

Deutsche Bank Leveraged Finance Conference

October 2, 2013



Setting the standard for energy-efficient homes™

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 for community count growth, sales pace, the impact of interest rates on demand and sales, their ability to maximize profit from communities, that the homebuilding market is poised for years of continued growth, that Meritage is positioned to capture additional market growth.

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 under the caption "Risk Factors" in our Forms 10-K for the year ended December 31, 2012 and 10-Q for the quarter ended March 31, 2013, both of which can be found on our website.

Company Profile

6 states - 14 markets

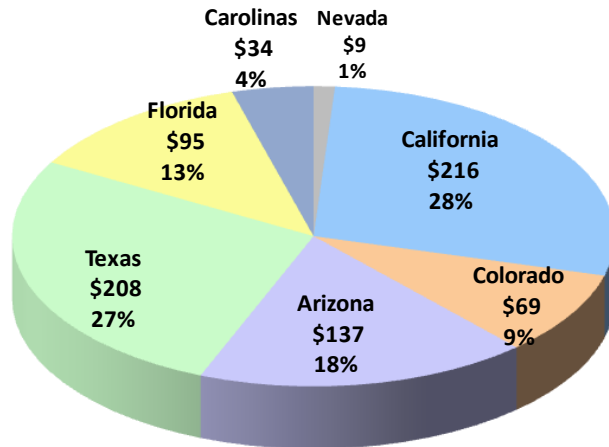
165 actively-selling communities

With the addition of Nashville:
7 states – 15 markets – 167 communities



- 9th largest U.S. homebuilder by 2012 closings
- Founded in 1985 – delivered 75,000+ homes through 2012
- Headquartered in Scottsdale, AZ
- Listed on NYSE:MTH since 1996
- Primarily selling to move-up buyers

YTD 2013 Home Closing Revenue by State
(\$Millions)



National builder with top-5 market share in some of the best long-term housing markets



~~11~~ of the Top 20 Markets for Homebuilding

Now 12

Market	2012 SF Permit Rank	2011 SF Permit Rank	2012 SF Permits	SF Permits YOY Change
Houston, TX	1	1	28,750	26%
Dallas, TX	2	2	13,000	22%
Phoenix, AZ	3	4	12,100	66%
Atlanta, GA	4	6	9,100	46%
Washington D.C., DC-VA-MD-WV	5	3	9,000	12%
Austin, TX	6	5	8,200	32%
Orlando, FL	7	11	7,200	59%
Raleigh-Cary, NC	8	8	6,500	37%
Charlotte, NC-SC	9	7	6,300	28%
Las Vegas, NV	10	15	6,200	62%
Seattle, WA	11	9	6,050	32%
Tampa, FL	12	12	5,950	32%
Denver, CO	13	17	5,700	57%
Minneapolis, MN-WI	14	16	5,500	46%
Fort Worth, TX	15	10	5,400	18%
Nashville, TN	15	14	5,400	31%
Oklahoma City, OK	17	26	5,200	69%
San Antonio, TX	17	13	5,200	18%
Jacksonville, FL	19	24	4,650	43%
Portland, OR-WA	20	25	4,500	44%

Source: John Burns Real Estate Consulting, LLC

Meritage is well-positioned in many of the best markets in the U.S.



West Region

Arizona:

- Phoenix is a hot-bed of activity
- Prices up considerably in the last year
- Homes still very affordable relative to income levels
- MTH has excellent land position in this market



Phoenix, AZ – Villages at Val Vista (Coronado Plan)

California: Highest growth market over LTM

- Housing inventory extremely tight (2-3 mo supply)
- More than doubled # of controlled lots LTM
- Affordability still high, even with prices increasing



No. California – Sonata (Thorpe Plan)

Colorado:

- MTH has communities in some of the highest growth areas around Denver
- New product designs and energy efficiency resonating well with buyers



Denver, CO – Fallbrook (Crestone Plan)

Central (Texas) Region



Houston, TX – Jasmine (Aliana Plan)



Austin, TX – Garlic Creek (Glen Rose Plan)

Texas:

- Slower growth than West & East markets
- Good growth opportunities with strong economies and improved/improving land positions
- **Houston** – largest market in the company – 29 active communities at end of 2Q13 – Solid land position in west Houston, energy corridor, Sugar Land and north Houston Exxon campus vicinity
- **Austin** -- Good lot supply, well positioned for growth – building pipeline for 2015 and beyond
- **San Antonio** – reloading pipeline for 2015 with quality move-up communities in primarily entry-level market
- **DFW** -- Seeking to regain a leadership position with new communities

East Region

Florida:

- Meritage is #1 builder of single-family homes in Orlando – very good land position – key positions around Medical City, Disney World and successful Windermere communities
- Highest LTM orders/community after California and Colorado
- Building our new division in Tampa



Orlando, FL -- LeParc (Wimberley Plan)

Carolinas:

- Solid presence in new market -- ended 2Q13 with 13 communities and 146 orders YTD
- Produced more than 2X as many orders LTM as the Nevada market that it replaced
- Solid starting land position in Charlotte, focused on 2nd and 3rd move-up buyers
- Raleigh is most successful startup in Company history



Raleigh, NC – Greycliff (Cameron Plan)

Expanded SE Region with 4 new divisions in the last 2 years: Raleigh, Charlotte, Tampa and Nashville

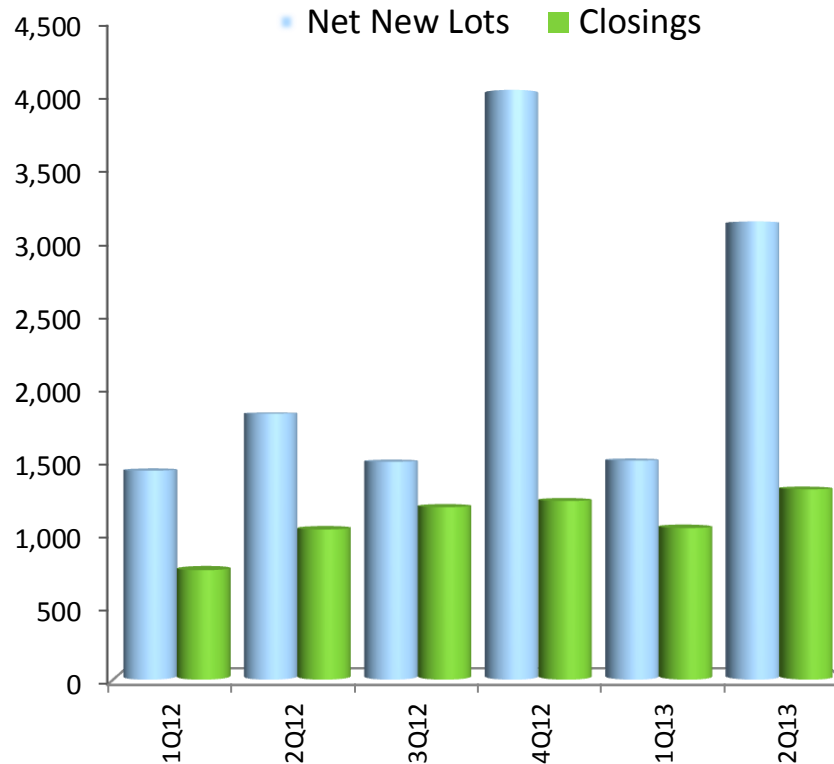


New Nashville Division

- Latest expansion market in East Region
 - #21 largest market in 2012 @ 3,354 closings – current SF permits running at ~5,400 annually and expected to double in the next few years
 - Low unemployment rate (6.4%)
 - Employment growth est. ~8,000 in 2013 and ~14,000 in 2015 --- music, automotive and healthcare are significant industries
- Acquired Phillips Builders – Sept-4, 2013:
 - 3rd generation builder in Nashville – more than 20,000 homes since 1952
 - Well-known name with a good reputation
 - Approximately 500 lot supply
 - Expect to close 150-200 homes in 2014 (1.5-2.0X 2012 closings)
 - 4 communities open – opening more over the next few quarters
 - Sales prices \$175-425K (primarily move-up) – ASP \$250-300K
 - Charlie and Jason Phillips will continue to build the operation for Meritage

A high-quality acquisition in a high-quality market offers additional opportunities for growth

