

M I HOMES INC
Form DEF 14A
April 03, 2013

3 Easton Oval
Columbus, Ohio 43219

April 3, 2013

To Our Shareholders:

The 2013 Annual Meeting of Shareholders (the "Annual Meeting") of M/I Homes, Inc. (the "Company") will be held at 9:00 a.m., local time, on Tuesday, May 7, 2013, at the offices of the Company, 3 Easton Oval, Columbus, Ohio. Holders of record of our common shares as of March 13, 2013 are entitled to notice of, and to vote at, the Annual Meeting.

Enclosed is a copy of our 2012 Annual Report to Shareholders, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, a notice of the Annual Meeting and a proxy statement and proxy card for the Annual Meeting. It is important that your common shares be represented at the Annual Meeting. Please record your vote on the enclosed 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 Annual 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 YOUR PROXY
ELECTRONICALLY VIA THE INTERNET OR TELEPHONICALLY.

3 Easton Oval
Columbus, Ohio 43219

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held May 7, 2013

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

Notice is hereby given that the 2013 Annual Meeting of Shareholders (the "Annual Meeting") of M/I Homes, Inc. (the "Company") will be held at 9:00 a.m., local time, on Tuesday, May 7, 2013, at the offices of the Company, 3 Easton Oval, Columbus, Ohio, for the following purposes:

- 1) To elect four directors to serve until the Company's 2016 Annual Meeting of Shareholders and until their successors have been duly elected and qualified;
- 2) To consider and vote upon a non-binding, advisory resolution to approve the compensation of the Company's named executive officers;
- 3) 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 2013 fiscal year; and
- 4) To transact such other business as may properly be brought before the Annual Meeting or any adjournment thereof.

Only holders of record of our common shares at the close of business on March 13, 2013 will be entitled to receive 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 at the Annual Meeting, 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.

By Order of the Board of Directors,

/s/ J. Thomas Mason
J. Thomas Mason,
Secretary
April 3, 2013

THE COMPANY'S NOTICE OF ANNUAL MEETING OF SHAREHOLDERS, PROXY STATEMENT, FORM OF PROXY AND 2012 ANNUAL REPORT TO SHAREHOLDERS ARE AVAILABLE ONLINE AT WWW.EDOCUMENTVIEW.COM/MHO.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 7, 2013.

The Company's Notice of Annual Meeting of Shareholders, Proxy Statement, form of proxy and 2012 Annual Report to Shareholders are available online at www.edocumentview.com/MHO.

For information on how to obtain directions to the Annual Meeting and vote in person, please contact our Investor Relations department at (614) 418-8225 or investorrelations@mihomes.com.

ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS

Instead of receiving paper copies of our future proxy statements, proxy cards and annual reports to shareholders in the mail, shareholders may elect to receive such documents electronically via e-mail or the Internet. Receiving your proxy materials electronically saves us the cost of printing and mailing documents to you and reduces the environmental impact of our shareholder communications. Shareholders may sign up to receive or access future shareholder communications electronically as follows:

Shareholders of Record. If you are a registered shareholder, you may consent to electronic delivery when voting for the Annual Meeting on the Internet at www.envisionreports.com/MHO.

Beneficial Holders. If your common shares are not registered in your name, check the information provided to you by your bank, broker or other nominee or contact your bank, broker or other nominee for information on electronic delivery service.



3 Easton Oval
Columbus, Ohio 43219

PROXY STATEMENT
for the
2013 ANNUAL MEETING OF SHAREHOLDERS

To Be Held May 7, 2013

GENERAL

Time, Place and Purposes of Meeting

The 2013 Annual Meeting of Shareholders of M/I Homes, Inc. (the "Annual Meeting") will be held on Tuesday, May 7, 2013 at 9:00 a.m., local 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," "our" or "us" refer to M/I Homes, Inc.

Solicitation of Proxies

This Proxy Statement and the accompanying form of proxy are first being sent on or about April 3, 2013 to holders of the Company's common shares, par value \$.01 per share (the "Common Shares"), as of the close of business on March 13, 2013 (the "Record Date"). 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 2012 Annual Report to Shareholders (the "2012 Annual Report"), which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (the "2012 Form 10-K"), is being mailed together with this Proxy Statement.

Outstanding Shares and Quorum Requirements

There were 24,173,111 Common Shares issued and outstanding on the Record Date. The Common Shares represent our only class of voting securities entitled to vote at the Annual Meeting. Each Common Share outstanding on the Record Date entitles the holder thereof 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 at or prior to the Annual Meeting or represented by properly authenticated voting instructions timely recorded electronically via the Internet or telephonically will be counted toward the establishment of a quorum for the Annual Meeting even though they are marked "Abstain" (on any or all applicable proposals) or "Withheld" (from any or all director nominees) or are not marked at all.

Voting by Proxy

A proxy card for use at the Annual Meeting is enclosed. You may ensure your representation at the Annual Meeting by completing, signing, dating and promptly returning to the Company, at or prior to the Annual Meeting, the enclosed proxy card in the envelope provided. Alternatively, shareholders holding Common Shares registered directly with our 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 1:00 a.m., local time, on May 7, 2013. There

are no fees or charges associated with voting electronically via the Internet or telephonically, other than fees or charges, if any, that shareholders pay for access to the Internet and for telephone service. A record holder of Common Shares may also attend the Annual Meeting and vote in person. Beneficial owners of Common Shares held in "street name" by a broker, bank or other nominee may also be eligible to vote their proxies electronically via the Internet or telephonically. Beneficial owners should review the information provided to them by their broker, bank or other nominee. This information will set forth the procedures to be followed in instructing their broker, bank or other nominee how to vote the Common Shares held in "street name" and how to revoke previously given instructions. Beneficial owners who desire to attend the Annual Meeting and vote in person must provide a "legal proxy" from their broker, bank or other nominee in order to vote in person at the Annual Meeting.

Broker/dealers who hold Common Shares for beneficial owners in "street name" may, under the applicable rules of the exchange and other self-regulatory organizations of which they are members, sign and submit proxies for such Common Shares and may vote such Common Shares on "routine" matters, such as the ratification of the appointment of auditors, but broker/dealers may not vote such Common Shares on "non-routine" matters, such as the election of directors and the advisory vote on executive compensation, 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."

Revocation of Proxies

A record holder may revoke his or her proxy at any time before it is exercised at the Annual Meeting by (1) filing a written notice with the Company revoking the proxy, (2) duly executing and returning to the Company a proxy card bearing a later date, (3) casting a new vote electronically via the Internet or telephonically or (4) attending the Annual Meeting and voting in person. Attending the Annual Meeting without voting in person will not revoke a previously delivered proxy. Beneficial owners of Common Shares held in "street name" should follow the instructions provided by their broker, bank or other nominee to revoke a previously delivered proxy. Subject to such revocation and except as otherwise stated in this Proxy Statement or in the form of proxy, all proxies properly executed that are received prior to, or at the time of, the Annual Meeting and all proxies properly voted electronically via the Internet or telephonically before 1:00 a.m., local time, on May 7, 2013, 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 election of the director nominees identified in Proposal No. 1, FOR the approval of the compensation of the Company's named executive officers as disclosed in this Proxy Statement (Proposal No. 2), FOR the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2013 (Proposal No. 3) 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.

Proposal No. 1

ELECTION OF DIRECTORS

In accordance with the Company's Amended and Restated Regulations (as amended, the "Regulations"), the Board is comprised of ten directors, divided into three classes with staggered three-year terms. A class of four 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 four nominees receiving the greatest number of votes cast will be elected to serve until the Company's 2016 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) and broker non-votes will be counted for purposes of establishing a quorum, but will have no effect on the election of such nominee(s).

On May 8, 2012, the Board (1) increased the number of directors that comprise the Board from nine to ten directors in accordance with the Regulations and (2) upon the recommendation of the Board's Nominating and Governance Committee, appointed William H. Carter to fill the vacancy created by such increase. Mr. Carter's term expires at the Annual Meeting. On December 27, 2012, the Board, upon the recommendation of the Nominating and Governance Committee, appointed Michael P. Glimcher to the Board, effective January 1, 2013, to fill the vacancy created by the retirement of Jeffrey H. Miro (who retired after serving as a director for nearly 15 years). Mr. Glimcher's term expires at the Annual Meeting. Each of Mr. Carter and Mr. Glimcher was recommended to the Nominating and Governance Committee by Robert H. Schottenstein, the Company's Chairman, Chief Executive Officer and President. The Nominating and Governance Committee, after reviewing each of Mr. Carter's and Mr. Glimcher's qualifications and the Board's then-current needs and determining their independence under the applicable rules ("NYSE Rules") of the New York Stock Exchange (the "NYSE"), recommended that each of Mr. Carter and Mr. Glimcher be appointed to the Board.

Unless otherwise specified in your proxy, the Common Shares voted pursuant to your proxy will be voted FOR the election of the director nominees identified below. The Board has no reason to believe that any nominee will not serve as a director if elected at the Annual Meeting. If any nominee becomes unable to serve or for good cause will not 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(s) 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
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Director Nominees - Term to Expire at 2016 Annual Meeting of Shareholders

Friedrich K.M. Böhm*	71	Senior Partner and Chairman of White Oak Partners, a private equity firm, since 2008. Chairman Emeritus of NBBJ, an international architectural firm, from 2006 to 2008. 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. and The Daimler Group and was formerly a director of Huntington National Bank and NBBJ.	1994
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Committee Memberships: Audit; Compensation (Chairman); Executive

For nearly 20 years, Mr. Böhm served in an executive role with NBBJ, a leading international architectural firm that has designed communities, buildings, products, environments and digital experiences, including designing over 300,000 housing units. Mr. Böhm provides the Board with extensive and broad-based operating, design, strategic planning and management experience.

