America calls us home.®

2001 annual report

Arnold P. Rosen
1920-2001

Arnold P. Rosen, Board Member of our Company, passed away on October 18, 2001. His loss has been deeply felt by his family, his friends, his community and all of us here at Lennar.

Arnold was a co-founding member of F & R Builders, Inc., the Company we all know today as Lennar Corporation. He served as Lennar's Executive Vice President until his retirement in 1977. Since that time, he proudly served on the Lennar Board of Directors, continuing to help build our Company into the leading national homebuilder it is today.

Arnold Rosen's commitment to community set a shining example for us all at Lennar and his influence played a big part in shaping us into the caring Company we are today. He was a past President of Temple Israel of Greater Miami, served on the Board of Hebrew Union College and was a founder of both the Miami Jewish Home for the Aged and Mount Sinai Hospital. He was an avid supporter of the arts, serving as past President of the Miami Salon Group and serving on the Boards of Directors of the Bass Museum, the Florida Grand Opera, the Florida Philharmonic Orchestra, MOSIAC, and the Performing Arts Center of Miami. In 1985, Arnold even fulfilled a special dream of bringing a music and arts festival to the mountain country of North Carolina by founding the nationally recognized Appalachian Summer Festival. He loved his community, he loved the arts, and he dedicated much of his life to bringing the two together for the good of all.

Arnold Rosen was a visionary, a leader, a philanthropist and a friend. Although his leadership will surely be missed, the foundation he helped lay here at Lennar and throughout his community will continue to flourish for many generations to come.






Dear Shareholders:

As I look back on the past year, I am gratified by the outstanding efforts of our Associates and all we have accomplished. The 7,000 plus Associates of Lennar have guided our Company to another year of growth and record-breaking business performance. Lennar, is indeed a Company driven by the strength, depth and tenure of its people, and I would like to thank each and every Lennar Associate for their exemplary commitment to excellence in 2001.

"The news came - U.S. Home was being acquired. The change has been good for me, in that I get to laugh and play and still be productive. Even better, I get to be me."

Dorothy Randall
Lennar/U.S. Home
Corporate, Houston

We solidified our leadership position in the industry by generating $6 billion in revenue, net earnings of $418 million, and earnings per share of $6.01. We enhanced the strength of our balance sheet with an almost 20% return on net capital; our $1 billion credit facility paid down to zero; $824 million of cash at year end; and a net debt to total capital ratio of 29%. This performance has positioned us well in a homebuilding marketplace that is poised for consolidation.

Over the past 10 years the largest homebuilders have experienced consistently strong EPS, revenue and deliveries growth. They are now positioned with strong management teams and liquid balance sheets. These larger homebuilders will continue to turn size into bottom line benefits through reduced construction costs, Internet sales, branding potential and additional improvements in capital structure. With industry-wide EPS multiples averaging less than 10x and consistent EPS growth of over 20% compounded annually, we are confident that the marketplace will continue to take notice of the investment opportunities of large scale homebuilders. Lennar's performance among this elite group speaks for itself. Lennar is an industry leader.

Our defined business process, diversification, and strong balance sheet are what continue to drive our performance. We are focused on simplicity and consistency with all of our divisions being measured on the same standards and all contributing to the bottom line. Our growth is driven by and dependent on the strength of our balance sheet; and our balance sheet is very, very strong.

Our due diligence and bottom line expectations have resulted in successful acquisitions, including eleven acquisitions since 1997 - with U.S. Home being the pinnacle and Patriot Homes in Baltimore and Don Galloway Homes and Sunstar Communities in the Carolinas being the most recent. These acquisitions have uniquely positioned us as one of the most diverse builders in the marketplace. Our product offerings now range from homes for first-time buyers to homes for the active adult. Our price points range from under $100,000 entry-level homes to over $1 million ocean view homes. Our dual marketing strategy of both Design Studio℠ and Everything's Included℠ provides us a vehicle for internal growth, faster and more efficient use of our net assets and a larger market share capture. Our geographic diversification now finds us in 16 states and 44 metropolitan areas from the east coast to the west coast.

While we are proud of our performance and financial accomplishments, 2001was a year filled with a number of challenges as well.

As a Company we lost our co-founder and valued member of our Board of Directors, Arnold P. Rosen. Arnold was a mentor to me personally as I learned the real estate business and grew through the ranks of Lennar. Arnold set many of the standards of business and conduct to which we adhere as a Company today, and his rich tradition of personal philanthropy is ingrained permanently in the Lennar culture of helping our community benefit as we grow in size and stature as a Company. Lennar has benefitted greatly from Arnold's inspiration as co-founder of the Company, his knowledge and work ethic in management, and his personal integrity and decency in guiding our business. Arnold's presence will be missed by all of us here at Lennar.

National events have also presented challenges in 2001. Our country has weathered a national economic recession, which has raised questions of cyclicality in the homebuilding industry. Additionally, America as we know it changed in light of the tragic events of September 11th. In responding to these challenges, we have found the strength of culture and conviction that make us uniquely Lennar.

Throughout 2001, we have moved our business forward with our heads, while we acted with our hearts. The events of September 11th challenged us to revisit those values that make corporations succeed, or fail. In the hours and days immediately following that tragic day, our management team revisited priorities and expectations for the future. Our primary goal was to ensure that all 7,000 plus Associates of the Lennar Family of Builders and Financial Services remembered that our Company is a part of a great American society, and that each of us, while experiencing the pain of that tragedy, also realized that we could be a part of the healing process. We collectively, and each individually, assumed leadership roles in our industry, our Company, and within ourselves to demonstrate beyond a doubt the meaning of “Caring - the Lennar Way”.

“Caring - the Lennar Way” has meant many different things to us.

Shortly after September 11th Lennar was among the first companies to participate in helping those directly affected by joining with our fellow high production homebuilders and the National Association of Homebuilders in creating “The Homebuilder’s Care Victims’ Relief Fund”, with a contribution of over $1.3 million from the coffers of our Company, and the hearts of our Associates. In addition, this past holiday season we all joined in a program we called “Lennar's Random Acts of Caring”. All of our 60 operating divisions sought out worthy charitable organizations to focus their attentions on and to make a difference. Whether it was a child with cancer being attended to in California, a Toys-for-Tots program in Texas, or working with senior citizens in Florida, our Associates chose to make a difference. This Random Acts of Caring initiative was highlighted by the completion of our 500,000th home in Miami, Florida - a home built together with Habitat for Humanity and Special Olympics and donated to a family with special needs.

We also care for business and our Associates. There was little question that our rate of sales would be impacted. We searched for ways to reduce the costs of constructing our homes, and ways in which we could eliminate non-essential costs of conducting business. We examined our expenditures for land and we reviewed our levels of inventory while seeking to increase our closings. We took all these actions because they were good business decisions. But, we were also driven to fulfill our goal of maximizing employment opportunity for all our Associates while still protecting the very franchise that we and those before us have spent almost 50 years creating. Our goal was that not one job be lost by a Lennar Associate due to the events of September 11th, while carefully protecting the investment of our shareholders. We are proud that both goals have been met.

As we commence 2002, we expect that overall industry starts may be down due to the national economic recession and overall consumer uncertainty. Nevertheless, Lennar is a large public homebuilder with an excellent track record that is committed to growing our Company, as well as earnings for our shareholders. We see a marketplace where supply is limited relative to demand. Inventories of completed homes are at record lows and the availability of new homes is constrained due to the difficulty of entitling land. America's used housing stock is aging and new homes are more attractive than ever. On the demand side, interest rates remain low, keeping homes affordable and home ownership rising. Household formations are projected to continue to grow steadily due to immigration. And, the national economy is projected to improve as consumer confidence strengthens. With 128,000 homesites owned or under our control at year end, and the highest level of capital liquidity in our history, we are positioned to continue the growth of our Company.

"There is no question in my mind today that Lennar is a truly special company with a desire to be different and on a mission to place its people and its customers first."

Guy Spitzer
Renaissance and Winncrest Homes, Sacramento

In conclusion, I am most pleased with the balanced approach to managing our Company that continues to drive Lennar. It permeates our Company, focus and culture. Lennar continues to excel within our industry and within the business world as a leader by all financial metrics. At the same time, we have been and remain passionate about caring for our families, communities, and country.

2001 has given all of us cause to reflect. We are all much more focused on family… much more focused on giving back to our communities… much more focused on making each minute of our lives count. We at the Lennar Family of Builders and Financial Services are no strangers to this way of thinking - for this way of thinking has been at the very heart of Lennar for almost five decades. That is why it is with pride, commitment and a sense of responsibility that we operate under the banner: "America Calls Us Home®."

Sincerely,
Stuart Miller
President and Chief Executive Officer, Lennar Corporation

Dear Shareholders:

This past year has been rewarding for all of us in the way of fiscal achievements and growth for our Company. Fiscal year 2001's performance, however, should not be measured only in terms of revenues and profits, but in terms of the continued strengthening of all facets of our Company's operations.

This past year, we completed the integration of the two very unique operating systems and cultures of Lennar Homes and U.S. Home. The result was the creation of a single and very formidable force motivated by one common culture, common language and common goals. At the forefront of this integration was the conversion of all U.S. Home divisions to Lennar's management information systems, which now allows us to measure performance and establish goals under a unified system that can be communicated and monitored in a manner understood by all.

Another essential ingredient of our successful integration was the adoption of a uniform system of compensation pursuant to which our Corporate Officers, Regional Presidents and more than 60 Division Presidents clearly understand the basis under which they are measured, as well as the fact that they are all being measured by the same criteria - return on net assets and levels of profitability.

With the combined purchasing power of Lennar and U.S. Home, we have been able to strengthen our national Net Plus Purchasing Program which added more than $18 million to our bottom line. Through closely measuring and monitoring the participation of each profit center's involvement in this program, we will continue to enhance the benefits of the program while pursuing additional opportunities.

We launched a new Lennar Family of Builders and Financial Services website which improved our communication with our customers, our Associates and our shareholders. While the different name brands which comprise the Lennar Family of Builders and Financial Services offer different products and different marketing platforms in our more than 500 communities and 44 markets across the country, we are now communicating a consistent message that we are uniform in our commitment to deliver quality homes, taking the actions necessary to enhance shareholder value and being a leader in our industry. We are furthering our focus in this area with the creation of a National Internet Center that is committed to establishing strong online relationships with our Internet customers and providing them the assistance they need to find a home with our Lennar Family of Builders.

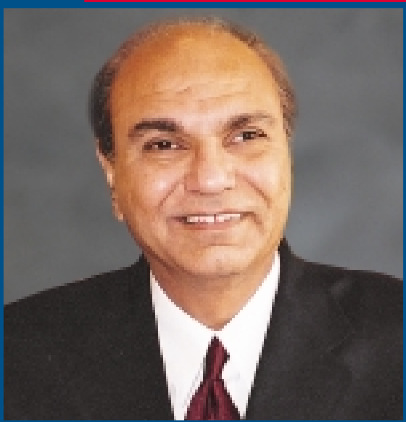
We have paved the road for an ever-increasing return on net assets and market capture rate through the expansion of our dual marketing programs of Everything's Included℠ and Design Studio℠ with 90 dual marketing communities open at year end and with the commencement of Lennar Homes operations in Denver, Colorado and Tucson, Arizona and U.S. Home operations in Palm Beach, Florida.

We have continued our leadership role in the development of communities for the active adult and intergenerational buyer with our 50 active communities across the country, which include the recent grand openings of Heritage Harbor, an active adult, intergenerational and golf course community in Florida, Greenbriar Oceanaire, an active adult and golf course community in New Jersey, and Bella Vita, an intergenerational community in Houston, Texas. In addition, the National Council of Seniors Housing recognized Lennar in 2001 by awarding Heritage Hunt in Washington, D.C. and Heritage Palms in Palms Springs both with gold medals and Heritage Highlands in Tucson with a silver medal for excellence in seniors' housing.

We have broadened our price point offerings and market share with our wide variety of name brand offerings which now range from NuHome in Texas with homes starting under $100,000 to Greystone Homes in California with ocean view homes priced at over $1 million.

We have strengthened our geographic positioning across the country with our entry into several new markets with the acquisition of Patriot Homes in Baltimore and Don Galloway Homes and Sunstar Communities in the Carolinas.

We finalized the combination of Universal American Mortgage Company with U.S. Home Mortgage. In 2001 our mortgage operations originated over $5 billion in home loans. We also integrated our title operations under the common umbrella of North American Title Company, which completed 173,000 title transactions in 2001. Both



"Lennar has brought a fresh spirit, a culture, which has reinvigorated our team. We focus on more than making our customers happy, we WOW them."

Ariff Cassim
U.S. Home,
Washington, D.C

mortgage and title operations are part of our Lennar Financial Services, which generated 2001 operating profits of almost $90 million.

We adopted the U.S. Home management development, leadership training and sales training programs nationwide allowing our Associates to participate in interdisciplinary learning programs conducted by the senior management within our Company. We understand that our growth is limited not by dollars but by people, and that each Associate at Lennar is both a student and a teacher.

And, perhaps the most significant of all, we continued our focus on caring for our communities. In our Random Acts of Caring this past holiday season, no singular event or series of common events more defined who we are and what we stand for than the involvement of our Company and our Associates in helping those less fortunate in each of our communities throughout America. In the tradition of our Chairman, Leonard Miller, we reaffirmed our belief that to create a great Company, one needs to do more than merely make money.

Our task for the coming year will be to remember the lessons we learned while realizing that our results are now history and that once again, we will be measured by what we do tomorrow rather than what we did yesterday. In undertaking this task, we must deal with the realities created by a weakened economy, lower consumer confidence stemming in part from the events of September 11th and a softening in the market for higher priced homes resulting from last year's decline in the stock market and continued layoffs in corporate America. We are confident that with the activities described above, we have created a Company capable of and committed to reaching our corporate goals.

Sincerely,
Bob Strudler
Vice Chairman and Chief Operating Officer, Lennar Corporation

Dear Shareholders:

In fiscal year 2001, Lennar Corporation stepped to the forefront of homebuilders in terms of industry leading financial performance. More impressive than the 2001 record performance is the history of consistent performance by Lennar over the past five years.

In 2001, our numbers resounded a record-breaking year with $6 billion in revenues. This represented a compounded annual growth rate of 37% since 1997.

Our EBIT of $799 million in 2001 substantially increased from $474 million the previous year - and represented a compounded annual growth rate of 49% since 1997.

Net earnings nearly doubled in 2001 from 2000 with $418 million earned - and reflected a compounded annual growth rate of 53% since 1997.

Earnings per share reached $6.01 resulting in a book value per share of $25.92 and shareholders' equity of $1.7 billion.

Even more impressive was our balance sheet. By far the strongest in the industry, our balance sheet reflected an almost 20% return on net capital which greatly exceeded our 10% cost of capital; a $1 billion credit facility paid down to zero; and $824 million in cash at year end.

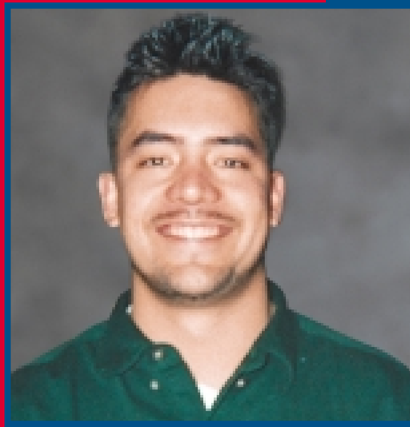
Record-breaking return on beginning equity of 34% is a significant improvement from the 22% achieved in 1997.

Net debt to total capital ratio of 29% is a testament to our historical ability to pursue opportunities while remaining dedicated to maintaining a low net debt to capital ratio.

Lennar's strong balance sheet has positioned us for strong growth and has minimized our downside risk. We view cycles as our ally, not an adversary, since weaker economic times present buying opportunities and our strong balance sheet positions us to seize opportunities when they exist. With our strong cash position of $824 million at the end of the year, we are in a position to pursue additional opportunities. Finally, our strong balance sheet allows Lennar to do well in good times and capitalize on market inefficiencies in slower times. Lennar is positioned to continue as a leader and an industry consolidator.

