



Building and Financing the American Dream

## STRENGTH AND VISION

SINCE 1972



October 25, 2007 – 3<sup>rd</sup> QUARTER 2007 WEBCAST

## Forward Looking Statements

M.D.C. HOLDINGS, INC.

Certain statements in this Conference Call and Webcast, including statements regarding our business, financial condition, results of operation, cash flows, strategies and prospects, 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) changes in interest rates and mortgage lending programs; (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-K for the year ended December 31, 2006 and Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007, which were filed with the Securities and Exchange Commission. All forward-looking statements made in this Conference Call and Webcast 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.

It should also be noted that SEC Regulation G requires that certain information accompany the use of non-GAAP financial measures. Any information required by Regulation G will be posted on our web site, [www.mdcholdings.com](http://www.mdcholdings.com).



## Primary Focus on Strengthening Financial Position

M.D.C. HOLDINGS, INC.

- Centralized Asset Management Committee Expanded Control of Inventory
  - Approval Required for All Land Acquisition, Land Development and Home Starts
  - Reduced the Total Lots Controlled by Over 40% Year-Over-Year
- Cash Flow from Operations of \$740 Million During the Last Twelve Months
  - \$136 Million During the Third Quarter
- \$729 Million Cash on Hand at Quarter End
  - No Balance Outstanding on \$1.25 Billion Revolver
- 45% Year-Over-Year Increase in Cash and Available Borrowing Capacity to Almost \$2 Billion



## Working to Improve Operational Efficiency

M.D.C. HOLDINGS, INC.

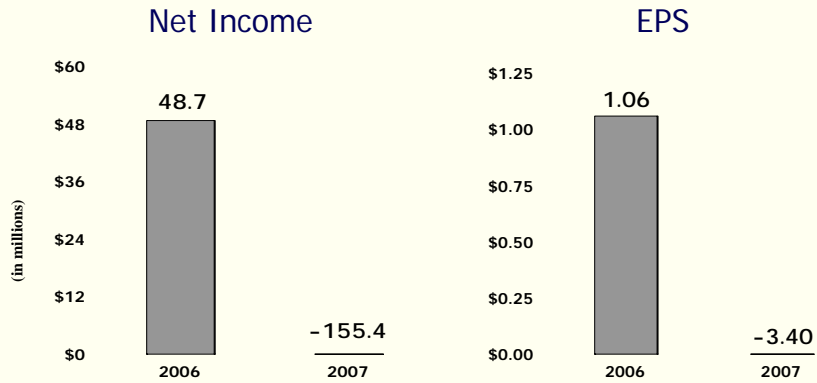
- Realigning Organizational Structure
  - Nearly 40% Reduction in Headcount from Peak
  - Combined Numerous Operating Divisions
  - 23% Year-Over-Year Decrease in Third Quarter SG&A Costs
- Designing New Products To Meet Changing Buyer Preferences
- Unbundling Construction Costs
- Examining and Improving Each Phase of Construction
- Ongoing Customer Focus Through Our Customer Experience Initiative
- Preserving the Integrity of Our Brand



## Net Income and Earnings Per Share

M.D.C. HOLDINGS, INC.

3<sup>rd</sup> Quarter

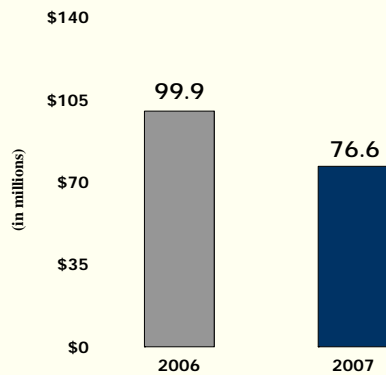


- ✓ \$249.0 Million in Inventory Impairments and \$5.1 Million in Project Write-Offs
- ✓ Decrease in Home Closings, Average Selling Prices and Home Gross Margins; Partially Offset by Reduced Selling, General and Administrative Expenses
- ✓ Lower Mortgage Volume

## Total Company G&A

M.D.C. HOLDINGS, INC.

3<sup>rd</sup> Quarter



- ✓ Year-Over-Year Decrease of 23%
- ✓ Adjusting Operational and Administrative Infrastructure to Changes in Demand Levels

## Impairments by Segment

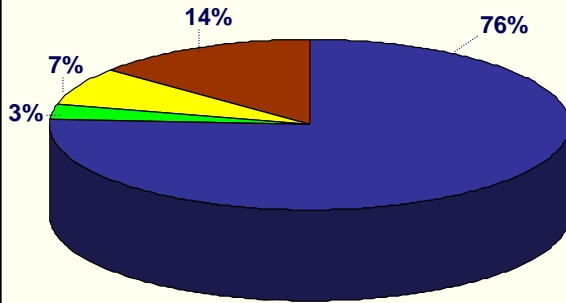
M.D.C. HOLDINGS, INC.

