

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

IN RE: BEAZER HOMES USA, INC. SECURITIES  
LITIGATION

This Document Relates To:

ALL ACTIONS

Master File No:  
**1:07-cv-725-CC**

**NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT, MOTION FOR ATTORNEYS' FEES  
AND SETTLEMENT FAIRNESS HEARING**

If you purchased Beazer Homes (USA), Inc. ("Beazer") common stock during the period January 27, 2005 through and including May 12, 2008 (the "Class Period"), then you could get a payment from a class action settlement.

*A federal court authorized this notice. This is not a solicitation from a lawyer.*

- The settlement will provide a \$30.5 million settlement fund for the benefit of investors who bought Beazer common stock during the Class Period.
- The settlement resolves a lawsuit over whether Beazer and other Defendants misled investors about Beazer's earnings and prospects.
- Your legal rights are affected whether you act or do not act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
<b>SUBMIT A CLAIM FORM BY SEPTEMBER 14, 2009</b>	The only way to get a payment.
<b>EXCLUDE YOURSELF BY JULY 30, 2009</b>	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Beazer and the other Released Parties about the Settled Claims.
<b>OBJECT BY JULY 30, 2009</b>	Write to the Court about why you do not like the settlement.
<b>GO TO A HEARING ON AUGUST 13, 2009</b>	Ask to speak in Court about the settlement.
<b>DO NOTHING</b>	Get no payment. Give up rights.

- These rights and options - **and the deadlines to exercise them** - are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement and after appeals are resolved. Please be patient.

**SUMMARY OF NOTICE**

Statement of Plaintiff Recovery

Pursuant to the settlement described herein, a Settlement Fund consisting of Thirty Million Five Hundred Thousand (\$30,500,000.00 US\$) in cash, plus interest, has been established. Plaintiffs estimate that there were approximately 190.3 million shares of Beazer common stock traded during the Class Period which may have been damaged. Plaintiffs estimate that the average recovery per damaged share of Beazer common stock under the settlement is 16¢ per

damaged share<sup>1</sup> before deduction of Court-awarded attorneys' fees and expenses. A Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that claimant's Recognized Claim as compared to the total Recognized Claims of all Class Members who submit acceptable Proofs of Claim. Depending on the number of claims submitted, when during the Class Period a Class Member purchased Beazer common stock, the purchase price paid, and whether those shares were held at the end of the Class Period or sold during the Class Period, and, if sold, when they were sold and the amount received, an individual Class Member may receive more or less than this average amount. See the Plan of Allocation beginning on page 10 for more information on your Recognized Claim.

#### Statement of Potential Outcome of Case

The parties disagree on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include (a) whether the statements made or facts allegedly omitted were material or otherwise actionable under the federal securities laws; (b) the appropriate economic model for determining the amount by which Beazer's common stock was allegedly artificially inflated (if at all) during the Class Period; (c) the amount by which Beazer's common stock was allegedly artificially inflated (if at all) during the Class Period; (d) the effect of various market forces influencing the trading price of Beazer's common stock at various times during the Class Period; (e) the extent to which external factors, such as general market and industry conditions, influenced the trading price of Beazer's common stock at various times during the Class Period; (f) the extent to which the various matters that Plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of Beazer's common stock at various times during the Class Period; and (g) the extent to which the various allegedly adverse material facts that Plaintiffs alleged were omitted influenced (if at all) the trading price of Beazer's common stock at various times during the Class Period. The Defendants deny that they are liable to the plaintiffs or the Class and deny that plaintiffs or the Class have suffered any damages.

#### Statement of Attorneys' Fees and Costs Sought

Plaintiffs' Counsel are moving the Court to award attorneys' fees in the amount of one-quarter (25%) of the Gross Settlement Fund, and for reimbursement of expenses incurred in connection with the prosecution of this Action by Plaintiffs' Counsel and for reimbursement to the Lead Plaintiffs in the approximate amount of \$550,000. The requested fees and expenses would amount to an average of approximately 4.3¢ per damaged share in total for fees and expenses. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees.