Assuming stable economic conditions, we believe that we can continue to grow earnings and EPS. Our land positions are in place for continued record performance. Our recent acquisitions in Baltimore and the Carolinas will add closings and bottom line performance in 2002. And finally, continued focus on systems and process will add costs savings to our bottom line.

Sincerely,
Bruce Gross
Vice President and Chief Financial Officer, Lennar Corporation



"Our culture has taught me that 'fun is good' and by choosing my own attitude each day, I can accomplish incredible things."

Jerhett Obenchain
Greystone Homes,
Bay Area






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 and Director of Century Business Services, Inc.

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

R. KIRK LANDON
Chairman of the Boards, Innovative Surveillance Technology and Orange Clothing Co.; 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.

STEVEN J. SAIONTZ
Chief Executive Officer, LNR Property Corporation

DR. DONNA E. SHALALA
President, University of Miami

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

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

Some of the statements contained in this annual report are "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 the statements anticipated. Factors which may affect the Company's results 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.

Lennar CORPORATION

700 N.W. 107th Avenue, Miami, FL 33172
www.lennar.com

3890-AR-02

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended November 30, 2001

Commission file number 1-11749

LENNAR CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**95-4337490**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

700 Northwest 107th Avenue, Miami, Florida 33172
(Address of principal executive offices) (Zip Code)

(305) 559-4000
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value 10¢	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

As of January 31, 2002, registrant had outstanding 54,460,211 shares of common stock and 9,700,462 shares of Class B common stock (which can be converted into common stock). Of the total shares outstanding, 53,347,075 shares of common stock and 19,501 shares of Class B common stock, having a combined aggregate market value (assuming the Class B shares were converted) on that date of $2,959,176,639, were held by non-affiliates of the registrant.

Documents incorporated by reference:

Related Section	Documents
III	Definitive Proxy Statement to be filed pursuant to Regulation 14A on or before March 30, 2002.

PART I

Item 1. Business.

General Development of Business

We are one of the nation's largest homebuilders and a provider of residential financial services. Our homebuilding operations include the sale and construction of single-family attached and detached homes, as well as the purchase, development and sale of residential land directly and through our unconsolidated partnerships. Our financial services operations provide mortgage financing, title insurance and closing services for both our homebuyers and others, resell the residential mortgage loans it originates in the secondary mortgage market, and also provide high-speed Internet access, cable television and alarm monitoring services to residents of our communities and others.

The following is a summary of our growth:

1954—We were founded as a Miami homebuilder.

1972—Entered the Arizona homebuilding market.

1986—Acquired Development Corporation of America in Florida.

1991—Entered the Texas homebuilding market.

1995—Entered the California homebuilding market through the acquisition of Bramalea California, Inc.

1996—Expanded in California through our acquisition of Renaissance Homes, Inc., significantly expanded our operations in Texas with the acquisition of the assets and operations of Houston-based Village Builders (a homebuilder) and Friendswood Development Company (a developer of master-planned communities) and acquired Regency Title.

1997—Continued our expansion in California through homesite acquisitions and unconsolidated partnership investments. We also acquired Pacific Greystone Corporation which further expanded our operations in California and Arizona and brought us into the Nevada homebuilding market.

1998—Acquired the properties of two California homebuilders, ColRich Communities and Polygon Communities, acquired a Northern California homebuilder, Winncrest Homes and acquired North American Title.

1999—Acquired Southwest Land Title and Eagle Home Mortgage.

2000—Acquired U.S. Home Corporation which expanded our operations into New Jersey, Maryland/Virginia, Minnesota, Ohio and Colorado and strengthened our position in other states, and acquired Texas Professional Title.

2002—Acquired Patriot Homes, a homebuilder in the Baltimore marketplace, and expanded into the Carolinas with our acquisition of Don Galloway Homes and the assets and operations of Sunstar Communities.

Financial Information about Operating Segments

We have two operating segments—homebuilding and financial services. The financial information related to these operating segments is contained in Item 8.

Narrative Description of Business

HOMEBUILDING

Under the Lennar Family of Builders banner, we operate using the following brand names: Lennar Homes, U.S. Home, Greystone Homes, Village Builders, Renaissance Homes, Orrin Thompson Homes, Lundgren Bros., Winncrest Homes, Sunstar Communities, Don Galloway Homes, Patriot Homes, Rutenberg Homes and NuHome. Our active adult communities are primarily marketed under the Heritage and Greenbriar brand names.

Through our own efforts and unconsolidated partnerships in which we have interests, we are involved in all phases of planning and building in our residential communities, including land acquisition, site planning, preparation and improvement of land, and design, construction and marketing of homes. We subcontract virtually all aspects of development and construction.

We primarily sell single-family attached and detached homes. The homes are targeted primarily to first-time, move-up and active adult homebuyers. The average sales price of a Lennar home was $237,000 in fiscal 2001.

Current Homebuilding Activities

	Homes Delivered in the Years Ended November 30,		
Region	**2001**	2000	1999
Florida	6,620	5,361	4,241
Maryland/Virginia	692	466	—
New Jersey	422	328	—
East Region	7,734	6,155	4,241
Texas	5,972	4,696	3,107
Minnesota	745	472	—
Ohio	21	35	—
Central Region	6,738	5,203	3,107
California	4,372	3,805	3,731
Colorado	1,524	984	—
Arizona	1,944	1,568	1,064
Nevada	792	521	446
West Region	8,632	6,878	5,241
Subtotal	23,104	18,236	12,589
Unconsolidated partnerships	795	342	17
Total	23,899	18,578	12,606

Management and Operating Structure

We balance a local operating structure with centralized corporate level management. Our local managers, who have significant experience both in the homebuilding industry generally and in their particular markets, are responsible for operating decisions regarding land identification, home design, construction and marketing. Decisions related to our overall strategy, acquisitions of land and businesses, financing, cash management and information systems are centralized at the corporate level.

We view unconsolidated partnerships and similar entities as a means to both expand our market opportunities and manage our risk. For additional information about our unconsolidated partnerships, see Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7.

Property Acquisition

In our homebuilding operations, we generally acquire land for the development and construction of homes which we sell to homebuyers. We also sell land to third parties. Land acquisitions are subject to strict underwriting criteria and may be made directly or through partnerships with other entities. Through unconsolidated partnerships, we reduce our risk and the amount invested in owned land and increase our access to other land. Partnerships also, in some instances, help us acquire land to which we could not obtain access, or could not obtain access on as favorable terms, without the participation of a strategic partner.

In some instances, we acquire land through option contracts, which let us defer purchasing land until we are ready to build homes on it. Most of our land is not subject to mortgages; however, the majority of land acquired by partnerships is subject to purchase money mortgages. We generally do not acquire land for speculation. At November 30, 2001, we owned approximately 55,000 homesites and had access to an additional 73,000 homesites through options or unconsolidated partnerships.

Construction and Development

We supervise and control the development and building of our residential communities. We employ subcontractors for site improvements and virtually all of the work involved in the construction of homes. In almost all instances, the arrangements with our subcontractors commit the subcontractors to complete specified work in accordance with written price schedules. These price schedules normally change to meet changes in labor and material costs. We do not own heavy construction equipment and only have a relatively small labor force used to supervise development and construction and perform routine maintenance and minor amounts of other work. We generally finance construction and land development activities with cash generated from operations as well as from borrowings under our working capital lines and issuances of public debt.

Marketing

We offer a diversified line of homes for first-time, move-up and active adult homebuyers. With homes priced from below $100,000 to above one million dollars and available in a variety of environments ranging from urban infill communities to golf course communities, we are focused on providing homes for a wide spectrum of buyers. Our unique dual marketing strategies of ''Everything's Included℠''and ''Design Studio℠''provide customers with flexibility to choose how they would like to purchase their new home. In our Everything's Included℠ homes, we make the homebuying experience simple by including desirable, top-of-the-line features as standard items. In our Design Studio℠ homes, we provide an individualized homebuying experience and personalized design consultation in our design studios, offering a diverse selection of upgrades and options for a new home. We sell our homes primarily from models that we have designed and constructed.

We employ sales associates who are paid salaries, commissions or both to make on-site sales of homes. We also sell through independent brokers. We advertise our communities in newspapers and other local and regional publications, on billboards and through our web site, www.lennar.com. The web site allows homebuyers to search for homes with specific design criteria in their price range and desired location. In addition, we advertise our active adult communities in areas where prospective active adult homebuyers live.

Quality Service

We employ a process which is intended to provide a positive experience for each customer throughout the pre-sale, sale, building, closing and post-closing periods. The participation of sales associates, on-site construction supervisors and post-closing customer care associates, working in a team effort, is intended to foster our reputation for quality service and ultimately lead to enhanced customer retention and referrals.

Our ''Heightened Awareness'' program is a full-time focused initiative designed to objectively evaluate and measure the quality of construction in our communities. The purpose of this program is to ensure that the homes delivered to our customers meet our high standards. Each of our communities is inspected and reviewed on a regular basis by one of our trained associates. This program is an example of our commitment to provide the finest homes to our customers. In addition to our ''Heightened Awareness'' program, we obtain independent surveys of selected customers through a third party consultant and use the survey results to further improve our standard of quality and customer satisfaction.

Competition

The housing industry is highly competitive. In our activities, we compete with numerous developers and builders of various sizes, both national and local, who are building homes in and near the areas where our communities are located. Competition is on the basis of location, design, quality, amenities, price, service and reputation. Sales of existing homes also provide competition. Some of our principal national competitors include Centex Corporation, D.R. Horton, Inc., KB Home and Pulte Homes, Inc.

FINANCIAL SERVICES

Mortgage Financing

We provide conventional, FHA-insured and VA-guaranteed mortgage loans to our homebuyers and others through our financial services subsidiaries: (1) Universal American Mortgage Company in Florida, California, Arizona, Texas, Nevada, Virginia, Maryland, New Jersey, Colorado, Minnesota, Ohio, North Carolina and South Carolina; (2) Eagle Home Mortgage, Inc. in Washington, Oregon, Utah, Arizona and Nevada and (3) AmeriStar Financial Services, Inc. in California and Nevada. In 2001, our financial services subsidiaries provided loans to 79% of our homebuyers who seek mortgage financing. Because of the availability of mortgage loans from our financial services subsidiaries, as well as independent mortgage lenders, we believe access to financing has not been, and is not, a significant problem for most purchasers of our homes.

We sell the loans we originate into the secondary mortgage market, generally on a servicing released, non-recourse basis. We have a corporate risk management policy under which we hedge our interest rate risk on rate locked loan commitments and loans held for sale against exposure to interest rate fluctuations. We finance our mortgage loan activities with borrowings under our financial services subsidiaries' warehouse line of credit or from corporate liquidity when, on a consolidated basis, this enables us to minimize our overall cost of funds.

Title Insurance and Closing Services

We arrange title insurance for, and provide closing services to, our homebuyers and others. We provided these services in connection with approximately 173,000 real estate transactions during 2001. We provide these services through our various North American Title Company agency subsidiaries in Arizona, California, Colorado, Florida and Texas and our title insurance underwriters, North American Title Insurance Corporation in Florida and Texas and North American Title Insurance Company in Arizona, California and Colorado.

Strategic Technologies

Our subsidiary, Strategic Technologies, Inc., provides high-speed Internet access, cable television and alarm monitoring services to residents of our communities and others. At November 30, 2001, we had approximately 5,300 cable television subscribers in California and approximately 10,600 alarm monitoring customers in Florida and California.

RELATIONSHIP WITH LNR PROPERTY CORPORATION

In connection with the 1997 transfer of our commercial real estate investment and management business to LNR Property Corporation (''LNR''), and the spin-off of LNR to our stockholders, we entered into an agreement which, among other things, prevents us from engaging at least until December 2002 in any of the businesses in which LNR was engaged, or anticipated becoming engaged, at the time of the spin-off, and prohibited LNR from engaging, at least until December 2002, in any of the businesses in which we were engaged, or anticipated becoming engaged, at the time of the spin-off (except in limited instances in which our then activities or anticipated activities overlap with LNR). Specifically, we are precluded, at least until December 2002, from engaging in the business of (i) acquiring and actively managing commercial or residential multi-family rental real estate, other than as an incident to, or otherwise in connection with, our homebuilding business, (ii) acquiring portfolios of commercial mortgage loans or real estate assets acquired through foreclosures of mortgage loans, other than real estate acquired as sites of homes to be built or sold as part of our homebuilding business, (iii) making or acquiring mortgage loans, other than mortgage loans secured by detached or attached homes or residential condominium units, (iv) constructing office buildings or other commercial or industrial buildings, other than small shopping centers, professional office buildings and similar facilities which will be adjuncts to our residential developments, (v) purchasing commercial mortgage-backed securities or real estate asset-backed securities or (vi) acting as a servicer or special servicer with regard to securitized commercial mortgage pools.

We are not, however, prevented from owning or leasing office buildings in which we occupy a majority of the space; acquiring securities backed by pools of residential mortgages; acquiring an entity which, when it is acquired, is engaged in one of the prohibited activities as an incidental part of its activities; owning as a passive investor an interest of less than 10% in a publicly traded company which is engaged in a prohibited business; acquiring commercial paper or short-term debt instruments of entities engaged in one or more of the prohibited businesses; or owning an interest in, and managing, Lennar Land Partners.

We and LNR are separate publicly-traded companies and neither of us has any financial interest in the other except for partnerships in which we both have investments. Stuart Miller, our President and Chief Executive Officer, is the Chairman of the Board of Directors of LNR, and Steven Saiontz, one of our Directors, is the Chief Executive Officer and a Director of LNR. In addition, Leonard Miller, our Chairman of the Board of Directors, owns stock which gives him voting control of both companies and is Chairman of the Executive Committee and a Director of LNR, for which he receives a fee. There are provisions both in our by-laws and in those of LNR requiring approval by an Independent Directors Committee of any significant transactions between us and LNR or any of its subsidiaries.

For information about our partnerships with LNR, see Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7.

REGULATION

Homes and residential communities that we build must comply with state and local laws and regulations relating to, among other things, zoning, treatment of waste, construction materials which must be used, density requirements, building design and minimum elevation of properties. These include laws requiring use of construction materials which reduce the need for energy-consuming heating and cooling systems. These laws and regulations are subject to frequent change and often increase construction costs. In some cases, there are laws which require that commitments to provide roads and other offsite infrastructure be in place prior to the commencement of new construction. These laws and regulations are usually administered by individual counties and municipalities and may result in fees and assessments or building moratoriums. In addition, certain new development projects are subject to assessments for schools, parks, streets and highways and other public improvements, the costs of which can be substantial.

The residential homebuilding industry also is subject to a variety of local, state and federal statutes, ordinances, rules and regulations concerning the protection of health and the environment. Environmental laws and conditions may result in delays, may cause us to incur substantial compliance and other costs, and can prohibit or severely restrict homebuilding activity in environmentally sensitive regions or areas.

In recent years, several cities and counties in which we have developments have submitted to voters ''slow growth'' initiatives and other ballot measures which could impact the affordability and availability of homes and land within those localities. Although many of these initiatives have been defeated, we believe that if similar initiatives were approved, residential construction by us and others within certain cities or counties could be seriously impacted.

In order to make it possible for purchasers of some of our homes to obtain FHA-insured or VA-guaranteed mortgages, we must construct those homes in compliance with regulations promulgated by those agencies.

We have registered condominium communities with the appropriate authorities in Florida and California. Sales in other states would require compliance with laws in those states regarding sales of condominium homes.

Our title insurance agency subsidiaries must comply with applicable insurance laws and regulations. Our mortgage financing subsidiaries must comply with applicable real estate lending laws and regulations.

The mortgage banking and title insurance subsidiaries are licensed in the states in which they do business and must comply with laws and regulations in those states regarding mortgage banking and title insurance companies. These laws and regulations include provisions regarding capitalization, operating procedures, investments, forms of policies and premiums.

