TECHNICAL OLYMPIC

The management of the TECHNICAL OLYMPIC Group announces that its listed on New York Stock Exchange (NYSE) USA subsidiary, TECHNICAL OLYMPIC USA INC. (TOUSA), announced today its fourth quarter and year end 2006 financial results and provided update on the Transeastern Joint Venture.

Year Ended December 31, 2006

Homebuilding revenues for the full year were $2.6 billion, a 5% increase over the $2.5 billion reported in 2005. Consolidated deliveries increased 1% to 7,824 from 7,769 in 2005. The Company's average sales price on consolidated delivered homes increased 7% to $312,000 for the year end December 31, 2006 from $292,000 for year end December 31, 2005.

The Company reported a net loss for the year ended December 31, 2006 of $201.2 million ($3.38 per diluted share), compared to net income of $218.3 million reported in the prior year. EBITDA for the year was $435.7 million, compared to $431.2 million in 2005. Excluding the impact of inventory impairments, deposit write-offs and abandonment costs, and estimated loss contingency, net income, using an effective tax rate of 37.0% was $217.1 million (or $3.57 per diluted share, assuming 60.9 million diluted shares outstanding) for the year ended December 31, 2006, a 23% decrease from last year's record year.

Home sales gross margin for the year excluding impairment and related charges was 24.0%, compared to 25.0% in the prior year. Land sale profits during 2006 were $6.3 million compared to $45.6 million in the prior year.

For the year ended December 31, 2006, the Company reported 6,583 consolidated net sales orders, a 24% decrease over the 8,614 reported in 2005. Stockholder's equity at December 31, 2006 was $774.9 million, a 20% decrease from the $971.3 million at December 31, 2005.

At December 31, 2006, we controlled approximately 64,700 consolidated homesites. Of this amount, the Company owned approximately 22,200 homesites and had option contracts on approximately 42,500 homesites.

TOUSA further stated the following:

In response to a more challenging housing market, during the second half of 2006, we took action to improve our balance sheet and liquidity, which resulted in $33.8 million of cash flow from operations in the fourth quarter of 2006. We are increasing our efforts to diligently manage our assets to strengthen our balance sheet, and in doing so, have established inventory targets based on current market conditions, existing inventory levels and our historical and projected results. Some of our divisions exceed these targeted levels and we are taking the necessary actions to bring inventory within these targeted levels. During the last six months of 2006, we sold land and abandoned our rights under option contracts which resulted in a 4,200 unit decline in our controlled homesites.

Some of the balance sheet improvement efforts we are focusing on as part of our asset management initiatives, include: limiting new arrangements to acquire land; engaging in bulk sales of land and unsold homes; reducing the number of homes under construction; re-negotiating terms or abandoning our rights under option contracts; considering other asset dispositions including the possible sale of underperforming assets, communities, divisions, and joint venture interests; and other initiatives designed to monetize our assets. As challenging market conditions continue, we expect to see a further decline in inventory as we attempt to align our inventory levels to housing demand. We believe these actions will strengthen our balance sheet and improve our liquidity by generating cash flow; however, many of these actions may result in charges to earnings.

Three Months Ended December 31, 2006

The Company reported a net loss for the fourth quarter of 2006 of $243.8 million ($4.09 per diluted share), compared to net income of $75.9 million ($1.23 per diluted share) reported in the fourth quarter of 2005.

The Company's results for the fourth quarter of 2006 include a $275.0 million estimated pre-tax loss contingency relating to the potential restructuring of the Transeastern JV pursuant to a proposed settlement, which is described later in this press release. Also adversely impacting net income is $97.9 million of non-cash, pre-tax charges resulting from the write-down of assets including, inventory impairments and write-off of deposits and abandonment costs. Of this amount, $46.7 million of inventory impairments are related to active communities, and $51.2 million are related to land impairments, deposit write-offs and abandonment costs.

Excluding the impact of inventory impairments, deposit write-offs and abandonment costs, and estimated loss contingency, net income, using an effective tax rate of 35.7%, was $38.4 million (or $0.64 per diluted share, assuming 60.0 million diluted shares outstanding), a 49% decrease from last year's record fourth quarter. Land sale losses during the fourth quarter 2006 were $5.4 million compared to a gain of $6.9 million in the prior year's period.

