

Hovnanian Enterprises, Inc.

Review of Financial Results
Second 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 June 3, 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.

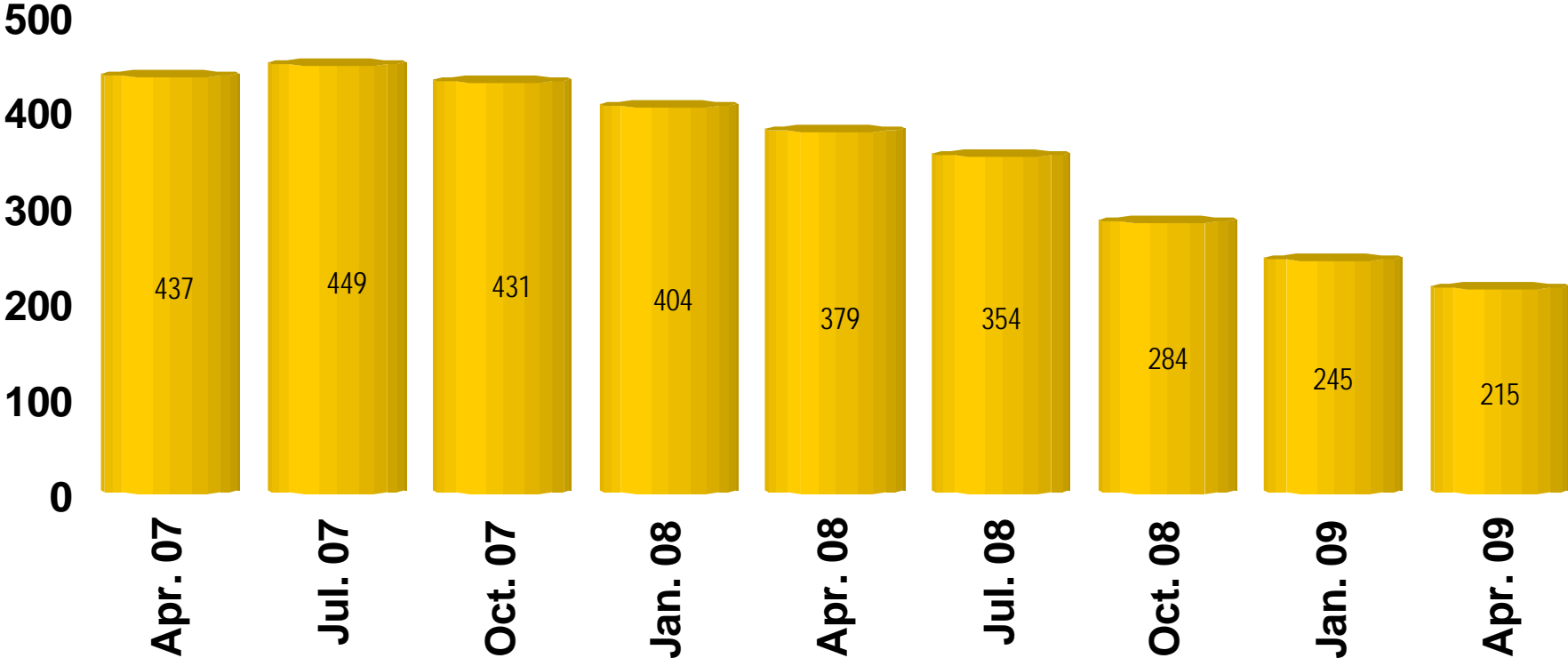
Second Quarter Results

(\$ in millions)	<u>Q2 2009</u>	<u>Q2 2008</u>	<u>% Change</u>
Net Contracts¹	1,586	2,226	-29%
Communities¹	215	379	-43%
Net Contracts per Community¹	7.4	5.9	25%
Cancellation Rate¹	24%	29%	-500bps
Deliveries¹	1,388	2,494	-44%
Total Revenues¹	\$398	\$776	-49%
Pre-tax Loss Prior to Land-related Charges, Intangible Impairments and Gain on Extinguishment of Debt	\$(90)	\$(92)	-2%
Land Related Charges and Intangible Impairments²	\$319	\$251	27%
Gain on Extinguishment of Debt	\$311	-	100%
Net Loss	\$(119)	\$(341)	-65%
Homebuilding Cash	\$779	\$120	549%

(1) Excludes unconsolidated joint ventures.

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

Active Communities

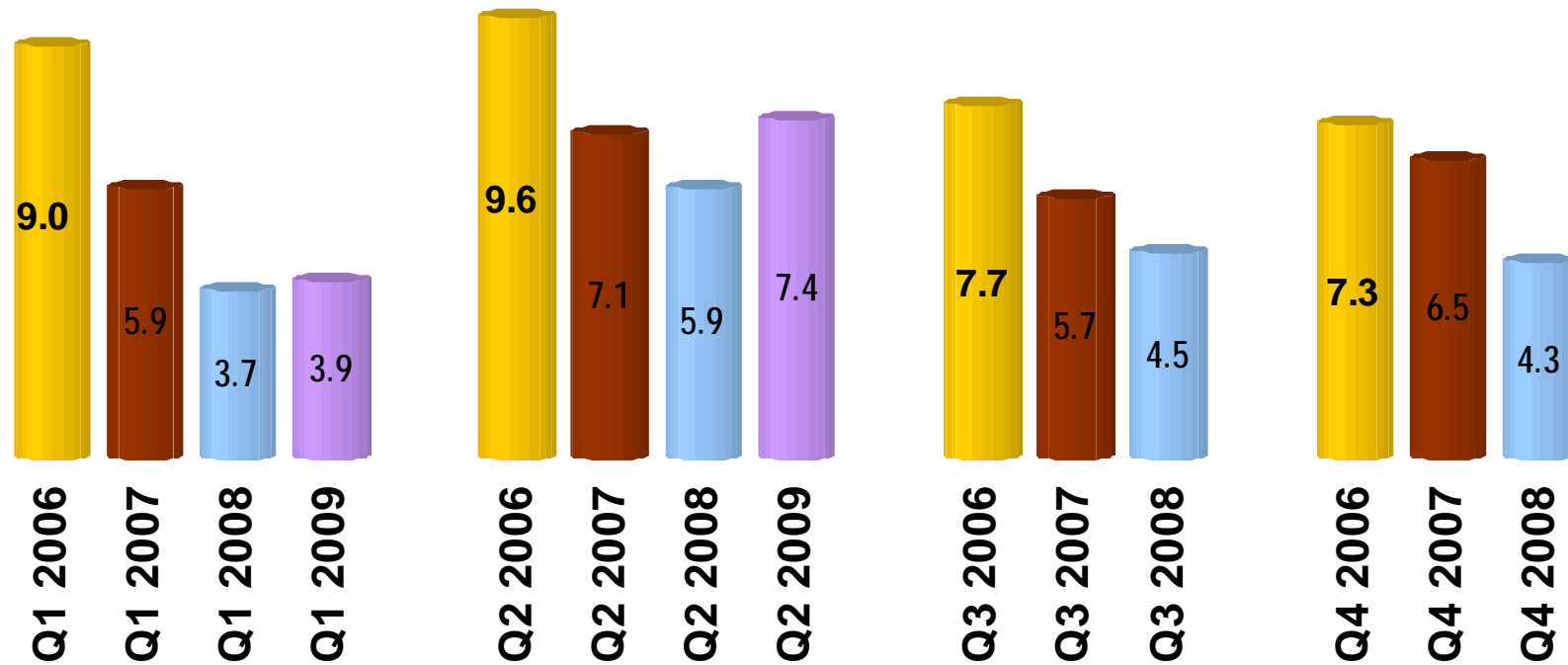


Excluding unconsolidated joint ventures.

Active communities are open for sale communities with 10 or more home sites available.

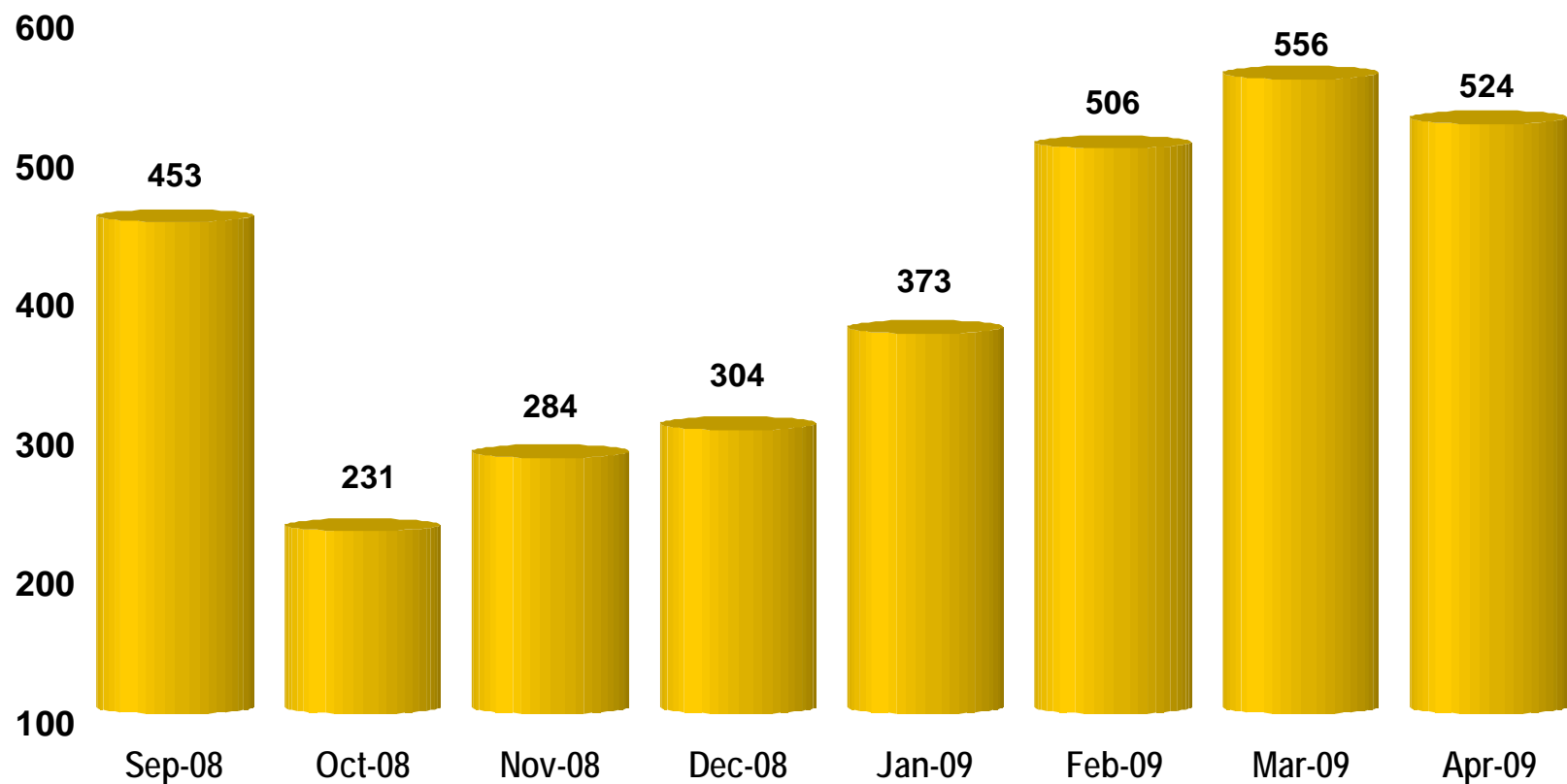


Net Contracts Per Community



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

Monthly Net Contracts



Monthly Net Contracts per Community	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09
	1.4	0.8	1.1	1.1	1.5	2.2	2.5	2.4

