LENNAR CORP /NEW/
Form S-4/A
January 09, 2017
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As filed with the Securities and Exchange Commission on January 6, 2017

Registration No. 333-214566

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 3

to

FORM S-4/A

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Lennar Corporation

(Exact name of Registrant as specified in its charter)

Delaware	1520	95-4337490
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

700 Northwest 107th Avenue

Miami, Florida 33172

(305) 559-4000

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Mark Sustana

General Counsel and Secretary

Lennar Corporation

700 Northwest 107th Avenue

Miami, Florida 33172

(305) 559-4000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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(212) 813-8800	Bonita Springs, Florida 34134	New York, New York 10022

(239) 947-2600 **(212) 906-1200**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the proposed merger contemplated by the Agreement and Plan of Merger, dated as of September 22, 2016, described in the enclosed proxy statement/prospectus, have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this proxy statement/prospectus is not complete and may be changed. We may not sell the securities offered by this proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer, solicitation or sale is not permitted.

PRELIMINARY SUBJECT TO COMPLETION DATED JANUARY 6, 2017

[ ], 2017

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

Dear Stockholders:

Each of the boards of directors of Lennar Corporation (Lennar) and WCI Communities, Inc. (WCI) has unanimously approved a strategic transaction for the combination of Lennar and WCI, as described below (the mergers). WCI is sending you this proxy statement/prospectus to invite you to attend a special meeting of holders of WCI common stock (the WCI stockholders) and to ask you to vote at the special meeting in favor of adopting the agreement and plan of merger.

Lennar and WCI entered into an agreement and plan of merger on September 22, 2016 (the merger agreement) pursuant to which, subject to WCI stockholder approval and certain other customary closing conditions, Lennar and WCI will combine their businesses through the merger of a newly formed, direct, wholly owned subsidiary of Lennar with and into WCI (the initial merger), which is expected to be followed immediately by a second merger of that entity with and into another direct, wholly owned subsidiary of Lennar.

If the initial merger is completed, each WCI stockholder will have the right to receive with regard to each share of WCI common stock held at the time of the initial merger (1) at least $11.75 in cash (the cash consideration) and (2) a number of shares of Lennar Class A common stock (Lennar Class A stock) equal to (a) $23.50 minus the amount of the cash consideration divided by (b) the average of the volume weighted average price of Lennar Class A stock reported on the New York Stock Exchange (the NYSE) on each of the ten trading days immediately preceding the closing of the initial merger (the share consideration , and together with the cash consideration, the merger consideration), as described in more detail in the enclosed proxy statement/prospectus in the section titled The Merger Agreement Terms of the Mergers beginning on page 82. No fractional shares of Lennar Class A stock will be issued in the initial merger, and WCI stockholders will, instead, have the right to receive cash in lieu of fractional shares, if any. Assuming the merger consideration is paid half in cash and half with Lennar Class A stock, upon completion of the initial merger, WCI s former stockholders will own approximately 3.4% of the then-outstanding Lennar Class A stock,

based on the number of shares and equity awards of Lennar and WCI outstanding on September 30, 2016, assuming that the value of Lennar Class A Stock to be issued in the initial merger is $43.20482. The number of shares of Lennar Class A stock you will receive will depend on the amount Lennar elects to pay as cash consideration and the price of Lennar s Class A stock during the ten NYSE trading days preceding the closing of the initial merger. Therefore, the exact fraction of a share of Lennar Class A stock issuable with regard to each share of WCI common stock will not be determinable until the close of trading on the last trading day prior to the closing date of the initial merger.

Lennar Class A stock is listed on the NYSE under the symbol LEN. WCI common stock is listed on the NYSE under the symbol WCIC. We urge you to obtain current market quotations for the shares of common stock of Lennar and WCI.

The vote of WCI stockholders is very important regardless of the number of shares of WCI common stock you own. The mergers cannot be completed unless WCI stockholders adopt the merger agreement. WCI is holding a special meeting of its stockholders to vote on the proposal to adopt the merger agreement. Approval of that proposal will require the affirmative vote of holders of a majority of the outstanding shares of WCI common stock entitled to vote on the proposal. Therefore, not voting has the same effect as voting against the proposal. Information about the special meeting, the mergers and the other business to be considered by WCI stockholders at the special meeting is contained in the enclosed proxy statement/prospectus. We urge you to read this proxy statement/prospectus carefully. You should also carefully consider the risks that are described in the section titled Risk Factors beginning on page 19.

Whether or not you plan to attend WCI s special meeting of stockholders, please submit your proxy as soon as possible to make sure that your shares are represented at that meeting.

The WCI board of directors unanimously recommends that WCI stockholders vote FOR the proposal to adopt the merger agreement, which is necessary to complete the mergers.

Keith E. Bass

President and Chief Executive Officer

WCI Communities, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the mergers or the other transactions described in the enclosed proxy statement/prospectus or the securities to be issued in connection with the mergers or determined if the enclosed proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [ ], 2017, and is first being mailed to WCI stockholders on or about [ ], 2017.

