M.D.C. Holdings Reports Record Third Quarter Earnings

- Quarterly earnings per share of $1.57; 15% above analysts' consensus estimate - Company's highest third quarter home closings and revenues - Nine-month orders for 7,968 homes already exceed total year 2001 orders - 2002 fourth quarter and total year earnings to exceed 2001 record levels - Anticipate over 10,500 home closings and record earnings in 2003

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DENVER

M.D.C. Holdings, Inc. (www.RichmondAmerican.com) today announced net income for the three months ended September 30, 2002 of $43.6 million, or $1.57 per share, compared with $40.5 million, or $1.48 per share, for the same period in 2001. The 2002 third quarter earnings per share exceeded by 15% analysts' consensus estimate for the quarter of $1.36. Total revenues for the 2002 third quarter were $582 million, 12% higher than revenues of $521 million in the 2001 third quarter.

Larry A. Mizel, MDC's chairman and chief executive officer, stated, "The successful execution of our operating strategy has enabled us to produce the highest level of operating results for any third quarter and first nine months in our history. We achieved a return on total capital of more than 28%, raised our quarterly interest coverage to over 14 times, and built one of the strongest and most liquid balance sheets in the industry. Our financial flexibility recently has been enhanced with the amendment of our unsecured bank credit facility. This amendment increased the aggregate commitment amount to $538 million, raised the maximum amount available to $600 million, subject to additional commitments, and extended the maturity date to July 2006. The liquidity provided by this expanded line of credit should support growth planned in our existing markets, as well as our pursuit of opportunities to enter new markets."

Mizel continued, "The continued strength of the single-family housing market is reflected in our home orders in this quarter and throughout the year, including seven straight months of record home orders. In fact, the 7,968 net orders for homes in the first nine months of 2002 already exceed the highest level of home orders received in any full year in our history. The 50% year-over-year increase in our third quarter home orders, including a 95% increase in September, is a direct result of the strong demand for homes in most of our markets, as well as the 28% increase in our active subdivisions since the beginning of the year. Our substantial order growth has contributed to a record quarter-end backlog of 5,098 homes at September 30th, which should enable us to close more than 8,800 homes in 2002 and to establish new Company highs for revenues and earnings in the 2002 fourth quarter and full year. With our growth in active communities and an anticipated record year-end backlog, we should be positioned to meet our objectives for 2003 of closing more than 10,500 homes and realizing year-over-year growth in operating performance."

Net income for the nine months ended September 30, 2002 was $110.2 million, or $3.96 per share, compared with $108.7 million, or $3.99 per share, for the same period in 2001. Total revenues for the nine months ended September 30, 2002 were $1.548 billion, compared with revenues of $1.449 billion for the first nine months of 2001.

Strong Homebuilding and Mortgage Lending Results

Operating profits from the Company's homebuilding operations increased to $75.5 million and $194.5 million, respectively, for the quarter and nine months ended September 30, 2002, compared with $71.9 million and $195.8 million for the same periods in 2001. Operating profits in the 2001 periods were reduced by a non-cash, pre-tax asset impairment charge of $2.9 million. As previously reported, MDC closed 2,276 homes and 5,906 homes, respectively, for the three and nine months ended September 30, 2002, compared with closings of 2,076 homes and 5,759 homes for the same periods in 2001. For the third quarter and first nine months of 2002, the Company's average selling prices were $249,600 and $255,700, respectively, and home gross margins were 23.4% and 23.1%, respectively. Average selling prices were $243,700 and $245,400, respectively, for the third quarter and first nine months of 2001, and the Company posted home gross margins of 24.2% and 23.7%, respectively.

Paris G. Reece III, MDC's executive vice president and chief financial officer, said, "Our increased homebuilding profits in the 2002 third quarter primarily resulted from improved performances by our Phoenix, Virginia and Maryland divisions. Our Phoenix and Maryland operations experienced significant improvements in home gross margins and increased average selling prices, partially offset by a reduced number of homes closed in the quarter, compared with the 2001 third quarter. In Virginia, while home gross margins increased to the highest level in the Company, the primary driver for improved profitability was 27 more homes closed, partially offset by a lower average selling price. Third quarter profits also improved in Las Vegas, where we closed 141 more homes than in the 2001 third quarter, including 103 homes closed in lower-priced, lower-margin subdivisions acquired from W.L. Homes LLC in April 2002."

