

Hovnanian Enterprises, Inc.

Review of Financial Results
First Quarter Fiscal Year 2009



Note: All statements in this Presentation that are not historical facts should be considered as "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause 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 risks, uncertainties and other factors include, but are not limited to, (1) changes in general and local economic and industry and business conditions, (2) adverse weather conditions and natural disasters, (3) changes in market conditions and seasonality of the Company's business, (4) changes in home prices and sales activity in the markets where the Company builds homes, (5) government regulation, including regulations concerning development of land, the home building, sales and customer financing processes, and the environment, (6) fluctuations in interest rates and the availability of mortgage financing, (7) shortages in, and price fluctuations of, raw materials and labor, (8) the availability and cost of suitable land and improved lots, (9) levels of competition, (10) availability of financing to the Company, (11) utility shortages and outages or rate fluctuations, (12) levels of indebtedness and restrictions on the Company's operations and activities imposed by the agreements governing the Company's outstanding indebtedness, (13) operations through joint ventures with third parties, (14) product liability litigation and warranty claims, (15) successful identification and integration of acquisitions, (16) significant influence of the Company's controlling stockholders, (17) geopolitical risks, terrorist acts and other acts of war and (18) other factors described in detail in the Company's Form 10-K for the year ended October 31, 2008. All forward-looking statements involving earnings guidance or other financial or operating projections or estimates contained herein were provided on March 11, 2009. The risk that actual results will differ materially from expectations expressed in this presentation will increase with the passage of time. Where we have used non-GAAP financial measures, reconciliations to the most comparable GAAP measure are provided, along with a disclosure on the usefulness of the GAAP measure, in our most recent earnings release.

First Quarter Results

(\$ in millions)

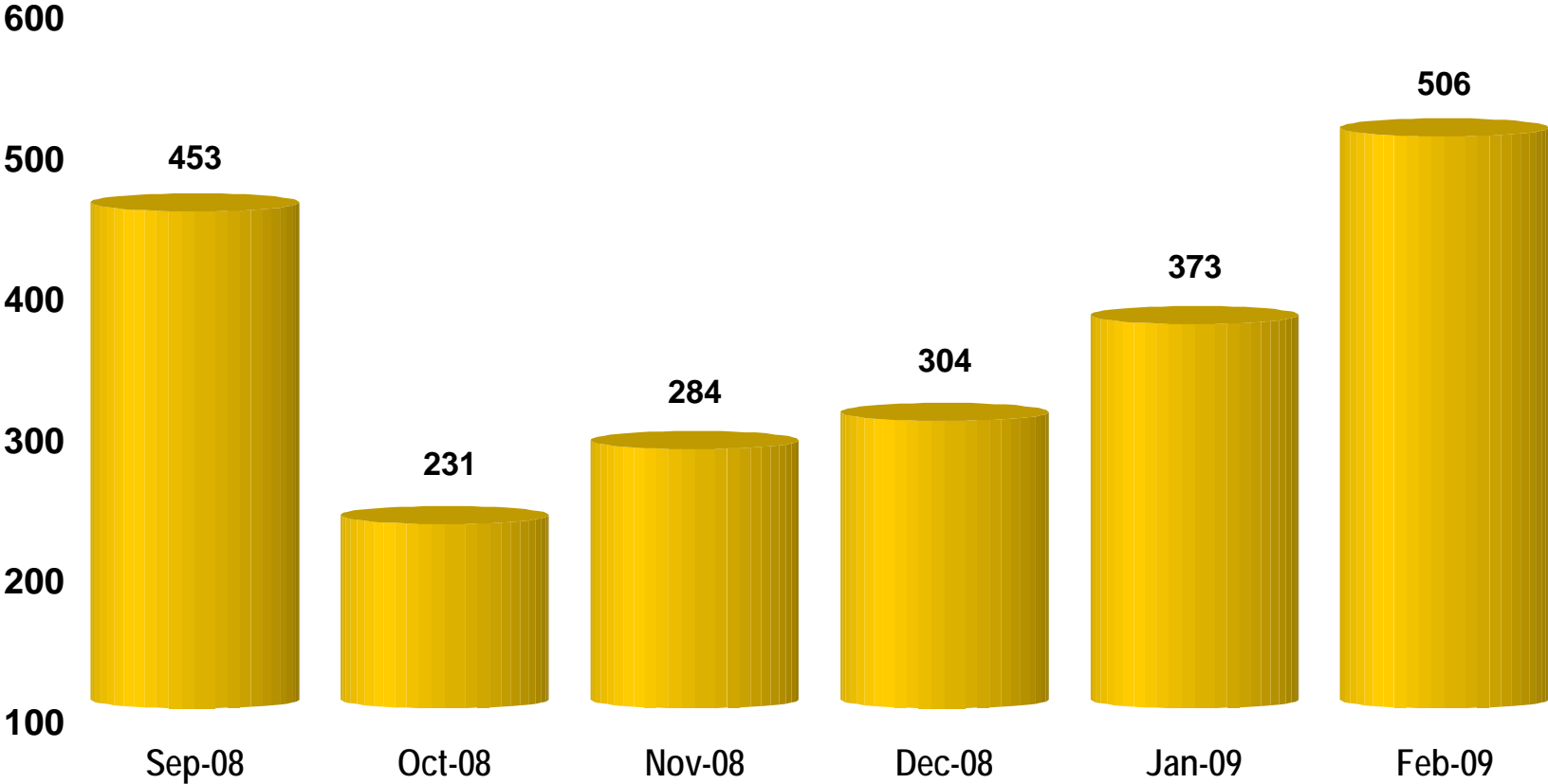
	<u>Q1 2009</u>	<u>Q1 2008</u>	<u>% Change</u>
Net Contracts¹	961	1,511	-36%
Communities¹	245	404	-39%
Net Contracts per Community¹	3.9	3.7	5%
Cancellation Rate¹	31%	38%	-700bps
Deliveries^{1,2}	1,208	3,604	-66%
Total Revenues²	\$374	\$1,094	-66%
Pre-tax Loss Prior to Land-related Charges, Intangible Impairments and Gain on Extinguishment of Debt	\$(125)	\$(75)	67%
Land Related Charges and Intangible Impairments³	\$132	\$94	40%
Gain on Extinguishment of Debt	\$80	-	100%
Net Loss Attributable to Common Stockholders	\$(178)	\$(131)	36%

(1) Excludes unconsolidated joint ventures.

(2) Excluding 1,345 deliveries and \$306 million of revenues associated with the Company's Fort Myers – Cape Coral operation in Q1 2008, deliveries and revenues would have decreased 47% and 53% respectively.

(3) Includes inventory impairment loss and lot option write-offs, goodwill and definite life intangible impairments and unconsolidated joint venture intangible and land-related changes.

Monthly Net Contracts



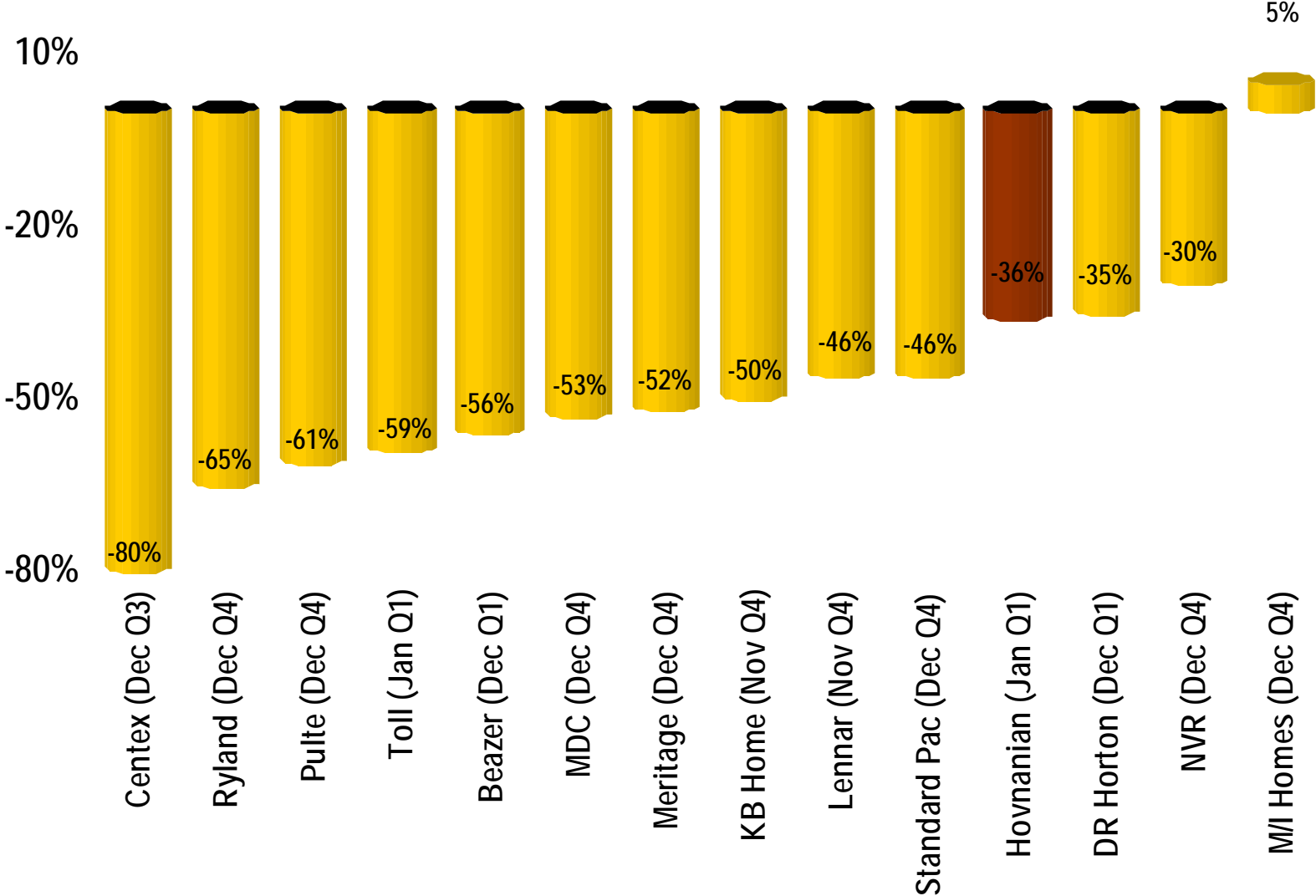
Monthly Net Contracts per Community	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09
	1.4	0.8	1.1	1.1	1.5	2.2

Excludes unconsolidated joint ventures.



