



M/I HOMES
2003 ANNUAL REPORT



IN MEMORY OF OUR BELOVED CO-FOUNDER.

On February 11, 2004, Irving E. Schottenstein passed away. Irving's contributions to the growth, success, and spirit of M/I Homes are without equal.

He served as Chairman of the Board of M/I from its founding in 1976 until his death, and he also served as Chief Executive Officer until January 2004.

We proudly dedicate this Annual Report in his memory. In so doing, we acknowledge and affirm that Irving's leadership, integrity, passion and unconditional commitment to customers and employees alike made M/I Homes one of the nation's premier homebuilders.



Irving E. Schottenstein
1928 - 2004

Irving E. Schottenstein spent a lifetime dedicated to his family, his community and his career.

Born in Columbus, Ohio, the son of Russian immigrants who entered this country in the early 1900s, Irving started selling furniture in his parents' store at the young age of 13. This ignited a desire to do something special with his life. He started with little, but what he leaves to his community and countless others nationwide is immense. Today, nearly 60,000 families call an M/I Home, their home.

From his early days of building apartments to leading a home building company that became one of the nation's largest and most respected builders, Irving's principles never wavered: Give people more quality and features and be sure they are always satisfied and treated fairly.

Irving was proud of his many accomplishments in a quiet way. Accolades were not important to him, although he had many. His customers, his employees, his community, and above all, his family were always his priorities.

During an M/I employee meeting several years ago, Irving was asked what he wanted his legacy to be. He quickly quipped, "I'm not going anywhere." Then, without hesitation, he said, "Don't forget to treat my customers right."

Irving, the employees of M/I Homes nationwide want you to know that your legacy will always live eternally in the hands of those you so endearingly called your friends. We will always remember you.

M/I Homes Profile.



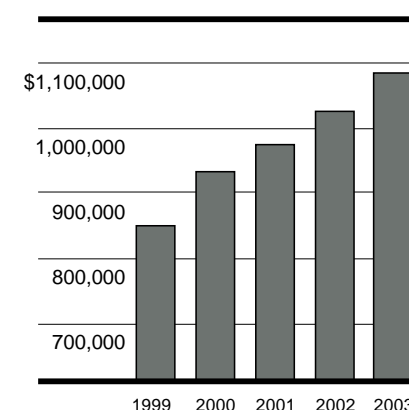
Founded in 1976, M/I Homes is one of the nation's leading builders of single-family homes. Since its inception, the Company has sold nearly 60,000 homes under the M/I and Showcase Homes trade names. During the past 28 years, M/I Homes has established an exemplary reputation based on a strong commitment to

superior customer service, innovative design, quality construction and premier locations. M/I Homes serves a broad segment of the market including first-time, move-up, luxury and empty-nester buyers. Listed on the New York Stock Exchange, the Company's stock is traded under the ticker symbol MHO.

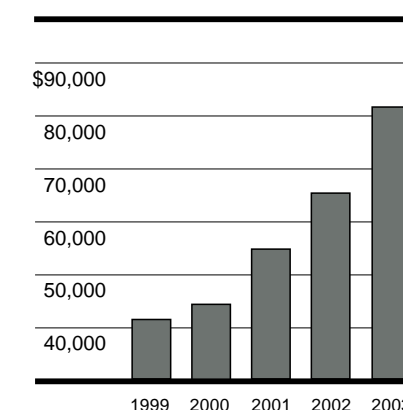
2003 Highlights.

- Eighth consecutive record year
- Thirteenth consecutive year with homeowner approval ratings of 95% or greater
- Positioned for growth through a record \$220 million of land purchases

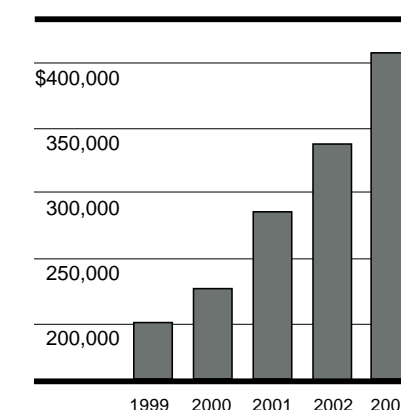
Revenue
(in thousands)