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24301 Walden Center Drive

Bonita Springs, FL 34134

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON [ ], 2017

To the Stockholders of WCI Communities, Inc.:

Notice is hereby given that a special meeting of stockholders of WCI Communities, Inc. (WCI) will be held on [ ], 2017, at [ ], Eastern time, at the offices of Latham & Watkins LLP, WCI s outside counsel, located at 885 3rd Avenue, New York, NY 10022, for the following purposes:

1. ***Merger proposal***: To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of September 22, 2016 (as it may be amended from time to time, the merger agreement), by and among WCI, Lennar Corporation, Marlin Green Corp. and Marlin Blue LLC, a copy of which is attached as Annex A to the proxy statement/prospectus accompanying this notice; and

2. ***Adjournment proposal***: To consider and vote on a proposal to approve the adjournment of the WCI special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the WCI special meeting.

Approval of the merger proposal is required for completion of the mergers contemplated by the merger agreement. Approval of the adjournment proposal is not a condition to the obligations of Lennar or WCI to complete the mergers.

WCI will transact no other business at the WCI special meeting, except for business properly brought before the WCI special meeting or any adjournment or postponement thereof.

The accompanying proxy statement/prospectus further describes the matters to be considered at the WCI special meeting.

The WCI board of directors has set December 23, 2016 as the record date for the WCI special meeting. Only WCI stockholders of record at the close of business on December 23, 2016 will be entitled to notice of or to vote at the WCI special meeting or any adjournments thereof.

Your vote is very important. Failure to vote will have the same effect as a vote against the merger proposal. To ensure your representation at the WCI special meeting, please complete and return the enclosed proxy card, which you can do by mail, or submit your proxy by telephone or through the Internet. Please submit your proxy promptly whether or not you expect to attend the WCI special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the WCI special meeting and the proxy will be disregarded as to any matter on which you vote in person.

The WCI board of directors has unanimously approved the merger agreement and the transactions contemplated thereby and recommends that you vote FOR the merger proposal and FOR the adjournment proposal, if necessary.

By Order of the Board of Directors of WCI Communities, Inc.,

Vivien N. Hastings

Senior Vice President, Secretary and General Counsel

[ ], 2017

PLEASE SUBMIT YOUR PROXY PROMPTLY FOLLOWING THE INSTRUCTIONS ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT SUBMITTING A PROXY FOR YOUR SHARES, PLEASE CALL MACKENZIE PARTNERS, INC. TOLL-FREE AT (800) 322-2885 (BANKS AND BROKERS CALL COLLECT AT (212) 929-5500).

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PROXY STATEMENT/PROSPECTUS

ABOUT THIS DOCUMENT

This document, which forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission, which we refer to as the SEC in this proxy statement/prospectus, by Lennar (File No. 333-214566), constitutes a prospectus of Lennar Corporation, which we refer to, together with its subsidiaries unless the context indicates otherwise, as Lennar in this proxy statement/prospectus, under Section 5 of the Securities Act of 1933, as amended, which we refer to as the Securities Act in this proxy statement/prospectus, with respect to the Lennar Class A common stock, which we refer to as Lennar Class A stock in this proxy statement/prospectus, to be issued pursuant to an Agreement and Plan of Merger, dated as of September 22, 2016, among WCI Communities, Inc., which we refer to, together with its subsidiaries unless the context indicates otherwise, as WCI in this proxy statement/prospectus, Lennar, Marlin Green Corp. and Marlin Blue LLC, which we refer to as the merger agreement in this proxy statement/prospectus. This document also constitutes a notice of meeting and a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act in this proxy statement/prospectus, with respect to the special meeting, which we refer to as the WCI special meeting in this proxy statement/prospectus, of stockholders of WCI, which we refer to as WCI stockholders in this proxy statement/prospectus, at which WCI stockholders will be asked to consider and vote on, among other matters, a proposal to adopt the merger agreement and approve the merger of a direct, wholly-owned subsidiary of Lennar into WCI under the merger agreement, which we refer to as the initial merger in this proxy statement/prospectus.

As a result of the initial merger, each WCI stockholder will receive with regard to each share of WCI common stock held at the time of the initial merger, consideration valued at $23.50. This will consist of (a) at least $11.75 in cash, which we refer to as cash consideration in this proxy statement/prospectus, and (b) a number of shares of Lennar Class A stock equal to (i) $23.50 minus the amount of the cash consideration divided by (ii) the average of the volume weighted average price of Lennar Class A stock reported on the New York Stock Exchange, which we refer to as the NYSE in this proxy statement/prospectus, on each of the ten trading days immediately preceding the closing of the initial merger, which we refer to as the share consideration in this proxy statement/prospectus, as described in more detail in the enclosed proxy statement/prospectus in the section titled The Merger Agreement Terms of the Mergers beginning on page 82. We refer to the cash consideration and the share consideration together as the merger consideration in this proxy statement/prospectus. Lennar may elect to pay more than $11.75 per share in cash, including paying the entire $23.50 in cash, and if the share consideration would be less than 41% of the entire merger consideration, as calculated for tax purposes, Lennar will be required to pay the entire merger consideration in cash. The terms of the merger consideration are described in more detail in the section of this proxy statement/prospectus titled The Merger Agreement Terms of the Mergers beginning on page 82. For example, if the merger consideration is paid half in cash and half with Lennar Class A stock, based on the volume weighted average price of Lennar Class A stock on the ten NYSE trading days ended January 5, 2017, which was $43.20482 per share of Lennar Class A stock, a WCI stockholder would receive 0.27196 shares of Lennar Class A stock (as well as $11.75 in cash) with regard to each share of WCI common stock. However, the fraction of a share of Lennar Class A stock a WCI stockholder will receive with regard to a share of WCI common stock will depend on the amount Lennar elects to pay as cash consideration and the volume weighted average price of Lennar s Class A stock during each of the ten NYSE trading days preceding the closing of the initial merger. Therefore, the actual fraction of a share of Lennar Class A stock that

