M.D.C. Holdings Reports 24% Increase in Second Quarter Earnings

- Record second quarter net income of $42.7 million
- Earnings per share of $1.43 vs. $1.11 a year ago
- Highest second quarter home closings, quarterly home orders and quarter- end backlog in Company history
- Record second quarter homebuilding profits of $85.3 million, up 39%
- Quarterly high for financial services profits, a 66% increase
- Debt-to-capital ratio of .36

PRNewswire-FirstCall
DENVER

M.D.C. Holdings, Inc. (www.richmondamerican.com) today announced net income for the three months ended June 30, 2003 of $42.7 million, or $1.43 per share, 24% higher than net income of $34.3 million, or $1.11 per share, for the same period in 2002. Net income for the 2003 second quarter was reduced by pre-tax expenses of $9.3 million, or $5.7 million net of taxes, related to MDC's redemption of its $175 million 8 3/8% senior notes due 2008. Without these redemption expenses, earnings per share would have exceeded 2002 second quarter earnings per share by 46%. Total revenues for the second quarter of 2003 were $689 million, 35% higher than revenues of $509 million for the same period in 2002.

Net income for the six months ended June 30, 2003 was $79.7 million, or $2.66 per share, 20% higher than the $66.7 million, or $2.17 per share, for the same period in 2002. Total revenues for the six months ended June 30, 2003 reached a record $1.259 billion, representing an increase of 30% from revenues of $966 million for the first six months of 2002.

Larry A. Mizel, MDC's chairman and chief executive officer, stated, "Our operating results in the 2003 second quarter are among the strongest for any quarter in our history. Home closings, revenues, and homebuilding and financial services operating profits reached new second quarter highs. Without the debt redemption expenses mentioned earlier, our net income and earnings per share would have ranked as our second-best among all prior quarters. In addition, we received more home orders during the last three months than for any quarter in our history, contributing to our record backlog at June 30th of 6,341 homes with a future sales value of more than $1.6 billion. Despite ongoing economic challenges and concerns surrounding the global war on terrorism, the continued strength in demand for housing, low interest rates and our successful growth strategy in most of our markets enabled us to produce these outstanding results. In view of our performance through the first six months and the visibility inherent in our strong backlog, we now believe that we will close more than 10,800 homes in 2003, which should produce new Company highs for revenues and profits."

Mizel continued, "Equal in importance to our operating successes are the steps we made in the second quarter to enhance our capital structure and further our primary objective of maximizing shareowner value. Our debt-to- capital ratio at June 30th of .36 remains one of the lowest in the homebuilding industry. While continuing to maintain a relatively liquid balance sheet, we ended the quarter with $430 million in unrestricted cash and available borrowing capacity under our lines of credit, almost 40% above levels a year ago. In May, we distributed a 10% stock dividend to our shareowners and increased our quarterly cash dividend by 13%. Also in May, we redeemed our $175 million of 8 3/8% senior notes and completed the issuance of $150 million of new 10-year senior notes with an interest rate of 5 1/2%, the lowest rate for a 10-year note issued in the public market by a homebuilder."

Record Homebuilding and Financial Services Results

Homebuilding operating profits for the quarter and six months ended June 30, 2003 were $85.3 million and $149.8 million, respectively, representing increases of 39% and 26% over profits of $61.2 million and $119.1 million, respectively, for the same periods in 2002. The increases in the 2003 periods primarily are the result of the record levels of home closings and, for the second quarter, higher home gross margins. The Company closed 2,624 homes and 4,724 homes, respectively, in the second quarter and first six months of 2003, 34% and 30% higher, respectively, than home closings in the same periods in 2002. Home sales revenues for the three and six months ended June 30, 2003 increased to $672 million and $1.226 billion, respectively, compared with home sales revenues of $497 million and $942 million for the same periods in 2002. For the second quarter and first six months of 2003, the Company's average selling prices were $256,300 and $259,500, respectively, compared with $254,000 and $259,500 for the same periods in 2002, and home gross margins increased to 23.3% and 23.0%, respectively, compared with 22.5% and 22.9%.