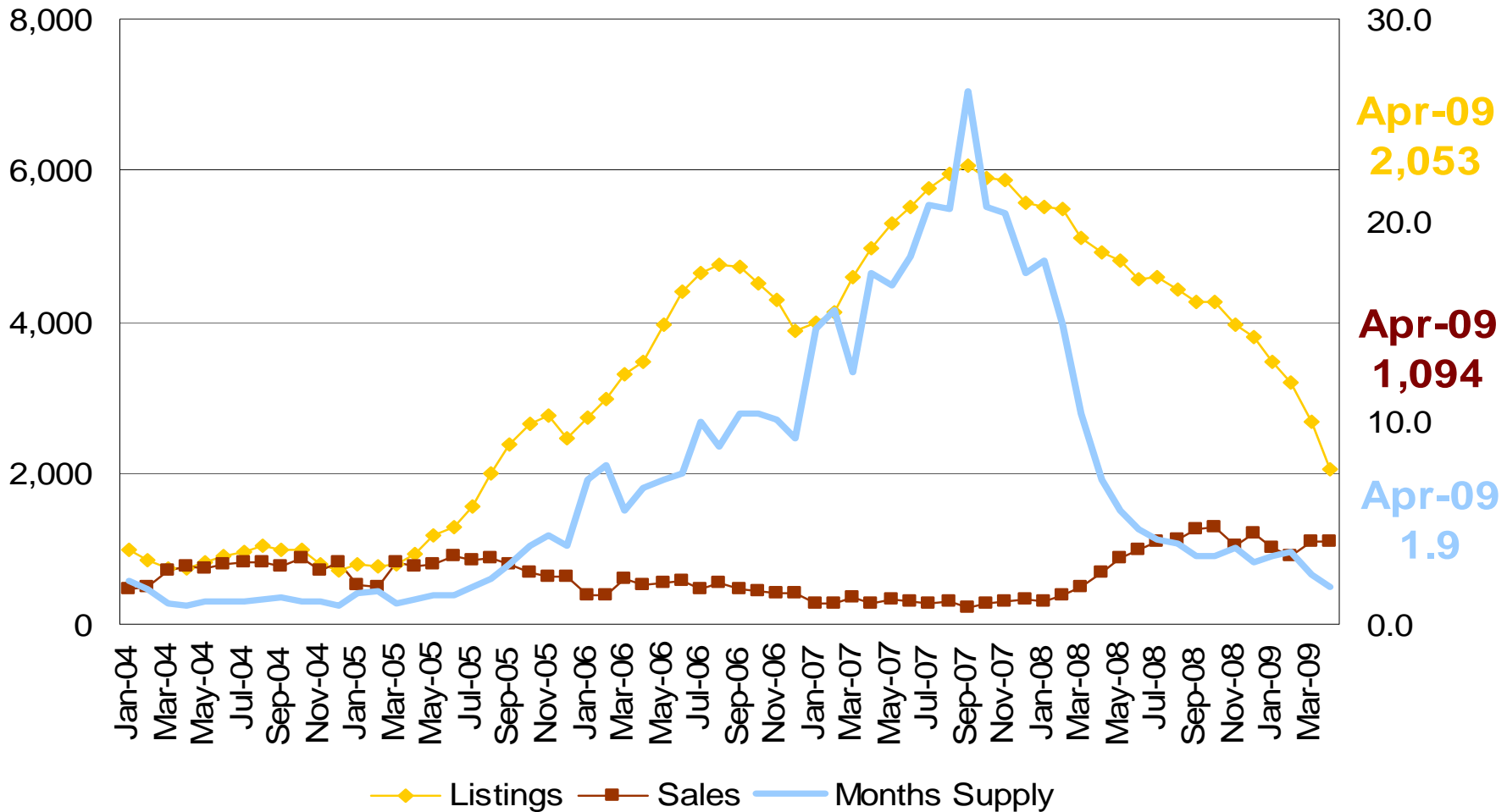
Prior Year's Monthly Net Contracts per Community	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09
	-	0.5	0.9	1.4	1.3	2.0	2.0	1.8

