M.D.C. Holdings Reports 2002 Second Quarter Earnings

- Quarterly earnings per share of $1.22 vs. analyst consensus of $1.11 - Second quarter home orders up 40%; active subdivisions increase 20% - Record quarter-end backlog of 4,935 homes with sales value of $1.3 billion - Debt-to-capital ratio of .32 vs. .36 a year ago - Quarterly interest coverage of almost 14 times - Anticipate 2003 to be a record year, led by more than 10,000 home closings

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DENVER

M.D.C. Holdings, Inc. (https://www.richmondamerican.com/) today announced net income for the three months ended June 30, 2002 of $34.3 million, or $1.22 per share, on $509 million in total revenues. MDC reported net income of $38.8 million, or $1.42 per share, on total revenues of $508 million for the same period in 2001.

Larry A. Mizel, MDC's chairman and chief executive officer, stated, "We are pleased to report another quarter of significant growth and profitability, exceeding consensus analyst estimates by 10%. We particularly are proud of our home orders in the quarter, which were 40% higher than in the second quarter of 2001, enabling us to achieve an all-time high quarter-end backlog of almost 5,000 homes with a sales value of $1.3 billion at June 30th. These increased orders reflect the 20% increase in our active subdivisions, as well as the Company's success in getting model homes open in our new communities in Colorado. We also have benefited from the strength in demand for new homes in growth markets, which has been driven by historically low mortgage rates and a general constraint on the supply of new homes."

Mizel continued, "Equally gratifying to us are the strides we made during this period to facilitate top line and bottom line growth of our Company in 2003 and beyond. We have continued organic expansion in our existing markets, and we have extended our operating model to include the opportunistic entry into new markets. Our recent acquisitions from W.L. Homes LLC (d/b/a John Laing Homes) in Las Vegas and Northern Virginia have accelerated our growth in these markets. In April, we entered the Salt Lake City market by acquiring assets and hiring employees from John Laing Homes as well. Further, our newly formed Dallas/Fort Worth division already has acquired control of over 300 lots in three subdivisions in that market. These accomplishments should contribute to an additional 20% increase in our active subdivision count by the end of 2002, positioning us to close more than 10,000 homes and generate record revenues and profitability in 2003. This anticipated growth will mark the first step toward the achievement of our goal of doubling the size of our Company in five years or less."

Net income for the six months ended June 30, 2002 was $66.7 million, or $2.39 per share, on $966 million in total revenues. Net income for the first six months of 2001 was $68.1 million, or $2.51 per share, on total revenues of $928 million.

Strong Homebuilding and Mortgage Lending Results

Operating profits from the Company's homebuilding operations for the quarter and six months ended June 30, 2002 were $61.2 million and $119.1 million, respectively, on home sales revenues of $497 million and $942 million, respectively. Homebuilding operating profits for the quarter and six months ended June 30, 2001 were $70.0 million and $123.9 million, respectively, on home sales revenues of $497 million and $907 million, respectively. For the second quarter and first six months of 2002, the Company's average selling prices were $254,000 and $259,500, respectively, and home gross margins were 22.5% and 22.9%, respectively. Average selling prices were $258,500 and $246,300, respectively, for the second quarter and first six months of 2001, and the Company posted home gross margins of 23.7% and 23.5%, respectively.

Paris G. Reece III, MDC's executive vice president and chief financial officer, said, "Our home gross margins for the three and six months ended June 30, 2002 were impacted adversely by the rising cost of land, combined with minimal home price increases and higher incentives on homes sold in most of our markets during the last half of 2001 and the beginning of 2002. Additionally, we realized lower margins on homes closed in subdivisions acquired from John Laing Homes. These factors will continue to adversely affect MDC's home gross margins for the balance of this year. Over the last several months, we have experienced a greater degree of pricing power and lower incentives offered with respect to homes sold in all of our markets. These improvements have enabled us to keep pace with continued increases in the cost of buildable lots."

Operating profits from the Company's mortgage lending operations were $5.2 million and $10.2 million, respectively, for the quarter and six months ended June 30, 2002, compared with profits of $4.7 million and $8.9 million, respectively, for the same periods in 2001. The profit improvements in 2002 primarily resulted from increased gains on sales of mortgage loans.

Strengthened Balance Sheet and Improved Operating Efficiency

The Company continued to strengthen its balance sheet and improve the efficiency of its operations in the second quarter of 2002. This success is represented by the achievement of ratios of homebuilding and corporate debt-to-capital and debt-to-EBITDA (as defined below) at June 30, 2002 of .32 and 1.09, respectively. Both of these ratios are among the lowest in the industry. In addition, the Company's strong operating results over the past year have increased MDC's stockholders' equity by 28% to $730 million, or $27.01 per outstanding share, at June 30, 2002. Further, the Company ended the second quarter of 2002 with liquidity of $308 million.

Second quarter and first half 2002 earnings before interest, taxes, depreciation and amortization ("EBITDA") was $67.2 million and $130.9 million, respectively, compared with $76.4 million and $136.4 million, respectively, for the same periods in 2001. Reduced interest incurred, primarily resulting from lower interest rates, raised the Company's 2002 second quarter and first half ratios of EBITDA to interest incurred to 13.7 and 14.6, respectively, from 13.3 and 11.6, respectively, for the comparable 2001 periods.