#### Further Information

Further information regarding the Action and this Notice may be obtained by contacting Plaintiffs' Co-Lead Counsel: Krissi T. Gore, Esq., Chitwood Harley Harnes LLP, 2300 Promenade II, 1230 Peachtree Street NE, Atlanta, GA 30309, Telephone: (404) 873-3900; Leigh Smith, Esq., Milberg LLP, One Penn Plaza, New York, NY 10119, Telephone: (212) 594-5300; Jeffrey M. Haber, Esq., Bernstein Liebhard LLP, 10 East 40<sup>th</sup> Street, 22<sup>nd</sup> Floor, New York, NY 10016, Telephone: (212) 779-1414.

#### Reasons for the Settlement

The principal reason for the settlement is the benefit to be provided to the Class now. This benefit must be compared to the risk that no greater recovery might be achieved after trial and appeals, especially in view of the uncertain economic environment and outlook for home builders.

For the Defendants, who deny any liability in connection with the Action and the claims asserted by Plaintiffs in the Complaint, the principal reason for the settlement is to eliminate the expense, risks, and uncertain outcome of the litigation.

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<sup>1</sup> An allegedly damaged share might have been traded more than once during the Class Period, and the indicated average recovery would be the total for all purchasers of that share.

**WHAT THIS NOTICE CONTAINS**

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**BASIC INFORMATION**

**1. Why did I get this notice package?**

You or someone in your family may have purchased Beazer common stock during the period January 27, 2005 through and including May 12, 2008.

The Court directed that this Notice be sent to Class Members because they have a right to know about a proposed settlement of a class action lawsuit, and about all of their options, before the Court decides whether to approve the settlement. If the Court approves the settlement, and after objections and appeals are resolved, an administrator appointed by the Court will make the payments that the settlement allows.

This package explains the lawsuit, the settlement, Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Northern District of Georgia, Atlanta Division, and the case is known as *In re Beazer Homes USA, Inc. Securities Litigation*, Master File No. 1:07-cv-725-CC. This case was assigned to United States District Judge Clarence Cooper. The people who sued are called plaintiffs, and the company and the people and entities they sued, Beazer Homes (USA), Inc., Ian J. McCarthy, James O'Leary, Michael T. Rand, Michael H. Furlow, and Deloitte & Touche LLP, are called the Defendants.

2. What is this lawsuit about?

This is a federal securities fraud class action, and is currently pending before Judge Clarence Cooper in the United States District Court for the Northern District of Georgia. The causes of action asserted against Defendants in this matter are founded on Sections 10(b), 20(a), and 20(A) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 promulgated thereunder.

Lead Plaintiffs, Glickenhau & Co. (an institutional investment advisor firm) and Carpenters Pension Trust Fund for Northern California (a fund providing retirement benefits for members of the United Brotherhood of Carpenters and Joiners of America within the 46 Northern California Counties), seek to represent a class of investors who purchased the securities of Beazer at allegedly artificially inflated prices during the putative Class Period (January 27, 2005 through May 12, 2008).

Defendant Beazer, a Delaware corporation, is a large Atlanta-based homebuilder that went public in 1994. Beazer offered mortgage services through a wholly-owned mortgage origination subsidiary ("Beazer Mortgage") until February 2008.

The Amended and Consolidated Class Action Complaint for Violation of the Federal Securities Laws, dated June 27, 2008 (the "Complaint"), alleges that Lead Plaintiffs and other Class Members purchased the common stock of Beazer during the Class Period at prices artificially inflated as a result of the Defendants' dissemination of materially false and misleading statements. The Complaint asserts claims under Sections 10(b), 20(a), and 20(A) of the Exchange Act and Rule 10b-5 promulgated thereunder.

The Defendants deny any liability in connection with the Action and the claims asserted by Plaintiffs in the Complaint, and Deloitte specifically denies any wrongdoing or liability with respect to each and all of the claims that were alleged or could have been alleged by Lead Plaintiffs or Class Members, including, but not limited to, all contentions concerning Deloitte's conduct, as well as contentions that such conduct constitutes wrongdoing or gives rise to legal liability or has caused damages to Lead Plaintiffs or Class Members.