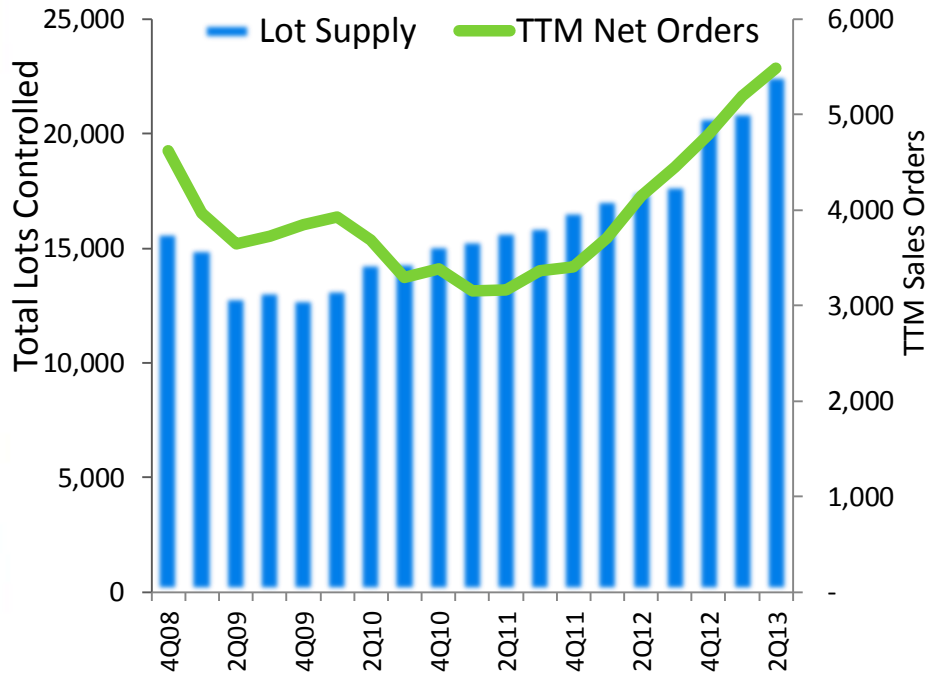
Lot Acquisitions Outpacing Home Closings



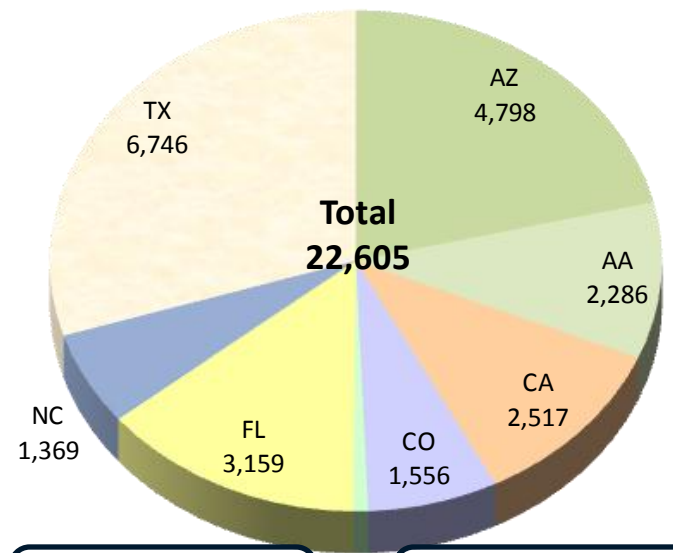
Industry-leading market research (STROPS) and land acquisition teams work together to continually find and secure new land positions for future growth.

Strategically shorter land supply reduces balance sheet risk and does not disadvantage MTH vs land-long builders

Investing More Heavily in West and East Regions Where Demand is Greatest



Total Lots Under Control at June 30, 2013



FL + NC lot count up 679 (+18%) from 3/31/13

CO + CA lot count up 479 (+13%) from 3/31/13

Invested \$156M in acquisition and development; added ~3,500 new lots under control in 2Q13



Innovation: Setting the Standard for Energy-Efficient Homes



ENERGY PERFORMANCE RATING

ENERGY SAVING FEATURES

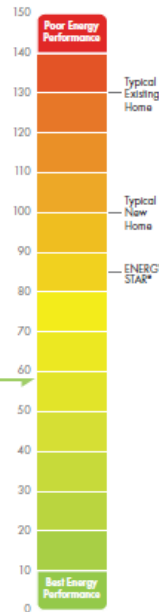
The Salida 4032

HOW THIS SCORE IS DETERMINED.

Home Energy Rating System, or simply HERS, is a scoring system set by the Residential Energy Services Network (RESNET) to measure a home's energy efficiency and determine if it meets ENERGY STAR guidelines. The lower the HERS index, the more energy efficient a home is.*

This home exceeds ENERGY STAR® Guidelines. **59**

Plan	Salida 4032
Living Area	2,246 sq.ft.
HERS Score (Home Energy Rating)	59
Estimated Reduction in Energy Use	55%
Estimated Average Monthly	\$115/mo.
Estimated Annual Savings	\$1,380/yr.*



More Solar: We use a better solar platform that produces over four-times more energy, and advanced features that heat your water, heat and cool your air, manage fresh air, and allow remote energy management from anywhere in the world through a computer or smart phone.

More Health: We include EPA Indoor Air plus features such as low VOC paints and finishes, better home air filtration and circulation, a fresh air management system, and advanced thermostats. The result is reduced pollution, allergens, and dirt which make your home more comfortable, cleaner and better for the whole family.