CAUTIONARY STATEMENTS

Some of the statements in this Report are ''forward-looking statements'' as that term is 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 the statements anticipate.

PARTICULAR FACTORS WHICH COULD AFFECT US

The following factors in particular could significantly affect our operations and financial results.

The residential homebuilding industry is cyclical and is highly sensitive to changes in economic conditions.

The residential homebuilding industry is cyclical and is highly sensitive to changes in general economic conditions, such as levels of employment, consumer confidence and income, availability of financing, interest rate levels and demand for housing. The resale market for used homes, including foreclosed homes, also affects the sale of new homes.

The residential homebuilding industry has, from time-to-time, experienced fluctuating lumber prices and supply, as well as shortages of other materials and labor, including insulation, drywall, concrete, carpenters, electricians and plumbers. Delays in construction of homes due to these factors or due to weather conditions could have an adverse effect upon our operations.

Inflation can increase the cost of building materials and labor and other construction related costs. Conversely, deflation can reduce the value of our land inventory and make it more difficult to include the full cost of previously purchased land in home sale prices.

Customers may be unwilling or unable to purchase our homes at times when mortgage financing costs are high.

Virtually all of our homebuyers finance their acquisitions through our financial services subsidiaries or third-party lenders. In general, housing demand is adversely affected by increases in interest rates and by decreases in the availability of mortgage financing. If effective mortgage interest rates increase and the ability or willingness of prospective buyers to finance home purchases is adversely affected, our operating results may be negatively affected. Our homebuilding activities also are dependent upon the availability and cost of mortgage financing for buyers of homes currently owned by potential purchasers of our homes who cannot purchase our homes until they sell their current homes.

A number of things can cause our operating results to vary.

We have historically experienced, and expect to continue to experience, variability in operating results on a quarterly basis. Factors which may contribute to this variability include, but are not limited to:

- the timing of home deliveries and land sales;
- the timing of receipt of regulatory approvals for the construction of homes;
- the condition of the real estate market and general economic conditions;
- the cyclical nature of the homebuilding and financial services industries;
- prevailing interest rates and availability of mortgage financing;
- the increase in the number of homes available for sale in the marketplace;
- pricing policies of our competitors;
- the timing of the opening of new residential communities;
- weather conditions; and
- the cost and availability of materials and labor.

Our historical financial performance is not necessarily a meaningful indicator of future results. We expect our financial results to continue to vary from quarter to quarter.

We depend on key personnel.

Our success depends to a significant degree on the efforts of our senior management. Our operations may be adversely affected if certain members of senior management cease to be active in our Company. We have designed our compensation structure and employee benefit programs to encourage long-term employment by executive officers.

EMPLOYEES

At November 30, 2001, we employed 7,728 individuals of whom 4,780 were involved in homebuilding operations and 2,948 were involved in financial services operations. We do not have collective bargaining agreements relating to any of our employees. However, some of the subcontractors we use have employees who are represented by labor unions.

Item 2. Properties.

For information about properties we own for use in our homebuilding activities, see Item 1.

We lease and maintain our executive offices, financial services subsidiary headquarters, certain mortgage and title branches and Miami-Dade County, Florida homebuilding office in an office complex we built which is now owned by an independent third party. The leases for these offices expire in 2009. Our other homebuilding and financial services offices are located in the markets where we conduct business, generally in our communities or in leased space.

Item 3. Legal Proceedings.

We are parties to various claims and lawsuits which arise in the ordinary course of business. Although the specific allegations in the lawsuits differ, most of them involve claims that we failed to construct buildings in particular communities in accordance with plans and specifications or applicable construction codes and seek reimbursement for sums allegedly needed to remedy the alleged deficiencies, or assert contract issues or relate to personal injuries. Lawsuits of these types are common within the homebuilding industry. We do not believe that these claims or lawsuits will have a material effect on our business, financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

PART II

Item 5. Market for the Registrant's Common Stock and Related Security Holder Matters.

	Common Stock Prices New York Stock Exchange		Cash Dividends Per Share			
	High/Low Price		Common Stock		Class B	
Fiscal Quarter	**2001**	2000	**2001**	2000	**2001**	2000
First	**$40.75—31.81**	18.63—15.25	**1¼¢**	1¼¢	**1⅛¢**	1⅛¢
Second	**$46.69—33.80**	21.75—16.25	**1¼¢**	1¼¢	**1⅛¢**	1⅛¢
Third	**$49.88—35.02**	29.44—17.88	**1¼¢**	1¼¢	**1⅛¢**	1⅛¢
Fourth	**$45.44—31.04**	34.88—25.63	**1¼¢**	1¼¢	**1⅛¢**	1⅛¢

As of November 30, 2001, there were approximately 2,000 holders of record of our common stock.

Item 6. Selected Financial Data.

	At or for the Years Ended November 30,				
	2001	2000	1999	1998	1997
	(Dollars in thousands, except per share amounts)				
Results of Operations:					
Revenues:					
Homebuilding	**$5,603,947**	4,390,034	2,849,207	2,204,428	1,208,570
Financial services	**$ 425,354**	316,934	269,307	212,437	94,512
Total revenues	**$6,029,301**	4,706,968	3,118,514	2,416,865	1,303,082
Operating earnings:					
Homebuilding	**$ 785,626**	480,796	340,803	283,369	120,240
Financial services	**$ 89,131**	43,595	31,096	33,335	35,545
Corporate general and administrative expenses	**$ 75,831**	50,155	37,563	28,962	15,850
Earnings from continuing operations before income taxes	**$ 679,423**	375,635	285,477	240,114	85,727
Earnings from continuing operations	**$ 417,845**	229,137	172,714	144,068	50,605
Earnings from discontinued operations	**$ —**	—	—	—	33,826
Net earnings	**$ 417,845**	229,137	172,714	144,068	84,431
Per share amounts (diluted):					
Earnings from continuing operations	**$ 6.01**	3.64	2.74	2.49	1.34
Earnings from discontinued operations	**$ —**	—	—	—	0.89
Net earnings per share	**$ 6.01**	3.64	2.74	2.49	2.23
Cash dividends per share—common stock	**$ .05**	.05	.05	.05	.088
Cash dividends per share—Class B common stock	**$ .045**	.045	.045	.045	.079
Financial Position:					
Total assets	**$4,714,426**	3,777,914	2,057,647	1,917,834	1,343,284
Debt:					
Homebuilding	**$1,505,255**	1,254,650	523,661	530,630	527,303
Financial services	**$ 707,077**	448,860	278,634	268,208	134,392
Stockholders' equity	**$1,659,262**	1,228,580	881,499	715,665	438,999
Shares outstanding (000s)	**64,015**	62,731	57,917	58,151	53,160
Stockholders' equity per share	**$ 25.92**	19.58	15.22	12.31	8.26
Delivery and Backlog Information (including unconsolidated partnerships):					
Number of homes delivered	**23,899**	18,578	12,606	10,777	6,702
Backlog of home sales contracts	**8,339**	8,363	2,903	4,100	3,318
Dollar value of backlog	**$1,982,000**	2,072,000	662,000	840,000	665,000

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

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Some of the statements contained in the following Management's Discussion and Analysis of Financial Condition and Results of Operations are "forward-looking statements" as that term is 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 the statements anticipate. Factors which may affect our results include, but are not limited to, changes in general economic conditions, the market for homes generally or in areas where we have 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 our operations.

RESULTS OF OPERATIONS

Overview

We achieved record revenues, profits and earnings per share in 2001. Our net earnings in 2001 were $417.8 million, or $6.01 per share diluted, compared to $229.1 million, or $3.64 per share diluted, in 2000. The increase was primarily a result of our acquisition of U.S. Home Corporation (''U.S. Home''), which contributed a full year of earnings in 2001, compared to seven months contributed in 2000. With $824 million of cash and our $1 billion revolving credit facilities fully paid down to zero, our net homebuilding debt to total capital ratio (debt is net of homebuilding cash) was 29.1% at November 30, 2001, compared to 44.0% last year. Our record earnings combined with a strong balance sheet contributed to a return on net capital (debt is net of homebuilding cash) of approximately 20% in 2001, compared to approximately 14% in 2000.

Homebuilding

Our Homebuilding Division sells and constructs homes primarily for entry level, move-up and active adult homebuyers. We also use a dual marketing strategy in which we sell homes under both our ''Everything's Included[SM]'' and ''Design Studio[SM]'' programs. Our land operations include the purchase, development and sale of land for our homebuilding activities, as well as the sale of land to third parties. In certain circumstances, we diversify our operations through strategic alliances and minimize our risk by forming partnerships with other entities. The following tables set forth selected financial and operational information for the years indicated. The results of U.S. Home are included in the information since its acquisition in May 2000.

Selected Homebuilding Division Financial Data

	Years Ended November 30,		
	2001	2000	1999
	(Dollars in thousands, except average sales price)		
Revenues:			
Sales of homes	**$5,467,548**	4,118,549	2,671,744
Sales of land and other revenues	**109,348**	258,145	157,981
Equity in earnings from unconsolidated partnerships	**27,051**	13,340	19,482
Total revenues	**5,603,947**	4,390,034	2,849,207
Costs and expenses:			
Cost of homes sold	**4,159,107**	3,277,183	2,105,422
Cost of land and other expenses	**86,010**	220,948	130,432
Selling, general and administrative	**573,204**	411,107	272,550
Total costs and expenses	**4,818,321**	3,909,238	2,508,404
Operating earnings	**$ 785,626**	480,796	340,803
Gross margin on home sales	**23.9%**	20.4%	21.2%
SG&A expenses as a % of revenues from home sales	**10.5%**	10.0%	10.2%
Operating margin as a % of revenues from home sales	**13.4%**	10.4%	11.0%
Average sales price	**$ 237,000**	226,000	212,000

Summary of Home and Backlog Data By Region

	Years Ended November 30,		
	2001	2000	1999
	(Dollars in thousands)		
Deliveries			
East	**7,734**	6,155	4,241
Central	**6,738**	5,203	3,107
West	**8,632**	6,878	5,241
Subtotal	**23,104**	18,236	12,589
Unconsolidated partnerships	**795**	342	17
Total	**23,899**	18,578	12,606
New Orders			
East	**8,058**	5,676	3,788
Central	**6,760**	5,089	3,056
West	**8,224**	6,770	4,536
Subtotal	**23,042**	17,535	11,380
Unconsolidated partnerships	**833**	312	29
Total	**23,875**	17,847	11,409
Backlog—Homes			
East	**3,092**	2,768	1,091
Central	**1,949**	1,632	652
West	**3,043**	3,451	1,148
Subtotal	**8,084**	7,851	2,891
Unconsolidated partnerships	**255**	512	12
Total	**8,339**	8,363	2,903
Backlog Dollar Value			
(including unconsolidated partnerships)	**$1,982,000**	2,072,000	662,000

At November 30, 2001, our market regions consisted of the following states: **East:** Florida, Maryland/Virginia and New Jersey. **Central:** Texas, Minnesota and Ohio. **West:** California, Colorado, Arizona and Nevada. In addition, we have unconsolidated partnerships in Georgia, Michigan, Missouri and North Carolina.

Revenues from sales of homes increased 33% in 2001 and 54% in 2000 compared to the previous years as a result of a 27% increase and a 45% increase in the number of home deliveries, and a 5% increase and a 7% increase in the average sales price in 2001 and 2000, respectively. New home deliveries were higher primarily due to the inclusion of a full year of U.S. Home's homebuilding activity in 2001, compared to seven months inclusion in 2000. The average sales price of homes delivered increased in 2001 and 2000 primarily due to an increase in the average sales price in most of our existing markets, combined with changes in our product mix.

During 2001, U.S. Home and its subsidiaries contributed 40% of both our homebuilding revenues and our homebuilding expenses. During 2000, during which we owned U.S. Home and its subsidiaries for seven months, U.S. Home and its subsidiaries contributed 31% of our homebuilding revenues and 32% of our homebuilding expenses.

Gross margin percentages on home sales were 23.9%, 20.4% and 21.2% in 2001, 2000 and 1999, respectively. The increase in 2001 compared to 2000 was due to improved operational efficiencies and strength in the homebuilding markets in which we operate. The decrease in the gross margin percentage in 2000 compared to 1999 was impacted by purchase accounting associated with the acquisition of U.S. Home. The gross margin percentage in 2000 would have been 21.3% excluding the effect of purchase accounting.

Selling, general and administrative expenses as a percentage of revenues from home sales increased to 10.5% in 2001 compared to 10.0% and 10.2% in 2000 and 1999, respectively. The increase in 2001 was primarily due to higher personnel-related expenses, compared to 2000. We provide incentives to our associates to achieve the highest level of financial performance and combined with our record results in 2001, resulted in significantly higher bonuses when compared to 2000. 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.

Revenues from land sales totaled $87.2 million in 2001, compared to $243.5 million in 2000 and $150.3 million in 1999. Gross profits from land sales totaled $4.6 million, or a 5.2% margin, in 2001, compared to $27.6 million, or an 11.3% margin, in 2000 and $22.2 million, or a 14.8% margin, in 1999. Equity in earnings from unconsolidated partnerships increased to $27.1 million in 2001, compared to $13.3 million in 2000 and $19.5 million in 1999. Margins achieved on sales of land and equity in earnings from unconsolidated partnerships may vary significantly from period to period depending on the timing of land sales by us and our unconsolidated partnerships.

New home orders increased 34% in 2001 and 56% in 2000 compared to the previous years. The increases in 2001 and 2000 were due to the inclusion of a full year of U.S. Home's homebuilding activity in 2001 and seven months of U.S. Home's homebuilding activity in 2000. Backlog dollar value was $2.0 billion at November 30, 2001, compared to $2.1 billion at November 30, 2000, due primarily to lower new orders in the months immediately following the tragic events of September 11, 2001.

Financial Services

Our Financial Services Division provides mortgage financing, title insurance and closing services for both our homebuyers and others. The Division also resells the residential mortgage loans it originates in the secondary mortgage market and provides high-speed Internet access, cable television and alarm monitoring services for both our homebuyers and other customers. The following table sets forth selected financial and operational information relating to our Financial Services Division. The results of U.S. Home's financial services operations are included in the information since its acquisition in May 2000.

	Years Ended November 30,		
	2001	2000	1999
	(Dollars in thousands)		
Revenues	**$ 425,354**	316,934	269,307
Costs and expenses	**336,223**	273,339	238,211
Operating earnings	**$ 89,131**	43,595	31,096
Dollar value of mortgages originated	**$5,225,568**	3,240,252	2,162,479
Number of mortgages originated	**30,600**	20,800	14,900
Mortgage capture rate of Lennar homebuyers	**79%**	73%	63%
Number of title transactions	**173,000**	120,000	139,000

Operating earnings from our Financial Services Division increased to $89.1 million in 2001 compared to $43.6 million and $31.1 million in 2000 and 1999, respectively. The increase in 2001 was partially attributable to pretax earnings of approximately $16 million primarily related to the sale of our retained mortgage servicing rights. Additionally, the increase reflects the successful operational efficiencies which resulted from the combination of our and U.S. Home's mortgage operations under the Universal American Mortgage banner and the consolidation of our title operations under the North American Title banner. The increase also reflects a greater level of refinance activity and a higher capture rate of our homebuyers as well as a full year of earnings contribution from U.S. Home in 2001. The increase in 2000 compared to 1999 was primarily due to the seven months of earnings contribution from U.S. Home. The earnings contribution from U.S. Home represented 26% of the Division's operating earnings in 2001 and 28% of the Division's operating earnings in 2000.

Corporate General and Administrative

Corporate general and administrative expenses as a percentage of total revenues were 1.3% in 2001 compared to 1.1% and 1.2% in 2000 and 1999, respectively.

Interest

Interest expense was $119.5 million, or 2.0% of total revenues, in 2001, $98.6 million, or 2.1% of total revenues, in 2000 and $48.9 million, or 1.6% of total revenues, in 1999. Interest incurred was $127.9 million, $117.4 million and $54.6 million in 2001, 2000 and 1999, respectively. The average rates for interest incurred were 7.6%, 6.2% and 6.2% in 2001, 2000 and 1999, respectively. The average debt outstanding was $1.5 billion, $1.4 billion and $0.8 billion in 2001, 2000 and 1999, respectively.