Net Income
(in thousands)



Shareholders' Equity
(in thousands)



Income Statement Data

Year Ended December 31,
(dollars in thousands,
except per share amounts)

	2003	2002	2001	2000	1999
Revenue	\$1,069,563	\$1,033,025	\$976,766	\$935,039	\$852,445
Gross Margin	272,837	249,273	221,554	198,972	184,570
Operating Income	144,736	123,010	101,210	90,918	83,180
Income Before Income Taxes	135,099	109,200	85,042	72,564	68,780
Net Income	81,730	66,612	55,282	44,444	41,611
Net Income Per Share (Diluted)	\$5.51	\$4.30	\$3.56	\$2.76	\$2.34

Unit Data

Year Ended December 31,
(dollars in thousands)

	2003	2002	2001	2000	1999
New Contracts	4,485	4,130	4,447	4,027	4,072
Homes Delivered	4,148	4,140	4,227	4,070	3,941
Backlog at End of Period	2,658	2,321	2,331	2,111	2,154
Aggregate Sales Value	\$704,000	\$567,000	\$559,000	\$492,000	\$490,000
Backlog Average Sales Price	\$265	\$244	\$240	\$233	\$228

Balance Sheet Data

At December 31,
(dollars in thousands,
except per share amounts)

	2003	2002	2001	2000	1999
Homebuilding Inventory	\$591,626	\$451,217	\$479,236	\$449,434	\$432,702
Total Assets	746,872	578,458	612,110	567,642	531,562
Homebuilding Debt	155,614	62,658	164,227	182,519	196,675
Shareholders' Equity	402,409	339,729	279,891	228,889	200,512
Shareholders' Equity Per Share	\$28.28	\$22.97	\$18.74	\$15.28	\$12.06

To Our Shareholders.

2003 marked another exceptional year for M/I Homes. It was the eighth consecutive record year for our Company; achieving record results in many areas including revenue, income, operating margins and year-end backlog.

. . .

While this is clearly a time for recognizing the superior achievements of our Company during the past year, this is also a time when we must pause . . . to remember, honor and mourn the passing of our beloved co-founder, partner, inspirational leader and father, Irving E. Schottenstein. Our Dad passed away on February 11, 2004. A visionary in the homebuilding industry, Irving's contribution and legacy to M/I Homes are without equal. His sense of integrity and fairness, indeed his profound work ethic, is imbedded into the spirit of M/I Homes. With this in mind, we proudly share the record results of 2003 with you and know that if Dad were with us, he would want all to know that for M/I Homes, "the best is yet to come."

. . .

Net income for 2003 reached a record \$81.7 million, a 23% increase over the previous record set in 2002. Revenue exceeded \$1 billion and surpassed 2002's previous record

level. Sales or new orders reached a record 4,485 and our year-end backlog closed at a record 2,658. We also broke records in backlog sales values of \$704 million and average sales price in backlog of \$265,000 per home. Our focus on margins and profitability has long been one of our core strengths. This was clearly evident in our 2003 results as we set two more Company records for the year. Gross margins reached a high of 25.5% and operating margins reached a high of 13.5%.

We've never been in a stronger financial position with 2003 shareholders' equity achieving a record year-end high of \$402 million. Once again our stock outperformed the S&P 500 index in 2003. For the year, our stock price increased 41%, compared to a 12% increase in 2002, a 106% increase in 2001, and a 55% increase in 2000. Earnings per share increased 28% over 2002, equaling \$5.51 per share.

As pleased as we are with our financial performance, we know that our record year would not have been possible without the exceptional customer service demonstrated by all of our employees and associates. As is the case in most businesses, the future profitability of our Company is largely influenced by the success we have in achieving high levels of

customer satisfaction. Perhaps the greatest vote of confidence we can receive is for M/I homeowners to recommend us to other potential buyers. In 2003, 99% of our customers stated that they would recommend M/I to others. This marks the thirteenth consecutive year of achieving a homeowner approval rating of 95% or greater. This represents a level of satisfaction that we believe is unmatched in our industry.

Our housing markets are among the premier markets in the United States and we continue to be very pleased with their results. Our primary growth strategy is to increase our market penetration in our existing markets and we were definitely successful in achieving this in 2003. Seven of our operating divisions produced record results in 2003.