6 *Excludes unconsolidated joint ventures.*



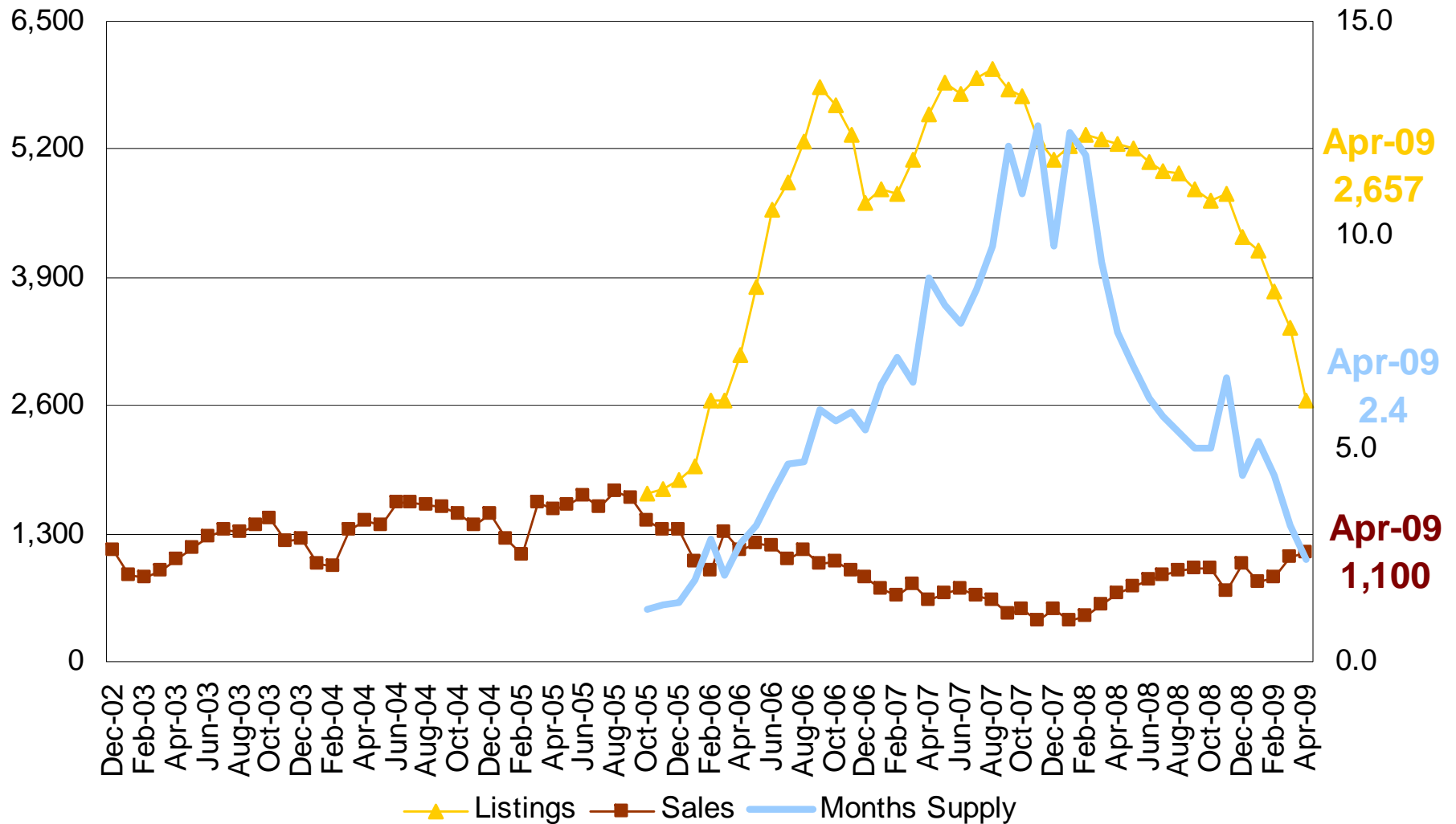
MLS Listings and Monthly Sales

Stockton, CA



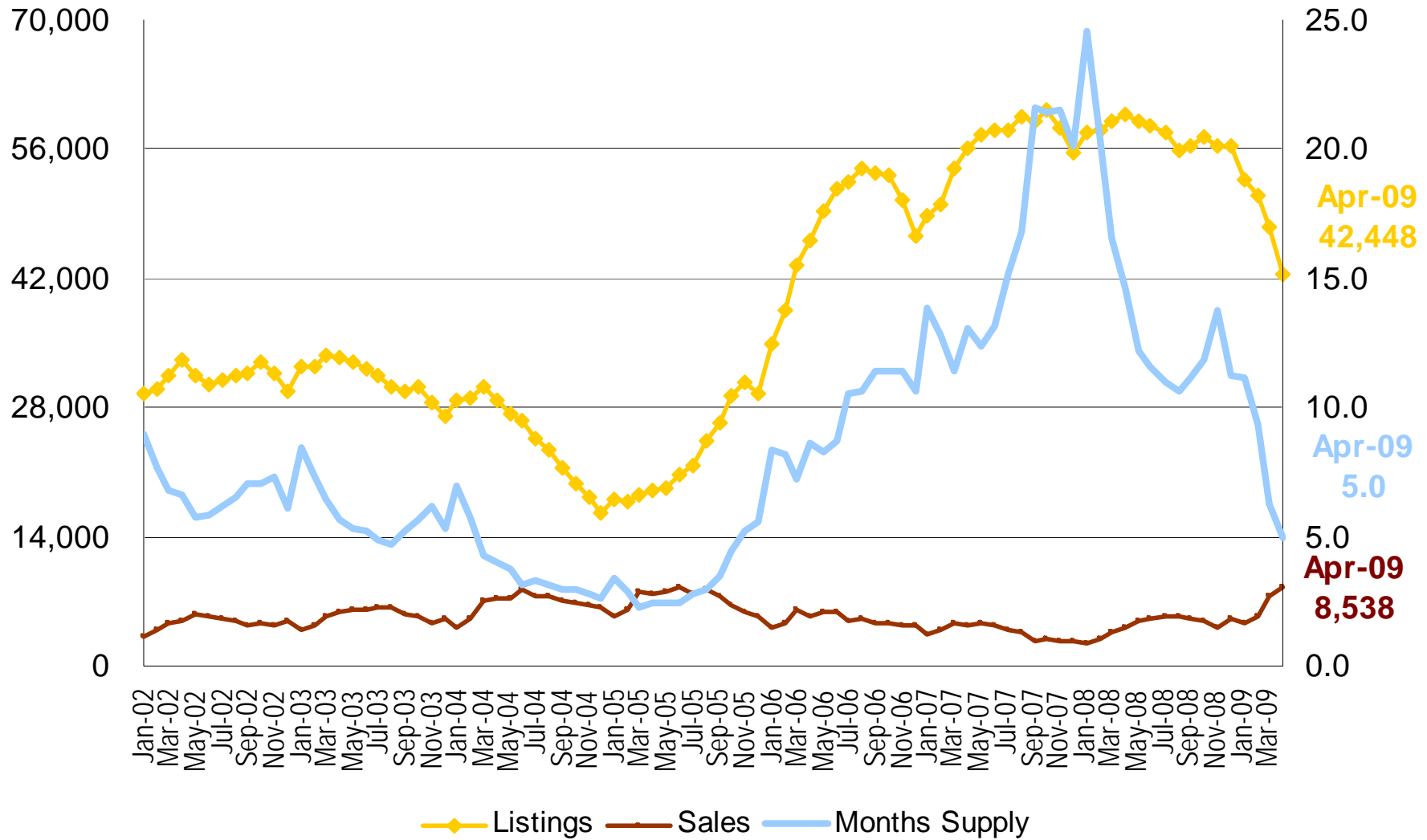
MLS Listings and Monthly Sales

Bakersfield, CA



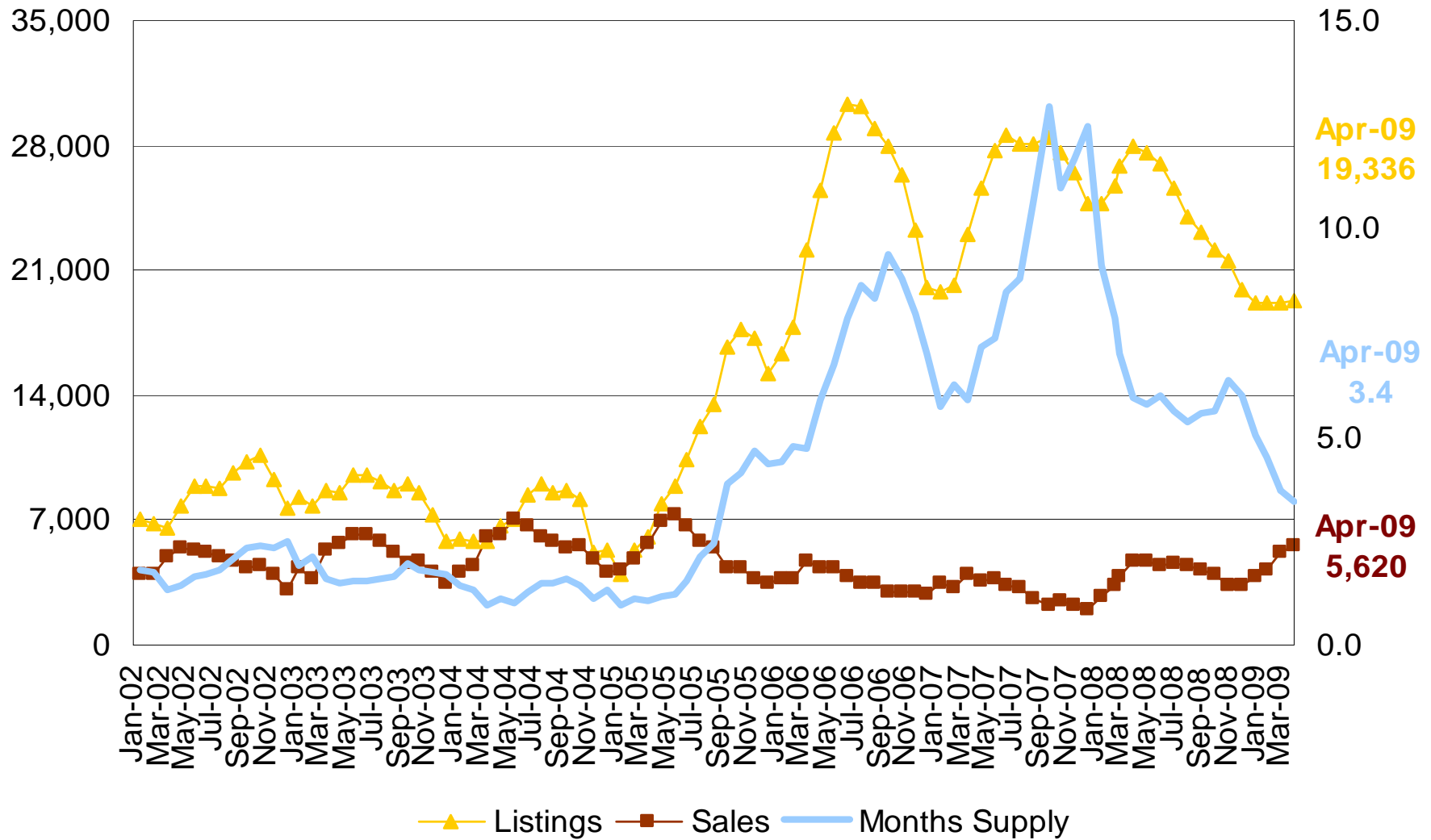
MLS Listings and Monthly Sales

Phoenix, AZ



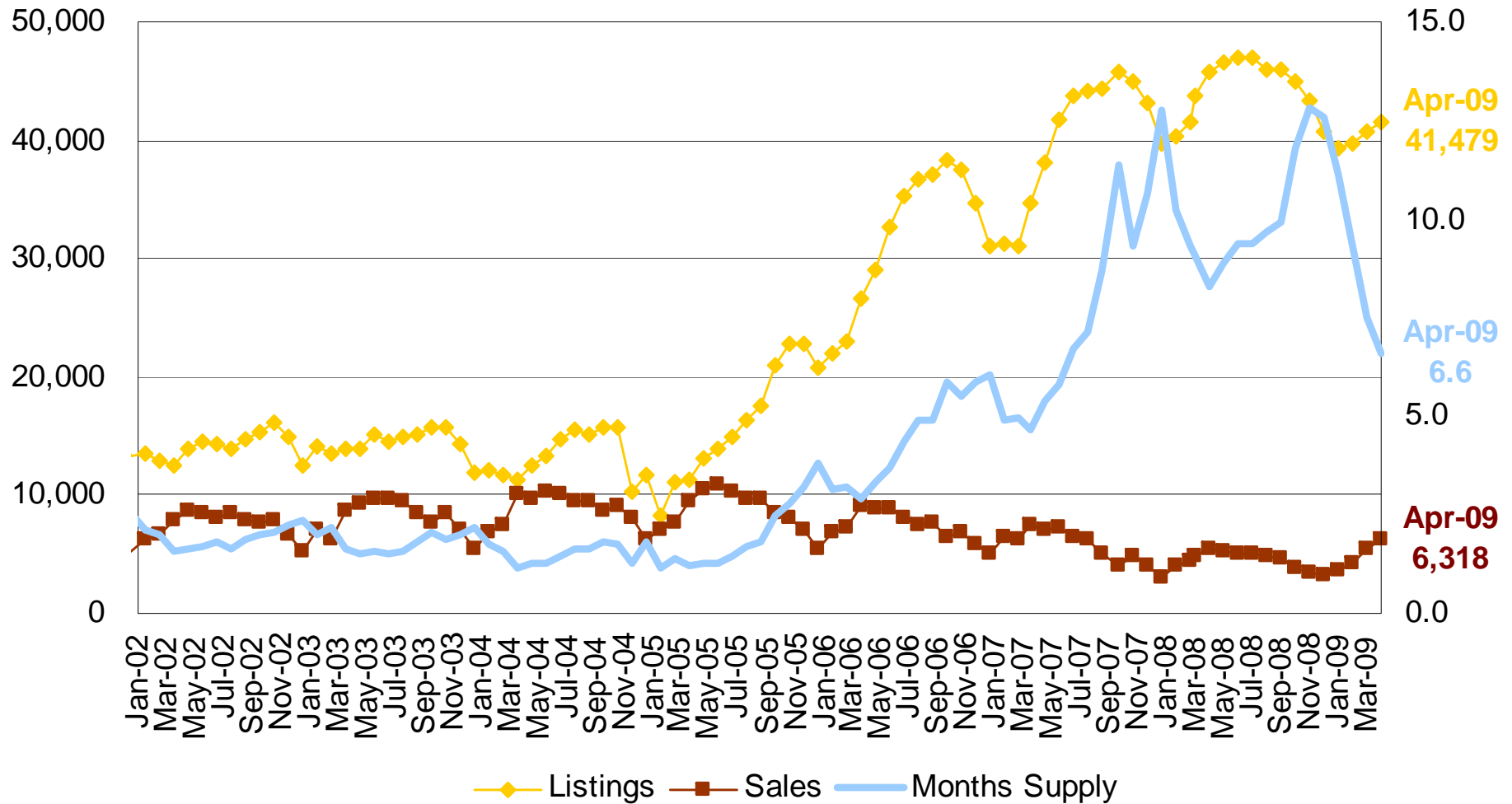
MLS Listings and Monthly Sales

Virginia



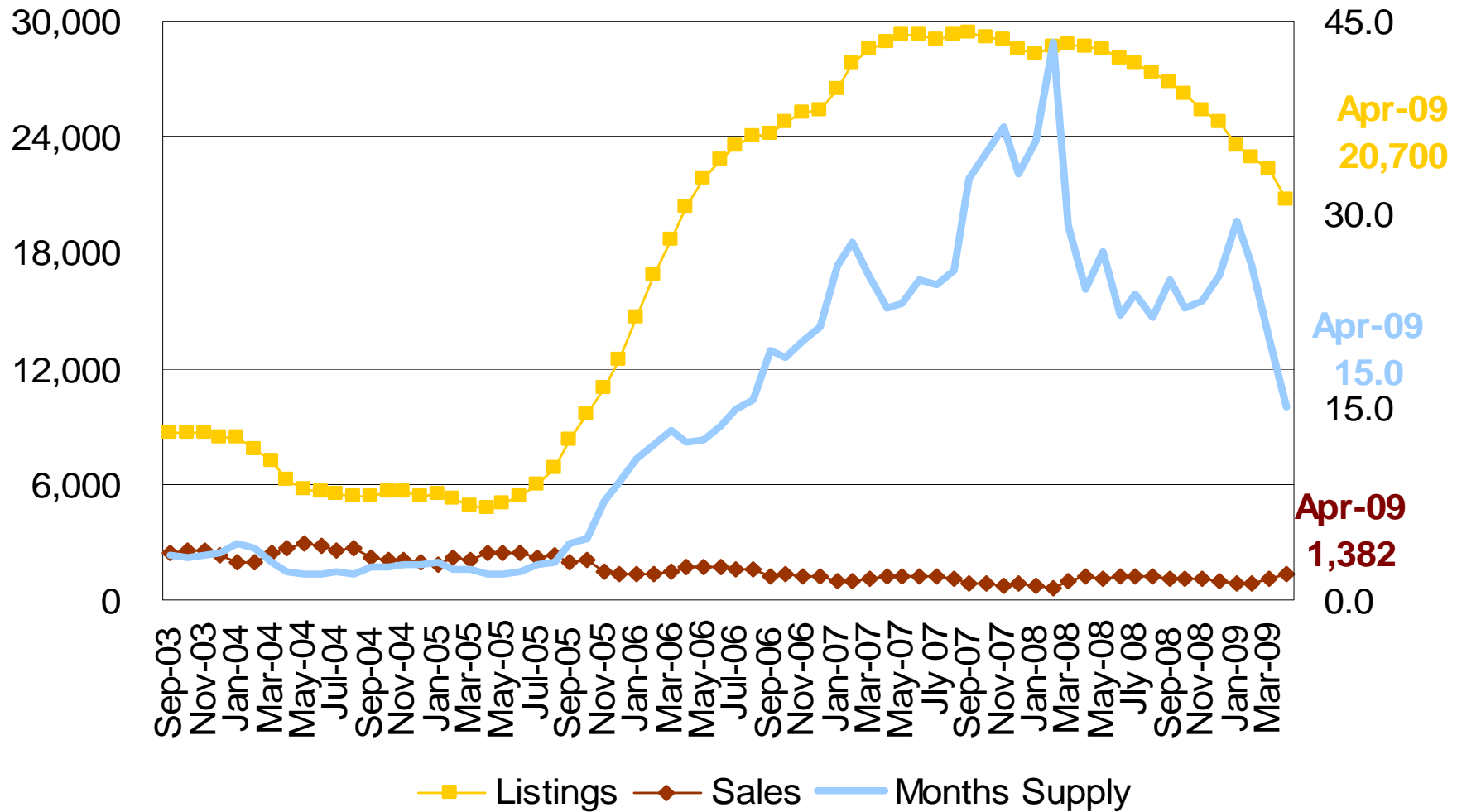
MLS Listings and Monthly Sales

Maryland



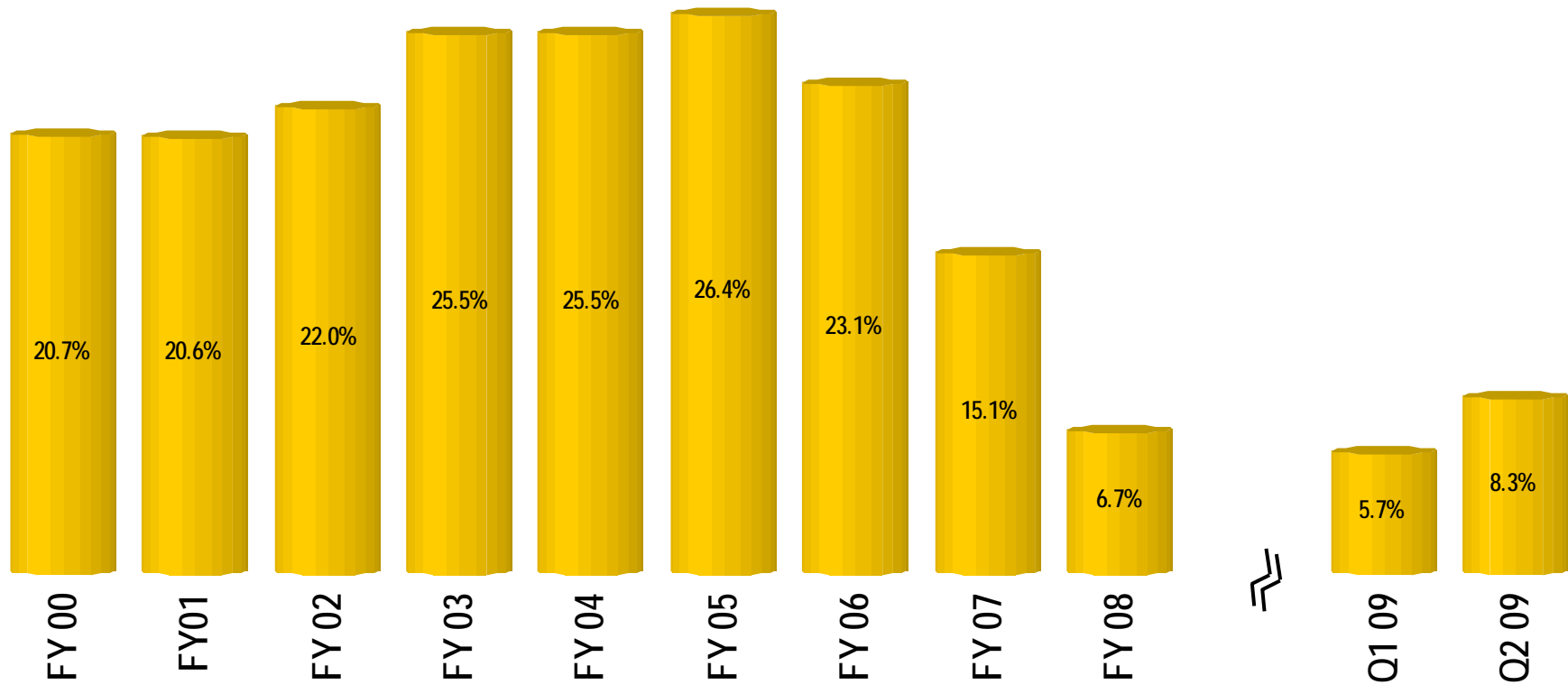
MLS Listings and Monthly Sales

West Palm, FL



Gross Margin

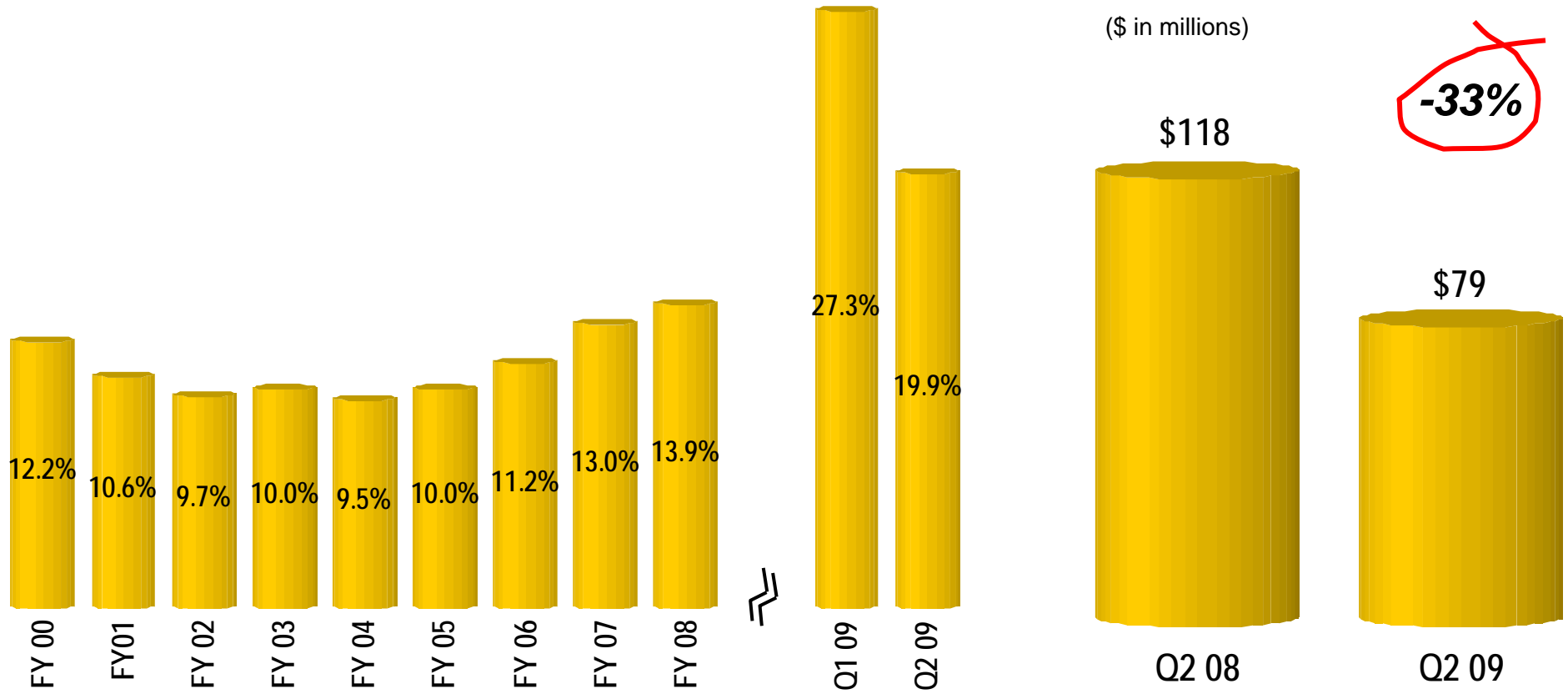
Gross Margin



Excludes interest related to homes sold.

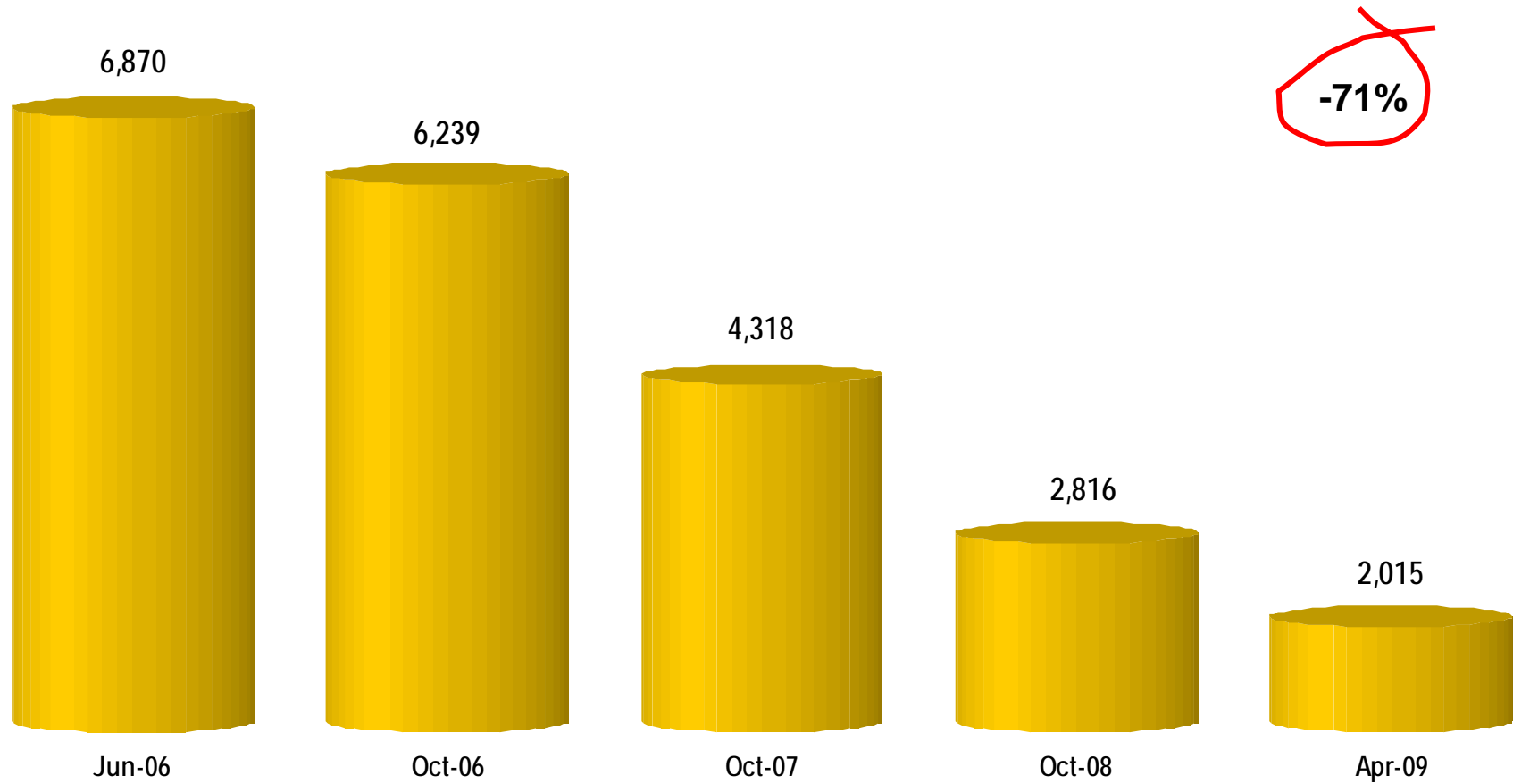