William H. Carter*	59	Executive Vice President, Chief Financial Officer and a director of Momentive Performance Holdings LLC, an international specialty chemicals and materials company ("Momentive"), and its wholly-owned subsidiary, Momentive Performance Materials Inc., since October 2010. He has also served as Executive Vice President and Chief Financial Officer of Momentive Specialty Chemicals Inc. (a wholly-owned subsidiary of Momentive formerly known as Hexion Specialty Chemicals, Inc.) since April 1995, and as a director of Momentive Specialty Chemicals Inc. since November 2001. Prior to joining Momentive Specialty Chemicals Inc., Mr. Carter was a partner with Price Waterhouse LLP, which he joined in 1975. He currently serves on the board of trustees of the James Cancer Foundation Board.	2012
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Committee Membership: Audit (Chairman)

Mr. Carter has more than 35 years of finance and accounting experience, including having served as a chief financial officer of a public-reporting company and a partner for an independent registered public accounting firm. Through this extensive experience, he provides the Board with valuable expertise in numerous financial aspects, including accounting, tax, treasury, capital markets and strategic planning.

Michael P. Glimcher*	45	Chairman of the Board of Glimcher Realty Trust, a publicly-traded real estate investment trust that owns, manages, acquires and develops shopping malls, since September 2007 and Chief Executive Officer of Glimcher Realty Trust since January 2005. Prior to holding his current positions, Mr. Glimcher served in numerous management positions since joining Glimcher Realty Trust in 1991. Mr. Glimcher serves on the board of trustees of the National Association of Real Estate	2013
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Investments Trusts, Arizona State University and the Wexner Center for the Arts.

Committee Membership: None

As the Chairman and Chief Executive Officer of a publicly-traded real estate investment trust with real estate projects across the United States, Mr. Glimcher brings the Board management, public company, risk management, corporate governance and real estate development and construction experience.

Name	Age	Current Position(s) with the Company and/or Business Experience	Director Since
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Director Nominees - Term to Expire at 2016 Annual Meeting of Shareholders - Continued

Robert H. Schottenstein	60	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 Chair of the Board of Trustees of The Ohio State University ("OSU") and was formerly a director of Huntington Bancshares Incorporated.	1993
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Committee Membership: Executive (Chairman)

Mr. Schottenstein's day-to-day leadership as Chief Executive Officer of the Company, more than 22 years of service with the Company in various roles spanning production, sales and land acquisition/disposition and development, family relationship (he is the son of the founder of the Company) and previous experience as a real estate attorney provides the Board with extensive knowledge of our operations, business, industry and history.

Name	Age	Current Position(s) with the Company and/or Business Experience	Director Since
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Directors - Term to Expire at 2014 Annual Meeting of Shareholders

Joseph A. Alutto, Ph.D.	71	Executive Vice President and Provost of OSU since October 2007. Dr. Alutto served as the Interim President and Provost of OSU from July 2007 until October 2007 and as the Dean and John W. Berry Sr. Chair in Business of the Max M. Fisher College of Business at OSU from 1991 until 2007. Dr. Alutto currently serves as a director of The Children's Place Retail Stores, Inc. and was formerly a director of Nationwide Financial Services, Inc. and United Retail, Inc.	2005
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Committee Membership: None

Based on his nearly 22 years of service at OSU, one of the largest universities in the nation, including his current service as Executive Vice President and Provost and 16 years of service as Dean of the College of Business, Dr. Alutto brings business management, strategic planning, finance and human resources expertise to the Board. In addition, having served as a director of multiple public companies, Dr. Alutto provides the Board with knowledge of a broad range of corporate and board functions.

Phillip G. Creek	60	Chief Financial Officer of the Company since September 2000, Executive Vice President of the Company since February 2008 and Chief Financial Officer of M/I Financial Corp., a wholly-owned subsidiary of the Company ("M/I Financial"), since September 2000. Mr. Creek served as Senior Vice President of the Company from September 1993 until February 2008, as Treasurer of the Company from January 1993 until February 2005 and again from December 2009 until May 2010, as Treasurer of M/I Financial Corp. from September 2000 until May 2010 and as Senior Vice President of M/I Financial from February 1997 until September 2000.	2002
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Committee Membership: Executive

Mr. Creek has served in various management positions with the Company since 1993 and has worked in the homebuilding industry since 1978. Mr. Creek has extensive experience in finance, accounting, strategic planning, homebuilding operations, investor relations and capital markets and provides the Board with valuable knowledge of the homebuilding industry and the Company's operations.

Name	Age	Current Position(s) with the Company and/or Business Experience	Director Since
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Directors - Term to Expire at 2014 Annual Meeting of Shareholders - Continued

Norman L. Traeger*	73	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. Mr. Traeger currently serves as a director of The Discovery Group.	1997
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Committee Memberships: Audit; Compensation; Nominating and Governance (Chairman)

Mr. Traeger's diverse background as a business owner and operator, venture capitalist and real estate developer provides the Board with significant experience in sales, marketing, strategic planning and capital formation, as well as entrepreneurial and operational expertise.

Name	Age	Current Position(s) with the Company and/or Business Experience	Director Since
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Directors - Term to Expire at 2015 Annual Meeting of Shareholders

Thomas D. Igoe*	81	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.	2000
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Committee Memberships: Audit; Nominating and Governance

Mr. Igoe has more than 35 years of commercial banking experience. 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. Mr. Igoe provides the Board with valuable financial knowledge and risk assessment expertise.

J. Thomas Mason	55	Secretary of the Company since July 2002, Executive Vice President of the Company since February 2008 and Chief Legal Officer of the Company since November 2011. Mr. Mason served as Senior Vice President of the Company from July 2002 until February 2008 and as General Counsel of the Company from July 2002 until November 2011. Prior to July 2002, Mr. Mason was a partner with the law firm of Vorys, Sater, Seymour and Pease LLP in Columbus, Ohio.	2006
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Committee Membership: None

Mr. Mason has practiced law for over 29 years, including 18 years in private practice, with an emphasis on land acquisition/disposition and development. As Chief Legal Officer and Secretary of the Company, Mr. Mason is actively involved in the Company's risk management, land acquisition/disposition and development and human resources functions. Mr. Mason provides the Board with insight into legal issues affecting the Company as well as valuable real estate expertise and detailed knowledge of many areas of our business.

Sharen Jester Turney* 56

President and Chief Executive Officer of Victoria's Secret, a division of Limited Brands, Inc., a publicly-traded national retailer, since 2006. From 2000 to 2006, Ms. Turney served as President and Chief Executive Officer of Victoria's Secret Direct, the brand's catalogue and e-commerce arm. Prior to joining Victoria's Secret, Ms. Turney served in various executive roles with Neiman Marcus Group, Inc., a publicly-traded national retailer. 2011

Committee Memberships: Nominating and Governance;
Compensation

Ms. Turney's service as an executive officer of publicly-traded companies provides the Board with diverse and valuable experience in numerous areas, including business management, strategic planning, retailing, finance, marketing, understanding the customer, brand management and sourcing.

* Independent director under NYSE Rules.

INFORMATION REGARDING THE BOARD, ITS COMMITTEES AND CORPORATE GOVERNANCE

Board Organization and Committees

The Board currently has ten members. The Board has determined that six of the ten directors meet the criteria for independence required by 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 the six independent directors (Friedrich K.M. Böhm, William H. Carter, Michael P. Glimcher, Thomas D. Igoe, Norman L. Traeger and Sharen Jester Turney) and Jeffrey H. Miro, who served as a director during 2012, the Board determined that they meet 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 Joseph A. Alutto, Ph.D., who serves as the Executive Vice President and Provost of 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 current relationship with OSU, including Robert H. Schottenstein currently serving as the Chair of the OSU Board of Trustees and the periodic contributions made to OSU by The M/I Homes Foundation, a wholly-owned subsidiary of the Company.

Pursuant to the Company's Corporate Governance Guidelines, each independent director is required to notify the Chairman of the 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 2012, the Board held four meetings, and each director attended at least 75% of the total number of meetings of the Board and the committees on which he or she served (in each case, held during the period such director served).

During 2012, the Board had four standing committees: the Audit Committee; the Compensation Committee; the Nominating and Governance Committee; and the Executive Committee. In accordance with the applicable rules of the Securities and Exchange Commission (the "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 www.mihomes.com under the "Investors" heading.

