



CARING TO BE...

2 0 0 0 A N N U A L R E P O R T



www.lennar.com

We strive for perfection.
Good is simply not good enough.
We work harder and smarter.
Because We Care...

...We Can Be Even Better!

We're building America's best homebuilder,
one home at a time.



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... Even Better



“I Care” to be the best,

“I Care” that I have tried.

“I Care” to look at all we do,

And look at it with pride.

“I Care” is about integrity,

Our character, our way.

It is whether we deliver,

On everything we say.



Caring To Be Even Better



Lennar Corporation began in 1954 as a small, local homebuilder in Miami, Florida. Since then, Lennar has grown from an initial \$10,000 investment to become a \$5 billion national homebuilding enterprise. The Company's initial goal was to build a better home that customers would cherish for a lifetime. More than forty-six years later, the founding principles have not changed. The Lennar Family of Builders continues to make building a better home the cornerstone of building a better Company... because "We Care".

Today Lennar builds homes for first-time buyers, move-up buyers and active adults. Our unique dual marketing strategies of "Everything's IncludedSM" and "Design StudioSM" provide customers with flexibility as to how they would like to purchase their new home. The Company's commitment to quality is seen in a "Zero Defect" approach to building and delivering each home.

Lennar offers additional services to customers through our Financial Services Division. The Company achieves additional income while making the home buying process simpler for our customers, by providing everything from title, mortgage and closing services to high speed Internet access, cable television and alarm system installation and monitoring.

But for Lennar, doing a better job for our customer is just the beginning. We're creating a great place to work for our associates while reaching out with local community involvement. We're building a better business that our shareholders can be very proud to support.

Caring About Our Company...

The Company has grown both internally and through strategic acquisitions of other companies where a strategic fit creates a better company. Lennar is a leading builder in the nation's top homebuilding markets including Florida, Texas, California, Arizona, Colorado, Nevada, Maryland, Virginia, New Jersey and Minnesota.

Caring About Our Customers...

We've helped more than 475,000 families turn their dreams of home ownership into reality. From young couples taking their first big step toward the American dream, to seasoned homebuyers moving up to a larger home, to retirees looking for a new lifestyle as well as a new home. Quality, value and integrity are built into every Lennar home.

Caring About Our Associates...

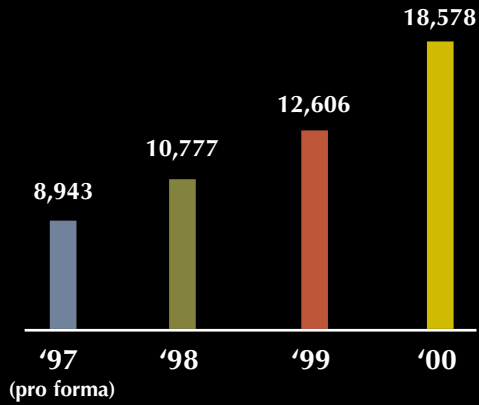
With a growing team of more than 7,000 associates, Lennar has one of the largest and most experienced talent pools in the industry. Our unique culture and commitments to training, support, entrepreneurial spirit and teamwork creates an exceptionally productive and fun work environment.

Caring About Our Shareholders...

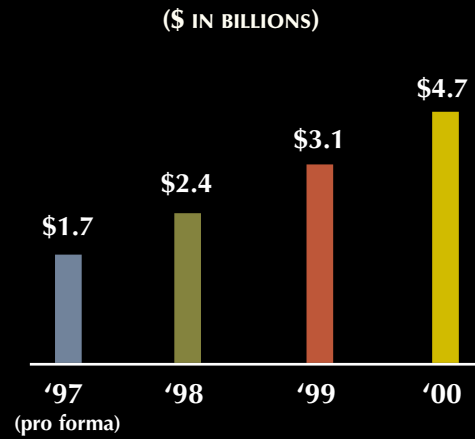
When we care for our Company, our customers and our associates, we know our shareholders receive the best results. We've built a strong reputation on Wall Street with our excellent track record, superior balance sheet, high returns on capital and equity and our unique ability to identify and capitalize on market inefficiencies.

FINANCIAL HIGHLIGHTS

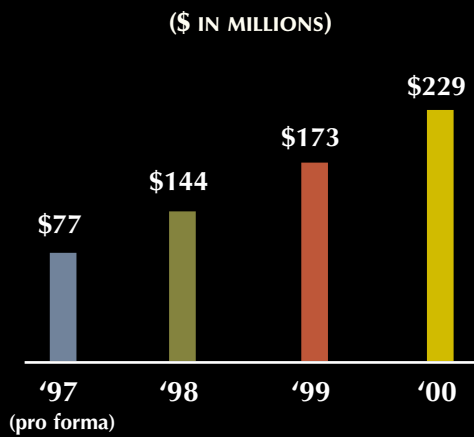
NEW HOME DELIVERIES



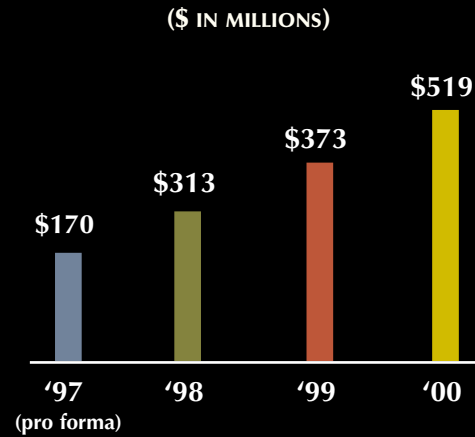
TOTAL REVENUES



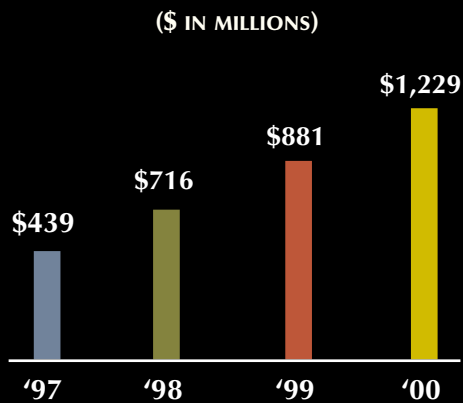
NET EARNINGS



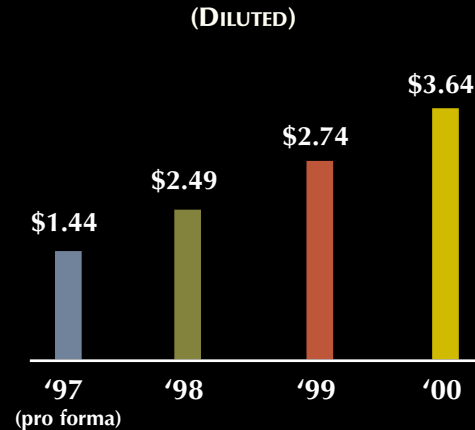
EBITDA



SHAREHOLDERS' EQUITY



EARNINGS PER SHARE





Caring About Our Company



*“I Care” is more than words,
It’s more than attitude,
It filters through our Company,
It’s everything we do.*

Dear Shareholders,

What an incredible year! We grew by leaps and bounds in 2000, but also by commitment and caring. We focused on results and we achieved them. Our success is a tribute to the thousands of associates, old and new, who make up the Lennar Family. A passion for excellence and a fun, positive atmosphere, loaded with a unique corporate culture, create an environment where associates working together turn the Company credo “I Care” into a warm embraced “We Care”. Together we strive to be the best in everything we do.

We accelerated our Company’s growth with the strategic acquisition of U.S. Home, which has turned out to be a great combination in every way. These two companies were meant to be together. In addition to being an outstanding financial transaction, the companies have fit together both operationally and culturally. Associates throughout the Company have joined forces to enable Lennar to benefit from the best practices of two outstanding programs.

With the integration now complete, Lennar is now more geographically diversified, has a broader product offering and has two very strong and dynamic marketing strategies in “Everything’s IncludedSM” and “Design StudioSM”. Additionally, we have enhanced Lennar’s exciting culture with the long-standing and well-regarded U.S. Home Leadership Development and Training program.

While growing our business we remained focused on financial results. We grew revenues and bottom line earnings to record levels, while maintaining one of the best balance sheets in the business. We also continued to grow a more diversified earnings stream as our Financial Services Division added bottom line growth by providing mortgage, title and closing services to our expanded customer base.

We achieve superior results on a consistent basis...

Our solid financial performance in 2000 was a testament to the successful execution of a business plan that remains simple and results-oriented. Successful execution flows directly from a culture of caring about everything we do. Our 2000 results exceeded even our own expectations:

- total revenues grew 51% to \$4.7 billion,
- net earnings increased 33% to \$229 million,
- shareholders’ equity increased 39% to \$1.2 billion,
- earnings per share grew to \$3.64, a 33% increase,
- leveraging our strong financial position to complete the largest acquisition in the history of the homebuilding industry with the purchase of U.S. Home and
- drove net debt to total capital down to 44% by year end.

Our 2000 results do not stand alone. In fact, we have a long history of building shareholder value. Each year's success raises the bar for the next year's even better performance. We are always striving to be even better. The Lennar process of the way we manage, the way we grow and the way we achieve results enables us to achieve uncommon results on a regular basis.

...because we care about managing...

The Lennar managing process starts and ends with people. At Lennar we have worked very hard over many years to create a culture that drives everyone to be the best they can be, while having fun along the way. Lennar is simply a great place to work. We are quite certain that we have more laughs, giggles and smiles per hour worked than anyone in the business. We all wear name badges, we recite the



“We are bottom-line focused. We don't confuse

Company poem and we encourage everyone to be a leader. There is a sense of camaraderie that fills the halls of Lennar that acts as a company support system. That support system keeps everyone working together, striving for the same high goals and standards.

We are a Company that loves to learn. Whether through acquisitions or through studying our peers and markets, we test and incorporate best practices that promote success. We focus on technology, but have not been distracted by it. We adapt to change, but never take our eye off the ball.

Simple and consistent corporate controls, goals and bonus programs direct the focus of our associates. A comprehensive planning, budgeting and review cycle provides discipline to operations. A clearly defined process followed with discipline reinforces our Company's intense focus on return on net assets.

Management is the machine that drives our success. We manage our business by promoting success and longevity. Our Company's culture promotes working hard while enjoying what you're doing, individuality as part of a team, and entrepreneurial spirit bridled by tight corporate control. Our Company is focused.

...because we care about growing...

The growth process at Lennar starts and ends with a strong balance sheet.



Strategic growth at Lennar is very carefully managed and controlled. It starts with a strong financial position that can comfortably support a strategic acquisition. We seize market inefficiencies to grow the Company opportunistically. A good acquisition positions the Company with financial cushion. We pare down purchased assets and reposition the Company for financial strength again.

activity with prosperity, or size with quality.”



LEONARD MILLER
Founder and Chairman
of the Board

Internally we grow our operating divisions through regular growth planning. Each operating division has its own growth plan that provides for comfortable organic expansion that fits the division's existing management reach and control.

Acquisitions require successful integration to build a better company. The best way to achieve this is to insist on a cultural fit up front. We spend as much time considering cultural fit as we spend modeling the financial attributes of an acquisition.

Growth is about strategy and risk management. We do not confuse activity with prosperity. When we grow effectively we prepare and position our Company for future successes. We constantly measure downside risk against upside potential. We refuse to grow just to get big. Bob Strudler, our Vice Chairman and Chief Operating Officer, constantly reminds us that “Bigger is not better, only better is better.” Therefore, we grow our operations only as market conditions permit. We do not try to force growth because growth carries a high degree of risk.

...because we care about results...

The Lennar process of achieving great results starts and ends with everyone focused on return on net assets (“RONA”). Every investment, every sale, every asset and every operation is measured and evaluated against RONA. We talk about RONA, we celebrate RONA, we measure RONA monthly and we advertise RONA internally.



Our management mantra is very simple and consistent: keep profits higher and assets lower. A sustainable high return on net assets is the goal of every operating division in the Company since our Company’s bonus programs are based on achieving high returns.

Many corporate strategies are focused on producing high returns. Our dual marketing strategies of “Everything’s IncludedSM” and “Design StudioSM” are about increasing land absorption to increase returns. We sell land positions to competitors to keep asset balances low.



“Bigger is not better,

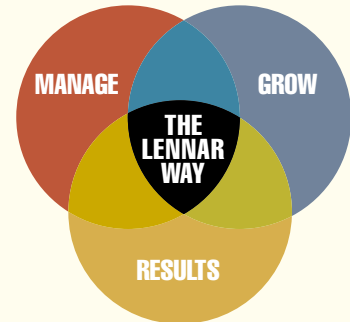
Simply put, by keeping all of our operations focused on sustainable return on net assets, Lennar is consistently able to do something that few builders can: produce consistent earnings per share growth, create high returns on capital and equity, reduce net debt to total capital and maintain conservative accounting policies – and do them all simultaneously. Consider these statistics:

1997 – 2000

- average return on beginning shareholders’ equity of 28%,
- grew net earnings to \$229 million – a 44% annualized growth rate,
- increased shareholders’ equity to \$1.2 billion – a 41% annualized growth rate,
- book value per share increased to \$19.58 – a 33% annualized growth rate,
- EBITDA grew to \$519 million – a 45% annualized growth rate and
- grew revenues to \$4.7 billion – a 39% annualized growth rate.

...and we care to be the best!

The future holds no limits for our Company. As we enter 2001, our Company has never been better positioned to react, respond and seize opportunity than we are today. We are financially well-positioned, we are excited about the opportunities provided by our business, we are passionate about being the nation's very best homebuilder, and "We Care"!



At Lennar, we believe in what we do because fundamentally, our business is about dreams; the dreams of families, communities and investors, and of the associates who build their careers with us. "We Care" about those dreams because our reputation is built on them. With almost half a century behind us, we look forward to a new millennium in which our focus on quality, simplicity, value, innovation and caring will help us continue to grow and evolve into an even better Company.

only better is better."



BOB STRUDLER
Vice Chairman and
Chief Operating Officer

We would like to thank our customers, our associates and our shareholders for giving us the opportunity to earn your trust and nurture your dreams.



Sincerely,

Stuart A. Miller
President & Chief Executive Officer

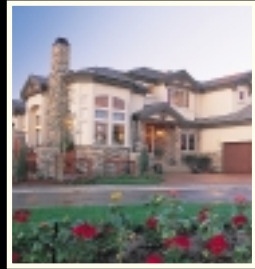
Coast to Coast and Focused

More than 50% of U.S. new home starts occur in the states where we build homes.



