

M I HOMES INC  
Form DEF 14A  
April 04, 2007

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. \_\_)**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**M/I Homes, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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- Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**3 Easton Oval  
Columbus, Ohio 43219**

**April 4, 2007**

To Our Shareholders:

The 2007 Annual Meeting of Shareholders of M/I Homes, Inc. (the Company) will be held at 9:00 a.m., Eastern Daylight Time, on Tuesday, May 8, 2007, at the offices of the Company, 3 Easton Oval, Columbus, Ohio.

Enclosed is a copy of our 2006 Annual Report, which includes our Annual Report on Form 10-K, notice of the meeting, a proxy statement and a proxy card. Please record your vote on the proxy card and return it promptly in the postage-paid envelope provided, or alternatively, vote your proxy electronically via the Internet or telephonically in accordance with the instructions on your proxy card.

We look forward to reviewing the activities of the Company at the meeting. We hope you can be with us.

Sincerely,

/s/ Robert H. Schottenstein

\_\_\_\_\_  
Robert H. Schottenstein,

Chairman and Chief Executive Officer

**PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD**

**IN THE ENVELOPE PROVIDED, OR ALTERNATIVELY,**

**VOTE ELECTRONICALLY OR TELEPHONICALLY**

**3 Easton Oval  
Columbus, Ohio 43219**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held May 8, 2007**

To Each Shareholder of M/I Homes, Inc.:

Notice is hereby given that the 2007 Annual Meeting of Shareholders of M/I Homes, Inc. (the Company) will be held at 9:00 a.m., Eastern Daylight Time, on Tuesday, May 8, 2007, at the offices of the Company, 3 Easton Oval, Columbus, Ohio, for the following purposes:

- 1) To elect three directors to serve until the 2010 Annual Meeting of Shareholders and until their successors have been duly elected and qualified;
- 2) To consider and vote upon a proposal to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the 2007 fiscal year; and
- 3) To transact such other business as may properly be brought before the Annual Meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 12, 2007 will be entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof.

It is important that your common shares be represented at the Annual Meeting. Whether or not you intend to be present, please complete, sign, date and return the enclosed proxy card in the envelope provided, or alternatively, vote your proxy electronically via the Internet or telephonically in accordance with the instructions on your proxy card. You may revoke your proxy at any time before it is exercised at the Annual Meeting and, if you attend the Annual Meeting and wish to vote in person, you may withdraw your proxy and vote in person.

By Order of the Board of Directors,

/s/ J. Thomas Mason

\_\_\_\_\_  
J. Thomas Mason,

Secretary

April 4, 2007

3 Easton Oval

Columbus, Ohio 43219

**PROXY STATEMENT**

**for the**

**2007 ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held May 8, 2007**

**GENERAL**

**Time, Place and Purposes of Meeting**

The 2007 Annual Meeting of Shareholders of M/I Homes, Inc. (the Annual Meeting ) will be held on Tuesday, May 8, 2007 at 9:00 a.m., Eastern Daylight Time, at our corporate offices at 3 Easton Oval, Columbus, Ohio. The purposes of the Annual Meeting are set forth in the Notice of Annual Meeting of Shareholders to which this Proxy Statement is attached. All references in this Proxy Statement to M/I Homes, the Company, we or us refer to M/I Homes, Inc.

**Solicitation of Proxies**

This Proxy Statement and the accompanying form of proxy are first being sent to the shareholders on or about April 4, 2007. This Proxy Statement is furnished in connection with the solicitation of proxies by the Company's Board of Directors (the Board ) for use at the Annual Meeting and any adjournment thereof. The Company's 2006 Annual Report, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, is being mailed to all shareholders together with this Proxy Statement.

**Voting by Proxy**

A proxy card for use at the Annual Meeting is enclosed. You may ensure your representation by completing, signing, dating and promptly returning the enclosed proxy card in the envelope provided. Alternatively, shareholders holding common shares registered directly with the transfer agent, ComputerShare, may vote their proxies electronically via the Internet or telephonically by following the instructions on their proxy cards. The deadline for voting electronically via the Internet or telephonically is 11:59 p.m., Eastern Daylight Time, on May 7, 2007. There are no fees or charges associated with voting electronically via the Internet or telephonically, other than fees or charges, if any, that

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shareholders pay for access to the Internet and for telephone service. Shareholders holding common shares in street name with a broker, bank or other holder of record may also be eligible to vote their proxies electronically via the Internet or telephonically. Such shareholders should review the information provided to them by such holder of record. This information will set forth the procedures to be followed in instructing the holder of record how to vote the street name common shares and how to revoke previously given instructions.