FINANCIAL CONDITION AND CAPITAL RESOURCES

At November 30, 2001, we had available cash of $824.0 million, compared to $287.6 million at the end of fiscal 2000. The increase in cash was primarily due to $417.8 million of net earnings generated from operations during 2001. Cash flows provided by operating activities in 2001 were reduced by financial services loans held for sale or disposition of $211.1 million and $57.1 million in receivables. We sell the loans we originate into the secondary mortgage market, generally within thirty days of the closing of the loan. The cash related to these loans and receivables was primarily received in December 2001 and was used to pay down our warehouse lines of credit. Additionally, although inventories decreased $223.3 million in 2000, they increased $130.7 million in 2001, as we positioned ourselves for future growth.

Cash provided by investing activities was $1.9 million in 2001, compared to cash used in investing activities of $186.7 million in 2000. In 2001, $10.8 million was provided by the sale of substantially all of our mortgage servicing rights and $5.6 million related to net distributions by unconsolidated partnerships in which we invest. This generation of cash was offset by $13.1 million of net additions to operating properties and equipment. In 2000, $158.4 million of cash was used in the acquisitions of properties and businesses, which included $152.4 million used for the acquisition of U.S. Home.

We finance our land acquisition and development activities, construction activities, financial services activities and general operating needs primarily with cash generated from operations, as well as cash borrowed under revolving credit facilities. In addition, we have in recent years sold convertible and non-convertible debt into public markets, and we have an effective Securities Act registration statement under which we could sell to the public up to $970 million of debt securities, common stock or preferred stock. We also buy land under option agreements, which permit us to acquire portions of properties when we are ready to build homes on them. The financial risks of adverse market conditions associated with land holdings is managed by prudent underwriting of land purchases in areas we view as desirable growth markets, careful management of the land development process, limitation of risk by using partners to share the costs of purchasing and developing land and obtaining access to land through option arrangements.

Our senior secured credit facilities provide us with up to $1.4 billion of financing. The credit facilities consist of a $715 million five-year revolving credit facility, a $300 million 364-day revolving credit facility and a $400 million term loan B. We 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, 2001, there was $395 million outstanding under the term loan B and we had paid down our revolving credit facilities to zero.

In the second quarter of 2001, we issued, for gross proceeds of approximately $230 million, zero-coupon convertible senior subordinated notes due 2021 (''Notes'') with a face amount at maturity of approximately $633 million. The Notes were issued at a price of $363.46 per $1,000 face amount at maturity, which equates to a yield to maturity over the life of the Notes of 5.125%. Proceeds from the offering, after underwriting discount, were approximately $224 million. We used the proceeds to repay amounts outstanding under our revolving credit facilities and added the balance of the net proceeds to our working capital. The Notes are convertible into our common stock at any time, if the sale price of our common stock exceeds certain thresholds or in other specified instances, at the rate of approximately 6.4 shares per $1,000 face amount at maturity, or a total of approximately 4 million shares. The conversion ratio equates to an initial conversion price of $56.93 per share (when our stock price was $43.13 per share). These shares will be included in the calculation of our diluted earnings per share if the average closing price of our common stock over the last twenty trading days of each quarter exceeds 110% of the accreted conversion price. This calculation equated to $64.79 per share at November 30, 2001. Holders have the option to require us to repurchase the Notes on any of the fifth, tenth, or fifteenth anniversaries of the issue date for the initial issue price plus accrued yield to the purchase date. We have the option to satisfy the repurchases with any combination of cash and/or shares of common stock. We have the option to redeem the

Notes, in cash, at any time after the fifth anniversary for the initial issue price plus accrued yield to redemption. We will pay contingent interest on the Notes during specified six-month periods beginning on April 4, 2006 if the market price of the Notes exceeds specified levels. At November 30, 2001, the carrying value of the outstanding Notes, net of unamortized original issue discount, was $235.9 million.

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, we 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, we paid approximately $520 million in 2000, which includes tender and consent fees, for $508 million of U.S. Home's notes.

In May 2000, we issued $325 million of 9.95% senior notes due 2010 at a price of 92.313% to finance a portion of the purchase price of U.S. Home's publicly-held notes that were tendered in response to our 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 our 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, 2001, the carrying amount of the senior notes was $301.3 million.

In February 1999, we 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. The senior notes are collateralized by the stock of certain of our subsidiaries. In March 1999, we redeemed all of the outstanding 10 3/4% senior notes due 2004 of one of our 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, 2001, the carrying value of the 7 5/8% senior notes was $271.5 million.

In July 1998, we 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 our 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, we 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 us to repurchase the Debentures on any of the fifth, tenth or fifteenth anniversaries of the issue date for the initial issue price plus accrued original issue discount. We have the option to satisfy the repurchases with any combination of cash and/or shares of our common stock. We have the option to redeem the Debentures, in cash, at any time after the fifth anniversary for the initial issue price plus accrued original issue discount. The Debentures are collateralized by the stock of certain of our subsidiaries. At November 30, 2001, the carrying value of outstanding Debentures, net of unamortized original issue discount, was $256.9 million.

Our ratio of net homebuilding debt to total capital was 29.1% at November 30, 2001, compared to 44.0% at November 30, 2000. The decrease primarily resulted from cash generated by our operations during 2001. In addition to the use of capital in our ordinary homebuilding and financial services activities, we will continue to actively evaluate various other uses of capital which fit into our homebuilding and financial services strategies and appear to meet our 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 our credit facilities, cash generated from operations, sales of assets or the issuance of public debt, common stock or preferred stock.

Our Financial Services Division finances its mortgage loan activities by pledging them as collateral for borrowings under a line of credit totaling $500 million. Borrowings under the financial services line of credit were $483.2 million and $339.4 million at November 30, 2001 and 2000, respectively. During 2001, we sold substantially all of our retained mortgage servicing rights and realized a pretax profit of approximately $13 million.

We have various interest rate swap agreements which effectively convert variable interest rates to fixed interest rates on approximately $400 million of outstanding debt related to our homebuilding operations. The interest rate swaps mature at various dates through 2007 and fix the LIBOR index (to which certain of our debt interest rates are tied) at an average interest rate of 6.6% at November 30, 2001. The net effect on our operating results is that interest on the variable-rate debt being hedged is recorded based on fixed interest rates. Counterparties to each of the above agreements are major financial institutions. At November 30, 2001, the fair value of the interest rate swaps, net of tax, was a $19.3 million liability. Our Financial Services Division, in the normal course of business, uses derivative financial instruments to reduce our 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. We do not anticipate that we will suffer credit losses from counterparty non-performance.

Our 2000 Stock Option and Restricted Stock Plan (the ''Plan'') provides for the granting of stock options and stock appreciation rights and awards of restricted common stock to key officers, employees and directors. The exercise prices of stock options and stock appreciation rights are not less than the market value of the common stock on the date of the grant. No options granted under the Plan may be exercisable until at least six months after the date of the grant. Thereafter, exercises are permitted in installments determined when the options are granted. Each stock option and stock appreciation right will expire on a date determined at the time of the grant, but not more than 10 years after the date of the grant. At November 30, 2001, 835,000 shares of restricted stock were outstanding under the Plan. The stock was valued based on its market price on the date of grant. The grants vest over 5 years. Unearned compensation arising from the restricted stock grants is amortized to expense over the period of restrictions and is shown as a reduction of stockholders' equity in the consolidated balance sheets.

In June 2001, our Board of Directors increased our previously authorized stock repurchase program to permit future purchases of up to 10 million shares of our outstanding common stock. We may repurchase these shares in the open market from time-to-time. During 2001, we did not repurchase any of our outstanding common stock. As of November 30, 2000, under prior approvals, we had repurchased approximately 9.8 million shares of our outstanding common stock for an aggregate purchase price of approximately $158.9 million, or $16 per share.

We have shelf registration statements under the Securities Act of 1933, as amended, relating to up to $970 million of equity or debt securities which we may sell for cash and up to $400 million of equity or debt securities which we may issue in connection with acquisitions of companies or interests in them, businesses, or assets. As of November 30, 2001, no securities had been issued under these registration statements.

In March 1998, we entered into an equity draw-down agreement with a major international banking firm (the ''Firm'') under which we have 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 we elect 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, 2001, we had issued 1.1 million shares under the agreement resulting in proceeds to us of $36 million, all of which occurred in fiscal 1998.

We believe we maintain excellent relationships with the financial institutions participating in our financing arrangements and have no reason to believe that these relationships will not continue in the future. Based on our current financial condition and credit relationships, we believe that our operations and borrowing resources will provide for our current and long-term capital requirements at our anticipated levels of growth.

Investments in Unconsolidated Partnerships

We frequently enter into partnerships that acquire and develop land for our homebuilding operations or for sale to third parties. Through partnerships, we reduce and share our risk and the amount invested in land while increasing access to potential future homesites. The use of partnerships also, in some instances, enables us to acquire land to which we could not otherwise obtain access, or could not obtain access on as favorable terms, without the participation of a strategic partner. Our partners generally are third party homebuilders, land sellers seeking a share of the profits from development of the land or real estate professionals who do not have the capital and/or expertise to develop properties by themselves. While we view the use of unconsolidated partnerships as beneficial to our homebuilding activities, we do not view them as essential to those activities.

Many of the partnerships in which we invest are accounted for by the equity method of accounting. At November 30, 2001, we had ownership interests of between 10% to 50% in these unconsolidated partnerships. In many instances, we are appointed as the day-to-day manager of the partnerships and receive fees for performing this function. During 2001, 2000 and 1999, we received management fees and reimbursement of expenses totaling $26.1 million, $9.7 million, and $6.2 million, respectively, from unconsolidated partnerships in which we had interests. We may obtain options or other arrangements under which we can purchase portions of the land held by the unconsolidated partnerships. Option prices are generally negotiated prices that approximate fair value when we receive the options. During 2001, 2000 and 1999, $232.6 million, $134.6 million, and $111.3 million, respectively, of the unconsolidated partnerships' revenues were from land sales to our homebuilding divisions.

At November 30, 2001, the unconsolidated partnerships in which we had interests had total assets of $1.4 billion and total liabilities of $777.1 million, which included $627.4 million of notes and mortgages payable. In some instances, we and/or our partners have provided varying levels of guarantees on certain partnership debt. We provided guarantees totaling $338.7 million of which $151.0 million were limited maintenance guarantees. When we provide guarantees, the partnership generally receives more favorable terms from its lenders. These limited guarantees only apply if the partnership defaults on its loan arrangements and the fair value of the collateral (generally land and improvements thereto) is less than a specified percentage of the loan balance. If we are required to make a payment under these guarantees to bring the fair value of the collateral above the specified percentage of the loan balance, the payment would constitute a capital contribution or loan to the unconsolidated partnership and increase our share of any funds distributed upon the dissolution of the partnership.

During 2001, the unconsolidated partnerships in which we were a partner generated $903.3 million of revenues and incurred $761.7 million of expenses, resulting in net earnings of $141.6 million. Our share of those net earnings was $27.1 million. We do not include in our income our pro rata partnership earnings resulting from land sales to our homebuilding divisions. Instead, we account for those earnings as a reduction of our cost of purchasing the land from the partnerships when title passes to a third party homebuyer, which in effect defers recognition of the partnership earnings until we sell the land.

At the time of the 1997 transfer of our commercial real estate investment to LNR Property Corporation ("LNR"), and the spin-off of LNR to our stockholders, we formed Lennar Land Partners with LNR, a 50%-50% owned unconsolidated partnership, which is included in the above discussion of unconsolidated partnerships. We also have several other unconsolidated partnerships with LNR. In these partnerships, we provide the residential development experience and LNR contributes the commercial property expertise. In 2001, 2000 and 1999, we purchased land from Lennar Land Partners for a total of $104.2 million, $112.3 million and $109.3 million, respectively. We believe the amounts we paid for land purchased from Lennar Land Partners approximates the amounts we would have paid to independent third parties for similar properties.

Contractual Obligations and Commercial Commitments

We are 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 our business. Option contracts for the purchase of land permit us to acquire portions of properties when we are ready to build homes on them. This reduces our financial risk associated with land holdings. At November 30, 2001, we had $180.3 million of primarily non-refundable option deposits and advanced costs, with entities including unconsolidated partnerships, which allows us to acquire approximately 31,000 homesites.

The minimum aggregate principal maturities of senior notes and other debts payable during the five years subsequent to November 30, 2001 are as follows: 2002—$17.7 million; 2003—$7.3 million; 2004—$22.9 million; 2005—$6.3 million and 2006—$4.0 million. The remaining principal obligations are due subsequent to November 30, 2006. Our debt arrangements contain certain financial covenants with which we were in compliance at November 30, 2001.

The minimum aggregate principal maturities of our Financial Services Division's notes and other debts payable during the five years subsequent to November 30, 2001 are as follows: 2002—$343.5 million and 2003—$350.4 million.

We have entered into agreements to lease certain office facilities and equipment under operating leases. Future minimum payments under the noncancelable leases are as follows: 2002—$30.7 million; 2003—$25.2 million; 2004—$20.0 million; 2005—$14.5 million; 2006—$11.4 million and thereafter—$24.7 million.

We are 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 $154.3 million at November 30, 2001. Additionally, we had outstanding performance and surety bonds related to site improvements at various projects with estimated costs to complete of $750.7 million. We do not believe that any such bonds are likely to be drawn upon.

At November 30, 2001, our Financial Services Division's pipeline of loans in process totaled approximately $1.7 billion. To minimize credit risk, we use the same credit policies in the approval of the commitments as are applied to our lending activities. Since a portion of these commitments is expected to expire without being exercised by the borrowers, the total commitments do not necessarily represent future cash requirements. Loans in the pipeline of loans in process for which interest rates were committed to the borrower totaled approximately $235.0 million as of November 30, 2001. Substantially all of these commitments were for periods of 30 days or less.

Mandatory mortgage-backed securities (''MBS'') forward commitments are used by the Financial Services Division to hedge our interest rate exposure during the period from when we make an interest rate commitment 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 entering into agreements with investment bankers with primary dealer status and with permanent investors meeting our credit standards. Our risk, in the event of default by the purchaser, is the difference between the contract price and current market value. At November 30, 2001, we had open commitments amounting to $291.0 million to sell MBS with varying settlement dates through January 2002.

ECONOMIC CONDITIONS

Despite difficult economic conditions in large portions of the United States during much of 2001, the homebuilding environment remained strong due to a positive supply/demand relationship as well as low interest rates. As a result of this favorable environment, our new orders increased by 34% in 2001 (6% giving pro forma effect for all of 2000 for the May 2000 acquisition of U.S. Home Corporation). New orders decreased 14% in the fourth quarter of fiscal 2001, compared to the same period in 2000, primarily as a result of the tragic events of September 11, 2001, resulting in a lower backlog at November 30, 2001 than at the same date in 2000.

BACKLOG

Backlog represents the number of homes subject to pending sales contracts. Homes are sold using sales contracts which are generally accompanied by sales deposits. Before entering into sales contracts, we generally prequalify our 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. We experienced an average cancellation rate of 22% in 2001, compared to 21% and 20% in 2000 and 1999, respectively. Although cancellations can delay the sales of our homes, they have not had a material impact on sales, operations or liquidity, because we closely monitor the progress of prospective buyers in obtaining financing and use the information to adjust construction start plans to match anticipated deliveries of homes. We do not recognize revenue on homes covered by pending sales contracts until the sales are closed and title passes to the new homeowners.

SEASONALITY

We have historically experienced variability in results of operations from quarter to quarter due to the seasonal nature of the homebuilding business. We typically experience 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, we typically have a greater percentage of new home deliveries in the second half of our fiscal year compared to the first half. As a result, our 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 us 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. Rising interest rates, as well as increased materials 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 us. In addition, deflation can impact the value of real estate and make it difficult for us to recover our land costs. Therefore, either inflation or deflation could adversely impact our future results of operations.