NEVADA

Deliveries	612
Homesites Available	1,428
Market Share	2.9%



COLORADO

Deliveries	1,559
Homesites Available	8,971
Market Share	4.2%



ARIZONA

Deliveries	2,057
Homesites Available	5,902
Market Share	4.0%



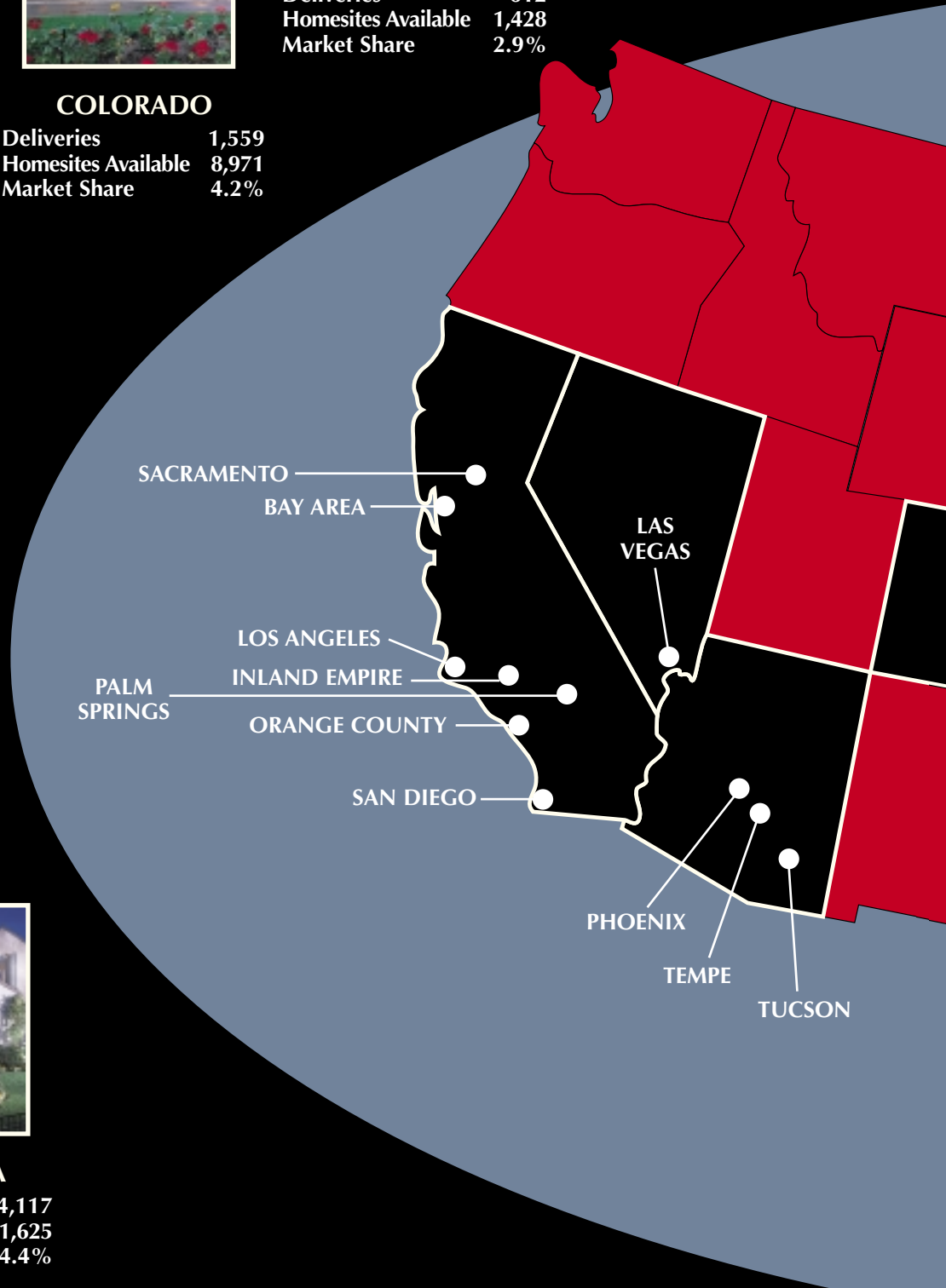
TEXAS

Deliveries	5,591
Homesites Available	23,652
Market Share	4.8%



CALIFORNIA

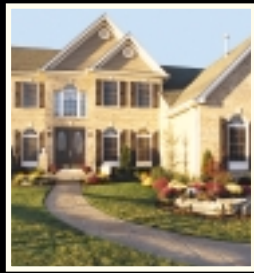
Deliveries	4,117
Homesites Available	31,625
Market Share	4.4%





MINNESOTA

Deliveries 748
 Homesites Available 5,737
 Market Share 2.4%



NEW JERSEY

Deliveries 520
 Homesites Available 2,550
 Market Share 1.9%



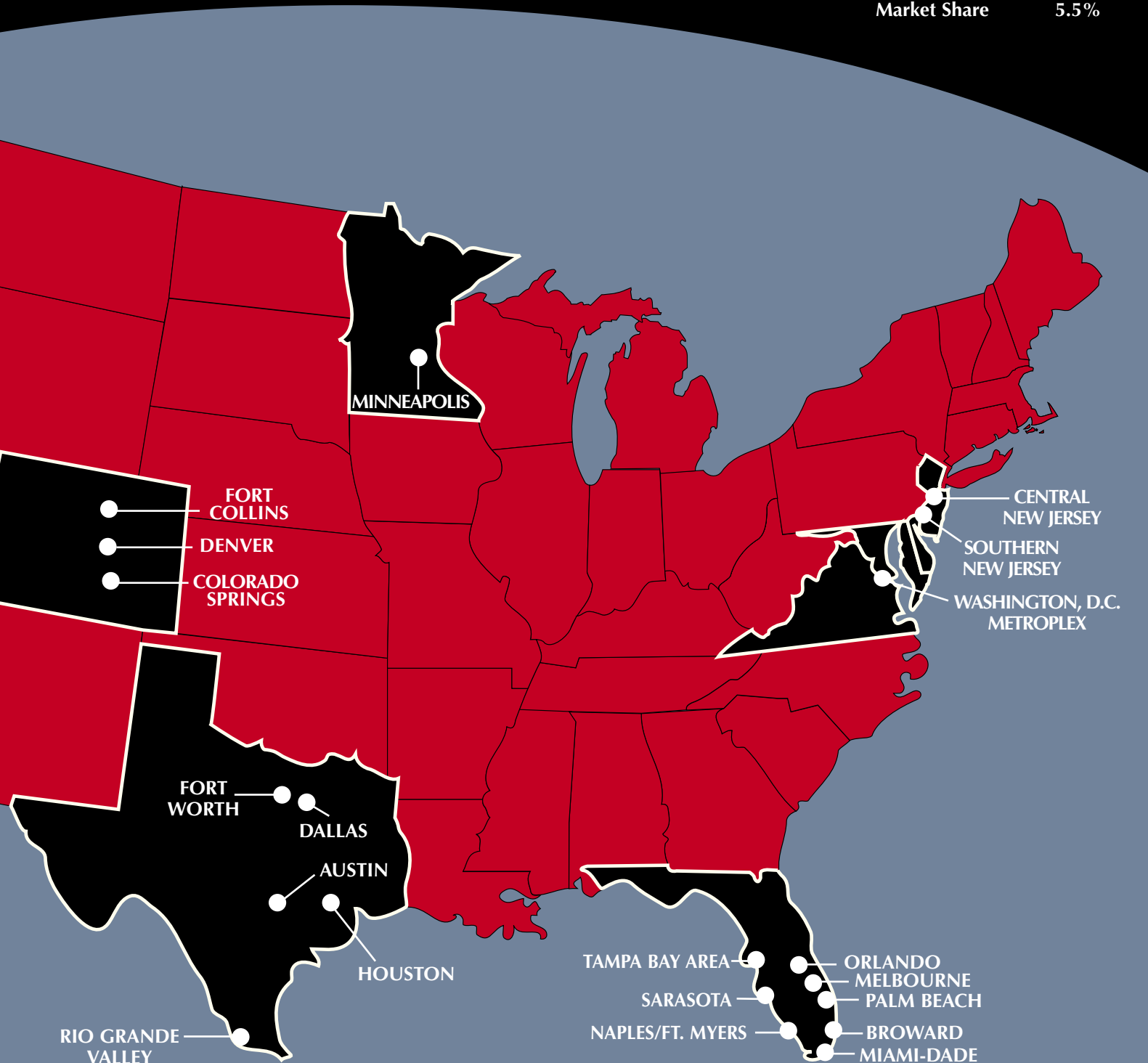
MARYLAND/VIRGINIA

Deliveries 735
 Homesites Available 3,729
 Market Share 1.1%



FLORIDA

Deliveries 6,425
 Homesites Available 44,340
 Market Share 5.5%





Caring About Our Shareholders

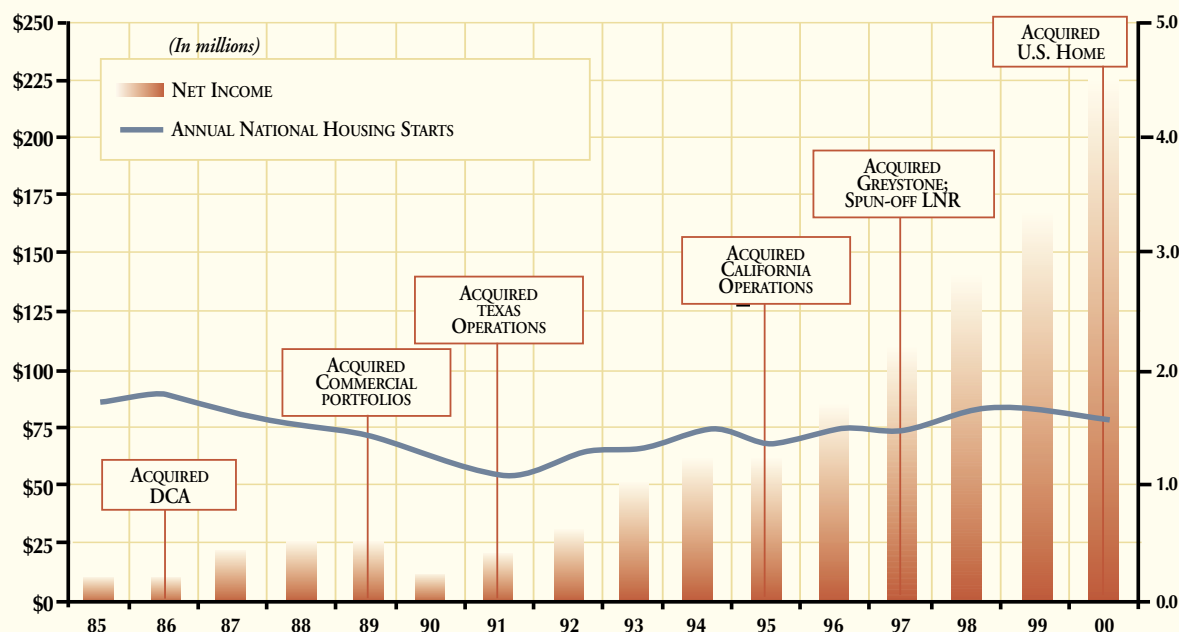
*“I Care” for lots of people.
They give us all their trust.
It’s our responsibility
To know that they need us.*

“Lennar’s penchant for enhancing shareholder value has been demonstrated repeatedly, and warrants a peer group premium valuation, in our judgment. Examples include: the early 1990s purchase of distressed portfolio loan pools from the Resolution Trust Corporation; entrance into Texas/California from 1991-1994; the October 1997 spin-off of LNR Property (and coincident merger with Pacific Greystone); aggressive share repurchases in 1999; and the acquisition of U.S. Home at a substantial book value discount in May 2000. The aforementioned transactions validate our conclusion that “Nobody Does It Better” than Lennar.”



— *Greg Nejmeh, CFA*
Homebuilding Equity Analyst
Deutsche Banc Alex. Brown

NOBODY DOES IT BETTER: EXPANSION AND INTEGRATION



Lennar has consistently produced more shareholder value than any other homebuilder in the country. Lennar’s process of growth, management and results has produced a consistent track record of strong earnings growth coupled with a strong balance sheet. Over the past 15 years we have seen shareholders’ equity increase from \$142 million to \$1.2 billion. Earnings have grown from \$12 million to \$229 million, and revenues have increased from \$231 million to \$4.7 billion. We have accomplished all of this even while we have created additional shareholder value by spinning off LNR Property Corporation (Oct. 1997) into a separate public company, which today has a market capitalization approaching \$1 billion.

We have expanded our asset base both internally and through acquisitions. Focused management execution and a disciplined financial management of return on net assets drives the success of our process.

As we look ahead there is good reason to expect continued success. Lennar’s management process produces these results. It is a process that works because of the focused discipline that is applied to it.

Our relentless focus on improving shareholder value is how “We Care” about our shareholders.

The Way We Manage

Lennar's management model is simple and consistent. We start with managers who are proven and experienced veterans of the industry and, in most cases, of our Company. These seasoned managers are aligned with shareholders by a compensation program tied to Return on Net Assets ("RONA") and bottom line profitability. We operate under a system of broad local autonomy harnessed by a simple and consistent group of corporate operating controls.

We constantly review the performance of operations through a Review-Do-Review system of planning, budgeting and monthly measurement. Expectations are set and performance is reviewed.

The Lennar culture is constantly fostering teamwork and team achievement. Whether newly purchased operations are being incorporated, or we are refreshing our long-standing management team, we use company culture and leadership development programs to maintain consistent processes. We have



"We're building America's best"

integrated the highly regarded U.S. Home Leadership Development and Training program to help ensure that we are building the deepest management team in the industry.

The Way We Grow

Lennar's growth model has been proven again and again and again. It starts and ends with a strong balance sheet. It is the strong financial position that leaves us prepared to react quickly and decisively when opportunities present themselves. In the meantime we grow internally, awaiting the right opportunity.

We remain financially prepared at all times and react when we see market value inefficiency. When values are attractive, we underwrite to current conditions and then purchase at below market value. We only purchase when we have adequate reserve capital to maintain a conservative financial position.

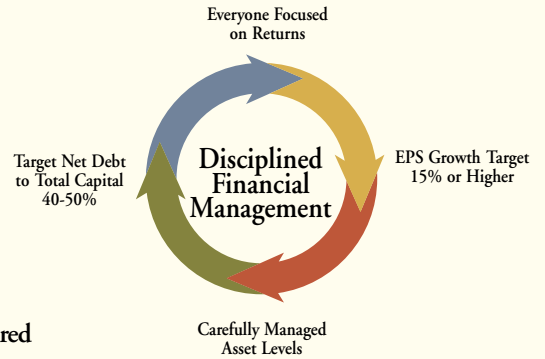


After making a strategic purchase, whether land assets or a company, we focus on paring down our investment. This begins the process of restrengthening our balance sheet.

We focus on best practices and the prospect of building a better company. This is why company acquisitions integrate so quickly and efficiently. This discipline maintains our financial and operational strength, and positions us to act again.

The Way We Achieve Results

Lennar's disciplined financial management pulls everything together. From division to division - from corporate to field - from associate to associate - everyone is focused on RONA. From the start of underwriting a new acquisition to the review of last year's operational results, from the budget process to the bonus calculation, everything is measured against RONA. Corporately we target a 13% return on net capital and a 20% return on beginning shareholders' equity.

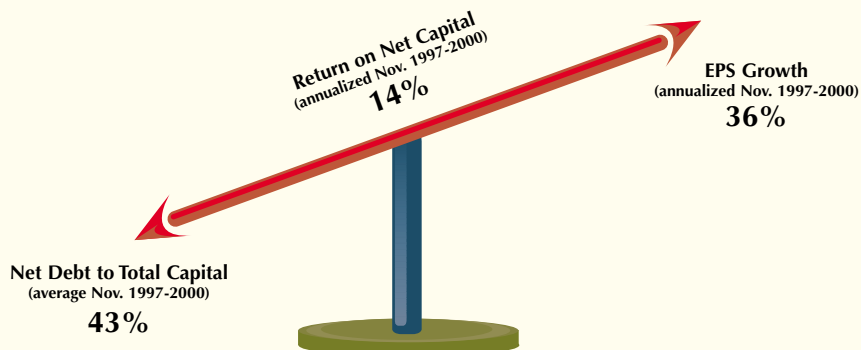


homebuilder, one home at a time.”



By focusing on RONA, our divisions operate as both profit center managers and balance sheet managers. An example of our intense RONA focus is our dual marketing strategy, which enables us to accelerate the absorption of existing land. Additionally, our Financial Services Division improves RONA by maximizing profit per customer while minimizing incremental investment.

We target earnings to grow 15% or higher while carefully managing our asset base, which keeps operations well-positioned for the future. At the same time we target 40% to 50% leverage to keep the Company financially well-positioned for opportunities. The successful management of these elements enables us to produce an enviable financial balance that is the highest priority at Lennar.



Dual Marketing Strategy Accelerates Land Use and

Everything's IncludedSM

- Emphasis on simplicity
- Value to the customer
- “Personalized” not “customized” homes
- Anticipate buyer wants and needs
- Reduced incidence of changes or upgrades
- Expedited production schedule



Improves Return on Capital



Design StudioSM

- Emphasis on customization
- Buyer can choose interior and exterior features
- Utilizes custom design studios
- Longer production schedule and, generally, a higher priced home



Caring About Our Customers

*We know a home is everything,
So when we build, we swear,
We'll build it with our hearts and souls,
We'll build it with "I Care".*

“From day one, we had nothing but a great experience from him. And even today, Mark is one of our closest friends. When we moved in our house the beginning of April, we had what we call the blessing of our house, where we have a lot of friends come over and we had dinner served for them. And we invited Mark and he showed up. So Mark is not only just a good salesman, but he’s a personal friend of ours.”

– *Lonnie and Shelia Irby*
Homeowners, Plano, Texas



Our commitment to each customer is the building block for our success...

It is based on the belief that while we have grown to a Company that will deliver approximately 23,000 homes this year, each home is built and designed to fulfill the needs and dreams of that one buyer who will call this residence “home”. From contract to closing, our associates understand that “We Care” means we are dedicated to ensuring our customers that their purchase of a home from the Lennar Family of Builders will be a positive experience; that their home will be built to the highest quality standard; and that we fully accept our responsibility to each customer.