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 and discussing the overall scope of the independent registered public accounting firm's annual audit plans, including staffing, professional services, audit procedures and fees; (2) reviewing and discussing the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements; (3) reviewing and discussing the Company's quarterly financial statements and annual audited financial statements and related disclosures; (4) discussing the

assessments of the adequacy and effectiveness of the Company's systems of disclosure controls and procedures and internal control over financial reporting; (5) discussing the guidelines and policies used by management to govern the process by which risk assessment and risk management is undertaken, paying particular attention to financial risk exposures; (6) monitoring and reporting to the Board concerning the independence, qualifications and performance of the independent registered public accounting firm; (7) reviewing and pre-approving all audit services and permitted non-audit services to be performed for the Company or its subsidiaries; (8) reviewing the internal auditors' annual audit plans and reviewing reports concerning the results of internal audits; (9) reviewing and discussing with the internal auditors their assessments of the Company's risk management processes and system of internal control; (10) establishing procedures for the confidential submission, receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters; (11) engaging the independent registered public accounting firm; and (12) reviewing any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the independent registered public accounting firm or the performance of the internal audit function.

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, William H. Carter, qualifies as an audit committee financial expert as defined by applicable SEC Rules. 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 four times during 2012. In addition, the Chairman of the Audit Committee, on behalf of the Audit Committee, met seven times with the Company's senior financial management, including the internal auditors, and the Company's independent registered public accounting firm, and discussed the Company's interim and fiscal year financial information prior to public release. The Audit Committee Chairman provided a telephonic report regarding each of these meetings to the other members of the Audit Committee. The Audit Committee's report relating to the 2012 fiscal year appears on page 41 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's primary 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 Compensation Committee 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 amount and form of compensation for the executive officers; (3) reviewing and making recommendations to the Board regarding the amount and form of non-employee director compensation; (4) developing and administering plans to qualify the compensation paid to the executive officers for tax deductibility to the extent feasible; (5) reviewing, making recommendations to the Board concerning and administering the Company's incentive and equity-based compensation plans; (6) reviewing and discussing with the Board the Company's organizational structure and plans for management succession; (7) reviewing and discussing with management 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 (8) preparing a report on executive officer compensation 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.

The Compensation Committee met six times during 2012. The Compensation Committee's report relating to the 2012 fiscal year appears on page 29 of this Proxy Statement. See "Compensation Discussion and Analysis" beginning on page 18 of this Proxy Statement for more information concerning the activities of the Compensation Committee with respect to the 2012 fiscal year, including the Compensation Committee's engagement of Pearl Meyer & Partners, an independent outside consulting firm, to assist the Compensation Committee in the design of the Company's 2012 executive compensation program.

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 2012.

Executive Committee. When the Board is not in session, the Executive Committee may exercise those powers and carry out those duties of the Board which may lawfully be delegated by the Board. During 2012, the Executive Committee did not hold any formal meetings; however, the committee approved five actions by unanimous written consent.

Corporate Governance Guidelines

In accordance with NYSE Rules, the Board operates pursuant to written Corporate Governance Guidelines 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 www.mihomes.com under the "Investors" heading.

Review, Approval or Ratification of Related Person Transactions

All Related Person Transactions (as defined below) are subject to our written Related Person Transaction Policy. Under this policy, the Audit Committee is responsible for reviewing and approving (or ratifying) all Related Person Transactions. In carrying out its responsibilities, the Audit Committee considers all relevant facts and circumstances relating to a Related Person Transaction and either approves (or ratifies) or disapproves the Related Person 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 from third parties; and
- the overall fairness of the transaction.

The Audit Committee will approve (or ratify) a Related Person 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 Person Transaction with respect to which he or she or any of his or her immediate family members is a Related Person. The Audit Committee may, from time to time, delegate its duties under the Related Person Transaction Policy to the Audit Committee Chairman.

To the extent practicable, all Related Person Transactions will be approved in advance. If advance approval is not practicable, or if a Related Person Transaction that has not been pre-approved is brought to the attention of the Audit Committee, 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 Person Transactions of which they have knowledge to the attention of the Audit Committee Chairman.

Under our policy, a "Related Person Transaction" is any transaction, arrangement or relationship in which the Company or any of our subsidiaries was or is to be a participant and any Related Person had or will have 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.

During 2012 and the year-to-date period in 2013, all Related Person Transactions have been approved in accordance with our Related Person Transaction Policy (none of which require disclosure under Item 404(a) of Regulation S-K).

Attendance at Annual Shareholder Meetings

The Company does not have a formal policy with respect to attendance by our directors at our annual meetings of shareholders. However, directors are encouraged to attend, and the Board and its committees meet immediately following, each annual meeting of shareholders. All ten directors attended the 2012 Annual Meeting of Shareholders.

Code of Business Conduct and Ethics

All of the Company's directors, officers and employees (including our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions) must adhere to the Company's Code of Business Conduct and Ethics, which complies with the applicable SEC Rules and NYSE Rules and is intended to reinforce our commitment to maintaining the highest ethical standards in operating our business. The Code of Business Conduct and Ethics is available on the Company's website at www.mihomes.com under the "Investors" heading or by writing to M/I Homes, Inc., 3 Easton Oval, Suite 500, Columbus, Ohio 43219, c/o Chief Legal Officer and Secretary. We intend to satisfy the requirements under Item 5.05 of Form 8-K regarding disclosure of amendments to, or waivers from, provisions of the Code of Business Conduct and Ethics that relate to elements listed under Item 406(b) of Regulation S-K and apply to our principal executive officer, principal

financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website.

Executive Sessions

In accordance with our Corporate Governance Guidelines and NYSE Rules, our non-management directors meet (without management or inside directors 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 2012, 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 by which 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 M/I Homes, Inc., 3 Easton Oval, Suite 500, Columbus, Ohio 43219, c/o Secretary. 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.

Board Leadership Structure

The Company does not have a fixed policy regarding whether the offices of Chairman of the Board and Chief Executive Officer should be vested in the same person or two different people. The Board has determined that the most effective leadership structure for us at the present time is for the Chief Executive Officer to also serve as the Chairman, a structure that we believe has served us well over the years. The Board believes that our Chief Executive Officer is best qualified to serve as Chairman because, as the officer ultimately responsible for our operations and performance, he is intimately familiar with our business, operations and industry and uniquely positioned to effectively identify and lead discussions concerning our strategic priorities. The Board further believes that the combined role of Chairman and Chief Executive Officer promotes the development and execution of our business strategy and facilitates information flow between management and the Board, which are essential to effective governance. In addition, the Board believes that our current Chief Executive Officer's family relationship (he is the son of the founder of the Company), previous experience as a real estate attorney and more than 22 years of service with the Company in various roles spanning production, sales and land acquisition/disposition and development further qualify him to serve as Chairman. The Board periodically reviews our leadership structure and retains the authority to modify the structure, as and when appropriate, to address our then current circumstances. The Board has elected not to appoint a separate lead director at the present time. However, our non-management directors meet in executive session at every regularly scheduled Board meeting without management or the inside directors present.

Board's Role in Risk Oversight

Management is responsible for identifying and managing risk and bringing to the Board's (or the applicable committee's) attention the most material risks that we face. While management reviews risk on a company-wide basis, it focuses on risks in three primary areas: (1) financial risk; (2) legal, compliance and regulatory risk; and (3) operational and strategic risk. The Board has ultimate oversight responsibility for our risk-management program and carries out this responsibility directly and through its committees. The full Board directly oversees and reviews operational and strategic risk and receives regular reports from the committee chairs regarding risk oversight in the

committees' respective areas of responsibility. The Audit Committee oversees and reviews financial risk (including our internal controls) and legal, compliance and regulatory risk. In carrying out their oversight responsibilities, the full Board and the Audit Committee receive regular reports from the appropriate members of management regarding the material risks that have been identified, including how those risks are being managed and strategies for mitigating those risks. The Audit Committee also receives an annual risk assessment report from our internal auditors and, in accordance with its charter, discusses with management the guidelines and policies that management uses to govern the process by which risk assessment and management is undertaken, with particular attention to financial risks.

In connection with its oversight of our executive compensation program, the Compensation Committee reviews and evaluates our compensation policies and practices relating to our employees (as well as our executive officers). During its review and evaluation, the Compensation Committee focuses on any incentives that may create, and any factors that may reduce the likelihood of, excessive risk taking by our employees to determine whether our compensation policies and practices present a

material risk to us. Based on this review, the Compensation Committee has concluded that our compensation policies and practices for our employees (including our executive officers) do not create risks that are reasonably likely to have a material adverse effect on us.

The Nominating and Governance Committee oversees risks related to the composition and operation of our Board, including director independence and potential conflicts of interest.

Nomination of Directors

As described above, the Company has a standing Nominating and Governance Committee that is responsible 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. The Nominating and Governance Committee does not have a formal policy with regard to the consideration of diversity in identifying director nominees. However, the Nominating and Governance Committee considers diversity, including diversity of gender, race and ethnicity, education, professional experience, viewpoints, backgrounds and skills. The Nominating and Governance Committee does not assign a specific weight to particular factors and, depending upon the current needs of the Board, 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 M/I Homes, Inc., 3 Easton Oval, Suite 500, Columbus, Ohio 43219, c/o Secretary. 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 Company's Regulations. To nominate one or more persons for election as a director at an annual meeting, the Company's 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 shareholder intending to make the nomination and 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 procedures.

Proposal No. 2

ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are asking our shareholders to approve a non-binding, advisory resolution on the compensation of our executive officers identified in the Summary Compensation Table on page 30 of this Proxy Statement (the “Named Executive Officers”) as disclosed in this Proxy Statement (commonly referred to as a “say-on-pay” vote). Our board of directors has adopted a policy providing for an annual “say-on-pay” vote. In accordance with this policy and Section 14A of the Exchange Act, and as a matter of good corporate governance, we are asking our shareholders to vote “FOR” the following resolution:

RESOLVED, that the shareholders approve, on an advisory basis, the compensation of the Company's Named Executive Officers as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables and all related disclosures.