Total SG&A

SG&A



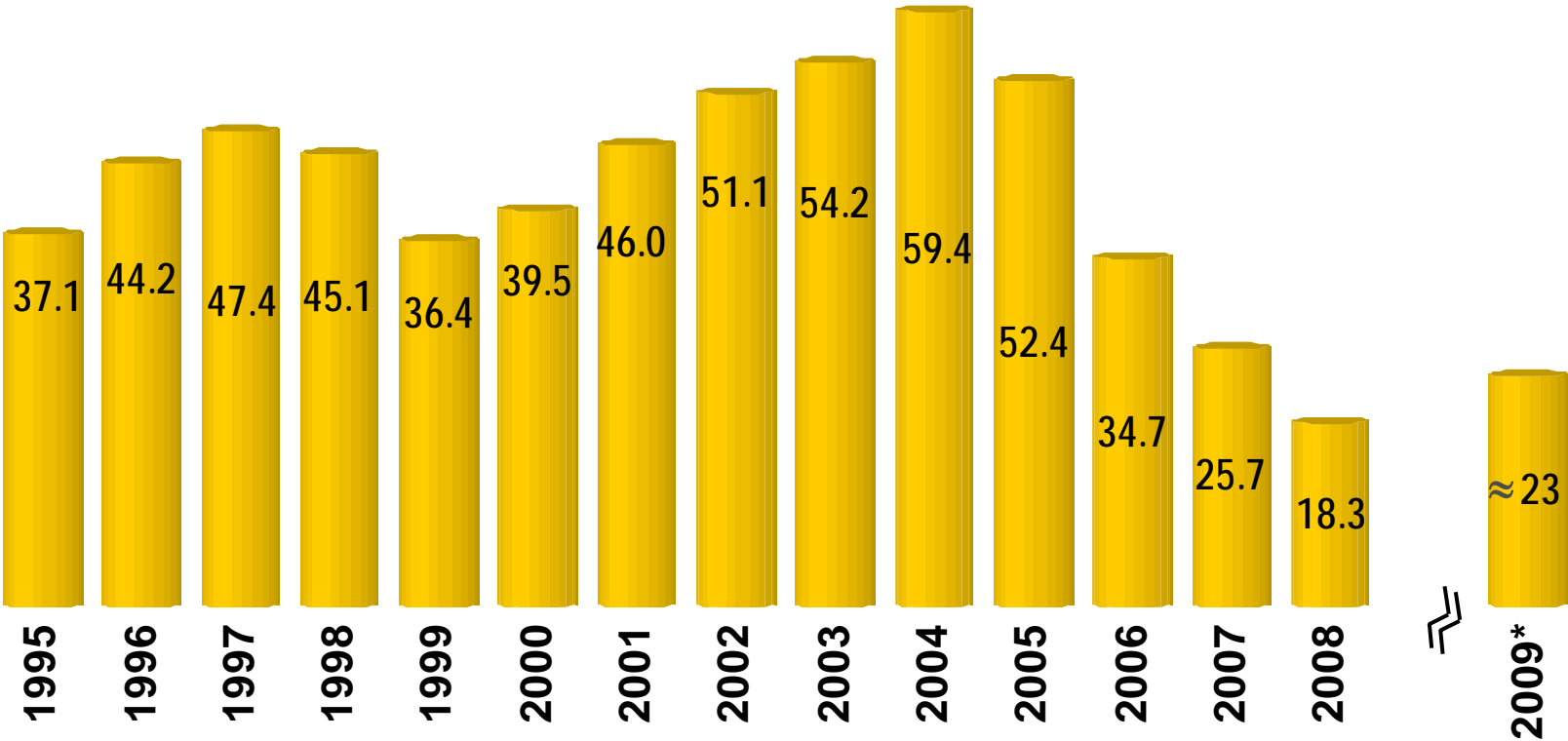
Note: Total SG&A includes Homebuilding Selling, General and Administrative and Corporate General and Administrative.

Staffing Levels



Full-time associates only.

Net Contracts Per Community Per Year



*Calculated based on average communities count and excluding unconsolidated joint ventures.
 2009* is annualized contract pace based on sales pace from first six months of fiscal 2009.*



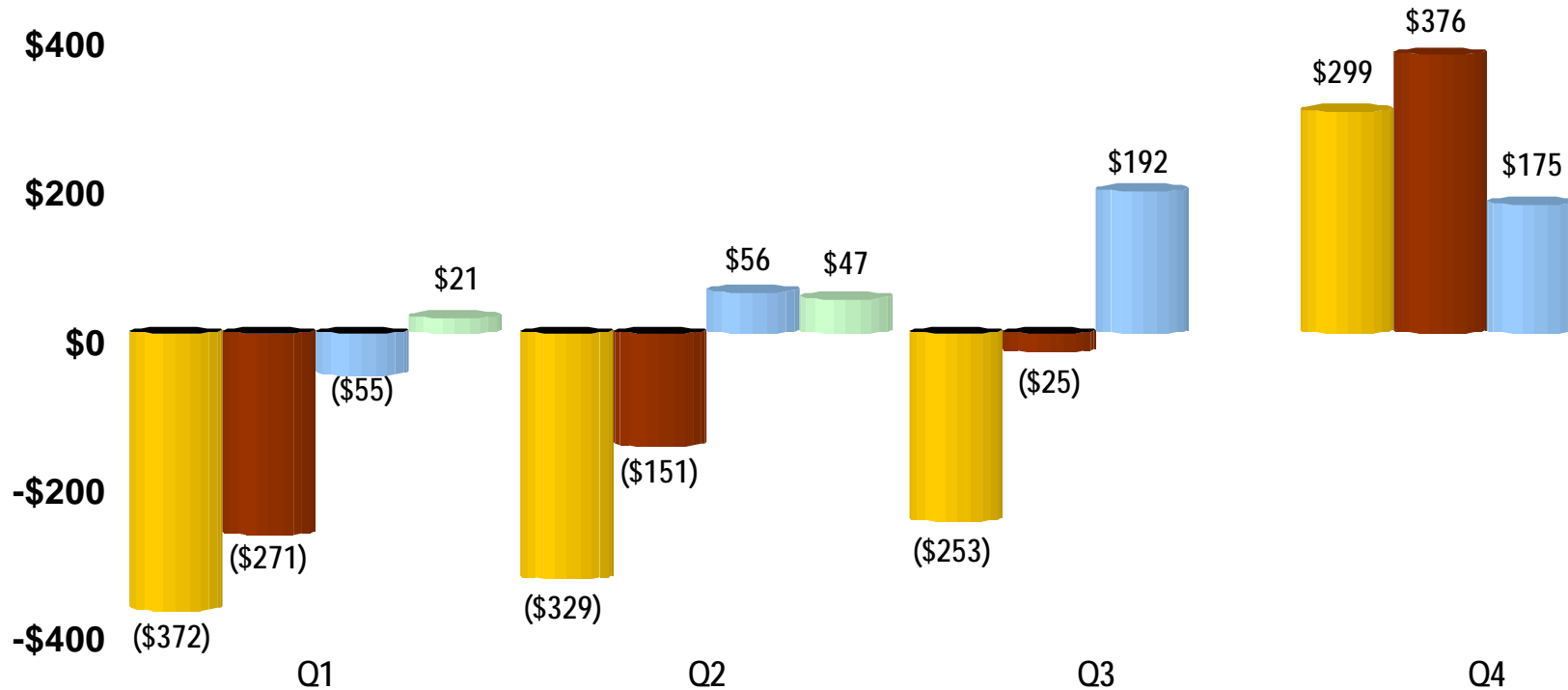
Mothballed Lots

	<u># of Lots</u>
Northeast (NJ, NY, PA)	1,490
Midatlantic (DE, MD, VA, WV)	410
Midwest (IL, MN, OH)	102
Southeast (FL, GA, NC, SC)	500
Southwest (AZ, TX)	1,100
West (CA)	6,197
Total	9,799

