

Friday, June 29, 2007



PRESS RELEASE

TOUSA Enters Into Transeastern JV Settlement Agreements and Executes Financing Commitment Letter

TECHNICAL OLYMPIC GROUP's management informs the investment community that NYSE listed US subsidiary TOUSA Inc. announced today that it has entered into a settlement agreement with the senior and junior mezzanine lenders to the Transeastern JV and has now reached a global consensual resolution with all participants in the Transeastern JV including: the senior lenders, the mezzanine lenders, the JV partner and land bankers. The Company expects to close a global settlement on or before July 31, 2007, subject to closing conditions, including the funding under the Citibank facility described below. The Company can not provide any assurances that these closing conditions will occur.

The Global Settlement would be financed by TOUSA's issuance of new equity and debt securities including a new \$500 million Senior Secured credit facility underwritten by Citibank. The full amount of the debt to the Transeastern JV senior secured lenders, \$400 million plus approximately \$22.7 million of interest will be repaid in cash resolving all claims of the Transeastern JV senior secured lenders.

The Company entered into Settlement and Release Agreements with the Senior Mezzanine Lenders and the Junior Mezzanine Lenders to the Transeastern JV which, subject to the satisfaction of certain closing conditions, would release the Company from its potential obligations to the Transeastern JV's mezzanine lenders.

Pursuant to the Mezz Settlement Agreements, the Company has agreed to issue to the Senior Mezzanine Lenders the following securities: (i) \$20.0 million in aggregate principal amount of 14.75% Senior Subordinated PIK

Election Notes due 2015. (ii) \$117.5 million of 8.0% Convertible Preferred PIK Preferred Stock due 2015. To the junior mezzanine lenders the company has agreed to issue warrants of a total fair value at the exercise date amounting to \$16.25 million provided the Calculated Price is between \$4.25 and \$6.00 and exercisable for a term of five years from the date of issuance.

As part of the settlement the Transeastern JV will become wholly owned by the Company and merged into one of the Company's subsidiaries and become a guarantor on the Company's credit facilities and note indentures. Upon completion of the transaction, TOUSA will acquire control of approximately 7,500 additional homesites in Florida, of which 2,700 will be owned and 4,800 will be under option.

The Company expects that the proposed settlements will increase its loss accrual with respect to the Transeastern JV by approximately \$38 million from the \$354.3 million estimated in the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2007, due to an increase in the expected fair value of the consideration to be paid to the creditors of the Transeastern JV. The loss accrual also remains subject to change based on the change in the estimated fair value of the Transeastern JV as of the closing of the settlement.

Regarding the settlement, TOUSA management stated: *"This global settlement enables TOUSA to put the Transeastern JV issue behind us and removes the uncertainty and distraction of a prolonged litigation"* and continues: *"We believe the settlement is in the best interest of our stockholders, creditors and associates, and allows us to focus exclusively on our homebuilding and financial services operations"* and concludes: *"We intend to take aggressive action to reduce our debt, and while this will not happen overnight, we are prepared to take the necessary steps to strengthen the Company's capital structure and position it for the future. We appreciate the support of our banks and the confidence they have shown in our ability to manage the business and execute our asset management strategy"*

Also TOUSA announced that Mr. Randy Kotler notified the company that he will be resigning from his position as the Company's principal accounting officer effective July 8, 2007 in order to accept the Chief Financial Officer role at another company. Upon his departure, Angela Valdes will be promoted to serve as the Company's principal accounting officer and will also serve as Vice-President, Chief Accounting Officer and Corporate Controller. Ms. Valdes, a certified public accountant, has served as the Company's Corporate Controller since 2002 and prior to that had over eleven years of experience with Ernst & Young LLP.

More information regarding the official reports (8-K and 10-K Forms) and our subsidiary TOUSA are filed with the Securities and Exchange

Commission and are available at www.sec.gov and our subsidiary's website www.tousa.com

Forward – Looking Statement

This press release contains forward-looking statements and in specific it contains forward-looking statements including those which maybe impacted by our ability to satisfy that closing conditions under the settlement agreement and the Citi commitment letter.