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February 2, 1996

GOVERNMENTAL CONSULTANTS
PATRICK R. MALOY
AMY J. YOUNG

ORIGINAL
FILE COPY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center
Room 110
Tallahassee, Florida 32399-0850

HAND DELIVERY

960122-TX

Re: Strategic Technologies, Inc.'s Application for Authority
to Provide Alternative Local Exchange Service within the
State of Florida

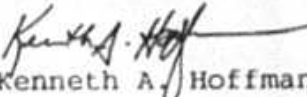
Dear Ms. Bayo:

In accordance with Rule 25-24.810, Florida Administrative Code, enclosed herewith for filing in the above-referenced docket on behalf of Strategic Technologies, Inc. ("STI") are an original and six copies of STI's Application for Authority to Provide Alternative Local Exchange Service within the State of Florida (including Attachments 1, 2, 3, 3-A, 4 and 5 thereto). Enclosed also is a check in the amount of \$250.00 payable to the Florida Public Service Commission representing the required filing fee for the application.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

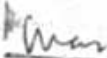
Sincerely,


Kenneth A. Hoffman

KAH/rl

cc: Mr. Robert Rubin

STI-Transmittal

RECEIVED & FILED

EPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
01235 FEB-2 96
FPSC-RECORDS/REPORTING

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0866

Application Form
For
Authority to Provide Alternative Local Exchange Service
Within the State of Florida

ORIGINAL
FILE COPY

1. This is an application for (check one):

- (X) Original authority (new company)
 () Approval of transfer (to another certificated company)

96 0122-7 X

Example, a certificated company purchases an existing company and desires to retain the original certificate authority.

- () Approval of assignment of existing certificate (to a noncertificated company)

Example, a non-certified company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

- () Approval for transfer of control (to another certificated company)

Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of applicant:

Strategic Technologies, Inc.

3. Name under which the applicant will do business:

Strategic Technologies, Inc.

4. If applicable, please provide proof of fictitious name registration. Fictitious name registration number: N/A

5. A. National and Florida mailing addresses including street name, number, post office box, city, state, and zip code.

**Strategic Technologies, Inc.
730 NW 107 Avenue
Miami, FL 33172**

B. Florida physical address including street name, number, post office box, city, and zip code.

**Strategic Technologies, Inc.
730 NW 107 Avenue
Miami, FL 33172**

6. Structure of organization:

- Individual Corporation
 Foreign Corporation Foreign Partnership
 General Partnership Limited Partnership
 Joint Venture Other, please explain _____

7. If applicant is an individual, partnership, or joint venture, please give name, title, and address of legal entity.

N/A

8. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

None

9. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida. See Attachment 1.

Corporate Charter Number: P94000047928

10. Please provide the name, title, address, telephone number, internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.

Company: Robert D. Rubin
President
Strategic Technologies, Inc.
730 NW 107 Avenue
Miami, FL 33172
(305) 229-6525
(305) 229-6566-fax

Application: Kenneth A. Hoffman, Esq.
Rutledge, Eckenia, Underwood, Purnell & Hoffman
215 South Monroe Street, Suite 420
Tallahassee, FL 32301-1841
(904) 681-6788
(904) 681-6515-fax

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

None

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.

No

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

No

14. Please indicate how a customer can file a service complaint with your company.

The company will establish an 800 number to receive complaints from customers. The 800 number will be provided to each customer in writing at the time service is established.

15. Please complete and file a price list in accordance with Commission Rule 25-24.825.

Pursuant to Rule 25-24.825, Florida Administrative Code, the price list will be filed prior to providing service.

16. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

A. Financial capability. Strategic Technologies, Inc. ("STI") is a wholly-owned subsidiary of Lennar Financial Services, Inc., which is a wholly-owned subsidiary of Lennar Corporation. Lennar (NYSE: LEN) is a full service real estate company. Lennar is one of the largest housing companies in the United States and has been ranked as Florida's number one homebuilder for many years. Lennar also engages in two complementary businesses—real estate investment and financial services. The book value of Lennar's assets at August 31, 1995, was approximately \$580 million, and its revenues for the nine months ended August 31, 1995, was approximately \$596 million. A copy of Lennar's Form 10-Q for the quarterly period ended August 31, 1995, is attached as Attachment 2 and Lennar's 1994 Annual Report to shareholders is attached as Attachment 3. A copy of STI's unaudited financial statements are attached as Attachment 3-A.

B. Managerial capability. Robert Rubin will serve as President of Strategic Technologies, Inc., having overall responsibility on a day-to-day basis. Mr. Rubin has over six year's experience in the telecommunications industry. He served as President of People's Telephone Company, Inc. (PTC"), which is currently certificated as a COCOT with the Commission, from June 1994 to January 1996 and as Executive Vice President of PTC from August 1984 to June 1996. Mr. Rubin also served as President of PTC Services, Inc., which is currently certificated as an interexchange carrier and operator service provider with the Commission, from January 1993 to January 1996. A copy of Mr. Rubin's resume is attached as Attachment 4.

C. Technical capability.


Ray T. Perriguet, III will be STI's General Manager. He will monitor STI's overall technical performance on a daily basis and manage the technical staff as they carry out their specific duties designed to ensure that high quality standards are maintained by STI's technical facilities. Mr. Perriguet has 15 year's experience in the telecommunications industry; a copy of his resume is attached as Attachment 5.

(If you will be providing local intra-exchange switched telecommunications service, then state how you will provide access to 911 emergency services. If the nature of the emergency 911 service access and funding mechanism is not equivalent to that provided by the local exchange companies in the areas to be served, describe in detail the difference.)

Access to 911 emergency services will be provided under interconnection arrangements being negotiated with local exchange telecommunications companies in the areas served. 911 service will be equivalent to that provided by the local exchange telecommunications companies in the areas served and the mechanism used to fund this service will also be equivalent.

Affidavit

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange service in the State of Florida. I have read the foregoing and declare that to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders. Further, I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

Official:  _____ Date: _____
Signature

Title: President

Phone #: (305) 229-6525

Address: Strategic Technologies, Inc.
730 NW Avenue
Miami, FL 33172

ARTICLES OF INCORPORATION
OF
STRATEGIC TECHNOLOGIES, INC.
(A corporation for profit)

FILED
1994 JUN 27 AM 7:57
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

The undersigned subscriber, a natural person competent to contract, hereby files these Articles of Incorporation in order to form a corporation under the laws of the State of Florida.

ARTICLE I
NAME

The name of this corporation shall be STRATEGIC TECHNOLOGIES, INC.

ARTICLE II
NATURE OF BUSINESS

The general nature of the business and activities to be transacted and carried on by this Corporation are as follows:

(a) To acquire by purchase, gift, devise, bequest or otherwise, to manufacture or construct, to own, use, hold and develop, to dispose of by sale, exchange or otherwise, to lease, mortgage, pledge, assign and generally to deal in and with real and personal property of every sort and description, services, goodwill, franchises, inventions, patents, copyrights, trademarks, trade names and licenses, and interests of any sort in any such property.

(b) To enter into and perform contracts of every sort and description, with any person, firm, association, corporation, municipality, county, state, nation or other body politic, or with any colony, dependency or agency of any of the foregoing.

(c) To issue, execute, deliver, endorse, buy, sell, draw, accept and discount notes, drafts, letters of credit, checks and other bills of exchange and other evidences of indebtedness.

(d) To borrow money, to lend money and extend credit, without limit in either case as to amount, in such amounts as the Board of Directors may from time to time determine to guarantee and act as surety with respect to the debts of any other person, firm, association or corporation without regard to the interest of this Corporation in any debt so guaranteed or assured of in such other person, firm association or corporation; and to secure any direct or contingent indebtedness of the Corporation by the execution and delivery of mortgages, pledges, assignments, transfers in trust or other instruments

appropriate for encumbering any or all of the property of the Corporation, or any interest therein.

(e) To acquire, by purchase, merger or otherwise, all or any part of the goodwill, rights, property and business of any person, firm, association or corporation; in connection therewith to assume liabilities of any person, firm, association or corporation, and, in consideration of any such acquisition, to pay cash, to deliver stock, bonds, other securities, or property of any other kind.

(f) To issue, execute, deliver, guarantee, endorse, purchase, hold, sell, transfer, mortgage, pledge, assign and otherwise deal in and with shares of capital stock, bonds, debentures, other evidences of indebtedness and any and all other securities of any description created, issued or delivered by this Corporation by any other corporation, association, person or firm of the State of Florida or of any other state or nation, and while owner thereof, to exercise, to the extent permitted by law, all the rights, powers and privileges of ownership including, without limitation, the right to vote stock or other securities having voting rights as attributes.

(g) In general, to carry on any business and to have and exercise all of the powers conferred by the laws of the State of Florida, and to do any and all of the things hereinbefore set forth as principal, agent, or otherwise, either alone or in conjunction with others, in any part of the world.

(h) To perform every act necessary or proper for the accomplishment of the objects and purposes enumerated or for the protection and benefit of the Corporation.

(i) The objects and purposes specified in the foregoing clauses of this Articles shall, unless expressly limited, not be limited or restricted by reference to, or inference from, any provision in this or any other Article of these Articles of Incorporation, shall be regarded as independent objects and purposes and shall be construed as powers as well as objects and purposes.

ARTICLE III

STOCK

The authorized capital stock of this corporation shall consist of Five Thousand (5,000) shares of Common Stock with a par value of One Dollar (\$1.00) per share. The stock of the Corporation shall be issued for such consideration as may be determined by the Board of Directors. Stockholders shall have no pre-emptive rights. Stockholders may enter into agreements with the Corporation or with each other to control or restrict the transfer of stock and such agreements may take the form of options, rights of first refusal, buy and sell agreements or any other lawful form of agreement.

ARTICLE V

TERM OF CORPORATE EXISTENCE

This Corporation shall exist perpetually unless dissolved according to law.

ARTICLE VI

NAME AND ADDRESS OF REGISTERED AGENT AND
LOCATION AND MAILING ADDRESS OF PRINCIPAL OFFICE

The Registered Agent for the corporation shall be Morris J. Watsky, Esq., whose address is 700 N. W. 107 Avenue, Miami, Florida 33172. The street address and mailing address of the principal office of this corporation in the State of Florida shall be 730 N. W. 107 Avenue, Miami, Florida 33172. The Board of Directors may from time to time move the principal office to any other address in Florida and may establish branch and other offices within or without the State of Florida.

ARTICLE VII

NUMBER OF DIRECTORS

The business of this Corporation shall be managed by a Board of Directors consisting of not fewer than three (3) persons, the exact number to be determined from time to time in accordance with the By-Laws.

ARTICLE VIII

FIRST BOARD OF DIRECTORS

The names and street addresses of the members of the Board of Directors, who shall hold office until the first annual meeting of stockholders, and thereafter until successors are elected, are as follows:

STEVEN J. SAIONTZ	730 N.W. 107 Avenue Miami, Florida 33172
LINDA REED	730 N.W. 107 Avenue Miami, Florida 33172
NANCY KAMINSKY	730 N.W. 107 Avenue Miami, Florida 33172
CARLOS AGUILAR	730 N.W. 107 Avenue Miami, Florida 33172
JOHN HAEL	730 N. W. 107 Avenue Miami, Florida 33172

ARTICLE IX
OFFICERS

The corporation shall have a President, a Secretary and a Treasurer, and may have additional and assistant officers including, without limitation thereto, a Chairman of the Board of Directors, one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers. A person may hold more than one office except that the President may not also be the Secretary or an Assistant Secretary.

ARTICLE X
BY-LAWS

The Board of Directors shall adopt By-Laws for the Corporation. The By-Laws may be amended, altered or repealed by the stockholders or Directors in any manner permitted by the By-Laws.

ARTICLE XI
TRANSACTIONS IN WHICH DIRECTORS OR OFFICERS ARE INTERESTED

A. No contract or transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are Directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board or Committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if:

(1) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of Directors or the Committee, and the Board or Committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum; or

(2) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(3) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders.

B. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorized the contract or transaction.

ARTICLE XII INDEMNIFICATION OF DIRECTORS AND OFFICERS

A. The Corporation hereby indemnifies any Director or officer made a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding:

(1) Whether civil, criminal, administrative, or investigative, other than one by or in the right of the Corporation to procure a judgment in its favor, brought to impose a liability or penalty on such person for an act alleged to have been committed by such person in his capacity of Director or officer of the Corporation, or in his capacity as Director, officer, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise which he served at the request of the Corporation, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred as a result of such action, suit or proceeding or any appeal therein, if such person acted in good faith in the reasonable belief that such action was in the best interests of the Corporation, and in criminal actions or proceedings, without reasonable ground for belief that such action was unlawful. The termination of any such action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not in itself create a presumption that any such Director or officer did not act in good faith in the reasonable belief that such action was in the best interests of the corporation or that he had reasonable grounds for belief that such action was unlawful.

(2) By or in the right of the Corporation to procure a judgment in its favor by reason of his being or having been a Director or officer of the Corporation, or by reason of his being or having been a Director, officer, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise which he served at the request of the Corporation, against the reasonable expense, including attorneys' fees actually and necessarily incurred by him in connection with the defense or settlement of such action or in connection with an appeal therein, if such person acted in good faith in the reasonable belief that such action was in the best interests of the Corporation. Such person shall not be entitled to indemnification in relation to matters as to which such person has been adjudged to have been guilty of negligence or misconduct in the

performance of his duty to the Corporation unless and only to the extent that the court, administrative agency, or investigative body before which such action, suit or proceeding is held shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such tribunal shall deem proper.

B. Any indemnification under Section A shall be made by the Corporation only as authorized in the specific case upon a determination that amounts for which a Director or officer seeks indemnification were properly incurred and that such Director or officer acted in good faith and in a manner he reasonably believed to be in the best interests of the Corporation and that, with respect to any criminal action or proceeding, he had no reasonable ground or belief that such action was unlawful. Such determination shall be made either (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested Directors so directs, by a majority vote of a quorum consisting of stockholders who were not parties to such action, suit or proceedings.

C. The foregoing rights of indemnification shall not be deemed to limit in any way the powers of the Corporation to indemnify under applicable law.

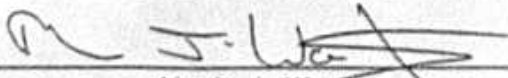
ARTICLE XIII
AMENDMENT

These Articles of Incorporation may be amended in any manner now or hereafter provided for by law and all rights conferred upon stockholders hereunder are granted subject to this reservation.

ARTICLE XIV
SUBSCRIBER

The name and street address of the subscriber to these Articles of Incorporation is as follows: Morris J. Watsky, Esq. 700 N. W. 107 Avenue, Miami, Florida 33172.

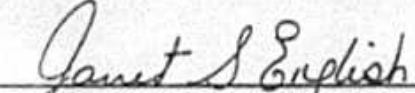
IN WITNESS WHEREOF, I do hereunto sign my name this 24th day of June, 1994.

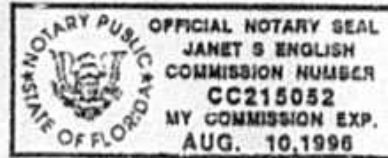

Morris J. Watsky

STATE OF FLORIDA
COUNTY OF DADE

IN HEREBY CERTIFY that on this day personally appeared before me, the undersigned authority, Morris J. Watsky, to me well known and well known to me to be the person who executed the foregoing instrument and acknowledged before me that he executed the same freely and voluntarily for the uses and purposes therein set forth and expressed. He is personally known to me and did not take an oath.

IN WITNESS WHEREOF, I have hereunto set me hand and affixed my official seal on this 24th day of June, 1994.


Notary Public, State of Florida



CERTIFICATE DESIGNATING PLACE OF BUSINESS FOR SERVICE OF
PROCESS WITHIN THIS STATE, NAMING AGENT UPON WHOM PROCESS
MAY BE SERVED

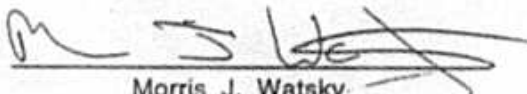
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1394 JUN 27 21 7:58
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to Chapter 48.091, Florida Statutes, the following is submitted in compliance with said Act:

That STRATEGIC TECHNOLOGIES, INC., desiring to organize under the laws of the State of Florida, with its principal office at 730 N. W. 107 Avenue, County of Dade, State of Florida, has named Morris J. Watsky, whose office is located at 700 N. W. 107 Avenue, Miami, Florida 33172 as its agent to accept service of process within the State.

ACKNOWLEDGEMENT

Having been named to accept service of process for the above-stated Corporation, as the place designated in this Certificate, I hereby accept to act in this capacity, and agree to comply with the provisions of said Act, relative to keeping open said office.


Morris J. Watsky
As its Registered Agent

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(√) Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended August 31, 1995

Commission file number: 1-6643

LENNAR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

59-1281887

(I.R.S. Employer
Identification No.)