Cash Flow

(\$ in millions)

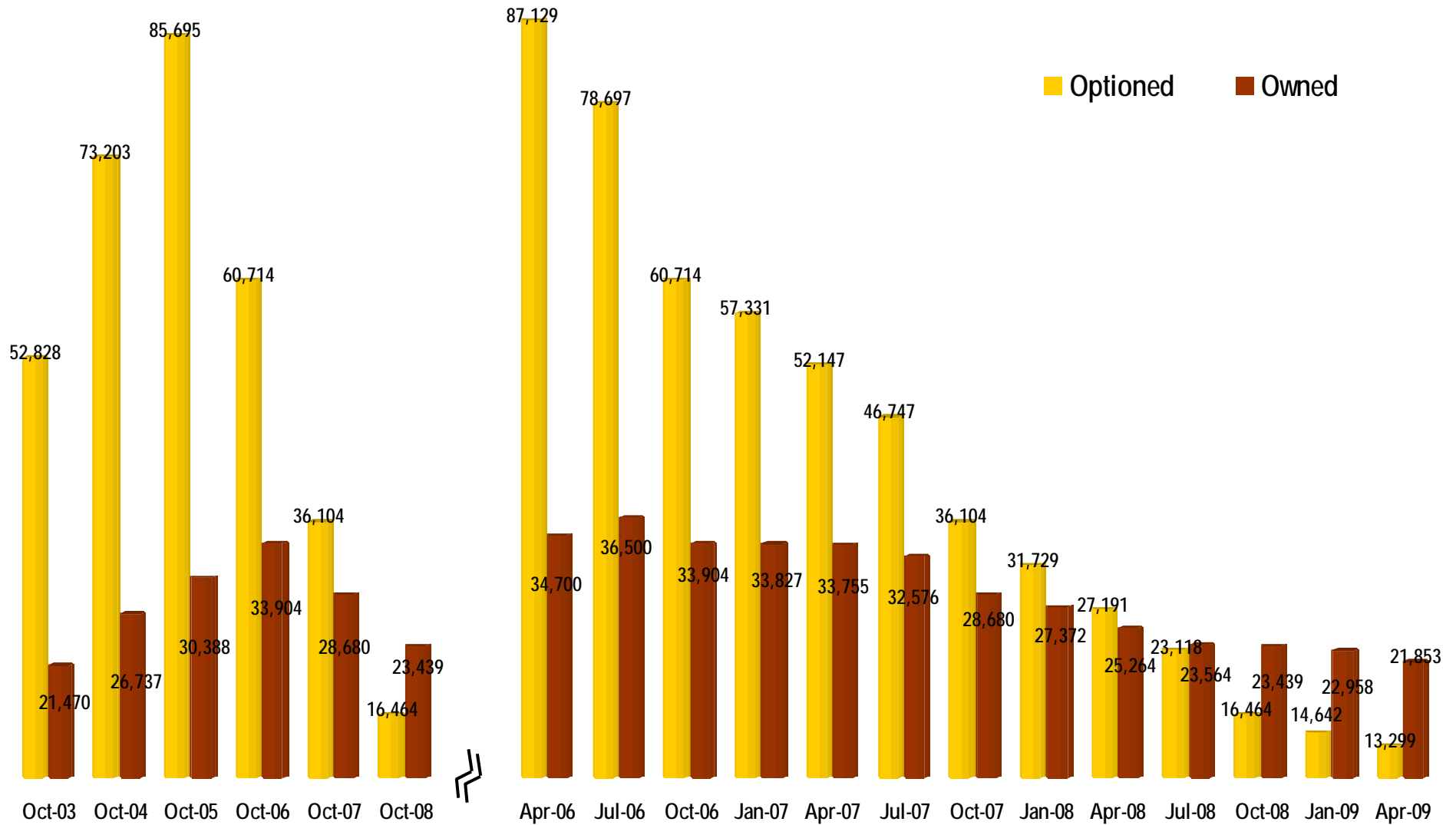
■ 2006
 ■ 2007
 ■ 2008
 ■ 2009



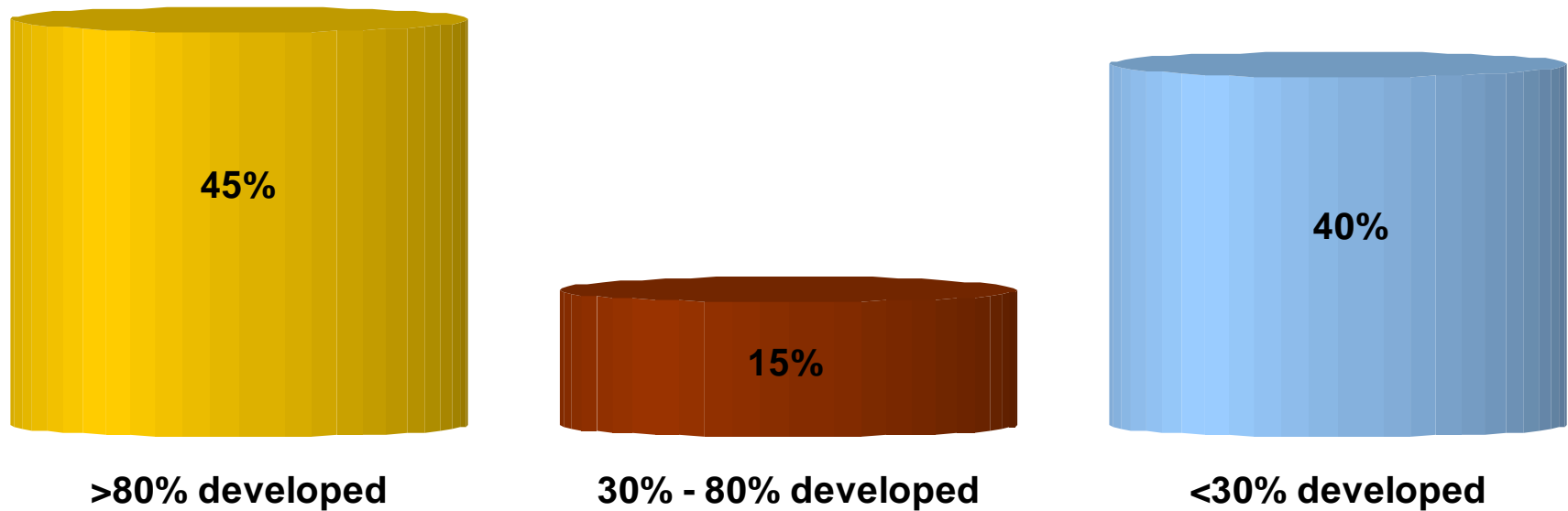
Cash flow from operating activities and cash flow from investing activities excluding changes in mortgage notes receivable at the mortgage company.

Fiscal year ending October 31
See reconciliation in Appendix.

Number of Homesites Controlled



Owned Lots % Development Costs Spent

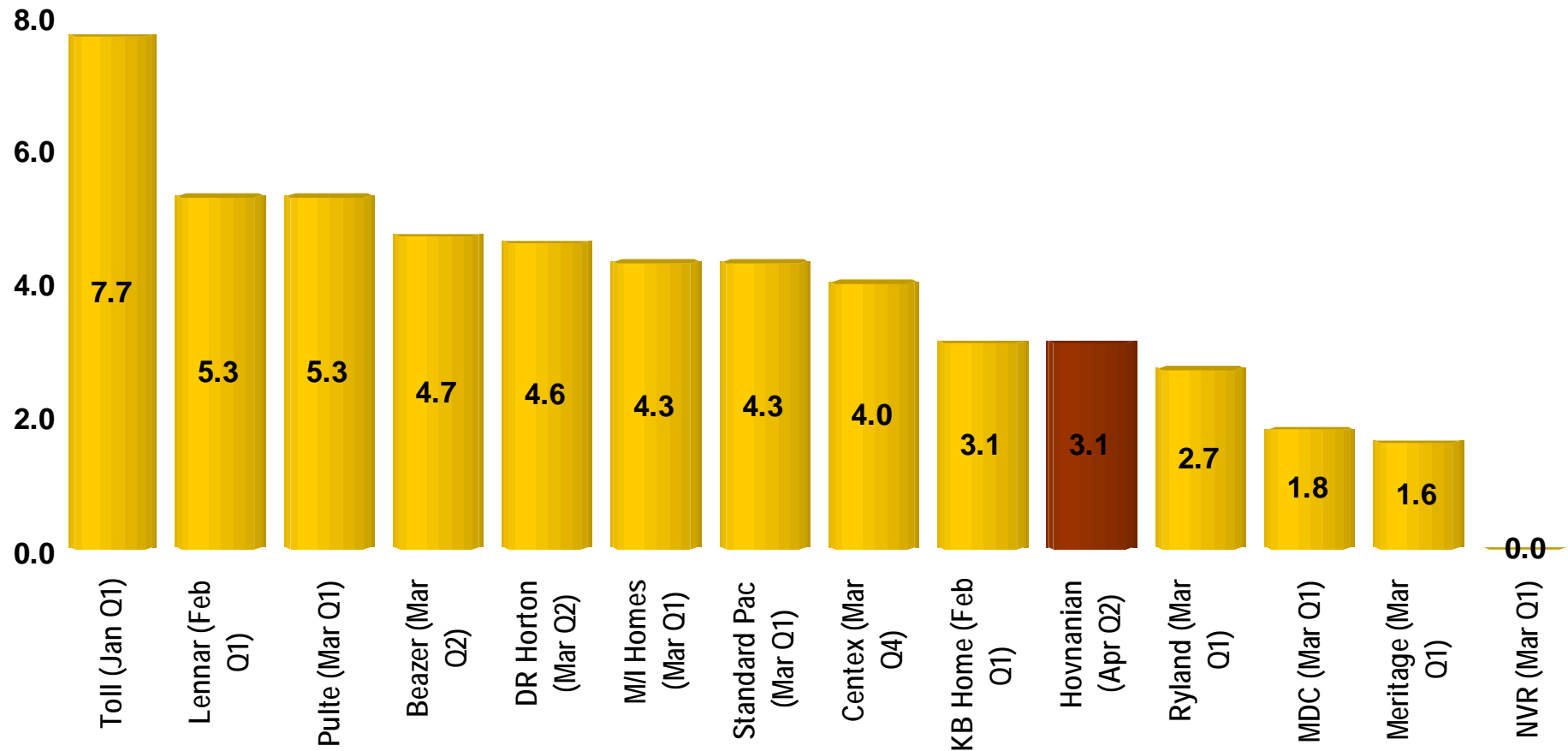


Segment Land Positions

April 30, 2009

Segment	# Lots			TTM Deliveries	Years Supply		Investment in Land (finished lots and lots under development) (\$ in millions)
	Owned	Optioned	Total		Owned	Total Lots	
Northeast	3,853	4,491	8,344	1,136	3.4	7.3	\$391
Mid-Atlantic	2,855	1,583	4,438	996	2.9	4.5	\$108
Midwest	516	2,043	2,559	724	0.7	3.5	\$5
Southeast	2,745	1,154	3,899	797	3.4	4.9	\$36
Southwest	3,706	2,929	6,635	2,170	1.7	3.1	\$84
West	8,178	1,099	9,277	1,252	6.5	7.4	\$152
Total	21,853	13,299	35,152	7,075	3.1	5.0	\$776

