Based on these results and our record \$5.87 billion backlog of homes under contract, we are increasing our earnings expectations for FY 2005. We now believe net income will grow approximately 70% in FY 2005 compared to FY 2004. Based on our backlog and expected community growth, even with this increased projection, we still believe net income will rise approximately 20% in FY 2006 over FY 2005."

Toll Brothers' financial highlights for the three-month and six-month periods ended April 30, 2005 (unaudited):

-- The Company's FY 2005 second-quarter net income of \$170.1 million grew 135% versus FY 2004 second-quarter net income

of \$72.4 million. Second-quarter earnings of \$2.01 per share diluted increased 126% compared to second-quarter 2004's earnings of \$0.89 per share diluted, the previous second-quarter record.

- FY 2005 six-month net income of \$280.3 million grew 129% versus FY 2004 six-month net income of \$122.5 million. Six-month earnings of \$3.34 per share diluted rose 121% versus FY 2004's same period earnings of \$1.51 per share diluted.
- FY 2005 second-quarter contracts of \$2.20 billion (3,181 homes), grew 38% over FY 2004's second-quarter contracts of \$1.60 billion (2,595 homes), the previous second-quarter record. In addition, in second quarter 2005, unconsolidated entities in which the Company had an interest signed contracts of \$85.2 million (123 homes).
- FY 2005's six-month contracts of \$3.65 billion (5,354 homes), grew 46% over FY 2004's total of \$2.50 billion (4,107 homes), the previous six-month record. In addition, in the six-month FY 2005 period, unconsolidated entities in which the Company had an interest signed contracts of \$100.7 million (159 homes).
- FY 2005 second quarter-end backlog of \$5.87 billion (8,561 homes), the highest in the Company's history, increased 57% over FY 2004's second-quarter-end backlog of \$3.73 billion (6,211 homes), the previous second-quarter record. In addition, at the end of second quarter 2005, unconsolidated entities in which the Company had an interest had a backlog of \$111.7 million (183 homes).
- FY 2005 second-quarter revenues of \$1.25 billion increased 52% versus FY 2004's second-quarter revenues of \$819.5 million. In FY 2005, second-quarter home building revenues of \$1.23 billion (1,912 homes), increased 51% over FY 2004's second-quarter home building revenues of \$814.3 million (1,463 homes), the previous second-quarter record. Revenues from land sales totaled \$9.8 million for FY 2005's second quarter, compared to \$2.0 million in the second quarter of FY 2004.
- FY 2005 six-month revenues of \$2.25 billion increased 59% versus FY 2004's six-month revenues of \$1.42 billion, the previous six-month record. FY 2005 six-month home building revenues of \$2.22 billion (3,502 homes) increased 58% over FY 2004's six-month home building revenues of \$1.40 billion (2,548 homes), the previous

six-month record. FY 2005 revenues from land sales for the six-month period totaled \$11.0 million compared to \$8.0 million in the same period in FY 2004.

- In addition, in the Company's fiscal 2005 second-quarter and six-month periods, unconsolidated entities in which the Company had an interest delivered \$38.4 million (87 homes) and \$64.9 million (150 homes), respectively, compared to \$1.9 million (6 homes) and \$3.4 million (11 homes), respectively, in the same periods of fiscal 2004. The Company's share of the profits from the delivery of these homes is included in 'Equity Earnings in Unconsolidated Entities' on the Company's Income Statement.
- Toll Brothers' second quarter and six-month 2004 results included a \$0.06 per share after-tax expense due to early retirement of \$170 million of 8 1/8% senior subordinated notes due 2009. No such comparable charge was incurred in the second-quarter or six-month periods in FY 2005.
- In Toll Brothers' third quarter 2005, the Company anticipates it will incur an after-tax expense of approximately \$0.03 per share diluted related to the expected early retirement of all of its \$100 million of 8% Senior Subordinated Notes due 2009 and its \$222.5 million bank term loan due July 2005.

Toll Brothers will be broadcasting live via the Investor Relations section of its website, [www.tollbrothers.com](http://www.tollbrothers.com), a conference call hosted by chairman and chief executive officer Robert I. Toll at 2:00 p.m. (EDT) today, May 26, 2005, to discuss these results and our outlook for the remainder of fiscal 2005. Prior to this conference call, the company intends to file a Form 8-K with the Securities and Exchange Commission containing its guidance for expected results of operations for Fiscal 2005 which will be discussed on the call. To access the call, enter the Toll Brothers website, then click on the Investor Relations page, and select "Conference Calls". Participants are encouraged to log on at least fifteen minutes prior to the start of the presentation to register and download any necessary software. The call can be heard live with an on-line replay which will follow and continue through July 31, 2005.