will be included in the merger consideration probably will be different from the number in the example. At the time a WCI stockholder votes by proxy on the proposal to adopt the merger agreement, the WCI stockholder will not know the exact fraction of a share of Lennar Class A stock that will be included in the merger consideration with regard to a share of WCI common stock. That fraction will not be determinable until the close of trading on the last trading day prior to the closing date of the initial merger. No fractional shares of Lennar Class A stock will be issued in the initial merger and WCI stockholders will, instead, receive cash in lieu of any fractional shares.

The stockholders meeting at which WCI stockholders will vote on the proposal to adopt the merger agreement will be held on [ ], 2017. The initial merger is expected to become effective on that day or the following business day.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated [ ], 2017. The information contained in this proxy statement/prospectus is accurate only as of that date or, in the case of information in a document incorporated by reference, as of the date of such document, unless the information specifically indicates that another date applies. Neither the mailing of this proxy statement/prospectus to WCI stockholders nor the issuance by Lennar of Lennar Class A stock pursuant to the merger agreement will create any implication to the contrary.

This proxy statement/prospectus, including the documents incorporated by reference into it, contains statements of opinion or belief regarding market conditions and similar matters. In many instances those opinions and beliefs are based upon general observations by members of Lennar s or WCI s management, anecdotal evidence and their experience in the conduct of the two companies businesses, without specific investigation or statistical analyses. Therefore, while they reflect the applicable company s view of the industries and markets in which it is involved, they should not be viewed as reflecting verifiable views that are necessarily shared by all who are involved in those industries or markets.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

The information concerning Lennar contained in this proxy statement/prospectus or incorporated by reference has been provided by Lennar, and the information concerning WCI contained in this proxy statement/prospectus or incorporated by reference has been provided by WCI.

ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about Lennar and WCI from other documents that are not included in or delivered with this proxy statement/prospectus. For a listing of the documents incorporated by reference into this proxy statement/prospectus, see Where You Can Find More Information beginning on page 122.

You can obtain any of the documents incorporated by reference into this proxy statement/prospectus free of charge by requesting them in writing or by telephone from MacKenzie Partners, Inc., WCI s proxy solicitor, at the following address and telephone number:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

proxy@mackenziepartners.com

(800) 322-2885 (toll-free)

(212) 929-5500 (banks and brokers only)

To receive timely delivery of the documents in advance of the WCI special meeting, you should make your request no later than [ ], 2017.

You may also obtain any of the documents incorporated by reference into this proxy statement/prospectus without charge through the SEC website at *www.sec.gov*. In addition, you may obtain copies of documents filed by Lennar with the SEC by accessing Lennar s website at *www.lennar.com* under the tab Investor Relations and then under the heading SEC Filings. You may also obtain copies of documents filed by WCI with the SEC by accessing WCI s website at *www.wcicommunities.com* under the tab Investors and then under the heading Financial Information and the subheading SEC Filings.

We are not incorporating the contents of the websites of the SEC, Lennar, WCI or any other entity into this proxy statement/prospectus. We are providing the information about how you can obtain certain documents that are incorporated by reference into this proxy statement/prospectus at these websites only for your convenience.

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QUESTIONS AND ANSWERS ABOUT THE WCI SPECIAL MEETING

The following questions and answers briefly address some likely questions about the WCI special meeting. They may not include all the information that is important to WCI stockholders. WCI stockholders should carefully read this entire proxy statement/prospectus, including the annexes and the other documents referred to herein.

Q: Why am I receiving this proxy statement/prospectus?

A: Lennar and WCI have agreed to a series of mergers, pursuant to which a direct, wholly owned corporate subsidiary of Lennar will merge with and into WCI, with WCI surviving as a direct, wholly owned subsidiary of Lennar, and that immediately thereafter, WCI will (subject to certain conditions) be merged with and into a direct, wholly owned LLC subsidiary of Lennar, with this LLC subsidiary surviving the subsequent merger as a direct, wholly owned subsidiary of Lennar. WCI is sending this proxy statement/prospectus to its stockholders to help them decide how to vote their shares of WCI common stock, par value $0.01 per share, which we refer to as WCI common stock in this proxy statement/prospectus, with respect to the mergers and other matters to be considered at the WCI special meeting.

The mergers cannot be completed unless WCI stockholders adopt the merger agreement. WCI is holding a special meeting of its stockholders to vote on the proposal necessary to complete the mergers. Information about the WCI special meeting, the mergers and the other business to be considered by WCI stockholders at the WCI special meeting is contained in this proxy statement/prospectus.