Operating profits from the Company's mortgage lending operations improved to $5.9 million and $16.1 million, respectively, for the quarter and nine months ended September 30, 2002, representing the highest levels of third quarter and nine-month operating profits from mortgage lending in the Company's history. Mortgage lending operating profits for the quarter and nine months ending September 30, 2001 were $5.8 million and $14.7 million, respectively. 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 third quarter of 2002. This success is represented by the achievement of ratios of homebuilding and corporate debt-to-capital and debt-to-EBITDA, as adjusted (as defined below), at September 30, 2002 of .36 and 1.37, respectively. These ratios are among the lowest in the homebuilding industry. The Company's strong operating results over the past year increased stockholders' equity by 24% to $755 million, or $28.33 per outstanding share, at September 30, 2002. This stockholders' equity amount also reflects the repurchase during the 2002 third quarter of 492,600 shares of MDC common stock for an aggregate price of $19.0 million. In addition, the Company ended the 2002 third quarter with liquidity of $310 million.

Earnings before interest and other fixed charges, taxes, depreciation, amortization and asset impairment charges ("EBITDA, as adjusted") for the third quarter and first nine months of 2002 was $83.5 million and $214.3 million, respectively, compared with $82.9 million and $219.3 million, respectively, for the same periods in 2001. Reduced interest incurred, primarily resulting from lower interest rates, increased the Company's ratio of EBITDA, as adjusted, to interest incurred to 14.4 for the nine months ended September 30, 2002, compared with 12.4 for the same period in 2001.

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)

	September 30, 2002	December 31, 2001
ASSETS		
Corporate		
Cash and cash equivalents	$28,156	$31,322
Property and equipment, net	10,050	2,723
Deferred income taxes	24,430	30,081
Deferred debt issue costs, net	1,758	1,947
Other assets, net	7,929	7,597
	72,323	73,670
Homebuilding		
Cash and cash equivalents	6,215	4,760
Home sales and other accounts receivable	15,433	2,621

Inventories, net		
Housing completed or under construction	675,233	456,752
Land and land under development	604,717	450,502
Prepaid expenses and other assets, net	61,669	49,544
	1,363,267	964,179
Financial Services		
Cash and cash equivalents	872	518
Mortgage loans held in inventory	134,708	144,971
Other assets, net	5,094	7,618
	140,674	153,107
Total Assets	$1,576,264	$1,190,956
LIABILITIES		
Corporate		
Accounts payable and accrued expenses	$50,842	$61,135
Income taxes payable	6,261	9,953
Senior notes, net	174,551	174,503
	231,654	245,591
Homebuilding		
Accounts payable and accrued expenses	216,991	174,955
Line of credit	255,000	--
	471,991	174,955
Financial Services		
Accounts payable and accrued expenses	27,597	16,937
Line of credit	90,060	99,642
	117,657	116,579
Total Liabilities	821,302	537,125
STOCKHOLDERS' EQUITY		
Total Stockholders' Equity	754,962	653,831
Total Liabilities and Stockholders' Equity	$1,576,264	$1,190,956

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
REVENUES				
Homebuilding	$570,386	$511,008	$1,516,318	$1,421,114
Financial Services	11,160	10,081	30,437	27,420
Corporate	152	223	747	735
Total Revenues	$581,698	$521,312	$1,547,502	$1,449,269
NET INCOME				
Homebuilding	$75,472	$71,914	$194,531	$195,831
Financial Services	5,905	5,750	16,120	14,680
Operating Profit	81,377	77,664	210,651	210,511
Corporate general and administrative expense, net	(10,346)	(10,874)	(30,245)	(32,278)
Income before income taxes	71,031	66,790	180,406	178,233
Provision for income taxes	(27,472)	(26,265)	(70,175)	(69,582)
Net Income	$43,559	$40,525	$110,231	$108,651
EARNINGS PER SHARE				

Basic	$1.63	$1.52	$4.11	$4.12
Diluted	$1.57	$1.48	$3.96	$3.99
WEIGHTED-AVERAGE SHARES OUTSTANDING				
Basic	26,727	26,654	26,814	26,354
Diluted	27,680	27,370	27,861	27,213
DIVIDENDS PAID PER SHARE	$.08	$.07	$.23	$.20

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Homebuilding				
Home sales	$568,195	$505,995	$1,510,224	$1,413,121
Land sales	1,485	2,142	2,231	2,901
Other revenues	706	2,871	3,863	5,092
Total Homebuilding Revenues	570,386	511,008	1,516,318	1,421,114
Home cost of sales	435,041	383,777	1,161,155	1,077,786
Land cost of sales	1,237	646	1,741	1,103
Asset impairment charges	--	2,900	--	2,900
Marketing	31,794	28,116	85,139	78,033
General and administrative	26,842	23,655	73,752	65,461
	494,914	439,094	1,321,787	1,225,283
Homebuilding Operating Profit	75,472	71,914	194,531	195,831
Financial Services				
Interest revenues	1,045	901	2,994	2,356
Origination fees	4,563	4,418	12,784	12,570
Gains on sales of mortgage servicing	408	461	1,360	2,863
Gains on sales of mortgage loans, net	4,902	4,128	12,643	9,638
Mortgage servicing and other	242	173	656	(7)
Total Financial Services Revenues	11,160	10,081	30,437	27,420
General and administrative	5,255	4,331	14,317	12,740
Financial Services Operating Profit	5,905	5,750	16,120	14,680
Total Operating Profit	81,377	77,664	210,651	210,511
Corporate				
Interest and other revenues	152	223	747	735
General and administrative	(10,498)	(11,097)	(30,992)	(33,013)
Net Corporate Expenses	(10,346)	(10,874)	(30,245)	(32,278)
Income Before Income Taxes	$71,031	$66,790	$180,406	$178,233