Lots Owned Years Supply ***



***Years supply based on LTM deliveries
 Source: Company SEC filings and press releases as of 06/03/09.



Land Related Charges by Segment

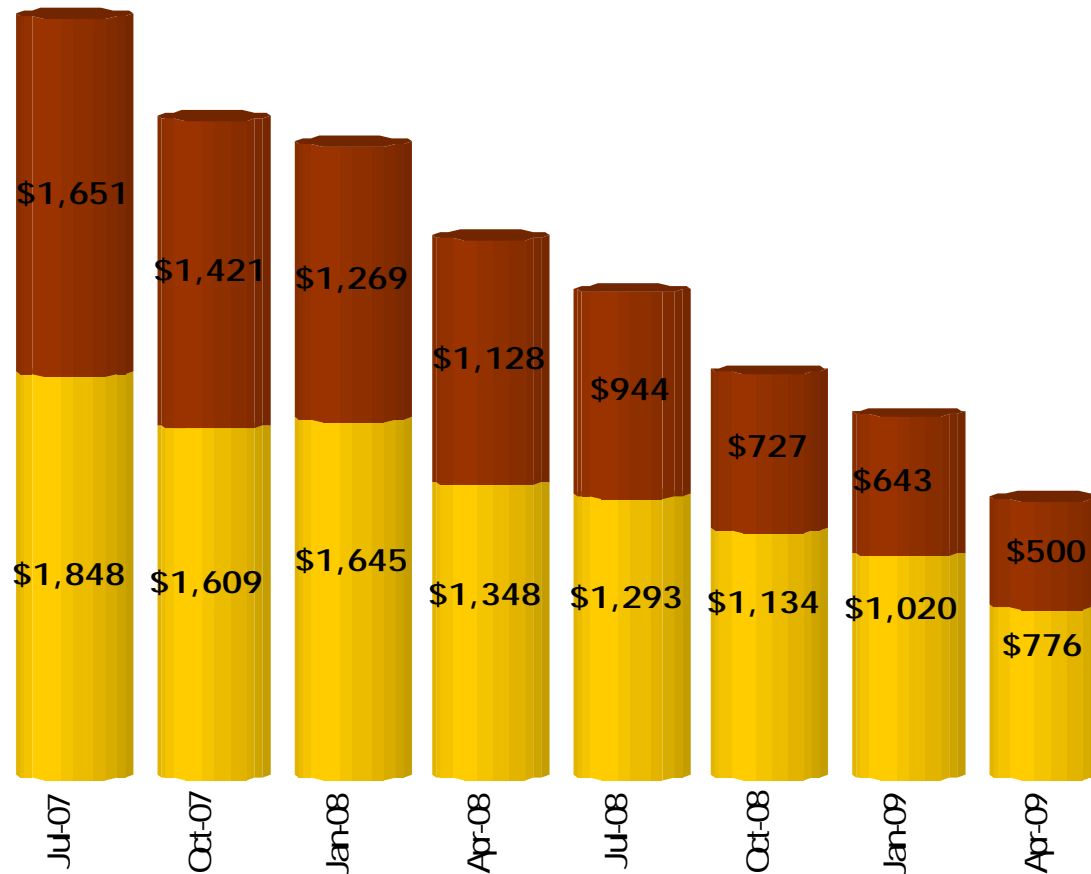
Second Quarter 2009

(\$ in millions)	<u>Walk-Aways</u>	<u>Impairments</u>	<u>Total</u>
Northeast (NJ, NY, PA)	\$2.2	\$108.0	\$110.2
Midatlantic (DE, MD, VA, WV)	\$2.3	\$13.4	\$15.7
Midwest (IL, MN, OH)	\$1.4	\$4.0	\$5.4
Southeast (FL, GA, NC, SC)	(\$0.4)	\$17.6	\$17.2
Southwest (AZ, TX)	\$3.3	\$23.4	\$26.7
West (CA)	\$0.3	\$134.7	\$135.0
Total	\$9.1	\$301.1	\$310.2

Inventory Breakdown

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

\$ in Millions

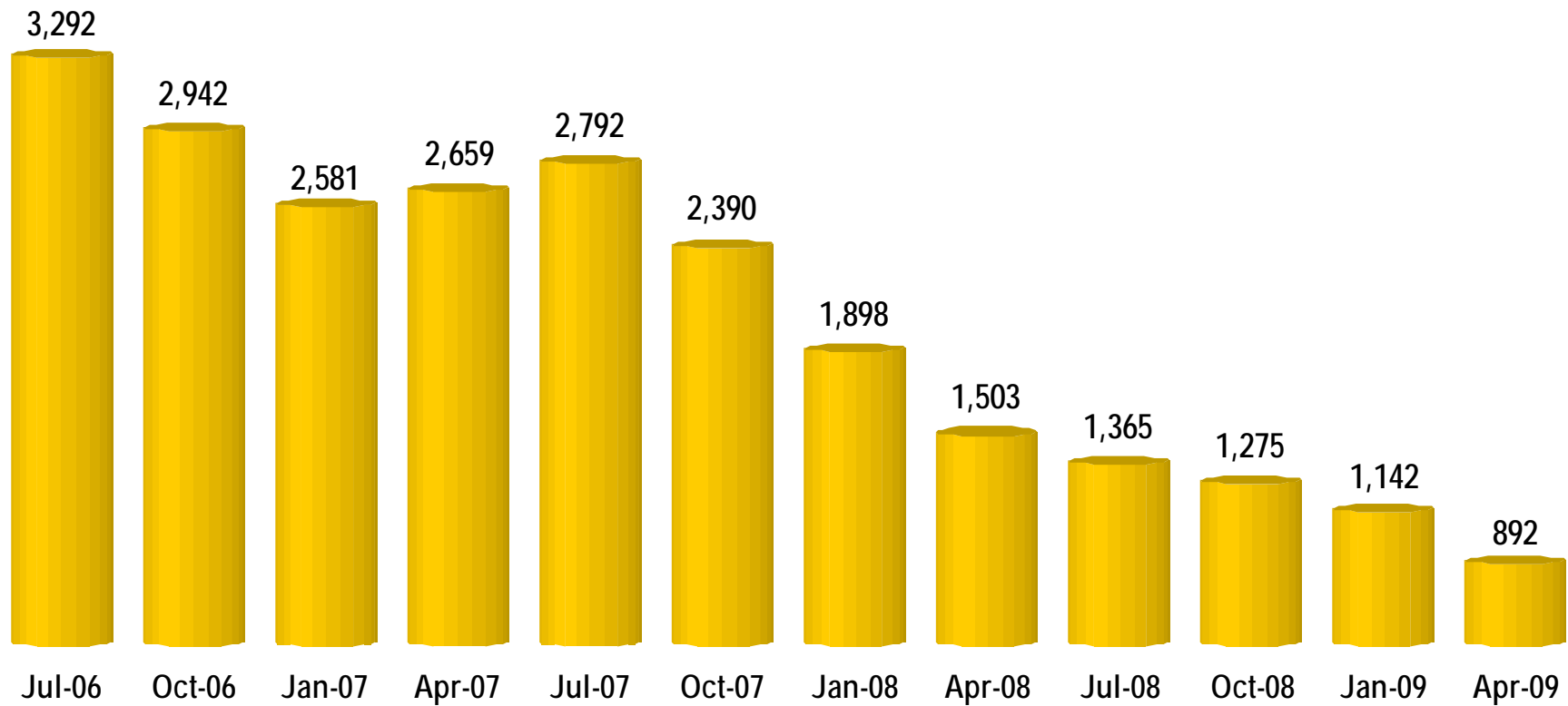


Excluding Inventory Not Owned, on-your-lot construction, assets outside the US and option deposits and pre-development costs.



Started Unsold Homes

Reduced Started Unsold Homes by 2,400 homes, or 73%, since peak at July 31, 2006



Excluding unconsolidated joint ventures and models.

Credit Quality of Homebuyers

Q2 2009:

- Average LTV: 84%
- Average CLTV: 85%
- ARMs: 0.1%
- FICO Score: 733
- Capture Rate: 80%

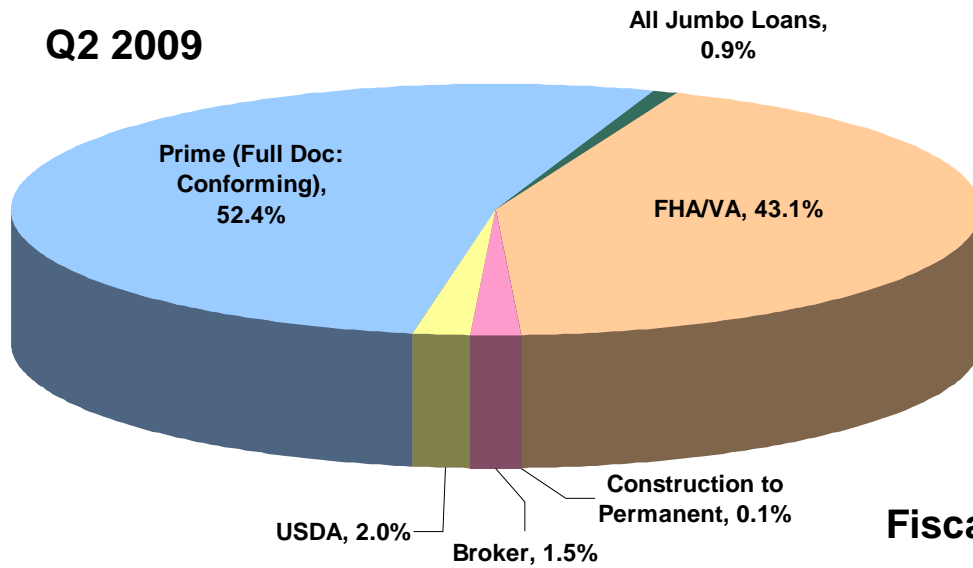
Fiscal Year 2008:

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

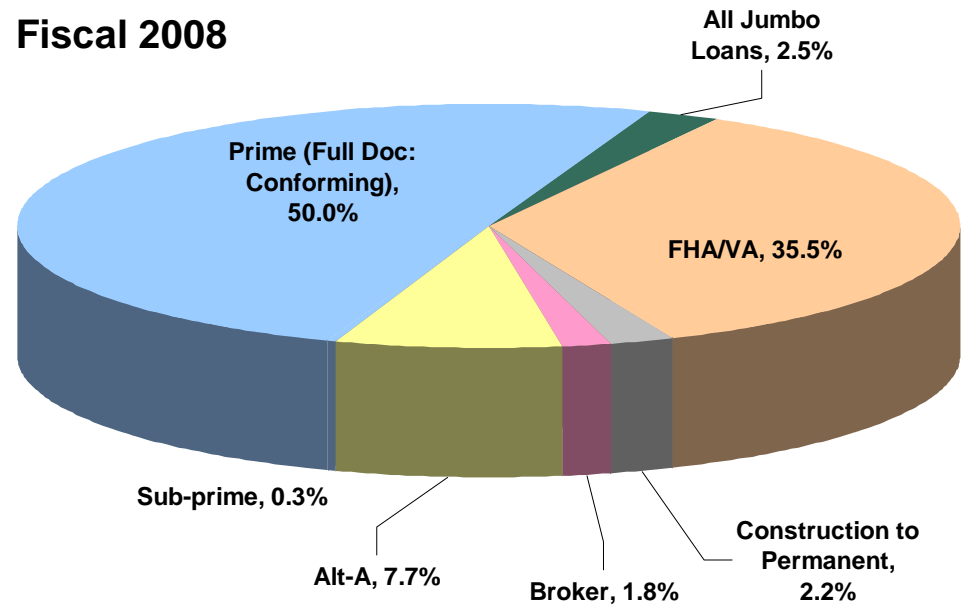
**Loans originated by our wholly-owned mortgage banking subsidiary.*

Hovnanian Mortgage Breakdown*

Q2 2009



Fiscal 2008



*Loans originated by our wholly-owned mortgage banking subsidiary.
 Note: During Q2 2009, there were no Alt-A or Sub-prime loans.



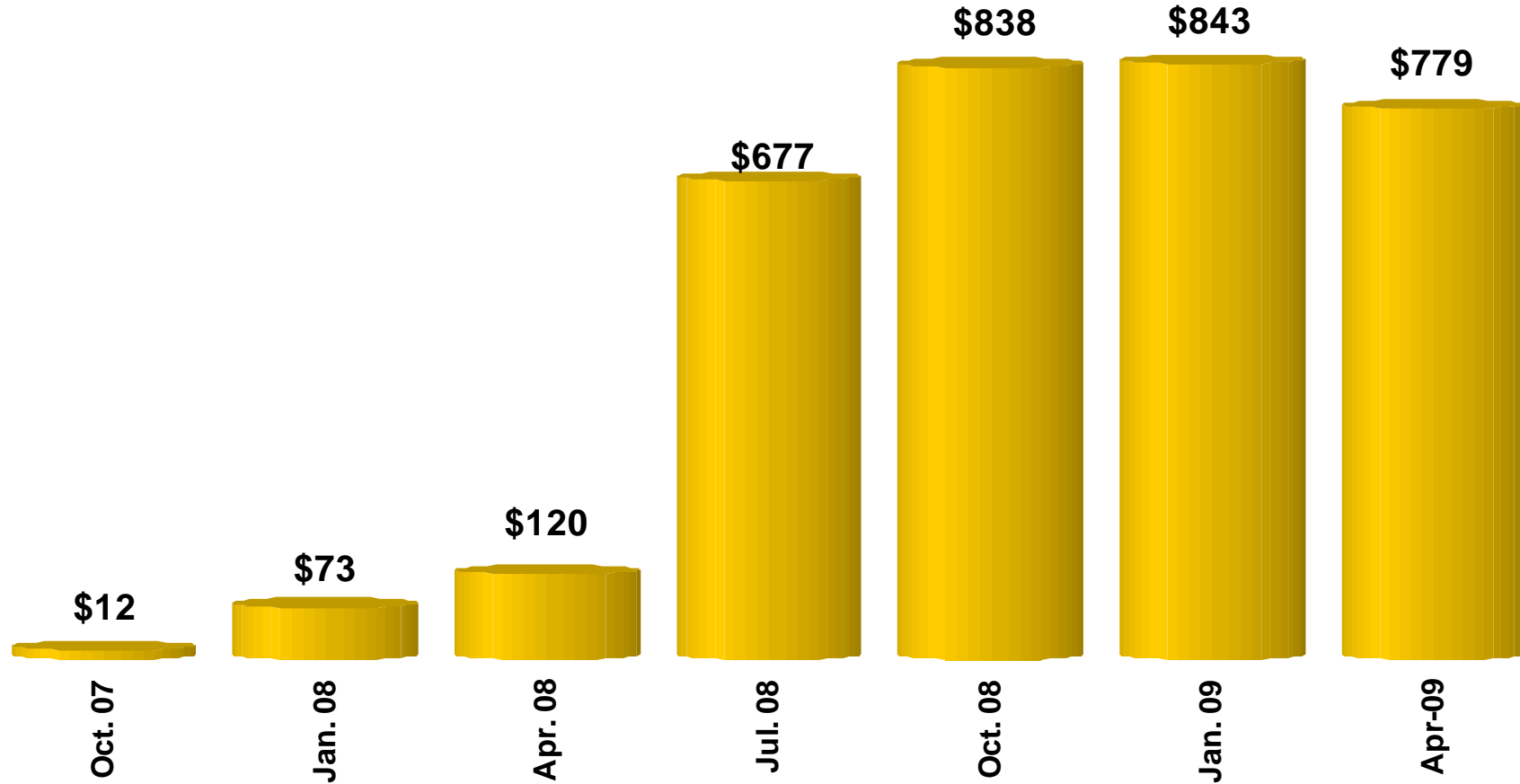
Joint Ventures

(\$ in Millions)	As of October 31,		As of April 30,
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Assets	\$840.5	\$622.7	\$548.8
Notes Payable	\$339.2	\$320.2	\$358.7
Total Equity	\$410.8	\$242.9	\$145.7
Debt to Capitalization Ratio	45%	57%	71%