This document constitutes both a proxy statement of WCI and a prospectus of Lennar. It is a proxy statement because the WCI board of directors, which we refer to as the WCI board in this proxy statement/prospectus, is soliciting proxies from WCI stockholders. It is a prospectus because Lennar will issue shares of Lennar Class A stock in exchange for outstanding shares of WCI common stock in the initial merger.

Q: What will happen in the mergers?

A: Under the merger agreement, in the initial merger, Marlin Green Corp., a direct, wholly owned subsidiary of Lennar, which we refer to as Corporate Sub in this proxy statement/prospectus, will merge with and into WCI, with WCI continuing as the surviving entity and a direct, wholly owned subsidiary of Lennar. After completion of the initial merger, WCI will merge with and into Marlin Blue LLC, a direct, wholly owned subsidiary of Lennar, which we refer to as LLC Sub in this proxy statement/prospectus, with LLC Sub continuing as the surviving entity and a direct, wholly owned subsidiary of Lennar, in a transaction which we refer to as the subsequent merger in this proxy statement/prospectus, unless Lennar notifies WCI that the merger consideration in the initial merger will consist solely of cash and elects that there will not be a subsequent merger. Collectively, we refer to the initial merger and the subsequent merger as the mergers in this proxy statement/prospectus.

Q: What will I receive in the initial merger?

A: Upon completion of the initial merger, each WCI stockholder will have the right to receive with regard to each share of WCI common stock held at the time of the initial merger consideration valued at $23.50 per share of WCI common stock, which will consist of (a) at least $11.75 in cash, which we refer to as the cash consideration in this proxy statement/prospectus, plus (b) a number of shares of Lennar Class A stock, which we refer to as the share consideration in this proxy statement/prospectus, equal to (i) $23.50 minus the amount of the cash consideration divided by (ii) the average of the volume weighted average price of Lennar Class A stock reported on the New York Stock Exchange, which we refer to as the NYSE in this proxy statement/prospectus, on each of the ten trading days immediately preceding the closing of the mergers (or, if there is no subsequent merger because Lennar notifies WCI that the merger consideration will consist solely of cash, preceding the closing of the initial merger), which we refer to as the ten day VWAP in this proxy statement/prospectus. Collectively, we refer to the cash consideration and the share consideration as the merger consideration in this proxy statement/prospectus. Lennar may elect to pay more than $11.75 per share in cash, including paying the entire $23.50 in cash, and if the share consideration would be less than 41% of the entire merger consideration, as calculated for tax purposes, Lennar will be required to pay the entire merger consideration in cash. The terms of the merger consideration are described in more detail in the section of this proxy statement/prospectus titled The Merger Agreement Terms of the Mergers beginning on page 82. Both because the value attributed to a share of Lennar Class A stock will not be known at least until the close of trading on the day before the day of the special meeting and because Lennar may elect to pay more than $11.75 of the merger consideration in cash, you will not know when you vote by proxy what fraction of a share of Lennar Class A common stock will be included in the merger consideration with regard to a share of WCI common stock. No fractional shares of Lennar Class A stock will be issued in the initial merger, and WCI stockholders will, instead, have the right to receive cash in lieu of fractional shares of Lennar Class A stock, if any.

Q: How, if at all, will I be affected by the subsequent merger, if there is one?

A: Pre-merger WCI stockholders will not be affected by the subsequent merger if there is one, or by absence of a subsequent merger, if Lennar notifies WCI that the merger consideration in the initial merger will consist solely of cash and elects that there will not be a subsequent merger. The initial merger is not conditioned on there being a subsequent merger, and once the initial merger takes place, pre-merger WCI stockholders will no longer have any ownership interest or other interest in WCI or WCI common stock.

Q: When do Lennar and WCI expect to complete the initial merger?

A: The initial merger is expected to take place either on the day of the WCI special meeting or on the following day. However, it is possible the initial merger will be delayed because of conditions beyond the control of either WCI or Lennar. See The Merger Agreement Conditions to Completion of the Mergers beginning on page 84.

Q: What happens if the initial merger is not completed?

A: If the merger proposal is not approved by WCI stockholders or if the initial merger is not completed for any other reason, you will not receive any form of consideration for your shares of WCI common stock in connection with the mergers. Instead, WCI will remain an independent publicly traded corporation and WCI common stock will continue to be listed and traded on the NYSE. If the merger agreement is terminated under specified conditions, including with respect to WCI s termination of the merger agreement in connection with a superior proposal, as described in the section titled The Merger Agreement No Solicitation; Notice of Proposals , made by a party after the go shop period (a 35-day period during which WCI was permitted to solicit alternative acquisition proposals, which we refer to as the transaction solicitation period in this proxy statement/prospectus, which ended on October 26, 2016 without any alternative acquisition proposals being received), WCI will be required to pay Lennar a termination fee of $22.50 million, which we refer to as the termination fee in this proxy statement/prospectus. Following payment of the termination fee, WCI will not have any further liability to Lennar in respect of the merger agreement (other than liability for any willful breach or fraud). See The Merger Agreement Effect of Termination; Termination Fees beginning on page 96.