Toll Brothers, Inc. is the nation's leading builder of luxury homes. The Company began business in 1967 and became a public company in 1986. Its common stock is listed on the New York Stock Exchange and the Pacific Exchange under the symbol "TOL". The Company serves move-up, empty-nester, active-adult and second-home home buyers and operates in 20 states: Arizona, California, Colorado, Connecticut, Delaware, Florida, Illinois, Massachusetts, Maryland, Michigan, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Texas, and Virginia.

Toll Brothers builds luxury single-family detached and attached home communities, master planned luxury residential resort-style golf communities and urban low, mid- and high-rise communities, principally on land it develops and improves. The Company operates its own architectural, engineering, mortgage, title, land

development and land sale, golf course development and management, home security, landscape, cable T.V. and broadband Internet delivery subsidiaries. The Company also operates its own lumber distribution, and house component assembly and manufacturing operations.

Toll Brothers is the only publicly traded national home building company to have won all three of the industry's highest honors: America's Best Builder from the National Association of Home Builders, the National Housing Quality Award and Builder of the Year. For more information visit [www.tollbrothers.com](http://www.tollbrothers.com).

Certain information included herein and in other Company reports, SEC filings, statements and presentations is forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements concerning anticipated operating results, financial resources, changes in revenues, changes in profitability, interest expense, growth and expansion, anticipated income from joint ventures and the Toll Brothers Realty Trusts Group, the ability to acquire land, the ability to secure governmental approvals and the ability to open new communities, the ability to sell homes and properties, the ability to deliver homes from backlog, the average delivered price of homes, the ability to secure materials and subcontractors, the ability to maintain the liquidity and capital necessary to expand and take advantage of future opportunities, and stock market valuations. Such forward-looking information involves important risks and uncertainties that could significantly affect actual results and cause them to differ materially from expectations expressed herein and in other Company reports, SEC filings, statements and presentations. These risks and uncertainties include local, regional and national economic conditions, the demand for homes, domestic and international political events, uncertainties created by terrorist attacks, the effects of governmental regulation, the competitive environment in which the Company operates, fluctuations in interest rates, changes in home prices, the availability and cost of land for future growth, the availability of capital, uncertainties and fluctuations in capital and securities markets, changes in tax laws and their interpretation, legal proceedings, the availability of adequate insurance at reasonable cost, the ability of customers to finance the purchase of homes, the availability and cost of labor and materials, and weather conditions.

TOLL BROTHERS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Amounts in thousands)

	April 30, 2005	October 31, 2004
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ASSETS	(Unaudited)	
Cash and cash equivalents	\$ 566,668	\$ 465,834
Marketable securities		115,029
Inventory	4,299,587	3,878,260
Property, construction and office equipment, net	63,649	52,429
Receivables, prepaid		

expenses and other		
assets	152,009	146,212
Mortgage loans		
receivable	78,663	99,914
Customer deposits held		
in escrow	76,681	53,929
Investments in and		
advances to		
unconsolidated		
entities	114,196	93,971
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	\$ 5,351,453	\$ 4,905,578
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LIABILITIES AND  
STOCKHOLDERS' EQUITY

Liabilities:

Loans payable	\$ 358,922	\$ 340,380
Senior notes	845,914	845,665
Subordinated notes	450,000	450,000
Mortgage company		
warehouse loan	69,108	92,053
Customer deposits	389,265	291,424
Accounts payable	202,918	181,972
Accrued expenses	611,340	574,202
Income taxes payable	147,964	209,895
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Total liabilities	\$ 3,075,431	\$ 2,985,591
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Stockholders' equity:

Preferred stock, none		
issued		
Common stock	776	770
Additional paid-in		
capital	251,646	200,938
Retained earnings	2,051,056	1,770,730
Unearned compensation	(834)	
Treasury stock	(26,622)	(52,451)
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Total stockholders'		
equity	2,276,022	1,919,987
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	\$ 5,351,453	\$ 4,905,578

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(Amounts in thousands, except per share data)  
(Unaudited)

	Six months ended April 30,		Three months ended April 30,	
	2005	2004	2005	2004
Revenues:				
Home sales	\$2,215,095	\$1,403,886	\$1,225,998	\$ 814,309
Land sales	11,025	7,998	9,800	2,011
Equity earnings in unconsolidated entities	5,308	1,394	3,373	729
Interest and other	15,992	4,119	9,109	2,436
	2,247,420	1,417,397	1,248,280	819,485
Costs and expenses:				
Home sales	1,516,142	1,007,051	830,649	584,623
Land sales	6,095	6,806	5,316	1,503
Selling, general and administrative	223,423	166,547	116,358	89,894
Interest	49,938	35,754	28,126	21,196
Expenses related to early retirement of debt		7,748		7,748
	1,795,598	1,223,906	980,449	704,964
Income before income taxes	451,822	193,491	267,831	114,521
Income taxes	171,496	70,969	97,698	42,083