More Comfort: We use industry leading spray foam insulation which seals the building twenty-five times better than standard insulation, reducing leaks, drafts, and wasted energy. It will also make the home quieter, more comfortable, and cleaner.

More Sustainability: We include EPA WaterSense faucets, showers, toilets, irrigation controllers, and ENERGY STAR Appliances, reducing your water consumption by 50%, with no sacrifice in lifestyle or performance.

More Savings: With an unprecedented level of energy efficiency throughout our homes, our total HERS score in this community is as low as **XX**, reducing home energy consumption by up to **XX%** in these homes.

Energy performance for The Salida 4032.

This Meritage home performs at a HERS score of **59**. This equates to a **55%** energy use reduction compared to a typical new home.

55%
ENERGY SAVINGS*

Save **\$115/mo.** in home energy bills.*

- 5 Years: >\$7,000
- 10 Years: >\$15,000
- 20 Years: >\$37,000
- 30 Years: >\$65,000

if the Year

Scan this code with your smart phone to see how Meritage is changing the way homes are built.



© Reference Home: This a home with a HERS index of 65 is 35% more energy efficient than the HERS Reference Home. Specifications based on the 2006 International Energy Conservation Code. For more information visit www.energystar.gov and www.energysavers.gov. A more economically sustainable over the long term and reduce energy consumption and the resulting environmental impact. Actual savings may vary and may depend in part on occupant behavior, billing and/or fluctuating costs of energy usage, and actual climate zone conditions. Area, dimensions, features, specifications, materials and availability of homes or communities are subject to change without notice or obligation.

Lower monthly operating costs = greater affordability = higher value (or larger home)



The Most Energy-Efficient Homes

Looking for a good reason to buy a Meritage home? Here are several.

ENERGY STAR® complete thermal enclosure system

1. Minimum Low-E3 windows
2. Advanced framing, thermal breaks and engineered lumber
3. SPF (Spray Polyurethane Foam) insulation in walls
4. Conditioned attic sealed with SPF

ENERGY STAR complete water management system

5. Damp-proof barrier on below-grade concrete (see above why)
6. Drain slope on exterior of home
7. Sloped grading for superior drainage
8. Moisture-resistant roof underlayment
9. Window flashing
10. Moisture-resistant material behind tubs and showers

ENERGY STAR complete heating and cooling system

11. Minimum SEER 14 HVAC
12. Sealed insulated ducts
13. Jump ducts
14. AH2/AH-BAC 62.2 mechanical fresh air management system
15. Minimum MERV 8 HVAC filtration

Additional energy-efficient and standard features

16. Independent inspections and testing
17. ENERGY STAR appliances
18. CFL lighting
19. Advanced programmable thermostat
20. Water-efficient faucets and shower heads
21. Dual-actuated toilets
22. Weather-sensing irrigation controller
23. Irrigation weather sensor
24. PEX plumbing
25. Low-to-zero VOC materials, paints, adhesives and adhesives
26. Remitilata (see above why)
27. ACCA manual engineered duct and register systems
28. Optional LED lighting
29. Reinforced concrete slab

Optional Nexia home energy monitoring and control

30. Home bridge
31. Home keypad and deadbolt
32. Indoor/outdoor wireless camera
33. Appliance models
34. Remote monitoring control on laptop, tablet or smart phone
35. Home energy management thermostat

Optional Echo® solar system

36. Solar roof panels for energy production
37. Solar water heater
38. Solar control center
39. Remote monitoring control on laptop, tablet or smart phone



MeritageHomes

Setting the standard for energy-efficient homes™

Energy-efficient features included standard in every home; system designed to maximize energy efficiency

MeritageHomes
CORPORATION

Consistent Housing Market Themes

- **Basic housing thesis**

- **Upturn has room to run** ✓

- Demand is outpacing supply ✓
- We're now underbuilding: Starts at 43% of normal ✓
- Affordability is still great: Nearly best ever ✓
- There's pent-up demand from:

Still great in most markets

- boomerang buyers ✓
- young adults ✓

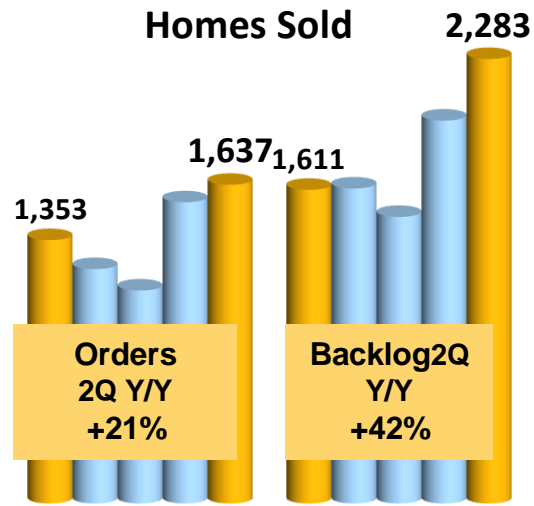
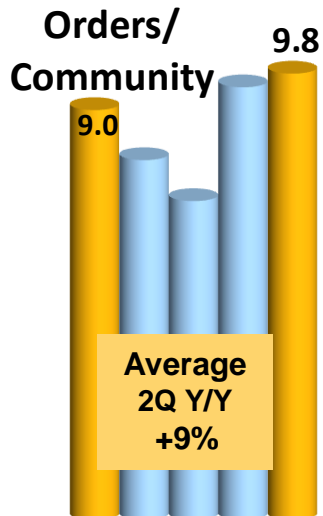
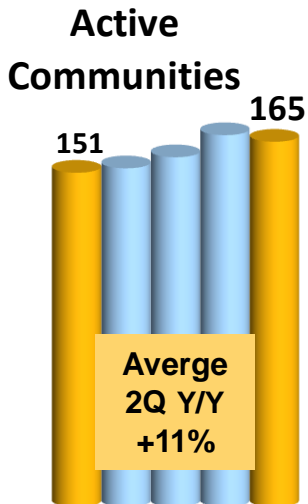
- Low resale supply increasing demand for new homes ✓
- Resurgence of resale supply will create more demand as well ✓

- **Concerns**

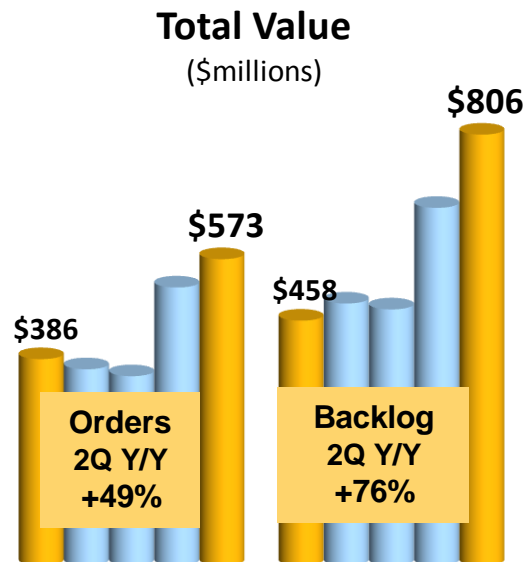
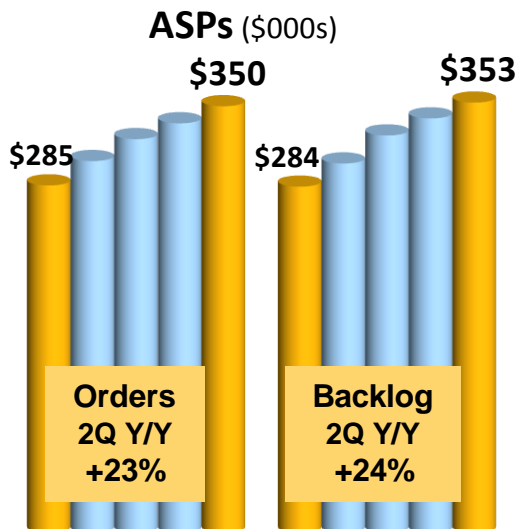
- Economic slowdown (Budget Cuts / Another Recession) ✓
- Dramatic rise in mortgage rates ✓
- Competition for land, and more dependence on appreciation ✓