Q: What am I being asked to vote on and why is this approval necessary?

A: WCI stockholders are being asked to vote on the following proposals:

1. ***Merger proposal***: To consider and vote on a proposal to adopt the merger agreement, a copy of which is attached as Annex A to this proxy statement/prospectus; and

2. ***Adjournment proposal***: To consider and vote on a proposal to approve the adjournment of the WCI special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at

the time of the WCI special meeting.

Approval of the merger proposal is required for completion of the mergers. Approval of the adjournment proposal is not a condition to the obligations of Lennar or WCI to complete the mergers.

Q: What vote is required to approve each proposal at the WCI special meeting?

1. ***Merger proposal***: The affirmative vote of holders of a majority of the outstanding shares of WCI common stock entitled to vote on the merger proposal.

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2. ***Adjournment proposal***: The majority of the votes cast affirmatively or negatively (excluding abstentions and broker non-votes).

Q: What constitutes a quorum?

A: A quorum requires the presence, in person or by proxy, of WCI stockholders who hold a majority of the voting power of WCI common stock entitled to vote at the WCI special meeting. Any shares that are the subject of abstentions will be treated as present for the purposes of determining whether a quorum exists at the WCI special meeting, even though they will not be voted. However, uninstructed shares (which would include any broker non-votes) do not have any voting power, and thus would not be counted in the quorum calculation.

Q: How does the WCI board recommend that I vote?

A: The WCI board unanimously recommends that WCI stockholders vote **FOR** the merger proposal and **FOR** the adjournment proposal, if necessary.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement/prospectus, please submit a proxy or voting instructions for your shares by following the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker, bank or other nominee.

Q: How do I vote?

A: If you are a stockholder of record of WCI as of December 23, 2016, which we refer to as the record date in this proxy statement/prospectus, you may vote by proxy before the WCI special meeting in one of the following ways:

By Telephone: By dialing the toll-free number specified on the proxy card and following the instructions on the proxy card;

Via the Internet: By accessing the website specified on the proxy card and following the instructions on the proxy card; or

By Mail: By completing and returning the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

You may also cast your vote in person at the WCI special meeting.

If your shares are held in street name through a broker or other nominee, that institution will send you separate instructions describing the procedure that you must follow in order to have your shares voted.

Q: When and where is the WCI special meeting?

A: The WCI special meeting will be held at the offices of Latham & Watkins LLP located at 885 3rd Avenue, New York, NY 10022 on [ ], 2017. Subject to space availability, all WCI stockholders as of the record date, or their duly appointed proxies, may attend the meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at [ ] Eastern time on the day of the WCI special meeting.

Q: If my shares are held in street name by a broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?

A: Not unless you instruct them to do so. If your shares are held in street name in a stock brokerage account or by a bank or other nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your broker, bank or other nominee.

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Please note that you may not vote shares held in street name by returning a proxy card directly to WCI or by voting in person at the WCI special meeting unless you provide a legal proxy , which you must obtain from your broker, bank or other nominee.

If you do not provide voting instructions to your broker or other nominee, your shares will not be voted on any proposal on which your broker or other nominee does not have discretionary authority to vote. In this proxy statement/prospectus, we refer to a failure of a broker or other nominee to vote shares because it did not receive a voting instruction from the beneficial owner of the shares as a broker non-vote . Under the current NYSE rules, brokers do not have discretionary authority to vote on either of the proposals, including the merger proposal, that will be voted on at the WCI special meeting. A broker non-vote of a share of WCI common stock will have the same effect as a vote **AGAINST** the merger proposal and will have no effect on the outcome of the vote on the adjournment proposal.

Q: What if I do not vote or abstain?

A: For purposes of the WCI special meeting, an abstention occurs when a stockholder who has not submitted a proxy attends the special meeting in person and does not vote or a stockholder returns a proxy with an abstain vote.

Because approval of the merger proposal requires the affirmative vote of holders of a majority of the outstanding shares of WCI common stock, if you fail to vote or fail to instruct your broker, bank or other nominee how to vote on the merger proposal or you mark your proxy abstain with regard to the merger proposal, that will have the same effect as a vote **AGAINST** the merger proposal. Failure to vote will have no effect on the outcome of the vote on the adjournment proposal.

Q: What will happen if I return my proxy or voting instruction card without indicating how to vote?

A: If you sign and return your proxy or voting instruction card without indicating how to vote on any particular proposal, the WCI common stock represented by your proxy will be voted as recommended by the WCI board with respect to that proposal. That means that a signed proxy or voting instruction card that does not indicate how to vote will be voted **FOR** both proposals.

Q: May I revoke my proxy and/or change my vote after I have delivered my proxy or voting instruction card?