NEW ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141*, Business Combinations,* and SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method and requires acquired intangible assets to be recognized as assets apart from goodwill if certain criteria are met. We adopted SFAS No. 141 for all future acquisitions.

SFAS No. 142 no longer requires or permits the amortization of goodwill and indefinite-lived assets. Instead, these assets must be reviewed annually (or more frequently under certain conditions) for impairment in accordance with this statement. This impairment test uses a fair value approach rather than the undiscounted cash flows approach previously required by SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.* We adopted SFAS No. 142 on December 1, 2001. Because of that, amortization of goodwill of approximately $6 million per year will not be incurred in the future. We do not currently believe that the implementation of SFAS No. 142 will have a material impact on our financial condition or results of operations.

In October 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 provides accounting guidance for financial accounting and reporting for impairment or disposal of long-lived assets. SFAS No. 144 supersedes SFAS No. 121. SFAS No. 144 is effective for our 2003 fiscal year. We do not currently believe that the implementation of SFAS No. 144 will have a material impact on our financial condition or results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks related to fluctuations in interest rates on our debt obligations, mortgage loans and mortgage loans held for sale or disposition. We utilize derivative instruments, including interest rate swaps, in conjunction with our overall strategy to manage our exposure to changes in interest rates. We also utilize forward commitments and option contracts to mitigate the risk associated with our mortgage loan portfolio.

The tables on the following pages provide information at November 30, 2001 and 2000 about our significant derivative financial instruments and other financial instruments used for purposes that are sensitive to changes in interest rates. For mortgage loans held for sale or disposition, mortgage loans and investments and senior notes and other debts payable, the tables present principal cash flows and related weighted average effective interest rates by expected maturity dates and estimated fair market values at November 30, 2001 and 2000. Weighted average variable interest rates are based on the variable interest rates at November 30, 2001 and 2000. For interest rate swaps, the tables present notional amounts and weighted average interest rates by contractual maturity dates and estimated fair market values at November 30, 2001 and 2000. Notional amounts are used to calculate the contractual cash flows to be exchanged under the contracts. Our limited-purpose finance subsidiaries have 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 almost entirely from the cash flows generated by the related pledged collateral and therefore, they received little more than is required to pay that debt service and are excluded from the following tables.

See Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 and Notes 1 and 13 of Notes to Consolidated Financial Statements in Item 8 for a further discussion of these items and our strategy of mitigating our interest rate risk.

Information Regarding Interest Rate Sensitivity
Principal (Notional) Amount by
Expected Maturity and Average Interest Rate
November 30, 2001

	Years Ending November 30,							Fair Market Value at November 30,
	2002	2003	2004	2005	2006	Thereafter	Total	2001
					(Dollars in millions)			
ASSETS								
Financial Services:								
Mortgage loans held for sale or disposition, net:								
Fixed rate	$ —	—	—	—	—	573.9	573.9	574.1
Average interest rate	—	—	—	—	—	6.9%	—	—
Variable rate	$ —	—	—	—	—	13.8	13.8	13.8
Average interest rate	—	—	—	—	—	5.9%	—	—
Mortgage loans and investments:								
Fixed rate	$ 18.4	4.8	1.2	0.3	5.9	24.2	54.8	54.2
Average interest rate	6.9%	9.9%	7.0%	9.2%	9.1%	10.7%	—	—
LIABILITIES								
Homebuilding:								
Senior notes and other debts payable:								
Fixed rate	$ 17.7	7.3	22.9	6.3	4.0	1,447.1	1,505.3	1,611.5
Average interest rate	5.6%	5.0%	7.6%	6.4%	5.7%	6.8%	—	—
Financial Services:								
Notes and other debts payable:								
Fixed rate	$ —	—	—	—	—	—	—	—
Average interest rate	—	—	—	—	—	—	—	—
Variable rate	$343.5	350.4	—	—	—	—	693.9	693.9
Average interest rate	3.0%	3.1%	—	—	—	—	—	—
OTHER FINANCIAL INSTRUMENTS								
Homebuilding:								
Interest rate swaps:								
Variable to fixed—notional amount	$ —	—	—	100.0	—	300.0	400.0	(31.4)
Average pay rate	—	—	—	6.7%	—	6.6%	—	—
Average receive rate	—	—	—	LIBOR	—	LIBOR	—	—

Information Regarding Interest Rate Sensitivity
Principal (Notional) Amount by
Expected Maturity and Average Interest Rate
November 30, 2000

	Years Ending November 30,							Fair Market Value at November 30, 2000
	2001	2002	2003	2004	2005	Thereafter	Total	
					(Dollars in millions)			
ASSETS								
Financial Services:								
Mortgage loans held for sale or disposition, net:								
Fixed rate	$ —	—	—	—	—	374.5	374.5	377.5
Average interest rate	—	—	—	—	—	7.8%	—	—
Variable rate	$ —	—	—	—	—	2.0	2.0	2.0
Average interest rate	—	—	—	—	—	7.9%	—	—
Mortgage loans and investments:								
Fixed rate	$ 23.6	1.1	3.3	1.3	0.3	25.4	55.0	54.5
Average interest rate	6.4%	9.6%	8.3%	7.2%	9.4%	9.2%	—	—
LIABILITIES								
Homebuilding:								
Senior notes and other debts payable:								
Fixed rate	$ 14.8	19.4	5.4	5.3	6.5	1,203.3	1,254.7	1,287.9
Average interest rate	9.0%	8.3%	8.2%	9.0%	8.7%	7.9%	—	—
Financial Services:								
Notes and other debts payable:								
Fixed rate	$ 0.7	0.1	0.1	—	—	—	0.9	0.9
Average interest rate	4.9%	9.8%	9.8%	—	—	—	—	—
Variable rate	$428.1	—	—	—	—	—	428.1	428.1
Average interest rate	6.7%	—	—	—	—	—	—	—
OTHER FINANCIAL INSTRUMENTS								
Homebuilding:								
Interest rate swaps:								
Variable to fixed—notional amount	$ —	—	—	—	100.0	300.0	400.0	(5.7)
Average pay rate	—	—	—	—	6.7%	6.6%	—	—
Average receive rate	—	—	—	—	LIBOR	LIBOR	—	—

Item 8. Financial Statements and Supplementary Data.

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, 2001 and 2000, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended November 30, 2001. 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, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended November 30, 2001, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Certified Public Accountants
Miami, Florida

January 9, 2002

CONSOLIDATED BALANCE SHEETS

Lennar Corporation and Subsidiaries
November 30, 2001 and 2000

	2001	2000
	(In thousands, except per share amounts)	
ASSETS		
Homebuilding:		
Cash	**$ 824,013**	287,627
Receivables, net	**24,345**	42,270
Inventories:		
Housing	**2,410,058**	2,284,548
Land held for development	**6,483**	17,036
Total inventories	**2,416,541**	2,301,584
Investments in unconsolidated partnerships	**300,064**	257,639
Other assets	**253,933**	277,794
	3,818,896	3,166,914
Financial services	**895,530**	611,000
	$4,714,426	3,777,914
LIABILITIES AND STOCKHOLDERS' EQUITY		
Homebuilding:		
Accounts payable and other liabilities	**$ 755,726**	778,238
Senior notes and other debts payable, net	**1,505,255**	1,254,650
	2,260,981	2,032,888
Financial services	**794,183**	516,446
Total liabilities	**3,055,164**	2,549,334
Stockholders' equity:		
Preferred stock	**—**	—
Common stock of $0.10 par value per share Authorized 100,000 shares; Issued: 2001—64,124; 2000—62,731	**6,412**	6,273
Class B common stock of $0.10 par value per share Authorized 30,000 shares; Issued: 2001—9,738; 2000—9,848	**974**	985
Additional paid-in capital	**843,924**	812,501
Retained earnings	**996,998**	582,299
Unearned restricted stock	**(10,833)**	(14,535)
Treasury stock, at cost; 2001—9,847 common shares; 2000—9,848 common shares	**(158,927)**	(158,943)
Accumulated other comprehensive loss	**(19,286)**	—
Total stockholders' equity	**1,659,262**	1,228,580
	$4,714,426	3,777,914

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

Lennar Corporation and Subsidiaries
Years Ended November 30, 2001, 2000 and 1999

	2001	2000	1999
	(In thousands, except per share amounts)		
Revenues:			
Homebuilding	**$5,603,947**	4,390,034	2,849,207
Financial services	**425,354**	316,934	269,307
Total revenues	**6,029,301**	4,706,968	3,118,514
Costs and expenses:			
Homebuilding	**4,818,321**	3,909,238	2,508,404
Financial services	**336,223**	273,339	238,211
Corporate general and administrative	**75,831**	50,155	37,563
Interest expense	**119,503**	98,601	48,859
Total costs and expenses	**5,349,878**	4,331,333	2,833,037
Earnings before provision for income taxes	**679,423**	375,635	285,477
Provision for income taxes	**261,578**	146,498	112,763
Net earnings	**$ 417,845**	229,137	172,714
Earnings per share:			
Basic	**$ 6.66**	4.00	2.97
Diluted	**$ 6.01**	3.64	2.74

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Lennar Corporation and Subsidiaries
Years Ended November 30, 2001, 2000 and 1999

	2001	2000	1999
		(In thousands)	
Common stock:			
Beginning balance	**$ 6,273**	4,851	4,824
U.S. Home acquisition	**—**	1,298	—
Employee stock plans and restricted stock grants	**128**	124	21
Conversion of Class B common stock	**11**	—	6
Balance at November 30	**6,412**	6,273	4,851
Class B common stock:			
Beginning balance	**985**	985	991
Conversion to common stock	**(11)**	—	(6)
Balance at November 30	**974**	985	985
Additional paid-in capital:			
Beginning balance	**812,501**	525,623	523,645
U.S. Home acquisition	**—**	265,569	—
Payment made under acquisition agreement	**—**	—	(1,252)
Employee stock plans and restricted stock grants	**19,273**	20,204	2,210
Tax benefit from exercise of stock options	**12,150**	1,105	1,020
Balance at November 30	**843,924**	812,501	525,623
Retained earnings:			
Beginning balance	**582,299**	356,058	186,205
Net earnings	**417,845**	229,137	172,714
Cash dividends—common stock	**(2,705)**	(2,453)	(2,418)
Cash dividends—Class B common stock	**(441)**	(443)	(443)
Balance at November 30	**996,998**	582,299	356,058
Unearned restricted stock:			
Beginning balance	**(14,535)**	—	—
Restricted stock (grants) cancellations	**415**	(15,856)	—
Amortization of unearned restricted stock	**3,287**	1,321	—
Balance at November 30	**(10,833)**	(14,535)	—
Treasury stock, at cost:			
Beginning balance	**(158,943)**	(6,018)	—
Repurchases of common stock	**—**	(152,925)	(6,018)
Shares issued	**16**	—	—
Balance at November 30	**(158,927)**	(158,943)	(6,018)
Accumulated other comprehensive loss:			
Beginning balance	**—**	—	—
SFAS No. 133 transition adjustment, net of tax	**(3,510)**	—	—
Change in fair value of interest rate swaps, net of tax	**(15,776)**	—	—
Balance at November 30	**(19,286)**	—	—
Net earnings	**417,845**	229,137	172,714
Comprehensive income	**398,559**	229,137	172,714
Total stockholders' equity	**$1,659,262**	1,228,580	881,499

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Lennar Corporation and Subsidiaries
Years Ended November 30, 2001, 2000 and 1999

	2001	2000	1999
		(In thousands)	
Cash flows from operating activities:			
Net earnings	**$417,845**	229,137	172,714
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	**48,383**	44,267	38,956
Amortization of discount/premium on debt, net	**20,287**	11,186	8,774
Equity in earnings from unconsolidated partnerships	**(27,051)**	(13,340)	(19,482)
Tax benefit from exercise of stock options	**12,150**	1,105	1,020
Increase (decrease) in deferred income taxes	**9,769**	(17,223)	28,125
Changes in assets and liabilities, net of effects from acquisitions:			
(Increase) decrease in receivables	**(57,100)**	(11,912)	8,173
(Increase) decrease in inventories	**(130,725)**	223,255	(77,428)
(Increase) decrease in other assets	**48**	(14,179)	(3,639)
(Increase) decrease in financial services loans held for sale or disposition	**(211,143)**	(75,871)	6,293
Increase (decrease) in accounts payable and other liabilities	**(23,267)**	104,079	(41,196)
Net cash provided by operating activities	**59,196**	480,504	122,310
Cash flows from investing activities:			
Net additions to operating properties and equipment	**(13,110)**	(10,502)	(15,328)
(Increase) decrease in investments in unconsolidated partnerships, net	**5,601**	(2,857)	6,524
(Increase) decrease in financial services mortgage loans	**(997)**	(11,834)	1,548
Purchases of investment securities	**(18,143)**	(18,112)	(13,119)
Receipts from investment securities	**17,700**	14,946	11,600
Decrease in financial services mortgage servicing rights	**10,812**	—	—
Acquisition of U.S. Home Corporation, net of cash acquired	—	(152,386)	—
Acquisitions of properties and businesses, net of cash acquired	—	(5,971)	(19,747)
Net cash provided by (used in) investing activities	**1,863**	(186,716)	(28,522)
Cash flows from financing activities:			
Net repayments under revolving credit facilities	**—**	—	(136,650)
Net borrowings (repayments) under financial services short-term debt	**265,607**	153,155	(856)
Payments for tender of U.S. Home Corporation's senior notes	**—**	(519,759)	—
Net proceeds from issuance of 5.125% zero-coupon convertible senior subordinated notes	**224,250**	—	—
Net proceeds from issuance of 9.95% senior notes	**—**	294,988	—
Net proceeds from issuance of 7 5/8% senior notes	**—**	—	266,153
Proceeds from other borrowings	**110**	424,783	1,856
Principal payments on other borrowings	**(26,382)**	(279,941)	(160,570)
Limited-purpose finance subsidiaries, net	**2,110**	45	769
Common stock:			
Issuance	**19,789**	4,472	2,231
Payment made under acquisition agreement	**—**	—	(1,252)
Repurchases	**—**	(152,925)	(6,018)
Dividends	**(3,146)**	(2,896)	(2,861)
Net cash provided by (used in) financing activities	**482,338**	(78,078)	(37,198)

CONSOLIDATED STATEMENTS OF CASH FLOWS—(CONTINUED)

Lennar Corporation and Subsidiaries
Years Ended November 30, 2001, 2000 and 1999

	2001	2000	1999
		(In thousands)	
Net increase in cash	**543,397**	215,710	56,590
Cash at beginning of year	**333,877**	118,167	61,577
Cash at end of year	**$877,274**	333,877	118,167
Summary of cash:			
Homebuilding	**$824,013**	287,627	83,256
Financial services	**53,261**	46,250	34,911
	$877,274	333,877	118,167
Supplemental disclosures of cash flow information:			
Cash paid for interest, net of amounts capitalized	**$ 17,546**	1,157	9,647
Cash paid for income taxes	**$234,549**	91,742	108,845
Supplemental disclosures of non-cash investing and financing activities:			
Assumption of mortgages related to acquisitions of properties	**$ 28,993**	5,529	29,342
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

1. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Lennar Corporation and all subsidiaries and partnerships (and similar entities) in which a controlling interest is held (the ''Company''). The Company's investments in unconsolidated partnerships in which a significant, but less than controlling, interest is held are accounted for by the equity method. Controlling interest is determined based on a number of factors, which include the Company's ownership interest and participation in the management of the partnership. 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 maturities 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, 2001 and 2000 included $64.4 million and $65.9 million, respectively, of cash held in escrow for approximately 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 during the years ended November 30, 2001, 2000 or 1999.

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

Interest and Real Estate Taxes

Interest and real estate taxes attributable to land, homes and operating properties are capitalized while they are being actively developed. Interest related to homebuilding, including interest costs relieved from inventories, is included in interest expense. Interest expense related to the financial services operations is included in its costs and expenses.