Homebuilding revenues for the fourth quarter of 2006 were $688.4 million, a 6% increase from the $649.5 million in the fourth quarter of 2005. The increase in homebuilding revenues was due to an increase in the average sales price of consolidated homes delivered to $307,000 from $303,000. The total number of consolidated homes delivered decreased to 1,995 from 2,009 in the fourth quarter of 2005.

The Company's gross profit margin, excluding impairment and related charges, as a percentage of home sales decreased 440 basis points in the fourth quarter of 2006 to 22.6% from 27.0% in the fourth quarter of 2005. Home sales gross profit was primarily impacted by higher incentives which increased 223% to $30,000 per delivery for the fourth quarter of 2006 from $9,300 per delivery for the fourth quarter of 2005.

TOUSA stated the following: Despite our fourth quarter revenue growth over the record levels of 2005, the effects of the rapidly deteriorating housing market negatively impacted our net income. Our margins declined due to our reducing prices and increasing incentives in order to maintain sales velocity in light of the larger issues of adverse market conditions, which include increased cancellations, decreased demand, too much supply, and low affordability. Additionally, these lower home prices and the expectation of continued downward pressure on home prices resulted in land related charges, further impacting our homebuilding results.

We are aggressively reacting to today's current market challenges. We believe we are taking the right steps of maintaining sales velocity, reducing starts and carefully analyzing our inventory to correctly position ourselves for the eventual market recovery. As such, we continue to invest in our future and position our company for long-term success. We have already taken steps to streamline our organization, adjust our operating overhead, and improve our operational efficiency, and will continue our increased efforts of training our associates, improving customer service and using technology to improve our marketing, building and operating activities.

SG&A expenses increased to $89.1 million for the three months ended December 31, 2006, from $76.2 million for the three months ended December 31, 2005. The increase was mainly attributable to a $13.2 million increase in direct sales and advertising costs, a $4.1 million increase in severance and contract termination costs, and $3.5 million inconsulting and professional fees related to the potential restructuring of the Transeastern JV.

The Company reported consolidated net sales orders of 1,110 for the fourth quarter of 2006, a 34% decrease from the 1,673 reported in the fourth quarter of 2005. The sales value of consolidated net sales orders in the fourth quarter of 2006 was $347.2 million, a 33% decrease from the $516.3 million reported in the fourth quarter of 2005. The average price of the Company's consolidated net sales orders in the fourth quarter of 2006 increased slightly to $314,000, compared to $309,000 reported in the fourth quarter of 2005. The Company's consolidated cancellation rate for the fourth quarter of 2006 was 49%, compared to 22% in the fourth quarter of 2005.

The Company's consolidated homes in backlog decreased 22% to 4,091 homes in the fourth quarter of 2006 from 5,272 homes in the fourth quarter of 2005. The Company's consolidated sales value of homes in backlog decreased 17% to $1.4 billion in the fourth quarter of 2006, from $1.8 billion in the fourth quarter of 2005.

For the quarter ended December 31, 2006, the Company's unconsolidated joint ventures (excluding the Transeastern JV) delivered 320 homes with an average sales price of $336,000, generating $107.4 million in homebuilding revenues. The Company's joint ventures (excluding the Transeastern JV) reported negative 138 net sales orders, due the Company's joint ventures proactive efforts to reassess the quality of its backlog. At December 31, 2006, the Company had 502 unconsolidated joint venture homes (excluding the Transeastern JV) in backlog with an aggregate sales value of $171.3 million. As of December 31, 2006, the Company's unconsolidated joint ventures (excluding the Transeastern JV) controlled approximately 5,000 homesites. The Company excludes the results of the Transeastern JV due to the write off of its investment and its current expectation that the joint venture will not provide a contribution to the Company's results.

EBITDA for the fourth quarter of 2006 was $84.6 million compared to $142.2 million in the fourth quarter of 2005.

2007 Outlook

Due to the lack of visibility into the remainder of 2007, including the timing of a recovery and the level of future asset impairments and option deposit write-offs, the Company is not providing 2007 earnings guidance at this time.