A home is more than a simple shelter. It’s an anchor, a dream and a responsibility. For many people, it’s also the most significant purchase they will ever make. We want the relationships we forge with our homeowners to last a lifetime. That’s why we work so hard to treat our customers with care, whether they’re purchasing their first home, moving up as their family grows, or designing their dream home in one of our Heritage Active Adult Communities. Our commitment to our customers runs through every associate, every department and every division of our Company.

A Lennar Family of Builders home for every buyer...

Our commitment to our customer can be described in two simple words: “I Care”. Caring about our customers starts by having quality, value, and integrity as the cornerstones of our relationship. These are the most important ingredients of every Lennar home.

Our “Heightened Awareness” program is a full-time focused initiative designed to objectively evaluate and measure the quality of construction in our communities. The goal of this program is to ensure that the homes delivered to our customers meet our high standards.



The Clubhouse at The Bridges
Rancho Santa Fe, CA



To accomplish this goal our communities are inspected and reviewed on a regular basis by a highly trained senior associate. This program is an example of our commitment to provide the finest home to our customer.

In addition to the "Heightened Awareness" program, we obtain independent surveys of our customers as another mechanism to further improve our standard of quality and customer satisfaction.

No matter which of the eleven Lennar Family of Builders a customer chooses, we can assist them with every part of the home buying process. From finding the best mortgage financing to the closing and title insurance needs, and often even turning on the cable television, Lennar is there, because "We Care".



*"I thought the closing would be like having a tooth
a very pleasant experience. Thank you."*

FIRST-TIME BUYERS

32%

MOVE-UP BUYERS

51%

ACTIVE ADULTS

17%

Growing in America's top markets...

As we enter the new millennium, our strategy for growth recognizes that to be successful we must build homes where customers want to live and where economic conditions provide them an opportunity to prosper. Our entry into Texas and California in the early 90's recognized the

continued economic expansion in these rapidly growing areas. Our acquisition of U.S. Home allowed us to meet the demands for housing in markets such as Colorado, Minnesota, New Jersey and Washington, D.C. where limited availability of land for development makes experience and knowledge of the local market essential. This acquisition also allows us to better meet the housing needs of the growing number of baby boomers reaching retirement age.

The states in which Lennar builds homes represent over 50% of the housing starts in America. The Lennar Family of Builders are “Wow-ing” customers from Coast to Coast, offering America’s families quality homes under the brand names of Lennar Homes, U.S. Home, Greystone, Village Builders, Renaissance, Orrin Thompson, Lundgren Bros., Winncrest, Rutenberg Homes, and our active adult franchises of Heritage and Greenbriar. Whether a customer chooses an “Everything’s IncludedSM” or “Design StudioSM” home, every Lennar home is built with our entire team striving for “Zero Defect” in the whole home buying experience.

Financial Services: caring from start to finish

The personal touch extended by our Financial Services Division makes the one-stop home buying process simpler and more enjoyable with everything from home mortgage,

pulled. It was more like dinner with friends,

— Harold Bruce Parker, Jr., Customer, Universal American Mortgage Company



title insurance and closing services to cable television and alarm system installation and monitoring.

Technology has contributed to major changes in these businesses, as we focus on providing simple and efficient services to customers. Our commitment to technology supports our Financial Services associates in our effort to make the home buying experience a pleasant and rewarding one for all of our customers.

Home Mortgage

In 2001, Financial Services announced the combination of Universal American Mortgage Company (“UAMC”) with U.S. Home Mortgage Corporation. Coupled with the acquisition of Eagle Home Mortgage in 1999, UAMC is now one of the largest home loan originators in the United States. Lennar has assembled one of the most talented teams of experienced “I Care” professionals in mortgage banking today to make the home buying process a more fun and comfortable experience for our customers.

Through state of the art technologies and the development of our Home Loan Call Centers, we are committed to bring a new definition of convenience and service to our customers. These call centers will serve to complement our home loan consultants in offering convenient choices to customers for multi-channel origination over the Internet, the telephone, as a mail away or through the traditional face-to-face loan application.

Title Services

During the past year, our title companies provided title insurance and closing services to more than 110,000 residential and commercial transactions in Florida, Texas, Arizona, Colorado and California. We are now among the largest title service providers in the United States.

By combining the latest in time and paper saving technology, with old fashioned caring customer service, our title companies are responding to the challenge of making the home buying process simple, efficient and enjoyable for all of our customers.

In 2001, all of our title companies from coast to coast will benefit as they begin operating under the North American Title banner.

Insurance

In our continuing effort to create a one-stop shopping opportunity for our customers, we have added another Financial Services product. We are now offering our customers the opportunity to obtain homeowners and other personal lines of insurance. This is another step in our effort to simplify the home buying process and build a base of "customers for life".

Strategic Technologies: caring to connect

The Internet is changing the way the world does business, the way we get information, the way we shop, and, increasingly, the way we look for a home. Lennar is taking the lead in using the Internet to simplify the process of buying a home, while leveraging our brand across the business-to-business and business-to-consumer sectors. Our Strategic Technologies ("STI") Division has broadened its cable television, home security systems and home monitoring businesses in 2000 to include a new focus on high-speed Internet access and e-commerce.





Caring About Our Associates

*“I Care” with attitude,
It always shines right through.
‘Cause when I give my very best,
My teammates give theirs too!*

“I feel that the Company and I have a relationship...it’s definitely a two-way street between us. They care for me as much as I care for them. The respect is mutual.”

– *Stacie Hearn*
Dallas Division Sales Manager



Lennar is simply a great place to build a career. From the moment our associates receive their name badges, they are quickly immersed in the Lennar Way: our corporate culture that emphasizes individual excellence combined with teamwork, intense focus along with fun, and professional achievement along with camaraderie. Even while we are exceeding expectations on Wall Street, we like to believe that we have more smiles and more fun per hour worked than any company in America.

Culture

At Lennar, we understand that the underlying foundation for our success has not been constructed through a combination of building materials and the acquisition of land, but through the individual contributions of each of our over 7,000 associates. We are bound together by a common culture which emphasizes the pursuit of excellence in every aspect of our business; a comprehensive training program which promotes the transfer of knowledge from one associate to another; and an acknowledgement that fun is good and that the workplace must provide each associate with a sense of excitement, an opportunity to grow and to be a leader, and a feeling of personal satisfaction.

Culture is the line of communication that drives our Company’s consistency. The foundation of our culture is to have fun in all that we do. We create opportunities to laugh, sing and dance together. In doing so we open channels of communication that bring associates together to work as a team, to cheer the successes of the team, and to support and inspire one another.

To an outsider looking in, Lennar is a strange environment with some very unusual traditions. To those of us who call Lennar our home, we know that there is a special spirit and enthusiasm, a passion and a vitality that fills the halls of our Company and makes this a very special place to work.

Best of the Best

We strive for continuous improvement in an atmosphere of inclusion, openmindedness, creativity and trust. We pride ourselves on being a “Learning Machine”. We listen and we learn from the diverse experiences of every associate that joins our family. By doing this we achieve the best of the best practices in all that we do.

In combinations or acquisitions we look forward to the many great systems and programs of the acquired company that we might incorporate in order to strengthen our own. By recognizing the many strengths of an acquired, new member of the family, we establish a spirit of cooperation that aids in the integration of the new company.

At Lennar everyone is an important member of the team.

Leadership Development and Training

Each year as we strive to improve on our prior performance, we consume the very assets on which we built our success. We move from one community to another and we own no factories. We have no inventory of bricks and lumber, and our customers change on a daily basis. The only asset which provides us with the ability to grow from year to year is the knowledge and ability of our associates. It is their knowledge of each local market, of our sales and building process, and our standards of excellence which provides the basis on which our Company can continue its role as a leader in this industry. It is for this reason that training at Lennar is an activity of the highest importance.

The training and development of our associates is an integral part of our success. We accomplish this through a variety of programs including on the job training, formal leadership development sessions and book club readings. Integrating best practices with continuous learning allows us to create the next generation of leaders that inspire and ignite greatness in those around them.

The essential element in our training program is the commitment of each associate to being both student and teacher. It is the obligation of each associate to constantly seek to improve their personal knowledge while at the same time being willing to participate in those activities which enhance the knowledge of fellow associates. The Company's Leadership Development and Training program has been recognized as being one of the foremost training programs in our industry. It brings together associates from all over the country to meet with senior management and to explore ways to improve our performance. It is an acknowledgement that the real shortage in our industry is not lumber, concrete or drywall, but the leaders necessary to inspire continued growth. Each member of our management team understands that they cannot grow and that they cannot succeed unless they are willing to play a vital role in creating an environment where leadership capabilities of all associates are enhanced.

"I Care"

I am once again excited
For I've come to a conclusion
Our new "I Care" program
Is our next revolution.

"I Care's" at our heart
It echoes through our halls
While being very big
We're acting very small.

I build each home one by one
"I Care" for each the same
With twenty thousand homes
each year
We must protect our name.

"I Care" for lots of people
They give us all their trust
It's our responsibility
To know that they need us!

We know a home is everything
So when we build, we swear
We'll build it with our hearts
and souls
We'll build it with "I Care".

"I Care" is more than just the
words
It's more than attitude
It filters through our Company
It's everything we do.

"I Care" is our integrity
Our character, our way
It is whether we deliver
On everything we say.

"I Care's" about relationships
Everyone's our friend
With caring we coordinate
From beginning to the end.

"I Care's" about just me alone
Because it starts with "I"
Our reputation is my job
It's up to me to try.

So now our "I Care" program
From here on out will grow
So it's 12 basic principles
All of us must know!

"I Care" - I am a leader
I'm focused and have fun
I lead with actions - not my
words
That's principle number One.

"I Care" with attitude
It always shines right through
Cuz when I give my very best
My teammates give theirs too!

"I Care" about my team
I never stand alone
For Three, support and help
and guide
Delivering each home.

Fourth, "I Care" for customers
Expectations I exceed
I promise less and give them more
Success is guaranteed.

"I Care" stands for training
All to be the best
Associates can do great things
And rise above the rest.

"I Care" about Z Defects
Quality is our goal
I'll work all night, to get Six
right
I'll work with heart and soul.

Clean, Clean, Clean, is
Seventh
Clean, job site says "I Care"
This shows them they're
important
Because it is so rare.

"I Care" about shareholders
Eight is bottom line
Growing value - being best
Our stock goes up just fine.

"I Care" for building partners
Communicate and hear
When we treat them with
respect
We're telling them "I Care".

"I Care" by wearing name
badge
It's our family crest
It ties us all together
That's Ten, from east to west.

"I Care" rings through our
culture
From Dr. Seuss to hens
Lennar is like a family
It's great to work with friends.

Twelfth, "I Care" to be the
best.
"I Care" that I have tried
"I Care" to look at all we do
And look at it with pride.







**Heritage Highlands Golf and Country Club
Clubhouse, Marana, Arizona**

Lennar's Heritage Communities are one of America's most successful national retirement community franchises. There are currently 25 existing Heritage Communities located in 10 states, with another 5 in various planning stages.



Caring About Our Community

*“I Care” about relationships,
Everyone’s our friend.
With caring we coordinate,
From beginning to the end.*

“It’s where we can give back to the community and say thanks for all the great things they have done for us. The Dream Builder Playhouse Campaign is one program that brings tears of joy to the eyes of a lot of children. It’s one way that we show genuine interest and concern towards our community...and it makes me proud.”

— *Steve Craddock*
Tucson Division President



There is an immense sense of pride felt by our associates as we each look back to the more than 475,000 homes delivered by the Lennar Family of Builders over the last five decades.

There is also a recognition that we have played a unique role in the creation of communities in which people raise families, pursue their dreams and enjoy the benefits of their many years of hard work.

This recognition is at the heart of our belief that each of us must share the benefits we have derived from this experience with the communities we have helped create.

Whether working with Special Olympians to build homes for Habitat for Humanity in Dallas and Houston, Texas, or in Tampa, Florida; or our role in building Kevin’s Lodge in Phoenix, Arizona to provide a campsite for young children stricken with cancer; or sharing the holidays with 63 children in Tampa, Florida, who need a little love in their lives; or gathering toys for children in San Diego, California, in order to make their wishes come true, we understand and are proud of our role not only in creating communities but in giving something back to these communities.

Giving back makes us all feel proud. Proud to be part of a Company that can grow and succeed and can still remember community needs that require a different kind of selfless attention. Proud to be part of a Company that can be intensely focused on bottom line results and, at the same time, passionate about people who are less fortunate than ourselves; people who need. Proud to be part of a Company that cares.

Proud to be part of the Lennar Family of Builders.

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FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA

Lennar Corporation and Subsidiaries

At or for the Years Ended November 30,

<i>(Dollars in thousands, except per share amounts)</i>	2000	1999	1998	1997	1996
Results of Operations:					
Revenues:					
Homebuilding	\$ 4,390,034	2,849,207	2,204,428	1,208,570	952,648
Financial services	\$ 316,934	269,307	212,437	94,512	89,013
Total revenues	\$ 4,706,968	3,118,514	2,416,865	1,303,082	1,041,661
Operating earnings:					
Homebuilding	\$ 480,796	340,803	283,369	120,240	91,066
Financial services	\$ 43,595	31,096	33,335	35,545	28,650
Corporate general and administrative expenses	\$ 50,155	37,563	28,962	15,850	12,396
Earnings from continuing operations before income taxes	\$ 375,635	285,477	240,114	85,727	84,429
Earnings from continuing operations	\$ 229,137	172,714	144,068	50,605	51,502
Earnings from discontinued operations	\$ -	-	-	33,826	36,484
Net earnings	\$ 229,137	172,714	144,068	84,431	87,986
Per share amounts (diluted):					
Earnings from continuing operations	\$ 3.64	2.74	2.49	1.34	1.42
Earnings from discontinued operations	\$ -	-	-	0.89	1.01
Net earnings per share	\$ 3.64	2.74	2.49	2.23	2.43
Cash dividends per share – common stock	\$.05	.05	.05	.088	.10
Cash dividends per share – Class B common stock	\$.045	.045	.045	.079	.09
Financial Position:					
Total assets	\$ 3,777,914	2,057,647	1,917,834	1,343,284	1,589,593
Total debt	\$ 1,703,510	802,295	798,838	661,695	689,159
Stockholders' equity	\$ 1,228,580	881,499	715,665	438,999	695,456
Shares outstanding (000's)	62,731	57,917	58,151	53,160	35,928
Stockholders' equity per share	\$ 19.58	15.22	12.31	8.26	19.36
Delivery and Backlog Information:					
Number of homes delivered	18,578	12,606	10,777	6,702	5,968
Backlog of home sales contracts	8,363	2,903	4,100	3,318	1,929
Dollar value of backlog	\$ 2,072,000	662,000	840,000	665,000	312,000

As a result of the Company's spin-off of its commercial real estate investment and management business, including the Investment Division business segment, the selected financial data for 1997 and 1996 reflects the Company's Investment Division as a discontinued operation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements contained in the following Management's Discussion and Analysis of Financial Condition and Results of Operations may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. By their nature, forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those which are anticipated. With regard to the Company, these factors include, but are not limited to, changes in general economic conditions, the market for homes generally and in areas where the Company has developments, the availability and cost of land suitable for residential development, materials prices, labor costs, interest rates, consumer confidence, competition, environmental factors and government regulations affecting the Company's operations.

RESULTS OF OPERATIONS

Overview

Lennar Corporation achieved record revenues, profits and earnings per share in 2000. The Company's net earnings in 2000 were \$229.1 million, or \$3.64 per share diluted, compared to \$172.7 million, or \$2.74 per share diluted, in 1999. The increase in net earnings in 2000 primarily resulted from the Company's \$1.2 billion acquisition of U.S. Home Corporation ("U.S. Home") in May 2000. U.S. Home is primarily a homebuilder, with operations in 13 states. The acquisition strengthened the Company's position in several of its established markets and brought the Company positions of strength in a number of attractive new markets. As a result of the successful integration of U.S. Home, the Company achieved record earnings in 2000 and further strengthened its balance sheet by reducing its ratio of net homebuilding debt (homebuilding debt less cash) to total capital from 61% immediately after it acquired U.S. Home to 44% at year-end.

Homebuilding

The Company's Homebuilding Division sells and constructs homes primarily for entry level, move-up, active adult and retiree homebuyers in 13 states. The Company markets under its "Everything's IncludedSM" and "Design StudioSM" programs. The Company's land operations include the purchase, development and sale of land for its homebuilding activities, as well as the sale of land to third parties. In certain circumstances, the Company minimizes its risk by forming joint ventures with other entities. The following tables set forth selected financial and operational information for the periods indicated. The results of U.S. Home are included in the information since its acquisition in May 2000.