Not a Pretty Picture

Year-over-Year Change in Sales Orders, Most Recent Quarter

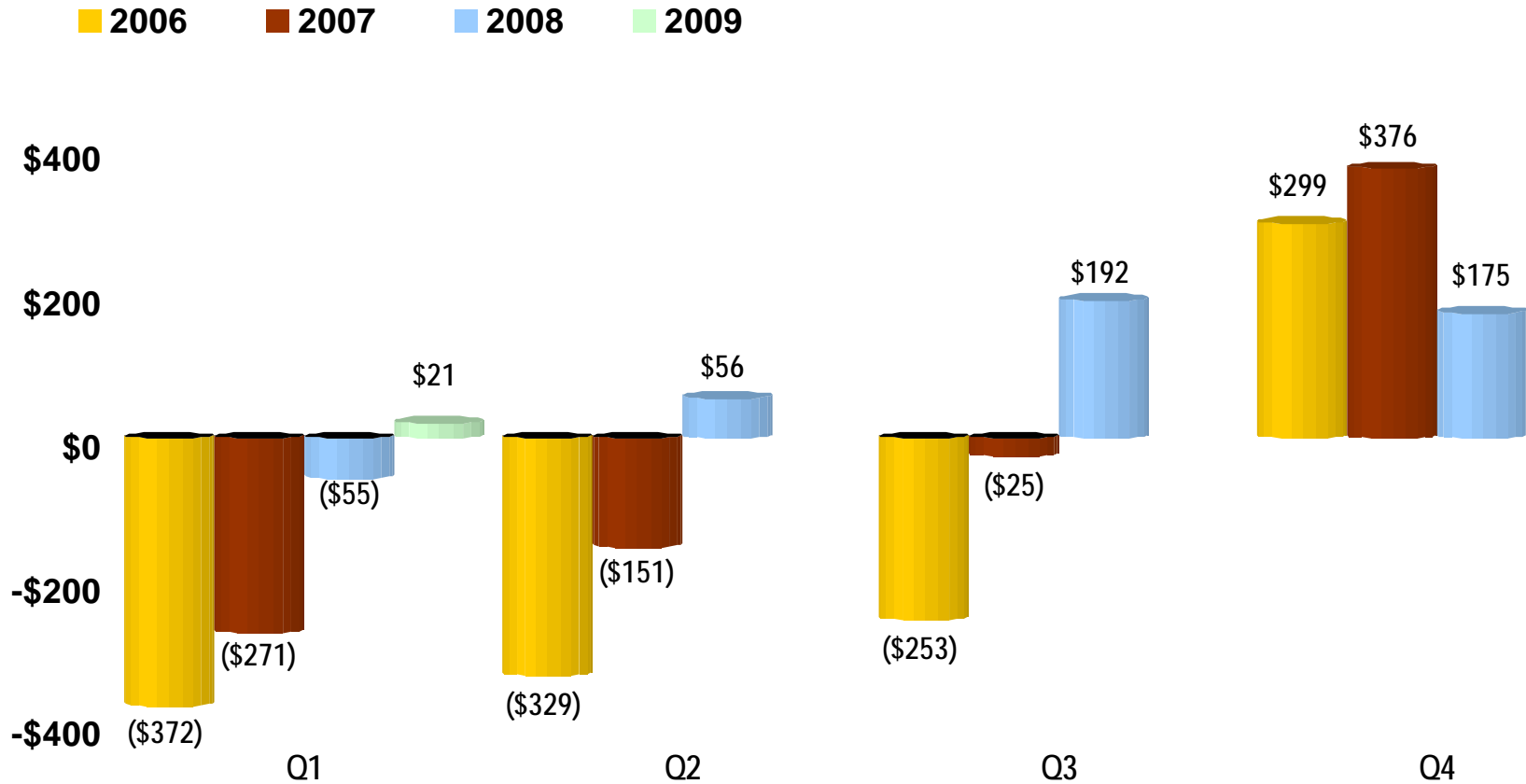


Source: Company SEC filings and press releases as of 03/10/09.



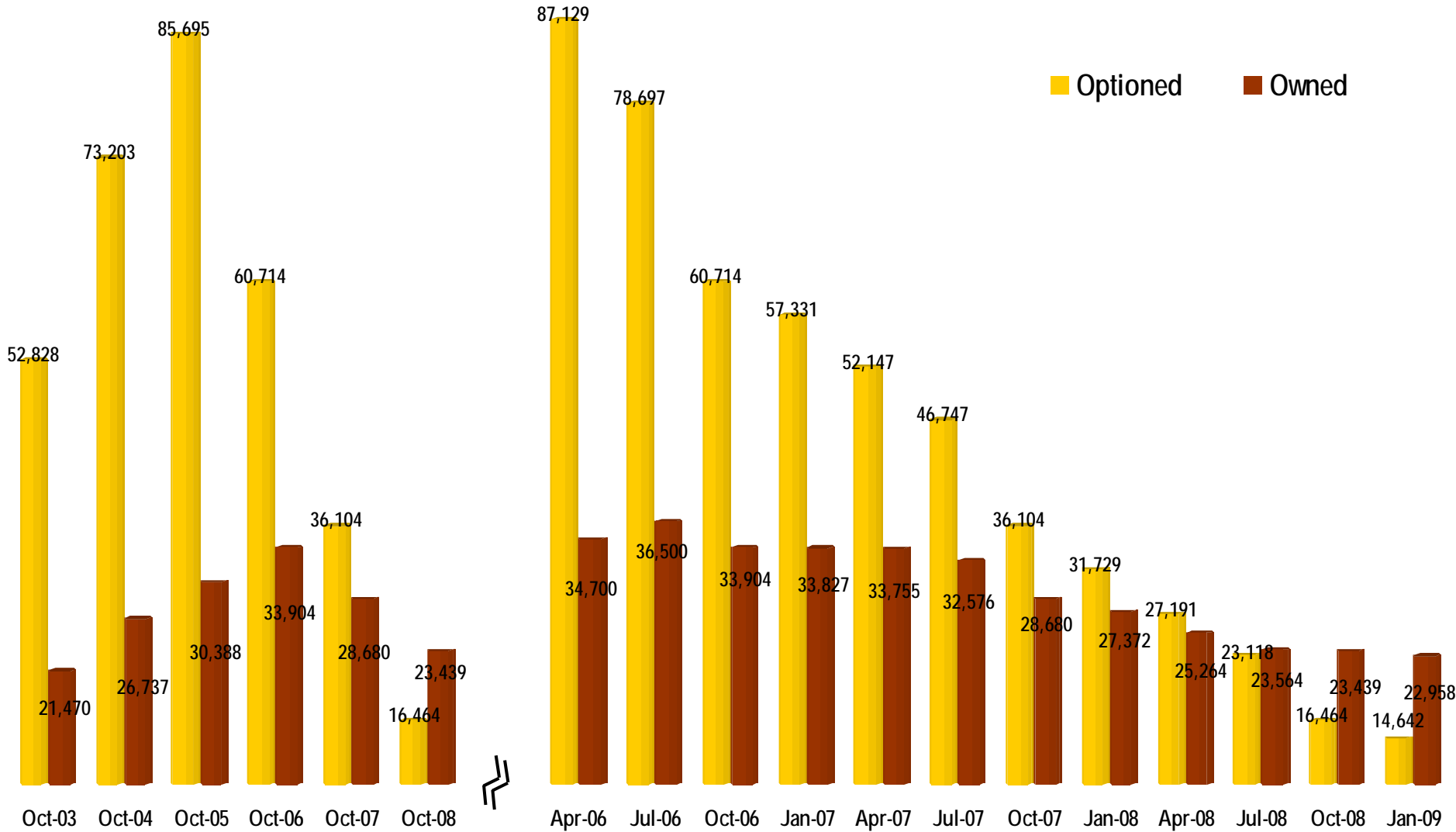
Cash Flow

(\$ in millions)