We are committed to responsible executive compensation practices. Our executive compensation program seeks to promote four primary objectives: (1) attract and retain exceptional executive officers; (2) motivate our executive officers; (3) align the interests of our executive officers and our shareholders; and (4) reward performance. To achieve these objectives, we use a combination of base salary, annual cash performance bonus, long-term equity-based compensation and limited benefits and perquisites. Our executive compensation program is intended to be competitive with our peer group while concentrating a significant portion of each Named Executive Officer's potential total compensation in variable compensation that is tied to (1) our achievement of measurable performance goals and/or (2) the long-term appreciation in the price of our Common Shares. We believe this concentration motivates and engages our Named Executive Officers, creates a strong link between pay and performance and aligns the interests of our Named Executive Officers and our shareholders.

For 2012, our primary goal was profitability. Although we had made meaningful progress toward returning to profitability in 2010 and 2011, we had not yet achieved this goal. As a result, in 2012, the Compensation Committee sought to directly align our Named Executive Officers' compensation with our company goal of returning to profitability. The “Compensation Discussion and Analysis” beginning on page 18 of this Proxy Statement describes in detail our executive compensation program and the decisions made by the Compensation Committee in 2012 in light of this goal. We urge shareholders to read the “Compensation Discussion and Analysis” as well as the Summary Compensation Table and other related compensation tables on pages 30 - 38 of this Proxy Statement. Highlights of our 2012 executive compensation program and the Compensation Committee's decisions include:

Base Salary. In 2012, the Compensation Committee increased the base salaries of Robert H. Schottenstein and Phillip G. Creek for the first time since 2007 from \$750,000 to \$825,000 and \$500,000 to \$550,000, respectively, and did not change the base salary of J. Thomas Mason (which remained at the level established in 2010).

Annual Cash Performance Bonus. For 2012, each Named Executive Officer was eligible to receive a cash performance bonus based entirely on our pre-tax income from operations, excluding extraordinary items (“Adjusted Pre-Tax Income”). The Compensation Committee selected Adjusted Pre-Tax Income as the sole performance goal for 2012 to focus the Named Executive Officers on our company goal of returning to profitability. Additionally, the Compensation Committee designed the 2012 performance bonus program so that the Named Executive Officers earned cash bonuses only if we achieved positive Adjusted Pre-Tax Income (which we had not achieved since 2006 as a result of the housing downturn).

In 2012, we returned to profitability and achieved Adjusted Pre-Tax Income and net income of \$13.5 million and \$13.3 million, respectively, an improvement of \$24.4 million and \$47.2 million, respectively, from 2011. Based on our achievement of the Adjusted Pre-Tax Income performance goal, each Named Executive Officer received a cash performance bonus for 2012 that represented 44% of his maximum potential performance bonus opportunity.

Equity-Based Compensation. For 2012, the Compensation Committee awarded each Named Executive Officer the same number of service-based stock options that he received in 2011.

In addition to returning to profitability in 2012, we improved our operational and financial performance on a number of other key fronts. For 2012, we, among other things, increased our new contracts and homes delivered by 27% and 21%, respectively, finished the year with backlog units and sales value that were 43% and 56% greater than a year earlier (with the year-end unit level and sales value at their highest since 2006), respectively, increased adjusted operating gross margin (i.e., gross margin, excluding impairments and defective drywall recovery, as a percentage of revenue) by 200 basis points, opened 46 new communities,

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increased our community count by 7%, entered the Austin, Texas market and maintained our significant liquidity by ending the year with more than \$154 million in cash and no outstanding borrowings under our \$140 million credit facility.

The vote on our executive compensation program is advisory, which means that it is not binding on us. However, the Compensation Committee values the opinions of our shareholders. To the extent there is a significant vote against this proposal, we will consider our shareholders' concerns, and the Compensation Committee will evaluate whether any actions are necessary to address those concerns when making future executive compensation decisions.

The affirmative vote of holders of a majority of the outstanding Common Shares entitled to vote at the Annual Meeting is required to approve this proposal. Abstentions and broker non-votes will be counted for purposes of establishing a quorum and will have the same effect as a vote against this proposal.

Your Board of Directors unanimously recommends a vote FOR the approval of the compensation of our Named Executive Officers as disclosed in this Proxy Statement.

Proposal No. 3

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, 2013. Deloitte & Touche LLP served as the Company's independent registered public accounting firm for the 2012 fiscal year. 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.

The affirmative vote of holders of a majority of the outstanding Common Shares entitled to vote at the Annual Meeting is required to approve this Proposal No. 3. 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 (but may decide to maintain) its appointment of Deloitte & Touche LLP.

Your Board of Directors unanimously recommends a vote FOR the ratification of Deloitte & Touche LLP as our independent registered public accounting firm.

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 under “Board of Directors” beginning on page 4 of this Proxy Statement. The executive officers are elected by, and serve at the pleasure of, the Board. The following table sets forth biographical information with respect to certain key employees of the Company:

Name	Age	Current Positions with Company/Business Experience	Year Started
Paul S. Rosen	62	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	58	Region President overseeing our Washington D.C. Division since April 2012, our Cincinnati Division since September 2011, our Columbus Division since September 2010, our Raleigh and Charlotte Divisions since May 2008 and our Tampa and Orlando Divisions since December 2006. Prior to 2006, Mr. Sikorski was Region President of our South Florida Region, Area President of our Tampa Division and Division President of our Tampa Division.	1998
David L. Matlock	54	Region President overseeing our San Antonio Division since April 2011, our Houston Division since August 2011 and our Austin Division since October 2012. In January 2008, Mr. Matlock founded TriStone Homes in San Antonio, the assets of which we acquired in April 2011. Prior to January 2008, he was the San Antonio Division President for Standard Pacific Corp.	2011
Ronald H. Martin	44	Region President overseeing our Chicago Division since May 2007 and our Indianapolis Division since January 2013. From 2006 until 2007, Mr. Martin was Division President for Lennar Corporation. Prior to 2006, he was Division President for Neumann Homes.	2007

PRINCIPAL SHAREHOLDERS

The following table sets forth, as of March 13, 2013, the number and percentage of our outstanding Common Shares beneficially owned by (1) each person who, to the knowledge of the Company, beneficially owns more than five percent of the outstanding Common Shares, (2) each of the Company's directors, nominees for director and Named Executive Officers and (3) 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 ⁽¹⁾		Percent of Class	
Joseph A. Alutto, Ph.D.	35,081	(2)	*	
Friedrich K. M. Böhm	41,365	(2)	*	
William H. Carter	3,246	(2)	*	
Phillip G. Creek	272,958	(2)	1.1	%
Michael P. Glimcher	0		*	
Thomas D. Igoe	23,904	(2)	*	
J. Thomas Mason	118,424	(2)	*	
Robert H. Schottenstein	921,636	(2)(3)	3.8	%
Norman L. Traeger	35,458	(2)	*	
Sharen Jester Turney	2,000	(2)	*	
All current directors and executive officers as a group (10 persons)	1,455,072		5.8	%
BlackRock, Inc. 40 East 52 nd Street New York, NY 10022	2,822,114	(4)	11.7	%
FMR LLC 82 Devonshire Street Boston, MA 02109	1,944,149	(5)	8.0	%
State Street Corporation One Lincoln Street Boston, MA 02111	1,802,243	(6)	7.5	%
Franklin Resources, Inc. One Franklin Parkway San Mateo, CA 94403-1906	1,545,266	(7)	6.4	%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	1,288,520	(8)	5.3	%
Dimensional Fund Advisors LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	1,288,512	(9)	5.3	%

* Less than 1.0% of the outstanding Common Shares

(1) The amounts shown include 25,852, 6,173, 2,246, 1,961, 4,170, and 3,596 Common Shares held by Joseph A. Alutto, Ph.D., Friedrich K.M. Böhm, William H. Carter, Phillip G. Creek, Thomas D. Igoe, and J. Thomas Mason, respectively, under the terms of the Company's Amended and Restated Executives' Deferred Compensation Plan (the "Executives' Deferred Compensation Plan") or the Company's Amended and Restated Director Deferred Compensation Plan (the "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.

The amounts shown include 2,500, 261,987, 2,500, 104,828, 352,946 and 2,500 Common Shares for Friedrich K.M. Böhm, Phillip G. Creek, Thomas D. Igoe, J. Thomas Mason, Robert H. Schottenstein and Norman L. Traeger, respectively, which underlie currently exercisable stock options. The amounts shown also include 8,027 Common Shares held by each of Joseph A. Alutto, Ph.D., Friedrich K.M. Böhm, Thomas D. Igoe, and Norman L. Traeger, 2,000 Common Shares held by Sharen Jester Turney and 1,000 Common Shares held by William H. Carter, in each case, in the form of stock units issued pursuant to the Company's Amended and Restated 2006 Director Equity Incentive Plan (the "2006 Director Plan") and the M/I Homes, Inc. 2009 Long-Term Incentive Plan (the "2009 LTIP"). Under the terms of the 2006 Director Plan and the 2009 LTIP, 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) 485,400 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 485,400 Common Shares. 10,000 of these Common Shares are owned by Robert H. Schottenstein's spouse, as to which Mr. Schottenstein disclaims beneficial ownership. 73,290 of these Common Shares are directly owned by Robert H. Schottenstein. The address of Robert H. Schottenstein is 3 Easton Oval, Suite 500, Columbus, Ohio 43219.