A: Yes. You may revoke your proxy and/or change your voting instructions with regard to a matter that will be voted upon at the WCI special meeting at any time before your shares of WCI common stock are voted with regard to that matter at the WCI special meeting. You may do this by:

- sending a written notice, which is received prior to your vote being cast with regard to the matter at the WCI special meeting, to WCI Communities, Inc., 24301 Walden Center Drive, Bonita Springs, Florida 34134, Attention: Corporate Secretary, that bears a date later than the date of the proxy and states that you revoke your proxy with regard to the matter (or in its entirety);

- submitting a valid, later-dated proxy by mail, telephone or via the internet that is received prior to your vote being cast with regard to the matter at the WCI special meeting; or

- attending the WCI special meeting and voting by ballot in person with regard to the matter (your attendance at the WCI special meeting will not, by itself, revoke any proxy that you have previously given).

If you hold your shares of WCI common stock through a broker or other nominee, you must follow the directions you receive from your broker or other nominee in order to revoke your proxy or change your voting instructions.

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Q: What happens if I sell my shares of WCI common stock after the record date but before the WCI special meeting?

A: The record date for the WCI special meeting is earlier than the date of the WCI special meeting and earlier than the date that the mergers are expected to be completed. If you sell or otherwise transfer your shares of WCI common stock after the record date but before the date of the WCI special meeting, you will retain your right to vote at the WCI special meeting. However, you will not have the right to receive the merger consideration to be received by WCI stockholders in the initial merger. In order to receive the merger consideration, you must hold your shares of WCI common stock through completion of the initial merger.

Q: What does it mean if I receive more than one proxy card or vote instruction card?

A: Your receipt of more than one proxy card or vote instruction card may mean that you have multiple accounts with WCI s transfer agent or with a brokerage firm, bank or other nominee. If voting by proxy by mail, you will need to sign and return all proxy cards or vote instruction cards to ensure that all of your shares of WCI common stock are voted. Each proxy card or vote instruction card represents a distinct number of shares of WCI common stock and it is the only means by which those particular shares of WCI common stock may be voted by proxy.

Q: What are the U.S. federal income tax consequences of the mergers?

A: Unless Lennar elects to pay the merger consideration entirely in cash, it is a condition to the obligation of WCI to complete the initial merger that WCI receive an opinion from Latham & Watkins LLP, special counsel to WCI, dated the closing date of the initial merger, to the effect that, on the basis of facts, representations, assumptions and exclusions set forth or referred to in such opinion, the initial merger and the subsequent merger, considered together, will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code in this proxy statement/prospectus. In such case, the U.S. holders (as defined in Certain U.S. Federal Income Tax Considerations beginning on page 79) of WCI common stock will recognize gain (but not loss) in an amount equal to the lesser of (a) the excess (if any) of the amount of cash and the fair market value of Lennar Class A stock received in the initial merger over such holder s adjusted tax basis in its WCI common stock and (b) the amount of cash received (other than cash received in lieu of fractional shares of Lennar Class A stock). U.S. holders will recognize gain or loss with regard to cash received in respect of a fractional share of Lennar Class A stock equal to the difference, if any, between the amount of the cash received and the tax basis in the fractional share. If Lennar elects to pay the merger consideration entirely in cash, then the mergers will not qualify as a reorganization within the meaning of Section 368(a) of the Code, and U.S. WCI stockholders are expected to recognize gain or loss equal to the difference between the amounts of cash received and such holders adjusted tax basis in their WCI common stock.

You should read the section titled Certain U.S. Federal Income Tax Considerations beginning on page 79 for a more complete discussion of the United States federal income tax consequences of the initial merger. Tax matters can be complicated and the tax consequences of the mergers to you will depend on your particular tax situation. **You should consult your tax advisor to determine the tax consequences of the initial merger to you.**

Q: Do I have appraisal rights in connection with the initial merger?

A: Yes. WCI stockholders who do not vote in favor of the merger proposal and who continuously hold their shares until the effective time of the initial merger are entitled to appraisal rights under Section 262 of the General Corporation Law of the State of Delaware, which we refer to as the DGCL in this proxy statement/prospectus, provided they follow the procedures and satisfy the conditions set forth in Section 262 of the DGCL. For more information regarding appraisal rights, see The Mergers Appraisal Rights beginning on page 66. In addition, a copy of Section 262 of the DGCL is attached as Annex D to this proxy statement/prospectus. Failure to strictly comply with Section 262 of the DGCL may result in your waiver of, or inability to exercise, appraisal rights.

Q: What will holders of WCI equity awards receive in the initial merger?

A: ***LTIP Awards***. Upon completion of the initial merger, each outstanding award under WCI s Amended and Restated 2013 Long Term Incentive Plan, as amended, and Amended and Restated 2013 Director Long Term Incentive Plan, as amended, which we refer to, collectively, as the LTIP Awards in this proxy statement/prospectus, whether or not it is vested or subject to possible forfeiture, will become the right to receive an amount in cash equal to (i) the greater of (A) $23.50 and (B)(x) $11.75 plus any additional increases to the cash consideration plus (y) the market value, based on the ten day VWAP, of the total share consideration, multiplied by (ii) the number of shares of WCI common stock that would have been issuable upon settlement of such LTIP Award.