During 2001, 2000 and 1999, interest incurred by the Company's homebuilding operations was $127.9 million, $117.4 million and $54.6 million, respectively. Capitalized interest charged to expense in 2001, 2000 and 1999 was $119.5 million, $98.6 million and $48.9 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. The assets are depreciated 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, 2001 and 2000, investment securities classified as held-to-maturity totaled $13.2 million and $12.5 million, respectively, and were included in other assets of the Financial Services Division. There were no other investment securities at November 30, 2001 or 2000.

Derivative Financial Instruments

Effective December 1, 2000, the Company adopted Statement of Financial Accounting Standards (''SFAS'') No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and for hedging activities by requiring that all derivatives be recognized in the balance sheet and measured at fair value. Gains or losses resulting from changes in the fair value of derivatives are recognized in earnings or recorded in other comprehensive income and recognized in the statement of earnings when the hedged item affects earnings, depending on the purpose of the derivatives and whether they qualify for hedge accounting treatment.

The Company's policy is to designate at a derivative's inception the specific assets, liabilities, or future commitments being hedged and monitor the derivative to determine if it remains an effective hedge. The effectiveness of a derivative as a hedge is based on high correlation between changes in its value and changes in the value of the underlying hedged item. The Company recognizes gains or losses for amounts received or paid when the underlying transaction settles. The Company does not enter into or hold derivatives for trading or speculative purposes.

The Company has various interest rate swap agreements which effectively convert variable interest rates to fixed interest rates on approximately $400 million of outstanding debt related to its homebuilding operations. The swap agreements have been designated as cash flow hedges and, accordingly, are reflected at their fair value in the consolidated balance sheet at November 30, 2001. The related loss is deferred in stockholders' equity as accumulated other comprehensive loss (see Note 11). The Company accounts for its interest rate swaps using the shortcut method, as described in SFAS No. 133. Amounts to be received or paid as a result of the swap agreements are recognized as adjustments to interest incurred on the related debt instruments. The Company believes that there will be no ineffectiveness related to the interest rate swaps and therefore no portion of the accumulated other comprehensive loss will be reclassified into future earnings. The net effect on the Company's operating results is that interest on the variable rate debt being hedged is recorded based on fixed interest rates.

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 fixed rate locked loan commitments and loans held for sale or disposition from fluctuations in market interest rates. These derivative financial instruments are designated as fair value hedges, and, accordingly, for all qualifying and highly effective fair value hedges, the changes in the fair value of the derivative and the loss or gain on the hedged asset relating to the risk being hedged are recorded currently in earnings. The effect of the implementation of SFAS No. 133 on the Financial Services Division's operating earnings was not significant.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired and was amortized by the Company on a straight-line basis over periods ranging from 15 to 20 years. At November 30, 2001 and 2000, goodwill was $105.8 million and $110.4 million, respectively (net of accumulated amortization of $18.0 million and $11.6 million, respectively). In the event that facts and circumstances indicated that the carrying value of goodwill might be impaired, an evaluation of recoverability is performed. If an evaluation was 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 during the years ended November 30, 2001, 2000 or 1999. Goodwill is included in other assets of the Homebuilding Division ($80.6 million and $85.2 million at November 30, 2001 and 2000, respectively) and the assets of the Financial Services Division ($25.2 million at both November 30, 2001 and 2000) in the consolidated balance sheets. Subsequent to the Company's adoption of SFAS No. 141 and SFAS No. 142, goodwill and its amortization will be accounted for in accordance with the standards they prescribe which will discontinue the Company's amortization of goodwill. See the *New Accounting Pronouncements* section of Note 1.

Income Taxes

Income taxes are accounted for in accordance with 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 fixed numbers of shares with, in each instance, 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 pro forma disclosures required by SFAS No. 123, *Accounting for Stock-Based Compensation*, are included in Note 12. 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 using the straight-line method over the period of the restrictions. Unearned restricted stock is shown as a reduction of stockholders' equity in the consolidated balance sheets.

Earnings per Share

Earnings per share is accounted for in accordance with SFAS No. 128, *Earnings per Share*, which requires a dual presentation of basic and diluted earnings per share on the face of the consolidated statement of earnings. Basic earnings per share is computed by dividing earnings attributable to common stockholders 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 carried at market value, 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. In prior years, the Division retained servicing rights from some of the loans it originated and maintained a portfolio of mortgage servicing rights. During 2001, the Division sold substantially all of its existing portfolio of mortgage servicing rights and realized a pretax profit of approximately $13 million from the sale of the servicing rights. Subsequent to the sale, the Division has sold the servicing rights together with the loans it originated. Prior to the sale of the mortgage servicing rights portfolio, the book value of each mortgage loan the Division sold was allocated partly to the mortgage servicing right and partly to the loan (separately from the mortgage servicing right) based on their estimated relative fair values at the time the loan was sold and the servicing rights retained. The fair value of mortgage servicing rights was determined by discounting the estimated future cash flows using a discount rate commensurate with the risks involved. This method of valuation incorporated assumptions that market participants would use in their estimates of future servicing income and expense, including assumptions about prepayment, default and interest rates. Impairment, if any, was recognized through a valuation allowance and a charge to current operations. Mortgage servicing rights were amortized in proportion to, and over the period of, the estimated net servicing income of the underlying mortgages. The book value and estimated fair value of mortgage servicing rights was $11.7 million and $13.4 million, respectively, at November 30, 2000. A valuation allowance related to mortgage servicing rights was not required at or for the year ended November 30, 2000.

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, *Business Combinations,* and SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method and requires acquired intangible assets to be recognized as assets apart from goodwill if certain criteria are met. The Company adopted SFAS No. 141 for all future acquisitions.

SFAS No. 142 no longer requires or permits the amortization of goodwill and indefinite-lived assets. Instead, these assets must be reviewed annually (or more frequently under certain conditions) for impairment in accordance with this statement. This impairment test uses a fair value approach rather than the undiscounted cash flows approach previously required by SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of.* The Company adopted SFAS No. 142 on December 1, 2001. Because of that, amortization of goodwill of approximately $6 million per year will not be incurred in the future. Management does not currently believe that the implementation of SFAS No. 142 will have a material impact on the Company's financial condition or results of operations.

In October 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 provides accounting guidance for financial accounting and reporting for impairment or disposal of long-lived assets. SFAS No. 144 supersedes SFAS No. 121. SFAS No. 144 is effective for the Company in fiscal 2003. Management does not currently believe that the implementation of SFAS No. 144 will have a material impact on the Company's financial condition or results of operations.

Reclassification

Certain prior year amounts in the consolidated financial statements have been reclassified to conform with the 2001 presentation.

2. Acquisition

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 with a value of 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 and had operations in 13 states at the acquisition date. On an unaudited basis, 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 unconsolidated partnerships) 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. Through November 30, 2001, goodwill was 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.

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 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 segments are 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 unconsolidated partnerships in which it has investments. The following table sets forth financial information relating to the homebuilding operations:

	Years Ended November 30,		
	2001	**2000**	**1999**
		(In thousands)	
Revenues:			
Sales of homes	**$5,467,548**	4,118,549	2,671,744
Sales of land and other revenues	**109,348**	258,145	157,981
Equity in earnings from unconsolidated partnerships	**27,051**	13,340	19,482
Total revenues	**5,603,947**	4,390,034	2,849,207
Costs and expenses:			
Cost of homes sold	**4,159,107**	3,277,183	2,105,422
Cost of land and other expenses	**86,010**	220,948	130,432
Selling, general and administrative	**573,204**	411,107	272,550
Total costs and expenses	**4,818,321**	3,909,238	2,508,404
Operating earnings	**$ 785,626**	480,796	340,803
Depreciation and amortization	**$ 38,733**	33,858	29,505
Additions to operating properties and equipment	**$ 8,173**	5,779	2,283

Financial Services

The Financial Services Division provides mortgage financing, title insurance and closing services for both the Company's homebuyers and others. The Division resells the residential mortgage loans it originates in the secondary mortgage market and also provides high-speed Internet access, cable television, and alarm monitoring services for both the Company's homebuyers and other customers. The following table sets forth financial information relating to the financial services operations:

	Years Ended November 30,		
	2001	**2000**	**1999**
		(In thousands)	
Revenues	**$425,354**	316,934	269,307
Costs and expenses	**336,223**	273,339	238,211
Operating earnings	**$ 89,131**	43,595	31,096
Depreciation and amortization	**$ 9,650**	10,409	9,451
Interest income, net	**$ 21,279**	15,707	12,301
Additions to operating properties and equipment	**$ 7,087**	10,243	13,045

4. Receivables

	November 30, 2001	November 30, 2000
	(In thousands)	
Accounts receivable	**$ 20,076**	32,327
Mortgages and notes receivable	**8,549**	14,846
	28,625	47,173
Allowance for doubtful accounts	**(4,280)**	(4,903)
	$ 24,345	42,270

5. Investments in Unconsolidated Partnerships

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

	November 30, 2001	November 30, 2000
	(In thousands)	
Assets:		
Cash	**$ 37,782**	35,504
Land under development	**1,203,089**	962,835
Other assets	**161,598**	145,866
	$ 1,402,469	1,144,205
Liabilities and equity:		
Accounts payable and other liabilities	**$ 149,691**	122,597
Notes and mortgages payable	**627,383**	471,742
Equity of:		
The Company	**300,064**	257,639
Others	**325,331**	292,227
	$ 1,402,469	1,144,205

	Years Ended November 30, 2001	2000	1999
	(In thousands)		
Revenues	**$903,293**	361,684	283,979
Costs and expenses	**761,704**	295,224	219,100
Net earnings of unconsolidated partnerships	**$141,589**	66,460	64,879
Company share of net earnings	**$ 27,051**	13,340	19,482

At November 30, 2001, the Company's equity interest in each of these Partnerships ranged from 10% to 50%. The Company's partners generally are third party homebuilders, land sellers seeking a share of the profits from development of the land or real estate professionals who do not have the capital and/or expertise to develop properties by themselves. The Partnerships follow accounting principles generally accepted in the United States of America. 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. During 2001, 2000 and 1999, the Company received management fees and reimbursement of expenses from the Partnerships totaling $26.1 million, $9.7 million and $6.2 million, respectively. The Company does not include in its income the pro rata Partnership earnings resulting from land sales to the Company. These amounts are recorded as a reduction of the cost of purchasing the land from the Partnerships which increases profits when title passes to a third party homebuyer.

The Company may obtain options or other arrangements under which the Company can purchase portions of the land held by the Partnerships. Option prices are generally negotiated prices that approximate fair value when the Company receives the options. During 2001, 2000 and 1999, $232.6 million, $134.6 million, and $111.3 million, respectively, of the Partnerships' revenues were from land sales to the Company. In some instances, the Company and/or its partners have provided varying levels of guarantees on certain partnership debt. At November 30, 2001, the Company provided guarantees on $338.7 million of unconsolidated partnership debt, of which $151.0 million were limited maintenance guarantees.

At the time of the 1997 transfer of the Company's commercial real estate investment to LNR Property Corporation (''LNR''), and the spin-off of LNR to the Company's stockholders, the Company and LNR formed Lennar Land Partners, a 50%-50% owned partnership, which is included in the above discussion of Partnerships. At November 30, 2001, the Company also had several other unconsolidated partnerships with LNR. In 2001, 2000 and 1999, the Company purchased land from Lennar Land Partners for a total of $104.2 million, $112.3 million and $109.3 million, respectively. The Company believes the amounts it paid for land purchased from Lennar Land Partners approximates the amounts it would have paid to independent third parties for similar properties.

6. Operating Properties and Equipment

	November 30,	
	2001	**2000**
	(In thousands)	
Furniture, fixtures and equipment	**$ 45,267**	47,043
Community recreational facilities	**8,774**	2,098
	54,041	49,141
Accumulated depreciation	**(36,097)**	(30,556)
	$ 17,944	18,585

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

7. Senior Notes and Other Debts Payable

	November 30,	
	2001	**2000**
	(In thousands)	
3 7/8% zero-coupon senior convertible debentures due 2018	**$ 256,877**	247,205
5.125% zero-coupon convertible senior subordinated notes due 2021	**235,894**	—
7 5/8% senior notes due 2009	**271,493**	270,480
9.95% senior notes due 2010	**301,346**	300,017
Term loan B due 2007	**395,000**	399,000
U.S. Home senior notes due through 2009	**9,446**	12,913
Mortgage notes on land with fixed interest rates from 5.4% to 10.0% due through 2009	**35,199**	25,035
	$ 1,505,255	1,254,650

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 $715 million five-year revolving credit facility, a $300 million 364-day revolving credit facility and a $400 million term loan B (collectively 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, 2001, no borrowings were allocated to this Division. At November 30, 2001, $395 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, 2001 was 5.7%. The Company utilizes interest rate swap agreements to manage interest costs and hedge against risks associated with changing interest rates.

In the second quarter of 2001, the Company issued, for gross proceeds of approximately $230 million, zero-coupon convertible senior subordinated notes due 2021 (''Notes'') with a face amount at maturity of approximately $633 million. The Notes were issued at a price of $363.46 per $1,000 face amount at maturity, which equates to a yield to maturity over the life of the Notes of 5.125%. Proceeds from the offering, after underwriting discount, were approximately $224 million. The Company used the proceeds to repay amounts outstanding under its revolving credit facilities and added the balance of the net proceeds to working capital. The Notes are convertible into the Company's common stock at any time, if the sale price of the Company's common stock exceeds certain thresholds or in other specified instances, at the rate of approximately 6.4 shares per $1,000 face amount at maturity, or a total of approximately 4 million shares. The conversion ratio equates to an initial conversion price of $56.93 per share (when the Company's stock price was $43.13 per share). These shares will be included in the calculation of the Company's diluted earnings per share if the average closing price of the Company's common stock over the last twenty trading days of each quarter exceeds 110% of the accreted conversion price. This calculation equated to $64.79 per share at November 30, 2001. Holders have the option to require the Company to repurchase the Notes on any of the fifth, tenth, or fifteenth anniversaries of the issue date for the initial issue price plus accrued yield to the purchase date. 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 Notes, in cash, at any time after the fifth anniversary for the initial issue price plus accrued yield to redemption. The Company will pay contingent interest on the Notes during specified six-month periods beginning on April 4, 2006 if the market price of the Notes exceeds specified levels. At November 30, 2001, the carrying value of outstanding Notes, net of unamortized original issue discount, was $235.9 million.

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 in 2000, 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% to finance a portion of the purchase price of 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, 2001, the carrying value of the senior notes was $301.3 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% 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 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, 2001, the carrying value of the 7 5/8% senior notes was $271.5 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 anniversaries of 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 for the initial issue price plus accrued original issue discount. The Debentures are collateralized by the stock of certain of the Company's subsidiaries. At November 30, 2001, the carrying value of outstanding Debentures, net of unamortized original issue discount, was $256.9 million.

The minimum aggregate principal maturities of senior notes and other debts payable during the five years subsequent to November 30, 2001 are as follows: 2002—$17.7 million; 2003—$7.3 million; 2004—$22.9 million; 2005—$6.3 million and 2006—$4.0 million. The remaining principal obligations are due subsequent to November 30, 2006. The Company's debt arrangements contain certain financial covenants with which the Company was in compliance at November 30, 2001.

