M I HOMES INC
Form 424B5
March 05, 2013
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Registration File No. 333-176088

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated March 5, 2013

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated September 30, 2011)

2,140,000 shares

M/I Homes, Inc.

Common Shares

We are offering 2,140,000 of our common shares. We have granted the underwriters an option, exercisable for up to 30 days from the date of this prospectus supplement, to purchase up to 321,000 additional common shares at the public offering price less the underwriting discounts.

Our common shares are listed on the New York Stock Exchange under the symbol MHO. On March 4, 2013, the last reported sales price of our common shares on the New York Stock Exchange was $23.39 per share.

Concurrently with this offering, under a separate prospectus supplement, we are offering up to $50,000,000 aggregate principal amount of our % Convertible Senior Subordinated Notes due 2018 (the 2018 Convertible Notes). Neither this offering nor the offering of the 2018 Convertible Notes is contingent on the completion of the other.

	Per share	Total
Public offering price	$	$
Underwriting discounts	$	$
Proceeds to M/I Homes, Inc., before expenses	$	$

Investing in our common shares involves a high degree of risk. See **Risk Factors beginning on page S-8.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common shares on or about , 2013.

Joint book-running managers

J.P. Morgan **Citigroup** **Wells Fargo Securities**

Lead manager

Zelman Partners LLC

Co-managers

The Huntington Investment Company **PNC Capital Markets LLC** **Piper Jaffray**

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Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information or represent anything about us, our financial results or this offering that is not contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We are not, and the underwriters are not, making an offer to sell these securities or soliciting an offer to buy these securities in any state or other jurisdiction where the offer or solicitation is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate on any date subsequent to the date set forth on the front of this prospectus supplement or the date of incorporation by reference, even though this prospectus supplement and the accompanying prospectus may be delivered or securities may be sold on a later date.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of common shares and also adds to and updates information contained in the accompanying prospectus as well as the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which information does not apply to the common shares we are offering. To the extent any inconsistency or conflict exists between the information included in this prospectus supplement and the information included in the accompanying prospectus, the information included or incorporated in this prospectus supplement updates and supersedes the information in the accompanying prospectus. This prospectus supplement incorporates by reference important business and financial information about us that is not included in or delivered with this prospectus supplement.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus supplement and the accompanying prospectus to M/I, us, we, our or the Company mean M/I Homes, Inc., an Ohio corporation, and our consolidated subsidiaries, except where made clear that the terms mean M/I Homes, Inc. only.

Unless otherwise indicated, all information in this prospectus supplement assumes the underwriters option to purchase additional shares will not be exercised.

INDUSTRY AND MARKET DATA

We obtained the market and competitive position data used throughout this prospectus supplement, the accompanying prospectus and the documents incorporated by reference from our own research, surveys or studies conducted by third parties and industry or general publications. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications is reliable, neither we nor the underwriters have independently verified such data and neither we nor the underwriters make any representation as to the accuracy of such information. Similarly, we believe our internal research is reliable, but it has not been verified by any independent sources.

FORWARD-LOOKING STATEMENTS

Certain information contained or incorporated by reference in this prospectus supplement contains forward-looking statements, including, but not limited to, statements regarding our future financial performance and financial condition. Words such as expects, anticipates, envisions, targets, goals, projects, intends, plans, believes, seeks, estimates, variations of such words and similar expressions are intended to ic forward-looking statements. These statements involve a number of risks and uncertainties. Any forward-looking statements that we make or incorporate herein are not guarantees of future performance, and actual results may differ materially from those in such forward-looking statements as a result of various factors, including, but not limited to, those referred to below:

- the homebuilding industry is cyclical and affected by changes in general economic, real estate and other business conditions that could adversely affect our results of operations, financial position and cash flows;

- although the homebuilding industry generally experienced improved conditions in 2012 compared to those in effect during the recent downturn, a renewed deterioration in industry conditions or in broader economic conditions could have adverse effects on our business and results of operations;