700 Northwest 107 Avenue, Miami, Florida

(Address of principal executive offices)

33172

(Zip Code)

(305) 559-4000

(Registrant's telephone number, including area code)

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

Common shares outstanding as of the end of the current fiscal quarter:

Common	<u>25,840,444</u>
Class B Common	<u>9,985,731</u>

Part I. Financial Information
Item 1. Financial Statements

Lennar Corporation and Subsidiaries
Consolidated Condensed Balance Sheets
(In thousands)

	(Unaudited) August 31, 1995	November 30, 1994
Assets		
Homebuilding, investment and financial services:		
Homebuilding and investment assets:		
Cash and cash equivalents	\$ 13,601	16,801
Receivables, net	37,312	48,165
Inventories:		
Construction in progress and model homes	233,590	175,547
Land held for development	294,684	300,488
Total inventories	528,274	476,035
Land held for investment	75,202	80,747
Operating properties and equipment, net	191,269	193,621
Investments in and advances to partnerships	121,717	106,637
Other assets	34,665	29,598
Financial services assets	319,140	252,195
Total assets - homebuilding, investment and financial services	1,321,180	1,203,799
Limited-purpose finance subsidiaries - Collateral for bonds and notes payable	78,236	89,424
	\$ 1,399,416	1,293,223
Liabilities and Stockholders' Equity		
Homebuilding, investment and financial services:		
Homebuilding and investment liabilities:		
Accounts payable and accrued liabilities	\$ 107,026	102,582
Customer deposits	19,205	15,271
Income taxes:		
Currently payable	7,102	10,205
Deferred	50,249	50,796
Mortgage notes and other debts payable	327,347	328,936
Financial services liabilities	231,978	168,348
Total liabilities - homebuilding, investment and financial services	742,907	676,138
Limited-purpose finance subsidiaries - Bonds and notes payable	73,942	82,997
Stockholders' equity:		
Common stock	2,584	2,578
Class B common stock	999	999
Additional paid-in capital	170,291	169,605
Retained earnings	408,693	360,906
Total stockholders' equity	582,567	534,088
	\$ 1,399,416	1,293,223

See accompanying notes to consolidated condensed financial statements.

Lennar Corporation and Subsidiaries
Consolidated Condensed Statements of Earnings
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended August 31,		Nine Months Ended August 31,	
	1995	1994	1995	1994
Revenues:				
Homebuilding	\$ 159,902	143,727	445,523	461,941
Investment	28,077	40,415	104,845	86,582
Financial services	14,875	13,022	40,193	42,683
Limited-purpose finance subsidiaries	1,876	2,260	5,884	7,362
Total revenues	204,730	199,424	596,445	598,568
Costs and expenses:				
Homebuilding	146,153	127,988	409,997	412,658
Investment	14,388	23,487	51,311	44,712
Financial services	9,469	9,139	26,638	31,493
Limited-purpose finance subsidiaries	1,883	2,161	5,881	7,320
Corporate general and administrative	2,343	2,849	7,640	7,979
Interest	4,733	3,545	12,358	10,424
Total costs and expenses	178,969	169,169	513,825	514,586
Earnings before income taxes and cumulative effect of changes in accounting principles	25,761	30,255	82,620	83,982
Income taxes	10,047	11,799	32,222	32,753
Earnings before cumulative effect of changes in accounting principles	15,714	18,456	50,398	51,229
Cumulative effect of changes in accounting principles for:				
Income taxes	—	—	—	4,745
Purchased mortgage servicing rights	—	—	—	(3,784)
Net earnings	\$ 15,714	18,456	50,398	52,190
Average shares outstanding	36,107	36,056	36,081	36,108
Net earnings per share:				
Before cumulative effect of changes in accounting principles	\$.44	.51	1.40	1.42
Cumulative effect of changes in accounting principles	—	—	—	.03
Net earnings per share	\$.44	.51	1.40	1.45
Cash dividends per common share				
	\$ 0.025	0.025	0.075	0.07
Cash dividends per Class B common share				
	\$ 0.0225	0.0225	0.0675	0.062

See accompanying notes to consolidated condensed financial statements.

Lennar Corporation and Subsidiaries
Consolidated Condensed Statements of Cash Flows
(Unaudited)
(In thousands)

	Nine Months Ended August 31,	
	1995	1994
Cash flows from operating activities:		
Net earnings	\$ 50,398	52,190
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,048	6,859
Equity in earnings of partnerships	(22,838)	(17,225)
Gain on sales of other real estate	(15,086)	(8,942)
Decrease in deferred income taxes	(547)	(2,120)
Cumulative effect of changes in accounting principles	-	(961)
Changes in assets and liabilities, net of effects from accounting changes:		
Decrease in receivables	11,608	21,343
Increase in inventories	(56,071)	(60,121)
Decrease in financial services' loans held for sale or disposition	48	117,699
Increase (decrease) in accounts payable and accrued liabilities	6,099	(29,474)
Decrease in income taxes currently payable	(3,103)	(3,836)
Other, net	3,934	1,163
Net cash provided by (used in) operating activities	(17,510)	76,575
Cash flows from investing activities:		
Additions to operating properties and equipment	(8,768)	(9,628)
Sales of operating properties and equipment	20,444	20,007
Sales of land held for investment	9,833	1,096
Decrease (increase) in investments in and advances to partnerships	7,758	(1,675)
Additions to financial services' loans held for investment	(37,115)	(52,408)
Sales and collections of financial services' loans held for investment	3,880	40,546
Purchase of commercial mortgage-backed securities	(21,345)	(29,121)
Other, net	1,417	7,082
Net cash used in investing activities	(23,896)	(24,101)
Cash flows from financing activities:		
Net borrowings under revolving credit agreement	68,300	8,700
Net borrowings (repayments) under financial services' warehouse lines of credit	12,600	(104,534)
Mortgage notes and other debts payable:		
Proceeds from borrowings	152,486	60,371
Principal payments	(191,118)	(16,660)
Limited-purpose finance subsidiaries:		
Principal reduction of mortgage loans and other receivables	11,175	35,319
Principal reduction of bonds and notes payable	(9,630)	(23,513)
Common stock:		
Issuance	692	716
Dividends	(2,611)	(2,420)
Net cash provided by (used in) financing activities	41,894	(52,021)
Net increase in cash and cash equivalents	488	453
Cash and cash equivalents at beginning of period	17,942	14,275
Cash and cash equivalents at end of period	\$ 18,430	14,678
Summary of cash and cash equivalent balances:		
Homebuilding and investment	\$ 13,601	10,158
Financial services	4,829	4,520
	\$ 18,430	14,678
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amounts capitalized	\$ 15,746	8,804
Cash paid for income taxes	\$ 36,361	37,798

See accompanying notes to consolidated condensed financial statements.

Lennar Corporation and Subsidiaries

Notes to Consolidated Condensed Financial Statements

(1) Basis of consolidation

The accompanying consolidated condensed financial statements include the accounts of Lennar Corporation and all wholly-owned subsidiaries (the "Company"). All significant intercompany transactions and balances have been eliminated. The Company's investments in partnerships are accounted for by the equity method. The financial statements have been prepared by management without audit by independent public accountants and should be read in conjunction with the November 30, 1994 audited financial statements in the Company's Annual Report on Form 10-K for the year then ended. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for fair presentation of the accompanying consolidated condensed financial statements have been made.

(2) Business segments

The Company has three business segments: Homebuilding, Investment and Financial Services. The limited-purpose finance subsidiaries are not considered a business segment.

Homebuilding operations include the construction and sale of single-family and multi-family homes. These activities also include the purchase, development and sale of residential land.

The Investment Division is involved in the development, management and leasing, as well as the acquisition and sale, of commercial and residential properties and land. This division also manages and participates in partnerships with financial institutions. During 1994, the Investment Division began acquiring, at a discount, the unrated portions of debt securities which are collateralized by real estate loans. The division has only invested in securities in which it is the special servicer on behalf of all the certificate holders of the security. The division earns interest on these investments as well as fees for the special servicing activities.

Financial services activities are conducted primarily through Lennar Financial Services, Inc. ("LFS") and five subsidiaries: Universal American Mortgage Company, AmeriStar Financial Services, Inc., Universal Title Insurers, Inc., Lennar Capital Corporation and TitleAmerica Insurance Corporation. These companies arrange mortgage financing, title insurance and closing services for Lennar homebuyers and others, acquire, package and resell home mortgage loans and perform mortgage loan servicing activities. This division also invests in rated portions of commercial real estate mortgage-backed securities for which Lennar's Investment Division is the special servicer and an investor in the unrated portion of those securities.

The limited-purpose finance subsidiaries of LFS have placed mortgages and other receivables as collateral for various long-term financings. These limited-purpose finance subsidiaries are not considered a part of the financial services operations and are reported separately.

(3) Net earnings per share

Net earnings per share is calculated by dividing net earnings by the weighted average number of the total of common shares, Class B common shares and common equivalent shares outstanding during the period.

(4) **Restricted cash**

Cash includes restricted deposits of \$3.0 million and \$3.7 million as of August 31, 1995 and November 30, 1994, respectively. These balances are comprised primarily of escrow deposits held related to condominium purchases and security deposits from tenants of commercial and apartment properties.

(5) **Financial services**

The assets and liabilities related to the Company's financial services operations (as described in Note 2) are summarized as follows:

(In thousands)	(Unaudited) August 31, 1995	November 30, 1994
Assets:		
Loans held for sale or disposition, net	\$ 124,452	124,324
Loans and mortgage-backed securities held for investment, net	172,600	107,989
Cash and receivables, net	14,855	11,579
Servicing acquisition costs	2,681	3,949
Other	4,552	4,354
	<u>\$ 319,140</u>	<u>252,195</u>
Liabilities:		
Notes and other debts payable	\$ 216,678	154,379
Other	15,300	13,969
	<u>\$ 231,978</u>	<u>168,348</u>

(6) **Accounting changes**

Effective December 1, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". This change in accounting principle resulted in an increase to net earnings of \$4.7 million in the first quarter of 1994. The change in accounting for income taxes did not have a significant impact on the Company's results of operations.

The first quarter of 1994 also included a charge of \$3.8 million (net of income taxes of \$2.4 million) for the cumulative effect on prior years of a change in accounting for purchased mortgage servicing rights. The Company changed the way in which it evaluates these assets for impairment from an undiscounted and disaggregated cash flow basis to a discounted and disaggregated cash flow basis.

(7) **Summary of noncash investing and financing activities**

During the nine months ended August 31, 1995, the Company acquired commercial mortgage-backed securities for \$40.0 million. Of this amount, \$21.3 million was paid in cash and \$18.7 million was financed by the sellers. During the same period in 1994, the Company acquired \$64.0 million of commercial mortgage-backed securities of which \$29.1 million was paid in cash and \$34.9 million was financed by the sellers.

(8) **Reclassifications**

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

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) Material changes in results of operations

Overview

Net earnings before the cumulative effect of changes in accounting principles were \$15.7 million and \$50.4 million, respectively, for the three-month and nine-month periods ended August 31, 1995, compared to \$18.5 million and \$51.2 million, respectively, for the three-month and nine-month periods ended August 31, 1994. The decrease in 1995 third quarter net earnings before changes in accounting principles was due to lower operating earnings from the Homebuilding and Investment Divisions and higher interest expense. These decreases were partially offset by higher operating earnings from the Financial Services Division. Operating earnings in the third quarter of 1994 included a significant sale of real estate in the Investment Division. The decrease in the 1995 nine-month net earnings before changes in accounting principles was due to lower operating earnings from the Homebuilding Division and higher interest expense which were partially offset by higher operating earnings from the Investment and Financial Services Divisions. In the first quarter of 1994, the Company made two one-time adjustments for changes in accounting principles which increased net earnings by approximately \$1.0 million. There were no accounting changes in 1995.

Homebuilding

The following tables set forth selected financial and operational information related to the Homebuilding Division for the periods indicated (unaudited):

<i>(Dollars in thousands, except average sales prices)</i>	Three Months Ended August 31,		Nine Months Ended August 31,	
	1995	1994	1995	1994
Revenues:				
Sales of homes	\$156,751	142,009	433,244	451,919
Other	3,151	1,718	12,279	10,022
Total revenues	159,902	143,727	445,523	461,941
Costs and expenses:				
Cost of homes sold	127,997	113,176	351,187	360,362
Cost of other revenues	1,875	1,068	9,159	7,126
Selling, general and administrative	16,281	13,744	49,651	45,170
Total costs and expenses	146,153	127,988	409,997	412,658
Operating earnings	\$ 13,749	15,739	35,526	49,283
Gross profit - home sales	\$ 28,754	28,833	82,057	91,557
Gross profit percentage	18.3%	20.3%	18.9%	20.3%
S,G&A as a percentage of homebuilding revenues	10.2%	9.6%	11.1%	9.8%
Average sales price	\$133,600	125,600	137,400	125,400

<i>Summary of Home and Backlog Data</i>	Three Months Ended		Nine Months Ended	
	August 31,		August 31,	
	1995	1994	1995	1994
Deliveries				
Florida	803	800	2,243	2,642
Arizona	124	151	356	505
Texas	246	180	554	458
	1,173	1,131	3,153	3,605
New Orders				
Florida	878	882	2,642	2,660
Arizona	175	94	419	377
Texas	247	166	630	544
	1,300	1,142	3,691	3,581
Backlog - Homes				
Florida			1,721	1,696
Arizona			301	212
Texas			219	173
			2,241	2,081
Backlog - Dollar Value (in thousands)			\$317,702	287,651

Homebuilding revenues in the three-month and nine-month periods ended August 31, 1995 were \$159.9 million and \$445.5 million, respectively, compared to \$143.7 million and \$461.9 million, respectively, in the same periods of 1994. Homebuilding revenues were higher in the 1995 third quarter due to a higher number of home deliveries and an increase in the average sales price. Homebuilding revenues were lower in the 1995 nine-month period due to a lower number of home deliveries, partially offset by an increase in the average sales price. New home deliveries for the 1995 three-month and nine-month periods were 1,173 and 3,153, respectively, compared to 1,131 and 3,605, respectively, for the same periods of 1994. The average sales price of a home delivered during the three-month and nine-month periods ended August 31, 1995 was \$133,600 and \$137,400, respectively, compared to \$125,600 and \$125,400, respectively, in the corresponding periods of the prior year. The higher average sales price was due to a proportionately greater number of sales of higher-priced homes, as well as price increases for existing products.

Gross profit percentages from the sales of homes were 18.3% and 18.9%, respectively, in the three-month and nine-month periods ending August 31, 1995, compared to 20.3% in both of the corresponding periods of the prior year. These decreases were primarily attributable to an increase in land costs related to the mix of homes delivered.

Selling, general and administrative expenses increased to \$16.3 million and \$49.7 million for the three-month and nine-month periods ended August 31, 1995, respectively, from \$13.7 million and \$45.2 million, respectively, for the comparable periods in 1994. As a percentage of homebuilding revenues, selling, general and administrative expenses increased to 10.2% and 11.1%, respectively, for the three-month and nine-month periods ended August 31, 1995 from 9.6% and 9.8%, respectively, for the comparable periods in 1994. These increases were primarily the result of increased advertising and promotional expenses, increased expenses associated with the opening of new communities and a higher level of outside broker participation in the sale of homes.

At August 31, 1995, the Company had approximately \$318 million (2,241 homes) of sales contracts in backlog, compared to \$288 million (2,081 homes) at the end of the same period in the prior year. The increase in backlog is attributable to the increase in new orders in 1995.

Investment

The following table presents selected financial data related to the Investment Division for the periods indicated (unaudited):

<i>(In thousands)</i>	Three Months Ended August 31,		Nine Months Ended August 31,	
	1995	1994	1995	1994
Revenues:				
Rental income	\$11,652	9,965	37,330	31,843
Equity in earnings of partnerships	7,401	5,802	22,838	17,225
Management fees	2,095	3,141	7,293	10,144
Sales of other real estate	4,592	20,000	30,271	21,083
Other	2,337	1,507	7,113	6,287
Total revenues	28,077	40,415	104,845	86,582
Cost of sales and expenses	14,388	23,487	51,311	44,712
Operating earnings	\$13,689	16,928	53,534	41,870

For the three-month and nine-month periods ended August 31, 1995, Investment Division revenues were \$28.1 million and \$104.8 million, respectively, compared to \$40.4 million and \$86.6 million, respectively, in the same periods of 1994. Operating earnings were \$13.7 million and \$53.5 million, respectively, in the third quarter and first nine months of 1995, compared to \$16.9 million and \$41.9 million, respectively, in the corresponding periods of 1994. The decrease in operating earnings for the third quarter of 1995 was primarily due to the decrease in sales of other real estate and slightly lower partnership management fees. In the third quarter of 1995, sales of real estate totaled \$4.6 million. In the third quarter of 1994, a significant sale of real estate totaling \$20.0 million occurred. The decrease in operating earnings from sales of other real estate was partially offset by increased rental income as a result of the acquisition of additional operating properties late in fiscal 1994 and an increase in equity in earnings of partnerships. A significant portion of partnership earnings are derived from loan payoffs and asset sales which can vary substantially from period to period.

For the first nine months of 1995, revenues and earnings increased as a result of increased sales of other real estate, increased rental income on operating properties and an increase in equity in earnings of partnerships. This increase was partially offset by lower partnership management fees.

Financial Services

The following table presents selected financial data related to the Financial Services Division for the periods indicated (unaudited):

<i>(Dollars in the sands)</i>	Three Months Ended August 31,		Nine Months Ended August 31,	
	1995	1994	1995	1994
Revenues	\$ 14,875	13,022	40,193	42,683
Costs and expenses	9,469	9,139	26,638	31,493
Intercompany interest expense	653	830	1,853	2,022
Operating earnings	\$ 4,753	3,053	11,702	9,168
Dollar volume of mortgages originated	\$ 191,135	177,335	456,113	773,567
Number of mortgages originated	1,700	1,700	4,200	7,400
Principal balance of servicing portfolio			\$ 3,388,265	3,337,338
Number of loans serviced			44,500	44,800

Operating earnings of the Financial Services Division were \$4.8 million and \$11.7 million, respectively, for the three-month and nine-month periods ended August 31, 1995, compared to \$3.1 million and \$9.2 million, respectively, for the same periods of 1994. The increases in operating earnings were primarily the result of earnings from the division's investment in the rated portions of commercial real estate mortgage-backed securities. The Financial Services Division began acquiring these investments during the third quarter of 1994. Therefore, earnings from these investments for the first nine months of 1995 were significantly greater than for the same period last year. Additionally, earnings from the Financial Services' title operations increased for both the third quarter and first nine months of 1995, when compared to the same periods of last year. Earnings from the division's mortgage operations increased slightly for the 1995 third quarter compared to the 1994 third quarter, whereas year-to-date 1995 operations earnings from mortgage operations decreased from the same period in 1994.