(4) Based on information set forth in a Schedule 13G/A filed on January 11, 2013, which was filed on behalf of BlackRock, Inc., a parent holding company, BlackRock Japan Co. Ltd., BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, Blackrock Asset Management Canada Limited, BlackRock Advisors, LLC, Blackrock Asset Management Ireland Limited, BlackRock Investment Management, LLC., and BlackRock International Limited. BlackRock, Inc. is the beneficial owner of such Common Shares and has sole voting and sole dispositive power with respect to all of such Common Shares.

(5) Based on information set forth in a Schedule 13G/A dated February 14, 2013, which was filed on behalf of FMR LLC, a parent holding company, Fidelity Management & Research Company ("Fidelity"), a wholly-owned subsidiary of FMR LLC and a registered investment adviser, Pyramis Global Advisors, LLC ("PGALLC"), an indirect wholly-owned subsidiary of FMR LLC, Pyramis Global Advisors Trust Company ("PGATC"), an indirect wholly-owned subsidiary of FMR LLC and a registered investment adviser, and Edward C. Johnson 3d, Chairman of FMR LLC. Fidelity is the beneficial owner of 1,260,570 of such Common Shares as a result of acting as investment adviser to various investment companies. PGALLC is the beneficial owner of 382,699 of such Common Shares as a result of serving as investment adviser to various investment companies. PGATC is the beneficial owner of 300,880 of such Common Shares as a result of serving as investment manager of institutional accounts owning such Common Shares. Mr. Johnson and FMR, LLC, through its control of Fidelity, PGALLC and PGATC, each has sole dispositive power with respect to all of such Common Shares and sole voting power with respect to 683,579 of such Common Shares. The Fidelity funds have sole voting power with respect to 1,260,570 of such Common Shares, and Fidelity carries out the voting of the Common Shares held by the funds under written guidelines established by the funds' Board of Trustees.

(6) Based on information set forth in a Schedule 13G filed on February 12, 2013, which was filed on behalf of State Street Corporation, a parent holding company, State Street Bank and Trust Company, SSGA Funds Management, Inc., State Street Global Advisors Limited, State Street Global Advisors Ltd, and State Street Global Advisors, Australia Limited are the beneficial owners of such Common Shares and have shared dispositive power and voting power with respect to 1,802,243 of such Common Shares. SSGA Funds Management, Inc. is the beneficial owner of, and has shared dispositive power and voting power with respect to, 1,403,638 Common Shares.

(7) Based on information set forth in a Schedule 13G/A dated February 12, 2013, which was filed on behalf of Franklin Resources, Inc. ("FRI"), Franklin Advisory Services, LLC, an indirect wholly-owned investment management subsidiary of FRI ("FAS"), and Charles B. Johnson and Rupert H. Johnson, Jr., the principal shareholders of FRI. FAS has sole voting power with respect to 1,454,266 of such Common Shares and sole dispositive power with respect to all of such Common Shares.

(8) Based on information set forth in a Schedule 13G/A dated February 7, 2013, which was filed on behalf of T. Rowe Price Associates, Inc. ("Price Associates"), a registered investment adviser, who has sole voting power with respect to 408,450 of such Common Shares and sole dispositive power with respect to all of such Common Shares.

Based on information set forth in a Schedule 13G/A dated February 11, 2013, which was filed on behalf of Dimensional Fund Advisors LP (“Dimensional”), a registered investment adviser who, in its role as investment adviser or manager to four registered investment companies and certain other commingled group trusts and (9) separate accounts (collectively, the “Funds”), has sole voting power with respect to 1,262,784 of such Common Shares and sole dispositive power with respect to all of such Common Shares. All of such Common Shares are owned by the Funds, and Dimensional disclaims beneficial ownership of such Common Shares.

In addition to our Common Shares, on March 15, 2007, we issued 4,000,000 Depositary Shares, each representing 1/1000th of a 9.75% Series A Preferred Share of the Company (the “Preferred Shares”). The Preferred Shares are not convertible into our Common Shares or any other securities and have no voting rights, except with respect to those specified matters set forth in the Company's Amended and Restated Articles of Incorporation or as otherwise required by applicable Ohio law. Except as noted below, none of our directors, nominees for director or executive officers (including the Named Executive Officers) owned any of our Preferred Shares as of March 13, 2013.

As of March 13, 2013, Michael P. Glimcher beneficially owns 2,000 Depositary Shares (less than 0.1% of the outstanding Depositary Shares).

As of March 13, 2013, Robert H. Schottenstein beneficially owns 74,050 Depositary Shares (1.8% of the outstanding Depositary Shares), of which (1) 1,000 are held in the Irving E. Schottenstein Marital Trust 1, of which Mr. Schottenstein is one of four trustees, (2) 61,100 are held in the Irving E. Schottenstein Marital Trust 2, of which Mr. Schottenstein is one of four trustees, (3) 5,950 are held in the Irving E. Schottenstein Insurance Trust, of which Mr. Schottenstein is one of three trustees, (4) 2,000 are held in the Alissa Schottenstein Skip Trust, of which Mr. Schottenstein is the sole trustee, (5) 2,000 are held in the Joshua Schottenstein Skip Trust, of which Mr. Schottenstein is the sole trustee and (6) 2,000 are held in the Leah Schottenstein Skip Trust, of which Mr. Schottenstein is the sole trustee. Mr. Schottenstein, in his capacity as a trustee of each of these trusts, has sole voting power (to the extent applicable) and sole dispositive power with respect to all such Depositary Shares and disclaims beneficial ownership of all such Depositary Shares.

On March 11, 2013, the Company announced that it will redeem 2,000,000 of its outstanding Depositary Shares on April 10, 2013 at a redemption price of \$25.00 per Depositary Share plus an amount equal to the accrued and unpaid dividends thereon (whether or not earned or declared) from March 15, 2013 to (but excluding) April 10, 2013. On and after the redemption date, the Depositary Shares that are redeemed will no longer be deemed outstanding, dividends on such Depositary Shares will cease to accrue and all rights of the holders of such Depositary Shares will cease, except for the right to receive the redemption price without interest.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

The following Compensation Discussion and Analysis (“CD&A”) describes our executive compensation philosophy, objectives and policies, the components of compensation for our Named Executive Officers and the decisions of the Compensation Committee (the “Committee”) with respect to the Named Executive Officers' 2012 compensation. This CD&A is also intended to provide a context for the data we present in the executive compensation tables and related footnotes and narrative below.

Through a mix of base salary, annual cash performance bonus, long-term equity awards and limited benefits and perquisites, the Committee seeks to promote four primary objectives: (1) attracting and retaining exceptional executive officers;(2) motivating our executive officers; (3) aligning the interests of our executives with the interests of our shareholders; and (4) rewarding performance.

For 2012, our primary goal was profitability. Although we had made meaningful progress toward returning to profitability in 2010 and 2011, we had not yet achieved this goal. As a result, in 2012, the Committee sought to directly align our Named Executive Officers' compensation with our company goal of returning to profitability. To carry out this objective, the Committee structured the annual cash performance bonus component of each Named Executive Officer's compensation package so that the bonus was based entirely on our pre-tax income from operations, excluding extraordinary items (“Adjusted Pre-Tax Income”). Furthermore, the Committee structured the bonus program so that the Named Executive Officers earned cash performance bonuses only if we achieved positive Adjusted Pre-Tax Income. At the same time, the Committee made only relatively modest (if any) changes to the base salaries of the Named Executive Officers and did not change the amount or form of the equity compensation that the Named Executive Officers received in 2012 from what they received in 2011.

In 2012, we returned to profitability and achieved Adjusted Pre-Tax Income and net income of \$13.5 million and \$13.3 million, respectively, an improvement of \$24.4 million and \$47.2 million, respectively, from 2011. We also improved our operational and financial performance on a number of other key fronts, including:

• **New Contracts.** New contracts increased 27%;

• **Homes Delivered.** Homes delivered increased 21%;

• **Backlog.** At December 31, 2012, backlog units and sales value were 43% and 56% greater than a year earlier, respectively (with the year-end unit level and sales value at their highest since 2006);

• **Adjusted Operating Gross Margin Percentage.** Adjusted operating gross margin percentage (i.e., gross margin, excluding impairments and defective drywall charges, as a percentage of total revenue) increased by 200 basis points reaching 19.5%;

• **Land and Homebuilding Activities.** We opened 46 new communities, increased our community count by 7% and entered the Austin, Texas market; and

• **Balance Sheet.** We maintained our significant liquidity ending 2012 with more than \$154 million in cash and no outstanding borrowings under our \$140 million credit facility.

Based on our achievement of the Adjusted Pre-Tax Income performance goal, Robert H. Schottenstein, Phillip G. Creek and J. Thomas Mason received cash performance bonuses for 2012 in the amounts of \$1,260,875, \$600,416 and

\$198,000, respectively. In each case, these bonuses represented 44% of the Named Executive Officer's maximum potential performance bonus opportunity.