Our focus for the remainder of the year is on working on our operational initiatives of reducing inventory, limiting our speculative building, focusing on pre-sale homes, generating cash and improving our liquidity. Taking these steps today will enable TOUSA to focus on the right balance of growth and balance sheet strength in the future. We do not anticipate the fundamental issue of supply exceeding demand to correct in 2007. As such, we will continue to balance home price and profitability with sales velocity and expect continued pressure on our margins throughout 2007.

Transeastern JV

TOUSA acquired its 50% interest in the Transeastern JV on August 1, 2005, when the Transeastern JV acquired substantially all of the homebuilding assets and operations of Transeastern Properties, Inc., including work in process, finished lots and certain land option rights. The Transeastern joint venture paid approximately $826.2 million for these assets and operations (which included the assumption of $112.0 million of liabilities and certain transaction costs, net of $30.1 million of cash). The other member of the joint venture is an entity controlled by the former majority owners of Transeastern Properties. TOUSA continues to function as the managing member of the Transeastern JV through the Company's wholly owned subsidiary, TOUSA Homes L.P.

Upon formation of the Transeastern JV, for the benefit of the senior and mezzanine lenders to the joint venture, TOUSA entered into completion guarantees relating to the completion of certain development activities in process as of August 1, 2005, the payment of certain related project costs, and the payment, bonding or removal of certain mechanics' liens in the event the joint venture failed to complete these activities (the "Completion Guarantees"). TOUSA also entered into carve-out guarantees to indemnify the lenders for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements arising out of fraud or material misrepresentation by any of the borrowing entities, misappropriation by the borrowing entities of certain payments, improper use of insurance proceeds, intentional misconduct or waste with respect to the collateral, and/or failure to maintain insurance or pay taxes (the "Carve-Out Guarantees"). The other member of the joint venture also executed carve-out guarantees, however, if it is determined that the lenders' losses are a result of TOUSA's acts or omissions, TOUSA must indemnify the other member for any damages it suffers under the guarantees. In addition, under the Carve-Out Guarantees if TOUSA, the joint venture or any of its subsidiaries files for bankruptcy protection, TOUSA may be responsible for payment of the full amount of the outstanding loans. As of December 31, 2006, the Transeastern JV had approximately $625.0 million of bank debt outstanding of which $400.0 million was senior debt.

TOUSA received demand letters from the administrative agent for the lenders to the Transeastern JV demanding payment under the Completion Guarantees and Carve-Out Guarantees. The demand letters allege that potential defaults and events of default have occurred under the credit agreements and that such potential defaults or events of default have triggered the Company's obligations under the Guarantees. The lenders claim that TOUSA's guarantee obligations equal or exceed all of the outstanding obligations under each of the credit agreements and that TOUSA is liable for default interest, cost and expenses. In addition, the administrative agent on the senior debt has, among other things, recently demanded the accrual of a 50 basis point forbearance fee, the accrual of default interest, and a 25 basis point increase in the interest rate and letter of credit fees on the senior debt.

TOUSA has disputed and continues to dispute these allegations. However, the Company continues to engage in settlement discussions with representatives of the current lenders to the Transeastern JV and with the other member of the joint venture. As part of these discussions, TOUSA has proposed a structure in which either the joint venture or the successor to some or all of its assets would become TOUSA's wholly or majority owned subsidiary. The proposal also contemplates paying the joint venture's $400.0 million of senior debt in full through the incurrence of additional indebtedness. In connection with these negotiations TOUSA is evaluating various financing alternatives. TOUSA would require third party financing to facilitate this transaction as well as an amendment to its secured credit facility permitting this to occur. Although TOUSA is in discussions with its banks relative to this financing, there is no assurance that it will be successful or that this financing would be on terms acceptable to TOUSA. A settlement with the joint venture's mezzanine lenders, if one is reached, could result in, among other things, the issuance of equity and/or debt securities by TOUSA or one of its subsidiaries, including the joint venture. TOUSA is also in discussions regarding the joint venture's obligations with respect to terminating the joint venture's rights under option contracts and any obligations under its completion guarantees and construction obligations. In connection with making the joint venture the Company's wholly or majority owned subsidiary, TOUSA is in discussions with the other member of the joint venture which consider, among other things, releasing potential claims, terminating the joint venture's rights under land bank arrangements to purchase certain properties in which the member's affiliates have interests, and releasing the joint venture from its obligations with respect to certain properties including land bank arrangements. Although to date the interested parties have agreed to extend the rights under the agreements through payment of fees, to preserve the joint venture's rights under the land bank arrangements, or for other reasons, the lenders to the joint venture could cause their respective joint venture borrower to file for bankruptcy at any time. The mezzanine lenders have asserted that they can trigger full recourse liability against the Company by exercising certain rights that would allow those lenders to acquire control of the mezzanine borrowers. The mezzanine lenders have further asserted that if they do so, a voluntary bankruptcy filing by the operating company of the Transeastern JV, at the ultimate direction of the mezzanine lenders, would trigger full recourse liability against the Company. The Company disputes that a voluntary bankruptcy filed at the direction of the mezzanine lenders, either directly or indirectly, would trigger full recourse liability.