Interest expense

Interest expense during the three-month and nine-month periods ended August 31, 1995 was \$4.7 million and \$12.4 million, respectively, compared to \$3.5 million and \$10.4 million, respectively, in the corresponding periods of the prior year. The increase in interest expense was primarily the result of higher debt levels and interest rates. Previously capitalized interest charged to interest expense during the third quarter and first nine months of 1995 was \$4.3 million and \$11.6 million, respectively, compared to \$3.5 million and \$10.4 million, respectively, for the comparable periods last year.

Accounting changes

Effective December 1, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". This change in accounting principle resulted in an increase to net earnings of \$4.7 million in the first quarter of 1994. The change in accounting for income taxes did not have a significant impact on the Company's results of operations.

The first quarter of 1994 also included a charge of \$3.8 million (net of income taxes of \$2.4 million) for the cumulative effect on prior years of a change in accounting for purchased mortgage servicing rights. The Company changed the way in which it evaluates these assets for impairment from an undiscounted and disaggregated cash flow basis to a discounted and disaggregated cash flow basis.

(2) Material changes in financial condition

During the nine months ended August 31, 1995, \$17.5 million was used in the Company's operations, compared to \$76.6 million provided by operations during the corresponding period of the prior year. The primary use of cash in operations during 1995 was \$56.1 million used to increase inventories through land purchases, land development and construction. The use of cash was partially offset by \$11.6 million of cash provided by a decrease in receivables and \$6.1 million of cash provided by an increase in accounts payable and accrued liabilities.

During the nine months ended August 31, 1994, cash was primarily provided from net earnings of \$52.2 million, a \$117.7 million decrease in loans held for sale or disposition by the Financial Services Division and a \$21.3 million decrease in receivables. These increases in cash were partially offset by the use of \$60.1 million to increase inventories and \$29.5 million to decrease accounts payable and accrued liabilities.

Cash used in investing activities was \$23.9 million in the first nine months of 1995, compared to \$24.1 million of cash used in the first nine months of 1994. During 1995, cash was primarily used to acquire loans held for investment by the Company's financial services operations, additional commercial mortgage-backed securities and operating properties. These uses of cash were partially offset by sales of operating properties and land held for investment and cash provided by the Company's investments in partnerships.

During 1994, the Company's primary use of cash in investing activities was to acquire loans held for investment by the Company's financial servicing operations, commercial mortgage-backed securities and operating properties. These uses of cash were partially offset by sales and collections of financial services loans held for investment and sales of operating properties.

During fiscal 1995, the Company amended its unsecured revolving credit agreement to provide for a five-year commitment of \$310 million. At August 31, 1995, \$244.0 million was outstanding on the revolving credit agreement.

A majority of the Company's variable rate borrowings are based on the London Interbank Offering Rate ("LIBOR") index. In June 1995, the Company entered into seven-year interest rate swap agreements which fixed the LIBOR index at 5.99% - 6.06% on \$200 million of variable debt.

Part II. Other Information

Items 1-5. Not applicable

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibit:
 - (27) Financial Data Schedule.
- (b) Reports on Form 8-K: Registrant was not required to file, and has not filed, a Form 8-K during the quarter for which this report is being filed.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LENNAR CORPORATION
(Registrant)

Date: October 13, 1995

ALLAN J. PEKOR
Allan J. Pekor
Financial Vice President
Chief Financial Officer

Date: October 13, 1995

JAMES T. TIMMONS
James T. Timmons
Controller
Chief Accounting Officer

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of STRATEGIC TECHNOLOGIES, INC., a corporation organized under the laws of the State of Florida, filed on June 27, 1994, as shown by the records of this office.

The document number of this corporation is P94000047928.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Eighth day of July, 1994



CR2EO22 (2-91)



Jim Smith
Secretary of State

LENNAR CORPORATE PROFILE

Lennar Corporation (NYSE: LEN) is a full service real estate company. With approximately 30% management ownership, we are both shareholder directed and driven. We philosophically believe in taking maximum advantage of real estate cycles and have successfully executed that philosophy in the 12 cycles we've experienced since our inception in 1954. As a consequence, our earnings have consistently plateaued at a higher peak and a higher trough with each succeeding cycle. Lennar adds to its homebuilding profits through core earnings from its two complementary businesses - real estate investment and financial services.

Homebuilding - Lennar is one of America's largest housing companies. The Company has been ranked as Florida's number one homebuilder for years, is one of the leading homebuilders in Arizona and most recently established homebuilding operations in Texas. Meaningful opportunities for enhanced market share exist in all three states. Lennar has built and sold more than 100,000 homes since 1954.

Real estate investment - As an owner, Lennar, for many years, has built or acquired residential and

commercial rental properties and today has a significant portfolio of income-producing assets. Further, Lennar has capitalized on years of commercial property ownership experience by acquiring large pools of distressed real estate. Since 1992, in partnership with major investment banking companies, we have acquired portfolios of real estate loans and assets at significant discounts from their original values. As these assets are value enhanced and disposed of, Lennar shares in the earnings of the partnerships and also receives management fees. Further, Lennar invests in portions of commercial real estate mortgage-backed securities and is typically the special servicer for those instruments.

Financial services - Lennar has been in the mortgage banking business for more than 13 years and has become a major national force in the industry. The Company originates loans, sells them into the secondary mortgage market and then earns fee income from servicing the loans for the investors. Financial services also provides title insurance and closing services. Further, this division invests in rated commercial real estate mortgage-backed securities and other similar assets.



Homebuilding Operations



Real Estate Investment Assets



Financial Services Offices



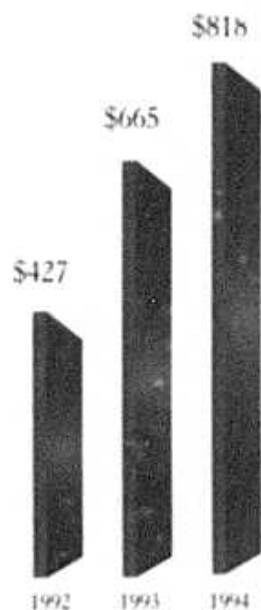
FINANCIAL HIGHLIGHTS

Lennar Corporation

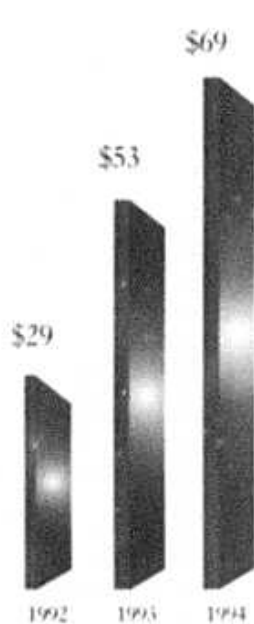
(Dollars in thousands, except per share data)
Fiscal Years Ended November 30,

	1994	1993	1992
Operating Results			
Total revenues	\$ 817,926	664,664	427,034
Earnings before income taxes and cumulative effect of changes in accounting principles	\$ 111,746	82,054	45,363
Net earnings	\$ 69,126	52,511	29,146
Net earnings per share	\$ 1.92	1.51	0.95
Financial Position			
Total assets	\$1,293,223	1,195,490	980,261
Stockholders' equity	\$ 534,088	467,473	319,330
Stockholders' equity per share	\$ 14.93	13.09	10.49

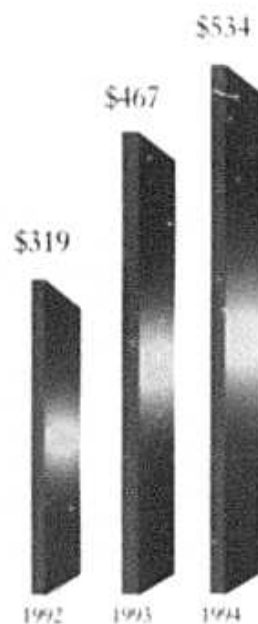
TOTAL REVENUES
(in millions)



NET EARNINGS
(in millions)



STOCKHOLDERS' EQUITY
(in millions)



A LANDMARK YEAR

1994 was a landmark year for Lennar. We marked our 40th anniversary in business by achieving record revenues and earnings. What is most remarkable about the past year, and these past four decades, has been Lennar's consistency of performance. We have not merely survived the twelve cycles that have marked our history, we have emerged from each of them a stronger and better company, engineering and re-engineering our Company to adjust to changing times. At the same time, we have not departed from the fundamentals that drive our business and assure success. From humble beginnings, 40 years ago, with \$10,000 of invested capital, we have grown steadily into a formidable financial entity with more than a half billion dollars of stockholders' equity.

RECORD PERFORMANCE

In many ways, this past year's performance typifies Lennar's response to the challenges of our business. In a year marked by rising interest rates and economic uncertainty, we set new records for both revenues and earnings. Underlying these accomplishments has been our strategy of building a strong homebuilding company supported by two other businesses. These businesses are related but different, in that they are not impacted by the typical homebuilding cycle. And so in this record year, each of our divisions, Homebuilding, Investment and Financial Services made important contributions.

Lennar's revenues in 1994 reached record levels. Combined revenues from homebuilding, financial services and investment were \$818 million, a 23% improvement from last year's performance.

Lennar's bottom line in fiscal 1994 also reached a new high. We achieved record earnings of \$69 million (\$1.92 per share), representing an increase of 32% over the previous year, which was also a record.



LEONARD MILLER, CHAIRMAN OF THE BOARD AND PRESIDENT

We reached a new plateau in 1994, when our stockholders' equity topped \$500 million and our year-end equity of \$534 million speaks to our financial strength and helps position us for future opportunity and growth.

I am very proud of our management team, certainly one of the best in the business. They have led our distinguished performance this year and are a group which ensures the continued success of Lennar. In the pages that follow, we will provide you with an understanding of how each of our three businesses operate and contribute to our bottom line. In this message, I will highlight some of our achievements and discuss our future as it pertains to each of our operating segments.

HOMEBUILDING

Homebuilding is our oldest and largest business. We have grown from those early days as a small builder in Dade County, Florida, into our present position as one of the country's foremost homebuilders. We have chosen our markets carefully, focusing our goals more on bottom line performance than volume. In fiscal 1994, we delivered 4,965 homes to our customers, with record breaking homebuilding revenues of \$648 million. At the end of fiscal 1994, our backlog of contracts for future home deliveries was a solid \$247 million.

Over the years, we have emerged as Florida's largest homebuilder and we presently operate in 8 distinct Florida markets on the state's east and west coasts and in the central Orlando area. We have just recently opened another Florida homebuilding division in rapidly growing Sarasota. Florida is one of the nation's largest and fastest growing states. Its

population now exceeds 13 million and, in 1994, more homes were built in Florida than in any other state. We delivered 3,717 homes in Florida in fiscal 1994. We believe that there is still much opportunity for us to grow in our home state.

Lennar has been **building homes in Arizona since 1971** and is among the leading homebuilding companies in this dynamically growing market. As in Florida, our customers include first-time and move-up buyers as well as retirees. In fiscal 1994, Lennar delivered 632 homes in Arizona. The state has become one of the country's top retirement destinations. In the past few years, we have expanded our Arizona operations to include retirement communities, and we continue to explore opportunities to expand this part of our business.

Texas is the newest Lennar homebuilding market. We opened our first division in Dallas in 1991 and a year later established a presence in the Houston market. Our Dallas operations have begun to hit stride and we expect Houston to follow suit. Texas is a large and growing state and we expect to continue developing a strong homebuilding base in the state. In 1994, Lennar delivered 616 homes in Texas.

INVESTMENT

Our Investment Division has provided a very exciting chapter in the Lennar 1994 story. **This division owns directly and manages commercial and residential rental properties** which are held for both income and long-term value enhancement. **The division also manages portfolios of commercial and residential loans and properties** which it owns in partnerships with major financial organizations such as The Morgan Stanley Real Estate Fund, Lehman Brothers and Westinghouse Electric. These properties are generally acquired through a bid process at significant discounts and then managed through an orderly liquidation over time. The division also invests on its own and with others in portions of commercial loan securitizations. Our Investment Division activities are highly specialized and we have achieved a great national reputation in this area.

In fiscal 1994, our **Investment Division produced pre-tax operating earnings of \$52 million**, and we expect continued strong performance from this group in fiscal 1995 and beyond. The forces that drive this business are different from those affecting the housing cycle. Like our financial services busi-

ness, **we expect this division to produce long-term core earnings for Lennar.** We are particularly proud of our relationships with the nation's foremost financial institutions and we expect to continue to build on those relationships.

FINANCIAL SERVICES

We have been in the mortgage banking business for over 13 years and now provide mortgage financing to homebuyers throughout the country. About 85% of the loans we originate are to non-Lennar homebuyers. Typically, we sell our loans into the secondary market but retain the valuable servicing rights – the right to service the loans and to receive ongoing fee income. Our Financial Services Division also provides title insurance and closing services and makes investments in mortgage-related paper. Many mortgage bankers had a difficult year in 1994 because of rising interest rates and the curtailment of the mortgage refinance business. I am pleased to say that, because of our long-term servicing strategy and our ability to control overhead, our **Financial Services Division turned in another fine year with pre-tax operating earnings of \$12 million.** 1995 will be a challenging year for mortgage banking, but I am confident that we will continue to outperform our industry and produce solid financial results.

1994 has indeed been a landmark year for Lennar – our 40th in business. Each of our three divisions has contributed to producing a record year for our Company. Most important to us is the fact that we have put into place the **systems, the disciplines and the management expertise to assure our continued success.** I look forward to sharing future installments in this exciting Lennar story.

Sincerely,



Leonard Miller,
CHAIRMAN OF THE BOARD AND PRESIDENT

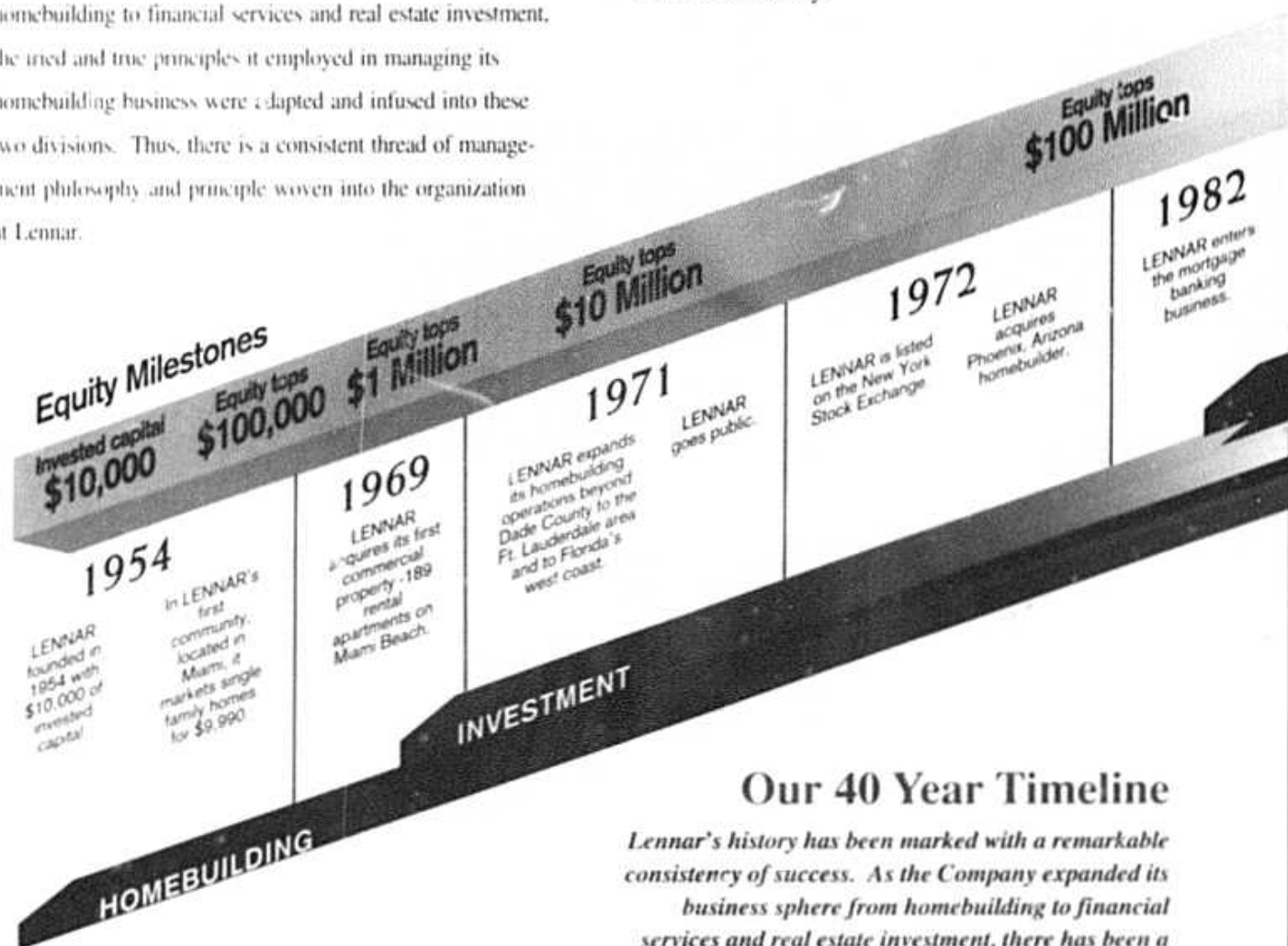
THE ROOTS OF OUR SUCCESS CAN

Lennar's 40 year history has been marked with a remarkable consistency of success. Over the years, in a business challenged by a high degree of cyclical, Lennar has steered its way through no fewer than twelve housing cycles, performing well in both peaks and valleys. That's more, Lennar has emerged from each cycle a stronger and more successful company.