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

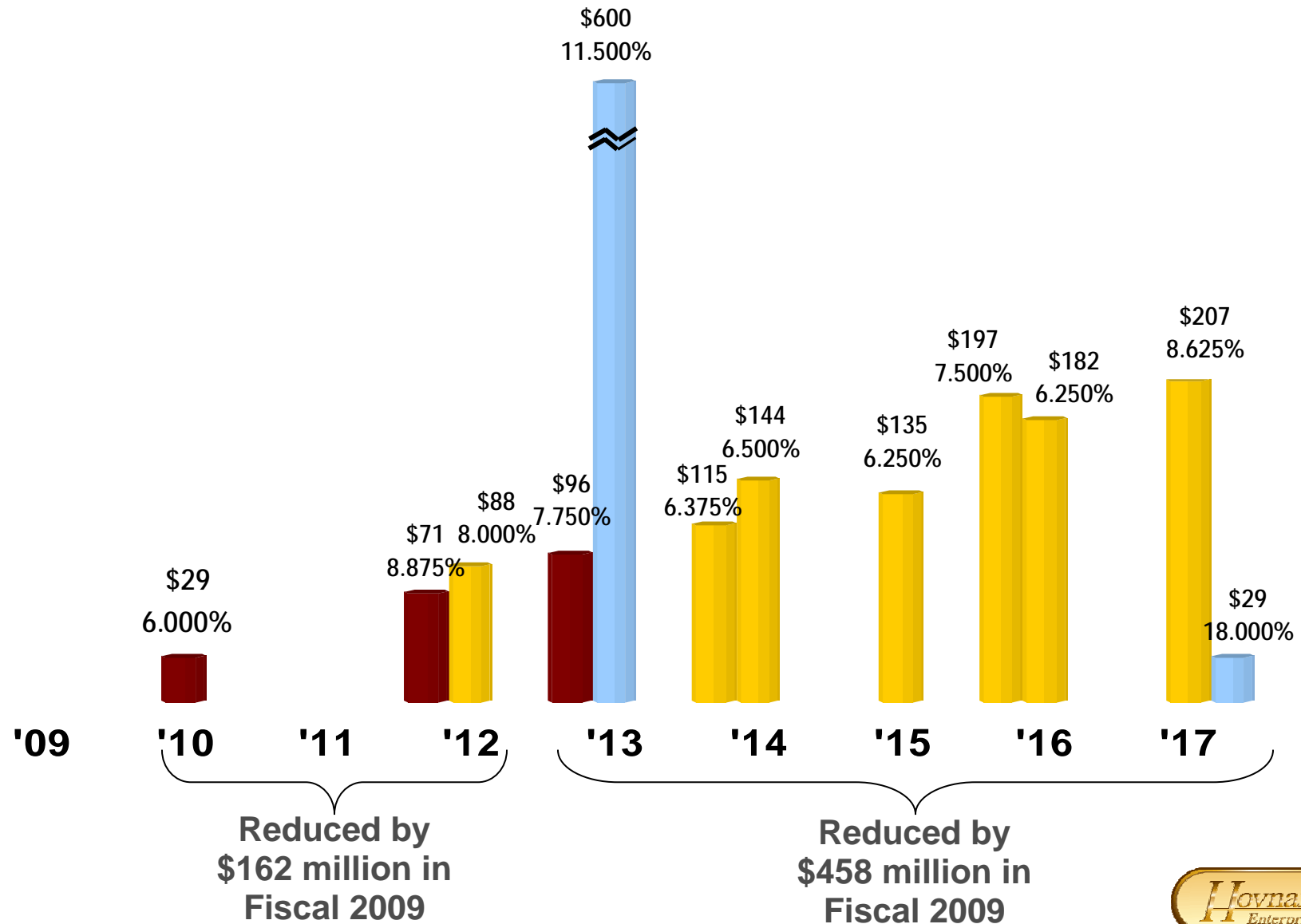
Homebuilding Cash

(\$ in millions)



Well Structured Debt Maturity

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



Total Debt Maturing Through 2012

(\$ in millions)

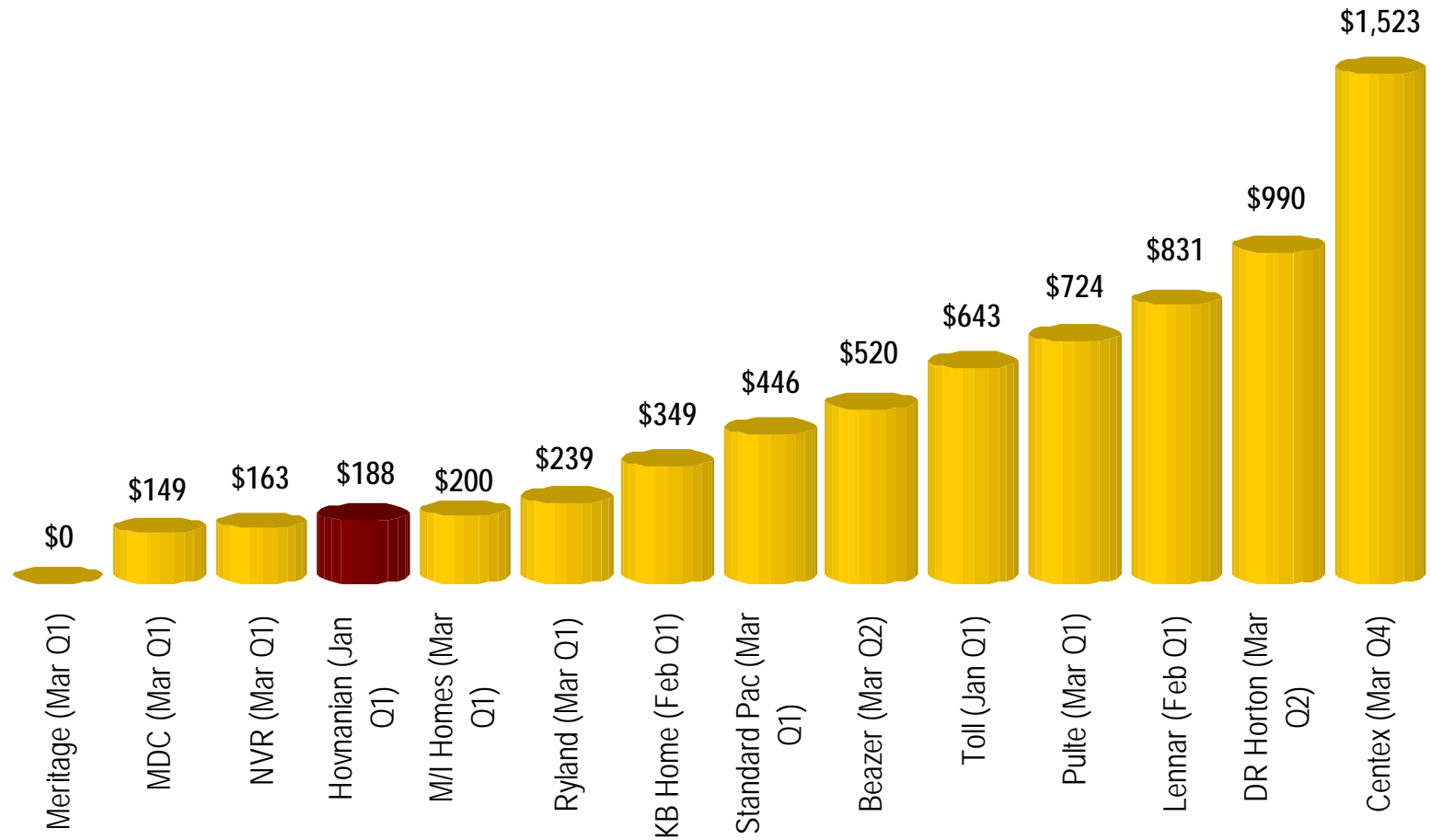
\$2,000

\$1,500

\$1,000

\$500

\$0

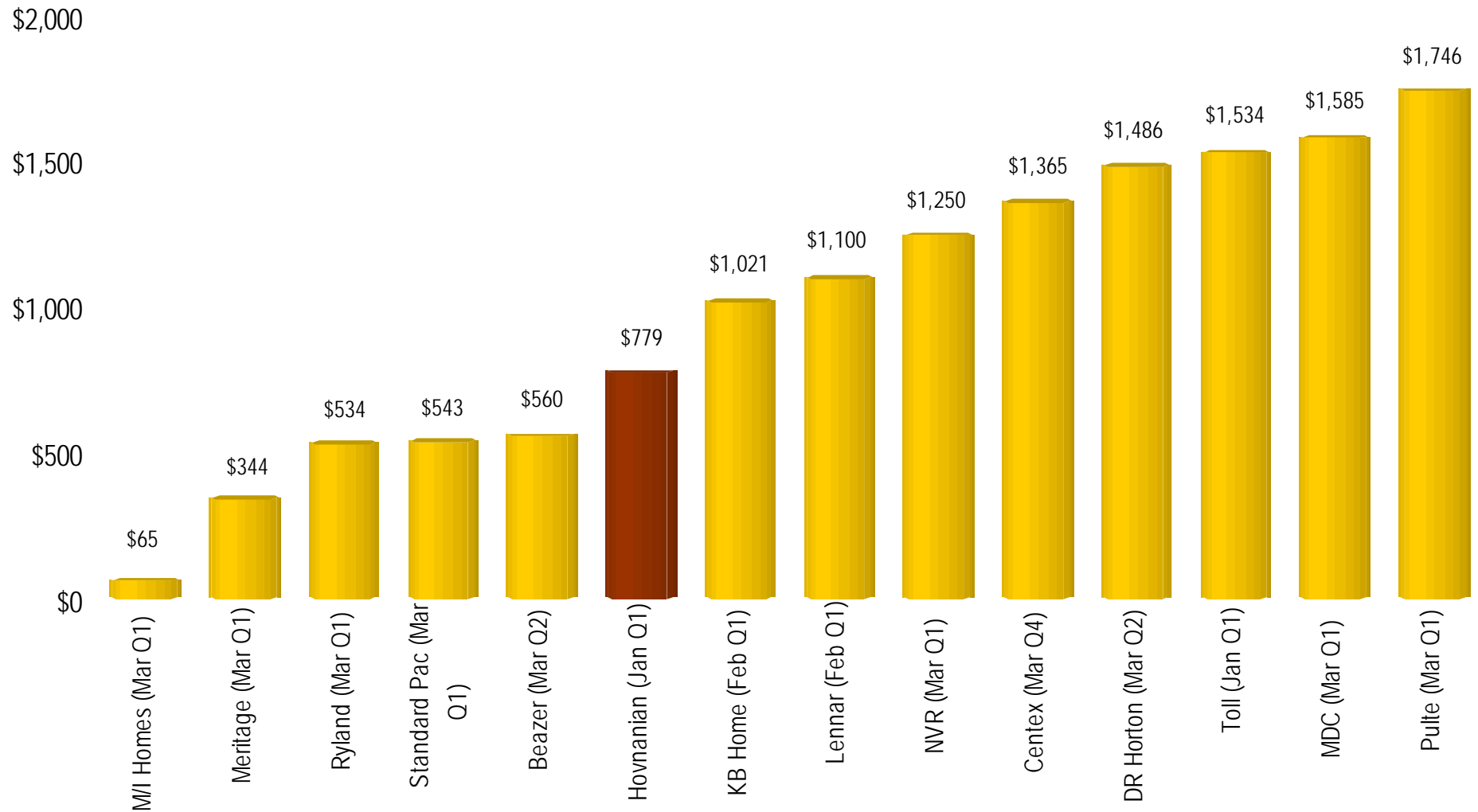


Source: Company SEC filings and press releases as of 06/03/09.