MDC, whose subsidiaries build homes under the name "Richmond American Homes," is one of the largest homebuilders in the United States. The Company also provides mortgage financing, primarily for MDC's homebuyers, through its wholly owned subsidiary, HomeAmerican Mortgage Corporation. MDC is a major regional homebuilder with a significant presence in some of the country's best housing markets. The Company is the largest homebuilder in Colorado; among the top five homebuilders in Northern Virginia, Phoenix, Tucson and Las Vegas; among the top ten homebuilders in suburban Maryland, Northern California and Southern California; and has recently entered the Salt Lake City and Dallas/Fort Worth markets.

Certain statements in this release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among other things, (1) general economic and business conditions; (2) interest rate changes; (3) the relative stability of debt and equity markets; (4) competition; (5) the availability and cost of land and other raw materials used by the Company in its homebuilding operations; (6) the availability and cost of insurance covering risks associated with our business; (7) shortages and the cost of labor; (8) weather related slowdowns; (9) slow growth initiatives; (10) building moratoria; (11) governmental regulation, including the interpretation of tax, labor and environmental laws; (12) changes in consumer confidence and preferences; (13) required accounting changes; (14) terrorist acts and other acts of war; and (15) other factors over which the Company has little or no control.

M.D.C. HOLDINGS, INC.
Condensed Consolidated Balance Sheets
(In thousands)

	June 30, 2002	December 31, 2001
ASSETS		
Corporate		
Cash and cash equivalents	$16,150	$31,322
Property and equipment, net	9,770	2,723
Deferred income taxes	29,669	30,081
Deferred debt issue costs, net	1,822	1,947
Other assets, net	6,016	7,597
	63,427	73,670
Homebuilding		
Cash and cash equivalents	5,776	4,760
Home sales and other accounts receivable	11,700	2,621
Inventories, net		
Housing completed or under construction	587,568	456,752
Land and land under development	582,385	450,502
Prepaid expenses and other assets, net	57,186	49,544
	1,244,615	964,179
Financial Services		
Cash and cash equivalents	695	518
Mortgage loans held in inventory	104,103	144,971
Other assets, net	4,073	7,618
	108,871	153,107
Total Assets	$1,416,913	$1,190,956

LIABILITIES

Corporate		
Accounts payable and accrued expenses	$50,972	$61,135
Income taxes payable	11,248	9,953
Senior notes, net	174,535	174,503
	236,755	245,591
Homebuilding		
Accounts payable and accrued expenses	206,941	174,955
Line of credit	165,000	--
Notes payable	117	--
	372,058	174,955
Financial Services		
Accounts payable and accrued expenses	26,823	16,937
Line of credit	50,949	99,642
	77,772	116,579
Total Liabilities	686,585	537,125
STOCKHOLDERS' EQUITY		
Total Stockholders' Equity	730,328	653,831
Total Liabilities and Stockholders' Equity	$1,416,913	$1,190,956

M.D.C. HOLDINGS, INC.
Condensed Consolidated Statements of Income
(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
REVENUES				
Homebuilding	$499,171	$499,010	$945,932	$910,106
Financial Services	9,896	8,998	19,277	17,339
Corporate	363	227	595	512
Total Revenues	$509,430	$508,235	$965,804	$927,957
NET INCOME				
Homebuilding	$61,215	$69,986	$119,059	$123,917
Financial Services	5,185	4,726	10,215	8,930
Operating Profit	66,400	74,712	129,274	132,847
Corporate general and administrative expense, net	(10,071)	(11,283)	(19,899)	(21,404)
Income before income taxes	56,329	63,429	109,375	111,443
Provision for income taxes	(21,993)	(24,586)	(42,703)	(43,317)
Net Income	$34,336	$38,843	$66,672	$68,126
EARNINGS PER SHARE				
Basic	$1.27	$1.47	$2.48	$2.60
Diluted	$1.22	$1.42	$2.39	$2.51
WEIGHTED-AVERAGE SHARES OUTSTANDING				
Basic	27,001	26,468	26,858	26,202
Diluted	28,102	27,316	27,949	27,132
DIVIDENDS PAID PER SHARE	$.08	$.07	$.15	$.13

M.D.C. HOLDINGS, INC.
Information on Business Segments
(In thousands)