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increased competition levels in the homebuilding and mortgage lending industries could result in a reduction in our new contracts and homes delivered, along with decreases in the average sales prices of sold and delivered homes and/or decreased mortgage originations, which would have a negative impact on our results of operations;

a reduction in the availability of mortgage financing, an increase in mortgage interest rates or increased down payment requirements could adversely affect our business;

if land is not available at reasonable prices or terms, our homes sales revenue and results of operations could be negatively impacted and/or we could be required to scale back our operations in a given market;

our strategies in responding to the adverse conditions in the homebuilding industry over the past several years and the implementation of additional strategies may not be successful, despite signs of modest recovery in the housing industry in 2012;

our land investment exposes us to significant risks, including potential impairment charges, that could negatively impact our profits if the market value of our inventory declines;

supply shortages and other risks related to the demand for skilled labor and building materials could increase costs and delay deliveries;

tax law changes could make home ownership more expensive or less attractive;

increases in our cancellations could have a negative impact on our gross margins from home sales and home sales revenue;

inflation can adversely affect us, particularly in a period of declining home sale prices;

our limited geographic diversification could adversely affect us if the homebuilding industry in our markets declines;

we may not be successful in integrating acquisitions or implementing our growth strategies;

we have financial needs that we meet through the capital markets, including the debt and secondary mortgage markets, and disruptions in these markets could have an adverse impact on our results of operations, financial position and/or cash flows;

the mortgage warehousing agreement of our financial services segment will expire in March 2013;

reduced numbers of home sales may force us to absorb additional carrying costs;

if our ability to resell mortgages to investors is impaired, we may be required to broker loans;

mortgage investors could seek to have us buy back loans or compensate them for losses incurred on mortgages we have sold based on claims that we breached our limited representations or warranties;

we may not be able to benefit from net operating loss carryforwards;

our net operating loss carryforwards could be substantially limited if we experience an ownership change as defined in Section 382 of the Internal Revenue Code;

our results of operations, financial condition and cash flows could be adversely affected if pending or future legal claims against us are not resolved in our favor;

the terms of our indebtedness may restrict our ability to operate and, if our financial performance declines, we may be unable to maintain compliance with the covenants in the documents governing our indebtedness;

our indebtedness could adversely affect our financial condition, and we and our subsidiaries may incur additional indebtedness, which could increase the risks created by our indebtedness;

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- in the ordinary course of business, we are required to obtain performance bonds, the unavailability of which could adversely affect our results of operations and/or cash flows;
- we can be injured by failures of persons who act on our behalf to comply with applicable regulations and guidelines;
- because of the seasonal nature of our business, our quarterly operating results can fluctuate;
- product liability litigation and warranty claims that arise in the ordinary course of business may be costly;
- our subcontractors can expose us to warranty costs and other risks;
- natural disasters and severe weather conditions could delay deliveries, increase costs and decrease demand for homes in affected areas;
- we are subject to extensive government regulations, which could restrict our homebuilding or financial services business and cause us to incur significant expense;
- new government regulations may make it more difficult for potential purchasers to finance home purchases and may reduce the number of mortgage loans our financial services segment makes;
- information technology failures and data security breaches could harm our business;
- we are dependent on the services of certain key employees, and the loss of their services could hurt our business; and
- such other factors as may be described from time to time in our filings with the Securities and Exchange Commission (the SEC).

The factors identified in this section are not intended to represent a complete list of all the factors that could adversely affect our business, operating results, financial condition or cash flows. Other factors not presently known to us or that we currently deem immaterial to us may also have an adverse effect on our business, operating results, financial condition or cash flows, and the factors we have identified could affect us to a greater extent than we currently anticipate. Many of the important factors that will determine our future financial performance and financial condition are beyond our ability to control or predict. You are cautioned not to put undue reliance on any forward-looking statements, which speak only as of the date they are made. Except as required by applicable law or the rules and regulations of the SEC, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in our subsequent filings and reports with the SEC should be consulted. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995, and all of our forward-looking statements are expressly qualified in their entirety by the cautionary statements contained or referenced in this section.

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SUMMARY

This summary highlights selected information about us. It may not contain all the information that may be important to you in deciding whether to invest in our common shares. You should read this entire prospectus supplement and the accompanying prospectus, together with the information incorporated by reference, including the financial data and related notes and the Risk Factors sections, before making an investment decision.

The Company

M/I Homes, Inc. is one of the nation s leading builders of single-family homes. We were incorporated, through predecessor entities, in 1973 and commenced homebuilding activities in 1976. Since that time, we have sold and delivered over 83,000 homes. We design, market, construct and sell single-family homes, attached townhomes and condominiums to first-time, move-up, empty-nester and luxury buyers under the M/I Homes, Showcase Homes and Triumph Homes trade names.