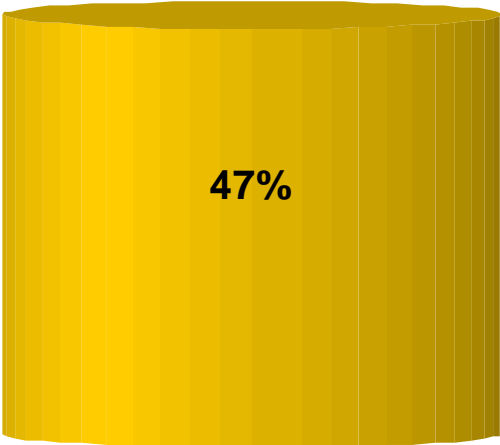


Cash flow from operating activities and cash flow from investing activities excluding changes in mortgage notes receivable at the mortgage company.
Fiscal year ending October 31

Number of Homesites Controlled



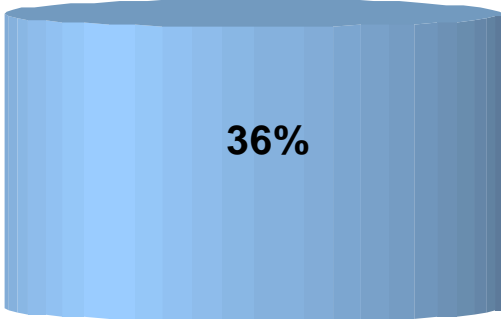
Owned Lots % Development Costs Spent



>80% developed

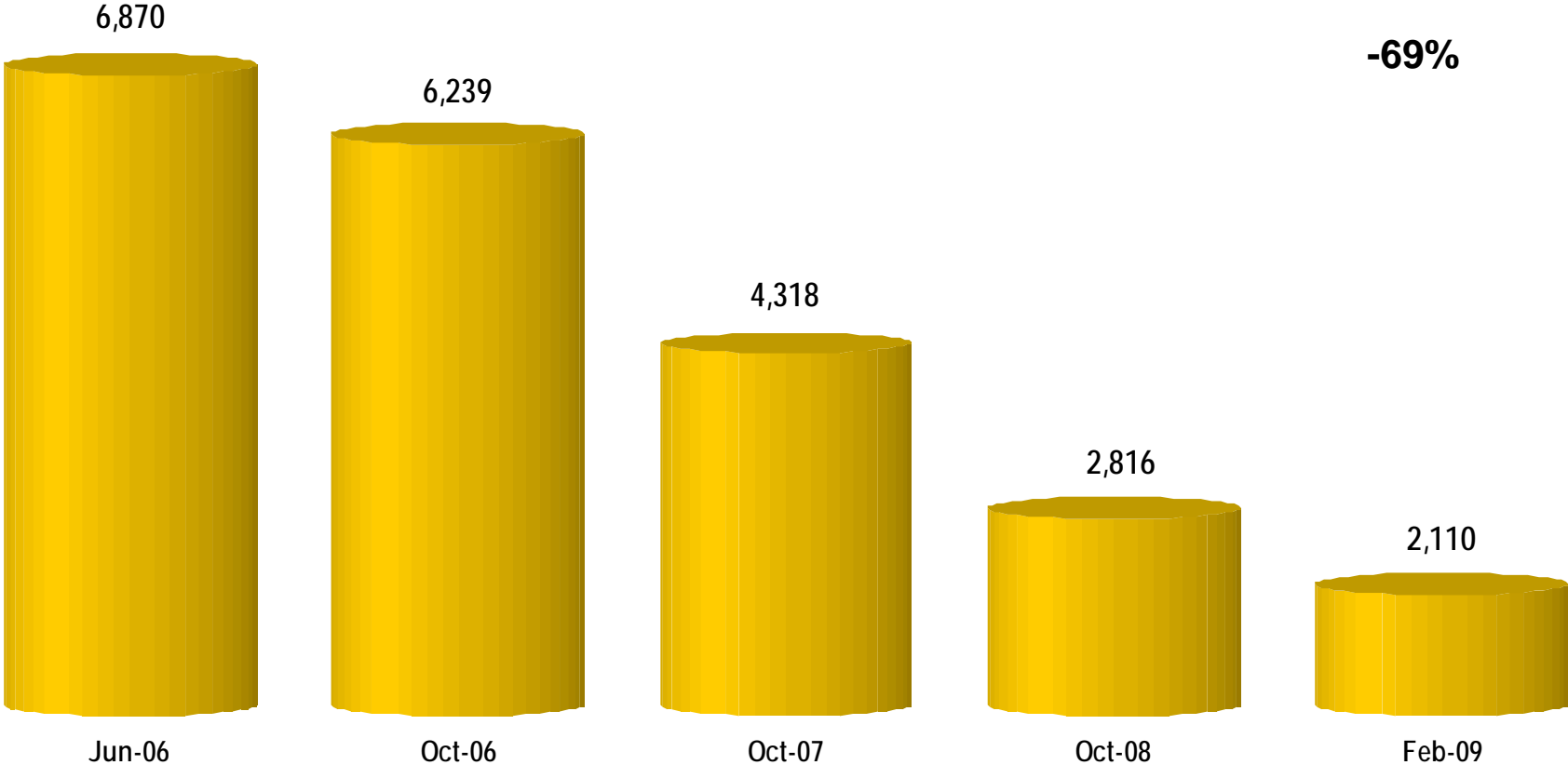


30% - 80% developed



<30% developed

Staffing Levels



Full-time associates only.

Total SG&A

Total SG&A

\$ in millions

\$150

\$121

\$100

\$102

-16%

\$50

\$90*

-26%

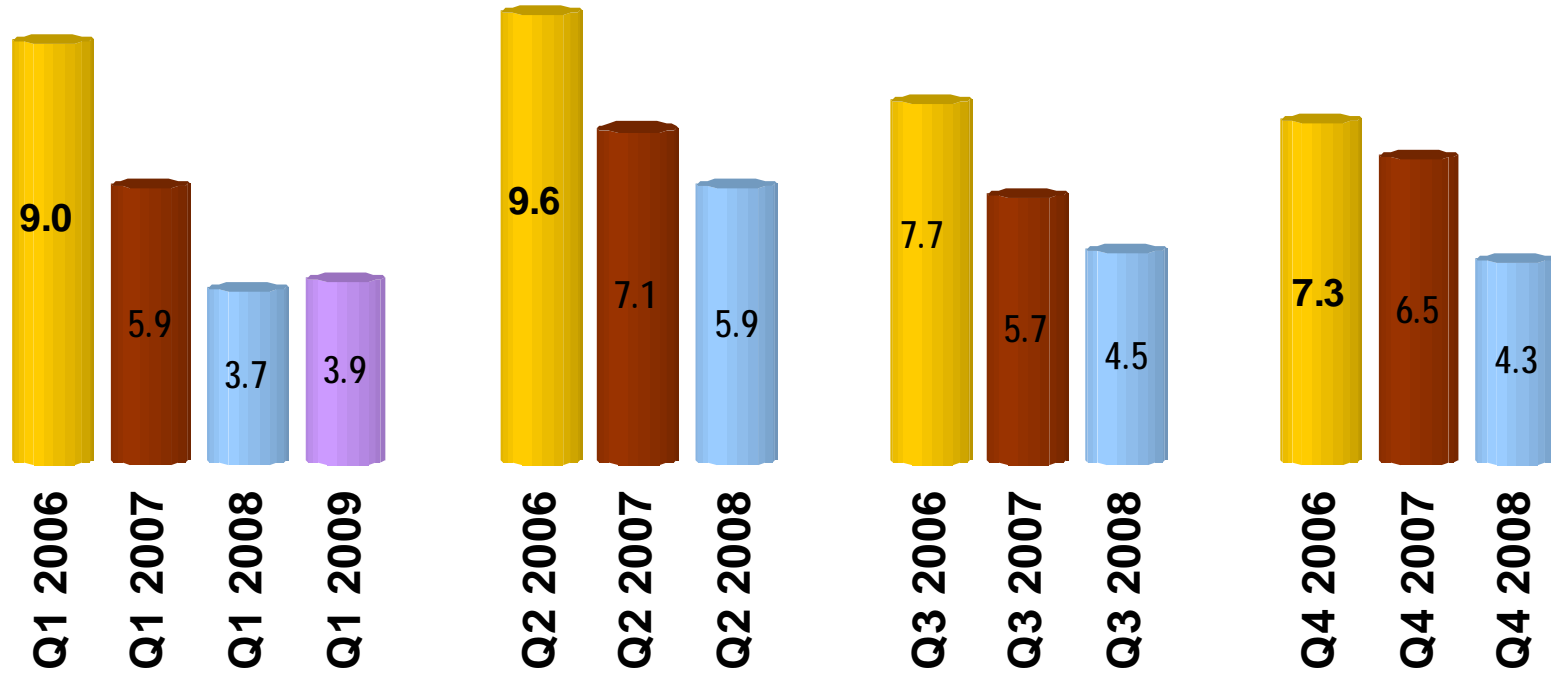
2008

2009

Total SG&A includes Homebuilding Selling, General and Administrative and Corporate General and Administrative.