## Revocation of Proxies

You may revoke your proxy at any time before it is exercised at the Annual Meeting by filing a written notice with the Company revoking it, by duly executing a proxy card bearing a later date, by casting a new vote electronically via the Internet or telephonically or by attending the Annual Meeting and voting in person. Attending the Annual Meeting without voting will not revoke a proxy. Subject to such revocation and except as otherwise stated herein or in the form of proxy, all proxies properly executed or properly voted electronically via the Internet or telephonically that are received prior to, or at the time of, the Annual Meeting will be voted in accordance with the instructions contained therein. If no instructions are given (excluding broker non-votes), proxies will be voted for the nominees for election as directors set forth herein, for Proposal No. 2 and, at the discretion of the proxy holders, on all other matters that may properly be brought before the Annual Meeting or any adjournment thereof.

## Outstanding Shares and Voting Rights

There were 14,042,416 of the Company's common shares, par value \$.01 per share (the Common Shares), issued and outstanding on March 12, 2007 (the Record Date), which date has been set as the record date for the purpose of determining the shareholders entitled to notice of, and to vote at, the Annual Meeting. Each Common Share outstanding on the Record Date entitles the holder to one vote on each matter submitted to a shareholder vote at the Annual Meeting. A quorum for the Annual Meeting is a majority of the outstanding Common Shares on the Record Date.

Common Shares represented by properly executed proxies returned to the Company prior to the Annual Meeting or represented by properly authenticated electronic voting instructions timely recorded via the Internet or telephonically will be counted toward the establishment of a quorum for the Annual Meeting even though they are marked Abstain or Withheld (from any or all nominees for director) or are not marked at all. Broker/dealers who hold Common Shares in street name may, under the applicable rules of the exchange and other self-regulatory organizations of which the broker/dealers are members, sign and submit proxies for such Common Shares and may vote such Common Shares on routine matters such as the election of directors, but broker/dealers may not vote such Common Shares on non-routine matters, without specific instructions from the beneficial owner of such Common Shares. Proxies that are signed and submitted by broker/dealers that have not been voted on certain matters as described in the previous sentence are referred to as broker non-votes. Broker non-votes count toward the establishment of a quorum for the Annual Meeting.

## Proposal No. 1

### ELECTION OF DIRECTORS

Pursuant to the Company's Amended and Restated Regulations (the Regulations), the Board is comprised of nine directors, divided into three classes with staggered three-year terms. A class of three directors is to be elected at the Annual Meeting. The Board has nominated the persons set forth in the table below for election as directors of the Company at the Annual Meeting. The three nominees receiving the greatest number of votes cast will be elected to serve until the 2010 Annual Meeting of Shareholders and until their successors are duly elected and qualified or until their earlier death, resignation or removal. Withheld votes with respect to any nominee (or all of the nominees) will be counted for purposes of establishing a quorum, but will have no effect on the election of such nominee(s).

On November 7, 2006, the Board, upon the recommendation of the Company's Nominating and Governance Committee, appointed J. Thomas Mason, Senior Vice President, General Counsel and Secretary of the Company, to the Board to fill the vacancy created when the Company's former Vice Chairman and Chief Operating Officer resigned as a director and officer in July 2006. Mr. Mason's term expires at the 2009 Annual

Meeting of Shareholders.

Unless otherwise specified in your proxy, the Common Shares voted pursuant thereto will be voted FOR each of the persons named below as nominees for election as directors. The Board has no reason to believe that any nominee will not serve as a director if elected. If any nominee becomes unwilling or unable to serve as a director, the proxy holders reserve full discretion to vote the Common Shares represented by the proxies they hold for the election of the remaining nominees and for the election of any substitute nominee designated by the Board.

Your Board of Directors unanimously recommends a vote **FOR** each of the Director Nominees named below.

**BOARD OF DIRECTORS**

Name	Age	Current Position(s) with the Company and/or Business Experience	Director Since
<i>Director Nominees Term to Expire at 2010 Annual Meeting</i>			
Friedrich K.M. Böhm*	65	Chairman Emeritus of NBBJ, an international architectural firm, since 2006. From 1997 until 2006, Mr. Böhm was Chairman of NBBJ and from 1987 until 1997, he was Managing Partner and Chief Executive Officer of NBBJ. He currently serves as a Director of TRC Companies, Inc., as a Director of NBBJ and as a Director of The Daimler Group.  Committee Memberships: Audit; Compensation (Chairman); Executive	1994
Jeffrey H. Miro*	64	Partner in the law firm of Honigman Miller Schwartz and Cohn LLP in Detroit, Michigan since November 2004. From 1981 until November 2004, he was a partner in the law firm of Miro, Weiner & Kramer. In addition, Mr. Miro is an Adjunct Professor of Law at the University of Michigan Law School. He currently serves as a Director of Limited Brands, Inc.  Committee Membership: Compensation	1998
Robert H. Schottenstein	54	Chairman of the Company since March 2004, Chief Executive Officer of the Company since January 2004, President of the Company since May 1996 and Assistant Secretary of the Company since March 1991. Mr. Schottenstein currently serves as a Trustee of The Ohio State University.  Committee Membership: Executive (Chairman)	1993
<i>Directors Term to Expire at 2009 Annual Meeting</i>			
Yvette McGee Brown*	45	President of The Center for Child and Family Advocacy at the Columbus Children's Hospital, a non-profit organization dedicated to the treatment and prevention of child abuse and domestic violence, since January 2002. From 1993 until January 2002, she served as a Judge in the Franklin County Court of Common Pleas, Division of Domestic Relations and Juvenile Court. Ms. McGee Brown currently serves as a Director of Fifth Third Bank of Central Ohio.  Committee Memberships: Nominating and Governance	2006