Up 115bps in 2 mos, but recovery will continue

Strong Order Flow Continued in 2Q13



■ 2Q12 ■ 3Q12 ■ 4Q12 ■ 1Q13 ■ 2Q13



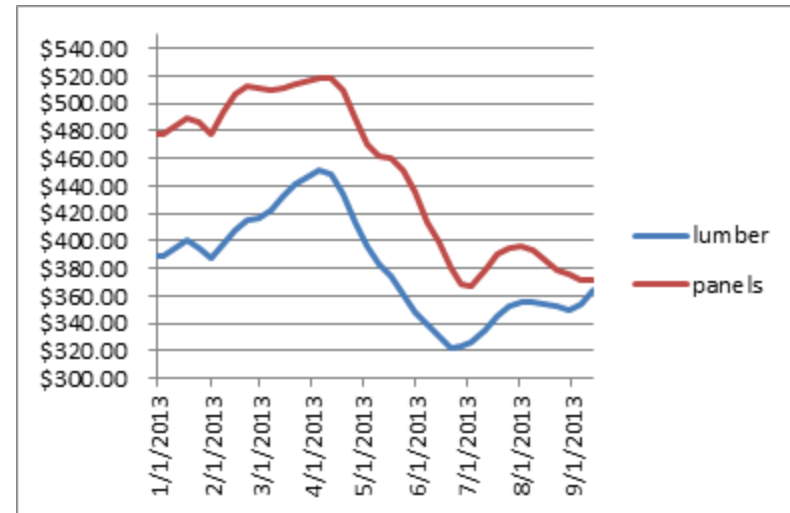
9th consecutive quarter of Yr/Yr growth in orders;
Yr/Yr comparisons becoming more difficult

Managing Construction Costs

- **Month-to-month increases in direct costs have generally been declining LTM, especially YTD 2013, due to successful negotiations and cost management**
- **It's mainly about labor – availability and cost – we're managing cost better**
 - Highest demand markets have greatest labor shortages (California, Florida, Phoenix)
 - Framers felt shortages first, then mechanical, then insulation, then drywall, etc.
 - Different challenges by division – framers in most divisions, masons in TX, stucco in western markets, mechanical and drywall in many divisions

- **Lumber costs down**

- Prices climbed 15-20% from Jan-1 thru peak in mid-April, but lumber costs reduced since April by >20%
- Virtually no movement in other commodities such as copper, steel, concrete, drywall, fuel or shingles



Home price appreciation has outpaced cost increases in absolute dollars, driving increases in gross margins

YTD Selected Operating Results

	1H13	1H12	Change	Units/\$ Change
Home closings	2,373	1,801	+32%	572
ASP	\$323	\$269	+20%	\$54
Home closing revenue	\$ 766,750	\$ 485,362	58%	\$281,388
<hr/>				
Home closing gross profit	\$ 157,965	\$ 87,059	81%	\$ 70,906
-- as a percent of home closing revenue	20.6%	17.9%	+270 bps	
Commissions and other sales costs	(57,059)	(42,095)	36%	(14,964)
-- as a percent of home closing revenue	7.4%	8.7%	-130 bps	
General and administrative expenses	(42,175)	(31,237)	35%	(10,938)
-- as a percent of closing revenue	5.4%	6.4%	-100 bps	
Interest expense	(9,651)	(13,709)	-30%	4,058
-- as a percent of closing revenue	1.2%	2.8%	-160 bps	
Pre-tax earnings/(loss)	\$ 55,007	\$ (1,732)	n/m	\$56,739
-- as a percent of total revenue	7.0%	-0.4%	740 bps	
Net earnings	\$ 40,184	\$ 3,251	1,136%	\$36,933

Operating leverage continues to drive earnings growth faster than revenue growth



Operating Performance Better Than Most Homebuilder Operating Statistics for Most Recent Quarter Reported

- Of the top 13 public homebuilders in the U.S., Meritage reported last quarter:
 - **2nd** highest growth in ASP
 - **3rd** highest ROAE (avg equity)
 - **3rd** highest homebuilding inventory turnover
 - **4th** highest operating margin
 - **2nd** lowest order cancellation rate
 - **2nd** lowest years of lot supply (efficient asset management, lower risk)

Meritage has historically performed in the top half or better of the public homebuilders group, and had among the highest CAGR in revenue and earnings during the previous cycle

Healthy Balance Sheet to Finance Growth

<i>\$ in millions</i>	6/30/13	6/30/12
Total Cash & Securities	\$353.3	\$204.7
Net Debt* to Capital	37.2%	44.1%
Total Lots Controlled	22,605	17,586
Years of Lot Supply	4.7	5.3
Real Estate	\$1,227.2	\$955.2