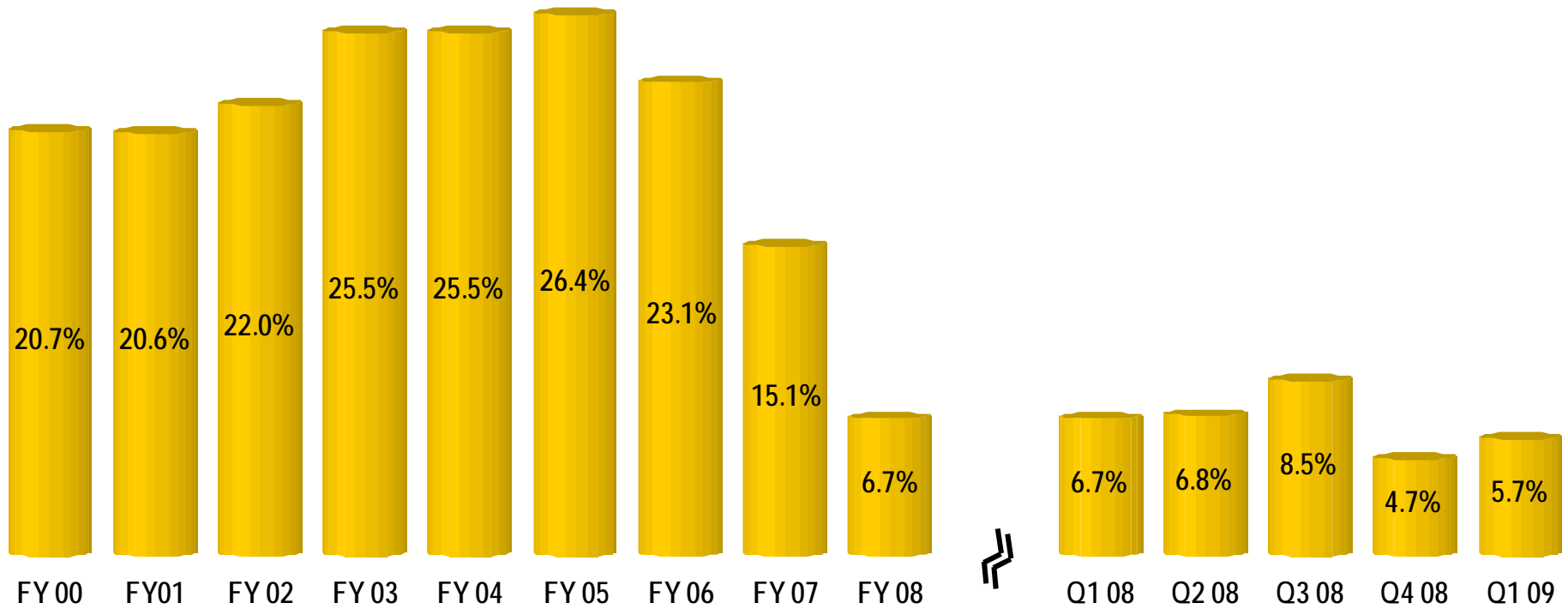
*Excluding approximately \$12 million of FAS123 expenses related to options that were cancelled.

Net Contracts Per Community



Calculated based on quarter end community count and excluding unconsolidated joint ventures.

Homebuilding Gross Margin



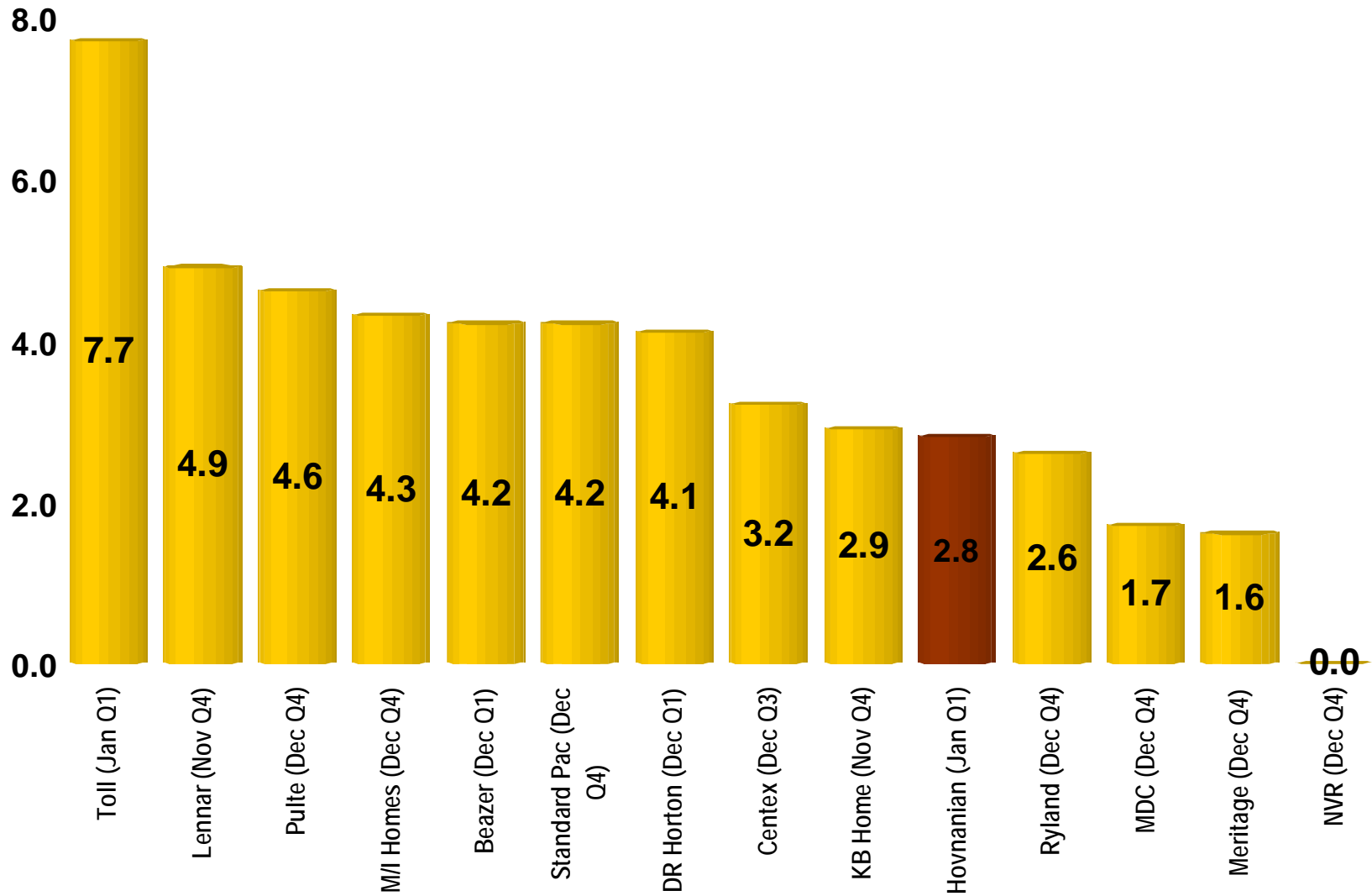
Excludes interest related to homes sold.

Segment Land Positions

January 31, 2009

Segment	# Lots			TTM Deliveries	Years Supply		Investment in Land (finished lots and lots under development)
	Owned	Optioned	Total		Owned	Total Lots	
Northeast	3,885	4,699	8,584	1,292	3.0	6.6	\$478
Mid-Atlantic	2,995	2,009	5,004	1,134	2.6	4.4	\$128
Midwest	513	2,238	2,751	867	0.6	3.2	\$6
Southeast	2,944	1,162	4,106	1,100	2.7	3.7	\$51
Southwest	4,209	3,398	7,607	2,295	1.8	3.3	\$87
West	8,412	1,136	9,548	1,493	5.6	6.4	\$270
Total	22,958	14,642	37,600	8,181	2.8	4.6	\$1,020

Lots Owned Years Supply *



*Years supply based on LTM deliveries
Source: Company SEC filings and press releases as of 3/10/09