Paris G. Reece III, MDC's executive vice president and chief financial officer, said, "Each of our homebuilding divisions outside of Colorado posted improved results compared with the 2002 second quarter, evidencing the success of our efforts to diversify our operations geographically. We realized particularly strong earnings growth in Las Vegas, Phoenix, Southern California and Virginia, primarily due to improved home gross margins in Las Vegas and Southern California and increases in active subdivisions that produced substantially more home closings in each of these markets. Our total of 190 active subdivisions at June 30th is 15% higher than a year ago. The slight decline over the last 90 days primarily is the result of selling out of a number of active subdivisions earlier than expected due to our strong orders received year-to-date. The impact of this order strength may cause an earlier sell-out of additional subdivisions over the balance of this year. As a result, when combined with anticipated delays in opening certain new subdivisions, the number of our active subdivisions should remain relatively consistent with current levels for the balance of this year, with more substantial growth anticipated in the 2004 first quarter."

Reece continued, "As anticipated, average selling prices in the 2003 second quarter declined from the first quarter, primarily due to a greater relative number of homes closed in our lower-priced Phoenix and Las Vegas markets, as well as lower average selling prices in Southern California resulting from our increased emphasis on providing more-affordable homes in the Inland Empire. These factors, as well as increased closings from our divisions in Salt Lake City and Dallas/Fort Worth, should cause average selling prices to decline further by as much as 5% in the 2003 third quarter."

Operating profits from the Company's financial services operations increased to $8.6 million and $16.2 million, respectively, for the quarter and six months ended June 30, 2003, compared with profits of $5.2 million and $10.2 million, respectively, for the same periods in 2002. The profit improvements in 2003 primarily resulted from increased gains on sales of mortgage loans due to a higher volume of mortgage loan originations and the favorable mortgage interest rate environment. Reported gains on sales of mortgage loans may vary significantly from period to period depending on the volatility in the interest rate market. The Company received a record $5.2 million in mortgage loan origination income in the 2003 second quarter on $456 million in mortgage loans originated, 31% higher than the $4.0 million received on $338 million of originations for the same period in 2002.

All earnings per share amounts discussed above are on a diluted basis. Earnings per share, book value per share, weighted average shares outstanding and dividends paid per share have been restated for the effects of the Company's May 2003 10% stock dividend.

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; and among the top ten homebuilders in suburban Maryland, Northern California, Southern California and Salt Lake City. MDC also has a growing presence in Dallas/Fort Worth and has recently entered the Houston and Philadelphia/Delaware Valley markets.

Forward-Looking Statements

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 performance bonds and 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 Statements of Income
(In thousands, except per share amounts)

Three Months Ended June 30,		Six Months Ended June 30,	
2003	2002	2003	2002

REVENUES				
Homebuilding	$673,420	$499,171	$1,228,332	$945,932
Financial Services	15,813	9,896	30,326	19,277
Corporate	209	363	426	595
Total Revenues	$689,442	$509,430	$1,259,084	$965,804
NET INCOME				
Homebuilding	$85,344	$61,215	$149,802	$119,059
Financial Services	8,599	5,185	16,166	10,215
Operating Profit	93,943	66,400	165,968	129,274
Expenses related to debt redemption	(9,315)	--	(9,315)	--
Other corporate expense, net	(14,623)	(10,071)	(25,882)	(19,899)
Income before income taxes	70,005	56,329	130,771	109,375
Provision for income taxes	(27,311)	(21,993)	(51,040)	(42,703)
Net Income	$42,694	$34,336	$79,731	$66,672
EARNINGS PER SHARE				
Basic	$1.49	$1.16	$2.77	$2.26
Diluted	$1.43	$1.11	$2.66	$2.17
WEIGHTED-AVERAGE SHARES OUTSTANDING				
Basic	28,688	29,701	28,823	29,544
Diluted	29,917	30,912	29,926	30,744
DIVIDENDS PAID PER SHARE	$.082	$.073	$.155	$.136

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Homebuilding				
Home sales	$672,439	$496,862	$1,226,014	$942,029
Land sales	--	746	123	746
Other revenues	981	1,563	2,195	3,157
Total Homebuilding Revenues	673,420	499,171	1,228,332	945,932
Home cost of sales	515,985	385,053	943,587	726,114
Land cost of sales	--	504	87	504
Marketing	39,625	27,682	73,225	53,345
General and administrative	32,466	24,717	61,631	46,910
	588,076	437,956	1,078,530	826,873
Homebuilding Operating Profit	85,344	61,215	149,802	119,059
Financial Services				
Interest revenues	1,025	941	2,033	1,949
Origination fees	5,234	3,992	9,894	8,221
Gains on sales of mortgage servicing	329	481	1,163	952
Gains on sales of mortgage loans, net	8,755	4,280	16,097	7,741
Mortgage servicing and other	470	202	1,139	414
Total Financial Services Revenues	15,813	9,896	30,326	19,277
General and administrative	7,214	4,711	14,160	9,062
Financial Services Operating Profit	8,599	5,185	16,166	10,215