3<sup>rd</sup> Quarter

Percentage of Total

Impairment Amount

(in millions)



<b>West</b>	<b>\$ 190.5</b>
<b>Mountain</b>	<b>\$ 6.9</b>
<b>East</b>	<b>\$ 16.2</b>
<b>Other</b>	<b>\$ 35.4</b>
<b>Total</b>	<b>\$ 249.0</b>

■ West ■ Mountain ■ East ■ Other

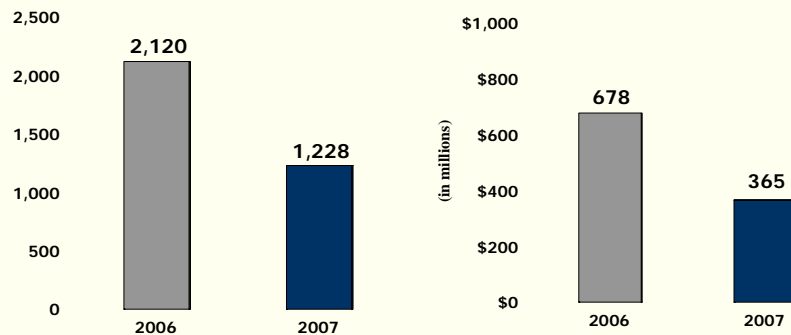
## Net Home Orders

M.D.C. HOLDINGS, INC.

3<sup>rd</sup> Quarter

Units

Estimated Value



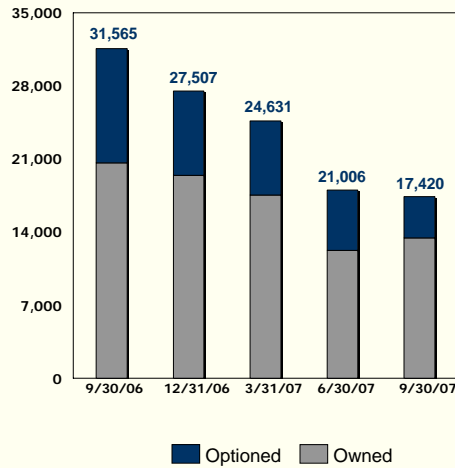
✓ Average Selling Price of Net Orders Declined 7% Year-Over-Year to \$297.2K

✓ Q3 2007 Cancellation Rate of Approximately 57%

## Lots Controlled

M.D.C. HOLDINGS, INC.

### 3<sup>rd</sup> Quarter



- Lot Supply Among Industry's Lowest
- 17% Sequential Decline in Controlled Lots
- 45% Y-O-Y Decrease in Controlled Lots
- Only \$16 Million in Deposits and \$4 Million in Capitalized Acquisition Costs (<1% of Equity) at Risk for 4,000 Optioned Lots
- Poised to React to Future Opportunities

## Free Cash Flow

M.D.C. HOLDINGS, INC.

### 3<sup>rd</sup> Quarter

(in millions)

	<u>3<sup>rd</sup> Quarter</u>		<u>YTD September 30,</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
<b>Net Income</b>	\$ 48.7	\$ (155.4)	\$ 220.6	\$ (355.8)
<b>Operating Activities</b>				
Housing Completed or Under Construction	(72.9)	(51.0)	(264.8)	(209.9)
Land and Land Under Development	84.4	114.8	1.4	390.1
Mortgage Loans in Inventory	(40.0)	52.9	34.0	140.0
Payables and Other	50.7	174.9	(32.5)	371.2
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ 70.9</u>	<u>\$ 136.2<sup>1</sup></u>	<u>\$ (41.3)</u>	<u>\$ 335.6<sup>1</sup></u>
<b>Net Purchase of Property and Equipment</b>	(2.9)	(6.3)	(7.2)	(8.4)
<b>Dividend Payments</b>	(11.2)	(11.5)	(33.7)	(34.3)
<b>Free Cash Flow (After Dividends)</b>	<u><u>\$ 56.8</u></u>	<u><u>\$ 118.4<sup>2</sup></u></u>	<u><u>\$(82.2)</u></u>	<u><u>\$292.9<sup>2</sup></u></u>

<sup>1</sup>LTM Operating Cash Flow as of 9/30/07: \$740 million

<sup>2</sup>LTM Free Cash Flow as of 9/30/07: \$683 million

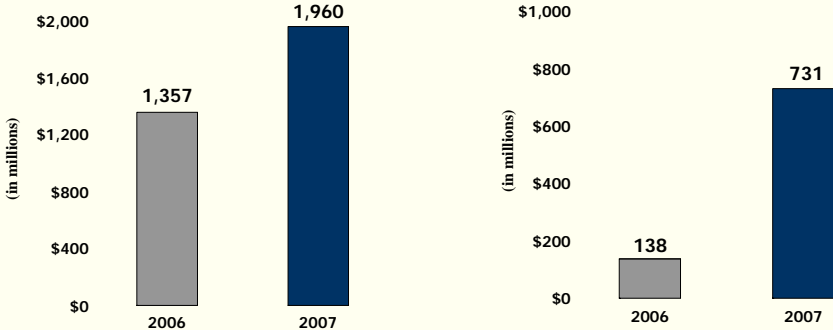
# Strong Financial Position

M.D.C. HOLDINGS, INC.

3<sup>rd</sup> Quarter

Cash and Available Borrowing Capacity

Cash on Hand



✓ 45% Increase Y-O-Y in Cash and Available Borrowing Capacity

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