Land Related Charges by Segment

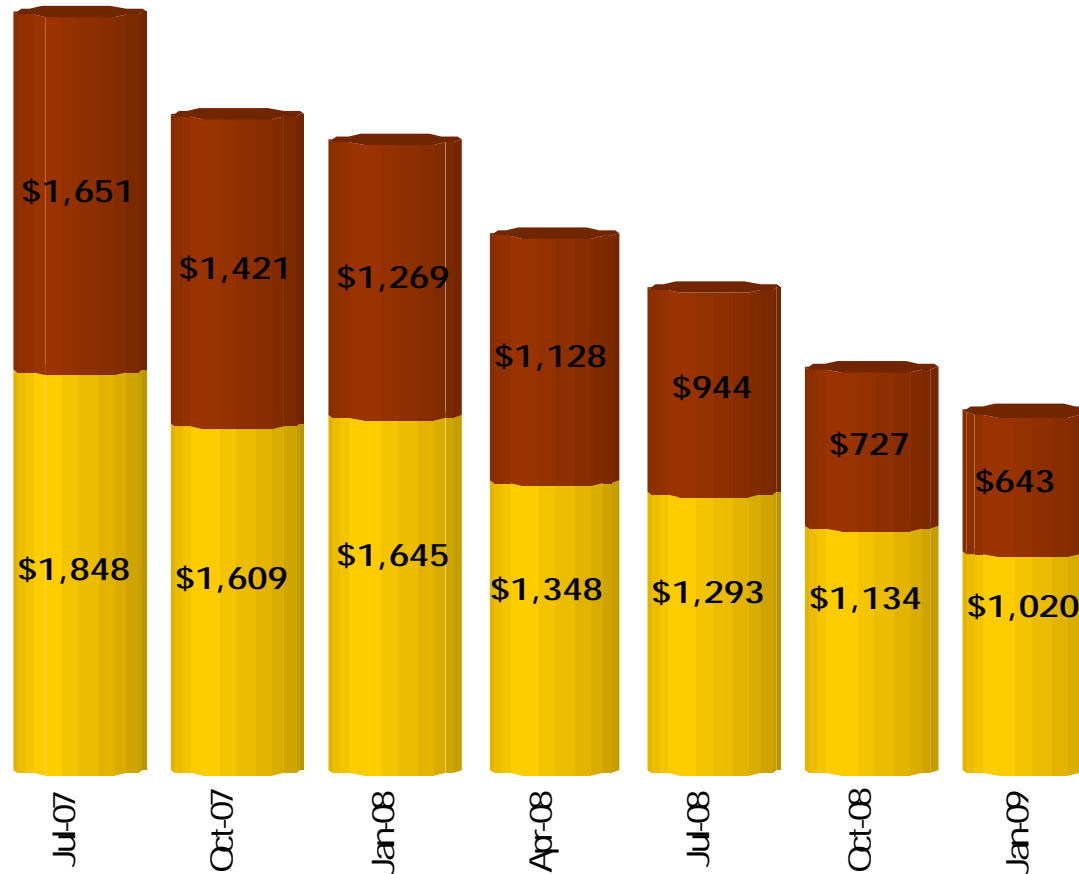
First Quarter 2009

(\$ in millions)	<u>Walk-Aways</u>	<u>Impairments</u>	<u>Total</u>
Northeast (NJ, NY, PA)	\$4.3	\$53.6	\$57.9
Midatlantic (DE, MD, VA, WV)	\$6.2	\$12.9	\$19.1
Midwest (IL, MN, OH)	\$0.0	\$0.0	\$0.0
Southeast (FL, GA, NC, SC)	\$0.3	\$7.9	\$8.2
Southwest (AZ, TX)	\$3.4	\$3.0	\$6.4
West (CA)	\$0.3	\$18.3	\$18.6
Total	\$14.5	\$95.7	\$110.2

Inventory Breakdown

- Sold and Unsold homes
- Land (finished lots and lots under development)

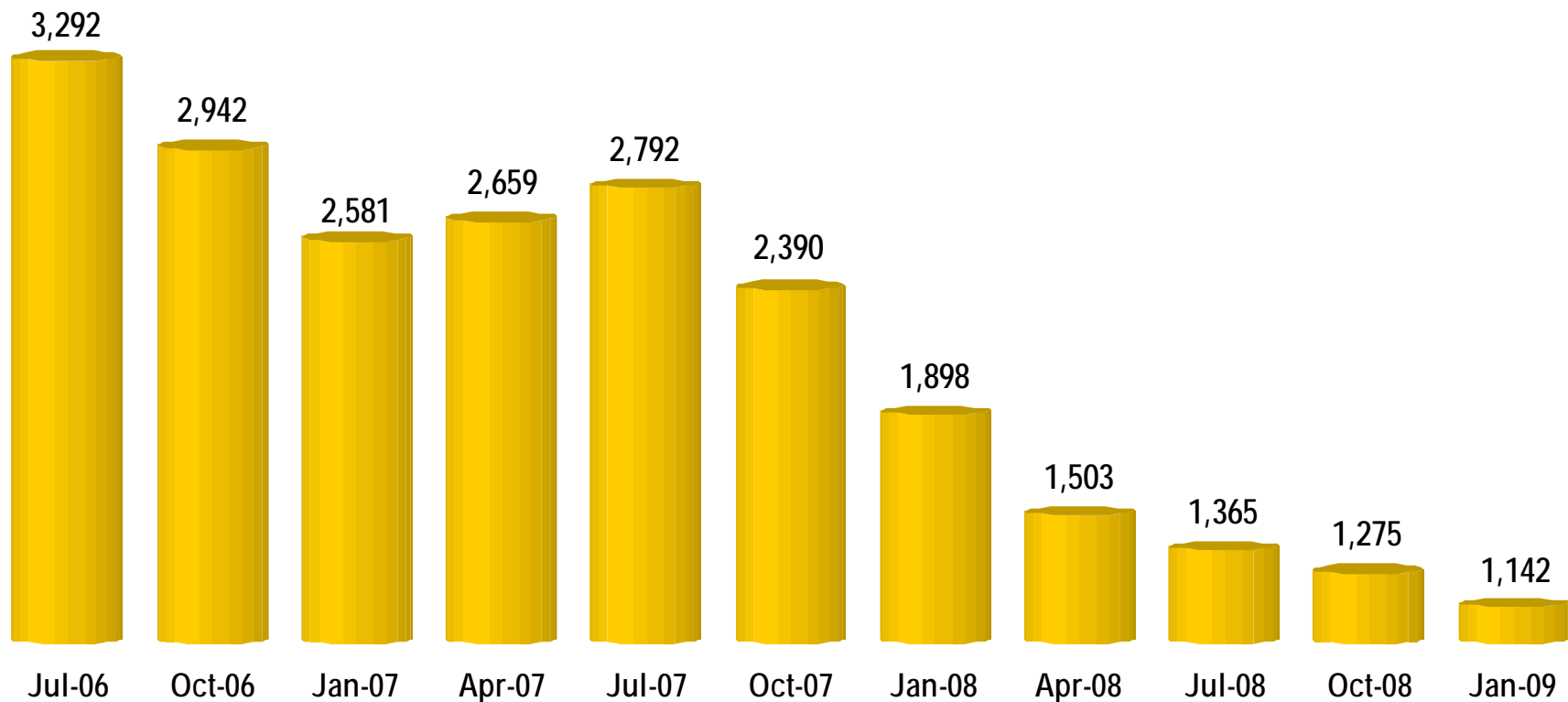
\$ in Millions



Excluding Inventory Not Owned, on-your-lot construction, assets outside the US and option deposits and pre-development costs.

Started Unsold Homes

Reduced Started Unsold Homes by 2,150 homes, or 65%, since peak at July 31, 2006



Excluding unconsolidated joint ventures and models.

Credit Quality of Homebuyers

Q1 2009:

- Average LTV: 85%
- Average CLTV: 86%
- ARMs: 0.4%
- FICO Score: 726
- Capture Rate: 82%

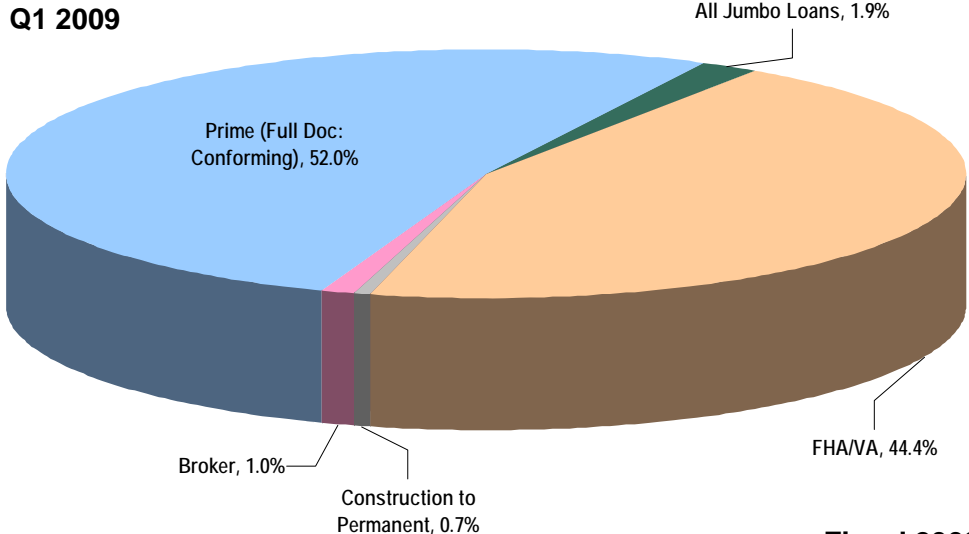
Fiscal Year 2008:

- Average LTV: 85%
- Average CLTV: 85%
- ARMs: 4%
- FICO Score: 723
- Capture Rate: 75%

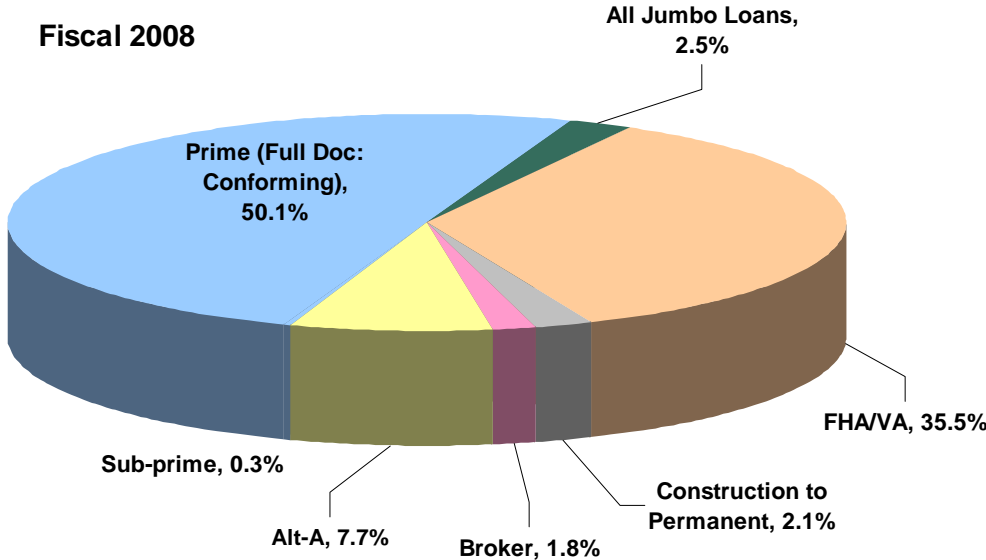
**Loans originated by our wholly-owned mortgage banking subsidiary.*

Hovnanian Mortgage Breakdown*

Q1 2009



Fiscal 2008



*Loans originated by our wholly-owned mortgage banking subsidiary.
 Note: During Q1 2009, there were no Alt-A or Sub-prime loans.