We purchased a record \$220 million in land during 2003, a level far surpassing the \$90 million of ground purchased in 2002. Selecting the best and most desirable locations is crucial to our future success. We believe the recent land acquisitions, along with a number of new product designs, will produce the best communities M/I has ever offered.

Given the strength of our land position, the

strength of our existing markets, and our record financial position, we eagerly look forward to 2004 and beyond. Through the dedication of our M/I Homes team, we are well positioned to continue building upon our homebuilding excellence and to providing superior customer service, delivering homes of the highest quality, and focusing on increasing profitability and shareholder value.

March 8, 2004



Steven Schottenstein
Steven Schottenstein
Chief Operating Officer

Robert H. Schottenstein
Robert H. Schottenstein
Chairman and
Chief Executive Officer

Unsurpassed Quality.



Replenishing land inventory for future growth.

2003 was another record year for M/I Homes. The strength of our performance has enabled us to continue expansion of our homebuilding operations. A key element of this growth is our land acquisition strategy.

The past decade has seen an unprecedented demand for new housing, making it critical to replenish our land inventory for future growth. We have intensified our involvement at all levels and in all phases of land planning and development to create communities that reflect the highest standards. M/I Homes is poised to provide the best communities in desirable locations for our homebuyers.

As daily life grows more complex, homebuyers want to find relaxing places where they can unwind. They are making this a priority in their homes and in their communities. Many of these values were found in earlier times, when the sense of neighborhood was more evident. This feeling is revealed in many of M/I's new communities, especially those based on neo-traditional design, which feature classic elements from the past.



Product Innovation.



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Our staff of architects is vigilant in identifying trends.

Through innovative land plans, we incorporate desirable features into our communities – walking trails, parks and green spaces. Often times, we have pools and tennis facilities, gazebos, preserves and lakes. Tree-lined streets, decorative streetlights, sidewalks and the prominence of front porches all add to the charm and character of many of our community streetscapes.

The priorities of today's homebuyers are also reflected in our communities. These essentials include the best school districts, convenience to shopping and entertainment, and attractive entry monuments. More than ever before, today's homebuyers focus on the whole community and how it fits into their lifestyles.

M/I has long been recognized for our homes as well as our communities. Today, we're designing our homes to be more flexible than ever, allowing families to have living spaces that change as their lifestyles and needs change. Our staff of architects is vigilant in identifying trends, designing homes that reflect today's emphasis on traditional and craftsman styles.

In 2003, we introduced a whole new product line of Traditional Neighborhood Design (TND) homes. Our first such community, Upper Albany in Columbus, Ohio, opened for sale in late 2002, and by the end of 2003, over 300 homes were sold at an average sales price of over \$185,000. The overwhelming success of Upper Albany has spurred us to develop a whole series of additional neighborhoods with similar plans and home designs.

In Cincinnati, M/I partnered with the city to develop an urban village with neo-traditional elements, similar to Upper Albany. Woodcrest Park sits atop a ridge overlooking downtown Cincinnati. Like Upper Albany, Woodcrest Park was a huge success, selling over 40 homes in the first few months.



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Pioneering
Traditional Neighborhood
Developments.



Premier Locations.



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CallonWood, in Charlotte, also carries a neo-traditional theme, creating a community with character. A 30-acre park with trails, tennis courts and recreation fields, as well as a charming English garden and great residents' club, are only a few of the amenities that have made CallonWood an early success.

In some of our other divisions, larger, multi-product communities are under construction. Ballantrae in Tampa is a master-planned community, encompassing over 450 acres of land with over 900 single- and multi-family homesites. The community features an elaborate old world styled entry monument and exclusive community center with swimming pool, tennis, and other recreational amenities.

Our Stone Crest community is located in Orlando's lush Winter Garden area. This 614 homesite, master-planned community sits among beautiful orange groves and conservation areas. This community's recreational facility is reminiscent of the grove's harvesting facility. Stone Crest is a mix of affordable and luxury homes featuring a recreation park with a large lake as its focal point. It was a major contributor to Orlando's success in 2003.