The key ingredient in Lennar's unique track record, in a business considered by many to be treacherous, is management talent. During its 40 year history, Lennar has come to be known for its strong and incisive management team. As the Company expanded its business sphere from homebuilding to financial services and real estate investment, the tried and true principles it employed in managing its homebuilding business were adapted and infused into these two divisions. Thus, there is a consistent thread of management philosophy and principle woven into the organization at Lennar.

Among those philosophies and principles, we pride ourselves on the following:

- We are shareholder driven – our Company is managed by and for our shareholders – we never forget that.
- We understand that our business is cyclical – we need to be anticipatory, making decisions not merely on what is, but also on what in all probability will be.
- We at all times remain lean, emphasizing a tightly knit team of dedicated and qualified leaders as our most important resource.
- We never confuse our commitment to consistency with stagnation. We need to constantly improve and change. We are forever engaged in re-engineering the process of getting it done better and more efficiently.



Our 40 Year Timeline

Lennar's history has been marked with a remarkable consistency of success. As the Company expanded its business sphere from homebuilding to financial services and real estate investment, there has been a consistent thread of management philosophy and principle woven into the organization at Lennar.

BE FOUND IN OUR HISTORY

- We measure opportunity carefully, weighing upside potential against downside risk, and only then make decisions.
- We ally ourselves with business partners who share our strong value system and consider their interests at one with our own.
- We consider every Lennar associate, from key executive to construction laborer, as a valued member of our team.
- We care for and about each and every Lennar customer. That is an absolute requirement and commitment.

Equity tops
\$200 Million

1987

LENNAR acquires Development Corporation of America, its largest Florida competitor.

1991

LENNAR opens its Dallas, Texas homebuilding division.

Equity tops
\$300 Million

1992

LENNAR opens its Houston, Texas homebuilding division.

LENNAR forms its first partnership with The Morgan Stanley Real Estate Fund, L.P. which acquires the \$1 billion original value AmenFirst real estate portfolio.

Equity tops
\$400 Million

1993

LENNAR joins Lehman Brothers and Westinghouse Electric as partner-manager of a \$2 billion original value real estate portfolio.

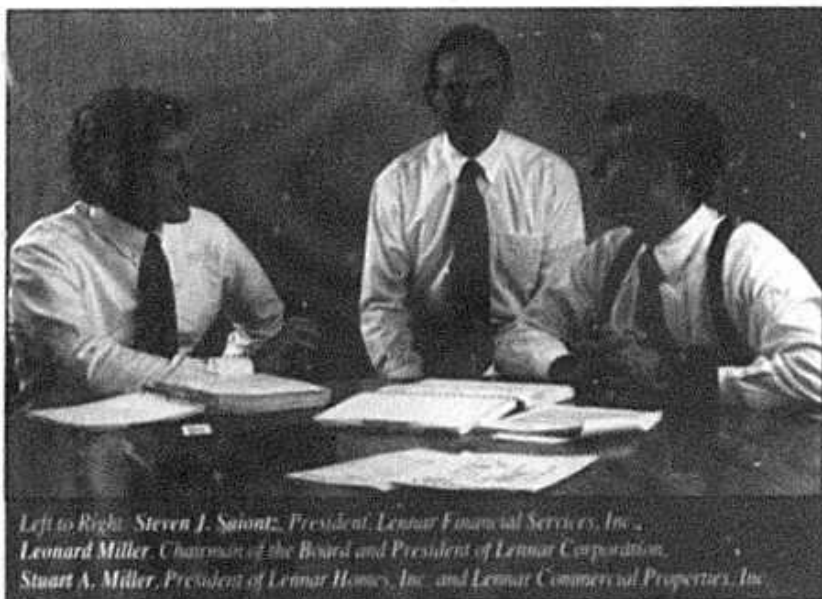
Equity tops
\$500 Million

1994

LENNAR establishes new records:
\$818 million total revenues
\$69 million net earnings.

FINANCIAL SERVICES

*We are a
shareholder driven
company –
managed by and for
our shareholders.*



Left to Right: Steven J. Spontz, President, Lennar Financial Services, Inc.; Leonard Miller, Chairman of the Board and President of Lennar Corporation; Stuart A. Miller, President of Lennar Homes, Inc. and Lennar Commercial Properties, Inc.

H O M E B U I L D I N G

Homebuilding is Lennar's oldest and largest business. Starting out as a small local Miami homebuilder in 1954, we are now one of the largest community developers and builders in the country. Lennar builds homes in three major markets: Florida, where the Company was founded; Arizona, where we entered the market in 1972; and Texas, where we began operations in 1991.

We build moderately priced homes, focusing our attention on first-time, move-up and retiree buyers. In fiscal 1994, the average price of a Lennar home was \$126,200, compared with a national average of over \$150,000. In fiscal 1994, we delivered 4,965 homes to buyers, compared to 4,634 the year before. This helped produce record homebuilding revenues for Lennar of \$648 million, a 22% increase from 1993. We finished fiscal 1994 with a backlog of homes sold for future delivery of \$247 million (1,703 homes), compared to \$264 million (2,105 homes), at the end of 1993.

FLORIDA

Florida is one of the fastest growing states in the country. Its population now approximates 13 million people and just about one out of every ten homes built in the United States is located in Florida. Lennar is Florida's largest homebuilder and we are actively building 44 communities in the state. Lennar communities can be found in the Miami area, location of our corporate headquarters, as well as in the Ft. Lauderdale area, Palm Beach County, Port St. Lucie, Melbourne, Orlando, Tampa-St. Petersburg, Ft. Myers-Naples and Sarasota. In Florida, we build for the broad spectrum of the market, including several large communities designed especially for retirees. The average price of a Lennar home delivered in Florida was \$127,400 in 1994. Although we are the largest homebuilder in the state, we only capture approximately 3% of the new home sales in Florida. We believe that this provides significant potential for growth and expansion in our home state.

ARIZONA

Lennar entered the Arizona market in 1972, and has become one of Arizona's major homebuilders. We concentrate our building in the metropolitan Phoenix area which encompasses all of greater Maricopa County. As in Florida, we provide homes to first-time buyers, those making a move up and to retirees. The average price of a Lennar home delivered in Arizona was \$116,000 in 1994. Arizona's climate and favorable tax structure make it a great destination for retirees. With a current population of four million people, Arizona is projected to be among the nation's fastest growing states. We expect to continue to benefit from our strong position in this excellent housing market.

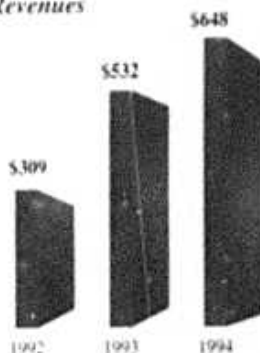
TEXAS

We chose Texas as Lennar's newest homebuilding market because, as a large and dynamic state, we believe it provides great long-term potential growth. We entered the Texas market by establishing a division in Dallas in 1991 and then in 1992 created a Houston division. We have made it through the learning curve in Dallas and are beginning to see the fruits of our investment. We expect the same in Houston and see other opportunities ahead in this state. The average price of a Lennar home delivered in Texas was \$129,000 in 1994.

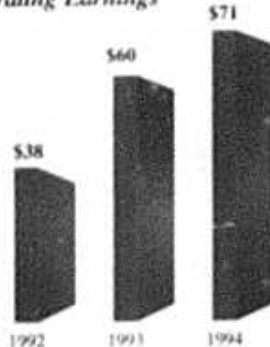
MANAGEMENT

Although our markets are diverse, each with very different construction and marketing challenges, our homebuilding divisions are linked closely by uniform systems and procedures, facilitating review and performance measurement on a comparative basis. Outstanding division management is supported by strong corporate review and control. While divisions function autonomously in pursuing the goals of their individual business plans, fundamental decisions, such as land acquisition and market expansion, are made at the corporate level. We pride ourselves on what we believe to be a strong foundation of talented, dedicated and motivated managers.

Homebuilding Revenues
(in millions)



Homebuilding Operating Earnings
(in millions)



INVESTMENT

Lennar's Investment Division activity is rooted in the Company's history of involvement in commercial real estate. From its early years, Lennar has built, owned and managed shopping centers, office buildings, industrial parks, warehouses and rental apartment complexes. The Company has also opportunistically acquired distressed commercial and residential rental properties and enhanced their values.

In 1992, the Company took a significant step in its transformation from a local commercial property developer to national prominence in the business. We joined forces with one of the nation's leading investment banking firms, Morgan Stanley, and acquired from the RTC the \$1 billion real estate asset portfolio of AmeriFirst Savings, which was the largest S&L in Florida. In less than three years since that transaction, Lennar's Investment Division has accomplished the following:

- Entered into four additional partnerships with Morgan Stanley to acquire portfolios of assets. Lennar now manages these assets, which have an original face value of \$1.3 billion.
- Entered into a partnership with Lehman Brothers and Westinghouse Electric, under which Lennar is partner/manager of a portfolio of real estate assets with an original face value of approximately \$2 billion.
- Acquired, at a discount, or retained in our partnerships, portions of commercial real estate debt securities. We are the special servicer for these securities which had an aggregate face value of \$2.6 billion.
- Acquired, at a discount, individual real estate assets or portfolios of assets, with an original face value of \$143 million.
- Established a national management presence through offices in Miami, Atlanta and Los Angeles, in which there are more than 100 executive, professional and support associates.
- Established a business and a portfolio of assets that will contribute substantial income for years to come.

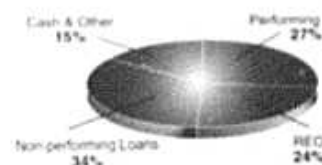
WHAT WE DO

Lennar's Investment Division is involved in three activities:

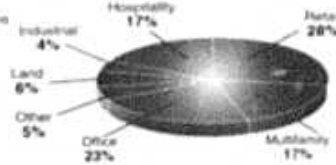
- We build or acquire commercial and residential income-producing properties which provide strong ongoing cash flow and earnings. At times, when properties reach optimum value, we sell them. At November 30, 1994, our own portfolio of commercial real estate assets consisted of more than 2,800 rental apartments and 2.3 million square feet of offices, shopping centers, warehouses and other income-producing properties. The net book value of these assets was approximately \$187 million at year end.
- In partnership with Wall Street investment banking firms such as Morgan Stanley and Lehman Brothers, we acquire portfolios of commercial and residential real estate assets at discounts from original face values. Lennar then becomes the portfolio manager of these assets. A portfolio may consist of a combination of performing loans, non-performing loans and real estate. For performing loans, we collect principal and interest payments until a loan is paid off or, in the alternative, issue non-recourse debt collateralized by a group of performing loans and thereby accelerate cash realization. For non-performing loans, as a lender, we renegotiate terms with the borrowers or pursue other remedies depending on the circumstances. These loans either become performing, are paid off, or we become the owner of the underlying real estate. This real estate is then managed and value enhanced prior to its sale.
- We purchase, at a discount, portions of commercial real estate debt securities issued by others. Our partnerships retain similar portions of real estate debt securities when they are the issuer of those securities. We are also the special servicer on behalf of all the certificate holders of these securities. The principal business of the special servicer is the management of the real estate loans requiring attention. We earn interest on these investments and fees as the special servicer.

INVESTMENT DIVISION PARTNERSHIPS

Composition of Assets



Real Estate Loans and Assets by Property Type

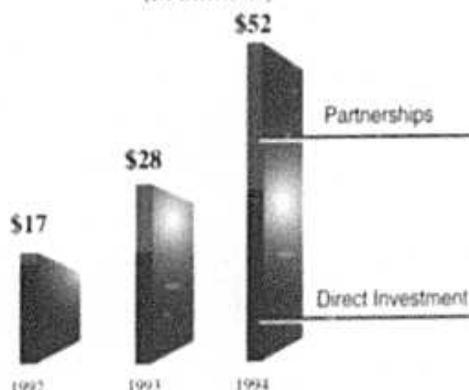


Changes in Total Assets

(in thousands)	November 30,	
	1993	1994
Beginning Balance	\$ 407,568	1,115,677
Purchases	1,093,917	791,641
Disposals & Other Reductions	(385,808)	(463,175)
Ending Balance	\$1,115,677	1,444,143

INVESTMENT DIVISION OPERATING EARNINGS

(in millions)



INVESTMENT

Lennar's Investment Division activity is rooted in the Company's history of involvement in commercial real estate. From its early years, Lennar has built, owned and managed shopping centers, office buildings, industrial parks, warehouses and rental apartment complexes. The Company has also opportunistically acquired distressed commercial and residential rental properties and enhanced their values.

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- Entered into four additional partnerships with Morgan Stanley to acquire portfolios of assets. Lennar now manages these assets, which have an original face value of \$1.3 billion.
- Entered into a partnership with Lehman Brothers and Westinghouse Electric, under which Lennar is partner/manager of a portfolio of real estate assets with an original face value of approximately \$2 billion.
- Acquired, at a discount, or retained in our partnerships, portions of commercial real estate debt securities. We are the special servicer for these securities which had an aggregate face value of \$2.6 billion.
- Acquired, at a discount, individual real estate assets or portfolios of assets, with an original face value of \$143 million.
- Established a national management presence through offices in Miami, Atlanta and Los Angeles, in which there are more than 100 executive, professional and support associates.
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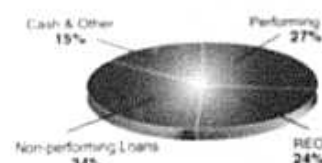
WHAT WE DO

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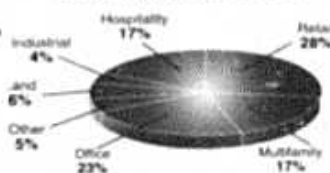
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- We purchase, at a discount, portions of commercial real estate debt securities issued by others. Our partnerships retain similar portions of real estate debt securities when they are the issuer of those securities. We are also the special servicer on behalf of all the certificate holders of these securities. The principal business of the special servicer is the management of the real estate loans requiring attention. We earn interest on these investments and fees as the special servicer.

INVESTMENT DIVISION PARTNERSHIPS

Composition of Assets



Real Estate Loans and Assets by Property Type

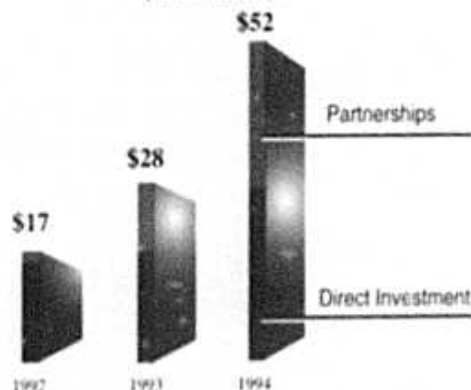


Changes in Total Assets

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Disposals & Other Reductions	(385,808)	(463,175)
Ending Balance	\$1,115,677	1,444,143

INVESTMENT DIVISION OPERATING EARNINGS

(in millions)



FINANCIAL SERVICES

Lennar Financial Services, Inc. ("LFS") is a diversified financial services company that has been a consistent source of core income and cash flow for Lennar since its inception in 1982.

LFS works closely with Lennar's homebuilding and investment divisions but is structured to operate as an independent entity, deriving the majority of its business from non-Lennar sources. The primary activities include mortgage servicing, mortgage loan origination, title insurance and investing in and/or brokering mortgages and mortgage-backed securities.

LFS operates with the same philosophies and discipline as Lennar's other divisions. Our management team is keenly aware of the cycles that affect our particular industries, and is constantly seeking out opportunities during both the peaks and the downturns.

MORTGAGE SERVICING

The Company retains the right to be the servicer of most of the loans that it originates and has, at times, acquired servicing from others. This servicing creates a recurring revenue and earnings stream which is collected as mortgagors make payments on their loans. The Company has built a high-quality servicing portfolio, totalling \$3.4 billion at year end, representing approximately 45,000 loans located in almost every state.

LFS' portfolio has many desirable characteristics including a low average interest rate, high average servicing fees and a good mix of agency investors. As interest rates rose in 1994, prepayments of loans have slowed and the value of our portfolio has increased.

During 1994, we embarked upon a program to increase servicing productivity through the use of advanced technology, outsourcing and process engineering. As a result of these efforts, the Company is one of the most efficient servicers in the industry.

LOAN ORIGINATION

LFS originates residential mortgage loans across much of the country through a network of branches and brokers. 1994 marked a shift from record mortgage production spurred by heavy refinance activity, to a much more competitive and difficult time for originators. Near record origination levels in the first half of

the year were followed by reduced production in the latter part of the year.