Plaintiffs' Co-Lead Counsel have conducted an investigation relating to the claims and the underlying events and transactions alleged in the Complaint. Plaintiffs' Co-Lead Counsel have analyzed the evidence adduced during pretrial investigation and have researched the applicable law with respect to the claims of Lead Plaintiffs and the Class against the Defendants and the potential defenses thereto, and Plaintiffs have opposed Defendants' motions to dismiss.

With the assistance of retired Superior Court Judge Daniel Weinstein of JAMS acting as a mediator, Lead Plaintiffs, by their counsel, have conducted discussions and arm's length negotiations with counsel for Defendants with respect to a compromise and settlement of the Action with a view to settling the issues in dispute and achieving the best relief possible consistent with the interests of the Class.

Based upon their investigation as set forth above, Plaintiffs' Co-Lead Counsel have concluded that the terms and conditions of the Stipulation are fair, reasonable and adequate to Lead Plaintiffs and the Class, and in their best interests, and have agreed to settle the claims raised in the Action pursuant to the terms and provisions of the Stipulation, after considering (a) the substantial benefits that Lead Plaintiffs and the members of the Class will receive from settlement of the Action, (b) the attendant risks of litigation, including the risks of collection of a judgment against Beazer if successful at trial, and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of the Stipulation.

3. Why is this a class action?

In a class action, one or more people called class representatives (in this case Glickenhau & Co. and Carpenters Pension Trust Fund for Northern California), sue on behalf of people who have similar claims. All these people are a class or class members. Bringing a case, such as this one, as a class action allows adjudication of many similar claims of persons and entities that might be economically too small to bring in individual actions. One court resolves the issues for all class members, except for those who exclude themselves from the class.

4. Why is there a settlement?

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides, with the assistance of retired Superior Court Judge Daniel Weinstein of JAMS acting as a mediator, agreed to a settlement. That way, they avoid the risks and cost of a trial, and the people affected will get compensation. The Class Representatives and their attorneys think the settlement is best for the Class.

### WHO IS IN THE SETTLEMENT

To see if you will get money from this settlement, you first have to decide if you are a Class Member.

5. How do I know if I am part of the settlement?

The Court directed, for the purposes of the proposed settlement, that everyone who fits this description is a Class Member: *all persons or entities who purchased the common stock of Beazer Homes (USA), Inc. ("Beazer") during the period January 27, 2005 through and including May 12, 2008 (the "Class Period")*.

6. Are there exceptions to being included?

Excluded from the Class are the Defendants, members of the immediate families (parents, spouses, siblings, and children) of each of the Individual Defendants, all directors, officers, parents, subsidiaries and affiliates of Beazer, all members, partners, principals and affiliates of Deloitte, any person, firm, trust, corporation or entity in which any Defendant during the Class Period had a controlling interest or which is related to or affiliated with any of the Defendants, and the legal representatives, heirs, successors in interest or assigns of any such excluded party.

If one of your mutual funds purchased shares of Beazer stock during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you directly purchased shares of Beazer stock during the Class Period. Check your investment records or contact your broker to see if you purchased Beazer stock during the Class Period.

If you **sold** Beazer stock during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you **purchased** your shares during the Class Period.

7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can call 1-866-396-5584 or visit [www.GardenCityGroup.com](http://www.GardenCityGroup.com) for more information. Or you can fill out and return the Proof of Claim form described on page 6, in question 10, to see if you qualify.

### THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What does the settlement provide?

In exchange for the Settlement and dismissal of the Action, the Defendants and their insurers have agreed to create a \$30.5 million fund to be divided, after fees and expenses, among all Class Members who send in valid Proof of Claim forms.

9. How much will my payment be?

Your share of the fund will depend on the total Recognized Claims represented by the valid Proof of Claim forms that Class Members send in, how many shares of Beazer you bought, how much you paid for them, and when you bought and whether or when you sold them, and if so for how much you sold them.

You can calculate your Recognized Claim in accordance with the formula shown below in the Plan of Allocation. It is unlikely that you will get a payment for all of your Recognized Claim. After all Class Members have sent in their Proof of Claim forms, the payment you get will be a part of the Net Settlement Fund equal to your Recognized Claim divided by the total of everyone's Recognized Claims. See the Plan of Allocation beginning on page 10 for more information on your Recognized Claim.