8. Financial Services

The assets and liabilities related to the Company's financial services operations were as follows:

	November 30,	
	2001	**2000**
	(In thousands)	
Assets:		
Cash and receivables, net	**$ 161,060**	79,025
Mortgage loans held for sale or disposition, net	**587,694**	376,452
Mortgage loans, net	**41,590**	42,504
Mortgage servicing rights, net	**—**	11,653
Operating properties and equipment, net	**18,592**	18,869
Title plants	**15,530**	15,530
Goodwill, net	**25,158**	25,199
Other	**32,760**	21,874
Limited-purpose finance subsidiaries	**13,146**	19,894
	$ 895,530	611,000
Liabilities:		
Notes and other debts payable	**$ 693,931**	428,966
Other	**87,106**	67,586
Limited-purpose finance subsidiaries	**13,146**	19,894
	$ 794,183	516,446

At November 30, 2001, the Division had a $500 million warehouse line of credit which included a $145 million 30-day increase which expired in December 2001 to fund the Division's mortgage loan activities. Borrowings under this facility were $483.2 million and $339.4 million at November 30, 2001 and 2000, respectively, and were collateralized primarily by mortgage loans with outstanding principal balances of $518.8 million and $297.2 million, respectively, and in 2000, by servicing rights relating to approximately $1.8 billion of loans. 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 this facility at November 30, 2001 and 2000 was 3.1% and 6.4%, respectively. The warehouse line of credit matures in June 2003, at which time the Company expects the facility to be renewed. At November 30, 2001 and 2000, the Division had advances under conduit funding agreements with certain major financial institutions amounting to $190.6 million and $58.8 million, respectively. Borrowings under these agreements are collateralized by mortgage loans and had an effective interest rate of 3.0% and 7.5% at November 30, 2001 and 2000, respectively. The Division also had a $20 million revolving line of credit with a bank, collateralized by certain assets of the Division and stock of certain title insurance subsidiaries. Borrowings under the line of credit were $20 million at both November 30, 2001 and 2000 and had an effective interest rate of 3.1% and 7.8% at November 30, 2001 and 2000, respectively.

The limited-purpose finance subsidiaries of the Financial Services Division have 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 almost entirely 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, 2001 and 2000, the balances outstanding for the bonds and notes payable were

$13.1 million and $19.9 million, respectively. The borrowings mature in years 2013 through 2018 and carry interest rates ranging from 8.6% to 11.6%. The annual principal repayments are dependent upon collections on the underlying mortgages, including prepayments, and cannot be reasonably determined.

The minimum aggregate principal maturities of the Company's Financial Services Division's notes and other debts payable during the five years subsequent to November 30, 2001 are as follows: 2002—$343.5 million and 2003—$350.4 million.

9. Income Taxes

The provision for income taxes consisted of the following:

	Years Ended November 30,		
	2001	2000	1999
	(In thousands)		
Current:			
Federal	**$ 220,124**	146,666	71,091
State	**31,685**	17,055	13,547
	251,809	163,721	84,638
Deferred:			
Federal	**9,281**	(15,672)	24,422
State	**488**	(1,551)	3,703
	9,769	(17,223)	28,125
	$ 261,578	146,498	112,763

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:

	November 30,	
	2001	2000
	(In thousands)	
Deferred tax assets:		
Acquisition adjustments	**$ 41,202**	75,997
Reserves and accruals	**104,758**	74,972
Net operating loss and capital loss carryforwards, tax affected	**4,466**	4,466
Investments in unconsolidated partnerships	**5,414**	3,386
Deferred gains	**—**	1,900
Other	**6,555**	7,412
Deferred tax assets	**162,395**	168,133
Less: valuation allowance	**(7,117)**	(7,117)
Total deferred tax assets, net	**155,278**	161,016
Deferred tax liabilities:		
Capitalized expenses	**4,273**	14,922
Deferred gains	**115**	—
Installment sales	**1,506**	2,281
Section 461 deductions and other	**47,701**	32,361
Total deferred tax liabilities	**53,595**	49,564
Net deferred tax asset	**$101,683**	111,452

The Homebuilding Division's net deferred tax asset amounting to $90.4 million and $110.0 million at November 30, 2001 and 2000, respectively, is included in other assets in the consolidated balance sheets.

At November 30, 2001 and 2000, the Financial Services Division had a net deferred tax asset of $11.3 million and $1.5 million, respectively.

SFAS No. 109 requires the reduction of 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, 2001 and 2000, the Company had a valuation allowance of $7.1 million 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:

	Percentage of Pre-tax Income		
	2001	2000	1999
Statutory rate	**35.0**	35.0	35.0
State income taxes, net of federal income tax benefit	**3.1**	3.4	3.9
Other	**0.4**	0.6	0.6
Effective rate	**38.5**	39.0	39.5

10. Earnings Per Share

Basic and diluted earnings per share for the years ended November 30, 2001, 2000 and 1999 were calculated as follows:

	2001	2000	1999
	(In thousands, except per share amounts)		
Numerator:			
Numerator for basic earnings per share—net earnings	**$417,845**	229,137	172,714
Interest on zero-coupon senior convertible debentures due 2018, net of tax	**6,094**	5,808	5,538
Numerator for diluted earnings per share	**$423,939**	234,945	178,252
Denominator:			
Denominator for basic earnings per share—weighted average shares	**62,737**	57,341	58,246
Effect of dilutive securities:			
Employee stock options and restricted stock	**1,737**	1,053	684
Zero-coupon senior convertible debentures due 2018	**6,105**	6,105	6,105
Denominator for diluted earnings per share—adjusted weighted average shares and assumed conversions	**70,579**	64,499	65,035
Basic earnings per share	**$ 6.66**	4.00	2.97
Diluted earnings per share	**$ 6.01**	3.64	2.74

11. Comprehensive Income

In accordance with the transition provisions of SFAS No. 133, on December 1, 2000, the Company recorded a cumulative-effect type adjustment of $3.5 million (net of tax benefit of $2.2 million) in accounts payable and other liabilities and accumulated other comprehensive loss to recognize the fair value of interest rate swaps. Subsequent to the Company's adoption of SFAS No. 133 through November 30, 2001, the liability and accumulated other comprehensive loss increased $15.8 million (net of tax benefit of $9.9 million) to $19.3 million. Comprehensive income was $398.6 million, $229.1 million and $172.7 million for the years ended November 30, 2001, 2000 and 1999, respectively.

12. 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 or participating preferred stock have been issued as of November 30, 2001.

Common Stock

The Company has two classes of common stock, common stock and Class B common stock. The common stockholders have one vote for each share owned in matters requiring stockholder approval and during both 2001 and 2000 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 2001 and 2000 received quarterly dividends of $0.01125 per share. As of November 30, 2001, Mr. Leonard Miller, Chairman of the Board of the Company, owned or controlled 9.7 million shares of common stock and Class B common stock, which represented approximately 64% voting control of the Company.

In June 2001, the Company's Board of Directors increased the Company's previously authorized stock repurchase program to permit future purchases of up to 10 million shares of the Company's outstanding common stock. The Company may repurchase these shares in the open market from time-to-time. During 2001, the Company did not repurchase any of its outstanding common stock. During 2000 and 1999, under prior 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.

The Company has shelf registration statements under the Securities Act of 1933, as amended, relating to up to $970 million of equity or debt securities which it may sell for cash and up to $400 million of equity or debt securities which it may issue in connection with acquisitions of companies or interests in them, businesses, or assets. At November 30, 2001, no securities had been issued under these registration statements.

Restrictions on Payment of Dividends

Other than as required to maintain the financial ratios and net worth required by the revolving credit facilities, there are no restrictions on the payment of dividends on common stock by the Company. The cash dividends per share paid with regard to a share of Class B common stock in a calendar year may not be more than 90% of the per share 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'') provides for the granting of stock options and stock appreciation rights and awards of restricted common stock to key officers, employees and directors. The exercise prices of stock options and stock appreciation rights are not less than the market value of the common stock on the date of the grant. 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 installments determined when options are granted. Each stock option and stock appreciation right will expire on a date determined at the time of the grant, but not more than 10 years after the date of the grant. At November 30, 2001, 835,000 shares of restricted stock were outstanding 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 grants is amortized to expense over the period of the restrictions and is shown as a reduction of stockholders' equity in the consolidated balance sheets.

The Lennar Corporation 1997 Stock Option Plan (the ''1997 Plan'') provided for the granting of stock options and stock appreciation rights to key employees of the Company to purchase shares at prices not less than market value of the common stock on 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 installments determined when options are granted. 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 of the common stock on 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 installments determined when options are granted. 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, 2001, 2000 and 1999 was as follows:

	2001		2000		1999	
	Stock Options	**Weighted Average Exercise Price**	Stock Options	Weighted Average Exercise Price	Stock Options	Weighted Average Exercise Price
Outstanding, beginning of year	**3,478,683**	**$ 16.68**	3,445,230	$ 16.20	3,679,256	$ 15.52
Grants	**791,600**	**$ 37.47**	671,000	$ 17.68	211,000	$ 23.95
Terminations	**(101,389)**	**$ 29.33**	(256,652)	$ 19.43	(235,108)	$ 19.83
Exercises	**(1,303,138)**	**$ 14.14**	(380,895)	$ 11.74	(209,918)	$ 10.05
Outstanding, end of year	**2,865,756**	**$ 23.13**	3,478,683	$ 16.68	3,445,230	$ 16.20
Exercisable, end of year	**748,812**	**$ 15.60**	1,422,734	$ 14.14	1,299,743	$ 11.87
Available for grant, end of year	**2,216,500**		3,890,822		1,310,072	
Weighted average fair value per share of options granted during the year under SFAS No. 123		**$ 18.41**		$ 7.84		$ 9.40

The following table summarizes information about stock options outstanding at November 30, 2001:

	Options Outstanding			**Options Exercisable**	
Range of Per Share Exercise Prices	**Number Outstanding at November 30, 2001**	**Weighted Average Remaining Contractual Life**	**Weighted Average Per Share Exercise Price**	**Number Outstanding at November 30, 2001**	**Weighted Average Per Share Exercise Price**
$ 4.56 – $11.42	417,756	1.9 years	$ 9.14	322,478	$ 9.91
$13.95 – $19.59	1,038,700	5.6 years	$16.60	289,534	$15.94
$20.35 – $28.32	464,550	5.0 years	$21.04	60,550	$21.03
$32.84 – $41.85	944,750	8.2 years	$36.91	76,250	$34.03

The Company applies APB Opinion No. 25 and related Interpretations in accounting for its 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 grant. SFAS No. 123 requires "as adjusted" information regarding net earnings and earnings per share to be disclosed for new options granted. The Company determined this information using the fair value method of that statement. The fair value of these options was determined at the date of the grant using the Black-Scholes option-pricing model. The significant weighted average assumptions for the years ended November 30, 2001, 2000 and 1999 were as follows:

	2001	2000	1999
Dividend yield	**0.1%**	0.2% – 0.3%	0.2% – 0.3%
Volatility rate	**40% – 42%**	39% – 44%	40% – 42%
Risk-free interest rate	**4.5% – 5.8%**	7.1% – 7.5%	4.8% – 6.1%
Expected option life (years)	**6.4**	3.9 – 7.7	3.9 – 7.7

The estimated fair value of the options is recognized in expense over the options' vesting period for "as adjusted" disclosures. The earnings per share "as adjusted" for the effects of SFAS No. 123 is not indicative of the effects on reported net earnings for future years. The Company's reported "as adjusted" information for the years ended November 30, 2001, 2000 and 1999 was as follows:

	2001	2000	1999
	(In thousands, except per share amounts)		
Net earnings	**$417,845**	229,137	172,714
Net earnings "as adjusted"	**$414,049**	226,568	170,620
Earnings per share as reported— basic	**$ 6.66**	4.00	2.97
Earnings per share "as adjusted"—basic	**$ 6.60**	3.95	2.93
Earnings per share as reported—diluted	**$ 6.01**	3.64	2.74
Earnings per share "as adjusted"—diluted	**$ 5.95**	3.60	2.71

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. At November 30, 2001, the Plan held in employees' accounts 146,325 shares of the Company's common stock. 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 $6.5 million in 2001, $4.7 million in 2000 and $3.1 million in 1999.

13. Financial Instruments

The following table presents the carrying amounts and estimated fair values of financial instruments held by the Company at November 30, 2001 and 2000, 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 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 might 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.

	November 30,			
	2001		2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
ASSETS				
Financial services:				
Mortgage loans held for sale or disposition, net	**$ 587,694**	**587,916**	376,452	379,499
Mortgage loans, net	**41,590**	**40,886**	42,504	42,014
Investments held-to-maturity	**13,235**	**13,284**	12,488	12,507
Limited-purpose finance subsidiaries—collateral for bonds and notes payable	**13,146**	**13,730**	19,894	20,320
LIABILITIES				
Homebuilding:				
Senior notes and other debts payable	**$1,505,255**	**1,611,460**	1,254,650	1,287,902
Financial services:				
Notes and other debts payable	**$ 693,931**	**693,931**	428,966	428,966
Limited-purpose finance subsidiaries—bonds and notes payable	**13,146**	**13,682**	19,894	20,169
OTHER FINANCIAL INSTRUMENTS				
Homebuilding:				
Interest rate swap liability	**$ (31,359)**	**(31,359)**	—	(5,707)
Financial services assets (liabilities):				
Commitments to originate loans	**$ (1,085)**	**(1,085)**	—	445
Forward commitments to sell loans	**2,351**	**2,351**	—	(119)

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

Homebuilding—Senior 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 therefore approximate fair value. 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.

Financial services—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.

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, 2001, the Company 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, 2001. The effect of the interest rate swap agreements on interest incurred and on the average interest rate was an increase for the year ended November 30, 2001 of $7.2 million and 0.48%, a decrease of $1.2 million and 0.08% for the year ended November 30, 2000 and an increase of $1.8 million and 0.22% for the year ended November 30, 1999.

As of November 30, 2001, the Financial Services Division's pipeline of loans in process totaled approximately $1.7 billion. To minimize credit risk, 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 borrowers, the total commitments do not necessarily represent future cash requirements. Loans in the pipeline of loans in process for which interest rates were committed to the borrower totaled approximately $235.0 million as of November 30, 2001. Substantially all of these commitments were 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 makes an interest rate commitment 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 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, 2001, the Company had open commitments amounting to $291.0 million to sell MBS with varying settlement dates through January 2002.

14. 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 or results of operations 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, which it does 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 reduce the financial risk of adverse market conditions associated with long-term land holdings. At November 30, 2001, the Company had $180.3 million of primarily non-refundable option deposits and advanced costs, with entities including unconsolidated partnerships, which allows the Company to acquire approximately 31,000 homesites.

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: 2002—$30.7 million; 2003—$25.2 million; 2004—$20.0 million; 2005—$14.5 million; 2006—$11.4 million and thereafter—$24.7 million. Rental expense for the years ended November 30, 2001, 2000 and 1999 was $42.3 million, $36.6 million and $24.3 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 $154.3 million at November 30, 2001. The Company also had outstanding performance and surety bonds with estimated costs to complete of $750.7 million related principally to its obligations for site improvements at various projects at November 30, 2001. The Company does not believe that any such bonds are likely to be drawn upon.

15. 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.

