

First Quarter 2013 Analyst Call

APRIL 24, 2013



Setting the standard for **energy-efficient homebuilding**

Forward-Looking Statements

This presentation and accompanying comments contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include management's expectations that increasing prices will help regulate demand for new homes and maximize profit from communities, that the homebuilding market is poised for years of continued growth, that Meritage is positioned to capture additional market growth, and management's projected revenue, pretax earnings and earnings per share for 2013.

Such statements are based upon the current beliefs and expectations of Company management, and current market conditions, which are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. The Company makes no commitment, and disclaims any duty, to update or revise any forward-looking statements to reflect future events or changes in these expectations.

Meritage's business is subject to a number of risks and uncertainties. As a result of those risks and uncertainties, the Company's stock and note prices may fluctuate dramatically. The risks and uncertainties include but are not limited to the following: weakness in the homebuilding market resulting from an unexpected setback in the current economic recovery; the availability of finished lots and undeveloped land; interest rates and changes in the availability and pricing of residential mortgages; the availability and cost of materials and labor; adverse changes in tax laws that benefit our homebuyers; the ability of our potential buyers to sell their existing homes; cancellation rates and home prices in our markets; inflation in the cost of materials used to construct homes; the adverse effect of slower order absorption rates; potential write-downs or write-offs of assets, including pre-acquisition costs and deposits; our potential exposure to natural disasters; competition; the adverse impacts of cancellations resulting from small deposits relating to our sales contracts; construction defect and home warranty claims; our success in prevailing on contested tax positions; our ability to preserve our deferred tax assets and use them within the statutory time limits; delays and risks associated with land development; our ability to obtain performance bonds in connection with our development work; the liquidity of our joint ventures and the ability of our joint venture partners to meet their obligations to us and the joint venture; the loss of key personnel; changes in or our failure to comply with laws and regulations; our lack of geographic diversification; fluctuations in quarterly operating results; our financial leverage and level of indebtedness; our ability to take certain actions because of restrictions contained in the indentures for our senior and senior subordinated notes and our ability to raise additional capital when and if needed; our credit ratings; successful integration of future acquisitions; government regulations and legislative or other initiatives that seek to restrain growth or new housing construction or similar measures; acts of war; the replication of our "Green" technologies by our competitors; our exposure to information technology failures and security breaches; and other factors identified in documents filed by the company with the Securities and Exchange Commission, including those set forth in our Form 10-K for the year ended December 31, 2012 under the caption "Risk Factors," which can be found on our website.

Speakers

Steven J. Hilton, Chairman/CEO

Larry W. Seay, EVP/CFO



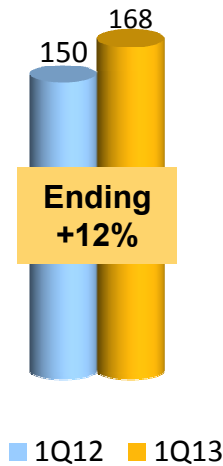
First Quarter Selected Operating Results

	1Q13	1Q12	Change
Home closings	1,052	759	+39%
ASP	\$314	\$269	+17%
Home closing revenue	\$330,710	\$204,022	+62%
Home closing gross margin	19.5%	17.2%	+230 bps
Commissions and other sales costs <i>-- as a percent of home closing revenue</i>	7.8%	9.3%	-150 bps
General and administrative expenses <i>-- as a percent of closing revenue</i>	5.9%	7.2%	-130 bps
Interest expense <i>-- as a percent of closing revenue</i>	1.5%	3.6%	-210 bps
Diluted EPS	\$ 0.32	\$ (0.15)	+\$0.47

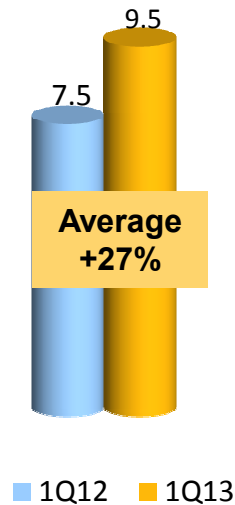
Significant improvement in all key metrics