In May 2012, we held a shareholder advisory vote on the compensation of our Named Executive Officers, commonly referred to as a "say-on-pay" vote. Our shareholders overwhelmingly approved the compensation of our Named Executive Officers, with approximately 98% of the votes cast in favor of our 2012 "say-on-pay" resolution. Since the 2012 Annual Meeting of Shareholders, the Committee has considered the results of the 2012 "say-on-pay" vote in its evaluation of our executive compensation program and practices. Based on the strong support our shareholders expressed at the 2012 Annual Meeting, the Committee did not make any changes to our executive compensation program as a result of the 2012 "say-on-pay" vote.

Adjusted Pre-Tax Income and adjusted operating gross margin constitute non-GAAP financial measures. See the table set forth on page 35 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for a reconciliation of Adjusted Pre-Tax Income and adjusted operating gross margin to the most comparable GAAP financial measures, income (loss) from operations before income taxes and gross margin, respectively.

Compensation Philosophy and Objectives

Our executive compensation program is designed and administered to promote the following philosophy and objectives:

Attract and Retain. Compensation should reflect the value of the job in the marketplace. To attract and retain exceptional executives, our executive compensation must remain competitive with the compensation programs of other publicly-traded homebuilders which compete with us for talent.

Motivate. Compensation should motivate our executive officers to perform at the highest level and achieve our financial and strategic goals and objectives.

Alignment with our Shareholders. Compensation should be structured to align the interests of our executives and our shareholders with the ultimate goal of maximizing shareholder value.

Reward Performance. Compensation should depend on, and reward executives on the basis of, individual and company performance with an increasing proportion of pay at risk and directly linked to company performance as an executive's scope of responsibility increases. This fosters a pay-for-performance culture.

The Committee believes that the overall structure of our compensation program should be fundamentally the same across our entire management team. While actual compensation levels vary based on differences in job responsibilities, individual performance and the compensation paid to similarly-positioned executives within our Peer Group (as defined below on page 21 of this Proxy Statement), the Named Executive Officers generally receive the same components of compensation (i.e., base salary, annual cash performance bonus, long-term equity awards and benefits and perquisites) as the rest of our management team. In addition, similar, if not identical, performance goals apply to the annual cash performance bonuses that the Named Executive Officers and the rest of the management team are eligible to receive based on our performance. For example, for 2012, each management team member's annual cash performance bonus was based primarily on Adjusted Pre-Tax Income. The Committee believes this consistency promotes a coordinated approach to managing our business, ensures that the entire management team focuses on the same corporate goals and objectives and shares in the risks and rewards of our performance in a similar manner, reduces the likelihood of excessive risk taking and fosters an environment of team work and collaboration. This consistency is also intended to send the message to each member of the management team that his or her role is to help ensure our overall organizational success and maximize shareholder returns.

Role of Executive Officers

Consistent with past practice, in 2012, the Committee requested that our Chief Executive Officer, with the assistance of other members of senior management, make initial recommendations to the Committee regarding the design of the 2012 executive compensation program. The Committee requested that the Chief Executive Officer and these other members of management focus their recommendations on the 2012 annual cash performance bonus component, including the types of performance goals, the required levels of performance for each goal and the amount of payout at such required levels. Thereafter, in the course of its deliberations, the Committee from time to time solicited further input and recommendations from the Chief Executive Officer and such other members of management. At the request of the Committee, the Chief Executive Officer and certain of such other members of management attended and participated in the Committee meetings. The Committee believes this input is valuable because of the Chief Executive Officer's close working relationship with the other Named Executive Officers and management's detailed knowledge of our business, operations and financial and strategic goals and objectives. In addition, this input helps to ensure that our executive compensation program is consistent with such goals and objectives and motivates the executive officers

to effectively execute such goals and objectives. The Committee, however, has sole authority to determine all elements of executive compensation and makes all final determinations regarding the Named Executive Officers' compensation.

Role of Compensation Consultants and Consultant Independence

In September 2011, the Committee engaged Pearl Meyer & Partners (“Pearl Meyer”) to serve as its independent outside compensation consultant for 2012. The scope of Pearl Meyer's engagement focused on: (1) reviewing our executive compensation program as a whole, each principal component of the program and the mix of compensation within the program; (2) analyzing

competitive pay data for our Peer Group, including comparing our Named Executive Officers' compensation (total compensation and each principal component) to the compensation of similarly-positioned executive officers within our Peer Group; (3) analyzing our financial performance relative to the financial performance of the companies in our Peer Group, with a particular focus on one, three and/or five-year revenue growth, net income margin and total shareholder return; (4) analyzing the relationship between our pay and performance; (5) sharing with the Committee current market trends and developments in executive compensation; and (6) advising the Committee regarding the proposed amendment to the 2009 LTIP which was approved by our shareholders at the 2012 Annual Meeting of Shareholders. At the request of the Committee, Pearl Meyer discussed with management the recommendations that management planned to make to the Committee regarding compensation for the Named Executive Officers for 2012. During 2012, we did not engage Pearl Meyer or its affiliates for any services beyond its support of the Committee. The Committee requested and received a statement from Pearl Meyer detailing its qualifications of independence and, based on such statement and other factors, has determined that the engagement of Pearl Meyer did not raise any conflict of interest.

Setting Executive Compensation

During the first quarter of each year, the Committee evaluates the performance of our Named Executive Officers, determines whether they will receive bonuses for the prior year based on our performance and establishes the compensation program for the current year. During the course of this exercise, the Committee reviews our executive compensation program to ensure that it continues to reinforce our pay-for-performance philosophy by delivering total compensation that motivates and rewards short and long-term performance and to be externally competitive to attract and retain outstanding executives.

In connection with establishing the Named Executive Officers' 2012 compensation, the Committee reviewed and analyzed the following information:

- a report prepared by our human resources department reviewing our financial performance, shareholder return and share price during each of the preceding four fiscal years and the performance bonuses paid and the stock options granted to our Named Executive Officers as a group and company-wide with respect to the same period;

• our 2012 financial and strategic goals and objectives;

a report prepared by our human resources department detailing the stock options granted during each of the preceding six fiscal years to each current participant (including the Named Executive Officers) and all participants in the aggregate, under our 1993 Stock Incentive Plan as Amended (the "1993 Plan") and our 2009 LTIP, the shareholder-approved equity compensation plans that we have used to provide equity-based compensation. The report also sets forth the number and percentage of the outstanding stock options that were underwater at the time (i.e., the exercise price exceeded the then-current market price of our Common Shares on the NYSE), our burn rate and the total number of Common Shares that remained available for grant under our 2009 LTIP;

tally sheets prepared by our human resources department setting forth the (1) dollar value of each component of compensation and total compensation for each Named Executive Officer for 2011 and 2012, including base salary, annual cash performance bonus, service-based stock options, and benefits and perquisites, (2) realizable value (i.e., the difference between the then current market price of our Common Shares on the NYSE and the exercise price) of all outstanding stock options held by each Named Executive Officer (on an exercisable and unexercisable basis), and (3) potential payments to each Named Executive Officer upon a change of control;

• the individual performance of each Named Executive Officer during 2011;

• a report prepared Pearl Meyer analyzing the alignment between our pay and performance under the Institutional Shareholder Services, Inc. pay-for-performance test; and

a report prepared by Pearl Meyer analyzing our executive compensation program that included competitive data comparing the total annual compensation and each principal component of compensation received by each Named Executive Officer against similarly-positioned executive officers within the peer group of publicly-traded homebuilders set forth below (the “Peer Group”) and the financial performance of M/I Homes and the Peer Group companies (including one, three and/or five-year revenue growth, net income margin and total shareholder return).

The Peer Group consisted of:

Beazer Homes, Inc.
Brookfield Residential Properties
D. R. Horton, Inc.
Hovnanian Enterprises, Inc.
KB Home
Lennar Corporation
M.D.C. Holdings, Inc.

Meritage Homes Corporation
NVR, Inc.
PulteGroup, Inc.
Ryland Group, Inc.
Standard Pacific Corp.
Toll Brothers, Inc.

The Committee, with the assistance of management and Pearl Meyer, selected our Peer Group based on the other publicly-traded homebuilders with whom we believe we compete for personnel, customers and/or investment. In 2012, the Peer Group remained the same as in 2011.

The Committee analyzed the Peer Group data to gain a general understanding of the compensation practices of our competitors and ensure that the total compensation and each principal component of compensation received by the Named Executive Officers was generally consistent and competitive with the components, forms and amounts of compensation paid by our competitors (i.e., reasonable on a relative basis). The Committee recognizes that peer group data is an important indicator of competitiveness and compensation trends. However, the Committee also recognizes that each company within the Peer Group is unique. For example, when reviewing the Peer Group data, the Committee takes into account that many of the companies in the Peer Group are larger than us in terms of revenue, market capitalization and other measures. Therefore, the Committee believes that peer group data should be used only as a point of reference and one of several factors considered in setting executive compensation (including individual performance, level of responsibility and our performance) and not used by itself as a determinative factor. As a result, the Committee did not use the Peer Group data to benchmark our executive compensation program, or any component thereof, to a specific level or ranking of compensation paid by our competitors (e.g., market median) and has discretion in determining the nature and extent of its use of such data. Based on the information provided by Pearl Meyer, the aggregate annual total direct compensation for our Named Executive Officers has historically fallen within the bottom quartile of our Peer Group.