Our homes are sold in the following geographic markets: Columbus and Cincinnati, Ohio; Indianapolis, Indiana; Chicago, Illinois; Tampa and Orlando, Florida; Austin, Houston and San Antonio, Texas; Charlotte and Raleigh, North Carolina; and the Virginia and Maryland suburbs of Washington, D.C. We support our homebuilding operations by providing mortgage financing services through our wholly-owned subsidiary, M/I Financial Corp. (M/I Financial), and title services through subsidiaries that are either wholly- or majority-owned by us.

Our financial reporting segments consist of: Midwest homebuilding; Southern homebuilding; Mid-Atlantic homebuilding; and financial services. Our homebuilding operations comprise the most substantial part of our business, representing 97% of consolidated revenue for the year ended December 31, 2012. Our financial services operations generate revenue from originating and selling mortgages and collecting fees for title insurance and closing services.

For additional information regarding our business, financial condition, results of operations and cash flows, please see our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, which is incorporated by reference in this prospectus supplement.

Recent Developments

For the two months ended February 28, 2013, our new contracts were 599, a 33% increase over our 452 new contracts in the same period in 2012.

Concurrent Notes Offering

Concurrently with this offering of our common shares, under a separate prospectus supplement, we are offering up to $50,000,000 aggregate principal amount of our 2018 Convertible Notes ($57,500,000 aggregate principal amount of our 2018 Convertible Notes if the option granted to the underwriters to purchase up to an additional $7,500,000 aggregate principal amount of the 2018 Convertible Notes is exercised in full) in an underwritten public offering, which we refer to as the notes offering. Neither this offering nor the notes offering is contingent on the completion of the other. The foregoing description and other information regarding the notes offering is included herein solely for informational purposes. Nothing in this prospectus supplement should be construed as an offer to sell, or the solicitation of an offer to buy, any 2018 Convertible Notes in the notes offering.

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Corporate Information

M/I Homes, Inc. is an Ohio corporation incorporated through predecessor entities in 1973. Our executive offices are located at 3 Easton Oval, Suite 500, Columbus, Ohio 43219, and our telephone number is (614) 418-8000. Our website address is www.mihomes.com. Information on our website is not incorporated by reference in or otherwise a part of this prospectus supplement.

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The Offering

The following summary contains basic information about this offering and our common shares. It may not contain all the information that is important to you. For a more complete understanding of our common shares, please refer to the section of the accompanying prospectus entitled Description of Capital Stock and our articles of incorporation and code of regulations, copies of which have been filed with the SEC and are available upon request.

Issuer	M/I Homes, Inc.
Common Shares Offered	2,140,000
Common Shares Outstanding Immediately After the Offering	23,827,253 shares. The number of common shares outstanding immediately after the offering is based on the number of common shares outstanding at December 31, 2012, and excludes (1) 321,000 common shares that may be sold by us if the underwriters exercise their option in full, (2) 1,905,632 common shares underlying awards outstanding as of December 31, 2012 granted under our incentive compensation plans, (3) 2,415,914 common shares issuable upon the conversion of our outstanding 3.25% Convertible Senior Subordinated Notes due 2017 (the 2017 Convertible Notes) and (4) assuming completion of the notes offering, the common shares issuable upon conversion of the 2018 Convertible Notes.
Use of Proceeds	We estimate that the net proceeds to us from the sale of (1) the common shares offered hereby will be approximately $47.3 million (or $54.4 million if the underwriters option to purchase up to 321,000 additional common shares is exercised in full) (assuming an offering price of $23.39 per share, the last reported sale price of our common shares on the New York Stock Exchange on March 4, 2013) and (2) the 2018 Convertible Notes offered pursuant to the concurrent notes offering will be approximately $47.8 million (or $55.0 million if the underwriters option to purchase up to an additional $7,500,000 aggregate principal amount of notes is exercised in full), in each case after deducting underwriting discounts and the estimated offering expenses payable by us. Of such net proceeds, we intend to use up to $50 million to redeem a portion of our outstanding 9.75% Series A Preferred Shares. To the extent that the total net proceeds of the concurrent offerings are less than the amounts estimated above, we intend to redeem a lesser amount (if any) of the 9.75% Series A Preferred Shares, and to the extent that the total net proceeds of the concurrent offerings are greater than the amounts estimated above, we may redeem a greater amount of the 9.75% Series A Preferred Shares. We intend to use the balance of such net proceeds for general corporate purposes, which may include acquisitions of land, land development, home construction, repayment of indebtedness or the payment of dividends on, or further redemptions of, our 9.75% Series A Preferred Shares. For more information, see Use of Proceeds.