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

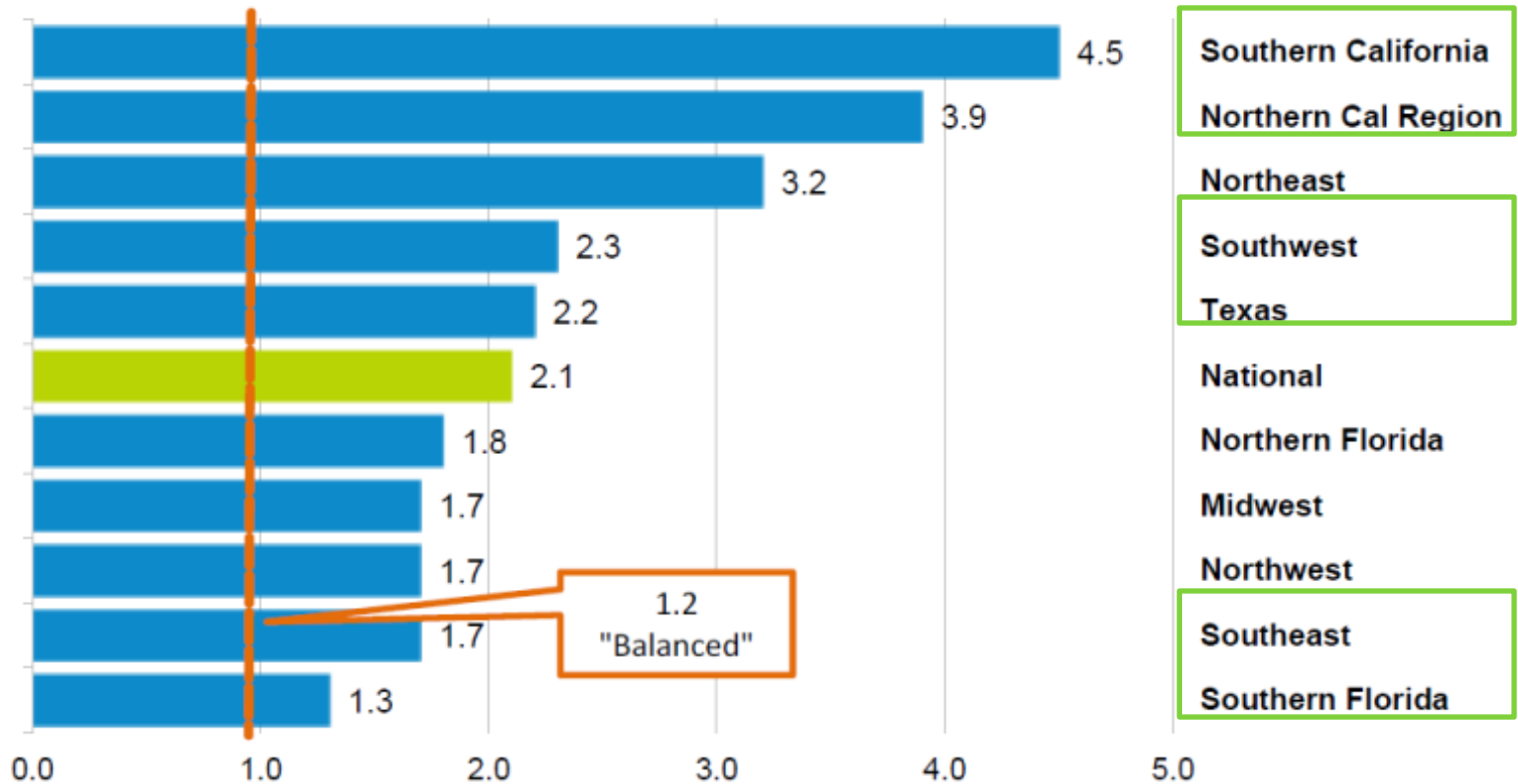
Maintaining adequate liquidity for growth while keeping leverage low



Confident in Outlook for Continued Growth of Housing Market

Employment Gains Driving Demand

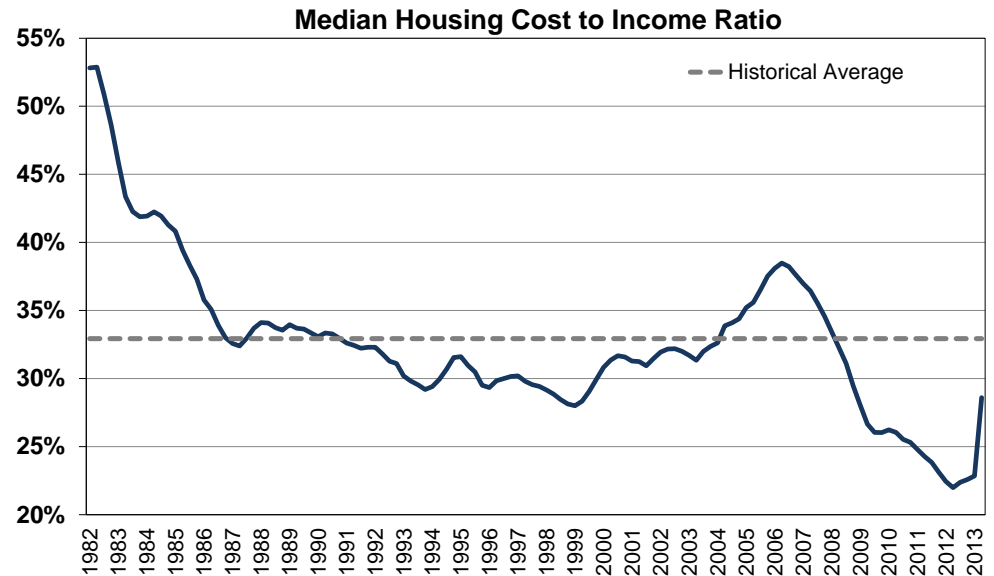
Employment Growth / Permit Ratio
by Region