The Company moved quickly throughout 1994 to streamline operations and introduce a variety of new products to remain competitive. Total originations for 1994 were \$941 million compared to \$1.3 billion in 1993.

LFS plays an important role in assisting Lennar's homebuyers to obtain the best financing alternatives. We believe that enormous opportunities remain for well-run mortgage companies and we maintain a strong, long-term commitment to the origination business.

MORTGAGE ASSET ACQUISITION AND DISPOSITION

Over the past seven years, LFS has been an active purchaser of a variety of performing and non-performing mortgage assets. We have acquired these assets at a discount commensurate with the quality of the underlying collateral and have implemented disposition strategies that have created considerable value for the Company. We are also an active broker of similar packages for other buyers.

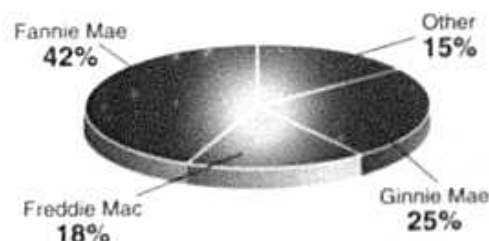
In 1994, the Company expanded its investment activities by acquiring rated portions of commercial mortgage-backed securities where Lennar's Investment Division is the special servicer. These investments should add to interest income and offer opportunities for principal gains as well.

TITLE INSURANCE

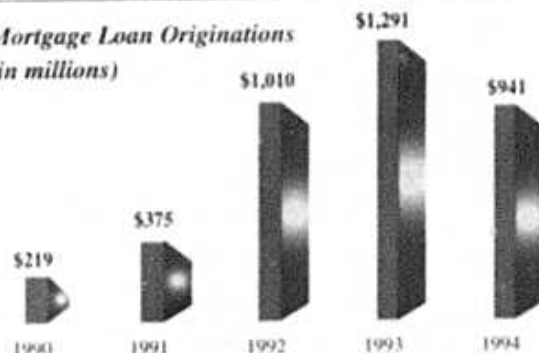
Our title insurance companies provide service to customers of Lennar, LFS and other financial institutions which generates a consistent core earnings stream. Since 1984, the Company has provided title insurance and closing services through Universal Title Insurers, Inc. ("UTI"), one of the largest title insurance agencies in the State of Florida. UTI closed approximately 4,800 real estate transactions during 1994. In 1994, TitleAmerica Insurance Corporation, a Florida title insurance underwriter, was formed to expand the depth of title insurance services provided to our customers.

LFS' diversified operations will continue to add stability and strength to Lennar through future economic cycles.

Servicing Portfolio Investor Mix



Mortgage Loan Originations (in millions)



Lennar

**Special
Warranty Deed**

**LENNAR
HOMES, INC.**

This  **Mortgage Deed**

OWNER'S POLICY OF TITLE INSURANCE
ISSUED BY

TITLE AMERICA
CORPORATION

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCLUSIONS AND THE CONDITIONS AND STIPULATIONS, TITLE AMERICA INSURANCE COMPANY, PROVIDES SERVICES OF POLICYGROW IN SCHEDULE A, SCHEDULE B, SCHEDULE C AND SCHEDULE D AS DESCRIBED IN SCHEDULE A, SCHEDULE B, SCHEDULE C AND SCHEDULE D. THIS POLICY IS SUBJECT TO THE TERMS AND CONDITIONS OF THE POLICY AND THE SCHEDULES HERETO.



To the Board of Directors and Stockholders of Lennar Corporation:

We have audited the accompanying consolidated balance sheet of Lennar Corporation and subsidiaries (the "Company") as of November 30, 1994 and the related consolidated statements of earnings, cash flows and stockholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of the Company as of November 30, 1993 and for the years ended November 30, 1993 and 1992 were audited by other auditors, whose report dated January 18, 1994, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform our audit 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 audit provides 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 Lennar Corporation and subsidiaries at November 30, 1994, and the results of their operations and their cash flows for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 5 to the consolidated financial statements, effective December 1, 1993, the Company changed its method of accounting for income taxes to conform to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", and its method of evaluating purchased mortgage servicing rights for impairment.

Deloitte & Touche LLP

January 18, 1995

Five Year Summary of Selected Financial Data

Lennar Corporation and Subsidiaries

Years Ended November 30,

<i>(Dollars in thousands, except per share amounts)</i>	1994	1993	1992	1991	1990
Results of Operations:					
Revenues:					
Homebuilding	\$ 647,750	532,150	308,983	224,186	265,724
Investment	\$ 106,343	58,955	40,164	35,188	31,730
Financial services	\$ 54,348	59,204	56,723	37,688	21,455
Limited-purpose finance subsidiaries	\$ 9,485	14,355	21,164	26,070	29,325
Total revenues	\$ 817,926	664,664	427,034	323,132	348,234
Operating earnings - business segments:					
Homebuilding	\$ 70,645	60,207	38,063	23,041	21,645
Investment	\$ 51,904	28,497	16,992	10,419	10,373
Financial services	\$ 14,844	15,104	16,411	15,830	7,452
Corporate general and administrative expenses	\$ 10,309	8,670	8,833	7,921	7,094
Interest expense	\$ 15,382	13,088	9,519	8,695	11,372
Earnings before income taxes and cumulative effect of changes in accounting principles	\$ 111,746	82,054	45,363	33,043	21,013
Net earnings	\$ 69,126	52,511	29,146	21,148	13,658
Per share amounts:					
Earnings before cumulative effect of changes in accounting principles	\$ 1.89	1.51	.95	.70	.45
Net earnings	\$ 1.92	1.51	.95	.70	.45
Cash dividends - common stock	\$.095	.08	.08	.08	.08
Cash dividends - Class B common stock	\$.084	.067	.067	.067	.067
Financial Position:					
Total assets	\$1,293,223	1,195,490	980,261	862,273	835,212
Total debt	\$ 566,312	531,480	496,205	426,150	414,828
Stockholders' equity	\$ 534,088	467,473	319,330	291,237	269,705
Shares outstanding (000's)	35,768	35,716	30,440	30,312	29,895
Stockholders' equity per share	\$ 14.93	13.09	10.49	9.61	9.02
Delivery and Backlog Information:					
Number of homes delivered	4,965	4,634	3,039	2,480	3,011
Backlog of home sales contracts	1,703	2,105	1,788	1,039	815
Dollar value of backlog	\$ 247,006	264,342	190,722	106,488	80,426

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Overview

Lennar's earnings increased in 1994 to \$69.1 million (\$1.92 per share) from 1993 earnings of \$52.5 million (\$1.51 per share) on total revenues in 1994 of \$817.9 million, compared to \$664.7 million of revenues in 1993. Fiscal 1993 earnings had increased from 1992 earnings of \$29.1 million (\$0.95 per share), and revenues in 1993 had increased from 1992 revenues of \$427.0 million.

Homebuilding

The Homebuilding Division constructs and sells single-family attached and detached and multi-family homes. These activities also include the purchase, development and sale of residential land. The following tables set forth selected financial and operational information for the periods indicated:

Selected Homebuilding Division Financial Data

(Dollars in thousands, except average sales prices)

	Years Ended November 30,		
	1994	1993	1992
Sales of homes	\$626,341	513,503	300,789
Other sales and revenues	21,409	18,647	8,194
Total revenues	\$647,750	532,150	308,983
Gross profit - home sales	\$128,209	113,344	70,540
Gross profit percentage	20.5%	22.1%	23.5%
Selling, general & administrative expenses	\$ 63,204	55,482	36,249
S,G&A as a percentage of homebuilding revenues	9.8%	10.4%	11.7%
Operating earnings	\$ 70,645	60,207	38,063
Average sales price	\$126,200	111,100	101,700

Summary of Home and Backlog Data

Deliveries	1994	1993	1992
Florida	3,717	3,723	2,363
Arizona	652	607	536
Texas	616	304	140
	4,965	4,634	3,039

New Orders

Florida	3,361	3,921	3,003
Arizona	530	721	565
Texas	672	309	220
	4,563	4,951	3,788

Backlog - Homes

Florida	1,322	1,678	1,480
Arizona	238	340	226
Texas	143	87	82
	1,703	2,105	1,788

Backlog - Dollar Value

(In thousands)	\$247,006	264,342	190,722
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Revenues from homebuilding operations were \$647.8 million in 1994, \$532.2 million in 1993 and \$309.0 million in 1992. The increased revenues in both years were the result of additional revenues from home sales. Revenues from the sale of homes increased 22% in 1994 and 71% in 1993, due to the number of homes delivered (4,965, 4,634 and 3,039 in 1994, 1993 and 1992, respectively) and an increase in average sales prices. The average price of a home delivered in 1994 increased 14% to \$126,200 from \$111,100 in 1993, having increased 9% during 1993 from \$101,700 in 1992. The higher average sales prices were due to price increases for existing products, as well as a proportionately greater number of sales of higher-priced homes. Other Homebuilding Division sales and revenues consisted primarily of residential land sales in 1994 and 1992. In 1994, 1993 and 1992, sales of residential land totaled \$18.8 million, \$1.8 million and \$3.1 million, respectively. In 1993, other sales and revenues included \$13.7 million from the repairing or rebuilding of homes in south Dade County communities that were damaged by Hurricane Andrew. These activities did not have a significant impact on the Company's net earnings during 1993 and were substantially completed by November 30, 1993.

In fiscal 1994, new sales orders decreased by 8% when compared to 1993, which had increased by 31% over 1992. The 1994 decrease resulted in a decrease of 19% in the Company's backlog of home sales contracts to 1,703 at November 30, 1994, as compared to a backlog of 2,105 contracts a year earlier. The dollar value of contracts in backlog decreased 7% to \$247.0 million at November 30, 1994 from \$264.3 million a year earlier.

The gross profit percentages from the sales of homes were 20.5% in 1994, 22.1% in 1993 and 23.5% in 1992. The decreases in the gross profit percentages were mainly attributable to increased competition in many of the Company's markets combined with increases in construction costs due to additional building code requirements in several counties throughout Florida and increases in lumber prices throughout 1993. Gross profit percentages are not significantly different for the various types of homes which the Company builds.

Selling, general and administrative expenses increased by \$7.7 million in 1994 and \$19.2 million in 1993 primarily due to increases in volume related expenses such as sales commissions and outside brokers' commissions. Selling, general and administrative expenses as a percentage of total homebuilding revenues decreased to 9.8% in 1994 from 10.4% in 1993, which was a decrease from the 11.7% reported in 1992. The decreases in these percentages were primarily the result of the higher volume of homes delivered in both years as selling, general and administrative expenses were absorbed by a greater number of home deliveries.

Investment

The Investment Division is involved in the development, management and leasing, as well as the acquisition and sale, of commercial and residential properties and land. During the past three years, this division became a participant and manager in six partnerships which acquired portfolios of commercial mortgage loans and real estate. The Company shares in the profits or losses of the partnerships and also receives fees for the management and disposition of the partnerships' assets. The Company's interests in these partnerships range from 9.9% to 50%. These partnerships are capitalized primarily by long-term debt of which none is guaranteed by the Company. During 1994, this division also began acquiring, at a discount, the unrated portions of debt securities

which are collateralized by real estate loans. The division has only invested in securities in which it is the special servicer on behalf of all the certificate holders of the security. The Company earns interest on its investment as well as fees for the special servicing activities. The following table provides selected financial information for the Investment Division:

<i>(In thousands)</i>	Years Ended November 30,		
	1994	1993	1992
Revenues			
Rental income	\$ 43,487	37,708	30,488
Equity in earnings of partnerships	20,710	7,046	385
Management fees	12,390	6,714	2,410
Sales of real estate	21,518	45	4,866
Other	8,238	7,442	2,015
Total revenues	106,343	58,955	40,164
Cost of sales and expenses			
	54,439	30,458	23,172
Operating earnings	\$ 51,904	28,497	16,992

Investment Division revenues increased in 1994 to \$106.3 million from \$59.0 million in 1993. The higher revenues were partially the result of increased earnings and management fees from the Company's Investment Division partnerships. Rental income on operating properties owned directly by the Company increased during 1994 due to the addition of operating properties throughout the year. Also contributing to the increased revenues in 1994, was an increase in sales of real estate. These sales totaled \$21.5 million in 1994, compared to almost no sales in 1993. Investment Division revenues increased from \$40.2 million in 1992 to \$59.0 million in 1993 primarily as a result of increases in earnings and management fees from partnerships, rental income and interest income. These increases were partially offset by lower sales of real estate.

Operating earnings for the Investment Division increased to \$51.9 million in 1994 from \$28.5 million in 1993 and \$17.0 million in 1992. These increases were due primarily to increases in earnings and management fees from the Company's partnerships, increases in rental income and an increase in gains on sales of real estate. The increase in operating earnings between 1992 and 1993 was partially offset by lower sales of real estate in 1993, when compared to the prior year.

Financial Services

Financial services activities are conducted primarily through Lennar Financial Services, Inc. ("LFS") and five principal subsidiaries. LFS subsidiaries perform mortgage servicing activities, and arrange mortgage financing, title insurance and closing services for a wide variety of borrowers and homebuyers. This division also invests in rated portions of commercial real estate mortgage-backed securities for which Lennar's Investment Division is the special servicer, and an investor in the unrated portion of those securities. The following table sets forth selected financial and operational information relating to the Financial Services Division:

<i>(Dollars in thousands)</i>	Years Ended November 30,		
	1994	1993	1992
Revenues	\$ 54,348	59,204	56,723
Costs and expenses	39,504	44,100	40,312
Intercompany interest expense	3,144	2,244	2,394
Operating earnings	\$ 11,700	12,860	14,017
Dollar volume of mortgages originated	\$ 941,351	1,290,836	1,010,402
Number of mortgages originated	9,000	12,100	8,800
Principal balance of servicing portfolio	\$3,392,071	3,410,829	3,777,094
Number of loans serviced	45,200	47,000	52,100

Financial services' operating earnings decreased to \$11.7 million in 1994, from \$12.9 million and \$14.0 million in 1993 and 1992, respectively. The decrease in 1994 earnings was partially attributable to lower gains from bulk sales of mortgage servicing rights. In 1994, these gains totaled \$2.5 million, compared to \$3.3 million during 1993. Also contributing to the lower operating earnings in 1994, was a decline in mortgage loan originations due to the general decline in mortgage loan originations across the country resulting from higher interest rates. The Company has reduced overhead in production and support areas in response to the

lower origination volume. Partially offsetting the decreases in earnings in 1994, was a reduction of amortization expense for purchased mortgage servicing rights. This amortization decreased as a result of the change in accounting for purchased mortgage servicing rights during 1994. This change in accounting reduced both the carrying value of the purchased mortgage servicing rights and the related amortization.

The decrease in 1993 earnings when compared to 1992 was primarily the result of fewer sales of packages of home mortgage loans. Gains recorded on these dispositions contributed \$1.1 million and \$3.1 million to operating earnings in 1993 and 1992, respectively. Also contributing to the decrease in 1993 earnings were lower operating earnings from servicing and origination activities. Operating earnings from these activities decreased due to higher costs associated with the expansion of loan origination activities and increased mortgage payoffs. The aforementioned decreases in earnings were partially offset by increases in interest income and gains on bulk sales of mortgage loan servicing rights which were \$3.3 million in 1993. There were no bulk sales of mortgage loan servicing rights in 1992.

Interest Expense

During 1994, 1993 and 1992, interest costs of \$25.0 million, \$19.7 million and \$16.8 million, respectively, were incurred (excluding the limited-purpose finance subsidiaries) and \$22.1 million, \$17.1 million and \$15.0 million, respectively, were capitalized by the Company's homebuilding and investment operations. Previously capitalized interest charged to expense was \$15.4 million in 1994, \$13.1 million in 1993 and \$9.5 million in 1992.

Interest amounts incurred in 1994 were higher than those incurred in 1993 and 1992 due to higher debt levels and interest rates. The higher debt at November 30, 1994 is a reflection of the expansion of both the Homebuilding and Investment Divisions. The higher amount of interest charged to expense in 1994, when compared to 1993 and 1992, is primarily the result of the higher volume of homes delivered and land sales during 1994. The amount of interest capitalized by the Company's real estate operations in any one year is a function of the assets under development, outstanding debt levels and interest rates.

Income Taxes

The provision for income taxes was 39.0% of pre-tax income in 1994, 36.0% in 1993 and 35.7% in 1992. The 1994 provision for income taxes was higher due primarily to the adoption of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", which required the Company to adjust the assets and liabilities acquired in prior business combinations from their net-of-tax to pre-tax amounts. The 1993 provision was higher than that of 1992 due to the increase in the federal tax rate from 34% to 35% during 1993. This increase was partially offset by additional differences between book and tax basis deductions during 1993, when compared to 1992.

Impact of Economic Conditions

In recent years, both nationally and in Florida, real estate development has been affected by more restrictive project lending credit criteria of commercial banks and other lending institutions. The Company does not generally utilize project lending to finance its construction activities. Instead, the Company finances its land acquisition and development activities, construction activities, mortgage banking activities and general operating needs primarily from its own base of \$534.1 million of equity at November 30, 1994, as well as from unsecured commercial bank borrowings. The Company has maintained excellent relationships with the commercial banks participating in its financing arrangements and has no reason to believe that such relationships will not continue in the future. The availability of financing based on corporate banking relationships may provide a competitive advantage to the Company. The Company anticipates that there will be adequate mortgage financing available for the purchasers of its homes during 1995 through the Company's own financial services subsidiaries as well as from external sources.