Montecito in West Palm Beach also carries the neo-traditional theme, offering three unique series of homes patterned after Mediterranean-styled villas. Homes with rear-facing garages, large balconies and private courtyards are oriented around a large community lake.

Three luxury home developments are underway as well. Indian Lake Preserve introduces our Showcase product line to the move-up buyer in Indianapolis with homes starting in the high \$200's. This is the first time we've catered to the luxury market in Indianapolis and we are extremely excited about the success of this new product.

Showcase Homes, in Columbus, has two neo-traditional communities premiering in 2004, Windsor and Lansdowne. Windsor is the debut of our Traditional Neighborhood Design in our luxury homes. It continues the theme of rear-accessed garages and large front porches with a large central green with gazebo. Lansdowne is set within the boundaries of the exclusive New Albany Country Club, for the ultimate in luxury living. The homes are slated to start in the high \$500's and have unique floorplans and Georgian-styled exteriors with many interior luxury appointments. We believe these communities will build upon our homebuilding success in New Albany, which has resulted in the sale of nearly 1000 homes since the mid-1990s.

With our continued emphasis on community design and product innovation, M/I believes it is capitalizing on today's evolving housing trends and is well positioned for continued growth in 2004 and beyond.





Superior Customer Service.

During 2003, our homeowner approval rating was 99%.

As important as community development and innovative design are, customer service remains the foundation of our Company. We continue to focus on superior customer service and uncompromising quality which has led us to become one of the nation's leading homebuilders. Our dedication to these principles has earned M/I Homes a minimum homeowner approval rating of 95% over the past thirteen years. During 2003, our homeowner approval rating was more than 99% – a standard of excellence we believe is unmatched in the industry.



We recognize that buying a home is an important decision, so M/I has a variety of measures in place so our buyers have the utmost peace of mind. Throughout the construction process, our exclusive Confidence Builder Program features a series of checks and balances to ensure the overall quality of the home.

It begins with a Pre-Construction Conference, where the specific house plan is reviewed and the construction schedule is discussed. During the Conference, a hard hat is given to each homebuyer as an invitation to visit their home during the construction process to view M/I's quality construction firsthand.

In addition, we provide our customers with a Guaranteed Completion Date; we know this is an important factor to buyers when building a new home. As various steps are completed and inspected, each buyer's Personal Construction Supervisor signs a Quality Control Card, assuring their home meets M/I's quality standards.

The Confidence Builder Program also includes the convenience of a Design Center in our Columbus, Cincinnati, Indianapolis, Orlando and Tampa markets. These Design Centers allow homebuyers to view and select interior and exterior options with assistance from a professional design consultant.



We offer a wide range of competitive mortgages.

After construction is complete, buyers attend a Pre-Settlement Conference, which includes a walk-through of their new home. If any unfinished items exist, we guarantee the completion of these items before our buyers move into their home.

Our commitment to our homebuyers doesn't stop at the completion of the construction process. We offer comprehensive homeowner service after closing. We believe this contributes greatly to our superior homeowner approval rating.

Through our mortgage-banking subsidiary, M/I Financial Corp., we offer a wide range of competitive conventional and government fixed- and adjustable-rate mortgages. With our partnerships with various agencies, we are able to offer down payment assistance and work equity programs to reduce down payment requirements. Title services are also provided to meet the needs of our customers. They enjoy the convenience of purchasing, financing and closing on their new home entirely through M/I.

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A Bright Future.



As homebuyers continue to demand exceptional locations, community amenities, innovative home designs, outstanding craftsmanship, and superior levels of support and service, we believe M/I Homes is well prepared to meet these expectations.

Our strength rests in our dedication and commitment to quality and homeowner satisfaction – it's one way we differentiate ourselves from our competition. M/I's solid reputation continues to be built one home at a time, one satisfied homeowner after another.

Through M/I's experienced leadership team, we anticipate and prepare for change in our markets. M/I's team of seasoned professionals support each operating division in areas of land development, research and design, finance, marketing, legal, information systems, human resources, and accounting. We work diligently in all areas to contribute to future growth.

Our success is a reflection of the effectiveness of our business philosophies. Growth in revenue and income continues to set records, while customer satisfaction remains at a consistently high level. It's why we stand out as one of the nation's most respected and profitable homebuilders.