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Homebuilding				
Home sales	$496,862	$497,406	$942,029	$907,126
Land sales	746	413	746	759
Other revenues	1,563	1,191	3,157	2,221
Total Homebuilding Revenues	499,171	499,010	945,932	910,106
Home cost of sales	385,053	379,572	726,114	694,009
Land cost of sales	504	194	504	457
Marketing	27,682	27,064	53,345	49,917
General and administrative	24,717	22,194	46,910	41,806
	437,956	429,024	826,873	786,189
Homebuilding Operating Profit	61,215	69,986	119,059	123,917
Financial Services				
Interest revenues	941	914	1,949	1,455
Origination fees	3,992	4,467	8,221	8,152
Gains on sales of mortgage servicing	481	719	952	2,402
Gains on sales of mortgage loans, net	4,280	2,936	7,741	5,510
Mortgage servicing and other	202	(38)	414	(180)
Total Financial Services Revenues	9,896	8,998	19,277	17,339
General and administrative	4,711	4,272	9,062	8,409
Financial Services Operating Profit	5,185	4,726	10,215	8,930
Total Operating Profit	66,400	74,712	129,274	132,847
Corporate				
Interest and other revenues	363	227	595	512
General and administrative	(10,434)	(11,510)	(20,494)	(21,916)
Net Corporate Expenses	(10,071)	(11,283)	(19,899)	(21,404)
Income Before Income Taxes	$56,329	$63,429	$109,375	$111,443

M.D.C. HOLDINGS, INC.
Selected Financial Data
(Dollars in thousands, except per share amounts)

	June 30, 2002	December 31, 2001	June 30, 2001
BALANCE SHEET DATA			
Stockholders' Equity	$730,328	$653,831	$571,897
Book Value Per Share Outstanding	$27.01	$24.59	$21.46
Homebuilding and Corporate Debt	$339,652	$174,503	$321,473
Ratio of Homebuilding and Corporate Debt to Equity	.47	.27	.56
Total Capital (excluding mortgage lending debt)	$1,069,980	$828,334	$893,370

Ratio of Homebuilding and Corporate Debt to Total Capital	.32	.21	.36
Ratio of Homebuilding and Corporate Debt to Total Capital (net of cash)	.30	.17	.34
Ratio of Homebuilding and Corporate Debt to EBITDA*	1.09	.55	1.14
Ratio of Homebuilding and Corporate Debt (net of cash) to EBITDA*	1.01	.43	1.03
Total Liquidity	$308,201	$491,770	$350,201
Total Homebuilding Inventories	$1,169,953	$907,254	$960,565
Interest Capitalized in Inventories	$17,604	$17,358	$19,503
Interest Capitalized as a Percent of Inventories	1.5%	1.9%	2.0%
Total Lots Owned	16,773	13,524	12,439
Total Lots Under Option	6,403	6,059	7,746
Homes Under Construction (including models)	4,118	2,783	3,999
Active Subdivisions	165	137	137

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
OPERATING DATA				
EBITDA				
Net income	$34,336	$38,843	$66,672	$68,126
Add:				
Income taxes	21,993	24,586	42,703	43,317
Interest in home and land cost of sales	4,248	5,994	8,710	11,673
Other fixed charges	1,029	827	1,992	1,703
Depreciation and amortization	5,569	6,165	10,818	11,541
Total EBITDA	$67,175	$76,415	$130,895	$136,360
Ratio of EBITDA to Interest Incurred	13.7	13.3	14.6	11.6
Homebuilding and Corporate SG&A as a Percent of Home Sales Revenues	12.7%	12.2%	12.8%	12.5%
Interest Incurred	$4,915	$5,727	$8,956	$11,759
Interest Capitalized	$4,915	$5,727	$8,956	$11,759
Interest in Home Cost of Sales as a Percent of Home Sales Revenues	.9%	1.2%	.9%	1.3%
Operating Return on Revenues	6.7%	7.6%	6.9%	7.3%
Operating Return on Average Assets*	12.2%	13.0%		
Operating Return on Average Equity*	23.7%	29.1%		
EBIT Return on Capital*	25.7%	28.1%		

*Rolling 12 months ended June 30

M.D.C. HOLDINGS, INC.

Homebuilding Operational Data
(Dollars in thousands)

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Home Sales Revenues	$496,862	$497,406	$942,029	$907,126
Average Selling Price Per Home Closed	$254.0	$258.5	$259.5	$246.3
Home Gross Margins	22.5%	23.7%	22.9%	23.5%
Excluding Interest in Home Cost of Sales	23.4%	24.9%	23.8%	24.8%
Orders For Homes, Net (Units)				
Colorado	757	639	1,758	1,607
Utah	31	--	31	--
California	633	414	1,224	855
Arizona	671	534	1,341	1,266
Nevada	411	162	618	430
Virginia	176	144	418	364
Maryland	74	80	139	178
Total	2,753	1,973	5,529	4,700
Homes Closed (Units)				
Colorado	706	671	1,315	1,300
Utah	25	--	25	--
California	362	375	654	615
Arizona	446	513	884	1,011
Nevada	247	169	388	328
Virginia	104	136	234	306
Maryland	66	60	130	123
Total	1,956	1,924	3,630	3,683

	June 30, 2002	December 31, 2001	June 30, 2001
Backlog (Units)			
Colorado	1,638	1,195	1,692
Utah	47	--	--
California	1,060	490	748
Arizona	1,082	625	1,065
Nevada	524	181	300
Virginia	418	234	386
Maryland	166	157	181
Total	4,935	2,882	4,372
Backlog Estimated Sales Value	$1,300,000	$760,000	$1,110,000

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SOURCE: M.D.C. Holdings, Inc.

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