Selected Homebuilding Division Financial Data

(Dollars in thousands, except average sales price)	Years Ended November 30,		
	2000	1999	1998
Revenues:			
Sales of homes	\$ 4,118,549	2,671,744	2,089,762
Sales of land and other revenues	258,145	157,981	83,758
Equity in earnings from partnerships	13,340	19,482	30,908
Total revenues	4,390,034	2,849,207	2,204,428
Costs and expenses:			
Cost of homes sold	3,277,183	2,105,422	1,641,741
Cost of land and other expenses	220,948	130,432	69,279
Selling, general and administrative	411,107	272,550	210,039
Total costs and expenses	3,909,238	2,508,404	1,921,059
Operating earnings	\$ 480,796	340,803	283,369
Gross margin on home sales*	21.3%	21.2%	21.4%
SG&A expenses as a % of revenues from home sales	10.0%	10.2%	10.1%
Average sales price	\$ 226,000	212,000	194,000

* Fiscal 2000 excludes the effect of purchase accounting related to the U.S. Home acquisition.

Summary of Home and Backlog Data By Region

(Dollars in thousands)	Years Ended November 30,		
	2000	1999	1998
Deliveries			
East	6,155	4,241	3,761
Central	5,203	3,107	2,484
West	6,878	5,241	4,532
Subtotal	18,236	12,589	10,777
Joint ventures	342	17	-
Total	18,578	12,606	10,777
New Orders			
East	5,676	3,788	4,010
Central	5,089	3,056	2,519
West	6,770	4,536	4,487
Subtotal	17,535	11,380	11,016
Joint ventures	312	29	-
Total	17,847	11,409	11,016
Backlog - Homes			
East	2,768	1,091	1,544
Central	1,632	652	703
West	3,451	1,148	1,853
Subtotal	7,851	2,891	4,100
Joint ventures	512	12	-
Total	8,363	2,903	4,100
Backlog Dollar Value			
(including JVs)	\$2,072,000	662,000	840,000

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's market regions consist of the following states: **East:** Primarily Florida and also includes Maryland/Virginia and New Jersey. **Central:** Primarily Texas and also includes Minnesota and Ohio. **West:** Primarily California and also includes Colorado, Arizona and Nevada. In addition, the Company has various partnerships in North Carolina and Michigan.

Revenues from sales of homes increased 54% in 2000 and 28% in 1999 compared to the previous years primarily as a result of increases in the number of new home deliveries and the average sales price. New home deliveries were higher in 2000 compared to 1999 due to the inclusion of U.S. Home's homebuilding activity since its acquisition in May 2000. The increase in deliveries in 1999 compared to 1998 reflected growth in California, where the Company made several acquisitions in 1998, and generally favorable market conditions throughout the Company's homebuilding markets in the first half of 1999. The higher average sales price in 2000 compared to 1999 was due primarily to an increase in the average sales price in most of the Company's existing markets, combined with changes in product mix as a result of the entry into new markets. The higher average sales price in 1999 compared to 1998 reflected both price increases and a shift in product mix in certain markets.

Gross profits on home sales increased to \$841.4 million in 2000, compared to \$566.3 million in 1999 and \$448.0 million in 1998. Gross profits in 2000 were impacted by purchase accounting associated with the acquisition of U.S. Home. Gross margin as a percentage of sales of homes in 2000 was 21.3% (excluding the effect of purchase accounting), and 20.4% (including the effect of purchase accounting), compared to 21.2% in 1999 and 21.4% in 1998. Gross margins increased slightly in 2000 excluding the effect of purchase accounting compared to 1999. The increase was primarily due to improvements in Florida and success in new markets entered into since the acquisition of U.S. Home. The slight decrease in gross margin percentage in 1999 compared to 1998 was due primarily to the Company's expansion into inland areas of California where gross margin percentages are lower than those in the other areas of California in which the Company operates.

Revenues from land sales totaled \$243.5 million in 2000, compared to \$150.3 million in 1999 and \$77.2 million in 1998. Gross profits from land sales totaled \$27.6 million, or 11.3%, in 2000, compared to \$22.2 million, or 14.8%, in 1999 and \$12.6 million, or 16.3%, in 1998. Equity in earnings from partnerships decreased to \$13.3 million in 2000, compared to \$19.5 million in 1999 and \$30.9 million in 1998. Margins achieved on sales of land and equity in earnings from partnerships may vary significantly from period to period depending on the timing of land sales by the Company and its partnerships.

Selling, general and administrative expenses as a percentage of revenues from home sales improved 20 basis points in 2000 compared to 1999 and remained nearly unchanged in 1999 compared to 1998. The improvement in 2000 compared to 1999 resulted primarily from the increased volume and efficiencies realized from the acquisition of U.S. Home in May 2000.

New home orders increased 56% in 2000 and 4% in 1999 compared to the previous years. The significant increase in 2000 was a result of the Company's acquisition of U.S. Home. The increase in 1999 reflected higher new orders in the first half of 1999

due primarily to expansion in California and strong demand in Texas. While new home orders rose in fiscal 1999, they were lower in the second half of the fiscal year compared to the same period in 1998 due primarily to lower new orders in Florida and Arizona/Nevada, where there were decreases in the average number of communities and some softening in demand in certain markets. Backlog dollar value increased 213% to \$2.1 billion at November 30, 2000, compared to \$0.7 billion at November 30, 1999, due primarily to the Company's acquisition of U.S. Home.

Financial Services

The Financial Services Division provides mortgage financing, title insurance and closing services for Lennar homebuyers and others. The Division packages and resells residential mortgage loans and performs mortgage loan servicing activities. The Division also provides high speed Internet access, cable television and home monitoring services for both Lennar homebuyers and other customers. The following table sets forth selected financial and operational information relating to the Financial Services Division. The results of U.S. Home Mortgage Corporation are included in the information since its acquisition in May 2000.

	Years Ended November 30,		
<i>(Dollars in thousands)</i>	2000	1999	1998
Revenues	\$ 316,934	269,307	212,437
Costs and expenses	273,339	238,211	179,102
Operating earnings	\$ 43,595	31,096	33,335
Dollar value of mortgages originated	\$3,240,252	2,162,479	1,031,338
Number of mortgages originated	20,800	14,900	7,900
Principal balance of servicing portfolio	\$2,313,336	3,128,234	3,213,235
Number of loans serviced	29,000	38,000	41,000
Number of title transactions	120,000	139,000	123,000

The 18% increase in revenues from the Financial Services Division in 2000 compared to 1999 reflected higher mortgage services revenues as a result of the contribution from U.S. Home Mortgage Corporation since its acquisition in May 2000 combined with higher revenues and an increased capture rate from the Division's existing mortgage operations. The 27% increase in revenues from the Financial Services Division in 1999 compared to 1998 reflected higher mortgage services revenues as a result of the growth in Lennar home deliveries, a higher capture rate of Lennar homebuyers and acquisitions made in the Division in 1999, combined with higher title services revenues which resulted from a higher number of title transactions in the first half of 1999 and acquisitions made in 1998 and 1999.

Operating earnings from the Financial Services Division were higher in 2000 compared to 1999 primarily due to the earnings contribution from U.S. Home Mortgage Corporation. Operating earnings from the Financial Services Division were lower in 1999 compared to 1998 primarily due to reduced earnings from title services as a result of a lower level of refinance activity, and a highly competitive pricing environment in the mortgage business.

Corporate General and Administrative

Corporate general and administrative expenses as a percentage of total revenues improved to 1.1% in 2000 from 1.2% in both 1999 and 1998. The improvement in 2000 was primarily the result of a strong corporate infrastructure capable of supporting additional growth.

Interest

Interest expense was \$98.6 million, or 2.1% of total revenues, in 2000, \$48.9 million, or 1.6% of total revenues, in 1999 and \$47.6 million, or 2.0% of total revenues, in 1998. The increase in interest as a percentage of total revenues in 2000 was primarily due to higher average debt outstanding and higher average cost of debt following the U.S. Home acquisition, compared to the same period last year. The decrease in interest as a percentage of total revenues in 1999 compared to 1998 was mainly due to a lower average borrowing rate in the first nine months of 1999, primarily as a result of the Company's issuance of \$229 million of zero-coupon senior convertible debt securities late in the third quarter of 1998. These notes have an effective interest rate of 3 7/8%.

FINANCIAL CONDITION AND CAPITAL RESOURCES

In 2000, \$479.4 million in cash was provided by the Company's operations, compared to \$121.3 million in 1999. Cash flows from operations in 2000 consisted primarily of \$229.1 million of net earnings, \$223.3 million of cash received from the sale of inventories and an increase in accounts payable and other liabilities of \$101.0 million. This generation of cash was primarily offset by \$75.9 million of cash used to increase loans held for sale or disposition by the Company's Financial Services Division. Cash flows from operations in 1999 consisted primarily of \$172.7 million of net earnings. This generation of cash was primarily offset by \$77.4 million of cash used to increase inventories through land purchases, land development and construction and \$41.2 million of cash used to reduce accounts payable and other liabilities.

Earnings before interest, income taxes, depreciation and amortization ("EBITDA") were \$518.5 million in 2000, \$373.3 million in 1999 and \$313.0 million in 1998.

Cash used in investing activities totaled \$186.7 million in 2000, compared to cash used in investing activities of \$28.5 million in 1999. In 2000, \$158.4 million of cash was used in the acquisitions of properties and businesses, which includes \$152.4 million used for the acquisition of U.S. Home. In 1999, \$19.7 million of cash was used in the acquisitions of properties and businesses.

The Company finances its land acquisition and development activities, construction activities, financial services activities and general operating needs primarily from cash generated from operations as well as from revolving lines of credit, public debt and equity, financial institution borrowings and purchase money notes. The Company also buys land under option agreements. Option agreements permit the Company to acquire portions of properties when it is ready to build homes on them. The financial risk of adverse market conditions associated with longer-term land holdings is managed by prudent underwriting of land purchases in areas that the Company views as desirable growth markets, diversification of risk through partnerships with other entities and careful management of the land development process.

In May 2000, the Company entered into new financing arrangements related to the acquisition of U.S. Home, for working capital and for future growth. The financings include senior secured credit facilities with a group of financial institutions which will provide the Company with up to \$1.4 billion of financing. The credit facilities consist of a \$700 million five-year revolving credit facility, a \$300 million 364-day revolving credit facility and a \$400 million term loan B. The Company may elect to convert borrowings under the 364-day revolving credit facility to a term loan which would mature in May 2005. At November 30, 2000, there was \$399 million outstanding under the term loan B and there were no amounts outstanding under the revolving credit facilities.

As a result of the U.S. Home acquisition, holders of U.S. Home's publicly-held notes totaling \$525 million were entitled to require U.S. Home to repurchase the notes for 101% of their principal amount within 90 days after the transaction was completed. Independent of that requirement, in April 2000, the Company made a tender offer for all of the notes and a solicitation of consents to modify provisions of the indentures relating to the notes. As a result of the tender offer and required repurchases after the acquisition, the Company paid approximately \$520 million, which includes tender and consent fees, for \$508 million of U.S. Home's notes.

In May 2000, the Company issued \$325 million of 9.95% senior notes due 2010 at a price of 92.313% for the purpose of purchasing U.S. Home's publicly-held notes that were tendered in response to the Company's offer and consent solicitation in April 2000, and to pay associated costs and expenses. Proceeds from the offering, after underwriting discount and expenses, were approximately \$295 million. At November 30, 2000, the book value was \$300.0 million.

In February 1999, the Company issued \$282 million of 7 5/8% senior notes. The senior notes are due in 2009 and were issued for the purpose of reducing amounts outstanding under revolving credit facilities and redeeming outstanding 10 3/4% notes. Proceeds from the offering, after underwriting and market discounts, expenses and settlement of a related interest rate hedge agreement, were approximately \$266 million. In March 1999, the Company redeemed all of the outstanding 10 3/4% senior notes due 2004 of one of its subsidiaries, Greystone Homes, Inc., at a price of 105.375% of the principal amount outstanding plus accrued interest. Cash paid to redeem the notes was \$132 million, which approximated their carrying value. At November 30, 2000, the book value related to the 7 5/8% senior notes was \$270.5 million.

In July 1998, the Company issued, for \$229 million, zero-coupon senior convertible debentures due 2018 (the "Debentures") with a face amount at maturity of \$493 million. The Debentures have an effective interest rate of 3 7/8%. The Debentures are convertible at any time into the Company's common stock at the rate of 12.3768 shares per \$1,000 face amount at maturity. If the Debentures are converted during the first five years, the Company may elect to pay cash equal to the fair value of the common stock at the time of the conversion. Holders have the option to require the Company to repurchase the Debentures on any of the fifth, tenth or fifteenth anniversary dates from the issue date for the initial issue price plus accrued original issue discount. The Company has the option to satisfy the repurchases with any

combination of cash and/or shares of the Company's common stock. The Company will have the option to redeem the Debentures, in cash, at any time after the fifth anniversary date for the initial issue price plus accrued original issue discount. At November 30, 2000, the amount outstanding, net of unamortized original issue discount, was \$247.2 million.

The Company's ratio of net homebuilding debt to total capital was 44.0% at November 30, 2000, compared to 33.3% at November 30, 1999. The increase resulted in part from repurchases of the Company's outstanding common stock and in part from the new financings related to the acquisition of U.S. Home. In addition to the use of capital in the Company's ordinary homebuilding and financial services activities, the Company will continue to actively evaluate various other uses of capital which fit into its homebuilding and financial services strategies and meet its profitability and return on capital requirements. This may include acquisitions of or investments in other entities. These activities may be funded through any combination of the Company's credit facilities, cash generated from operations, sales of assets or the issuance of public debt, common stock or preferred stock under existing and future shelf registrations.

The Financial Services Division finances its mortgage loan and servicing activities by pledging them as collateral for borrowings under lines of credit totaling \$360 million. Total borrowings under the financial services lines of credit were \$339.4 million and \$236.6 million at November 30, 2000 and 1999, respectively.

The Company utilizes interest rate swap agreements to manage interest costs and hedge against risks associated with changing interest rates. At November 30, 2000, the Company had six interest rate swap agreements outstanding with a total notional amount of \$400 million, which mature at various dates through 2007. These agreements fixed the LIBOR index (to which certain of the Company's debt interest rates are tied) at an average interest rate of 6.6% at November 30, 2000. The Financial Services Division, in the normal course of business, also uses derivative financial instruments to reduce its exposure to fluctuations in interest rates. Counterparties to each of the above agreements are major financial institutions. Credit loss from counterparty non-performance is not anticipated.

The Company's 2000 Stock Option and Restricted Stock Plan (the "Plan"), which is subject to stockholder approval at the 2001 annual meeting of the Company's stockholders, provides for the granting of stock options and awards of restricted stock to certain officers, employees and directors. In the third quarter of 2000, 860,000 shares of restricted stock were awarded under the Plan. The stock was valued based on its market price on the date of grant. Unearned compensation arising from the restricted stock grants is amortized to expense over the period of the restrictions. The grants vest over 5 years.

In September 1999, the Company's Board of Directors approved the repurchase of up to 10 million shares of the Company's outstanding common stock from time-to-time, subject to market conditions. In February 2000, the Company's Board of Directors approved the repurchase of an additional 5 million shares of the Company's outstanding common stock. As of November 30, 2000, under these approvals, the Company had repurchased approximately 9.8 million shares of its outstanding common stock for an aggregate purchase price of approximately \$158.9 million, or \$16 per share.

In July 2000 and March 1999, the Company filed shelf registration statements with the Securities and Exchange Commission ("SEC") under which it may offer, from time-to-time, its common stock, preferred stock, depositary shares, debt securities or warrants at an aggregate initial offering price not to exceed \$1 billion in total. Proceeds can be used for repayment of debt, acquisitions and general corporate purposes. As of November 30, 2000, no securities had been issued under these two registration statements.

The Company has maintained excellent relationships with the financial institutions participating in its financing arrangements and has no reason to believe that such relationships will not continue in the future. Based on the Company's current financial condition and credit relationships, Lennar believes that its operations and borrowing resources will provide for its current and long-term capital requirements at the Company's anticipated levels of growth.