Total revenues and earnings in 1995 will be affected by both the new sales order rate during the year and the backlog of home sales contracts at the beginning of the year. As interest rates have increased during 1994, the Company has seen a slight decline in the demand for its homes and the Company is entering fiscal 1994 with a backlog of \$247.0 million, which is 7% lower than at the beginning of the prior fiscal year. Revenues and earnings should be positively affected in 1995 by the activities of the Company's Investment Division as the Company has increased its investment in

both partnerships and commercial properties owned directly.

Inflation can have a long-term impact on the Company because increasing costs of land, materials and labor result in a need to increase the sales prices of homes. In addition, inflation is often accompanied by higher interest rates, which can have a negative impact on housing demand and the costs of financing land development activities and housing construction. In general, in recent years the increases in these costs have followed the general rate of inflation and hence have not had a significant adverse impact on the Company.

Government Regulations

Governmental bodies in the areas where the Company conducts its business have adopted numerous laws and regulations that affect the development of real estate. These laws and regulations are subject to frequent change. The State of Florida has adopted a law which requires that commitments to provide roads and other offsite infrastructure be in place prior to the commencement of new construction. This law is being administered by individual counties and municipalities throughout the State and may result in additional fees and assessments, or building moratoriums. It is difficult to predict the impact of this law on future operations, or what changes may take place in the law in the future. The Company may have a competitive advantage in that it believes that most of its Florida land presently meets the criteria under the law, and it has the financial resources to provide for development of the balance of its land in compliance with the law.

As a result of Hurricane Andrew, there have been changes to the various building codes within Florida. These changes have resulted in higher construction costs. The Company believes these additional costs have generally been recoverable through increased selling prices without any significant adverse effect on sales volume.

Financial Condition and Capital Resources

Lennar meets its short-term financing needs with cash generated from operations and funds available under its unsecured revolving credit agreement. On July 29, 1994, the Company extended and increased the amount of its revolving credit agreement. The agreement, which is with eleven banks, provides a financing commitment of \$250 million for three years. On January 31, 1995, this agreement was amended to provide a five year commitment of

\$275 million. At November 30, 1994, there was \$175.7 million outstanding under the Company's revolving credit agreement, compared to \$129.7 million outstanding at the same date last year.

During 1994, \$101.8 million of cash was provided by the Company's operations, compared to \$68.5 million used by operations in 1993. In addition to higher earnings, cash flow from operations during 1994 increased primarily as a result of cash generated from a \$119.1 million reduction in loans held for sale or disposition by the Company's financial services operations. This compares to \$49.7 million used in the 1993 period to increase the balance of such loans. The Company used \$34.3 million during 1994 to increase inventories through land purchases, land development and construction. This compares to \$87.4 million used in the 1993 period to increase inventories. Partially offsetting the increases in cash flow during the 1994 period, was cash of \$13.9 million used to decrease accounts payable and accrued liabilities. This compares to \$27.2 million of cash provided from an increase in accounts payable and accrued liabilities in the 1993 period. Cash used in investing activities increased to \$124.2 million during 1994, compared to \$57.1 million in 1993. The increase in the use of cash for investing activities was primarily the result of the purchase of additional operating properties, an increase in investments in and advances to partnerships, and the purchase of commercial mortgage-backed securities.

Homebuilding and Investment Operations

The Company finances its land acquisitions with its revolving lines of credit or purchase money mortgages or buys land under option agreements, which permit the Company to acquire portions of properties when it is ready to build homes on them. The financial risk of adverse market conditions associated with longer term land holdings is managed by strategic purchasing in areas that the Company has identified as desirable growth markets along with careful management of the land development process. The Company believes that its land inventories give it a competitive advantage, especially in Florida, where developers face government constraints and regulations which will limit the number of available homesites in future years. Based on its current financing capabilities, the Company does not believe that its land holdings have an adverse effect on its liquidity.

The Company has supplemented its short-term borrowings with secured term loans. Total secured

borrowings, which include term loan debt, as well as mortgage notes payable on certain operating properties and land, were \$136.2 million at fiscal year-end 1994 and \$94.7 million at November 30, 1993. A significant portion of inventories, land held for investment, model homes and operating properties remained unencumbered at the end of the current fiscal year. Total homebuilding and investment borrowings increased to \$381.9 million at November 30, 1994 from \$242.2 million at November 30, 1993. This increase was attributable to increases in construction in progress, land inventories, partnership investments and operating properties.

Financial Services

Lennar Financial Services subsidiaries finance their mortgage loans held for sale on a short-term basis by either pledging them as collateral for borrowings under two lines of credit totaling \$80 million or borrowing funds from Lennar Corporation in instances where, on a consolidated basis, this minimizes the overall cost of funds. The commitments under the lines of credit were decreased by the Company from \$200 million at November 30, 1993, due to reduced borrowing needs. Total borrowings under the two lines of credit were \$54.6 million and \$167.6 million at November 30, 1994 and 1993, respectively.

LFS subsidiaries sell the mortgage loans they originate within thirty to sixty days of origination. At November 30, 1994, the balance of loans held for sale or disposition was \$124.3 million, compared with \$243.1 million one year earlier.

Limited-Purpose Finance Subsidiaries

Limited-purpose finance subsidiaries of LFS have placed mortgage loans and other receivables as collateral for various long-term financings. These subsidiaries pay the debt service on the long-term borrowings primarily from the cash flows generated by the related pledged collateral; and therefore, the related interest income and interest expense, for the most part, offset one another in each of the three years ended November 30, 1994. The Company believes that the cash flows generated by these subsidiaries will be adequate to meet the required debt payment schedules.

Based on the Company's current financial condition and credit relationships, Lennar believes that its operations and borrowing resources will provide for its current and long-term capital requirements at the Company's anticipated levels of growth.

Consolidated Balance Sheets

Lennar Corporation and Subsidiaries
November 30, 1994 and 1993

(In thousands, except per share amounts)

	1994	1993
ASSETS		
Homebuilding, investment and financial services:		
Homebuilding and investment assets:		
Cash and cash equivalents	\$ 16,801	10,606
Receivables, net	48,165	53,136
Inventories:		
Construction in progress and model homes	175,547	175,085
Land held for development	300,488	269,449
Total inventories	476,035	444,534
Land held for investment	80,747	61,697
Operating properties and equipment, net	193,621	156,174
Investments in and advances to partnerships	106,637	39,410
Other assets	29,598	17,699
Financial services assets	252,195	284,391
Total assets - homebuilding, investment and financial services	1,203,799	1,067,647
Limited-purpose finance subsidiaries - Collateral for bonds and notes payable	89,424	127,843
	\$1,293,223	1,195,490
LIABILITIES AND STOCKHOLDERS' EQUITY		
Homebuilding, investment and financial services:		
Homebuilding and investment liabilities:		
Accounts payable and accrued liabilities	\$ 102,582	79,680
Customer deposits	15,271	16,796
Income taxes:		
Currently payable	10,205	8,247
Deferred	50,796	59,638
Mortgage notes and other debts payable	381,901	242,193
Financial services liabilities	115,383	199,737
Total liabilities - homebuilding, investment and financial services	676,138	606,291
Limited-purpose finance subsidiaries - Bonds and notes payable	82,997	121,726
Stockholders' equity:		
Common stock of \$.10 par value per share		
Authorized 100,000 shares; issued and outstanding:		
1994 - 25,781; 1993 - 25,729	2,578	1,715
Class B common stock of \$.10 par value per share		
Authorized 30,000 shares; issued and outstanding:		
1994 - 9,987; 1993 - 9,987	999	666
Additional paid-in capital	169,605	170,023
Retained earnings	360,906	295,069
Total stockholders' equity	534,088	467,473
	\$1,293,223	1,195,490

See accompanying notes to consolidated financial statements.

Consolidated Statements of Earnings

Leonar Corporation and Subsidiaries

Years Ended November 30, 1994, 1993 and 1992

(In thousands, except per share amounts)

	1994	1993	1992
Revenues:			
Homebuilding	\$647,750	532,150	308,983
Investment	106,343	58,955	40,164
Financial services	54,348	59,204	56,723
Limited-purpose finance subsidiaries	9,485	14,355	21,164
Total revenues	817,926	664,664	427,034
Costs and expenses:			
Homebuilding	577,105	471,943	270,920
Investment	54,439	30,458	23,172
Financial services	39,504	44,100	40,312
Limited-purpose finance subsidiaries	9,441	14,351	21,315
Corporate general and administrative	10,309	8,670	8,833
Interest	15,382	13,088	9,519
Unusual item	-	-	7,600
Total costs and expenses	706,180	582,610	381,671
Earnings before income taxes and cumulative effect of changes in accounting principles	111,746	82,054	45,363
Income taxes	43,581	29,543	16,217
Earnings before cumulative effect of changes in accounting principles	68,165	52,511	29,146
Cumulative effect of changes in accounting principles for:			
Income taxes	4,745	-	-
Purchased mortgage servicing rights	(3,784)	-	-
Net earnings	\$ 69,126	52,511	29,146
Net earnings per share:			
Before cumulative effect of changes in accounting principles	\$ 1.89	1.51	.95
Cumulative effect of changes in accounting principles	0.03	-	-
Net earnings per share	\$ 1.92	1.51	.95

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Lennar Corporation and Subsidiaries

Years Ended November 30, 1994, 1993 and 1992

<i>(In thousands)</i>	1994	1993	1992
Cash flows from operating activities:			
Net earnings	\$ 69,126	52,511	29,146
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:			
Depreciation and amortization	8,396	9,976	10,600
Gain on sales of other real estate	(11,930)	(548)	(3,995)
Equity in earnings of partnerships	(20,710)	(7,046)	(385)
Decrease in deferred income taxes	(9,324)	(2,296)	(5,231)
Cumulative effect of changes in accounting principles	(961)	-	-
Changes assets and liabilities, net of effects from accounting changes:			
Increase in receivables	(7,861)	(16,325)	(6,156)
Increase in inventories	(34,261)	(87,439)	(54,460)
Decrease (increase) in financial services' loans held for sale or disposition	119,071	(49,653)	(65,338)
Increase (decrease) in accounts payable and accrued liabilities	(13,890)	27,227	15,304
Other, net	4,153	5,126	8,256
Net cash provided by (used in) operating activities	101,809	(68,467)	(72,259)
Cash flows from investing activities:			
Operating properties and equipment:			
Additions	(55,125)	(21,366)	(11,696)
Sales	20,007	-	4,613
Increase in investments in and advances to partnerships	(43,639)	(20,180)	(21,823)
Purchase of commercial mortgage-backed securities	(42,890)	-	-
Purchase of interest in joint ventures, net of cash acquired	-	(4,782)	-
Acquisitions of mortgage loan servicing rights	-	-	(8,693)
Other, net	(2,543)	(10,752)	(11,186)
Net cash used in investing activities	(124,190)	(57,080)	(48,785)
Cash flows from financing activities:			
Net borrowings under revolving credit agreement	46,000	84,800	44,900
Net borrowings (repayments) under financial services' short-term debt	(113,447)	23,159	74,264
Mortgage notes and other debts payable:			
Proceeds from borrowings	116,940	17,241	21,351
Principal payments	(23,232)	(92,209)	(18,479)
Limited-purpose finance subsidiaries:			
Principal reduction of mortgage loans and other receivables	39,777	55,464	53,595
Principal reduction of bonds and notes payable	(37,429)	(51,667)	(51,981)
Common stock:			
Issuance	778	98,251	1,245
Dividends	(3,289)	(2,619)	(2,299)
Net cash provided by financing activities	26,098	132,420	122,596
Net increase in cash and cash equivalents	3,717	6,873	1,552
Cash and cash equivalents at beginning of year	14,225	7,352	5,800
Cash and cash equivalents at end of year	\$ 17,942	14,225	7,352
Summary of cash and cash equivalent balances:			
Homebuilding and investment	\$ 16,801	10,606	4,913
Financial services	1,141	3,619	2,439
	\$ 17,942	14,225	7,352
Supplemental disclosures of cash flow information:			
Cash paid for interest, net of amounts capitalized	\$ 12,303	17,692	21,322
Cash paid for income taxes	\$ 46,443	28,666	18,142

See accompanying notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

Lennar Corporation and Subsidiaries
Years Ended November 30, 1994, 1993 and 1992

<i>(In thousands)</i>	1994	1993	1992
Common stock:			
Balance at December 1	\$ 1,715	1,364	1,354
Shares issued under public offering	-	345	-
Three-for-two stock split effected in the form of a 50% stock dividend	859	-	-
Shares issued under employee stock plans	4	6	10
Balance at November 30	2,578	1,715	1,364
Class B common stock:			
Balance at December 1	666	666	666
Three-for-two stock split effected in the form of a 50% stock dividend	333	-	-
Balance at November 30	999	666	666
Additional paid-in capital:			
Balance at December 1	170,023	72,123	70,887
Shares issued under public offering	-	96,747	-
Three-for-two stock split effected in the form of a 50% stock dividend	(1,192)	-	-
Shares issued under employee stock plans	774	1,153	1,236
Balance at November 30	169,605	170,023	72,123
Retained earnings:			
Balance at December 1	295,069	245,177	218,330
Net earnings	69,126	52,511	29,146
Cash dividends - common stock	(2,448)	(1,953)	(1,633)
Cash dividends - Class B common stock	(841)	(666)	(666)
Balance at November 30	360,906	295,069	245,177
Total stockholders' equity	\$534,088	467,473	319,330

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Lennar Corporation and Subsidiaries
November 30, 1994, 1993 and 1992

1. Summary of significant accounting policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Lennar Corporation and all wholly-owned subsidiaries (the "Company"). The Company's investments in partnerships are accounted for by the equity method. All significant intercompany transactions and balances have been eliminated.

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 and Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Due to the short maturity period of the cash equivalents, the carrying amount of these instruments approximates their fair values.

Inventories

Inventories are stated at the lower of accumulated costs or net realizable value. Net realizable value is evaluated at the community level and is defined as the estimated proceeds upon disposition less all future costs to complete and sell. Inventory adjustments to net realizable value in 1994, 1993 and 1992 were not material to the Company. Start-up costs, construction overhead and selling expenses are expensed as incurred. Homes held for sale are classified as construction in progress until delivered. Land, land development, amenities and other costs are accumulated by specific area and allocated proportionately to homes within the respective area.

Interest and Real Estate Taxes

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

During 1994, 1993 and 1992 interest costs of \$25.0 million, \$19.7 million and \$16.8 million, respectively, (excluding the limited-purpose finance subsidiaries) were incurred, and \$22.1 million, \$17.1 million and \$15.0 million, respectively, were capitalized by the Company's homebuilding and investment operations. Previously capitalized interest charged to expense in 1994, 1993 and 1992, was \$15.4 million, \$13.1 million and \$9.5 million, respectively.

Operating Properties and Equipment

Operating properties and equipment are recorded at cost. Depreciation is calculated to amortize the cost of depreciable assets over their estimated useful lives using the straight-line method. The range of estimated useful lives for operating properties is 15 to 40 years and for equipment is 2 to 10 years.

Warranties

Warranty liabilities are not significant as the Company subcontracts virtually all segments of construction to others and its contracts call for the subcontractors to repair or replace any deficient items related to their trade. Extended warranties are offered in some communities through independent homeowner warranty insurance companies. The costs of these warranties are fixed to the Company and are expensed in the period the homes are delivered.

Income Taxes

The Company and its subsidiaries file a consolidated federal income tax return.

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes". SFAS No. 109 requires a change from the deferred method of accounting for income taxes of Accounting Principles Board Opinion ("APB") No. 11 to the asset and liability method of accounting for income taxes. Under the asset and liability method of SFAS No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in

Notes to Consolidated Financial Statements

Lennar Corporation and Subsidiaries
November 30, 1994, 1993 and 1992

1. Summary of significant accounting policies (continued)

income in the period that includes the enactment date.

Effective December 1, 1993, the Company adopted SFAS No. 109 and has reported the cumulative effect of that change in the method of accounting for income taxes in the 1994 consolidated statement of earnings.

Pursuant to the deferred method under APB No. 11, which was applied in 1993 and prior years, deferred income taxes were recognized for income and expense items that were reported in different years for financial reporting purposes and income tax purposes using the tax rate applicable for the year of the calculation. Under the deferred method, deferred taxes are not adjusted for subsequent changes in tax rates.

Net Earnings per Share

Net earnings per share is calculated by dividing net earnings by the weighted average number of the total of common shares, Class B common shares and common share equivalents outstanding during each year. The weighted average number of shares outstanding was 36,086,000, 34,709,000 and 30,743,000 in 1994, 1993 and 1992, respectively.

Financial Services

Mortgage loans held for sale or disposition by Lennar Financial Services, Inc. ("LFS") are recorded at the lower of cost or market, as determined on an aggregate basis. Discounts recorded on these loans are presented as a reduction of the carrying amount of the loans and are not amortized.

LFS enters into forward sales and option contracts to protect the value of loans held for sale or disposition from increases in market interest rates. Adjustments are made to these loans based on changes in the market value of these hedging contracts.

When LFS sells loans or mortgage-backed securities in 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 or the securities. Loan origination fees, net of direct origination costs, are deferred and recognized as a component of the gain or loss when loans are sold.

LFS generally retains the servicing on the loans and mortgage-backed securities it sells. LFS recognizes servicing fee income as those services are performed.

Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments", requires companies to disclose the estimated fair value of their financial instrument assets and liabilities.