Source: John Burns Real Estate Consulting Regional Analysis and Forecast, June 2013

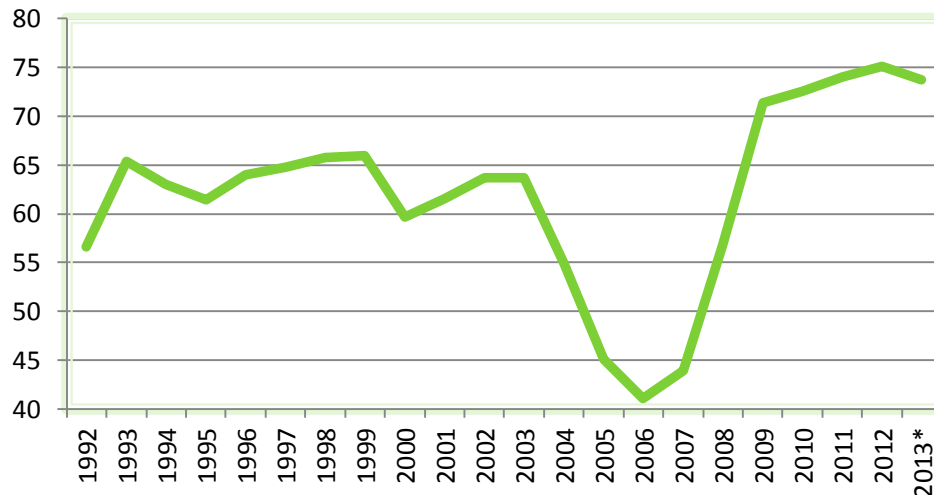
Interest Rates Have Risen – What Impact on Affordability?

- Payments were 23% of income -- now 29%
- Still below the 33% norm



Source: JBREC, updated through Jun 2013; 28.6% based on 4.5% mortgage rates

NAHB's Housing Opportunity Index



- Housing affordability still near its peak

Responses to Rising Prices and Interest Rates

- **Buyers sliding down the scale** – Some buyers are opting for smaller floor plans or lot sizes, but are generally still able to buy
- **Electing fewer options** – Some buyers are still purchasing the same house, but are buying fewer upgrades
- **More buyers turning to ARMs** -- Keep monthly payments down for stretched buyers
- **Waiting for lower rates** – Some buyers are waiting to see if rates come down again before pulling the trigger
- **Price increases more important to buyers** – Significant price increases at some communities heighten urgency of buyers (disqualifies some buyers)
- **Entry-level getting hit hardest** (Less impact for MTH)
 - Qualification is most tenuous at entry-level
 - Cancellation increases have been most pronounced
 - Entry builders reporting weaker sales

MTH Mortgage Credit Statistics

(based on backlog as of 8/31/13)

- **Average FICO score – 741**
 - >99% over 620
 - 76% over 700
- **Average LTV – 85%** (avg. loan amt \$327K)
 - 45% under 80% (down payments 20% or more)
 - 76% down payment at least 5%
- **100% full doc loans**
- **70% conventional; 30% FHA/VA/USDA**
- **Virtually no mortgage put-back risk**
 - No captive mortgage company – JV's with mortgage brokers
 - YTD capture rate 89%
- **Financial Services income (mortgage & title) YTD \$7.2M**

Credit statistics of our buyers improved over the last year as we have moved to higher move-up segment

Meritage Summary



Strong Balance Sheet

- High liquidity
- Low net debt/capital
- No near-term debt maturities

Industry Leadership

- Setting the standard for energy-efficient homebuilding
- Cutting edge Strategic Market Research
- New home plans and features more attractive to buyers

Sales & Marketing

- Best of class sales management systems
- User-friendly website, social networking, national call center

Earnings Growth

- Growing lot supply and community count
- Among the highest sales growth & orders/community
- Increasing margins + overhead leverage

Market Position

- Operating in 12 of top 20 homebuilding markets in U.S.
- Communities predominantly in the best submarkets
- Recently expanded into new growing markets

Meritage is a leader in the homebuilding market and well positioned for continued earnings growth