BACKLOG

Backlog represents the number of homes subject to pending sales contracts. Homes are sold using sales contracts which are usually accompanied by sales deposits. Before entering into sales contracts, the Company generally prequalifies its customers. In some instances, purchasers are permitted to cancel sales contracts if they are unable to close on the sale of their existing home or fail to qualify for financing and under certain other circumstances. The Company experienced a cancellation rate of 21% in 2000 and 20% in both 1999 and 1998. Although cancellations can delay the sales of the Company's homes, they have not had a material impact on sales, operations or liquidity, because the Company closely monitors the progress of prospective buyers in obtaining financing and monitors and adjusts construction start plans to match the level of demand for homes. The Company does not recognize revenue on homes covered by pending sales contracts until the sales are closed and title passes to the new homeowners.

SEASONALITY

The Company has historically experienced variability in results of operations from quarter to quarter due to the seasonal nature of the homebuilding business. The Company typically experiences the highest rate of orders for new homes in the first half of the calendar year although the rate of orders for new homes is highly dependent on the number of active communities and the timing of new community openings. Because new home deliveries trail orders for new homes by several months, the Company typically has a greater percentage of new home deliveries in the second half of its fiscal year compared to the first half. As a result, the Company's earnings from sales of homes are generally higher in the second half of the fiscal year.

INTEREST RATES AND CHANGING PRICES

Inflation can have a long-term impact on the Company because increasing costs of land, materials and labor result in a need to increase the sales prices of homes. In addition, inflation is often accompanied by higher interest rates, which can have a negative impact on housing demand and the costs of financing land development activities and housing construction. Increased construction costs, rising interest rates, as well as increased material

s and labor costs, may reduce gross margins. In recent years the increases in these costs have followed the general rate of inflation and hence have not had a significant adverse impact on the Company. In addition, deflation can impact the value of real estate. There can be no assurance that changing prices will not have a material adverse impact on the Company's future results of operations.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 137 and SFAS No. 138, which is required to be adopted for fiscal years beginning after June 15, 2000. SFAS No. 133 will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, a change in the fair value of the derivative will either be offset against the change in the fair value of the hedged asset, liability, or firm commitment through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The implementation of SFAS No. 133 will not have a material impact on the Company's results of operations

or financial position.

In December 1999, the SEC issued Staff Accounting Bulletin ("SAB") No. 101, *Revenue Recognition in Financial Statements*, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. SAB No. 101 is applicable for the Company beginning in the fourth quarter of the year ending November 30, 2001. Management does not currently believe that the implementation of SAB No. 101 will have a material impact on the Company's results of operations or financial position.

In September 2000, the FASB issued SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. SFAS No. 140 replaces SFAS No. 125, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. SFAS No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but it carries over most of SFAS No. 125's provisions without reconsideration. SFAS No. 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. Management does not currently believe that the implementation of SFAS No. 140 will have a material impact on the Company's results of operations or financial position.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of Lennar Corporation:

We have audited the accompanying consolidated balance sheets of Lennar Corporation and subsidiaries (the "Company") as of November 30, 2000 and 1999, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended November 30, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of November 30, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended November 30, 2000, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Miami, Florida
January 9, 2001

REPORT OF MANAGEMENT

The accompanying consolidated financial statements are the responsibility of management. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include amounts that are based on management's best judgments and estimates. Management relies on internal accounting controls, among other things, to produce records suitable for the preparation of financial statements. The Company employs internal auditors whose work includes evaluating and testing internal accounting controls.

The responsibility of our independent auditors for the financial statements is limited to their expressed opinion on the fairness of the consolidated financial statements taken as a whole. Their examination is performed in accordance with auditing standards generally accepted in the United States of America which include tests of our accounting records and internal accounting controls and evaluation of estimates and judgments used to prepare the financial statements.

An Audit Committee of outside members of the Board of Directors periodically meets with management, the external auditors and internal auditors to evaluate the scope of auditing activities and review results. Both the external and internal auditors have full and free access to the Committee, without management present, to discuss any appropriate matters.



Bruce E. Gross
Vice President and Chief Financial Officer



Diane J. Bessette
Vice President and Controller

CONSOLIDATED BALANCE SHEETS

Lennar Corporation and Subsidiaries
November 30, 2000 and 1999

<i>(In thousands, except per share amounts)</i>	2000	1999
ASSETS		
Homebuilding:		
Cash	\$ 287,627	83,256
Receivables, net	42,270	11,162
Inventories:		
Construction in progress and model homes	2,284,548	1,234,213
Land held for development	17,036	40,338
Total inventories	2,301,584	1,274,551
Investments in partnerships	257,639	173,310
Other assets	277,794	97,826
	3,166,914	1,640,105
Financial services	611,000	417,542
	\$ 3,777,914	2,057,647
LIABILITIES AND STOCKHOLDERS' EQUITY		
Homebuilding:		
Accounts payable and other liabilities	\$ 778,238	333,532
Mortgage notes and other debts payable, net	1,254,650	523,661
	2,032,888	857,193
Financial services	516,446	318,955
Total liabilities	2,549,334	1,176,148
Stockholders' equity:		
Preferred stock	-	-
Common stock of \$0.10 par value per share		
Authorized 100,000 shares;		
Issued: 2000 - 62,731; 1999 - 48,511	6,273	4,851
Class B common stock of \$0.10 par value per share		
Authorized 30,000 shares;		
Issued: 2000 - 9,848; 1999 - 9,848	985	985
Additional paid-in capital	812,501	525,623
Retained earnings	582,299	356,058
Unearned restricted stock	(14,535)	-
Treasury stock, at cost;		
2000 - 9,848 common shares; 1999 - 442 common shares	(158,943)	(6,018)
Total stockholders' equity	1,228,580	881,499
	\$ 3,777,914	2,057,647

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

Lennar Corporation and Subsidiaries

Years Ended November 30, 2000, 1999 and 1998

(In thousands, except per share amounts)

	2000	1999	1998
Revenues:			
Homebuilding	\$ 4,390,034	2,849,207	2,204,428
Financial services	316,934	269,307	212,437
Total revenues	4,706,968	3,118,514	2,416,865
Costs and expenses:			
Homebuilding	3,909,238	2,508,404	1,921,059
Financial services	273,339	238,211	179,102
Corporate general and administrative	50,155	37,563	28,962
Interest expense	98,601	48,859	47,628
Total costs and expenses	4,331,333	2,833,037	2,176,751
Earnings before provision for income taxes	375,635	285,477	240,114
Provision for income taxes	146,498	112,763	96,046
Net earnings	\$ 229,137	172,714	144,068
Earnings per share:			
Basic	\$ 4.00	2.97	2.59
Diluted	\$ 3.64	2.74	2.49

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Lennar Corporation and Subsidiaries
Years Ended November 30, 2000, 1999 and 1998

<i>(In thousands)</i>	2000	1999	1998
Common stock:			
Beginning balance	\$ 4,851	4,824	4,322
Shares issued – U.S. Home acquisition	1,298	–	–
Shares issued – acquisitions	–	–	350
Shares issued – equity draw-down agreement	–	–	114
Shares issued – employee stock plans and restricted stock grants	124	21	35
Conversion of Class B common stock	–	6	3
Balance at November 30	6,273	4,851	4,824
Class B common stock:			
Beginning balance	985	991	994
Conversion to common stock	–	(6)	(3)
Balance at November 30	985	985	991
Additional paid-in capital:			
Beginning balance	525,623	523,645	388,797
Shares issued – U.S. Home acquisition	265,569	–	–
Shares issued – acquisitions	–	–	93,746
Payment made under acquisition agreement	–	(1,252)	–
Shares issued – equity draw-down agreement	–	–	35,957
Shares issued – employee stock plans and restricted stock grants	21,309	3,230	5,145
Balance at November 30	812,501	525,623	523,645
Retained earnings:			
Beginning balance	356,058	186,205	44,886
Net earnings	229,137	172,714	144,068
Cash dividends – common stock	(2,453)	(2,418)	(2,302)
Cash dividends – Class B common stock	(443)	(443)	(447)
Balance at November 30	582,299	356,058	186,205
Unearned restricted stock:			
Beginning balance	–	–	–
Restricted stock grants	(15,856)	–	–
Amortization of unearned restricted stock	1,321	–	–
Balance at November 30	(14,535)	–	–
Treasury stock, at cost:			
Beginning balance	(6,018)	–	–
Repurchases of common stock	(152,925)	(6,018)	–
Balance at November 30	(158,943)	(6,018)	–
Total stockholders' equity	\$ 1,228,580	881,499	715,665

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Lennar Corporation and Subsidiaries
Years Ended November 30, 2000, 1999 and 1998

<i>(In thousands)</i>	2000	1999	1998
Cash flows from operating activities:			
Net earnings	\$ 229,137	172,714	144,068
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	44,267	38,956	25,264
Amortization of discount/premium on debt, net	14,264	8,774	(885)
Equity in earnings from partnerships	(13,340)	(19,482)	(30,908)
Increase (decrease) in deferred income taxes	(17,223)	28,125	12,469
Changes in assets and liabilities, net of effects from acquisitions:			
(Increase) decrease in receivables	(11,912)	8,173	8,636
(Increase) decrease in inventories	223,255	(77,428)	(112,347)
Increase in other assets	(14,179)	(3,639)	(1,970)
(Increase) decrease in financial services loans held for sale or disposition	(75,871)	6,293	(111,582)
Increase (decrease) in accounts payable and other liabilities	101,001	(41,196)	130,451
Net cash provided by operating activities	479,399	121,290	63,196
Cash flows from investing activities:			
Operating properties and equipment:			
Additions	(16,022)	(15,328)	(13,233)
Sales	5,520	-	51
(Increase) decrease in investments in partnerships, net	(2,857)	6,524	(6,724)
(Increase) decrease in financial services mortgage loans	(11,834)	1,548	286
Purchases of investment securities	(18,112)	(13,119)	(3,361)
Receipts from investment securities	14,946	11,600	3,733
Acquisition of U.S. Home Corporation, net of cash acquired	(152,386)	-	-
Acquisition of properties and businesses, net of cash acquired	(5,971)	(19,747)	(190,524)
Net cash used in investing activities	(186,716)	(28,522)	(209,772)
Cash flows from financing activities:			
Net repayments under revolving credit facilities	-	(136,650)	(239,850)
Net borrowings (repayments) under financial services short-term debt	153,155	(856)	136,205
Payments for tender of U.S. Home Corporation's senior notes	(519,759)	-	-
Net proceeds from issuance of 9.95% senior notes	294,988	-	-
Net proceeds from issuance of 7 5/8% senior notes	-	266,153	-
Net proceeds from issuance of zero-coupon senior convertible debentures	-	-	222,960
Proceeds from other borrowings	424,783	1,856	114,581
Principal payments on other borrowings	(279,941)	(160,570)	(127,571)
Limited-purpose finance subsidiaries, net	45	769	727
Common stock:			
Issuance	5,577	3,251	41,251
Payment made under acquisition agreement	-	(1,252)	-
Repurchases	(152,925)	(6,018)	-
Dividends	(2,896)	(2,861)	(2,749)
Net cash provided by (used in) financing activities	(76,973)	(36,178)	145,554

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

<i>(In thousands)</i>	2000	1999	1998
Net increase (decrease) in cash	215,710	56,590	(1,022)
Cash at beginning of year	118,167	61,577	62,599
Cash at end of year	\$ 333,877	118,167	61,577
Summary of cash:			
Homebuilding	\$ 287,627	83,256	34,677
Financial services	46,250	34,911	26,900
	\$ 333,877	118,167	61,577
Supplemental disclosures of cash flow information:			
Cash paid for interest, net of amounts capitalized	\$ 1,157	9,647	15,254
Cash paid for income taxes	\$ 91,742	108,845	60,157
Supplemental disclosures of non-cash investing and financing activities:			
Assumption of mortgages related to acquisitions of properties	\$ 5,529	29,342	28,913
Common stock issued in 1998 acquisitions	\$ –	–	94,096
Acquisition of U.S. Home Corporation:			
Fair value of assets acquired, inclusive of cash of \$90,997	\$ 1,654,444	–	–
Goodwill recorded	47,809	–	–
Liabilities assumed	(1,192,004)	–	–
	\$ 510,249	–	–
Common stock issued	\$ 266,867	–	–
Cash paid	243,382	–	–
Total consideration	\$ 510,249	–	–

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Lennar Corporation and Subsidiaries

I. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Lennar Corporation and all subsidiaries and partnerships in which a controlling interest is held (the "Company"). The Company's investments in partnerships (and similar entities) in which a significant, but less than controlling, interest is held are accounted for by the equity method. All significant intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

Revenues from sales of homes are recognized when the sales are closed and title passes to the new homeowners. Revenues from sales of other real estate (including the sales of land and operating properties) are recognized when a significant down payment is received, the earnings process is complete and the collection of any remaining receivables is reasonably assured.

Cash

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Due to the short maturity period of the cash equivalents, the carrying amount of these instruments approximates their fair values. Cash as of November 30, 2000 and 1999 included \$65.9 million and \$33.5 million, respectively, of cash held in escrow for periods of up to three days.

Inventories

Inventories are stated at cost unless the inventory within a community is determined to be impaired, in which case the impaired inventory is written down to fair value. The Company evaluates long-lived assets for impairment based on the undiscounted future cash flows of the assets. Write-downs of inventories deemed to be impaired are recorded as adjustments to the cost basis of the respective inventories. No impairment existed at November 30, 2000 or 1999.

Start-up costs, construction overhead and selling expenses are expensed as incurred. Homes held for sale are classified as construction in progress until delivered. Land, land development, amenities and other costs are accumulated by specific area and allocated proportionately to homes within the respective area.

Interest and Real Estate Taxes

Interest and real estate taxes attributable to land, homes and operating properties are capitalized and added to the cost of those properties as long as the properties are being actively developed. Interest related to homebuilding, including interest costs relieved from inventories, is included in interest expense. Interest expense relating to the financial services operations is

included in its respective costs and expenses.

During 2000, 1999 and 1998, interest costs of \$128.8 million, \$62.9 million and \$55.7 million, respectively (excluding the limited-purpose finance subsidiaries), were incurred and \$117.7 million, \$54.8 million and \$45.9 million, respectively, were capitalized by the Company's homebuilding operations. Capitalized interest charged to expense in 2000, 1999 and 1998 was \$98.6 million, \$49.0 million and \$43.1 million, respectively.

Operating Properties and Equipment

Operating properties and equipment are recorded at cost and are included in other assets in the consolidated balance sheets. Depreciation is calculated to amortize the cost of depreciable assets over their estimated useful lives using the straight-line method. The estimated useful life for operating properties is 30 years and for equipment is 2 to 10 years.

Investment Securities

Investment securities that have determinable fair values are classified as available-for-sale unless they are classified as held-to-maturity. Securities classified as held-to-maturity are carried at amortized cost because they are purchased with the intent and ability to hold to maturity. Available-for-sale securities are recorded at fair value. Any unrealized holding gains or losses on available-for-sale securities are reported in a separate component of stockholders' equity, net of tax effects, until realized.

At November 30, 2000 and 1999, investment securities classified as held-to-maturity totaled \$12.5 million and \$8.9 million, respectively, and were included in other assets of the Financial Services Division. There were no other investment securities at November 30, 2000 or 1999.

Derivative Financial Instruments

The Company utilizes interest rate swaps and other agreements to manage interest costs and hedge against risks associated with changing interest rates. The Company designates interest rate swaps and other agreements as hedges of specific debt instruments or anticipated transactions. Interest differentials on interest rate swaps are recognized as adjustments to interest incurred on the related debt instruments. The related amounts payable to or receivable from counterparties are included in other liabilities or other assets in the consolidated balance sheets. The fair values of the interest rate swap agreements are not recognized in the consolidated financial statements. Gains or losses on interest rate hedges on anticipated debt issuances are recorded at the time the debt is issued as part of the carrying value of the debt and recognized over the life of the debt as an adjustment to interest incurred.

The Financial Services Division, in the normal course of business, uses derivative financial instruments to reduce its exposure to fluctuations in interest rates. The Division enters into forward commitments and option contracts to protect the value of loans held for sale or disposition from increases in market interest rates. Adjustments are made to the carrying values of these loans based on changes in the market value of these hedging contracts (see Note 12).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Lennar Corporation and Subsidiaries

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired and is amortized by the Company on a straight-line basis over periods ranging from 15 to 20 years. At November 30, 2000 and 1999, goodwill was \$110.4 million and \$61.2 million, respectively (net of accumulated amortization of \$11.6 million and \$6.4 million, respectively). In the event that facts and circumstances indicate that the carrying value of goodwill may be impaired, an evaluation of recoverability is performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the goodwill would be compared to the carrying amount to determine if a write-down to fair value based on discounted cash flows was required. No impairment existed at November 30, 2000 or 1999. Goodwill is included in other assets of the Homebuilding Division and the assets of the Financial Services Division in the consolidated balance sheets.