The estimated fair values have been determined by the Company using available market information and appropriate valuation methodologies. The fair values are significantly affected by the assumptions used including the discount rate and estimates of cash flow. Accordingly, the use of different assumptions may have a material effect on the estimated fair values. The estimated fair values presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

Reclassification

Certain prior year amounts in the consolidated financial statements have been reclassified to conform with the 1994 presentation.

2. Business segments

The Company has three business segments: Homebuilding, Investment and Financial Services. The limited-purpose finance subsidiaries are not considered a business segment and are not included in the following tables.

2. Business segments (continued)

Homebuilding

Homebuilding operations include the construction and sale of single-family and multi-family homes. These activities also include the purchase, development and sale of residential land. The following table sets forth financial information relating to the homebuilding operations:

<i>(In thousands)</i>	Years Ended November 30,		
	1994	1993	1992
Revenues:			
Sales of homes	\$626,341	513,503	300,789
Other	21,409	18,647	8,194
Total revenues	647,750	532,150	308,983
Costs and expenses:			
Cost of homes sold	498,132	400,159	230,249
Cost of other revenues	15,769	16,302	4,422
Selling, general & administrative	63,204	55,482	36,249
Total costs and expenses	577,105	471,943	270,920
Operating earnings	\$ 70,645	60,207	38,063
Identifiable assets	\$531,330	500,507	368,212
Depreciation and amortization	\$ 1,522	1,037	786

Investment

The Investment Division is involved in the development, management and leasing, as well as the acquisition and sale, of commercial and residential properties and land. This division also manages and participates in partnerships with financial institutions. The following table sets forth

financial information relating to the Investment Division's operations:

<i>(In thousands)</i>	Years Ended November 30,		
	1994	1993	1992
Revenues:			
Rental income	\$ 43,487	37,708	30,488
Equity in earnings of partnerships	20,710	7,046	385
Management fees	12,390	6,714	2,410
Sales of real estate	21,518	45	4,866
Other	8,238	7,442	2,015
Total revenues	106,343	58,955	40,164
Cost of sales and expenses	54,439	30,458	23,172
Operating earnings	\$ 51,904	28,497	16,992
Identifiable assets	\$411,366	281,883	189,177
Capital expenditures	\$ 53,646	42,102	10,890
Depreciation and amortization	\$ 5,010	4,130	3,595

Financial Services

Financial services activities are conducted primarily through Lennar Financial Services ("LFS") and five subsidiaries: Universal American Mortgage Company ("UAMC"), AmeriStar Financial Services, Inc., Universal Title Insurers, Inc., Lennar Funding Corporation and TitleAmerica, Inc. These companies arrange mortgage financing, title insurance and closing services for Lennar homebuyers and others, acquire, package and resell home mortgage loans and perform mortgage loan servicing activities. The following table sets forth

Notes to Consolidated Financial Statements

Lemcar Corporation and Subsidiaries
November 30, 1994, 1993 and 1992

2. Business segments (continued)

financial information relating to the financial services operations:

<i>(In thousands)</i>	Years Ended November 30,		
	1994	1993	1992
Revenues	\$ 54,348	59,204	56,723
Costs and expenses	39,504	44,100	40,312
Intercompany interest expense*	3,144	2,244	2,394
Operating earnings	\$ 11,700	12,860	14,017
Identifiable assets	\$252,195	284,391	238,731
Depreciation and amortization	\$ 1,450	4,886	4,734

* Intercompany interest expense is reflected above to show interest expense on intercompany debt of the financial services operations.

3. Stock split

All references in the consolidated financial statements and notes to the number of shares outstanding and per share amounts have been restated to reflect a three-for-two stock split effective April 20, 1994.

4. Unusual item

On August 24, 1992, the South Florida area was hit by a severe hurricane which affected a portion of the Company's Dade County real estate operations. The results of operations for the year ended November 30, 1992 include an unusual charge of \$7.6 million, before income taxes, representing the cost of the damage to inventories and other costs associated with the destruction caused by Hurricane Andrew.

5. Accounting changes

Effective December 1, 1993, the Company adopted the provisions of SFAS No. 109, "Accounting for Income Taxes". This change in accounting principle resulted in an increase to net earnings of \$4.7 million in the first quarter of 1994. The change in accounting for income taxes did not have a

significant effect on the Company's results of operations.

The first quarter of 1994 also included a charge of \$3.8 million (net of income tax effect of \$2.4 million) for the cumulative effect on prior years of a change in accounting for purchased mortgage servicing rights. During the first quarter of 1994, the Company changed the way in which it evaluates these assets for impairment from an undiscounted and disaggregated cash flow basis to a discounted and disaggregated cash flow basis. Excluding the cumulative effect, this change increased net earnings in the year ended November 30, 1994 by \$1.4 million.

6. Restricted cash

Cash includes restricted deposits of \$3.7 million and \$4.2 million as of November 30, 1994 and 1993, respectively. These balances are comprised primarily of escrow deposits held related to condominium purchases and security deposits from tenants of commercial and apartment properties.

7. Summary of non-cash investing and financing activities

During 1994, the Company's financial services operations acquired commercial mortgage-backed securities for \$72.4 million. Of this amount, \$25.4 million was paid in cash and the balance of \$47.0 million was financed by the sellers.

During 1993, the Company acquired a portfolio of loans from the Resolution Trust Corporation for \$24.8 million. Of this amount, \$5.0 million was paid in cash and the Company issued a non-recourse note in the amount of \$19.8 million for the remainder.

Also, during 1993, the Company purchased the other partners' interests in three of its joint ventures. As a result, the operations of these ventures were consolidated into the accounts of the Company as of the respective dates of acquisition. The net result of these transactions was to decrease investments in and advances to partnerships by \$34.9 million, increase all other assets by \$73.7 million and increase liabilities by \$38.8 million.

8. Receivables

<i>(In thousands)</i>	November 30,	
	1994	1993
Accounts and unsecured notes	\$31,253	27,844
Secured notes	20,801	27,876
	52,054	55,720
Allowance for doubtful accounts	(1,528)	(1,323)
Deferred income and unamortized discounts	(2,361)	(1,261)
	\$48,165	53,136

The estimated fair values of receivables at November 30, 1994 and 1993 approximated their carrying values.

9. Investments in and advances to partnerships

Summarized financial information on a combined 100% basis related to the Company's significant partnerships and joint ventures accounted for by the equity method follows:

<i>(In thousands)</i>	November 30,	
	1994	1993
Assets:		
Cash	\$ 96,046	49,785
Portfolio investments	1,286,375	1,052,897
Other assets	61,722	12,995
	\$1,444,143	1,115,677
Liabilities and equity:		
Accounts payable and other liabilities	\$ 93,943	30,353
Notes and mortgages payable	737,344	753,639
Equity of:		
The Company	105,537	38,450
Others	507,319	293,235
	\$1,444,143	1,115,677

Portfolio investments consist primarily of mortgage loans and business loans collateralized by real property, as well as commercial properties and land held for investment or sale.

<i>(In thousands)</i>	Years Ended November 30,		
	1994	1993	1992
Revenues	\$246,236	112,692	38,576
Cost of revenues	68,629	52,060	27,536
Other expenses	60,155	26,593	9,714
Pre-tax earnings of partnerships	\$117,452	34,039	1,326
The Company's share of pre-tax earnings	\$ 20,710	7,046	385

The Company's investment in partnerships consists primarily of its Investment Division partnerships. The Company's equity interests in these partnerships range from 9.9% to 50%. The partnerships are involved in the acquisition and management of portfolios of real estate loans and assets. The Company shares in the profits and losses of these partnerships and, as the manager of the partnerships, receives fees for the management and disposition of the assets. The outstanding debt of these partnerships is not guaranteed by the Company.

During 1993, the Company acquired the other partners' interest in three of its joint ventures. As a result, the operations of these ventures have been consolidated into the accounts of the Company as of the respective dates of acquisition.

Notes to Consolidated Financial Statements

Lennar Corporation and Subsidiaries
November 30, 1994, 1993 and 1992

10. Operating properties and equipment

(In thousands)	November 30,	
	1994	1993
Rental apartment properties	\$ 66,818	68,538
Retail centers	62,639	45,031
Office buildings	41,740	18,939
Community recreational facilities	14,207	19,972
Other	30,452	22,664
Total land and buildings	215,856	175,144
Furniture, fixtures and equipment	9,790	9,811
Total	225,646	184,955
Accumulated depreciation	(32,025)	(28,781)
	\$193,621	156,174

11. Mortgage notes and other debts payable

(Dollars in thousands)	November 30,	
	1994	1993
Secured without recourse to the Company:		
Mortgage notes on operating properties and land with fixed interest rates from 7.4% to 9.5%, due through 2003	\$ 25,169	3,617
Other secured debt:		
Term loan notes with floating interest rates (6.1% to 6.4% at November 30, 1994), secured by certain real estate and operating properties, due in 1996	50,000	50,000
Mortgage notes on operating properties and land with interest rates from 3.5% to 8.3%, due through 2015	61,057	41,072
Unsecured revolving credit notes payable, with floating interest rates	175,700	129,700
Unsecured term loan note with floating interest rate (6.7% at November 30, 1994), due in 1995	56,475	-
Other notes payable with floating interest rates (6.8% at November 30, 1994), due in 1995	13,500	17,804
	\$381,901	242,193

On July 29, 1994, the Company extended and increased the amount of its revolving credit agreement. The term of the agreement is three years. The commitment was increased to \$250 million and includes eleven banks. On every anniversary date of the agreement each bank has the option to participate in a one year extension. The interest rate under this agreement fluctuates with market rates and was 6.77% at November 30, 1994. In January 1995, this agreement was amended to provide a five year commitment of \$275 million.

At November 30, 1994, the Company was party to an interest rate swap agreement which replaced the floating interest rate on \$20 million of debt, with a fixed rate of 8.7%. This agreement will expire in 1996.

The minimum aggregate principal maturities of mortgage notes and other debts payable during the five years subsequent to November 30, 1994, assuming that the revolving credit agreement was not extended, are as follows (in thousands): 1995-\$71,472; 1996-\$51,927; 1997-\$185,529; 1998-\$24,492 and 1999-\$1,005. All of the notes secured by land contain collateral release provisions for accelerated payment which may be made as necessary to maintain construction schedules.

The fair values of interest rate swap agreements at November 30, 1994 and 1993 were \$300 thousand and \$3.5 million, respectively. The estimated fair values represent a net unrealized loss. The values were based on dealer quotes and generally represent

11. Mortgage notes and other debts payable
(continued)

an estimate of the amount the Company would pay to terminate the agreements at the reporting dates, taking into account current interest rates and the credit worthiness of the counterparties.

The fair values of the Company's fixed rate borrowings were estimated using discounted cash flow analyses, based on the Company's current incremental borrowing rates of similar types of borrowing arrangements. The fair values of these borrowings at November 30, 1994 and 1993 approximated their carrying values.

The interest rates on variable rate borrowings are tied to market indices. Accordingly, fair values approximate their carrying values.

12. Financial services

The assets and liabilities related to the Company's financial services operations (as described in Note 2) are summarized as follows:

<i>(In thousands)</i>	November 30,	
	1994	1993
Assets:		
Loans held for sale or disposition, net	\$124,324	243,095
Loans and mortgage-backed securities held for investment, net	107,989	15,746
Cash and receivables, net	11,579	9,949
Servicing acquisition costs	3,949	12,249
Other	4,354	3,352
	\$252,195	284,391
Liabilities:		
Notes and other debts payable	\$101,414	167,561
Other	13,969	32,176
	\$115,383	199,737

The Financial Services Division finances its activities through its two bank lines of credit, borrowings under short-term repurchase agreements, or borrowings from Lennar Corporation, when on a consolidated basis the Company can minimize its cost of funds.

The two lines of credit provide for aggregate borrowings of \$80 million, expiring in June and July 1995, unless otherwise extended. The commitments under these agreements were

decreased by the Company from \$200 million at November 30, 1993, due to reduced borrowing needs. Borrowings under these agreements were \$54.6 million and \$167.6 million at November 30, 1994 and 1993, respectively, and were collateralized by mortgage loans with outstanding principal balances of \$57.9 million and \$155.9 million, respectively, and by servicing rights to approximately \$1.6 billion and \$2.2 billion, respectively, of loans serviced by LFS. 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 levels. The effective interest rate on these agreements at November 30, 1994 was 1.09%.

The Financial Services Division utilizes short-term financing arrangements to sell mortgage-backed securities under agreements to repurchase them with securities dealers in the business of providing such financing. At November 30, 1994, repurchase agreements outstanding totaled \$46.8 million, and had a weighted average borrowing rate of 6.5%. Repurchase agreements generally mature within 30 days. The repurchase agreements were collateralized by mortgage-backed securities with an aggregate carrying value of \$62.7 million. All mortgage-backed securities underlying repurchase agreements are held in safekeeping by the securities dealer providing the financing, and all agreements are to repurchase the same or substantially identical mortgage-backed securities.

The Financial Services Division is party to financial instruments in the management of its exposure to interest rate fluctuations. Forward sales contracts and options are used by the division to hedge mortgage loans held for sale and in its pipeline of loan applications in process. By hedging in the instruments that the division will create, market interest rate risk is reduced. Gains and losses on these hedging transactions have not been material to the Company. Exposure to credit risk is managed through evaluation of trading partners, limits of exposure and monitoring procedures. At November 30, 1994 and 1993, the Financial Services Division was a party to approximately \$81 million and \$212 million, respectively, of forward sales contracts and options.

Certain of the division's servicing agreements require it to pass through payments on loans even though it is unable to collect such payments and, in

Notes to Consolidated Financial Statements

Lennar Corporation and Subsidiaries
November 30, 1994, 1993 and 1992

12. Financial services (continued)

certain instances, be responsible for losses incurred through foreclosure. Exposure to this credit risk is minimized through geographic diversification and review of the mortgage loan servicing created or purchased. Management believes that it has provided adequate reserves for expected losses based on the net realizable value of the underlying collateral. Provisions for these losses have not been material to the Company. The division is also subject to prepayment risk on the servicing portfolio. Exposure to prepayment risk is managed by the division's ongoing evaluation of prepayment possibilities.

The fair values of loans held for sale at November 30, 1994 and 1993 approximated their carrying values. The fair values were based on quoted market prices for securities backed by similar loans, adjusted for differences in loan characteristics, net of the difference between the settlement values and the quoted market values of forward commitments and options to buy and sell mortgage-backed securities.

The fair values of loans and mortgage-backed securities held for investment at November 30, 1994 and 1993 were \$109.4 million and \$15.7 million, respectively, and were based on quoted market prices for similar securities.

13. Limited-purpose finance subsidiaries

In prior years, limited-purpose finance subsidiaries of LFS placed mortgages and other receivables as collateral for various long-term financings. These limited-purpose finance subsidiaries pay the principal of, and interest on, these financings primarily from the cash flows generated by the related pledged collateral which includes a combination of mortgage notes, mortgage-backed securities and funds held by trustee. The fair values of the collateral for the bonds and notes payable at November 30, 1994 and 1993 were \$92.1 million and \$136.3 million, respectively, and were based on quoted market prices for similar securities.

Bonds and Notes Payable

At November 30, 1994 and 1993, the balances outstanding for the bonds and notes payable were \$83.0 million and \$121.7 million, respectively. The borrowings mature in years 2013 through 2018 and carry interest rates ranging from 5.0% to 14.3%. The annual principal repayments are dependent

upon collections on the underlying mortgages, including prepayments, and cannot be reasonably determined. The fair values of the bonds and notes payable at November 30, 1994 and 1993, were \$84.0 million and \$128.4 million, respectively, and were based on quoted market prices for similar securities.

14. Income taxes

The provisions (benefits) for income taxes consist of the following:

(In thousands)	Years Ended November 30,		
	1994	1993	1992
Current:			
Federal	\$44,092	28,620	18,978
State	8,337	5,400	3,584
	52,429	34,020	22,562
Deferred:			
Federal	(7,443)	(4,013)	(5,339)
State	(1,405)	(464)	(1,006)
	(8,848)	(4,477)	(6,345)
Total expense	\$43,581	29,543	16,217

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 which comprise the net deferred tax liability as of November 30, 1994 are as follows (in thousands):

Deferred tax liabilities:	
Capitalized expenses	\$36,447
Acquisition adjustments	15,913
Deferred gains	13,307
Installment sales	5,801
Other	2,592
Total deferred tax liabilities	74,060
Deferred tax assets:	
Reserves and accruals not currently deductible	16,409
Investment in partnerships	6,185
Other	2,559
Total deferred tax assets	25,153
Net deferred tax liability	\$48,907

14. Income taxes (continued)

At November 30, 1994, the Financial Services Division and the limited-purpose finance subsidiaries had a net deferred tax asset of \$1.9 million.

For the years ended November 30, 1993 and 1992, the deferred income tax credit of \$4.5 million and \$6.3 million, respectively, results from timing differences in the recognition of income and expenses for income tax and financial reporting purposes. The sources and tax effects of those timing differences are presented below:

<i>(In thousands)</i>	Income Tax Expense (Credit)	
	1993	1992
Installment and deferred profit recognition on sales of real estate	\$ (2,947)	(7,751)
Capitalized expenses	(2,216)	(535)
Tax expense in excess of book deductions on general and administrative expenses	484	889
Net change in financial services loan loss reserve	428	(551)
Recognition of joint venture income	318	937
Deferred profit resulting from like-kind exchange	-	1,558
Other, net	(544)	(892)
Total	\$ (4,477)	(6,345)

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

	% of Pre-tax Income		
	1994	1993	1992
Statutory rate	35.0	35.0	34.0
State income taxes, net of federal income tax benefit	4.0	3.9	3.8
Other	-	(2.9)	(2.1)
Effective rate	39.0	36.0	35.7

15. Capital stock

Common Stock

The Company has two classes of common stock. The common stockholders have one vote for each share owned, in matters requiring stockholder approval, and during 1994 received dividends of \$0.02 per share in the first quarter and \$0.025 per share in each of the other quarters. Class B common stockholders have ten votes for each share of stock owned and during 1994 received dividends of \$0.0167 per share in the first quarter and \$0.0225 per share in each of the other quarters. As of November 30, 1994, Mr. Leonard Miller, Chairman of the Board and President of the Company, owned or controlled 9.9 million shares of Class B common stock, which represents approximately 79% voting control of the Company.

