

M.D.C. Holdings Expects 2004 Third and Fourth Quarter Earnings to Exceed Highest Analyst Estimates; Projected Home Orders, Home Closings and Backlog

- * **EPS should exceed \$2.64 for third quarter; significantly above \$3.00 for fourth quarter**
- * **Company expects record closings of more than 3,600 homes and 4,400 homes in third and fourth quarters, respectively**
- * **2004 third quarter home orders should be comparable to 2003**
- * **Record September 30 backlog of approximately 8,000 homes anticipated**
- * **More than 14,000 home closings expected in 2004**

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M.D.C. Holdings, Inc. (NYSE/PCX: MDC), in preparation for meetings with the investment community later this week, today announced that its earnings per share for the 2004 third quarter is expected to exceed the high end of the range of analyst estimates of \$2.64. In addition, MDC believes that its earnings per share for the fourth quarter of 2004 should exceed significantly the high end of the range of analyst estimates of \$3.00. The Company also projects that it will close approximately 3,600 homes in the third quarter and over 4,400 homes in the fourth quarter, which raises estimated home closings for the full year to more than 14,000, all of which represent record levels for comparable periods. The Company indicated that it has continued to benefit from significantly increased selling prices earlier in the year in Nevada and, to a lesser extent, in Virginia, Northern and Southern California, and Arizona, which should result in higher than expected home gross margins in these markets during the last half of 2004.

Based on home orders received over the last 11 weeks, MDC expects its total 2004 third quarter home orders to be comparable to the record 2,910 home orders received during the third quarter of 2003. Home orders have been particularly strong in Arizona, despite having fewer actively selling communities than a year ago, due to the continued strong demand for new homes in this market. The Company also anticipates year-over-year increases in third quarter home orders from each of its newest markets in Utah, Texas and Florida, where active communities are significantly higher, and in Colorado.

Third quarter home orders are expected to be lower in Maryland and Virginia, two of the country's strongest markets for new homes, primarily due to the Company's decision to slow the pace of new orders in certain communities by increasing sales prices and limiting the release of new homes for sale to allow construction to catch up with the growing backlog of homes sold but not started in these markets. Lower year-over-year home orders also may be seen in Nevada and Southern California, as the extraordinary sales paces experienced in a number of communities in these markets over the last year have settled to more normalized levels while the significant price increases realized in these communities are absorbed by the marketplace. In addition, our Nevada and Southern California divisions have a greater number of communities nearing close-out, with a limited number of homes for sale, as well as new communities in which model homes have not been completed.

The Company anticipates an all-time high September 30 backlog of approximately 8,000 homes, which is 27% higher than the backlog of 6,277 homes at September 30, 2003. This backlog level includes over 400 sold homes in various stages of construction that were purchased from Watson Home Builders, Inc. in Jacksonville in the acquisition announced by the Company last week. In addition, the Company has increased the number of its active communities to 228 at August 31, 2004, from 217 at June 30, 2004 and from 198 at September 30, 2003. The August 2004 community count will be enhanced in September with the addition of approximately 17 active communities acquired from Watson Home Builders.

Please refer to the last paragraph of this release for a discussion of factors that may impact the Company's estimates of home orders, home closings, quarter-end backlog and earnings per share.

MDC plans to release its 2004 third quarter home orders, home closings and quarter-end backlog and active communities on Tuesday, October 5, 2004.

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, suburban Maryland, Phoenix, Tucson, Las Vegas and Salt Lake City; and among the top ten homebuilders in Northern California and Southern California. MDC also has a growing presence in Dallas/Fort Worth, Houston and

Jacksonville, and has recently entered the Philadelphia/Delaware Valley, West Florida and Chicago markets. For more information about our Company, please visit www.richmondamerican.com.

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. Additional information about the risks and uncertainties applicable to the Company's business is contained in the Company's Form 10-Q for the quarterly period ended June 30, 2004, which was filed with the Securities and Exchange Commission. All forward-looking statements made in this press release are made as of the date hereof, and the risk that actual results will differ materially from expectations expressed in this press release will increase with the passage of time. The Company undertakes no duty to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in our subsequent filings, releases or presentations should be consulted.

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

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