Income Taxes

Income taxes are accounted for in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, *Accounting for Income Taxes*. Under SFAS No. 109, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured by using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to reverse.

Stock-Based Compensation

The Company grants stock options to certain employees for a fixed number of shares with an exercise price not less than the fair value of the shares at the date of the grant. The Company accounts for the stock option grants in accordance with Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*. No compensation expense is recognized because all stock options granted have exercise prices not less than the market value of the Company's stock on the date of the grant. The impact of the pro forma disclosures required by SFAS No. 123, *Accounting for Stock-Based Compensation*, is included in Note 11. Restricted stock grants are valued based on the market price of the common stock on the date of grant. Unearned compensation arising from the restricted stock grants is amortized to expense over the period of the restrictions. The grants vest over 5 years. Unearned restricted stock is shown as a reduction of stockholders' equity in the consolidated balance sheets.

Earnings per Share

In 1998, the Company adopted SFAS No. 128, *Earnings per Share*, which requires a dual presentation of basic and diluted earnings per share on the face of the statement of earnings. Basic earnings per share is computed by dividing earnings attributable to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of

common stock that then shared in the earnings of the Company.

Financial Services

Mortgage loans held for sale or disposition by the Financial Services Division are recorded at the lower of cost or market, as determined on an aggregate basis. Premiums and discounts recorded on these loans are presented as an adjustment to the carrying amount of the loans and are not amortized.

When the Division sells loans into the secondary market, a gain or loss is recognized to the extent that the sales proceeds exceed, or are less than, the book value of the loans. Loan origination fees, net of direct origination costs, are deferred and recognized as a component of the gain or loss when loans are sold. The Division either retains the servicing on the loans it sells and recognizes servicing fee income as those services are performed or sells the servicing rights on the loans it originates.

Upon the sale of a mortgage loan, the book value of the mortgage loan is allocated to the mortgage servicing right and to the loan (without the mortgage servicing right) based on its estimated relative fair value. Mortgage servicing rights are periodically evaluated for impairment based on the fair value of these rights. The fair value of mortgage servicing rights is determined by discounting the estimated future cash flows using a discount rate commensurate with the risks involved. This method of valuation incorporates assumptions that market participants would use in their estimates of future servicing income and expense, including assumptions about prepayment, default and interest rates. For purposes of measuring impairment, the loans underlying the mortgage servicing rights are stratified on the basis of interest rate and type. The amount of impairment is the amount by which the mortgage servicing rights, net of accumulated amortization, exceed their fair value by strata. Impairment, if any, is recognized through a valuation allowance and a charge to current operations. Mortgage servicing rights are amortized in proportion to, and over the period of, the estimated net servicing income of the underlying mortgages. The book value and fair value of mortgage servicing rights was \$11.7 million and \$13.4 million, respectively, at November 30, 2000 and \$15.6 million and \$23.1 million, respectively, at November 30, 1999. A valuation allowance related to mortgage servicing rights was not required at or for the years ended November 30, 2000 and 1999.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 137 and SFAS No. 138, which is required to be adopted for fiscal years beginning after June 15, 2000. SFAS No. 133 will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, a change in the fair value of the derivative will either be offset against the change in the fair value of the hedged asset, liability, or firm commitment through earnings or recognized in other comprehensive income until the hedged item is recognized

in earnings. The implementation of SFAS No. 133 will not have a material impact on the Company's results of operations or financial position.

In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101, *Revenue Recognition in Financial Statements*, which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. SAB No. 101 is applicable for the Company beginning in the fourth quarter of the year ending November 30, 2001. Management does not currently believe that the implementation of SAB No. 101 will have a material impact on the Company's results of operations or financial position.

In September 2000, the FASB issued SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. SFAS No. 140 replaces SFAS No. 125, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. SFAS No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but it carries over most of SFAS No. 125's provisions without reconsideration. SFAS No. 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. Management does not currently believe that the implementation of SFAS No. 140 will have a material impact on the Company's results of operations or financial position.

Reclassification

Certain prior year amounts in the consolidated financial statements have been reclassified to conform with the 2000 presentation.

2. Acquisitions

On May 3, 2000, the Company acquired U.S. Home Corporation ("U.S. Home") in a transaction in which U.S. Home stockholders received a total of approximately \$243 million in cash and 13 million shares of the Company's common stock amounting to approximately \$267 million. The cash portion of the acquisition was funded primarily from the Company's revolving credit facilities (see Note 7). U.S. Home is primarily a homebuilder, with operations in 13 states. U.S. Home had total revenues of \$1.8 billion and net income of \$72.4 million in 1999, and it delivered 9,246 homes (including joint ventures) during that year.

The acquisition was accounted for using the purchase method of accounting. In connection with the transaction, the Company acquired assets with a fair value of \$1.7 billion, assumed liabilities with a fair value of \$1.2 billion and recorded goodwill of \$48 million. Goodwill is being amortized on a straight-line basis over 20 years. The results of U.S. Home are included in the Company's consolidated statements of earnings since the acquisition date. Revenues and net earnings on an unaudited pro forma basis would have been \$5.5 billion and \$260.4 million, respectively, for the year ended November 30, 2000 and \$4.9 billion and \$233.2 million, respectively, for the year ended November 30, 1999, had the acquisition occurred on

December 1, 1998. Pro forma earnings per share would have been \$3.81 per share diluted (\$4.15 per share basic) for the year ended November 30, 2000 and \$3.07 per share diluted (\$3.28 per share basic) for the year ended November 30, 1999. The pro forma information gives effect to actual operating results prior to the acquisition, adjusted for the pro forma effect of interest expense, amortization of goodwill, and certain other adjustments, together with their related income tax effect. The pro forma information does not purport to be indicative of the results of operations which would have actually been reported had the acquisition occurred on December 1, 1998.

During the third quarter of 1998, the Company acquired the properties of two California homebuilders, ColRich Communities and Polygon Communities. During the first quarter of 1998, the Company acquired a Northern California homebuilder, Winncrest Homes, and the North American Asset Development Group of companies ("NAADC"), which provide title and escrow services in California, Arizona and Colorado. In September 1998, NAADC acquired a small escrow company in California. In connection with these transactions, the Company paid \$202 million in cash (inclusive of cash acquired of \$12 million) and issued \$94 million in common stock (3.5 million shares). The cash portion of these transactions was funded primarily from the Company's revolving credit facilities and issuance of zero-coupon senior convertible debentures. The Company received assets with a fair value of \$335 million and assumed liabilities totaling \$47 million in connection with these transactions. In addition, the Company recorded goodwill of \$8 million relating to the acquisitions of NAADC, Winncrest and the escrow company. Goodwill is being amortized on a straight-line basis over 20 years. The acquisitions were accounted for using the purchase method of accounting. In 1999, the Company paid \$1.3 million to the sellers of one of the properties acquired, under an agreement which set a floor on the value of a portion of the shares of common stock given to the sellers as part of the consideration for the acquisition. The agreement allowed the Company to settle the floor in cash or stock. As a result, the payment was recorded as a reduction in stockholders' equity in 1999. The results of each acquired entity are included in the Company's consolidated statements of earnings since the respective acquisition dates. The pro forma effect of the acquisitions on the results of operations is not presented as it is not considered material.

3. Operating and Reporting Segments

In 1999, the Company adopted SFAS No. 131, *Disclosures About Segments of an Enterprise and Related Information*, which establishes new standards for the way that public enterprises report information about operating and reporting segments. It also establishes standards for related disclosures about products and services, geographic areas and major customers. The implementation of SFAS No. 131 did not have a significant impact on the Company's definition of operating and reporting segments and related disclosures.

The Company has two operating and reporting segments: Homebuilding and Financial Services. The Company's reportable segments are strategic business units that offer different products and services. The accounting policies of the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Lennar Corporation and Subsidiaries

segments are the same as those described in the summary of significant accounting policies in Note 1.

Homebuilding

Homebuilding operations include the sale and construction of single-family attached and detached homes. These activities also include the purchase, development and sale of residential land by the Company and through partnerships in which it has investments. The following table sets forth financial information relating to the homebuilding operations:

<i>(In thousands)</i>	Years Ended November 30,		
	2000	1999	1998
Revenues:			
Sales of homes	\$4,118,549	2,671,744	2,089,762
Sales of land and other revenues	258,145	157,981	83,758
Equity in earnings from partnerships	13,340	19,482	30,908
Total revenues	4,390,034	2,849,207	2,204,428
Costs and expenses:			
Cost of homes sold	3,277,183	2,105,422	1,641,741
Cost of land and other expenses	220,948	130,432	69,279
Selling, general and administrative	411,107	272,550	210,039
Total costs and expenses	3,909,238	2,508,404	1,921,059
Operating earnings	\$ 480,796	340,803	283,369
Depreciation and amortization	\$ 33,858	29,505	20,762
Additions to operating properties and equipment	\$ 5,779	2,283	5,987

Financial Services

The Financial Services Division provides mortgage financing, title insurance and closing services for both the Company's homebuyers and others. The Division packages and resells residential mortgage loans and performs mortgage loan servicing activities. The Division also provides high speed Internet access, cable television, and home monitoring services for both the Company's homebuyers and other customers. The following table sets forth financial information relating to the financial services operations:

<i>(In thousands)</i>	Years Ended November 30,		
	2000	1999	1998
Revenues	\$ 316,934	269,307	212,437
Costs and expenses	273,339	238,211	179,102
Operating earnings	\$ 43,595	31,096	33,335
Depreciation and amortization	\$ 10,409	9,451	4,502
Interest income, net	\$ 15,707	12,301	10,878
Additions to operating properties and equipment	\$ 10,243	13,045	7,246

4. Receivables

<i>(In thousands)</i>	November 30,	
	2000	1999
Accounts receivable	\$ 32,327	10,826
Mortgages and notes receivable	14,846	2,444
	47,173	13,270
Allowance for doubtful accounts	(4,903)	(2,108)
	\$ 42,270	11,162

5. Investments in Partnerships

Summarized financial information on a combined 100% basis related to the Company's significant investments in partnerships and other similar entities (collectively the "Partnerships") accounted for by the equity method was as follows:

<i>(In thousands)</i>	November 30,	
	2000	1999
Assets:		
Cash	\$ 35,504	143,257
Land under development	962,835	389,974
Other assets	145,866	117,939
	\$ 1,144,205	651,170
Liabilities and equity:		
Accounts payable and other liabilities	\$ 122,597	47,118
Notes and mortgages payable	471,742	227,271
Equity of:		
The Company	254,298	171,960
Others	295,568	204,821
	\$ 1,144,205	651,170

<i>(In thousands)</i>	Years Ended November 30,		
	2000	1999	1998
Revenues	\$ 361,684	283,979	277,544
Costs and expenses	295,224	219,100	192,130
Net earnings of partnerships	\$ 66,460	64,879	85,414
Company share of net earnings	\$ 13,340	19,482	30,908

At November 30, 2000, the Company's equity interest in each of these Partnerships ranged from 10% to 50%. At November 30, 2000, these Partnerships were primarily involved in the acquisition and development of residential land. The Company shares in the profits and losses of these Partnerships and, when appointed the manager of the Partnerships, receives fees for the management of the assets. Certain of the Partnerships have partnership interests in other partnerships. The Company provides limited guarantees on debt of twelve of the Company's Partnerships and one second-tier partnership, amounting to \$142.6 million at November 30, 2000.

6. Operating Properties and Equipment

<i>(In thousands)</i>	November 30,	
	2000	1999
Furniture, fixtures and equipment	\$ 47,043	16,351
Community recreational facilities	2,098	3,564
	49,141	19,915
Accumulated depreciation	(30,556)	(14,010)
	\$ 18,585	5,905

Operating properties and equipment are included in other assets in the consolidated balance sheets.

7. Mortgage Notes and Other Debts Payable

<i>(In thousands)</i>	November 30,	
	2000	1999
Zero-coupon senior convertible debentures due 2018	\$ 247,205	237,897
7 5/8% senior notes due 2009	270,480	269,548
9.95% senior notes due 2010	300,017	—
Term Loan B due 2007	399,000	—
U.S. Home senior notes due through 2009	12,913	—
Mortgage notes on land with fixed interest rates from 5.4% to 12.0% due through 2009	25,035	16,216
	\$ 1,254,650	523,661

In May 2000, the Company entered into new financing arrangements related to the acquisition of U.S. Home, for working capital and for future growth. The financings include senior secured credit facilities with a group of financial institutions which provide the Company with up to \$1.4 billion of financing. The credit facilities consist of a \$700 million five-year revolving credit facility, a \$300 million 364-day revolving credit facility and a \$400 million term loan B (together the "Facilities"). The Company may elect to convert borrowings under the 364-day revolving credit facility to a term loan which would mature in May 2005. The Facilities are collateralized by the outstanding common stock of certain of the Company's subsidiaries. Certain Financial Services Division subsidiaries are co-borrowers under the Facilities. At November 30, 2000, no borrowings were allocated to this Division. At November 30, 2000, \$399 million was outstanding under the term loan B and no amounts were outstanding under the revolving credit facilities. The weighted average interest rate of the Facilities at November 30, 2000 was 9.2%. The Company utilizes interest rate swap agreements to manage interest costs and hedge against risks associated with changing interest rates (see Notes 1 and 12).

As a result of the U.S. Home acquisition, holders of U.S. Home's publicly-held notes totaling \$525 million were entitled to require U.S. Home to repurchase the notes for 101% of their principal amount within 90 days after the transaction was completed. Independent of that requirement, in April 2000, the Company made a tender offer for all of the notes and a solicitation of consents to modify provisions of the indentures relating to the notes. As a result of the tender offer and required repurchases after the acquisition, the Company paid approximately \$520 million, which includes tender and consent fees, for \$508 million of U.S. Home's notes.

In May 2000, the Company issued \$325 million of 9.95% senior notes due 2010 at a price of 92.313% for the purpose of purchasing U.S. Home's publicly-held notes that were tendered in response to the Company's offer and consent solicitation in April 2000, and to pay associated costs and expenses. The senior notes are guaranteed on a joint and several basis by substantially all of the Company's subsidiaries, other than subsidiaries engaged in mortgage and reinsurance activities. Proceeds from the offering, after underwriting discount and expenses, were approximately \$295 million. At November 30, 2000, the book value was \$300.0 million.

In February 1999, the Company issued \$282 million of 7 5/8% senior notes due 2009 for the purpose of reducing amounts outstanding under revolving credit facilities and redeeming outstanding 10 3/4% senior notes. Proceeds from the offering, after underwriting and market discounts, expenses and settlement of a related interest rate hedge agreement, were approximately \$266 million. The senior notes are collateralized by the outstanding common stock of certain of the Company's subsidiaries. In March 1999, the Company redeemed all of the outstanding 10 3/4% senior notes due 2004 of one of its subsidiaries, Greystone Homes, Inc., at a price of 105.375% of the principal amount outstanding plus accrued interest. Cash paid to redeem the notes was \$132 million, which approximated their carrying value. At November 30, 2000, the book value relating to the 7 5/8% senior notes was \$270.5 million.

In July 1998, the Company issued, for \$229 million, zero-coupon senior convertible debentures due 2018 (the "Debentures") with a face amount at maturity of \$493 million. The Debentures have an effective interest rate of 3 7/8%. The Debentures are convertible at any time into the Company's common stock at the rate of 12.3768 shares per \$1,000 face amount at maturity. If the Debentures are converted during the first five years, the Company may elect to pay cash equal to the fair value of the common stock at the time of the conversion. Holders have the option to require the Company to repurchase the Debentures on any of the fifth, tenth, or fifteenth anniversary dates from the issue date for the initial issue price plus accrued original issue discount. The Company has the option to satisfy the repurchases with any combination of cash and/or shares of the Company's common stock. The Company will have the option to redeem the Debentures, in cash, at any time after the fifth anniversary date for the initial issue price plus accrued original issue discount. The Debentures are collateralized by the outstanding common stock of certain of the Company's subsidiaries. At November 30, 2000, the amount outstanding, net of unamortized original issue discount, was \$247.2 million.