CONSOLIDATING BALANCE SHEET
November 30, 2001

	Lennar Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
			(In thousands)		
ASSETS					
Homebuilding:					
Cash and receivables, net	$ 710,748	137,610	—	—	848,358
Inventories	—	2,410,117	6,424	—	2,416,541
Investments in unconsolidated partnerships	—	300,064	—	—	300,064
Other assets	83,983	169,950	—	—	253,933
Investments in subsidiaries	1,955,678	197,821	—	(2,153,499)	—
	2,750,409	3,215,562	6,424	(2,153,499)	3,818,896
Financial services	—	24,762	870,768	—	895,530
	$2,750,409	3,240,324	877,192	(2,153,499)	4,714,426
LIABILITIES AND STOCKHOLDERS' EQUITY					
Homebuilding:					
Accounts payable and other liabilities	$ 295,188	460,320	218	—	755,726
Senior notes and other debts payable, net	1,460,610	44,645	—	—	1,505,255
Intercompany	(664,651)	773,091	(108,440)	—	—
	1,091,147	1,278,056	(108,222)	—	2,260,981
Financial services	—	6,590	787,593	—	794,183
Total liabilities	1,091,147	1,284,646	679,371	—	3,055,164
Stockholders' equity	1,659,262	1,955,678	197,821	(2,153,499)	1,659,262
	$2,750,409	3,240,324	877,192	(2,153,499)	4,714,426

CONSOLIDATING BALANCE SHEET
November 30, 2000

	Lennar Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
			(In thousands)		
ASSETS					
Homebuilding:					
Cash and receivables, net	$ 211,635	117,649	613	—	329,897
Inventories	—	2,295,191	6,393	—	2,301,584
Investments in unconsolidated 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
Senior 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 STATEMENT OF EARNINGS
Year Ended November 30, 2001

	Lennar Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
			(In thousands)		
Revenues:					
Homebuilding	$ —	5,603,943	4	—	5,603,947
Financial services	—	55,146	370,208	—	425,354
Total revenues	—	5,659,089	370,212	—	6,029,301
Costs and expenses:					
Homebuilding	—	4,817,778	543	—	4,818,321
Financial services	—	62,358	273,865	—	336,223
Corporate general and administrative	75,831	—	—	—	75,831
Interest	—	119,503	—	—	119,503
Total costs and expenses	75,831	4,999,639	274,408	—	5,349,878
Earnings (loss) before income taxes	(75,831)	659,450	95,804	—	679,423
Provision (benefit) for income taxes	(27,829)	253,888	35,519	—	261,578
Equity in earnings from subsidiaries	465,847	60,285	—	(526,132)	—
Net earnings	$417,845	465,847	60,285	(526,132)	417,845

CONSOLIDATING STATEMENT OF EARNINGS

Year Ended November 30, 2000

	Lennar Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
			(In thousands)		
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

	Lennar Corporation	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
			(In thousands)		
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

16. Quarterly Data (unaudited)

	First	Second	Third	Fourth
	(In thousands, except per share amounts)			
2001				
Revenues	$1,104,042	1,391,533	1,577,628	1,956,098
Earnings before income taxes	$ 83,360	157,733	173,488	264,842
Net earnings	$ 51,266	97,006	106,695	162,878
Earnings per share:				
Basic	$ 0.83	1.55	1.69	2.58
Diluted	$ 0.75	1.40	1.53	2.32
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

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.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

Not applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Information about our directors is incorporated by reference to our definitive proxy statement, which will be filed with the Securities and Exchange Commission not later than March 30, 2002 (120 days after the end of our fiscal year). The following people were our executive officers on February 20, 2002:

Name/Position	Age	Year of Election
Stuart A. Miller, President and Chief Executive Officer	44	1997
Robert J. Strudler, Vice Chairman and Chief Operating Officer	59	2000
Bruce E. Gross, Vice President and Chief Financial Officer	43	1997
Marshall H. Ames, Vice President	58	1982
Diane J. Bessette, Vice President and Controller	41	1997
Jonathan M. Jaffe, Vice President	42	1994
Craig M. Johnson, Vice President, Community Development	48	2000
Waynewright Malcolm, Vice President and Treasurer	38	1997
David B. McCain, Vice President, General Counsel and Secretary	41	1998
Allan J. Pekor, Vice President	65	1997

The year of election represents the year that the executive officer was elected to his or her current position.

Mr. Stuart Miller (who is the son of Leonard Miller, our Chairman of the Board of Directors) has been our President and Chief Executive Officer since April 1997 and is one of our Directors. Prior to that, Mr. Miller held various executive positions with us and had been a Vice President since 1985. Mr. Miller is also the Chairman of the Board of LNR Property Corporation.

Mr. Strudler has been Vice Chairman of the Board of Directors and Chief Operating Officer since May 2000. Prior to that, Mr. Strudler was the Chairman and Co-Chief Executive Officer of U.S. Home Corporation.

Mr. Gross has been a Vice President and our Chief Financial Officer since 1997. Prior to that, Mr. Gross was employed as Senior Vice President, Controller and Treasurer of Pacific Greystone Corporation.

Mr. Ames has been a Vice President since 1982 and has held various positions in our Homebuilding Division.

Ms. Bessette has been employed by us since 1995, has been our Controller since 1997 and became a Vice President in 2000.

Mr. Jaffe has been a Vice President since 1994 and serves as a Regional President in our Homebuilding Division. Mr. Jaffe is one of our Directors.

Mr. Johnson has been a Vice President since May 2000 and is President of Strategic Technologies, Inc. Prior to that, Mr. Johnson was a Senior Vice President of U.S. Home Corporation.

Mr. Malcolm joined us as Treasurer in 1997 and became a Vice President in 2000. Prior to that, Mr. Malcolm was employed as Director, Finance and Regulatory Affairs, at Citizens Utilities Company.

Mr. McCain joined us in 1998 as a Vice President, General Counsel and Secretary. Prior to joining us, Mr. McCain was employed at John Alden Asset Management Company for more than 10 years, where he last served as Vice President, General Counsel and Secretary.

Mr. Pekor has held various executive positions with us since 1979. Mr. Pekor presently serves as a Vice President and has served as President of Lennar Financial Services, Inc. since 1997.

Item 11. Executive Compensation.

The information called for by this item is incorporated by reference to our definitive proxy statement, which will be filed with the Securities and Exchange Commission not later than March 30, 2002 (120 days after the end of our fiscal year).

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information called for by this item is incorporated by reference to our definitive proxy statement, which will be filed with the Securities and Exchange Commission not later than March 30, 2002 (120 days after the end of our fiscal year).

Item 13. Certain Relationships and Related Transactions.

The information called for by this item is incorporated by reference to our definitive proxy statement, which will be filed with the Securities and Exchange Commission not later than March 30, 2002 (120 days after the end of our fiscal year).

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) Documents filed as part of this Report.

1. The following financial statements are contained in Item 8:

2. The following financial statement schedule is included in this Report:

Information required by other schedules has either been incorporated in the consolidated financial statements and accompanying notes or is not applicable to us.

3. The following exhibits are filed with this Report or incorporated by reference:

3(a). Amended and Restated Certificate of Incorporation, dated April 28, 1998—Incorporated by reference to Exhibit 3(a) to the Annual Report on Form 10-K for the fiscal year ended November 30, 1998.

3(b). Certificate of Amendment to Certificate of Incorporation, dated April 9, 1999—Incorporated by reference to Exhibit 3(a) to the Annual Report on Form 10-K for the fiscal year ended November 30, 1999.

3(c). Bylaws—Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K dated November 17, 1997, file number 1-06643.

4(a). Indenture, dated as of December 31, 1997, between Lennar Corporation and Bank One Trust Company, N.A., as successor in interest to The First National Bank of Chicago, as trustee—Incorporated by Reference to Registration Statement No. 333-45527.

4(b). First Supplemental Indenture, dated as of July 29, 1998, between Lennar Corporation and Bank One Trust Company, N.A., as successor in interest to The First National Bank of Chicago, as trustee (relating to Lennar's Zero Coupon Senior Convertible Debentures due 2018)—Incorporated by reference to the Current Report on Form 8-K dated July 24, 1998, file number 1-11749.

4(c). Second Supplemental Indenture, dated as of February 19, 1999, between Lennar Corporation and Bank One Trust Company, N.A., as successor in interest to The First National Bank of Chicago, as trustee (relating to Lennar's 7 5/8% Senior Notes due 2009)—Incorporated by reference to the Current Report on Form 8-K dated February 19, 1999, file number 1-11749.

4(d). Third Supplemental Indenture, dated May 3, 2000, by and among Lennar Corporation and Bank One Trust Company, N.A., as successor trustee to The First National Bank of Chicago (relating to Lennar's 7 5/8% Senior Notes due 2009)—Incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended November 30, 2000.

4(e). Fourth Supplemental Indenture, dated May 3, 2000, by and among Lennar Corporation and Bank One Trust Company, N.A., as successor trustee to The First National Bank of Chicago (relating to Lennar's Zero Coupon Senior Convertible Debentures due 2018)—Incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended November 30, 2000.

4(f). Fifth Supplemental Indenture, dated April 4, 2001, by and among Lennar Corporation and Bank One Trust Company, N.A., as trustee (relating to Lennar's Zero Coupon Convertible Senior Subordinated Notes due 2021)—Incorporated by reference to the Current Report on Form 8-K dated April 4, 2001, file number 1-11749.

4(g). Indenture, dated May 3, 2000, by and among Lennar Corporation and Bank One Trust Company, N.A., as trustee, including Form of 9.95% Series A Senior Notes due 2010 and Form of 9.95% Series B Senior Notes due 2010—Incorporated by reference to Registration Statement No. 333-41316.

4(h). Registration Rights Agreement, dated May 3, 2000, by and among Lennar Corporation and the Initial Purchasers—Incorporated by reference to Registration Statement No. 333-41316.

10(a). Lennar Corporation 2000 Stock Option and Restricted Stock Plan—Incorporated by reference to the Quarterly Report on Form 10-Q for the quarter ended February 28, 2001.

10(b). Amended and Restated Lennar Corporation 1997 Stock Option Plan—Incorporated by reference to Annual Report on Form 10-K for the fiscal year ended November 30, 1997.

10(c). Lennar Corporation 1991 Stock Option Plan—Incorporated by reference to Registration Statement No. 33-45442.

10(d). Lennar Corporation Employee Stock Ownership Plan and Trust—Incorporated by reference to Registration Statement No. 2-89104.

10(e). Amendment dated December 13, 1989 to Lennar Corporation Employee Stock Ownership Plan —Incorporated by reference to Annual Report on Form 10-K for the fiscal year ended November 30, 1990.

10(f). Lennar Corporation Employee Stock Ownership/401(k) Trust Agreement dated December 13, 1989—Incorporated by reference to Annual Report on Form 10-K for the fiscal year ended November 30, 1990.

10(g). Amendment dated April 18, 1990 to Lennar Corporation Employee Stock Ownership/401(k) Plan—Incorporated by reference to Annual Report on Form 10-K for the fiscal year ended November 30, 1990.

10(h). Partnership Agreement for Lennar Land Partners by and between Lennar Land Partners Sub, Inc. and LNR Land Partners Sub, Inc., dated October 24, 1997—Incorporated by reference to Annual Report on Form 10-K for the fiscal year ended November 30, 1997. Lennar Land Partners Sub II, Inc. and LNR Land Partners Sub II, Inc. entered into an identical Partnership Agreement for Lennar Land Partners II on June 28, 1999.

10(i). Separation and Distribution Agreement, dated June 10, 1997, between Lennar Corporation and LNR Property Corporation—Incorporated by reference to Registration Statement No. 333-35671.

10(j). Credit Agreement, dated October 31, 1997, by and among Lennar Land Partners and the Lenders named therein—Incorporated by reference to Annual Report on Form 10-K for the fiscal year ended November 30, 1997.

10(k). Credit Agreement, dated May 3, 2000, among Lennar Corporation and various lenders—Incorporated by reference to the Annual Report on Form 10-K for the fiscal year ended November 30, 2000.

10(l). Plan and Agreement of Merger, dated as of February 16, 2000, between Lennar Corporation, U.S. Home Corporation and Len Acquisition Corporation—Incorporated by reference to Current Report on Form 8-K dated February 23, 2000, file number 1-11749.

10(m). Warehousing Credit and Security Agreement dated June 25, 2001 between Universal American Mortgage Company, Eagle Home Mortgage, Inc., Ameristar Financial Services, Inc., Universal American Mortgage Company of California, UAMC Asset Corp. II and Residential Funding Corporation.

21. List of subsidiaries.

23. Independent Auditors' Consent.

99. Financial statements of Lennar Corporation's guarantor subsidiaries.

(b) Current Reports on Form 8-K filed during the quarter ended November 30, 2001.

We filed a Current Report on Form 8-K dated October 5, 2001, file number 1-11749, which contained our earnings release for the quarter ended August 31, 2001.

(c) The exhibits to this Report are listed in Item 14(a)3.

(d) The financial statement schedules required by Regulation S-X which are excluded from the Annual Report to Stockholders as permitted by Rule 14a-3(b)(1) are listed in Item 14(a)2.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, we have duly caused this Report to be signed on our behalf by the undersigned, thereunto duly authorized.

LENNAR CORPORATION

/s/ STUART A. MILLER

Stuart A. Miller
President, Chief Executive Officer and Director
Date: February 28, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on our behalf and in the capacities and on the dates indicated:

Principal Executive Officer:	
Stuart A. Miller	/s/ STUART A. MILLER
President, Chief Executive Officer and Director	Date: February 28, 2002
Principal Financial Officer:	
Bruce E. Gross	/s/ BRUCE E. GROSS
Vice President and Chief Financial Officer	Date: February 28, 2002
Principal Accounting Officer:	
Diane J. Bessette	/s/ DIANE J. BESSETTE
Vice President and Controller	Date: February 28, 2002
Directors:	
Irving Bolotin	/s/ IRVING BOLOTIN
	Date: February 28, 2002
Steven L. Gerard	/s/ STEVEN L. GERARD
	Date: February 28, 2002
Jonathan M. Jaffe	/s/ JONATHAN M. JAFFE
	Date: February 28, 2002
R. Kirk Landon	/s/ R. KIRK LANDON
	Date: February 28, 2002
Sidney Lapidus	/s/ SIDNEY LAPIDUS
	Date: February 28, 2002
Leonard Miller	/s/ LEONARD MILLER
	Date: February 28, 2002
Hervé Ripault	/s/ HERVÉ RIPAULT
	Date: February 28, 2002
Steven J. Saiontz	/s/ STEVEN J. SAIONTZ
	Date: February 28, 2002
Donna Shalala	/s/ DONNA SHALALA
	Date: February 28, 2002
Robert J. Strudler	/s/ ROBERT J. STRUDLER
	Date: February 28, 2002

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Lennar Corporation:

We have audited the consolidated financial statements of Lennar Corporation and subsidiaries (the "Company") as of November 30, 2001 and 2000 and for each of the three years in the period ended November 30, 2001, and have issued our report thereon dated January 9, 2002; such report is included elsewhere in this Form 10-K. Our audits also included the financial statement schedule of the Company, listed in Item 14(a)2. The financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

Certified Public Accountants
Miami, Florida

January 9, 2002

Schedule II

LENNAR CORPORATION AND SUBSIDIARIES

Valuation and Qualifying Accounts

Years Ended November 30, 2001, 2000 and 1999

Description	Beginning balance	Additions: Charged to costs and expenses	Additions: Charged to other accounts	Deductions	Ending balance
Year ended November 30, 2001					
Allowances deducted from assets to which they apply:					
Allowances for doubtful accounts and notes receivable	$5,188,000	2,368,000	—	(2,801,000)	4,755,000
Deferred income and unamortized discounts	$8,345,000	7,000	254,000	(3,965,000)	4,641,000
Loan loss reserve	$3,645,000	655,000	9,000	(244,000)	4,065,000
Valuation allowance	$1,377,000	—	—	(118,000)	1,259,000
Deferred tax asset valuation allowance	$7,117,000	—	—	—	7,117,000
Year ended November 30, 2000					
Allowances deducted from assets to which they apply:					
Allowances for doubtful accounts and notes receivable	$2,471,000	3,834,000	28,000	(1,145,000)	5,188,000
Deferred income and unamortized discounts	$1,128,000	—	7,896,000	(679,000)	8,345,000
Loan loss reserve	$3,778,000	—	—	(133,000)	3,645,000
Valuation allowance	$1,249,000	—	903,000	(775,000)	1,377,000
Deferred tax asset valuation allowance	$8,508,000	—	—	(1,391,000)	7,117,000
Year ended November 30, 1999					
Allowances deducted from assets to which they apply:					
Allowances for doubtful accounts and notes receivable	$4,075,000	2,011,000	38,000	(3,653,000)	2,471,000
Deferred income and unamortized discounts	$ 231,000	—	1,156,000	(259,000)	1,128,000
Loan loss reserve	$3,090,000	1,200,000	21,000	(533,000)	3,778,000
Valuation allowance	$1,903,000	93,000	56,000	(803,000)	1,249,000
Deferred tax asset valuation allowance	$7,659,000	—	849,000	—	8,508,000

SHAREHOLDER INFORMATION

LENNAR CORPORATION AND SUBSIDIARIES

Annual Meeting

The Annual Stockholders' Meeting will be
held at 11:00 a.m. on April 2, 2002
at the Doral Park Golf and Country Club,
5001 N.W. 104th Avenue
Miami, Florida 33178

Registrar and Transfer Agent

EquiServe, Inc.
P.O. Box 43010
Providence, Rhode Island 02940

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