Restricted Shares. Upon completion of the initial merger, each WCI restricted share that is outstanding and unvested or otherwise subject to possible forfeiture will become vested immediately prior to the completion of the initial merger and become a right to receive an amount in cash equal to the greater of (A) $23.50 and (B)(x) $11.75 plus any additional increases to the cash consideration plus (y) the market value, based on the ten day VWAP, of the total share consideration, except that one holder of restricted shares may be required to accept the same combination of cash and stock as WCI stockholders generally if necessary to cause the initial merger to constitute a tax free reorganization.

Performance Share Units. Upon completion of the initial merger, the WCI performance share unit awards that are outstanding, even though unvested or otherwise subject to possible forfeiture, will be terminated in exchange for a right to receive an amount in cash equal to (i) the greater of (A) $23.50 and (B)(x) $11.75 plus any additional increases to the cash consideration plus (y) the market value, based on the ten day VWAP, of the total share consideration, multiplied by (ii) the number of shares of WCI common stock that would otherwise have become issuable thereafter pursuant to the terms of the applicable performance share unit award agreement had such award vested and been settled in shares.

Restricted Share Units. Upon completion of the initial merger, the WCI restricted share unit awards that are outstanding, even though unvested or otherwise subject to possible forfeiture, will be terminated at the time of the initial merger in exchange for a right to receive an amount in cash equal to (i) the greater of (A) $23.50 and (B)(x) $11.75 plus any additional increases to the cash consideration plus (y) the market value, based on the ten day VWAP, of the total share consideration, multiplied by (ii) the number of WCI restricted share unit awards.

Q: Whom should I contact if I have any questions about the proxy materials or voting?

A: If you have any questions about the mergers or if you need assistance submitting your proxy or voting your shares or need additional copies of this proxy statement/prospectus or the enclosed proxy card, you should contact the proxy solicitation agent MacKenzie Partners, Inc., toll-free at (800) 322-2885 (banks and brokers call collect at (212) 929-5500).

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SUMMARY

This summary highlights selected information contained in this proxy statement/prospectus and does not contain all the information that may be important to you. Lennar and WCI urge you to read this proxy statement/prospectus carefully in its entirety, including the annexes. Additionally, important information, which Lennar and WCI also urge you to read, is contained in the documents incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information beginning on page 122. Unless the context indicates otherwise, all references in this proxy statement/prospectus to Lennar are to Lennar Corporation and its subsidiaries, all references to WCI are to WCI Communities, Inc. and its subsidiaries, and all references to the merger agreement are to the Agreement and Plan of Merger, dated as of September 22, 2016, by and among Lennar, Corporate Sub, LLC Sub and WCI, a copy of which is attached as Annex A to this proxy statement/prospectus.

Information About Lennar (See Page 98)

Lennar, a Delaware corporation, is one of the nation s largest homebuilders, a provider of real estate related financial services, a commercial real estate, investment management and finance company through its Rialto segment and a developer of multifamily rental properties in select U.S. markets primarily through unconsolidated entities.

Lennar s homebuilding operations are the most substantial part of its business, comprising $8.5 billion in revenues, or approximately 89% of consolidated revenues in fiscal 2015, and $6.7 billion, or approximately 89% of consolidated revenues, in the first nine months of fiscal 2016. Lennar currently groups its homebuilding activities into four reportable segments, which it refers to as Homebuilding East, Homebuilding Central, Homebuilding West and Homebuilding Houston, based primarily upon similar economic characteristics, geography and product type. It groups information about its homebuilding activities in states in which its homebuilding activities are not economically similar to those in other states in the same geographic area, under Homebuilding Other, which is not a reportable segment. As of August 31, 2016, Lennar s reportable homebuilding segments and Homebuilding Other had operations located in:

East: Florida, Georgia, Maryland, New Jersey, North Carolina, South Carolina and Virginia

Central: Arizona, Colorado and Texas (other than Houston)

West: California and Nevada

Houston: Houston, Texas

Other: Illinois, Minnesota, Oregon, Tennessee and Washington

Lennar s other reportable segments are Lennar Financial Services, Rialto and Lennar Multifamily.

Lennar s quarterly reports on Form 10-Q filed for the quarters ended February 29, 2016, May 31, 2016 and August 31, 2016, which are incorporated by reference into this proxy statement/prospectus, include reclassifications of prior year segment information as Lennar in its first quarter of fiscal 2016 changed its reportable segments due to a change in management structure. These reclassifications had no impact on Lennar s condensed consolidated financial statements.

Lennar s principal offices are located at 700 Northwest 107th Avenue, Miami, Florida 33172. Its principal telephone number at that address is (305) 559-4000.

Lennar has two classes of common stock, Class A common stock and Class B common stock. Both classes are listed on the NYSE, with the symbols LEN and LEN.B, respectively. The two classes are substantially identical in all respects, except that the holders of the Class A common stock, which we refer to as the Lennar Class A stockholders in this proxy statement/prospectus, are entitled to one vote per share and the holders of the Class B common stock, which we refer to as the Lennar Class B stockholders , and together with the Lennar Class A stockholders, the Lennar common stockholders , in this proxy statement/prospectus, are entitled to 10 votes per share. The trading price of the Class A common stock usually is substantially higher than the trading price of the Class B common stock.