The minimum aggregate principal maturities of mortgage notes and other debts payable during the five years subsequent to November 30, 2000 are as follows: 2001 - \$14.8 million; 2002 - \$19.4 million; 2003 - \$5.4 million; 2004 - \$5.3 million and 2005 - \$6.5 million. The remaining principal obligations are due subsequent to November 30, 2005. All of the notes secured by land contain collateral release provisions for accelerated payment which may be made as necessary to maintain construction schedules.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Lennar Corporation and Subsidiaries

8. Financial Services

The assets and liabilities related to the Company's financial services operations (as described in Note 3) were as follows:

<i>(In thousands)</i>	November 30,	
	2000	1999
Assets:		
Cash and receivables, net	\$ 79,025	54,031
Mortgage loans held for sale or disposition, net	376,452	229,042
Mortgage loans, net	42,504	22,562
Mortgage servicing rights, net	11,653	15,564
Operating properties and equipment, net	18,869	21,378
Title plants	15,530	14,587
Goodwill, net	25,199	20,070
Other	21,874	14,684
Limited-purpose finance subsidiaries	19,894	25,624
	\$ 611,000	417,542
Liabilities:		
Notes and other debts payable	\$ 428,966	253,010
Other	67,586	40,321
Limited-purpose finance subsidiaries	19,894	25,624
	\$ 516,446	318,955

At November 30, 2000, the Division had two warehouse lines of credit totaling \$360 million to fund the Division's mortgage loan and servicing activities. Borrowings under these facilities were \$339.4 million and \$236.6 million at November 30, 2000 and 1999, respectively, and were collateralized by mortgage loans with outstanding principal balances of \$297.2 million and \$221.7 million, respectively, and by servicing rights relating to approximately \$1.8 billion and \$2.5 billion of loans, respectively. There are several interest rate pricing options which fluctuate with market rates. The borrowing rate has been reduced to the extent that custodial escrow balances exceeded required compensating balance levels. The effective interest rate on these facilities at November 30, 2000 and 1999 was 6.4% and 4.5%, respectively. The warehouse lines of credit mature through November 2002 at which time the Company expects these facilities to be renewed. At November 30, 2000, the Division also had advances under a repurchase agreement amounting to \$51.9 million. Borrowings under the agreement are collateralized by mortgage loans and had an effective interest rate of 7.5% at November 30, 2000.

Certain of the Division's servicing agreements require it to pass through payments on loans even though it is unable to collect such payments and, in certain instances, be responsible for losses incurred through foreclosure. Exposure to this credit risk is minimized through geographical diversification and review of the mortgage loan servicing created or purchased. Management believes that it has provided adequate reserves for expected losses based on the fair value of the underlying collateral. Provisions for these losses have not been material to the Company.

In prior years, limited-purpose finance subsidiaries of the Financial Services Division placed mortgages and other receivables as collateral for various long-term financings. These limited-purpose finance subsidiaries pay the principal of, and

interest on, these financings primarily from the cash flows generated by the related pledged collateral, which includes a combination of mortgage notes, mortgage-backed securities and funds held by a trustee. At November 30, 2000 and 1999, the balances outstanding for the bonds and notes payable were \$19.9 million and \$25.6 million, respectively. The borrowings mature in years 2013 through 2018 and carry interest rates ranging from 4.9% to 13.2%. The annual principal repayments are dependent upon collections on the underlying mortgages, including prepayments, and cannot be reasonably determined.

9. Income Taxes

The provision for income taxes consisted of the following:

<i>(In thousands)</i>	Years Ended November 30,		
	2000	1999	1998
Current:			
Federal	\$146,666	71,091	74,739
State	17,055	13,547	9,308
	163,721	84,638	84,047
Deferred:			
Federal	(15,672)	24,422	6,493
State	(1,551)	3,703	5,506
	(17,223)	28,125	11,999
	\$146,498	112,763	96,046

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effects of significant temporary differences that give rise to the net deferred tax asset are as follows:

<i>(In thousands)</i>	November 30,	
	2000	1999
Deferred tax assets:		
Acquisition adjustments	\$75,997	13,900
Reserves and accruals	74,972	37,557
Net operating loss and capital loss carryforwards, tax affected	4,466	5,788
Investments in partnerships	3,386	4,099
Deferred gains	1,900	-
Other	7,412	2,923
Deferred tax assets	168,133	64,267
Less: valuation allowance	(7,117)	(8,508)
Total deferred tax assets, net	161,016	55,759
Deferred tax liabilities:		
Capitalized expenses	14,922	14,538
Deferred gains	-	1,065
Installment sales	2,281	2,547
Other	32,361	4,634
Total deferred tax liabilities	49,564	22,784
Net deferred tax asset	\$111,452	32,975

The Homebuilding Division's net deferred tax asset amounting to \$110.0 million and \$33.3 million at November 30, 2000 and 1999, respectively, is included in other assets in the consolidated balance sheets.

At November 30, 2000 and 1999, the Financial Services Division had a net deferred tax asset of \$1.5 million and a net deferred tax liability of \$0.3 million, respectively.

SFAS No. 109 requires the reduction of the deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that a portion or all of the deferred tax asset will not be realized. At November 30, 2000 and 1999, the Company had a valuation allowance of \$7.1 million and \$8.5 million, respectively, for net operating loss and capital loss carryforwards and certain acquisition adjustments which currently are not expected to be realized. Based on management's assessment, it is more likely than not that the net deferred tax asset will be realized through future taxable earnings.

A reconciliation of the statutory rate and the effective tax rate follows:

	% of Pre-tax Income		
	2000	1999	1998
Statutory rate	35.0	35.0	35.0
State income taxes, net of federal income tax benefit	3.4	3.9	4.0
Other	0.6	0.6	1.0
Effective rate	39.0	39.5	40.0

10. Earnings Per Share

Basic and diluted earnings per share for the years ended November 30, 2000, 1999 and 1998 were calculated as follows:

<i>(In thousands, except per share amounts)</i>	2000	1999	1998
Numerator:			
Numerator for basic earnings per share – net earnings	\$ 229,137	172,714	144,068
Interest on zero-coupon convertible debentures, net of tax	5,808	5,538	1,732
Numerator for diluted earnings per share	\$ 234,945	178,252	145,800
Denominator:			
Denominator for basic earnings per share – weighted average shares	57,341	58,246	55,660
Effect of dilutive securities:			
Employee stock options and restricted stock	1,053	684	945
Zero-coupon convertible debentures	6,105	6,105	2,019
Denominator for diluted earnings per share – adjusted weighted average shares and assumed conversions	64,499	65,035	58,624
Basic earnings per share	\$ 4.00	2.97	2.59
Diluted earnings per share	\$ 3.64	2.74	2.49

11. Capital Stock

Preferred Stock

The Company is authorized to issue 500,000 shares of preferred stock with a par value of \$10 per share and 100 million shares of participating preferred stock with a par value of \$0.10 per share. No shares of preferred stock have been issued as of November 30, 2000.

Common Stock

The Company has two classes of common stock. The common stockholders have one vote for each share owned in matters requiring stockholder approval and during both 2000 and 1999 received quarterly dividends of \$0.0125 per share. The Class B common stockholders have ten votes for each share of stock owned and during both 2000 and 1999 received quarterly dividends of \$0.01125 per share. As of November 30, 2000, Mr. Leonard Miller, Chairman of the Board of the Company, owned or controlled 9.8 million shares of common stock and Class B common stock, which represented approximately 65% voting control of the Company.

In September 1999, the Company's Board of Directors approved the repurchase of up to 10 million shares of the Company's outstanding common stock. The Company may repurchase shares, from time-to-time, subject to market conditions. In February 2000, the Company's Board of Directors approved the repurchase of an additional 5 million shares of the Company's outstanding common stock. During 2000 and 1999, under these approvals, the Company repurchased approximately 9,406,000 and 442,000 shares of its outstanding common stock for an aggregate purchase price of approximately \$152.9 million and \$6.0 million, respectively.

In July 2000 and March 1999, the Company filed shelf registration statements and prospectuses with the SEC to offer, from time-to-time, its common stock, preferred stock, depositary shares, debt securities or warrants at an aggregate initial offering price not to exceed \$1 billion in total. Proceeds can be used for repayment of debt, acquisitions and general corporate purposes. As of November 30, 2000, no securities had been issued under these two registration statements.

In March 1998, the Company entered into an equity draw-down agreement with a major international banking firm (the "Firm") under which the Company has the option to sell common stock, up to proceeds of \$120 million, to the Firm in increments of up to \$15 million (or such higher amount as may be agreed to by the parties) per month. In the event the Company elects to sell common stock, the sales price is equal to 98% of the average of the daily high and low stock price from time-to-time. As of November 30, 2000, the Company had issued 1.1 million shares under the agreement resulting in proceeds to the Company of \$36 million, all of which occurred in fiscal 1998.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Lennar Corporation and Subsidiaries

Restrictions on Payment of Dividends

Other than as required to maintain the financial ratios and net worth requirements under the revolving credit facilities, there are no restrictions on the payment of dividends on common stock by the Company. The cash dividends paid with regard to a share of Class B common stock in a calendar year may not be more than 90% of the cash dividends paid with regard to a share of common stock in that calendar year. There are no agreements which restrict the payment of dividends by subsidiaries of the Company other than as required to maintain the financial ratios and net worth requirements under the Financial Services Division's warehouse lines of credit.

Stock Option Plans

The Lennar Corporation 2000 Stock Option and Restricted Stock Plan (the "2000 Plan"), which is subject to stockholder approval which will be sought at the 2001 annual meeting of the Company's stockholders, provides for the granting of stock options and awards of restricted stock of the Company's common stock to certain officers, employees and directors. No options granted under the 2000 Plan may be exercisable until at least six months after the date of the grant. Thereafter, exercises are permitted in varying installments, on a cumulative basis. Each stock option and stock appreciation right granted will expire on a date determined at the time of the grant, but not more than 10 years after the date of the grant. In the third quarter of

2000, 860,000 shares of restricted stock were awarded under the 2000 Plan. The stock was valued based on its market price on the date of the grant. The grants vest over 5 years. Unearned compensation arising from the restricted stock is shown as a reduction of stockholders' equity in the consolidated balance sheets.

The Lennar Corporation 1997 Stock Option Plan (the "1997 Plan") provides for the granting of options or stock appreciation rights to certain key employees of the Company to purchase shares at prices not less than market value as of the date of the grant. No options granted under the 1997 Plan may be exercisable until at least six months after the date of the grant. Thereafter, exercises are permitted in varying installments, on a cumulative basis. Each stock option and stock appreciation right granted will expire on a date determined at the time of the grant, but not more than 10 years after the date of the grant.

The Lennar Corporation 1991 Stock Option Plan (the "1991 Plan") provided for the granting of options to certain key employees of the Company to purchase shares at prices not less than market value as of the date of the grant. No options granted under the 1991 Plan may be exercisable until at least six months after the date of the grant. Thereafter, exercises are permitted in varying installments, on a cumulative basis. Each stock option granted will expire on a date determined at the time of the grant, but not more than 10 years after the date of the grant.

A summary of the Company's stock option activity for the years ended November 30, 2000, 1999 and 1998 was as follows:

	2000		1999		1998	
	Stock Options	Weighted Average Exercise Price	Stock Options	Weighted Average Exercise Price	Stock Options	Weighted Average Exercise Price
Outstanding, beginning of year	3,445,230	\$ 16.20	3,679,256	\$ 15.52	2,815,880	\$ 10.60
Grants	671,000	\$ 17.68	211,000	\$ 23.95	1,372,500	\$ 24.12
Terminations	(256,652)	\$ 19.43	(235,108)	\$ 19.83	(201,498)	\$ 16.60
Exercises	(380,895)	\$ 11.74	(209,918)	\$ 10.05	(307,626)	\$ 8.41
Outstanding, end of year	3,478,683	\$ 16.68	3,445,230	\$ 16.20	3,679,256	\$ 15.52
Exercisable, end of year	1,422,734	\$ 14.14	1,299,743	\$ 11.87	1,142,616	\$ 10.69
Available for grant, end of year	3,890,822		1,310,072		1,334,622	
Weighted average fair value per share of options granted during the year under SFAS No. 123		\$ 7.84		\$ 9.40		\$ 9.03

The following table summarizes information about fixed stock options outstanding at November 30, 2000:

Range of Per Share Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding at November 30, 2000	Weighted Average Remaining Contractual Life	Weighted Average Per Share Exercise Price	Number Outstanding at November 30, 2000	Weighted Average Per Share Exercise Price
\$ 2.56 – \$ 4.56	272,426	0.6 years	\$ 3.27	128,250	\$ 2.79
\$ 7.28 – \$ 9.97	384,171	2.3 years	\$ 9.43	288,829	\$ 9.77
\$10.14 – \$18.53	1,641,151	6.4 years	\$15.03	683,875	\$13.04
\$19.47 – \$34.13	1,180,935	4.1 years	\$24.42	321,780	\$24.94

The Company applies APB Opinion No. 25 and related Interpretations in accounting for its fixed stock option plans. No compensation expense is recognized because all stock options granted have exercise prices not less than the market value of the Company's stock on the date of the grant. Under SFAS No. 123, compensation cost for the Company's stock-based compensation plans would be determined based on the fair value at the grant dates for awards under those plans. Had the Company adopted SFAS No. 123 in accounting for fixed stock option plans, the pro forma effect would not be material to the Company's reported net earnings and earnings per share for the years ended November 30, 2000, 1999 and 1998.

The fair value of each option grant was estimated on the grant date using the Black-Scholes option-pricing model with the following assumptions:

	2000	1999	1998
Dividend yield	0.2% - 0.3%	0.2% - 0.3%	0.1% - 0.3%
Volatility rate	39% - 44%	40% - 42%	32% - 39%
Risk-free interest rate	7.1% - 7.5%	4.8% - 6.1%	4.7% - 6.0%
Expected option life (years)	3.9 - 7.7	3.9 - 7.7	3.9 - 7.7

Employee Stock Ownership/401(k) Plan

Prior to 1998, the Employee Stock Ownership/401(k) Plan (the "Plan") provided shares of stock to employees who had completed one year of continuous service with the Company. During 1998, the Plan was amended to exclude any new shares from being provided to employees. All prior year contributions to employees actively employed on or after October 1, 1998

vest at a rate of 20% per year over a five year period. All active participants in the plan whose employment terminated prior to October 1, 1998 vested based upon the plan that was active prior to their termination of employment. Under the 401(k) portion of the Plan, contributions made by employees can be invested in a variety of mutual funds, and the Company may also make contributions for the benefit of employees. The Company records as compensation expense an amount which approximates the vesting of the contributions to the Employee Stock Ownership portion of the Plan, as well as the Company's contribution to the 401(k) portion of the Plan. This amount was \$4.7 million in 2000, \$3.1 million in 1999 and \$2.9 million in 1998.

12. Financial Instruments

The following table presents the carrying amounts and estimated fair values of financial instruments held by the Company at November 30, 2000 and 1999, using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. The table excludes cash, receivables and accounts payable, which had fair values approximating their carrying values.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Lennar Corporation and Subsidiaries

<i>(In thousands)</i>	November 30,			
	2000		1999	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS				
Financial services:				
Mortgage loans held for sale or disposition, net	\$ 376,452	379,499	229,042	231,116
Mortgage loans, net	42,504	42,014	22,562	22,112
Investments held-to-maturity	12,488	12,507	8,902	8,904
Limited-purpose finance subsidiaries - collateral for bonds and notes payable	19,894	20,320	25,624	26,499
LIABILITIES				
Homebuilding:				
Mortgage notes and other debts payable	\$1,254,650	1,287,902	523,661	466,311
Financial services:				
Notes and other debts payable	\$ 428,966	428,966	253,010	252,865
Limited-purpose finance subsidiaries - bonds and notes payable	19,894	20,169	25,624	26,638
OFF-BALANCE SHEET FINANCIAL INSTRUMENTS				
Homebuilding:				
Interest rate swap agreements	\$ -	(5,707)	-	1,724
Financial services:				
Commitments to originate loans	\$ -	445	-	(197)
Forward commitments to sell loans	-	(119)	-	434

The following methods and assumptions are used by the Company in estimating fair values:

Mortgage notes and other debts payable: The fair value of fixed rate borrowings is based on quoted market prices. Variable rate borrowings are tied to market indices and thereby approximate fair value.

Financial services assets, liabilities and off-balance sheet financial instruments: The fair values are based on quoted market prices, if available. The fair values for instruments which do not have quoted market prices are estimated by the Company on the basis of discounted cash flows or other financial information.

Interest rate swap agreements: The fair value is based on dealer quotations and generally represents an estimate of the amount the Company would pay or receive to terminate the agreement at the reporting date.