**BOARD OF DIRECTORS (continued)**

<u>Name</u>	<u>Age</u>	<u>Current Position(s) with the Company and/or Business Experience</u>	<u>Director Since</u>
Thomas D. Igoe*	75	Consultant to Bank One, NA's Corporate Banking Division from January 1997 until December 1999. From 1962 until January 1997, Mr. Igoe was an employee of Bank One, NA, serving last as Senior Vice President - Corporate Banking.  Committee Memberships: Audit (Chairman); Nominating and Governance	2000
J. Thomas Mason	49	Senior Vice President, General Counsel and Secretary of the Company since July 2002. Prior to July 2002, Mr. Mason was a partner with the law firm of Vorys, Sater, Seymour and Pease LLP in Columbus, Ohio.  Committee Memberships: None	2006
<b><i>Directors Term to Expire at 2008 Annual Meeting</i></b>			
Joseph A. Alutto, Ph.D.	65	Dean of The Fisher College of Business at The Ohio State University since 1991. Dr. Alutto currently serves as a Director of Nationwide Financial Services, Inc. and United Retail Group, Inc.  Committee Membership: None	2005
Phillip G. Creek	54	Chief Financial Officer of the Company since September 2000, Senior Vice President of the Company since September 1993 and Chief Financial Officer and Treasurer of M/I Financial Corp., a wholly-owned subsidiary of the Company ( M/I Financial ), since September 2000. Mr. Creek served as Treasurer of the Company from January 1993 until February 2005 and as Senior Vice President of M/I Financial from February 1997 until September 2000.  Committee Membership: Executive	2002
Norman L. Traeger*	67	Founded United Skates of America, a chain of family fun centers, in 1971 and The Discovery Group, a venture capital firm, in 1983. Mr. Traeger currently owns and manages industrial, commercial and office real estate.  Committee Memberships: Audit; Compensation; Nominating and Governance (Chairman)	1997

\* Independent Director under NYSE Rules.

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**INFORMATION REGARDING THE BOARD, ITS COMMITTEES AND CORPORATE GOVERNANCE**

**Board Organization and Committees**

The Board currently has nine members. The Board has determined that five of the nine directors meet the criteria for independence required by the rules of the New York Stock Exchange ( NYSE Rules ). When determining whether a director qualifies as independent, the Board, in accordance with NYSE Rules, broadly considers all relevant facts and circumstances to determine whether the director has any material relationship with the Company, either directly or indirectly (as a partner, shareholder or officer of an organization that has a relationship with the Company), other than serving as one of our directors. With respect to four of the five independent directors (Friedrich K.M. Böhm, Thomas D. Igoe, Jeffrey H. Miro and Norman L. Traeger), the Board determined that they met the criteria for independence required by NYSE Rules on the basis that they have no relationships with the Company, either directly or indirectly, including, without limitation, any commercial, industrial, banking, consulting, legal, accounting, charitable or familial relationships, other than serving as a director of the Company.

With respect to Yvette McGee Brown, the Board determined that Ms. McGee Brown meets the criteria for independence required by NYSE Rules. When assessing Ms. McGee Brown's independence, the Board took into account her service as a director of Fifth Third Bank of Central Ohio, an affiliate of Fifth Third Bank, which is a lender under the Company's Amended and Restated Credit Agreement (the Credit Agreement ). The Board made the determination of independence based on: (1) the relative size of Fifth Third Bank's commitment under the Credit Agreement (approximately 4% of the total commitment of the 19 lenders under the Credit Agreement); (2) the total amount of interest and fees paid by the Company to Fifth Third Bank during each of the last three fiscal years being insignificant under the standard set forth in NYSE Rule 303A.02(b)(v); (3) the unlikelihood that any matter relating to the Company would come before the Board of Directors of Fifth Third Bank of Central Ohio, since it is not a direct party to the Credit Agreement; and (4) Ms. McGee Brown's agreement in any event to abstain from any such matter relating to the Company coming before the Board of Directors of Fifth Third Bank of Central Ohio.