Components of 2012 Executive Compensation

For 2012, the principal components of our executive compensation program were:

1. base salary;

2. annual cash performance bonus;

3. equity-based compensation in the form of stock options that vest over five years based on continued employment; and

4. limited benefits and perquisites.

We do not have a pre-established formula or target for the allocation between cash and non-cash compensation or short-term and long-term compensation. Instead, the Committee annually reviews the Peer Group data, the current facts and circumstances impacting our business, the homebuilding industry and the general economy, our short and long-term financial and strategic goals and objectives and our past practices. Based on this review, the Committee subjectively determines what it believes is the appropriate mix of compensation to align our executive compensation with such goals and objectives and best promote our executive compensation philosophy and objectives. However, because the Committee is committed to a pay-for-performance philosophy, historically and in 2012, a significant percentage of each Named Executive Officer's compensation was at risk or variable and dependent on our performance and/or stock price appreciation. For 2012, approximately 80%, 75% and 57% of Messrs. Schottenstein's,

Creek's and Mason's respective potential total compensation was at risk or variable and tied to our performance and/or stock price appreciation. In addition to reinforcing our pay-for-performance philosophy, the Committee believes this emphasis on variable compensation motivates and engages our Named Executive Officers to achieve our financial and strategic goals and objectives and aligns the interests of our Named Executive Officers and our shareholders.

Base Salary

We use base salary as the base or fixed component of each Named Executive Officer's annual cash compensation. As such, the base salary component is designed to provide a steady income regardless of our short-term performance and the performance of our Common Shares so that executives do not feel pressured to take unnecessary or excessive risks or focus exclusively on the price of our Common Shares to the detriment of other important business metrics. The base salary component is also an important tool in attracting and retaining executives and rewarding individual performance. The Committee annually reviews and subjectively determines each Named Executive Officer's base salary. In 2012, the Committee considered:

- the base salary levels of similarly-positioned executives in our Peer Group;
- each Named Executive Officer's individual performance and our performance in 2011;
- each Named Executive Officer's scope of responsibility and the importance of his job function;
- each Named Executive Officer's level of experience and tenure; and
- the then-current state of the homebuilding industry and the general economy.

The Committee has not assigned any specific weighting to these factors, and the relevance of each factor varies from individual to individual.

Based on this review and input from Pearl Meyer, in 2012, the Committee increased the base salaries of Messrs. Schottenstein and Creek from \$750,000 to \$825,000 and \$500,000 to \$550,000, respectively, and did not change Mr. Mason's base salary from its 2011 level (\$450,000). The Committee increased Messrs. Schottenstein's and Creek's base salaries for two primary reasons. First, the Committee determined that the increases were appropriate based on the salaries of similarly-positioned executives in our Peer Group. Mr. Schottenstein's base salary was the second lowest among the chief executive officers in the Peer Group (ranking him in the 7th percentile in the Peer Group) and Mr. Creek's base salary was in the bottom half for chief financial officers in the Peer Group. Second, Messrs. Schottenstein's and Creek's base salaries had not been increased in five years. The Committee elected not to change Mr. Mason's base salary based on its belief that his base salary was appropriate given his position and the base salaries of chief legal officers in the Peer Group.

In connection with reviewing and determining the base salaries of the Named Executive Officers, the Committee considered each Named Executive Officer's individual performance in 2011. The Committee determined that the Named Executive Officers performed well in 2011. In particular, the Committee noted (1) Mr. Schottenstein's overall leadership under continued challenging and competitive market conditions and integral role in developing and implementing our operational strategy to return to profitability, (2) Mr. Creek's management of our liquidity and balance sheet (ending 2011 with more than \$101 million in cash and no borrowings under our \$140 million credit facility) and expenses (selling, general and administrative expenses decreased 6% in 2011) and (3) Mr. Mason's management and oversight of our legal and human resources departments, risk management and land acquisition and development.

Annual Cash Performance Bonus

The annual cash performance bonus is designed to motivate our Named Executive Officers and reward them based on our achievement of one or more pre-determined, objective corporate performance goals that are tied to our financial and strategic goals for the year. Each Named Executive Officer's annual cash performance bonus opportunity is awarded pursuant to our shareholder-approved 2009 Annual Incentive Plan, a cash-based incentive plan designed to comply with Section 162(m) of the Code to ensure tax deductibility. Historically and in 2012, the annual cash performance bonus opportunity has represented the most significant portion of each Named Executive Officer's potential total annual compensation. The Committee believes this fosters a results-driven, pay-for-performance culture, builds accountability and aligns the Named Executive Officers' interests with the interests of our shareholders.

During the first quarter of 2012, the Committee established the annual cash performance bonus program for 2012, including (1) the award formulas and the performance goals to be measured to determine the amount (if any) of the performance bonus that each Named Executive Officer would earn for 2012 and (2) the maximum bonus that each Named Executive Officer would be eligible to earn. For 2012, the Committee established maximum potential performance bonuses for Messrs. Schottenstein, Creek and Mason of 350%, 250% and 100% of their respective 2012 base salaries (with base salary, in the case of Messrs. Schottenstein and Creek (whose salaries were increased during the year), being equal to the actual salary compensation received in 2012 as opposed to their increased salaries). These were the same maximum percentages of base salary that have applied to Mr. Schottenstein

since 1999 and Messrs. Creek and Mason since 2006. The Committee selected the maximum percentages subjectively without the use of any formulaic methodology. The Committee concluded that these maximums remained appropriate based on the annual performance bonus opportunities for similarly-positioned executives in our Peer Group, our past practices, the Named Executive Officer's scope of responsibility (i.e., as an executive's scope of responsibility increases, the proportion of compensation that is performance-based increases) and input from Pearl Meyer. In addition, as discussed below and consistent with past practice, the Committee structured the 2012 performance bonus program in a leveraged manner so that our Named Executive Officers would earn the maximum amounts only if our performance materially exceeded our expectations. Under the 2009 Annual Incentive Plan, the Committee may exercise negative discretion and reduce the amount of compensation to be paid to a participant with respect to an award.

The Committee established the award formulas and performance goals based on a number of factors, including our 2012 financial projections and financial and strategic goals, our performance in 2011, the performance goals and annual bonus opportunities for similarly-positioned executives in our Peer Group, the prevailing conditions in the homebuilding industry, our past compensation practices, the executive's scope of responsibility, individual performance (as discussed above in "--Base Salary") and input from Pearl Meyer. The Committee did not apply a formula or attach a specific weight to any of these factors. Instead, the Committee took all of the factors into account and used its judgment and discretion to establish the award formulas and performance goals. While the Committee considered all of these factors, the Committee's primary objective was to establish award formulas and performance goals that were directly aligned with our principal company goal in 2012--returning to profitability.

Given this primary objective, the Committee selected Adjusted Pre-Tax Income as the sole performance goal for 2012. The Committee believed that the selection of Adjusted Pre-Tax Income directly focused the Named Executive Officers on our goal of returning to profitability while aligning their efforts with our shareholders' interests. The Committee selected Adjusted Pre-Tax Income as opposed to net income based on our expectation that, due to the then-current conditions in the homebuilding industry, we may continue to incur impairments and other extraordinary write-offs in 2012 that could not be quantified or predicted with a reasonable degree of certainty at the beginning of the year. In the Committee's view, the Adjusted Pre-Tax Income performance goal provided the requisite flexibility to account for market conditions without sacrificing our focus on returning to profitability. Additionally, based on the Peer Group data, the selection of Adjusted Pre-Tax Income was consistent with the practices of our Peer Group in which several companies focused their annual performance bonus on pre-tax income or another income-based performance goal. Also, the Committee believes that an income-based performance goal encourages the Named Executive Officers to take a more balanced approach to our performance by requiring them to focus on both revenue growth and expense management.

In contrast, in 2011, the Committee selected Adjusted Pre-Tax Income (Loss) and homebuyer satisfaction ratings as the performance goals. The Committee elected not to use the homebuyer satisfaction ratings performance goal in 2012 based on its focus on aligning bonus compensation with our goal of returning to profitability. The Committee and the Company as a whole, however, continue to believe that homebuyer satisfaction ratings are critical to our short and long-term success and continue to monitor our performance in this regard. To this effect, for 2012, we achieved homebuyer satisfaction ratings of 94.5% on the 30-day homebuyer satisfaction survey and 90.5% on the six-month homebuyer satisfaction survey.

The Committee established threshold and maximum Adjusted Pre-Tax Income goals of \$1.00 and \$45,000,000, respectively, for 2012. As such, no Named Executive Officer would earn any bonus unless we had positive Adjusted Pre-Tax Income (i.e., we improved our Adjusted Pre-Tax Income by more than \$10.9 million from 2011) and maximum bonuses would be earned only if we improved our Adjusted Pre-Tax Income by more than \$54.9 million from 2011.