There is no assurance that TOUSA will be able to reach satisfactory settlements in these negotiations. Any settlements are likely to involve the Company having to incur more indebtedness which could, among other things, increase its debt servicing obligations and reduce its ability to incur indebtedness in the future.

While TOUSA remains committed to working with all interested parties to achieve a consensual global resolution, settlement discussions are ongoing and the Company may be unable to agree to a settlement with the lenders or other parties, including obtaining necessary consents and financings. Even if a settlement is reached, TOUSA cannot predict the outcome of any such settlement, including the cash or other contributions the Company may have to make in order to effectuate any such settlement if there is one at all. Additionally, TOUSA may choose to pursue other strategies and alternatives with respect to the joint venture. If the Company is unable to reach a settlement and become liable under some or all of the guarantees, it may have a material adverse affect on the Company's business and liquidity and defaults under documents governing its existing indebtedness could occur which may require the Company to consider all of its alternatives in restructuring its business and its capital structure.

Transeastern JV's fiscal year ends on November 30. The JV recorded a net loss of $468.0 million as at November 30, 2006. A significant portion of the Transeastern JV loss can be attributed to $279.8 million in inventory impairments and write-off of land deposits and abandonment costs. The joint venture also recorded $176.6 million of impairment charges on goodwill and other intangible assets during fiscal 2006. After recognizing the impairment charges discussed above, the carrying value of the Transeastern JV's assets at November 30, 2006 approximated $471.0 million, of which $293.9 million represented land and construction in progress. At November 30, 2006, the liabilities of the Transeastern JV amounted to $810.6 million, of which $625.0 million represents the bank debt. At November 30, 2006, the joint venture's liabilities exceeded its assets by $339.6 million and there is substantial doubt about the joint venture's ability to continue as a going concern without a complete restructuring of its debt and equity structure or an infusion of additional capital by its members. This is evidenced by the going concern opinion the Transeastern JV received in its November 30, 2006 audited financial statements.

As result of these and other factors, during the year ended December 31, 2006, TOUSA evaluated the recoverability of its investment in the Transeastern JV, under APB 18, 'The Equity Method of Accounting for Investments in Common Stock,' and determined its investment to be fully impaired. As of December 31, 2006, the Company wrote-off $145.1 million related to its investment in the Transeastern JV, which included $31.3 million of member loans receivable and

$21.4 million of receivables for management fees, advances and interest due to TOUSA from the Transeastern JV. TOUSA's write-off of $145.1 million is included in loss from joint ventures in the accompanying consolidated statement of operations.

In accordance with SFAS No. 5, Accounting for Contingencies ('SFAS 5'), TOUSA has evaluated whether any amount should be accrued in connection with a potential restructuring of the Transeastern JV as discussed above. In accordance with SFAS 5, the Company has accrued $275.0 million (reflecting its estimate of the low end of the range of a potential loss as determined by taking the difference between the estimated fair market value of the consideration the Company expects to pay in connection with the global settlement less the estimated fair market value of the business the Company would acquire pursuant to its proposal) which is presented as a separate line item in its consolidated statement of operations for the year ended December 31, 2006 and is included in accounts payable and other liabilities in its consolidated statement of financial condition as of December 31, 2006. No assurance can be given as to what amounts would have to be ultimately paid in any settlement if one can be reached at all.

Amendment to Credit Facility

TOUSA has amended its $800 million credit facility to reduce its minimum interest coverage ratio.

For more information on TOUSA's financial statements, please visit TOUSA's website at www.tousa.com.