Summary of Selected 1Q13 Operating Results

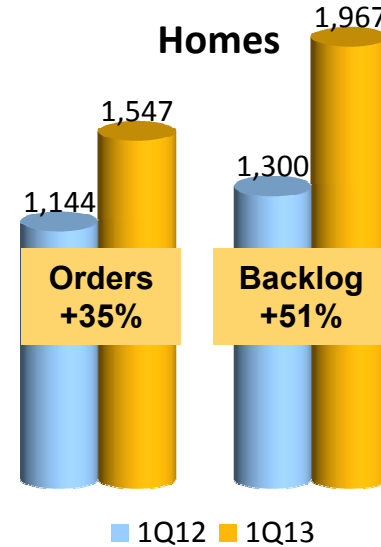
Active Communities



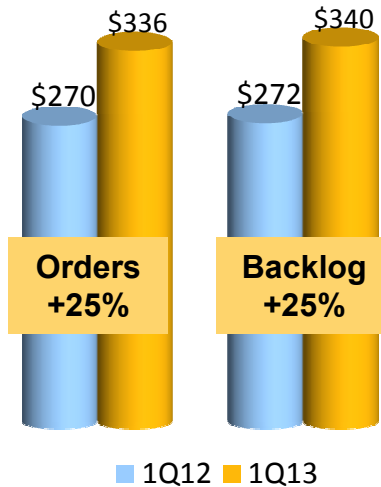
Orders/Community



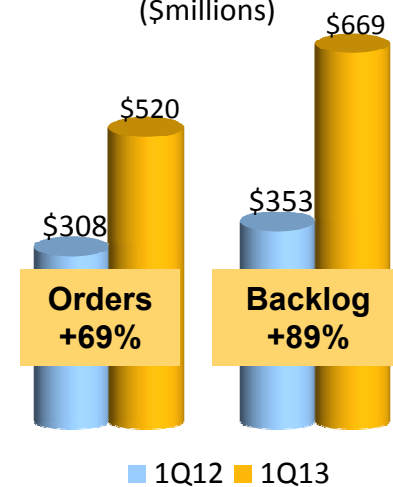
Homes



ASP (\$000s)



Total Value (\$millions)



Strong performance due to sound strategies and operational execution, healthier market conditions



Order Trends by State

Yr/Yr Growth 2013 vs 2012

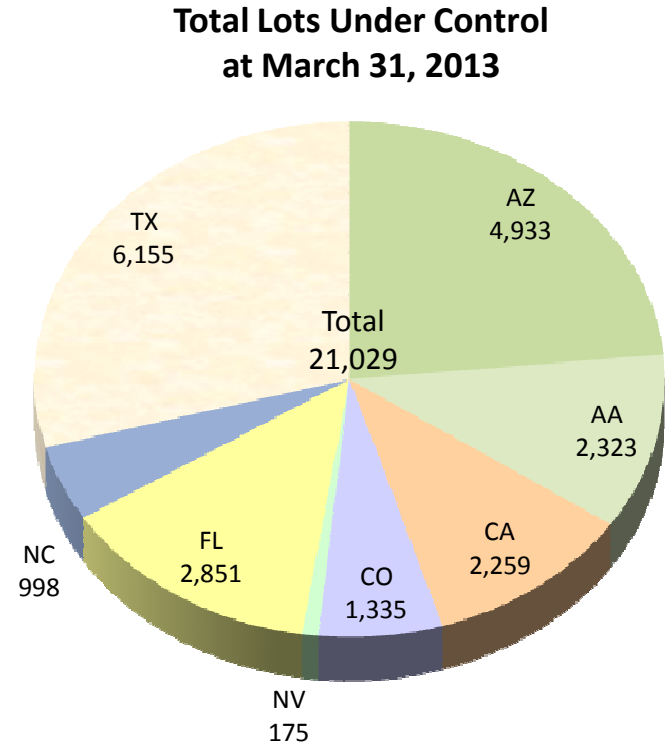
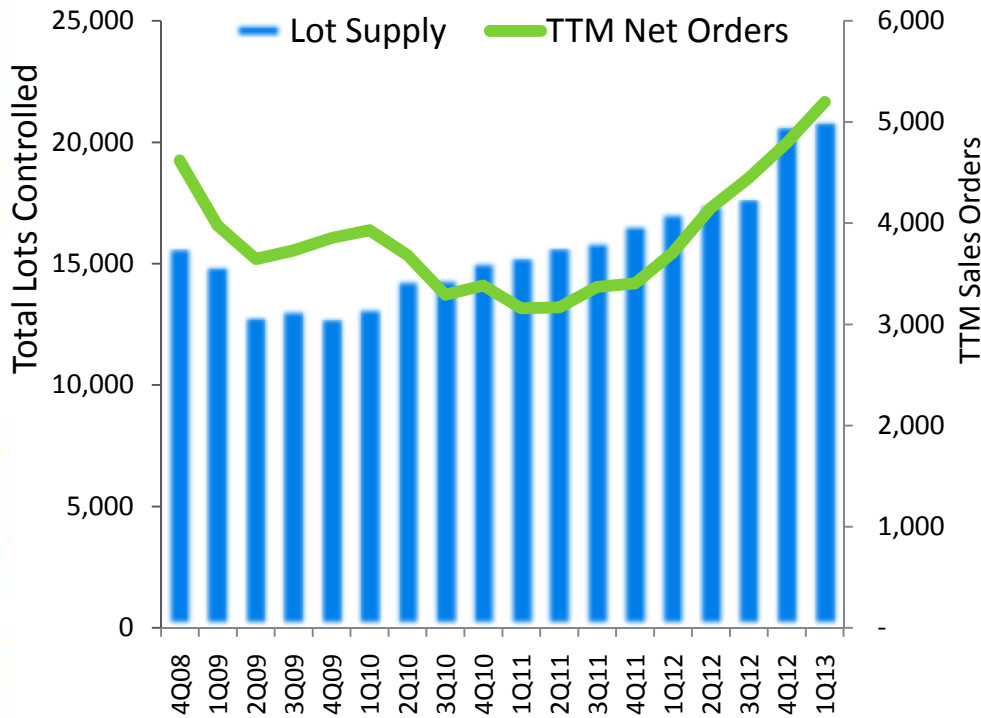
State*	Net Orders 1Q13	First Quarter 2013			
		Average Communities	Orders/Community	ASP (\$000)	Total Order Value (\$millions)
Arizona	318	39	8.2	\$307.3	\$97.7
Y/Y change%	+28%	+13%	+14%	+28%	+64%
California	314	16	19.6	\$425.6	\$133.6
Y/Y change%	+68%	-22%	+115%	+27%	+113%
Colorado	141	12	12.3	\$402.8	\$56.8
Y/Y change%	+55%	+28%	+22%	+21%	+87%
Texas	503	67	7.5	\$260.7	\$131.1
Y/Y change%	+9%	-	+9%	+11%	+20%
Carolinas	69	9	7.7	\$389.7	\$26.9
Y/Y change%	+109%	+157%	-18%	+6%	+123%
Florida	179	20	9.0	\$384.1	\$68.7
Y/Y change%	+58%	+18%	+36%	+30%	+106%