When establishing the 2012 performance bonus program, the Committee expected that, despite modest improvement and signs of stabilization, the homebuilding industry would remain challenging and competitive in 2012. Although we had made meaningful progress toward returning to profitability in 2010 and 2011, we had not yet achieved this goal. As a result, the Committee believed that it was important that the Named Executive Officers earn performance bonuses for 2012 only if we achieved positive Adjusted Pre-Tax Income. In the Committee's view, achieving positive

Adjusted Pre-Tax Income represented a fair and reasonable (albeit challenging) threshold performance goal. Given that the threshold performance goal was challenging and represented a material improvement in performance from 2011, the Committee elected to provide a more meaningful bonus amount at the threshold performance level than it has historically provided at that level but retained the leveraged design that it has historically utilized. As a result, the Committee designed the 2012 award formulas so that each Named Executive Officer would earn 20% of his maximum potential bonus opportunity at the threshold performance level but would earn the maximum amount only if we had superior performance and materially exceeded our expectations. This leveraged design was intended to both motivate and reward the Named Executive Officers and align the Named Executive Officers' interests with the interests of our shareholders by placing a premium on superior performance and profitability. To foster team work and cohesion among our leadership and consistent with past practice, the Committee aligned the payout opportunities for the executives so that each executive would earn the same percentage of his maximum performance bonus opportunity at all performance levels.

The following table sets forth the specific amount that each Named Executive Officer was eligible to earn based on our achievement of the threshold and maximum Adjusted Pre-Tax Income performance levels and the actual amount earned based on our 2012 performance:

Adjusted Pre-Tax Income Performance Goal

Named Executive Officer	Amount Earned at Threshold ⁽¹⁾	Amount Earned at Maximum ⁽¹⁾	Actual Amount Earned in 2012
Robert H. Schottenstein	\$573,125	\$2,865,625	\$1,260,875
Phillip G. Creek	\$272,916	\$1,364,582	\$600,416
J. Thomas Mason	\$90,000	\$450,000	\$198,000

(1) The amounts earned increase proportionately between the performance levels.

In 2012, we had Adjusted Pre-Tax Income of \$13.5 million, an improvement of \$24.4 million from 2011, and returned to profitability with net income of \$13.3 million, an improvement of \$47.2 million from 2011. As a result of our performance, Messrs. Schottenstein, Creek and Mason earned performance bonuses of \$1,260,875, \$600,416 and \$198,000, respectively. In each case, these bonuses represented 44% of the Named Executive Officer's maximum potential performance bonus opportunity. Given our substantial improvement in Adjusted Pre-Tax Income and net income in 2012, the fact that we achieved our principal company goal of returning to profitability and the annual performance bonuses earned by similarly-positioned executives in our Peer Group, the Committee believes the bonuses earned by the Named Executive Officers in 2012 are fair, reasonable and appropriate.

Equity-Based Compensation

The Committee annually grants each of our Named Executive Officers (and other members of management) long-term equity-based compensation in the form of service-based stock options. The annual service-based stock option awards vest and become exercisable over a five-year period in 20% increments beginning on December 31 of the year in which the option is granted and expire ten years after the date of grant.

The Committee believes that, because stock options have value to our executives only if the price of our Common Shares increases, they are inherently tied to our performance and shareholder return and align the interests of our Named Executive Officers with the interests of our shareholders. The Committee further believes that the five-year vesting schedule encourages our Named Executive Officers to focus on our long-term performance, provides a check on excessive risk taking in the short-term, serves as a valuable retention tool and is consistent with the nature of the homebuilding business (i.e., the business requires a relatively long-term time horizon before a financial benefit is realized).

The Committee grants all equity-based awards (including awards to our non-employee directors) pursuant to the 2009 LTIP. Except in the case of grants for new hires (which are made at the first Committee meeting following the hiring date), the Committee grants all employee stock options at its first regularly scheduled Committee meeting of the year (typically in February). Our Board generally establishes the date of this meeting many months in advance and the meeting follows our release of earnings for the prior year. We do not have any program, plan or practice to time the grant of equity-based awards with the release of material non-public information. All stock options are awarded at the closing price of our Common Shares on the NYSE on the date of grant (i.e., the date the Committee approves the grant).

When determining the size of the annual service-based stock option awards for the Named Executive Officers in 2012, the Committee considered the following factors:

- the long-term equity-based compensation for similarly-positioned executive officers in our Peer Group and input from Pearl Meyer;

- individual attributes such as scope of responsibility, individual performance, and ability to impact our future performance;

the estimated expense, dilutive effect, and impact on our burn rate of such awards;
our corporate performance; and

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historical information detailing the stock options previously granted to each Named Executive Officer and the number of stock options underwater.

In February 2012, the Committee awarded Messrs. Schottenstein, Creek and Mason service-based stock options to purchase 75,000, 50,000 and 25,000 Common Shares, respectively (in each case, one-half of which were awarded subject to shareholder approval of an amendment to the 2009 LTIP to increase the number of Common Shares available for grant thereunder (which amendment was approved by the shareholders on May 8, 2012)). For each Named Executive Officer, these awards represented the same number of service-based stock options that the Named Executive Officer received in 2011. The aggregate grant date fair value of these awards was \$438,750, \$292,500 and \$146,250 for Messrs. Schottenstein, Creek and Mason, respectively. The Committee subjectively determined the number of options granted to each Named Executive Officer without applying a formula or attaching a specific weight to any of the factors. Instead, the Committee took all of the factors into account and used its judgment and discretion to determine the number of options granted.

In making its determination to grant each Named Executive Officer the same number of stock options in 2012 that he received in 2011, the Committee noted two offsetting factors in particular. First, while the Committee recognized our continued progress toward achieving our goal of returning to profitability, the Committee also recognized that, as of the date the Committee granted the awards, we had not yet achieved that goal. As a result, the Committee did not believe that increases to the number of stock options granted were appropriate. Second, the grant date fair value of the annual service-based stock options awarded to our Named Executive Officers in recent years (including 2011) continued to rank in the bottom quartile of our Peer Group and, as of December 31, 2011, 84% of the vested options and 43% of the unvested options held by the Named Executive Officers were underwater (with many having little chance to recover in value given the exercise price, term and current market conditions). Based on these considerations, the Committee determined that it was not appropriate to reduce the number of stock options granted. As a result, the Committee made no changes to the number of stock options granted.

Benefits and Perquisites

Employee Benefits. We provide all of our employees, including our Named Executive Officers, with the opportunity to save for retirement through our defined contribution 401(k) Profit Sharing Plan (the "401(k) Plan"). We have also historically elected to make an annual profit sharing contribution to the 401(k) Plan on behalf of all employees. The 401(k) Plan limits the amount of a participant's annual compensation that is eligible for profit sharing to \$50,000. For 2012, the Company contribution made on behalf of each Named Executive Officer was approximately \$1,192. Our Named Executive Officers participate in the 401(k) Plan on the same terms as our other employees.

In an effort to maintain a healthy workforce, we provide all employees, including our Named Executive Officers, with the opportunity to participate in various health and welfare benefit programs, including medical, dental, vision, life and short-term disability insurance. We share the cost of these benefit programs with our employees and provide benefits at competitive market levels to help attract and retain employees. Our Named Executive Officers participate in these programs on the same terms as our other employees.

In addition to the aforementioned benefits, we maintain a \$4.0 million and \$1.0 million supplemental split-dollar life insurance policy for Messrs. Schottenstein and Creek, respectively. Under this arrangement, we have an obligation to pay a portion of the premium and the executive has an obligation to pay the balance of the premium. In addition to paying our portion of the premium, we pay the executive's portion and reimburse him for the taxes he incurs with respect to our payment of his portion of the premium. Prior to 2002, we provided this benefit to each of our executive officers for competitive reasons. Since 2002, we have continued (on the same terms without any material modification) only those split-dollar policies that were in effect for our executive officers at the time of the adoption of the Sarbanes-Oxley Act of 2002 and have not provided this benefit to any of our new executive officers. In 2012,

we elected not to fund our portion of the premium for the supplemental split-dollar life insurance policies for the benefit of either of Messrs. Schottenstein or Creek.

Perquisites. We do not provide our Named Executive Officers with any material perquisites or personal benefits, except that all Named Executive Officers, along with certain other members of management, are provided with a monthly automobile allowance. The allowable expense is determined on a schedule based on position within M/I Homes. The Committee believes this limited perquisite is reasonable and consistent with our executive compensation philosophy and objectives and competitive market practices.

Payments in Connection with Termination of Employment or Change in Control

We do not currently have employment or severance agreements with any of our Named Executive Officers, other than the change in control agreements described below (the "Change in Control Agreements"). As a result, we are not obligated to pay

any severance or other enhanced benefits to our Named Executive Officers upon termination of employment or a change in control, except for the benefits provided under the Change in Control Agreements (as described below), our equity compensation plans and our annual performance bonus plan under certain circumstances. The Committee believes these benefits are generally consistent with market practice within our Peer Group, help us attract and retain exceptional executives and, in the case of change in control benefits, align executive and shareholder interests by enabling the Named Executive Officers to pursue corporate transactions without a concern for job security.

Change in Control Agreements. In July 2008, we entered into a Change in Control Agreement with each Named Executive Officer. The Agreements are identical in all respects, except for the amounts payable thereunder, and remain in effect for so long as the applicable Named Executive Officer is employed by us or until we mutually agree to terminate his Agreement.

As previously reported, the Committee in July 2008 determined that it was in our best interests to enter into a Change in Control Agreement with each Named Executive Officer based on several considerations, including to: (1) serve as a retention tool and incentivize the Named Executive Officers to continue focusing on our business in the event of a potential change in control transaction; (2) focus the Named Executive Officers on leading our business through the then turbulent times; (3) ensure that the Named Executive Officers pursue business alternatives that maximize shareholder value without a concern f