With respect to Joseph A. Alutto, Ph.D., Dean of The Fisher College of Business at The Ohio State University ( OSU ), the Board determined that Dr. Alutto currently does not meet the criteria for independence required by NYSE Rules. The Board made this determination based on the Company's relationship with OSU, including Robert H. Schottenstein's membership on the OSU Board of Trustees.

During 2006, Lewis R. Smoot, Sr. served as a director of the Company until his retirement from the Board at the 2006 Annual Meeting of Shareholders. In February 2006, the Board determined that Mr. Smoot met the criteria for independence required by NYSE Rules on the basis that he had no relationships with the Company, either directly or indirectly, including, without limitation, any commercial, industrial, banking, consulting, legal, accounting, charitable or familial relationships, other than serving as a director of the Company.

Pursuant to the Company's Corporate Governance Guidelines, each independent director is required to notify the Chairman of the Company's Nominating and Governance Committee, as soon as practicable, in the event the director's circumstances change in a manner that may affect the Board's evaluation of his or her independence.

During 2006, the Board held five meetings and each member of the Board attended at least 75% of the meetings of the Board and the committees on which he or she served (in each case, during the period such director served in 2006).

During 2006, the Board had five standing committees: the Audit Committee; the Compensation Committee; the Nominating and Governance Committee; the Planning Committee; and the Executive Committee. The Planning Committee was formally dissolved at the February 13, 2007 Board meeting. In accordance with the applicable Securities and Exchange Commission rules ( SEC Rules ) and NYSE Rules, each of the Audit



Committee, the Compensation Committee and the Nominating and Governance Committee has its own written charter, which is available on the Company's website at mihomes.com under the heading "Investor Relations" or by writing to M/I Homes, Inc., 3 Easton Oval, Suite 500, Columbus, Ohio 43219, c/o General Counsel and Secretary.

*Audit Committee.* The Audit Committee operates pursuant to a written Audit Committee Charter adopted by the Board which reflects SEC Rules and NYSE Rules relating to audit committees. The Audit Committee annually reviews and assesses the adequacy of its Charter and recommends changes to the Board as necessary to reflect changes in regulatory requirements, authoritative guidance and evolving practices. The primary purpose of the Audit Committee is to assist the Board in its oversight of: (1) the integrity of the Company's consolidated financial statements and internal control over financial reporting; (2) the Company's compliance with legal and regulatory requirements; (3) the Company's independent registered public accounting firm's qualifications, independence and performance; and (4) the performance of the Company's internal audit function. The Audit Committee's specific responsibilities include: (1) reviewing the Company's accounting procedures and policies; (2) reviewing the activities of the internal auditors and the Company's independent registered public accounting firm; (3) reviewing the independence and objectivity of the independent registered public accounting firm, including potential conflicts of interest; (4) monitoring and evaluating the Company's internal control over financial reporting; (5) having responsibility for the hiring, retention and fees of the Company's independent registered public accounting firm; and (6) other matters required by SEC Rules and NYSE Rules. Each member of the Audit Committee qualifies as independent and is financially literate under the applicable SEC Rules and NYSE Rules. The Board has determined that the Audit Committee's Chairman, Thomas D. Igoe, qualifies as an audit committee financial expert as defined by SEC Rules. The Board determined that Mr. Igoe has acquired the requisite attributes to qualify as an audit committee financial expert by virtue of his more than 35 years as a commercial banker. During his banking career, Mr. Igoe's responsibilities included analyzing and evaluating consolidated financial statements in order to make lending decisions and actively supervising others in conducting financial statement and financial condition analysis and evaluation. The Audit Committee has been established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The Audit Committee met seven times during 2006. In addition, the Chairman of the Audit Committee, on behalf of the Audit Committee, met quarterly with the Company's senior financial management, including internal audit, and the Company's independent registered public accounting firm, and discussed the Company's interim and fiscal year financial information prior to public release. These meetings were followed up with a telephonic report by the Audit Committee Chairman to the other members of the Audit Committee. The Audit Committee's report relating to the 2006 fiscal year appears on page 33 of this Proxy Statement.

*Compensation Committee.* The Compensation Committee operates pursuant to a written Compensation Committee Charter adopted by the Board which reflects NYSE Rules relating to compensation committees. The Compensation Committee annually reviews and assesses the adequacy of its Charter and recommends changes to the Board as necessary to reflect changes in regulatory requirements, authoritative guidance and evolving practices. Each member of the Compensation Committee qualifies as independent under the applicable NYSE Rules. The Compensation Committee met eight times during 2006. The Compensation Committee's purpose is to assist the Board in discharging its responsibilities relating to the compensation (cash, equity and otherwise) to be provided to the executive officers and directors of the Company. The Charter sets forth the specific responsibilities and duties of the Compensation Committee, which include: (1) establishing the Company's executive compensation philosophy, objectives and policies; (2) reviewing, approving and determining the compensation for the executive officers and reviewing and making recommendations to the Board regarding non-employee director compensation; (3) developing and administering plans to qualify the compensation paid to the executive officers for tax deductibility to the extent feasible; (4) administering the Company's incentive and equity-based compensation plans; and (5) reviewing and discussing the Compensation Discussion and Analysis section of the proxy statement and recommending to the Board whether to include such Compensation Discussion and Analysis section in the proxy statement; and (6) preparing a report for inclusion in the proxy statement. The human resources department supports the Compensation Committee in its duties and the Compensation Committee from time to time delegates to the human resources department its authority to fulfill