## HOW YOU GET A PAYMENT — SUBMITTING A PROOF OF CLAIM FORM

### 10. How can I get a payment?

To qualify for a payment, you must send in a Proof of Claim form. A Proof of Claim form is being circulated with this Notice. You may also get a Proof of Claim form on the Internet at [www.GardenCityGroup.com](http://www.GardenCityGroup.com). Read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and mail it postmarked no later than **September 14, 2009**.

### 11. When would I get my payment?

The Court will hold a hearing on **August 13, 2009**, to decide whether to approve the settlement. If the Court approves the settlement after that, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

### 12. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that, upon the “Effective Date,” you will release all “Settled Claims” (as defined below) against the “Released Parties” (as defined below).

“Settled Claims” means any and all claims, debts, suits, demands, rights or causes of action or liabilities, dues, sums of money, accounts, bonds, bills, covenants, contracts, controversies, agreements, promises, judgments, variances, executions, obligations, demands, rights, liabilities, losses, fees, and costs of any kind, nature and/or description whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, suspected or unsuspected, contingent or non-contingent, whether or not asserted, threatened, alleged or litigated, at law, equity or otherwise, including without limitation, claims for contribution or indemnification, or for costs, expenses (including, without limitation, amounts paid in settlement) and attorneys’ fees, claims for negligence, fraud, breach of fiduciary duty, or violations of any federal, state or local statutes, common law, rules or regulations, that now exist or heretofore existed, whether class or individual in nature, including both known claims and Unknown Claims, (i) that have been asserted in this Action by the Class Members or any of them against any of the Released Parties, (ii) that could have been asserted in any forum by the Class Members, now or in the future, or any of them against any of the Released Parties that relate to, or that in any way arise out of, or are based upon, the allegations, transactions, facts, matters or occurrences, acts, disclosures, statements, representations, omissions, or failures to act involved, set forth, or referred to in the Complaint, and that relate to the purchase, sale or other disposition of shares of the common stock of Beazer during the Class Period, or (iii) that relate to the purchase, sale or other disposition of shares of the common stock of Beazer during the Class Period. “Settled Claims” does not mean or include the derivative claims asserted in *In re Beazer Homes USA, Inc. Derivative Litigation*, Civil Action No. 1:07-CV-842-CC (N.D. Ga.), or claims, if any, against the Released Parties arising under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001, *et seq.* (“ERISA”).

“Released Parties” means any and all of the Defendants; Beazer and any of its past, present, and future direct or indirect parent companies, subsidiaries, subcontractors, divisions, affiliates, predecessors, successors, partners, principals, members, managers, attorneys, administrators, auditors, investment advisors, officers, directors, trusts, accountants, employees, stockholders, owners, agents, subrogees, insurers, reinsurers, servants, representatives, heirs, executors, personal representatives, legal representatives, transferees and assignees, and successors in interest of assigns; Deloitte & Touche LLP, Deloitte LLP (formerly known as Deloitte & Touche USA LLP), Deloitte Consulting LLP, Deloitte Financial Advisory Services LLP, Deloitte Tax LLP, Deloitte Services LP, and any of their past, present, and future direct or indirect parent companies, subsidiaries, subcontractors, divisions, affiliates, predecessors, successors, partners, principals, members, managers, attorneys, administrators, auditors, investment advisors, officers, directors, trusts, accountants, employees, stockholders, owners, agents, subrogees, insurers, reinsurers, servants, representatives, heirs, executors, personal representatives, legal representatives, transferees and assignees, and successors in interest of assigns; the Individual Defendants’ legal representatives, heirs, successors in interest, or assigns; and any person, firm, trust, corporation, officer, director or other individual or entity in which any of the foregoing persons or entities has a controlling interest or which is related to or affiliated with any of them, and any and all persons natural or corporate in privity with them or acting in concert with them or any of them.

The “Effective Date” will occur when an Order entered by the Court approving the Settlement becomes final and not subject to appeal.

If you remain a member of the Class, all of the Court’s orders will apply to you and legally bind you.

## EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this settlement, but you want to keep any right you may have to sue or continue to sue the Defendants and the other Released Parties, on your own, about the Settled Claims, then you must take steps to get out. This is called excluding yourself — or is sometimes referred to as “opting out” of the settlement class. Defendants may withdraw from and terminate the Settlement if putative Class Members who purchased in excess of a certain amount of Beazer common stock exclude themselves from the Class.

13. How do I get out of the proposed settlement?

To exclude yourself from the settlement Class, you must send a signed letter by mail stating that you request to be “excluded from the Class in the *In re Beazer Homes USA, Inc. Securities Litigation*, Master File No. 1:07-cv-725-CC.” Your letter should state: the date(s), price(s), and number(s) of shares of all purchases and sales of Beazer common stock during the Class Period. In addition, be sure to include your name, address, telephone number, and your signature. You must mail your exclusion request postmarked no later than **July 30, 2009** to:

In re Beazer Securities Litigation Exclusions  
c/o The Garden City Group, Inc.  
Claims Administrator  
P.O. Box 9349  
Dublin, OH 43017-4249

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue) the Defendants and the other Released Parties in the future.

14. If I do not exclude myself, can I sue the Defendants and the other Released Parties for the same thing later?

No. Unless you exclude yourself, you give up any rights to sue the Defendants and the other Released Parties for any and all Settled Claims. If you have a pending lawsuit speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is **July 30, 2009**.

15. If I exclude myself, can I get money from the proposed settlement?

No. If you exclude yourself, do not send in a Proof of Claim form to ask for any money. But, you may exercise any right you may have to sue, continue to sue, or be part of any different lawsuit against the Defendants and the other Released Parties.

## THE LAWYERS REPRESENTING THE CLASS

16. Do I have a lawyer in this case?

The Court ordered that the law firms of: Chitwood Harley Harnes LLP, 2300 Promenade II, 1230 Peachtree Street NE, Atlanta, GA 30309, Telephone: (404) 873-3900; Milberg LLP, One Penn Plaza, New York, NY 10119, Telephone: (212) 594-5300; and Bernstein Liebhard LLP, 10 East 40<sup>th</sup> Street, 22<sup>nd</sup> Floor, New York, NY 10016, Telephone: (212) 779-1414, to represent the Class. These lawyers are called Plaintiffs’ Co-Lead Counsel. You will not be separately charged for these lawyers. The Court will determine the amount of Plaintiffs’ Co-Lead Counsel’s fees and expenses, which will be paid from the Gross Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Plaintiffs’ Co-Lead Counsel are moving the Court to award attorneys’ fees from the Gross Settlement Fund in the amount of one-quarter (25%) of the Gross Settlement Fund, and for reimbursement of Plaintiffs’ Counsel’s litigation expenses, and the costs and expenses (including lost wages) of the Class Representatives, Glickenhau & Co. and Carpenters Pension Trust Fund for Northern California, directly relating to their representation of the Class in the approximate total amount of \$550,000, plus interest on such expenses at the same rate as earned by the Settlement Fund.

The motion for attorneys' fees will be submitted on behalf of Plaintiffs' Co-Lead Counsel and the following additional Plaintiffs' Counsel: Law Offices of Lawrence G. Soicher and Kroll, Heineman LLC.

Plaintiffs' Co-Lead Counsel, without further notice to the Class, will subsequently apply to the Court for payment of the Claims Administrator's fees and expenses incurred in connection with giving notice, administering the settlement and distributing the settlement proceeds to the members of the Class.

### OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement or some part of it.

18. How do I tell the Court that I do not like the proposed settlement?

If you are a Class Member you can object to the Settlement or any of its terms, the proposed Plan of Allocation and/or the application by Plaintiffs' Co-Lead Counsel for an award of fees and expenses. You may write to the Court setting out your objection. You may give reasons why you think the Court should not approve any or all of the Settlement terms or arrangements. The Court will consider your views if you file a proper objection within the deadline identified, and according to the following procedures.

