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FOR IMMEDIATE RELEASE

Orleans Homebuilders Reaches Consensual Separation and Settlement Agreement With CEO Jeffrey P. Orleans

Bensalem, Pa., Oct. 19, 2010 --/PRNewswire-FirstCall/ -- Orleans Homebuilders, Inc. (the "Company", or "Orleans") (Pink Sheets: OHBIQ.PK) recently announced that the Company and its longtime CEO Jeffrey P. Orleans have entered into a separation and settlement agreement. The agreement provides for Mr. Orleans's resignation from his positions with the Company and its affiliates and resolves all claims that Mr. Orleans might have against them. Details of the agreement are included in the Company's motion for approval of the agreement, scheduled to be heard Nov. 8, 2010.

"The contributions Jeffrey Orleans has made to the Company over the years are immeasurable. The board of directors and I wish to thank him for his past service and extend him our best wishes in his future endeavors," said Mitchell B. Arden, Senior Managing Director and Shareholder of Phoenix Management, who has been serving as Orleans' Chief Restructuring Officer. "The Company and Jeffrey each agree that it is the right time to clear the way for their respective future plans. Both the Company and its creditors appreciate this amicable resolution."

Jeffrey Orleans, 64, has worked for more than 40 years with the Company founded by his grandfather. Since 1986, he has been chairman of the board and chief executive officer, and, since 2009, president. Under the agreement, Mr. Orleans's resignation will be effective the first business day following the date on which the Bankruptcy Court's order approving the settlement becomes final and non-appealable, and the Company will pay him \$700,000 on that date in settlement of his claims against the Company, among other things. Should the Company require his assistance following that time, Mr. Orleans will be compensated on a mutually-agreed basis.

The settlement also provides that Mr. Orleans will not take any action that would delay, hinder or obstruct the Company's solicitation of votes in favor of confirmation of its proposed modified first amended joint plan of reorganization, which is scheduled for a confirmation hearing on Nov. 16, 2010, or consummation of the plan. Arden noted that the settlement "will allow us to continue working actively toward effecting the final steps in the reorganization process."

The Company and most of its operating subsidiaries filed voluntary petitions to commence the Chapter 11 process on March 1, 2010. The filing did not include certain of the Company's subsidiaries, including its mortgage services subsidiary, Alambry Funding Inc., which provides mortgage brokerage services for customers and financial institutions, but does not underwrite any customer mortgages.

Information about the reorganization, including copies of the Plan of Reorganization, the Disclosure Statement, the motion seeking approval of the settlement agreement and links to other Court filings, can be found at www.orleanshomesreorg.com.

About Orleans Homebuilders, Inc.

Orleans Homebuilders develops, builds and markets high-quality single-family homes and townhouses. Its operations in Pennsylvania and New Jersey date back more than 90 years. The Company serves a broad customer base including first-time, move-up, luxury, empty-nester and active adult homebuyers. The Company currently operates in the following 11 distinct markets: Southeastern Pennsylvania; Central and Southern New Jersey; Orange County, New York; Charlotte, Raleigh and Greensboro, North Carolina; Richmond and Tidewater, Virginia; Chicago, Illinois; and Orlando, Florida. The Company's Charlotte, North Carolina operations also include adjacent counties in South Carolina. The Company employs approximately 200 people.

Forward-Looking Statements

Certain information included herein and in other Company statements, reports and SEC filings is or may be forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements concerning the anticipated confirmation and consummation of a plan of reorganization and the timing and contents thereof; potential emergence from Chapter 11 and the timing thereof; the potential preservation of the Company's name and operations; any sale of the Company or its assets, potential restructurings of the Company's liabilities; required bankruptcy court approvals, including approval of the separation and settlement agreement with Mr. Orleans; potential strategic transactions, including refinancing, reorganizations, recapitalization and sale transactions involving the Company; payments to trade creditors, employees, customers, or other creditors; anticipated and potential asset sales; anticipated liquidity; anticipated recoveries by creditors; and strategic transactions and alternatives including but not limited to the sale or restructuring of the Company. 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 statements, reports and SEC filings. These risks and uncertainties include the Company's ability to operate under the terms of the DIP Loan Agreement; the Company's ability to obtain court approval with respect to motions relating to the bankruptcy filings; the ability of the Company to develop, confirm and consummate its current proposed Plan of Reorganization, or any other Plans, with respect to the Chapter 11 proceeding; the ability of the Company to obtain and maintain normal terms with vendors and service providers and to maintain contracts critical to its operations; the ability of the Company to continue to attract buyers of its homes; the ability to continue normal business operations; the potential adverse impact of the Chapter 11 proceedings; the ability of the Company to attract, motivate and/or retain key executives and employees; access to liquidity; local, regional and national economic conditions; the effects of governmental regulation; the competitive environment in which the Company operates; fluctuations in interest rates; changes in home prices; the availability of capital; the ability of the Company to engage in a financing or strategic transaction; the availability and cost of labor and materials; our dependence on, and continued retention of, certain key employees; and weather conditions. Additional information concerning factors the Company believes could cause its actual results to differ materially from expected results is contained in Item 1A of the Company's Annual Report on Form 10-K/A for the fiscal year ended June 30, 2008 filed with the SEC and subsequently filed Quarterly Reports on Form 10-Q, as well as the Current Reports on Form 8-K and press releases filed with the Securities and Exchange Commission on August 14, 2009, October 6, 2009, November 5, 2009, December 9, 2009, December 23, 2009, February 1, 2010, February 19, 2010, March 3, 2010, March 11, 2010, March 22, 2010, April 20, 2010, April 22, 2010, April 27, 2010, May 25, 2010, June 11, 2010 and June 25, 2010.

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