certain administrative duties. The Compensation Committee has the authority under its Charter to select, retain, terminate and approve fees for consultants as it deems necessary to assist in the fulfillment of its responsibilities.

*Nominating and Governance Committee.* The Nominating and Governance Committee operates pursuant to a written Nominating and Governance Committee Charter adopted by the Board which reflects NYSE Rules relating to nominating committees. The Nominating and Governance Committee annually reviews and assesses the adequacy of its Charter and recommends changes to the Board as necessary to reflect changes in regulatory requirements, authoritative guidance and evolving practices. The Nominating and Governance Committee's primary responsibility is to assist the Board on the broad range of issues surrounding the composition and operation of the Board, including: (1) identifying individuals qualified to become directors; (2) recommending to the Board director nominees for the next annual meeting of shareholders; and (3) developing and recommending to the Board a set of corporate governance principles. In addition, the Nominating and Governance Committee recommends to the Board committee selections and oversees the evaluation of the Board. Each member of the Nominating and Governance Committee qualifies as independent under the applicable NYSE Rules. The Nominating and Governance Committee met four times during 2006.

*Executive Committee.* When the Board is not in session, the Executive Committee may exercise those powers and may carry out those duties of the Board which may lawfully be delegated by the Board. During 2006, the Executive Committee did not hold any formal meetings; however, the committee approved one action in writing.

*Planning Committee.* The Planning Committee was a special committee established during 2006 to evaluate long-term strategy and tactics for the Company. Its members consisted of both independent and non-independent directors. The Planning Committee operated from May 2006 until February 13, 2007 and held three meetings.

### **Corporate Governance Guidelines**

In accordance with NYSE Rules, the Board operates pursuant to written Corporate Governance Guidelines which are intended to promote the effective functioning of the Board and its committees and to reflect the Company's commitment to the highest standards of corporate governance. The Board, with the assistance of the Nominating and Governance Committee, periodically reviews the Corporate Governance Guidelines to ensure they are in compliance with all applicable requirements. The Corporate Governance Guidelines are available on the Company's website at [mihomes.com](http://mihomes.com) under the heading "Investor Relations" or by writing to M/I Homes, Inc., 3 Easton Oval, Suite 500, Columbus, Ohio 43219, c/o General Counsel and Secretary.

### **Review and Approval or Ratification of Related Party Transactions**

All Related Party Transactions (as defined below) are subject to our written Related Party Transaction Policy. Under this policy, the Audit Committee is responsible for reviewing and approving (or ratifying) all Related Party Transactions. In carrying out its responsibilities, the Audit Committee considers all relevant facts and circumstances relating to a Related Party Transaction and either approves (or ratifies) or disapproves the Related Party Transaction. While the relevant facts and circumstances vary depending on the transaction, they generally include:

the benefits to the Company of the transaction;



the terms of the transaction;

the interest of the Related Person (as defined below) in the transaction;

the alternatives to entering into the transaction;

whether the transaction is on terms comparable to those available to third parties; and

the overall fairness of the transaction.

The Audit Committee will approve (or ratify) a Related Party Transaction only if it determines that it is in the best interests of the Company. No director may participate in the consideration or approval (or ratification) of a Related Party Transaction with respect to which he or she or any of his or her immediate family members is a Related Person. In accordance with its written Charter, the Audit Committee may, from time to time, delegate its duties under the policy to the Audit Committee Chairman.

To the extent practicable, all Related Party Transactions will be approved in advance. If a Related Party Transaction that has not been pre-approved is discovered or, to the extent advance approval is not practicable, the Audit Committee will promptly consider all of the relevant facts and circumstances in its ratification of the transaction. Our directors, executive officers and other members of management are responsible for bringing all proposed Related Party Transactions of which they have knowledge to the attention of the Audit Committee Chairman.

Under our policy, a Related Party Transaction is any transaction in which the Company is a participant and in which any Related Person has a direct or indirect interest. A Related Person is any person who is: (1) a director (or nominee for director) or executive officer of the Company; (2) to our knowledge, the beneficial owner of more than 5% of the Common Shares; or (3) any immediate family member of any of the foregoing persons.