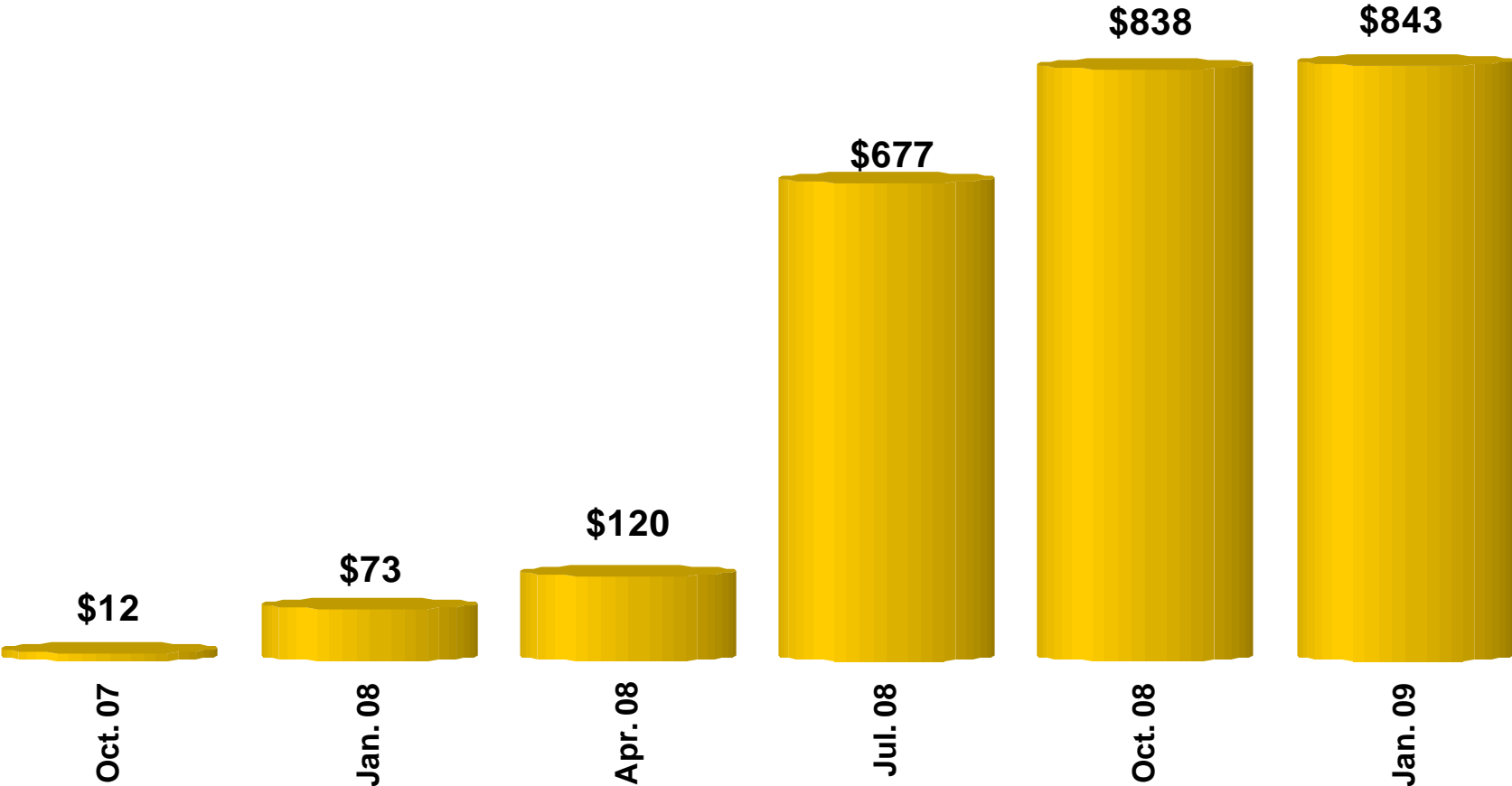
Joint Ventures Maintain Balance Sheet Discipline

(\$ in Millions)	As of October 31,		As of January 31,
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Assets	\$840.5	\$622.7	\$620.6
Notes Payable	\$339.2	\$320.2	\$342.8
Total Equity	\$410.8	\$242.9	\$230.9
Debt to Capitalization Ratio	45%	57%	60%

- ◆ Guarantees, if any, are limited only to completion of development, environmental indemnification and standard indemnification for fraud and misrepresentation including voluntary bankruptcy

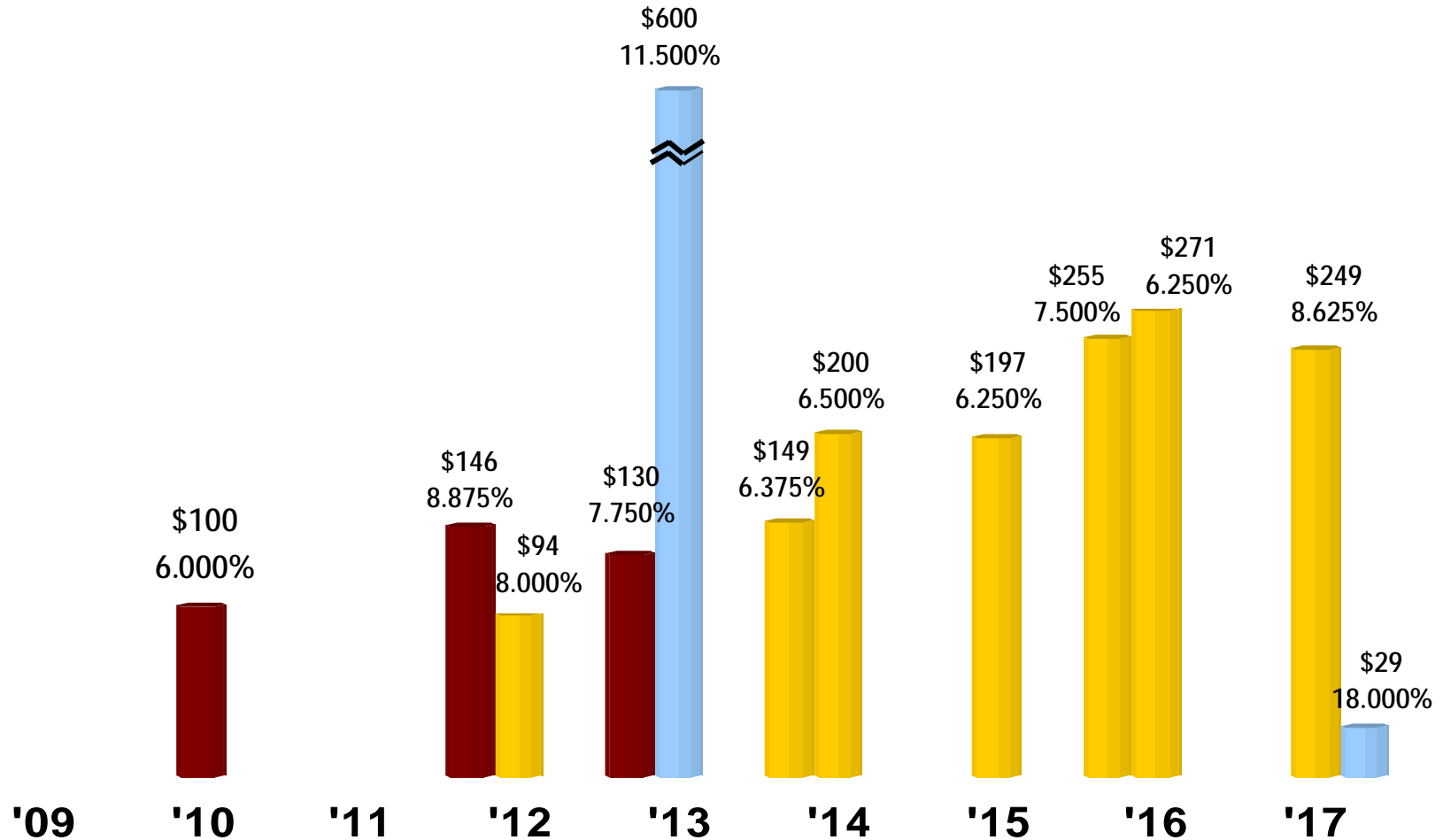
Homebuilding Cash

(\$ in millions)