The Company utilizes interest rate swap agreements to manage interest costs and hedge against risks associated with changing interest rates. Counterparties to these agreements are major financial institutions. Credit loss from counterparty non-performance is not anticipated. A majority of the Company's available variable rate borrowings are based on the London Interbank Offered Rate ("LIBOR") index. At November 30, 2000, Lennar had six interest rate swap agreements outstanding with a total notional amount of \$400 million, which will mature at various dates through 2007. These agreements fixed the LIBOR index at an average interest rate of 6.6% at November 30, 2000. The effect of the interest rate swap agreements on interest incurred and on the

average cost of borrowing was a decrease for the year ended November 30, 2000 of \$1.2 million and 0.08% and an increase of \$1.8 million and 0.22% and \$0.8 million and 0.11% for the years ended November 30, 1999 and 1998, respectively. During 1998, the Company entered into a contract to hedge the interest rate risk associated with the anticipated issuance of \$200 million of 10-year senior notes. The contract fixed the yield on the 10-year U.S. Treasury Note (which was used as a basis for determining the interest rate on the Company's issuance of the senior notes) at 5.8%. In February 1999, the Company issued \$282 million of 10-year senior notes (see Note 7). The payment made to the counterparty to this agreement at the time the senior notes were issued was \$11.2 million. Such amount was recorded as a reduction of the carrying value of the senior notes and will be amortized as an adjustment to interest incurred over the life of the senior notes.

As of November 30, 2000, the Financial Services Division's pipeline of loans in process totaled approximately \$1.2 billion. There is no exposure to credit risk in this type of commitment until the loans are funded. However, the Division uses the same credit policies in the approval of the commitments as are applied to all lending activities. Since a portion of these commitments is expected to expire without being exercised by the borrower, the total commitments do not necessarily represent future cash requirements. There is no exposure to market risk until a rate commitment is extended by the Company to a borrower. Loans in the pipeline of loans in process for which interest rates were committed to the borrower totaled approximately \$106.0 million as of November 30, 2000. Substantially all of these commitment

s are for periods of 30 days or less.

Mandatory mortgage-backed securities ("MBS") forward commitments are used by the Company to hedge its interest rate exposure during the period from when the Company extends an interest rate lock to a loan applicant until the time at which the loan is sold to an investor. These instruments involve, to varying degrees, elements of credit and interest rate risk. Credit risk is managed by the Company by entering into agreements with investment bankers with primary dealer status and with permanent investors meeting the credit standards of the Company. At any time, the risk to the Company, in the event of default by the purchaser, is the difference between the contract price and current market value. At November 30, 2000, the Company had open commitments amounting to \$360.1 million to sell MBS with varying settlement dates through February 2001.

13. Commitments and Contingent Liabilities

The Company and certain subsidiaries are parties to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, the disposition of these matters will not have a material adverse effect on the financial condition of the Company.

The Company is subject to the usual obligations associated with entering into contracts for the purchase (including option contracts), development and sale of real estate in the routine conduct of its business. Option contracts for the purchase of land permit the Company to acquire portions of properties when it is ready to build homes on them. The use of option contracts allows the Company to manage the financial risk of adverse market conditions associated with longer-term land holdings.

The Company has entered into agreements to lease certain

office facilities and equipment under operating leases. Future minimum payments under the noncancelable leases are as follows: 2001 - \$26.2 million; 2002 - \$20.3 million; 2003 - \$14.9 million; 2004 - \$10.2 million; 2005 - \$5.7 million and thereafter - \$14.4 million. Rental expense for the years ended November 30, 2000, 1999 and 1998 was \$36.6 million, \$24.3 million and \$14.3 million, respectively.

The Company is committed, under various letters of credit, to perform certain development and construction activities and provide certain guarantees in the normal course of business. Outstanding letters of credit under these arrangements totaled \$98.8 million at November 30, 2000. The Company also had outstanding performance and surety bonds with estimated costs to complete of \$622.4 million related principally to its obligations for site improvements at various projects at November 30, 2000. The Company does not believe that any such bonds are likely to be drawn upon.

14. Supplemental Financial Information

As discussed in Note 7, the Company issued \$325 million of 9.95% senior notes due 2010. The Company's obligations to pay principal, premium, if any, and interest under the notes are guaranteed on a joint and several basis by substantially all of its subsidiaries, other than subsidiaries engaged in mortgage and title reinsurance activities. The Company has determined that separate, full financial statements of the guarantors would not be material to investors and, accordingly, supplemental financial information for the guarantors is presented. Consolidating statements of cash flows are not presented because cash flows for the non-guarantor subsidiaries were not significant for any of the periods presented.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Lennar Corporation and Subsidiaries

Consolidating Balance Sheet November 30, 2000

<i>(In thousands)</i>	Lennar Corporation	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Total
ASSETS					
Homebuilding:					
Cash and receivables, net	\$ 211,635	117,649	613	–	329,897
Inventories	–	2,295,191	6,393	–	2,301,584
Investments in partnerships	–	257,639	–	–	257,639
Other assets	85,936	191,858	–	–	277,794
Investments in subsidiaries	1,495,680	200,488	–	(1,696,168)	–
	1,793,251	3,062,825	7,006	(1,696,168)	3,166,914
Financial services	–	16,604	594,396	–	611,000
	\$ 1,793,251	3,079,429	601,402	(1,696,168)	3,777,914
LIABILITIES AND STOCKHOLDERS' EQUITY					
Homebuilding:					
Accounts payable and other liabilities	\$ 225,362	550,659	2,217	–	778,238
Mortgage notes and other debts payable, net	1,216,703	37,947	–	–	1,254,650
Intercompany	(877,394)	993,477	(116,083)	–	–
	564,671	1,582,083	(113,866)	–	2,032,888
Financial services	–	1,666	514,780	–	516,446
Total liabilities	564,671	1,583,749	400,914	–	2,549,334
Stockholders' equity	1,228,580	1,495,680	200,488	(1,696,168)	1,228,580
	\$ 1,793,251	3,079,429	601,402	(1,696,168)	3,777,914

Consolidating Balance Sheet
November 30, 1999

<i>(In thousands)</i>	Lennar Corporation	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Total
ASSETS					
Homebuilding:					
Cash and receivables, net	\$ 48,343	45,534	541	–	94,418
Inventories	–	1,267,050	7,501	–	1,274,551
Investments in partnerships	–	173,310	–	–	173,310
Other assets	63,143	34,683	–	–	97,826
Investments in subsidiaries	573,291	107,900	–	(681,191)	–
	684,777	1,628,477	8,042	(681,191)	1,640,105
Financial services	–	26,132	391,410	–	417,542
	\$ 684,777	1,654,609	399,452	(681,191)	2,057,647
LIABILITIES AND STOCKHOLDERS' EQUITY					
Homebuilding:					
Accounts payable and other liabilities	\$ 103,002	228,421	2,109	–	333,532
Mortgage notes and other debts payable, net	507,445	16,216	–	–	523,661
Intercompany	(807,169)	827,316	(20,147)	–	–
	(196,722)	1,071,953	(18,038)	–	857,193
Financial services	–	9,365	309,590	–	318,955
Total liabilities	(196,722)	1,081,318	291,552	–	1,176,148
Stockholders' equity	881,499	573,291	107,900	(681,191)	881,499
	\$ 684,777	1,654,609	399,452	(681,191)	2,057,647

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Lennar Corporation and Subsidiaries

Consolidating Statement of Earnings Year Ended November 30, 2000

<i>(In thousands)</i>	Lennar Corporation	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Total
Revenues:					
Homebuilding	\$ –	4,387,157	2,877	–	4,390,034
Financial services	–	47,818	269,116	–	316,934
Total revenues	–	4,434,975	271,993	–	4,706,968
Costs and expenses:					
Homebuilding	–	3,906,772	2,466	–	3,909,238
Financial services	–	52,533	220,806	–	273,339
Corporate general and administrative	50,155	–	–	–	50,155
Interest	–	98,601	–	–	98,601
Total costs and expenses	50,155	4,057,906	223,272	–	4,331,333
Earnings (loss) before income taxes	(50,155)	377,069	48,721	–	375,635
Provision (benefit) for income taxes	(20,298)	147,057	19,739	–	146,498
Equity in earnings from subsidiaries	258,994	28,982	–	(287,976)	–
Net earnings	\$ 229,137	258,994	28,982	(287,976)	229,137

Consolidating Statement of Earnings Year Ended November 30, 1999

<i>(In thousands)</i>	Lennar Corporation	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Total
Revenues:					
Homebuilding	\$ –	2,848,105	1,102	–	2,849,207
Financial services	–	31,025	238,282	–	269,307
Total revenues	–	2,879,130	239,384	–	3,118,514
Costs and expenses:					
Homebuilding	–	2,506,332	2,072	–	2,508,404
Financial services	–	34,115	204,096	–	238,211
Corporate general and administrative	37,563	–	–	–	37,563
Interest	–	48,859	–	–	48,859
Total costs and expenses	37,563	2,589,306	206,168	–	2,833,037
Earnings (loss) before income taxes	(37,563)	289,824	33,216	–	285,477
Provision (benefit) for income taxes	(15,823)	114,480	14,106	–	112,763
Equity in earnings from subsidiaries	194,454	19,110	–	(213,564)	–
Net earnings	\$ 172,714	194,454	19,110	(213,564)	172,714

Consolidating Statement of Earnings
Year Ended November 30, 1998

<i>(In thousands)</i>	Lennar Corporation	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Total
Revenues:					
Homebuilding	\$ -	2,167,869	36,559	-	2,204,428
Financial services	-	19,889	192,548	-	212,437
Total revenues	-	2,187,758	229,107	-	2,416,865
Costs and expenses:					
Homebuilding	-	1,890,532	30,527	-	1,921,059
Financial services	-	23,674	155,428	-	179,102
Corporate general and administrative	28,962	-	-	-	28,962
Interest	-	47,628	-	-	47,628
Total costs and expenses	28,962	1,961,834	185,955	-	2,176,751
Earnings (loss) before income taxes	(28,962)	225,924	43,152	-	240,114
Provision (benefit) for income taxes	(11,472)	90,369	17,149	-	96,046
Equity in earnings from subsidiaries	161,558	26,003	-	(187,561)	-
Net earnings	\$ 144,068	161,558	26,003	(187,561)	144,068

15. Quarterly Data (unaudited)

<i>(In thousands, except per share amounts)</i>	First	Second	Third	Fourth
2000				
Revenues	\$ 640,367	968,180	1,376,215	1,722,206
Earnings before income taxes	\$ 36,412	59,739	100,011	179,473
Net earnings	\$ 22,211	36,441	61,007	109,478
Earnings per share:				
Basic	\$ 0.42	0.69	0.99	1.77
Diluted	\$ 0.40	0.64	0.90	1.59
1999				
Revenues	\$ 590,599	738,357	819,497	970,061
Earnings before income taxes	\$ 46,053	65,440	75,162	98,822
Net earnings	\$ 27,862	39,591	45,473	59,788
Earnings per share:				
Basic	\$ 0.48	0.68	0.78	1.03
Diluted	\$ 0.45	0.63	0.72	0.95

Quarterly and year-to-date computations of per share amounts are made independently. Therefore, the sum of per share amounts for the quarters may not agree with per share amounts for the year.

SHAREHOLDER INFORMATION

Lennar Corporation and Subsidiaries

Annual Meeting

The Annual Stockholders' Meeting will be held at 11:00 a.m. on April 3, 2001 at the Doral Park Golf and Country Club, 5001 N.W. 104th Avenue Miami, Florida 33178

Registrar and Transfer Agent

BankBoston, N.A.
EquiServe L.P.
150 Royall Street
Canton, Massachusetts 02021

Listing

New York Stock Exchange (LEN)

Corporate Counsel

Clifford Chance Rogers & Wells LLP
200 Park Avenue
New York, New York 10166

Independent Auditors

Deloitte & Touche LLP
200 South Biscayne Boulevard, Suite 400
Miami, Florida 33131

Form 10-K Available

A copy of the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission is available without charge to any stockholder upon written request to:

Investor Relations
Lennar Corporation
700 N.W. 107th Avenue
Miami, Florida 33172
Telephone: (305) 559-4000

COMPARATIVE COMMON STOCK DATA

Fiscal Quarter	Common Stock Prices New York Stock Exchange		Cash Dividends Per Share			
	High/Low Price		Common Stock		Class B	
	2000	1999	2000	1999	2000	1999
First	\$18.63 – 15.25	27.88 – 21.63	1 ¹ / ₄ ¢	1 ¹ / ₄ ¢	1 ¹ / ₈ ¢	1 ¹ / ₈ ¢
Second	21.75 – 16.25	27.81 – 20.50	1 ¹ / ₄ ¢	1 ¹ / ₄ ¢	1 ¹ / ₈ ¢	1 ¹ / ₈ ¢
Third	29.44 – 17.88	24.94 – 17.50	1 ¹ / ₄ ¢	1 ¹ / ₄ ¢	1 ¹ / ₈ ¢	1 ¹ / ₈ ¢
Fourth	34.88 – 25.63	19.44 – 13.06	1 ¹ / ₄ ¢	1 ¹ / ₄ ¢	1 ¹ / ₈ ¢	1 ¹ / ₈ ¢

As of November 30, 2000, there were approximately 2,200 holders of record of the Company's common stock.

Directors

LEONARD MILLER
Chairman of the Board, Lennar Corporation

STUART A. MILLER
President and Chief Executive Officer, Lennar Corporation

ROBERT J. STRUDLER
Vice Chairman and Chief Operating Officer, Lennar Corporation

IRVING BOLOTIN
Retired Senior Vice President, Lennar Corporation

STEVEN L. GERARD
Chief Executive Officer of Century Business Services, Inc.

JONATHAN M. JAFFE
Vice President and Regional President,
Lennar Corporation

R. KIRK LANDON
Chairman of the Board, Innovative Surveillance
Technology; Former Chairman of the Board, American
Bankers Insurance Group

SIDNEY LAPIDUS
Managing Director, E.M. Warburg, Pincus & Co., LLC

HERVÉ RIPAULT
Associate of Optigestiom S. A.

ARNOLD P. ROSEN
Retired Executive Vice President, Lennar Corporation

STEVEN J. SAIONTZ
Chief Executive Officer, LNR Property Corporation

Officers and Senior Management

LENNAR CORPORATE

STUART A. MILLER
President and Chief Executive
Officer

ROBERT J. STRUDLER
Vice Chairman and Chief
Operating Officer

BRUCE E. GROSS
Vice President and Chief Financial
Officer

MARSHALL AMES
Vice President

DIANE J. BESSETTE
Vice President and Controller

CRAIG M. JOHNSON
Vice President, Community
Development; President, Strategic
Technologies, Inc.

WAYNEWRIGHT MALCOLM
Vice President and Treasurer

DAVID B. McCAIN
Vice President, General Counsel
and Secretary

RONALD L. GEORGE
Director - Tax

FRANK MATTHEWS
Director - Human Resources

JOHN R. NYGARD, III
Chief Information Officer

LENNAR HOMEBUILDING

JONATHAN M. JAFFE
Vice President, Lennar
Corporation; Regional President

SAM B. CRIMALDI
Regional President

EMILE HADDAD
Regional President

CHRISTOPHER B. REDIGER
Regional President

MICHAEL T. RICHARDSON
Regional President

JEFF ROOS
Regional President

MARK SHEVORY
Regional President

PHILIP J. WALSH, III
Regional President

JAY WISSINK
Regional President

MARC CHASMAN
Senior Vice President, Lennar
Homes of California, Inc.

LENNAR FINANCIAL SERVICES

ALLAN J. PEKOR
Vice President, Lennar Corporation;
President, Lennar Financial
Services, Inc.

JAMES R. PETTY
President, Universal American
Mortgage Company

NANCY A. KAMINSKY
Executive Vice President and Chief
Financial Officer, Lennar Financial
Services, Inc.

LINDA REED
Executive Vice President, Lennar
Financial Services, Inc.; President,
Lennar Title Services, Inc.

PETER STRAWSER
Executive Vice President,
Operations, Universal American
Mortgage Company

Statement Regarding Forward-Looking Information

Certain statements contained in this annual report may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. By their nature, forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those which are anticipated. With regard to the Company, these factors include, but are not limited to, changes in general economic conditions, the market for homes generally and in areas where the Company has developments, the availability and cost of land suitable for residential development, materials prices, labor costs, interest rates, consumer confidence, competition, environmental factors and government regulations affecting the Company's operations.



BE...



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