See Certain Relationships and Related Party Transactions on page 36 for a discussion of our Related Party Transactions since January 1, 2006.

#### **Attendance at Annual Shareholder Meetings**

The Company does not have a formal policy with respect to attendance by the directors at the annual meeting of shareholders. However, directors are encouraged to attend, and the Board and its committees meet immediately following the annual meeting of shareholders. All of the directors then in office attended the 2006 Annual Meeting of Shareholders.

#### **Code of Business Conduct and Ethics**

All of the Company's directors, officers and employees must adhere to the Company's Code of Business Conduct and Ethics, which complies with the applicable SEC Rules and NYSE Rules. The Code of Business Conduct and Ethics is available on the Company's website at [mihomes.com](http://mihomes.com) under the heading Investor Relations or by writing to M/I Homes, Inc., 3 Easton Oval, Suite 500, Columbus, Ohio 43219, c/o General Counsel and Secretary.

#### **Executive Sessions**

In accordance with our Corporate Governance Guidelines and NYSE Rules, the non-management directors meet (without management present) at regularly scheduled meetings at least twice per year and at such other times as the directors deem necessary or appropriate. Each executive session is chaired by one of the non-management directors on a rotating basis in alphabetical order. During 2006, the non-management directors held four executive sessions.

**Communications with the Board of Directors**

The Board believes it is important for shareholders and other interested parties to have a process to send communications to the Board. Accordingly, shareholders and other interested parties who wish to communicate with the Board or a particular director or group of directors (including the non-management directors) may do so by sending a letter to the Secretary of the Company at 3 Easton Oval, Suite 500, Columbus, Ohio 43219. The mailing envelope must contain a clear notation indicating that the enclosed letter is a Shareholder/Interested

Party-Board Communication or Shareholder/Interested Party-Director Communication. All such letters must identify the author as a shareholder or other interested party (indicating such interest) and clearly state whether the intended recipients are all members of the Board or certain specified individual directors. The Secretary will make copies of all such letters and circulate them to the appropriate director or directors.

### **Nomination of Directors**

As described above, the Company has a standing Nominating and Governance Committee that has responsibility for providing oversight on the broad range of issues surrounding the composition and operation of the Board, including identifying candidates qualified to become directors and recommending director nominees to the Board.

When considering candidates for the Board, the Nominating and Governance Committee evaluates the entirety of each candidate's credentials and does not have any specific eligibility requirements or minimum qualifications that must be met by a Nominating and Governance Committee-recommended nominee. The Nominating and Governance Committee considers those factors it deems appropriate, including judgment, skill, independence, diversity, strength of character, experience with businesses and organizations comparable in size or scope, experience as an executive of, or advisor to, a publicly traded or private company, experience and skill relative to other Board members, specialized knowledge or experience and desirability of the candidate's membership on the Board. Depending upon the current needs of the Board, the Nominating and Governance Committee may weigh certain factors more or less heavily. The Nominating and Governance Committee does, however, believe that all members of the Board should have the highest character and integrity, a reputation for working constructively with others, sufficient time to devote to Board matters and no conflict of interest that would materially interfere with performance as a director.

The Nominating and Governance Committee considers candidates for the Board from any reasonable source, including shareholder recommendations, and does not evaluate candidates differently based on who has made the recommendation. Pursuant to its written Charter, the Nominating and Governance Committee has the authority to retain consultants and search firms to assist in the process of identifying and evaluating candidates and to approve the fees and other retention terms for any such consultant or search firm. No such consultant or search firm has been used to date.

Shareholders may recommend director candidates for consideration by the Nominating and Governance Committee by giving written notice of the recommendation to the Secretary of the Company at 3 Easton Oval, Suite 500, Columbus, Ohio 43219. The recommendation must include the candidate's name, age, business address, residence address and principal occupation or employment, as well as a description of the candidate's qualifications, attributes and other skills. A written statement from the candidate consenting to serve as a director, if so nominated and elected, must accompany any such recommendation.

The Board, taking into account the recommendations of the Nominating and Governance Committee, selects the nominees for election as directors at the annual meeting of shareholders. In addition, shareholders who wish to nominate one or more persons for election as a director at the annual meeting of shareholders may do so provided they comply with the nomination procedures set forth in the Regulations. To nominate one or more persons for election as a director at an annual meeting, the Regulations require that a shareholder give written notice of such shareholder's intent to make such nomination or nominations by personal delivery or by United States Mail, postage pre-paid, to the Secretary of the Company not less than 60 days nor more than 90 days prior to the first anniversary of the date of the preceding year's annual meeting (or, if the date of the annual meeting is changed by more than 30 days from the anniversary date of the preceding year's annual meeting, or in the case of a special meeting, within seven days after the date the Company mails or otherwise gives notice of the date of the meeting). Such notice shall set forth: (1) the name and address of the person or persons to be nominated; (2) a representation that the shareholder is a holder of record entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (3) a description of



all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (4) such other information regarding each nominee proposed by the shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had the nominee been nominated, or intended to be nominated, by the Board; and (5) the consent of each nominee to serve as a director of the Company, if so elected. The Chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