Total Operating Profit	93,943	66,400	165,968	129,274
Corporate				
Expenses related to debt redemption	(9,315)	--	(9,315)	--
Interest and other revenues	209	363	426	595
Other general and administrative expenses	(14,832)	(10,434)	(26,308)	(20,494)
Income Before Income Taxes	$70,005	$56,329	$130,771	$109,375

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

	June 30, 2003	December 31, 2002	June 30, 2002
BALANCE SHEET DATA			
Stockholders' Equity Per Share Outstanding	$30.01	$27.54	$24.55
Stockholders' Equity	$869,374	$800,567	$730,328
Homebuilding and Corporate Debt	497,075	322,990	339,652
Capital (excluding mortgage lending debt)	$1,366,449	$1,123,557	$1,069,980
Ratio of Homebuilding and Corporate Debt to Equity	.57	.40	.47
Ratio of Homebuilding and Corporate Debt to Capital	.36	.29	.32
Cash and Cash Equivalents	$29,863	$28,942	$22,621
Unrestricted Cash and Available Borrowing Capacity Under Lines of Credit	$429,758	$618,774	$308,201
Housing Completed or Under Construction Inventories	$718,297	$578,475	$587,568
Land and Land Under Development Inventories	$725,311	$656,843	$582,385
Corporate and Homebuilding Interest Capitalized			
Interest Capitalized in Inventory at Beginning of Period	$17,783	$17,358	$17,358
Interest Incurred	14,415	21,116	8,956
Interest in Home and Land Cost of Sales	(11,608)	(20,691)	(8,710)
Interest Capitalized in Inventory at End of Period	$20,590	$17,783	$17,604
Interest Capitalized as a Percent of Inventories	1.4%	1.4%	1.5%
Lots Owned	16,273	16,962	16,773
Lots Under Option	6,608	6,995	6,403
Homes Under Construction (including models)	5,126	3,751	4,118
Active Subdivisions	190	178	165

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
OPERATING DATA				
Interest in Home and Land Cost of Sales as a Percent of Home Sales Revenues	1.0%	.9%	1.0%	.9%
Homebuilding and Corporate SG&A as a Percent of				

Home Sales Revenues	12.9%	12.7%	13.2%	12.8%
Depreciation and Amortization	$9,447	$5,569	$16,475	$10,818
Average Selling Price Per Home Closed	$256.3	$254.0	$259.5	$259.5
Home Gross Margins	23.3%	22.5%	23.0%	22.9%
Excluding Interest in Home Cost of Sales	24.2%	23.4%	23.9%	23.8%

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Orders For Homes, Net (Units)				
Colorado	812	757	1,483	1,758
California	511	633	1,041	1,224
Nevada	774	411	1,357	618
Arizona	986	671	1,910	1,341
Utah	93	31	186	31
Texas	69	--	119	--
Virginia	305	176	708	418
Maryland	115	74	226	139
Total	3,665	2,753	7,030	5,529
Homes Closed (Units)				
Colorado	625	706	1,234	1,315
California	487	362	915	654
Nevada	508	247	781	388
Arizona	663	446	1,234	884
Utah	69	25	109	25
Texas	29	--	39	--
Virginia	166	104	268	234
Maryland	77	66	144	130
Total	2,624	1,956	4,724	3,630

	June 30, 2003	December 31, 2002	June 30, 2002
Backlog (Units)			
Colorado	1,206	957	1,638
California	1,048	922	1,060
Nevada	926	350	524
Arizona	1,752	1,076	1,082
Utah	127	50	47
Texas	96	16	--
Virginia	916	476	418
Maryland	270	188	166
Total	6,341	4,035	4,935
Backlog Estimated Sales Value	$1,630,000	$1,120,000	$1,300,000

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

CONTACT: Paris G. Reece III, Chief Financial Officer of M.D.C. Holdings, Inc., +1-303-804-7706, greece@mdch.com; or Robert Solomon of Rubenstein Associates, Inc., +1-212-843-8050, rsolomon@rubenstein.com, for M.D.C. Holdings, Inc.

Web site: https://www.richmondamerican.com/