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

	September 30,	December 31,	September 30,

	2002	2001	2001
BALANCE SHEET DATA			
Stockholders' Equity	$754,962	$653,831	$607,378
Book Value Per Share Outstanding	$28.33	$24.59	$25.16
Homebuilding and Corporate Debt	$429,551	$174,503	$319,488
Ratio of Homebuilding and Corporate Debt to Equity	.57	.27	.53
Total Capital (excluding mortgage lending debt)	$1,184,513	$828,334	$926,866
Ratio of Homebuilding and Corporate Debt to Total Capital	.36	.21	.34
Ratio of Homebuilding and Corporate Debt to Total Capital (net of cash)	.34	.17	.33
Ratio of Homebuilding and Corporate Debt to EBITDA, as adjusted *	1.37	.55	1.07
Ratio of Homebuilding and Corporate Debt (net of cash) to EBITDA, as adjusted*	1.26	.43	1.01
Total Liquidity	$310,466	$491,770	$334,823
Total Homebuilding Inventories	$1,279,950	$907,254	$1,030,190
Interest Capitalized in Inventories	$18,943	$17,358	$19,461
Interest Capitalized as a Percent of Inventories	1.5%	1.9%	1.9%
Total Lots Owned	16,975	13,524	13,331
Total Lots Under Option	6,288	6,059	7,205
Homes Under Construction (including models)	4,705	2,783	3,854
Active Subdivisions	175	137	141

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
OPERATING DATA				
EBITDA, as adjusted				
Net income	$43,559	$40,525	$110,231	$108,651
Add:				
Income taxes	27,472	26,265	70,175	69,582
Interest in home and land cost of sales	4,568	5,921	13,278	17,594
Other fixed charges	1,306	979	3,298	2,682
Depreciation and amortization	6,548	6,348	17,366	17,889
Asset impairment charges	--	2,900	--	2,900
Total EBITDA, as adjusted	$83,453	$82,938	$214,348	$219,298
Ratio of EBITDA, as adjusted to Interest Incurred	14.1	14.1	14.4	12.4
Homebuilding and Corporate SG&A as a Percent of Home Sales Revenues	12.2%	12.4%	12.6%	12.5%
Interest Incurred	$5,907	$5,879	$14,863	$17,638
Interest Capitalized	$5,907	$5,879	$14,863	$17,638
Interest in Home Cost of Sales as a Percent of Home Sales Revenues	0.8%	1.1%	0.9%	1.3%

Operating Return on Revenues	7.5%	7.8%	7.1%	7.5%
Operating Return on Average Assets*	11.8%	12.9%		
Operating Return on Average Equity*	22.9%	28.2%		
EBIT Return on Capital*	28.2%	31.9%		

* Rolling 12 months ended September 30

M.D.C. HOLDINGS, INC.
Homebuilding Operational Data
(Dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Home Sales Revenues	$568,195	$505,995	$1,510,224	$1,413,121
Average Selling Price Per Home Closed	$249.6	$243.7	$255.7	$245.4
Home Gross Margins	23.4%	24.2%	23.1%	23.7%
Excluding Interest in Home Cost of Sales	24.2%	25.3%	24.0%	25.0%
Orders For Homes, Net (Units)				
Colorado	541	494	2,299	2,101
Utah	46	--	77	--
California	475	362	1,699	1,217
Arizona	755	433	2,096	1,699
Nevada	359	161	977	591
Virginia	186	117	604	481
Maryland	75	61	214	239
Texas	2	- -	2	--
Total	2,439	1,628	7,968	6,328
Homes Closed (Units)				
Colorado	790	688	2,105	1,988
Utah	39	--	64	--
California	394	433	1,048	1,048
Arizona	550	611	1,434	1,622
Nevada	306	165	694	493
Virginia	134	107	368	413
Maryland	63	72	193	195
Texas	--	--	--	--
Total	2,276	2,076	5,906	5,759

	September 30, 2002	December 31, 2001	September 30, 2001
Backlog (Units)			
Colorado	1,389	1,195	1,498
Utah	54	--	--
California	1,141	490	677
Arizona	1,287	625	887
Nevada	577	181	296
Virginia	470	234	396
Maryland	178	157	170
Texas	2	--	--
Total	5,098	2,882	3,924
Backlog Estimated Sales Value	$1,350,000	$760,000	$1,050,000

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

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