**Proposal No. 2****INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2007. Deloitte & Touche LLP served as the Company's independent registered public accounting firm for fiscal year 2006. Although action by the shareholders in this matter is not required, the Audit Committee believes that shareholder ratification of its appointment of Deloitte & Touche LLP is appropriate because of the independent registered public accounting firm's role in reviewing the quality and integrity of the Company's internal control over financial reporting. A representative of Deloitte & Touche LLP will be present at the Annual Meeting. The representative will have an opportunity to make a statement, if he or she desires, and will be available to respond to appropriate questions.

**Vote Required**

The affirmative vote of holders of a majority of the outstanding Common Shares entitled to vote at the Annual Meeting is required to ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal year 2007. Abstentions and broker non-votes (if any) will be counted for purposes of establishing a quorum and will have the same effect as a vote against the proposal. In the event that the shareholders do not ratify the appointment of Deloitte & Touche LLP, the Audit Committee will reconsider the appointment, but may decide to maintain its appointment of Deloitte & Touche LLP.

**Your Board of Directors unanimously recommends a vote FOR the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for fiscal year 2007.**

**EXECUTIVE OFFICERS AND CERTAIN KEY EMPLOYEES**

The executive officers of the Company are Robert H. Schottenstein, Phillip G. Creek and J. Thomas Mason. Biographical information with respect to the executive officers is set forth on pages 3 and 4 of this Proxy Statement. The executive officers are elected by the Board and serve at the pleasure of the Board. The following table sets forth biographical information with respect to certain key employees of the Company:

<b>Name</b>	<b>Age</b>	<b>Current Positions with Company/Business Experience</b>	<b>Year Started</b>
Dennis S. Bailey	60	Region President of our Midwest Region since October 2006. Prior to October 2006, Mr. Bailey was President of Tadian Homes and Michigan Division President of Neumann Homes.	2006
Dana A. Bennett	58	Region President of our Florida North Region since May 2006. Prior to 2006, Mr. Bennett was Region President of our Orlando Region, Area President of our Orlando Division and Division President of our Orlando Division.	1999
Thomas P. Dunn	49	Region President of our Mid-Atlantic Region since June 2006. Prior to 2006, Mr. Dunn was Area President of our Washington, D.C. Division and Division President of our Washington D.C. Division.	1997

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Paul S. Rosen	56	Chief Executive Officer of M/I Financial since February 1994, President of M/I Financial since August 1995 and Senior Vice President of the Company since February 1999.	1993
Fred J. Sikorski	52	Region President of our Florida South Region since June 2006. Prior to 2006, Mr. Sikorski was Region President of our Tampa Region, Area President of our Tampa Division and Division President of our Tampa Division.	1998



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**PRINCIPAL SHAREHOLDERS**

The following table sets forth, as of December 31, 2006, the number and percentage of the outstanding Common Shares beneficially owned by each person who, to the knowledge of the Company, beneficially owns more than five percent of the outstanding Common Shares, by each of the Company's directors, nominees for director and Named Executive Officers (as defined below), and by all of the current directors and executive officers of the Company as a group. Except as set forth in the footnotes to the table, the shareholders have sole voting and dispositive power with respect to such Common Shares:

Name of Beneficial Owner	Number of Common Shares <sup>(1)</sup>	Percent of Class
Joseph A. Alutto, Ph.D.	4,752 <sup>(2)</sup>	*
Friedrich K. M. Böhm	26,551 <sup>(2)</sup>	*
Yvette McGee Brown	1,000 <sup>(2)</sup>	*
Phillip G. Creek	55,236 <sup>(2)</sup>	*
Thomas D. Igoe	16,607 <sup>(2)</sup>	*
J. Thomas Mason	15,103 <sup>(2)</sup>	
Jeffrey H. Miro	28,810 <sup>(2)</sup>	*
Robert H. Schottenstein	869,617 <sup>(2)(3)</sup>	6.2%
Norman L. Traeger	34,141 <sup>(2)</sup>	*
All current directors and executive officers as a group (9 persons)	1,051,819	7.4%
FMR Corp.	1,730,000 <sup>(4)</sup>	12.5%
82 Devonshire Street		
Boston, MA 02109		
Franklin Resources, Inc.	1,487,500 <sup>(5)</sup>	10.7%
One Franklin Parkway		
San Mateo, CA 94403		
Dimensional Fund Advisors LP	1,109,851 <sup>(6)</sup>	8.0%
1299 Ocean Avenue		
Santa Monica, CA 90401		
Steven Schottenstein	923,812 <sup>(7)</sup>	6.6%
272 North Drexel Avenue		
Bexley, OH 43209		
Jeffrey L. Gendell	891,300 <sup>(8)</sup>	6.4%
55 Railroad Avenue		
Greenwich, CT 06830		
Basswood Capital Management, LLC	847,330 <sup>(9)</sup>	6.1%
645 Madison Avenue, 10 <sup>th</sup> Floor		
New York, NY 10022		