Well Structured Debt Maturity*

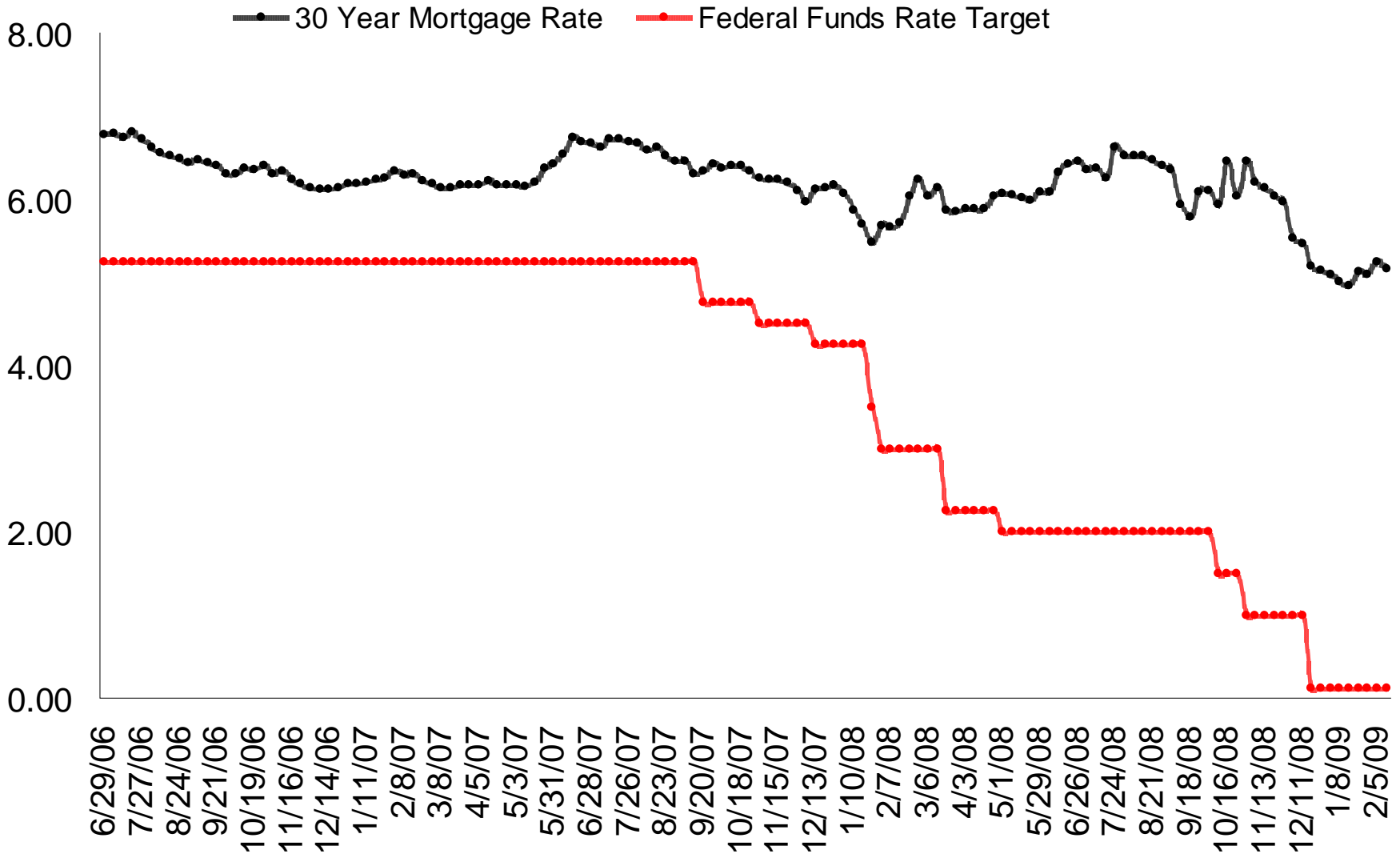
■ Senior Sub. Notes ■ Senior Notes ■ Senior Secured Notes



*Adjusted for all orders placed by 1/31/09.

Note: Subsequent to the end of the first quarter, the Company purchased approximately \$240 million of face value of unsecured senior notes and \$75 million of face value of unsecured senior subordinated notes for approximately \$105 million in cash.

Businesses have benefited – Now we need the consumers to benefit



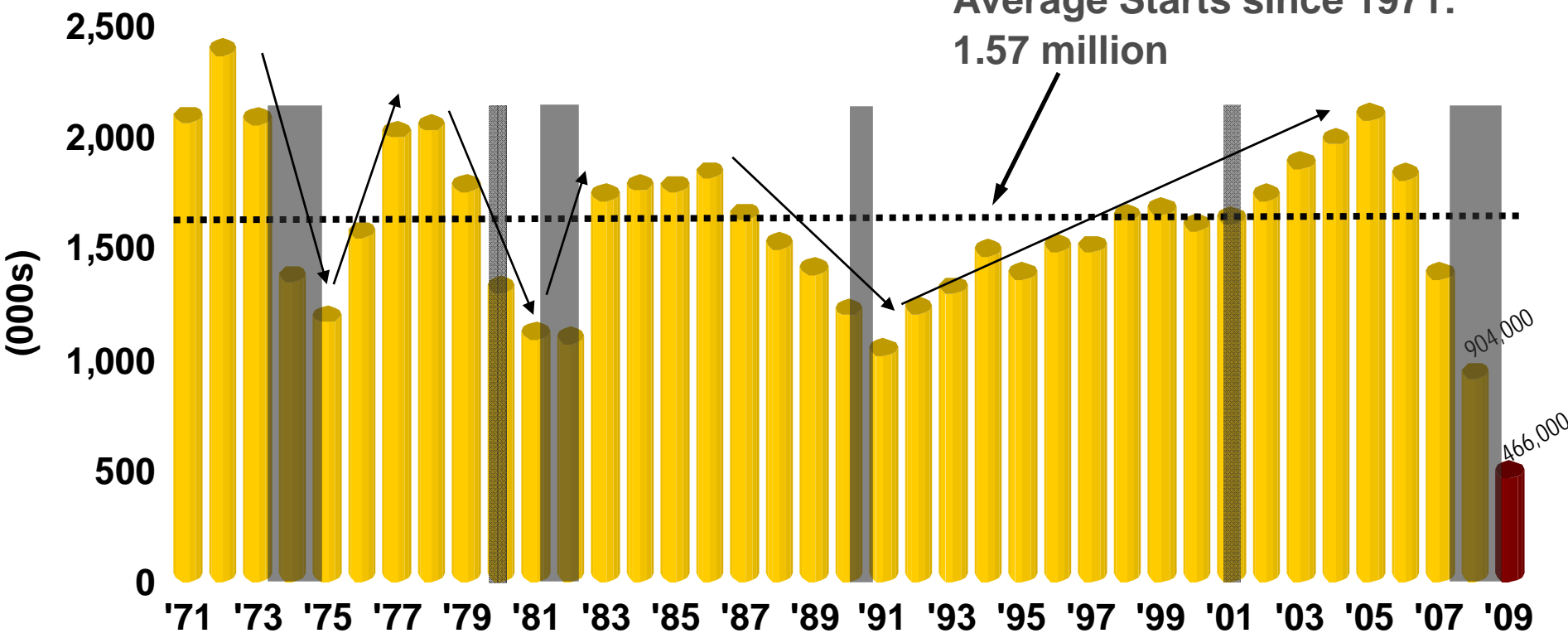
Source: Freddie Mac and The Federal Reserve



Total Housing Starts

■ Total U.S. Housing Starts
 ■ January 2009 Seasonally Adjusted Annual Rate

**Average Starts since 1971:
1.57 million**



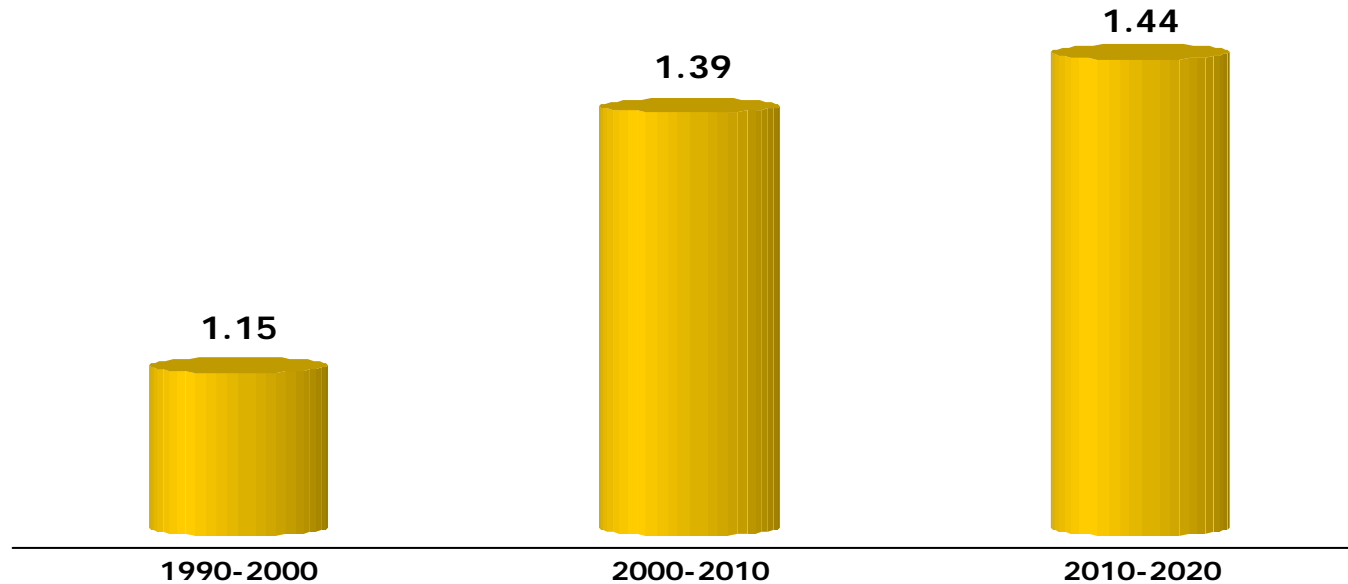
Peak 30 yr. Mortgage Rate %	'74	'75	'76	'81	'82	'83	'90	'91	'92	'00	'01	'02	'07	'08
Rate %	9.98%	9.43%	9.02%	18.45%	17.60%	13.81%	10.48%	9.64%	8.94%	8.52%	7.16%	7.01%	6.70%	6.48%

Source: U.S. Census Bureau and Freddie Mac.