Homebuilding Cash

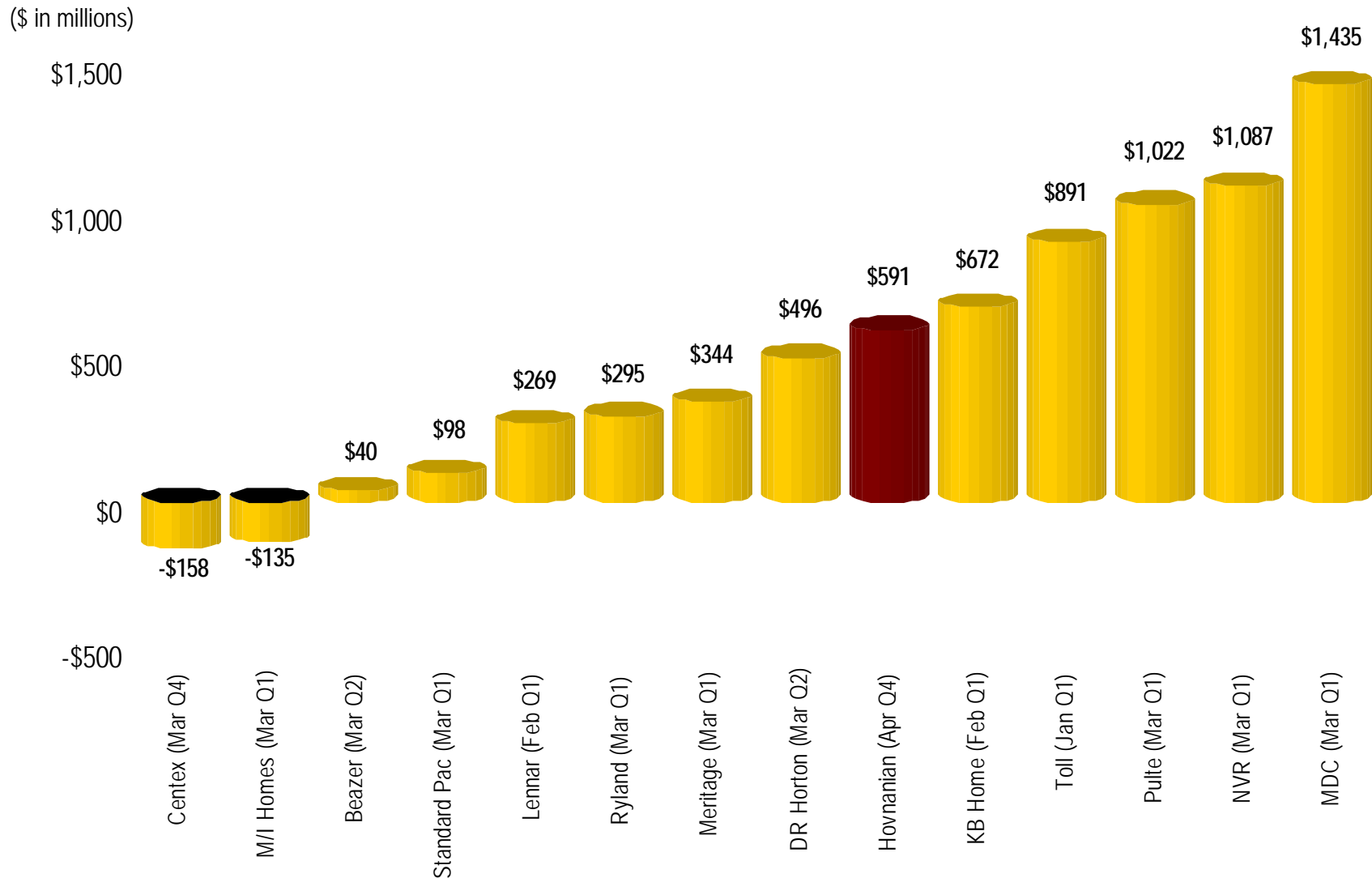
(\$ in millions)



Source: Company SEC filings and press releases as of 06/03/09.



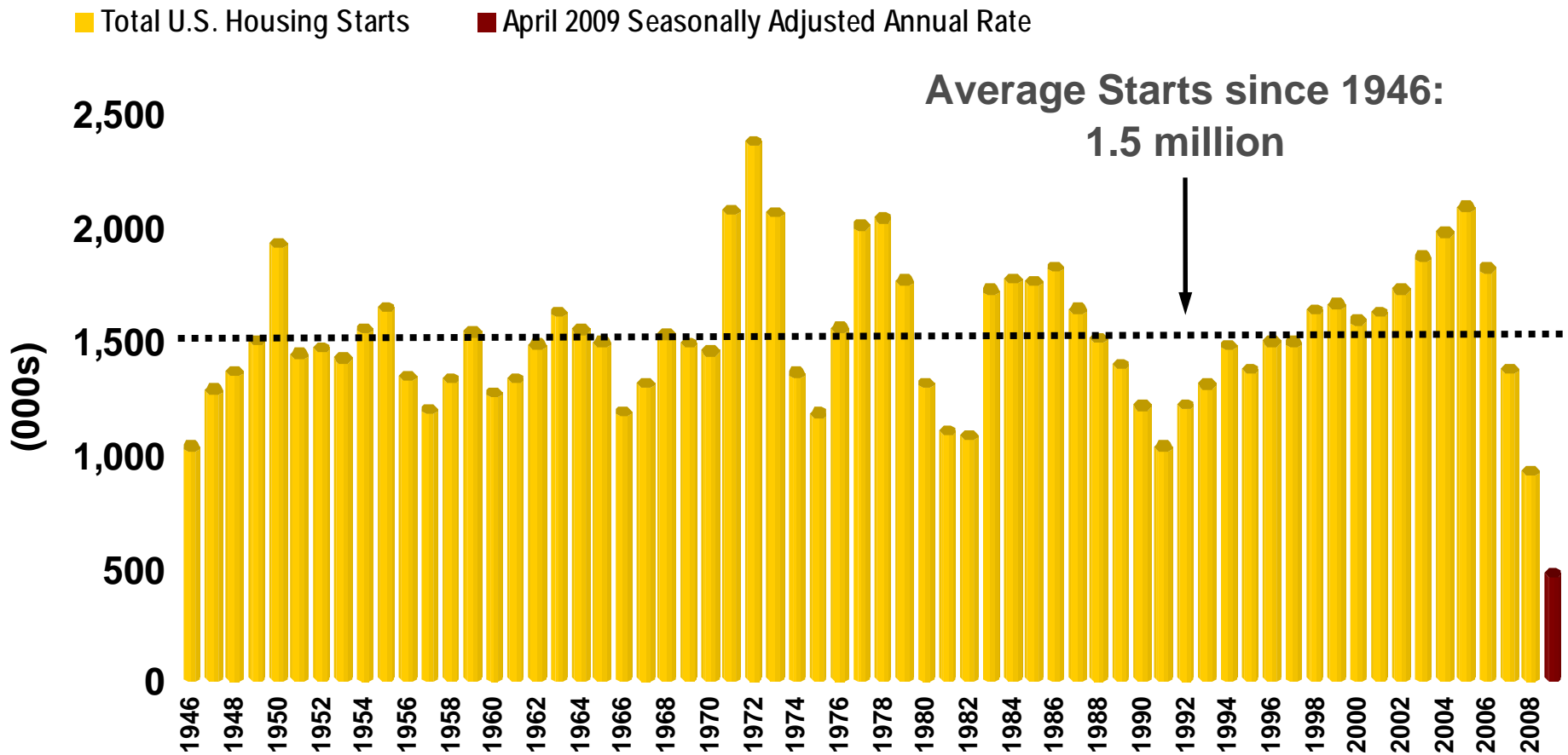
Net Cash After Debt Maturities Through 2012



Source: Company SEC filings and press releases as of 06/03/09.
 Net Cash is debt maturing through 2012 less the current cash position.



Total Housing Starts

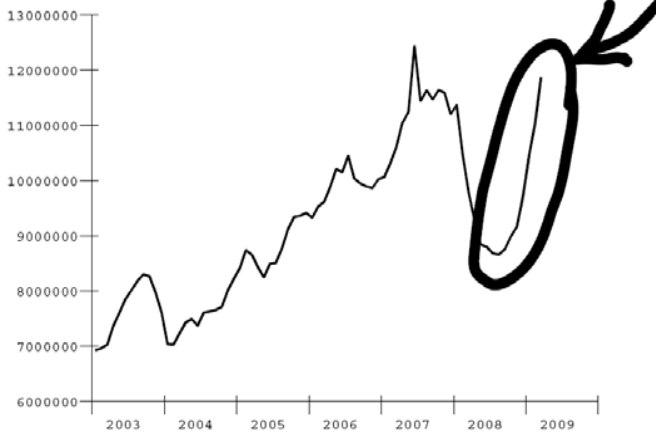


Source: U.S. Census Bureau.

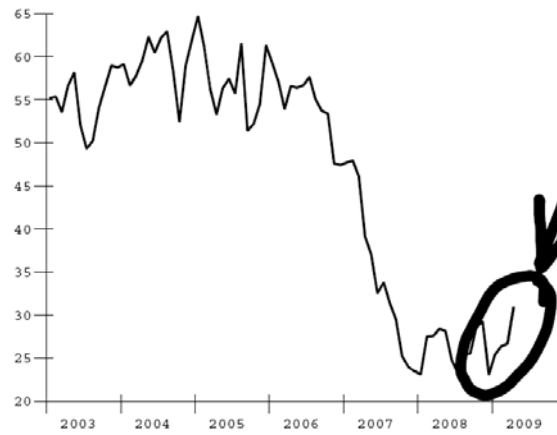


Housing Improving in Many Parts of the World

AUSTRALIA MTG APPROVALS HOUSE PURCHASE
Number Mar 11877443



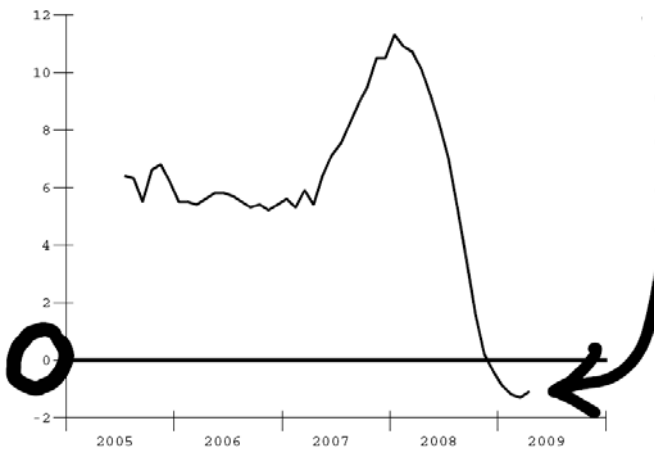
IRELAND PMI CONSTRUCTION HOUSING ACTIVITY
Apr 30.9%



SPAIN MTG APPROVALS HOUSE PURCHASE
S.A. by ISI Mar 5987.3



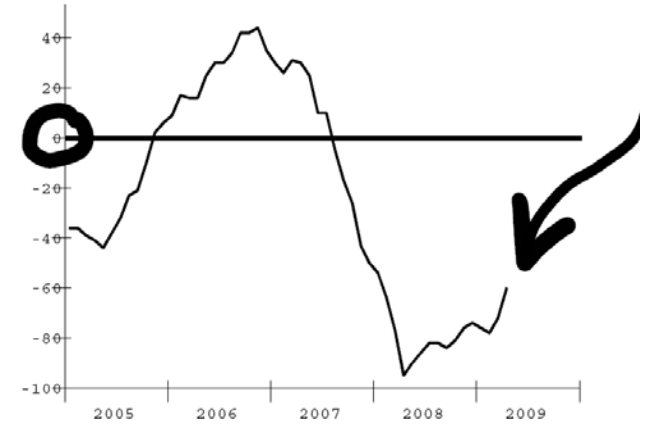
CHINA HOUSE PRICE INDEX
Y/Y % Apr -1.1%



NEW ZEALAND HOUSE SALES
Thousands S.A. by ISI
Apr 7



U.K. HOUSE PRICE SURVEY (RICS)
% Surveyors Reporting Price Rise minus
% Surveyors Reporting Price Fall
Apr -60.0%



Source: International Strategy & Investment (ISI).

Supply Corrections in Challenged Markets - April

	Months Supply April 2008	Months Supply April 2009	Year-Over-Year Decrease in Months Supply
Bakersfield, CA	9.3	2.4	-74%
Stockton, CA	7.1	1.9	-73%
Stanislaus, CA	6.5	2.2	-66%
Las Vegas, NV	11.2	4.9	-56%
Orlando, FL	20.7	11.6	-44%
West Palm Beach, FL	24.1	15.0	-38%
Fort Myers, FL	14.9	9.6	-36%
Tampa, FL	17.9	12.7	-29%
Denver, CO	6.1	6.1	0%

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 Q2 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	\$73.9
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)	(\$2.0)
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	\$24.4
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	\$47.5