To object, you must send a signed letter stating that you object to the proposed settlement in the *In re Beazer Homes USA, Inc. Securities Litigation*, Master File No. 1:07-cv-725-CC. Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s), and number(s) of shares of all purchases and sales of Beazer common stock you made during the Class Period, and state the reasons why you object to the Settlement. Your objection must be filed with the Court and served on all the following counsel on or before **July 30, 2009**:

<b>COURT</b>	<b>PLAINTIFFS' CO-LEAD COUNSEL DESIGNEE</b>	<b>BEAZER DEFENDANTS' COUNSEL DESIGNEE</b>	<b>DELOITTE'S COUNSEL DESIGNEE</b>
Clerk of the Court United States District Court for the Northern District of Georgia, Atlanta Division United States Courthouse 75 Spring Street SW Atlanta, GA 30303-3361	Leigh Smith, Esq. Milberg LLP One Penn Plaza New York, NY 10119-0165	Michael A. Paskin, Esq. Cravath, Swaine & Moore LLP 825 Eighth Avenue New York, NY 10019	Amelia T. Rudolph, Esq. Sutherland, Asbill & Brennan LLP 999 Peachtree Street, N.E. Suite 2300 Atlanta, GA 30309-3996

You do not need to go to the Settlement Fairness Hearing to have your written objection considered by the Court. At the Settlement Fairness Hearing, any Class Member who has not previously submitted a request for exclusion from the Class and who has complied with the procedures set out in this question 18 and question 22 below for filing with the Court and providing to the counsel for Plaintiffs and Defendants a statement of an intention to appear at the Settlement Fairness Hearing may also appear and be heard, to the extent allowed by the Court, to state any objection to the Settlement, the Plan of Allocation or Plaintiffs' Co-Lead Counsel's motion for an award of attorneys' fees and reimbursement of expenses. Any such objector may appear in person or arrange, at that objector's expense, for a lawyer to represent the objector at the Hearing.

19. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the proposed settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

### THE COURT'S SETTLEMENT FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the proposed settlement. You may attend and you may ask to speak, but you do not have to.

20. When and where will the Court decide whether to approve the proposed settlement?

The Court will hold a Settlement Fairness Hearing at **4:00 p.m.** on **August 13, 2009**, at the United States District Court for the Northern District of Georgia, Atlanta Division, United States Courthouse, 75 Spring Street SW, Atlanta, GA 30303-3361. At this hearing the Court will consider whether the settlement is fair, reasonable and adequate. At the Settlement Fairness Hearing, the Court also will consider the proposed Plan of Allocation for the proceeds of the Settlement and the application of Plaintiffs' Co-Lead Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions at question 18. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the hearing; but decisions regarding the conduct of the hearing will be made by the Court. See question 22 for more information about speaking at the hearing. The Court may also decide how much to pay to Plaintiffs' Counsel. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Settlement Fairness Hearing. Thus, if you want to come to the hearing, you should check with Plaintiffs' Co-Lead Counsel before coming to be sure that the date and/or time has not changed.

21. Do I have to come to the hearing?

No. Plaintiffs' Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you filed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

22. May I speak at the hearing?

If you object to the Settlement, you may ask the Court for permission to speak at the Settlement Fairness Hearing. To do so, you must include with your objection (see question 18 above) a statement stating that it is your "Notice of Intention to Appear in the *In re Beazer Homes USA, Inc. Securities Litigation*, Master File No. 1:07-cv-725-CC." Persons who intend to object to the Settlement, the Plan of Allocation, and/or counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Fairness Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Fairness Hearing. Unless otherwise ordered by the Court, you cannot speak at the hearing if you excluded yourself from the Class or if you have not provided written notice of your intention to speak at the Settlement Fairness Hearing by the deadline identified, and in accordance with the procedures described in questions 18 and 20 above.

#### IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against Defendants and the other Released Parties about the Settled Claims in this case, ever again. To share in the Net Settlement Fund you must submit a Proof of Claim form (see question 10). To start, continue or be a part of any other lawsuit against the Defendants and the other Released Parties about the Settled Claims in this case you must exclude yourself from this Class (see question 13).