Demographics Support a Substantially Higher Level of Housing Activity

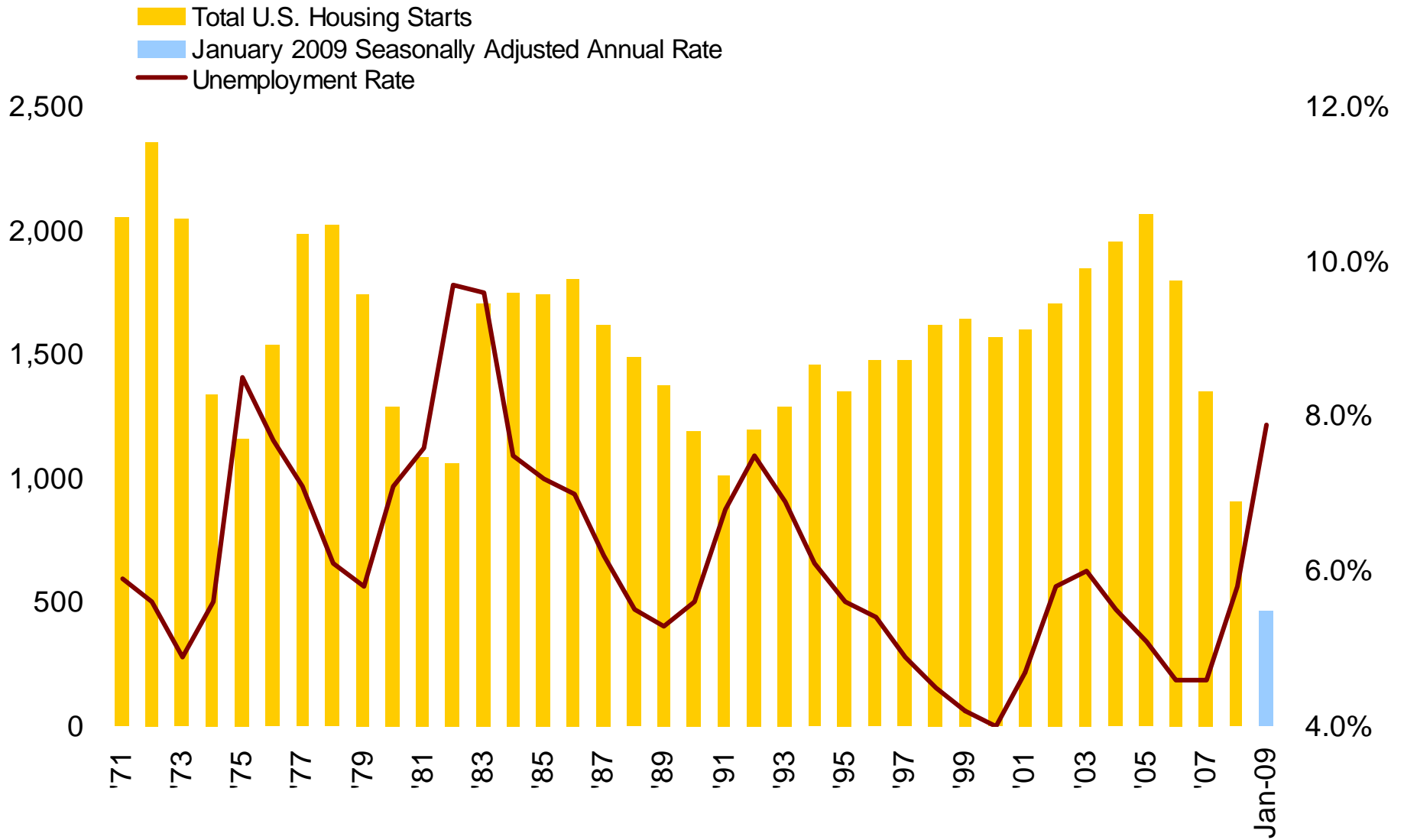
Average Annual Household Growth (Millions)



- ◆ US population growth supports higher levels than current activity
- ◆ Intrinsic demand is there
- ◆ Potential home buyers are postponing decisions to buy homes today due to fear, causing a downward spiral
- ◆ **The Joint Center for Housing Studies of Harvard University and other demographers estimate demand between 1.85 million and 1.97 million units per year versus current starts pace of 466,000 units**

Sources: Joint Center for Housing Studies of Harvard University, the Brookings Institution and Moody's.

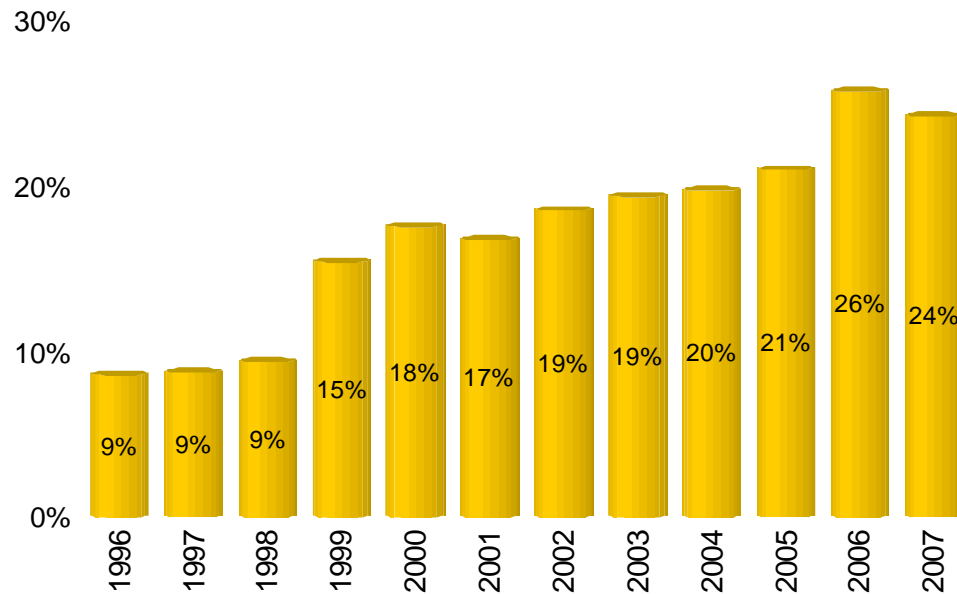
Total Housing Starts and Unemployment



Consolidation Will Likely Continue as Weaker Builders Fail

◆ Market Share of Top 10 Homebuilders

(New Homes as a % of New Home Sales)



Source: *Builder Magazine*

◆ Imploded Builders™

Since late 2006 70 major builders have imploded (plus 49 additional tiny implusions)

- ◆ CP Morgan Homes
- ◆ Choice Homes
- ◆ Fulton Homes
- ◆ Jim Walter Homes
- ◆ John Laing Homes
- ◆ Kimball Hill
- ◆ Levitt and Sons
- ◆ Mercedes Homes
- ◆ Neumann Homes
- ◆ Pasquinelli Homes
- ◆ Technical Olympic USA
- ◆ WCI Communities

Source: www.builder-implode.com



Appendix

Reconciliation Of Cash Flows from Operating Activities to Cash Flow

(\$ in millions)

Q1 2006 Q2 2006 Q3 2006 Q4 2006 Q1 2007 Q2 2007 Q3 2007 Q4 2007 Q1 2008 Q2 2008 Q3 2008 Q4 2008 Q1 2009

Net cash (used in) provided by operating activities	(\$299.4)	(\$343.3)	(\$195.7)	\$187.7	(\$137.9)	(\$97.8)	(\$59.8)	\$357.5	\$16.0	\$34.1	\$237.3	\$174.7	\$30.2
Net cash (used in) provided by investing activities	(\$13.4)	(\$47.9)	(\$17.5)	\$4.4	(\$17.1)	(\$19.7)	\$5.9	(\$1.5)	\$7.1	(\$9.6)	\$0.1	\$0.8	(\$2.6)
Mortgage notes receivable	\$58.9	(\$61.8)	\$39.4	(\$107.1)	\$115.6	\$33.1	(\$29.4)	(\$19.9)	\$77.9	(\$31.6)	\$45.2	\$0.4	\$7.1
Cash Flow	(\$371.7)	(\$329.4)	(\$252.6)	\$299.1	(\$270.6)	(\$150.6)	(\$24.6)	\$376.0	(\$54.9)	\$56.1	\$192.2	\$175.1	\$20.6