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Dividends	We have no immediate plans to pay dividends on our common shares. For more information, see Price Range of Common Shares; Dividend Policy.
Listing	Our common shares are listed on the New York Stock Exchange under the symbol MHO.
Concurrent Notes Offering	Concurrently with this offering of our common shares, under a separate prospectus supplement, we are offering up to $50,000,000 aggregate principal amount of our 2018 Convertible Notes ($57,500,000 aggregate principal amount of our 2018 Convertible Notes if the underwriters option to purchase up to an additional $7,500,000 aggregate principal amount of our 2018 Convertible Notes is exercised in full) in an underwritten public offering. Neither this offering nor the notes offering is contingent on the completion of the other. For more information, see Concurrent Notes Offering.
Risk Factors	**An investment in our common shares involves various risks, and prospective investors should carefully consider the matters discussed under the caption entitled Risk Factors beginning on page S-8 of this prospectus supplement.**

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Summary Consolidated Financial Data

The following table sets forth summary consolidated financial data for the periods indicated. You should read the following summary consolidated financial data in conjunction with our consolidated financial statements and the notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, which is incorporated by reference in this prospectus supplement. The summary consolidated net income data for the fiscal years ended December 31, 2010, 2011 and 2012 and the summary consolidated balance sheet data as of December 31, 2010, 2011 and 2012 have been derived from our historical audited consolidated financial statements.

	Year Ended December 31,		
(in thousands, except per share amounts)	**2010**	**2011**	**2012**
Net income data:			
Revenue	$ 616,377	$ 566,424	$ 761,905
Land and housing costs(1)	511,408	467,130	610,540
Impairment of inventory and investment in unconsolidated LLCs	12,538	21,993	3,502
Gross margin	92,431	77,301	147,863
General and administrative expenses(2)	53,958	52,664	62,627
Selling expenses	48,084	43,534	56,406
Interest expense	9,415	15,005	16,071
Other loss(3)	8,378		
Income (loss) before income taxes(4)	(27,404)	(33,902)	12,759
Benefit for income taxes(5)	(1,135)	(25)	(588)
Net income (loss)(5)(6)	$ (26,269)	$ (33,877)	$ 13,347
Net income (loss) available to common shareholders(5)(6)	$ (26,269)	$ (33,877)	$ 13,347
Per share data:			
Earnings (loss) per share to common shareholders:			
Basic(5)(6)	$ (1.42)	$ (1.81)	$ 0.68
Diluted(5)(6)	$ (1.42)	$ (1.81)	$ 0.67
Weighted average shares outstanding:			
Basic	18,523	18,698	19,651
Diluted	18,523	18,698	19,891
Dividends per common share	$	$	$

	December 31,		
(in thousands)	**2010**	**2011**	**2012**
Balance sheet data:			
Cash and cash equivalents	$ 81,208	$ 59,793	$ 145,498
Restricted cash(7)	41,923	41,334	8,680
Inventory	450,936	466,772	556,817
Total assets(8)	661,894	664,485	831,300
Notes payable bank-financial service operations	32,197	52,606	67,957
Notes payable banks-other	5,853	5,801	11,105
Total shareholders equity(5)	$ 303,491	$ 273,350	$ 335,428

(1) Includes the following impact of charges related to the repair of certain homes in Florida where certain of our subcontractors installed defective imported drywall: $0.6 million for the year ended December 31, 2010. The years ended December 31, 2010 and December 31, 2012 also include recoveries of $2.4 million and $3.0 million, respectively, of such charges as a result of a settlement with a provider of certain of the defective imported drywall.

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(2) Includes the impact of write-off of land deposits and pre-acquisition costs of $0.6 million, $1.0 million and $0.3 million for the years ended December 31, 2010, 2011 and 2012, respectively.

(3) Other loss is comprised of loss on early extinguishment of debt.

(4) Includes the sum of the impact described in notes (1) and (2) above and the impairment of inventory and investment in unconsolidated LLCs for all periods presented.

(5) Includes the impact of chang