#### GETTING MORE INFORMATION

24. Are there more details about the proposed settlement?

This notice summarizes the proposed settlement. More details are in a Stipulation and Agreement of Settlement dated May 4, 2009 (the "Stipulation"). You can get a copy of the Stipulation by writing to any one of Plaintiffs' Co-Lead Counsel, or by visiting [www.GardenCityGroup.com](http://www.GardenCityGroup.com).

You also can call the Claims Administrator at 1-866-396-5584 toll free; write to In re Beazer Securities Litigation, P.O. Box 9349, Dublin, OH 43017-4249; or visit the website at [www.GardenCityGroup.com](http://www.GardenCityGroup.com), where you will find answers to common questions about the settlement, a Proof of Claim form, plus other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

25. How do I get more information?

For even more detailed information concerning the matters involved in this Action, you may refer to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court United States District Court for the Northern District of Georgia, Atlanta Division, United States Courthouse, 75 Spring Street SW, Atlanta, GA 30303-3361, during regular business hours.

### PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

The \$30,500,000 Cash Settlement Amount and the interest earned thereon shall be the Gross Settlement Fund. The Gross Settlement Fund, less all taxes, approved costs, fees and expenses (the "Net Settlement Fund") shall be distributed to members of the Class who submit acceptable Proofs of Claim ("Authorized Claimants").

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Claim." The Recognized Claim formula is not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

The proposed Plan of Allocation reflects Plaintiffs' contention that the price of Beazer common stock was artificially inflated throughout the Class Period, but that parts of the inflation were removed upon various disclosures being revealed. The proposed Plan of Allocation calculates a "Recognized Claim" for Class Members based on the lower of (x) the difference between the "Estimated Artificial Inflation"<sup>2</sup> they allegedly paid on purchase, less any "Estimated Artificial Inflation" they received on a sale before the end of the Class Period, or (y) the difference between the purchase price paid, less the sales proceeds received on a sale on or before August 8, 2008 (or if not sold by then a holding value for the shares still held at the close of trading on August 8, 2008, which is 90 days after end of the Class Period).

An Authorized Claimant's "Recognized Claim" shall mean:

For shares of common stock purchased between January 27, 2005 and May 12, 2008 (the end of the Class Period):

A. For shares retained at the end of trading on August 8, 2008, the "Recognized Claim" shall be that number of shares **multiplied by the lesser of:**

- (1) Estimated Artificial Inflation per share on the date of purchase (as shown in footnote 2); **or**
- (2) the difference between the purchase price per share and \$5.928<sup>3</sup> per share.

<sup>2</sup> The "Estimated Artificial Inflation" prevalent during the Class Period is alleged by Plaintiffs to have been:

Date Range	Amount per Share
1/27/2005 - 4/26/2006	\$ 8.755
4/27/2006 - 1/24/2007	\$ 7.903
1/25/2007 - 3/27/2007	\$ 7.153
3/28/2007 - 6/27/2007	\$ 5.461
6/28/2007 - 7/23/2007	\$ 3.166
7/24/2007 - 8/10/2007	\$ 2.162
8/13/2007 - 5/12/2008	\$ 0.409

<sup>3</sup> Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated." \$5.928 was the mean (average) closing price of Beazer common stock during the 90-day period beginning on May 13, 2008 and ending on August 8, 2008.

- B. For shares sold between January 27, 2005 and May 12, 2008, the Recognized Claim shall be that number of shares **multiplied by the lesser of:**
- (1) the difference between Estimated Artificial Inflation per share on date of purchase (as shown in footnote 2 above) and Estimated Artificial Inflation per share on date of sale (as shown in footnote 2 above); **or**
  - (2) the difference between the purchase price per share and the sales price per share.
- C. For shares sold between May 13, 2008 and August 8, 2008 inclusive, the Recognized Claim shall be that number of shares **multiplied by the lesser of:**
- (1) Estimated Artificial Inflation per share on date of purchase (as shown in footnote 2 above); **or**
  - (2) the difference between the purchase price per share and the sales price per share; **or**
  - (3) the difference between the purchase price per share and the average closing price of Beazer common stock between May 13, 2008 and the date of sale.<sup>4</sup>

In the event a Class Member has more than one purchase or sale of Beazer common stock, all purchases and sales shall be matched on a First In First Out ("FIFO") basis, Class Period sales (and sales in the 90 days after the Class Period) will be matched first against any Beazer securities held at the beginning of the Class Period and then against purchases in chronological order. A purchase or sale of Beazer common stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, devise or operation of law of Beazer common stock during the Class Period shall not be deemed a purchase or sale of Beazer common stock for the calculation of an Authorized Claimant's Recognized Claim nor shall it be deemed an assignment of any claim relating to the purchase of such shares unless specifically provided in the instrument of gift or assignment. The receipt of Beazer common stock during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of Beazer common stock.