Stock Option Plans

The Lennar Corporation 1980 Stock Option Plan ("1980 Plan") expired on December 8, 1990. However, under the terms of the 1980 Plan, certain options granted prior to the plan termination date are still outstanding. Unless exercised or cancelled, the last options granted under the 1980 Plan will expire in December 1995.

Notes to Consolidated Financial Statements

Lennar Corporation and Subsidiaries
November 30, 1994, 1993 and 1992

15. Capital stock (continued)

The following table summarizes the status of the 1980 Plan:

	1994	1993	1992
Option shares exercised	27,600	83,250	110,325
Option price per share exercised (range)	\$4.33 - 7.09	4.33 - 7.09	4.33 - 7.09
Shares under option	52,650	84,000	175,875
Option price per share (range)	\$4.33 - 6.57	4.33 - 7.09	4.33 - 7.09
Shares under option - exercisable	34,650	21,750	51,000

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

The following table summarizes the status of the 1991 Plan:

	1994	1993	1992
Option shares exercised	10,650	17,550	8,550
Option price per share exercised (range)	\$7.71 - 14.37	6.54 - 11.17	7.71
Shares under option	958,750	984,900	804,450
Option price per share (range)	\$6.54 - 22.55	6.54 - 22.55	6.54 - 17.84
Shares under option - exercisable	147,187	79,875	31,350

Employee Stock Ownership/401(k) Plan

The Employee Stock Ownership / 401(k) Plan ("Plan") provides shares of stock to employees who have completed one year of continuous service with the Company. All contributions for employees with five years or more of service are fully vested. The Plan was amended in 1989 to add a cash or deferred program under Section 401(k) of the Internal Revenue Code. Under the 401(k) portion of the Plan, employees may make contributions which are invested on their behalf, 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 (in thousands): \$625 in 1994, \$361 in 1993 and \$366 in 1992. In 1994, 1993 and 1992, 22,249, 13,800 and 59 shares, respectively, were contributed to participants' accounts. Additionally, in 1992, 13,074 shares were credited to participants' accounts from previously forfeited shares.

Restrictions on Payment of Dividends

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

16. Commitments and contingent liabilities

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

During 1993 and 1994, the Company settled two lawsuits and a number of claims in which owners of approximately 675 homes built by the Company sought damages as a result of Hurricane Andrew. Other homeowners or homeowners' insurers are not

16. Commitments and contingent liabilities
(continued)

precluded from making similar claims against the Company. Five insurance companies have contacted the Company seeking reimbursement for sums paid by them with regard to homes built by the Company and damaged by the storm. The Company has settled all outstanding claims with four of these insurance companies which represented the majority of the claims made. In addition to the claims, there are three pending lawsuits in which homeowners or homeowners' insurers seek damages. Other claims of this type may be asserted. The Company's insurers have asserted that their policies cover some, but not all aspects of these claims. However, to date, the Company's insurers have made all payments required under settlements. Even if the

Company were required to make any payments with regard to Hurricane Andrew related claims, the Company believes that the amount it would pay would not be material.

The Company is subject to the usual obligations associated with entering into contracts for the purchase, development and sale of real estate in the routine conduct of its business.

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 approximately \$58.4 million at November 30, 1994.

17. Quarterly data (unaudited)

(In thousands, except per share amounts)

	<i>First</i>	<i>Second</i>	<i>Third</i>	<i>Fourth</i>
1994				
Revenues	\$191,826	207,318	199,424	219,358
Earnings before income taxes and cumulative effect of changes in accounting principles	\$ 24,184	29,543	30,255	27,764
Earnings before cumulative effect of changes in accounting principles	\$ 14,752	18,021	18,456	16,936
Net earnings	\$ 15,713	18,021	18,456	16,936
Net earnings per share before cumulative effect of changes in accounting principles	\$.41	.50	.51	.47
Net earnings per share	\$.44	.50	.51	.47
1993				
Revenues	\$116,971	141,333	166,500	239,860
Earnings before income taxes	\$ 14,182	16,806	19,372	31,694
Net earnings	\$ 9,005	10,672	12,011	20,823
Net earnings per share	\$.29	.30	.33	.58

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

Shareholder Information

Lennar Corporation and Subsidiaries

Annual Meeting

The Annual Stockholders' Meeting will be held at 11:00 a.m. on April 4, 1995, at the Doral Park Golf and Country Club, 5001 N.W. 104th Avenue, Miami, Florida

Registrar and Transfer Agent

First Union National Bank
Two First Union Center
Charlotte, NC 28288

Listing

New York Stock Exchange (LEN)

General Counsel

Robert B. Cole, Esq.
700 N.W. 107th Avenue
Miami, Florida 33172

Independent Auditors

Deloitte & Touche LLP
100 Southeast Second Street
Miami, Florida 33131

Form 10-K Available

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

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

COMPARATIVE COMMON STOCK DATA

Fiscal Quarter	Common Stock Prices New York Stock Exchange		Cash Dividends Per Share			
	High/Low Price		Common Stock		Class B	
	1994	1993	1994	1993	1994	1993
First	\$25.17 - 19.92	\$22.17 - 17.33	2 ¢	2¢	1½¢	1½¢
Second	23.50 - 17.88	23.00 - 18.00	2½¢	2¢	2¼¢	1½¢
Third	22.00 - 17.88	22.58 - 18.08	2½¢	2¢	2¼¢	1½¢
Fourth	20.75 - 14.25	24.00 - 19.17	2½¢	2¢	2¼¢	1½¢

As of November 30, 1994, there were approximately 1,000 holders of record of the Company's common stock.

Shareholder Information

Lennar Corporation and Subsidiaries

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COMPARATIVE COMMON STOCK DATA

Fiscal Quarter	Common Stock Prices New York Stock Exchange		Cash Dividends Per Share			
	High/Low Price		Common Stock		Class B	
	1994	1993	1994	1993	1994	1993
First	\$25.17 - 19.92	\$22.17 - 17.33	2 ¢	2¢	1 ³ / ₄ ¢	1 ³ / ₄ ¢
Second	23.50 - 17.88	23.00 - 18.00	2 ¹ / ₂ ¢	2¢	2 ¹ / ₄ ¢	1 ³ / ₄ ¢
Third	22.00 - 17.88	22.58 - 18.08	2 ¹ / ₂ ¢	2¢	2 ¹ / ₄ ¢	1 ³ / ₄ ¢
Fourth	20.75 - 14.25	24.00 - 19.17	2 ¹ / ₂ ¢	2¢	2 ¹ / ₄ ¢	1 ³ / ₄ ¢

As of November 30, 1994, there were approximately 1,000 holders of record of the Company's common stock.

DIRECTORS

Leonard Miller

Chairman of the Board
and President,
Lennar Corporation

Charles I. Babcock, Jr.

Chairman Emeritus of
The Babcock Company;
Chairman,
King Charter Co.

Irving Bolotin

Senior Vice President,
Lennar Corporation

Robert B. Cole

Chairman, Executive Committee,
Corporate Secretary &
General Counsel,
Lennar Corporation

Richard W. McEwen

Retired Chairman of the Board of
Burdines, a division of
Federated Department Stores

James W. McLamore

Co-founder and Chairman
Emeritus of
Burger King Corporation

Stuart A. Miller

Vice President, Lennar
Corporation; President,
Lennar Homes, Inc.,
and President,
Lennar Commercial Properties, Inc.

Arnold P. Rosen

Retired Executive
Vice President,
Lennar Corporation

Steven J. Saiontz

President, Lennar
Financial Services, Inc.

OFFICERS

Leonard Miller

President

Irving Bolotin

Senior Vice President

Allan J. Pekor

Financial Vice President

Marshall Ames

Vice President

Jonathan M. Jaffe

Vice President

Jeffrey P. Krasnoff

Vice President

Sherman J. Kronick

Vice President

Stuart A. Miller

Vice President

Robert B. Cole

Secretary

James T. Timmons

Controller

M. E. Saleda

Treasurer

Steven J. Saiontz

President, Lennar
Financial Services, Inc.

STRATEGIC TECHNOLOGIES, INC.

(A Wholly-owned Subsidiary of Lennar Financial Services, Inc.)

Statements of Earnings

For the Year Ended November 30, 1995 (unaudited) and
and the Period from Inception through November 30, 1994 (unaudited)

	1995	1994
Revenues:		
Alarm monitoring revenue	\$ 25,524	0
Earnings from investment in partnership	42,850	0
	<u>68,374</u>	<u>0</u>
General and administrative expenses	98,412	24,898
	<u>(30,038)</u>	<u>(24,898)</u>
Earnings before income taxes		
	<u>(28,426)</u>	<u>(9,710)</u>
Income tax benefit		
	(1,612)	(15,188)
Net earnings		
	(5,188)	0
Stockholder's equity, beginning of period		
	4,800,000	10,000
Capital contributions		
	<u>4,793,200</u>	<u>(5,188)</u>
Stockholder's equity, end of period		
	<u>\$ 4,793,200</u>	<u>(5,188)</u>

STRATEGIC TECHNOLOGIES, INC.
 (A Wholly-owned Subsidiary of Lennar Financial Services, Inc.)
 Balance Sheets
 As of November 30, 1995 and 1994 (unaudited)

Assets	1995	1994
Advances and other receivables	\$ 8,174	0
Investment in partnership	4,842,850	0
Other assets	<u>3,186</u>	<u>0</u>
	<u>\$ 4,854,210</u>	<u>0</u>
Liabilities and Stockholder's Equity		
Liabilities:		
Accounts payable and accrued expenses	337	0
Due to affiliates	<u>60,673</u>	<u>5,188</u>
Total liabilities	<u>61,010</u>	<u>5,188</u>
Stockholder's equity:		
Common stock, \$1 par value.	5,000	5,000
Additional paid-in capital	4,805,000	5,000
Retained earnings	<u>(16,800)</u>	<u>(15,188)</u>
Total stockholder's equity	<u>4,793,200</u>	<u>(5,188)</u>
	<u>\$ 4,854,210</u>	<u>0</u>

ROBERT D. RUBIN

WORK EXPERIENCE

- January 1996 to Present* President of STRATEGIC TECHNOLOGIES, INC. ("STRATEGIC"). STRATEGIC is currently engaged in the alarm installation and monitoring business and is an applicant to become a franchise cable operator.
- June 1994 - January 1996* President of PEOPLES TELEPHONE COMPANY, INC. ("PEOPLES"). PEOPLES was primarily an independent public pay telephone company which operated in 41 states. PEOPLES also operated businesses in cellular telephones installed in rental cars and automated telephone systems installed in correctional facilities.
- January 1993 - January 1996* President of PTC SERVICES, INC. ("PTC"), a wholly-owned subsidiary of PEOPLES. PTC operated as a reseller of interexchange carrier and operator services in approximately 20 states. The company also started and sold a prepaid calling card business.
- August 1989 - June 1994* Executive Vice President of PEOPLES. Responsibilities included strategic planning, mergers and acquisitions and legal and regulatory.
- August 1987 - August 1989* STEEL, HECTOR & DAVIS
Lawyer specializing in mergers and acquisitions, federal and state securities laws and general corporate matters.
- August 1987 - January 1994* GREENBERG, TRAURIG, ASKEW, HOFFMAN, ROSEN & QUENTEL, P.A.
Lawyer specializing in mergers and acquisitions, federal and state securities laws and general corporate matters.
- July 1980 - August 1981* PEAT MARWICK MITCHELL & CO.
Certified public accountant with audit and tax experience.

EDUCATION

- 1981 - 1984* UNIVERSITY OF MIAMI SCHOOL OF LAW
Juris doctor. Cum laude
- 1976 - 1980* BOSTON UNIVERSITY
BSBA. Magna cum laude

Ray T. Perriguet III

SUMMARY OF QUALIFICATIONS

9 Years - Computer / Management Information System Design, Implementation & Maintenance

IBM & AMIGA SYSTEM ARCHITECTURE - OVER 200 SOFTWARE PLATFORMS

- o Software Platforms: (fluent familiarity with)
 - Operating Systems: Microsoft DOS, Windows, Amiga DOS
 - Spreadsheet: Lotus 123, Symphony, Excel, Quatro Pro
 - Database: dBase III+, dBase IV, Access, Paradox, Rbase
 - Word-processing: Word, Symphony, WordStar, WordPerfect
 - Programming Languages: Clipper, C, C+, C++, Visual Basic
 - Video / Animation: Video Toaster, Pro Video +, SCALA, InfoChannel, CGI
- o Networks: Novell & LanTastic

9 Years - Cable Television Operations Management & Engineering

- o Forward Planning, Budget Forecasting, Cost Analysis
- o F.C.C., Federal, Regional and Local Regulatory Experience
- o System Expansion & Acquisition, Franchise, PUD & MUD
- o Marketing, Public Relations, Community Affairs
- o Personnel Selection, Evaluation, Training and Management
- o Wide Band RF System Design, Headend & Distribution Design, Construction & Maintenance
- o On & Off Premises Addressability (SA, Tocom, AM, Blonder-Tongue, Eagle)
- o System Sweep & Analysis / CLI / Proof of Performance

12 Years - Broadcast Operations Management & Engineering

- o Forward Planning, Budget Forecasting, Cost Analysis
- o F.C.C., Federal, Regional and Local Regulatory Experience
- o AM / FM / VHF / UHF / Microwave Transmission & Reception

EMPLOYMENT EXPERIENCE

Independent Contractor

4/93 - Present

Information Systems / Telecommunications Consultant

Carlsbad, CA

Customization of End User Software Applications. Assist Client in business Software / Hardware selection. Provide Client custom reporting formats, data manipulation programs and on-site staff training. Design and Maintenance of customized client computer systems, networks and employee data input formats.

CATV system acquisitions, system upgrades and redesign, site evaluations, technical compliance. Microwave Path Studies, Site Selection and Access Negotiation.

Telephone system, residential / commercial design, equipment evaluation and selection. Installation, upgrade, maintenance. Billing system interface.

Ocean Hills Cable Television, Inc.

1/85 - 3/93

a wholly owned subsidiary of Leisure Technology, Inc. (formerly NYSE)
Vista, CA

PRESIDENT

4/88 - 3/93

Management and direction of 5 Private cable systems (1 CA, 2 NY, 2 NJ) - 5000 passings / 3500 subscribers. 450 MHz / 2 way / Addressable. 12 FT Employees, 2 Million AOP. Only Division of Leisure Technology not a part of Chapter 11 filing. Orchestrated sale of CA system to Times Mirror. Reduced overhead by 28%; Increased revenue by 12% without rate increases or staffing cutbacks. Designed, implemented and maintained Computer Networks and Information Reporting Systems for Division and Corporate interface.

Ocean Hills Cable Television, Inc., cont.**VICE PRESIDENT OPERATIONS**

6/86 - 4/88

Responsible for all technical operations. Designed, constructed, maintained 3 East Coast Headends and 450 MHz. Distribution systems. Designed, constructed and maintained all computer systems; billing, control, reporting and character generation. Hired and trained all field personnel and contractors, implemented preventative maintenance procedures and customer service procedures.

GENERAL MANAGER / CHIEF ENGINEER

1/85 - 6/86

Installed 36 channel SA Headend, upgraded existing 300 MHz. Distribution System to 450 MHz. / 2 way / Addressable. Wrote billing, reporting and character generator programs. Implemented integrated construction techniques and aesthetic installation procedures.

Love Sound, Unlimited - Audio / Video / Broadcast Engineering
Anaheim / Oceanside, CA

1/80 - 1/85

OWNER / PRESIDENT

Consulting & Contract Engineering Service. (7 Employees)

Engineer of Record for 8 Commercial Broadcast Facilities

Contract Engineer for 50+ Commercial Broadcast Facilities

Designed, Installed & Maintained 200+ CCTV Security Systems

Designed & Constructed 3 Recording Studios / 2 Video Production Studios

Gregg Laboratories
Anaheim, CA**MARKETING DIRECTOR**

10/78 - 1/80

Manufacturer of Audio Processing Equipment for Commercial Broadcast Applications. Responsible for: advertising design, layout and placement, design and fabrication of collateral materials, manufacturing cost analysis and pricing, direct sales, distributor negotiations and relations, customer service, collections. Assisted in design, layout, component selection and chassis and circuit board fabrication. Wrote all advertising copy and service manuals. Generated direct sales of \$235,000.

Additional Employment History Available Upon Request.

E D U C A T I O N**University of Texas at El Paso**
El Paso, TX

1/72 - 12/74

MAJOR: MASS COMMUNICATIONS

MINOR: EDUCATION

136 HOURS

Cal State at Pomona
Pomona, CA

1/78 - 5/78

SPECIALTY COURSES ONLY: RF PROPAGATION / DIRECTIONAL ANTENNA THEORY & DESIGN