* Excludes Nevada – sold out
 Carolinas was a new market in 4Q11, making these yr/yr changes less meaningful

Every market grew sales metrics – California, Carolinas and Florida led with largest gains in total order value



Replenishing Lot Supply to Support Orders



**Invested \$75M acquisition and development;
added ~1,600 lots under control in 1Q13**

First Quarter Selected Operating Results

	1Q13	1Q12	Change	\$ Change
Beginning backlog value	\$479,266	\$248,854	93%	
Ending backlog value	\$668,959	\$353,161	89%	
<i>Conversion rate</i>	71%	83%	-12%	
Home closing revenue	\$330,710	\$204,022	62%	\$126,688
Home closing gross profit	64,360	35,113	83%	29,247
Commissions and other sales costs	(25,879)	(18,977)	36%	(6,902)
General and administrative expenses	(19,724)	(14,721)	34%	(5,003)
Interest expense	(5,128)	(7,371)	-30%	2,243
Pre-tax income	\$ 16,475	\$ (4,754)		+\$21,229

Revenue growth far greater than increases in SG&A, driving earnings growth through operating leverage

Selected Balance Sheet Statistics

<i>\$ in millions</i>	3/31/13	12/31/12	3/31/12
Total Cash & Securities	\$452.9	\$295.5	\$276.8
Net Debt* to Capital	37.6%	38.1%	40.4%
Total Lots Controlled	21,029	20,817	17,216
Years of Lot Supply	4.6	4.9	5.1
Real Estate	\$1,152.1	\$1,113.2	\$868.0

*no debt maturities until 2018 after retirement of 2017 notes in April 2013

Maintaining a strong balance sheet – pushed out debt maturities and secured lower interest rate with financing transactions in 1Q 2013





Newest Homebuilding Innovation



Faster construction
Stronger
More durable
Precision engineered



Energy efficient
Rot-proof
Mold-proof
Termite-proof
Water tight
Air impermeable
Cleaner
Healthier
Safer
Quieter



Summary

- Positive first quarter results -- 8th consecutive quarter of YoY growth in orders volume
- Expectations for 2013:
 - Higher closings & revenue from larger backlog and sales
 - Approximately 40-45% increase in home closing revenue 2Q-4Q 2013
 - Further improvement in gross margins
 - 350-400% increase in pretax earnings
 - Diluted EPS of \$2.20-2.45 for FY2013
 - \$3M loss on early retirement of debt in 2Q