To the extent a Claimant had a gain from his, her or its overall transactions in Beazer common stock during the Class Period (and sales in the 90 days after the Class Period), the value of the Recognized Claim will be zero. To the extent that a Claimant suffered an overall loss on his, her or its overall transactions in Beazer common stock during the Class Period (and sales in the 90 days after the Class Period), but that loss was less than the Recognized Claim calculated above, then the Recognized Claim shall be limited to the amount of the actual loss.

For purposes of determining whether a Claimant had a gain from his, her or its overall transactions in Beazer common stock during the Class Period (and sales in the 90 days after the Class Period) or suffered a loss, the Claims Administrator shall: (i) total the amount paid for all Beazer common stock purchased during the Class Period by the claimant (the "Total Purchase Amount"); (ii) match any sales of Beazer common stock during the Class Period (and sales in the 90 days after the Class Period) first against the Claimant's opening position in the stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses) (iii) total the amount received for sales of the remaining Beazer common stock sold during the Class Period (and sales in the 90 days after the Class Period) (the "Sales Proceeds"); and (iv) ascribe a \$5.928 per share holding value for the number of Beazer common stock purchased during the Class Period and still held at the close of trading on August 8, 2008 ("Holding Value"). The difference between (x) the Total Purchase Amount ((i) above) and (y) the sum of the Sales Proceeds ((iii) above) and the Holding Value ((iv) above) will be deemed a Claimant's gain or loss on his, her or its overall transactions in Beazer common stock during the Class Period (and sales in the 90 days after the Class Period).

Each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his, her or its Recognized Claim as compared to the total Recognized Claims of all Authorized Claimants. The minimum distribution amount to an Authorized Claimant with a valid Recognized Claim shall be \$10.00.

Class Members who do not submit acceptable Proofs of Claim will not share in the settlement proceeds. Class Members who do not either submit a request for exclusion or submit an acceptable Proof of Claim will nevertheless be bound by the settlement and the Order and Final Judgment of the Court dismissing this Action.

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<sup>4</sup> Pursuant to Section 21(D)(e)(2) of the Private Securities Litigation Reform Act of 1995, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, if the plaintiff sells or repurchases the subject security prior to the expiration of the 90-day period described in paragraph (1), the plaintiff's damages shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the security and the mean trading price of the security during the period beginning immediately after dissemination of information correcting the misstatement or omission and ending on the date on which the plaintiff sells or repurchases the security."

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the settlement. If any funds remain in the Net Settlement Fund by reason of un-cashed distributions or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution of such funds shall be re-distributed to Class Members who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution. If after six months after such re-distribution any funds shall remain in the Net Settlement Fund, then such balance shall be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s) designated by Plaintiffs' Co-Lead Counsel.

Plaintiffs, Defendants, their respective counsel, and all other Released Parties shall have no responsibility for or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation or the determination, administration, calculation, or payment of any Proof of Claim or non-performance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund or any losses incurred in connection therewith.

### **SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased Beazer common stock during the period January 27, 2005 through and including May 12, 2008 (the "Class Period") for the beneficial interest of a person or organization other than yourself, the Court has directed that, **WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE**, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased Beazer common stock during such time period or (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) days mail the Notice and Proof of Claim form directly to the beneficial owners of that Beazer common stock. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

In re Beazer Securities Litigation  
Claims Administrator  
c/o The Garden City Group, Inc.  
P.O. Box 9349  
Dublin, OH 43017-4249  
(866) 396-5584

Dated: Atlanta, Georgia  
May 22, 2009

By Order of the Court  
CLERK OF THE COURT