Net income	\$ 280,326	\$ 122,522	\$ 170,133	\$ 72,438
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Earnings per  
share:

Basic	\$ 3.66	\$ 1.65	\$ 2.20	\$ 0.97
Diluted	\$ 3.34	\$ 1.51	\$ 2.01	\$ 0.89

Weighted average  
number of shares:

Basic	76,570	74,123	77,313	74,406
Diluted	83,859	81,123	84,676	81,426

Additional  
information:

Interest incurred	\$ 58,148	\$ 56,505	\$ 28,998	\$ 28,265
Depreciation and amortization	\$ 10,879	\$ 7,336	\$ 5,678	\$ 3,773

THREE MONTHS ENDED APRIL 30,	UNITS		\$ (MILL)	
	2nd Qtr.	2nd Qtr.	2nd Qtr.	2nd Qtr.
	2005	2004	2005	2004
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Northeast				
(CT, MA, NH, NJ, NY,				
RI)	254	216	140.3	124.8
Mid-Atlantic (DE, MD,				
PA, VA)	759	534	458.7	274.1
Midwest (IL, MI, OH)	141	99	89.1	58.6
Southeast (FL, NC,				
SC, TN)	197	192	105.4	91.5
Southwest (AZ, CO,				
NV, TX)	305	190	188.9	107.4
West Coast (CA)	256	232	243.6	157.9
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	1,912	1,463	1,226.0	814.3
Unconsolidated				
entities	87	6	38.4	1.9
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	1,999	1,469	1,264.4	816.2
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# CONTRACTS

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## Northeast

(CT, MA, NH, NJ, NY, RI)	495	282	318.8	162.5
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Mid-Atlantic (DE, MD, PA, VA)	1,177	911	784.1	515.8
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Midwest (IL, MI, OH)	212	187	144.4	112.3
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Southeast (FL, NC, SC, TN)	463	268	262.3	131.3
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Southwest (AZ, CO, NV, TX)	579	425	403.5	248.3
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West Coast (CA)	255	522	291.4	429.8
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3,181	2,595	2,204.5	1,600.0

## Unconsolidated

entities	123	5	85.2	1.6
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3,304	2,600	2,289.7	1,601.6
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# BACKLOG

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## Northeast

(CT, MA, NH, NJ, NY, RI)	1,359	1,037	855.4	590.4
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Mid-Atlantic (DE, MD, PA, VA)	2,767	2,173	1,782.3	1,161.2
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Midwest (IL, MI, OH)	534	430	360.6	247.7
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Southeast (FL, NC, SC, TN)	1,218	540	741.4	289.9
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Southwest (AZ, CO, NV, TX)	1,743	1,028	1,162.7	599.5
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West Coast (CA)	940	1,003	964.0	842.2
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8,561	6,211	5,866.4	3,730.9

## Unconsolidated

entities	183	14	111.7	4.5
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8,744	6,225	5,978.1	3,735.4
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SIX MONTHS ENDED APRIL 30,

UNITS

\$ (MILL)

6 Months	6 Months	6 Months	6 Months
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CLOSINGS	2005	2004	2005	2004
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Northeast				
(CT, MA, NH, NJ, NY, RI)	483	399	263.6	229.4
Mid-Atlantic (DE, MD, PA, VA)	1,422	939	845.6	475.5
Midwest (IL, MI, OH)	236	171	146.1	99.6
Southeast (FL, NC, SC, TN)	352	313	189.7	145.1
Southwest (AZ, CO, NV, TX)	553	339	344.8	189.2
West Coast (CA)	456	387	425.3	265.1
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	3,502	2,548	2,215.1	1,403.9
Unconsolidated entities	150	11	64.9	3.4
	3,652	2,559	2,280.0	1,407.3
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#### CONTRACTS

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Northeast				
(CT, MA, NH, NJ, NY, RI)	814	504	519.5	300.3
Mid-Atlantic (DE, MD, PA, VA)	1,944	1,438	1,255.5	799.6
Midwest (IL, MI, OH)	324	307	222.4	184.0
Southeast (FL, NC, SC, TN)	844	442	467.7	216.8
Southwest (AZ, CO, NV, TX)	945	658	657.8	391.8
West Coast (CA)	483	758	524.7	610.3
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	5,354	4,107	3,647.6	2,502.8
Unconsolidated entities	159	10	100.7	3.2
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	5,513	4,117	3,748.3	2,506.0
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CONTACT: Toll Brothers, Inc.  
Frederick N. Cooper  
(215) 938-8312  
fcooper@tollbrothersinc.com

Joseph R. Sicree

(215) 938-8045

[jsicree@tollbrothersinc.com](mailto:jsicree@tollbrothersinc.com)

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