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Perry Corp.	766,000 <sup>(10)</sup>	5.5%
767 Fifth Avenue		
New York, NY 10153		
Barclays Global Investors, NA.	729,624 <sup>(11)</sup>	5.3%
45 Fremont Street		
San Francisco, CA 94105		

\* Less than one percent of the outstanding Common Shares.

(1) The amounts shown include 2,551, 16,110, 4,410, 1,964, 1,203, 13,709, 6,217 and 14,032 Common Shares held by Joseph A. Alutto, Ph.D., Friedrich K.M. Böhm, Phillip G. Creek, Thomas D. Igoe, J. Thomas Mason, Jeffrey H. Miro, Robert H. Schottenstein and Norman L. Traeger, respectively, under the terms of the Company's Executives' Deferred Compensation Plan or the Company's Director Deferred Compensation Plan, as applicable. Under the terms of the Executives' Deferred Compensation Plan and the

Director Deferred Compensation Plan, a participant does not beneficially own, or have voting or dispositive power with respect to, Common Shares acquired under the plan, until such Common Shares are distributed pursuant to the terms of the plan.

- (2) The amounts shown include 4,300, 47,400, 6,300, 13,900, 9,100, 103,000 and 9,100 Common Shares for Friedrich K.M. Böhm, Phillip G. Creek, Thomas D. Igoe, J. Thomas Mason, Jeffrey H. Miro, Robert H. Schottenstein and Norman L. Traeger, respectively, which underlie currently exercisable stock options. The amounts shown also include 2,001 Common Shares held by each of Joseph A. Alutto, Ph.D., Friedrich K.M. Böhm, Thomas D. Igoe, Jeffrey H. Miro and Norman L. Traeger and 1,000 Common Shares held by Yvette McGee Brown in the form of stock units issued pursuant to the Company's 2006 Director Equity Incentive Plan. Under the terms of the 2006 Director Equity Incentive Plan, a participant does not beneficially own, or have voting or dispositive power with respect to, Common Shares acquired under the plan in the form of stock units, until such Common Shares are distributed pursuant to the terms of the plan.
- (3) 760,400 of these Common Shares are held of record by IES Family Holdings No. 2, LLC, an Ohio limited liability company. Robert H. Schottenstein is the sole manager of IES Family Holdings No. 2, LLC and has sole voting and dispositive power with respect to such 760,400 Common Shares.
- (4) Based on information set forth in a Schedule 13G/A dated February 14, 2007, which was filed on behalf of FMR Corp., a parent holding company, Fidelity Management & Research Company ( Fidelity ), a wholly-owned subsidiary of FMR Corp. and an investment advisor, Edward C. Johnson 3d, Chairman of FMR Corp., and Fidelity Low Priced Stock Fund (the Fund ), an investment company. Fidelity is the beneficial owner of such Common Shares as a result of acting as investment advisor to various investment companies (including the Fund, which holds such Common Shares). Mr. Johnson and FMR Corp., through its control of Fidelity, and the Fund each has sole dispositive power with respect to such Common Shares. The Fund has sole voting power with respect to such Common Shares, and Fidelity carries out the voting of the Common Shares held by the Fund under written guidelines established by the Fund's Board of Trustees.
- (5) Based on information set forth in a Schedule 13G/A dated March 7, 2007, which was filed on behalf of Franklin Resources, Inc. ( FRI ), Franklin Advisory Services, LLC ( FAS ), a subsidiary of FRI, and Charles B. Johnson and Rupert H. Johnson, Jr., the principal shareholders of FRI. FAS has sole voting power with respect to 1,468,600 of such Common Shares and sole dispositive power with respect to all of such Common Shares.
- (6) Based on information set forth in a Schedule 13G/A dated February 1, 2007, which was filed on behalf of Dimensional Fund Advisors LP (formerly Dimensional Fund Advisors Inc.), who has sole voting and dispositive power with respect to such Common Shares.
- (7) Based on information set forth in a Schedule 13G/A dated March 5, 2007, which was filed by Steven Schottenstein. 873,800 of these Common Shares are held of record by IES Family Holdings No. 4, LLC, an Ohio limited liability company. Steven Schottenstein, the brother of Robert H. Schottenstein, is the sole manager of IES Family Holdings No. 4, LLC and has sol