On December 19, 2016, Lennar issued a press release containing financial information regarding its fiscal year ended November 30, 2016. That press release was filed with the SEC as an exhibit to a Report on Form 8-K dated December 19, 2016, which is incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information beginning on page 122.

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Information About WCI (See Page 100)

WCI is a lifestyle community developer and luxury homebuilder of single- and multi-family homes, including luxury high-rise tower units, in most of coastal Florida s highest growth and largest markets. As of September 30, 2016, WCI owned or controlled 14,011 home sites of which 9,342 were owned and 4,669 were controlled by WCI. WCI has established a reputation and strong brand recognition for developing amenity-rich, lifestyle-oriented master-planned communities. WCI s homes, tower units and communities are primarily targeted to move-up, second-home and active adult buyers. If WCI s stockholders do not approve the merger proposal, WCI intends to leverage its experience, operational platform and well-located land inventory, with an attractive book value, to capitalize on markets with favorable demographic and economic forecasts in order to grow its business.

WCI was incorporated in Delaware in 2009. Including its predecessor companies, WCI has operated for over 60 years. WCI operates as a holding company and has no independent assets or operations. All of its business and operational activity is conducted through its subsidiaries. WCI operated as a privately held company until it completed an initial public offering of its common stock during July 2013. Shares of its common stock trade on the NYSE under the ticker symbol WCIC .

WCI s business is organized into three operating segments: Homebuilding, Real Estate Services and Amenities. WCI s Homebuilding segment accounted for 77.7%, 71.9% and 67.4% of its total revenues for the years ended December 31, 2015, 2014 and 2013, respectively, and substantially all of its total gross margin during those years, and it represented 81.0% of WCI s total revenues for the nine months ended September 30, 2016.

Homebuilding: WCI designs, sells and builds single- and multi-family homes ranging in price from approximately $170,000 to $1.1 million and tower units ranging in price from $1.0 million to $3.6 million. WCI s product offerings range in size from approximately 1,100 square feet to 5,100 square feet. Additionally, WCI s land development expertise enhances its Homebuilding operations by enabling it to acquire and create larger, well-amenitized master-planned communities, control the timing of home site delivery and capture the opportunity to drive higher margins.

Real Estate Services: WCI currently operates a full-service real estate brokerage business under the Berkshire Hathaway HomeServices brand and title services that complement its Homebuilding operations by providing it with additional opportunities to capitalize on increasing home prices throughout Florida. During 2015, WCI s real estate brokerage business was the third-largest real estate brokerage in Florida and the 38th largest in the United States, both based on sales volume. WCI s real estate brokerage business derives revenues primarily from gross commission income when serving as the broker at the closing of real estate transactions.

Amenities: Within many of WCI s communities, WCI may own and/or operate resort-style club and fitness facilities, championship golf courses, country clubs and marinas. WCI believes that these amenities offer its homebuyers a luxury lifestyle experience, enabling it to enhance the marketability, sales volume and value of the homes it delivers as compared to non-amenitized communities. WCI s Amenities segment derives revenues primarily from the sale of equity and nonequity memberships, the sale and lease of marina slips, membership dues, and golf and restaurant operations.

WCI s principal offices are located at 24301 Walden Center Drive, Bonita Springs, Florida 34134, and its telephone number is (239) 947-2600.

Information About Corporate Sub and LLC Sub (See Page 103)

Corporate Sub

Corporate Sub, a direct, wholly owned subsidiary of Lennar, is a Delaware corporation formed on September 14, 2016, for the purpose of being a party to the initial merger. In the initial merger, Corporate Sub will merge with and into WCI, with WCI continuing as the surviving entity and becoming a direct, wholly owned subsidiary of Lennar.

Corporate Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement, including the preparation of any applicable regulatory filings in connection with the initial merger.

LLC Sub

LLC Sub, a direct, wholly owned subsidiary of Lennar, is a Delaware limited liability company formed on September 14, 2016, for the purpose of merging with WCI in the subsequent merger, immediately after completion of the initial merger. The subsequent merger will not affect WCI stockholders because their interests as WCI stockholders will terminate as a result of the initial merger, and at the time of the subsequent merger, their rights as WCI stockholders will have been exchanged for the right to receive the merger consideration as a result of the initial merger. In the subsequent merger, WCI will (subject to certain conditions) be merged with and into LLC Sub, with LLC Sub continuing as the surviving entity and conducting, as a direct, wholly owned subsidiary of Lennar, the activities that prior to the mergers are being conducted by WCI. Lennar is not required by the merger agreement to carry out the subsequent merger if Lennar elects to pay the entire merger consideration in cash. If it does not carry out the subsequent merger, WCI will continue after the initial merger, as a direct, wholly owned subsidiary of Lennar, to conduct the activities it is conducting prior to the initial merger.

LLC Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement, including the preparation of any applicable regulatory filings in connection with the mergers.

The Mergers (See Page 28)

Subject to the terms and conditions of the merger agreement, and in accordance with the DGCL, Corporate Sub will merge with and into WCI, with WCI continuing as the surviving corporation and a direct, wholly owned subsidiary of Lennar. Immediately after completion of the initial merger of Corporate Sub with and into WCI, WCI will (subject to certain conditions) merge with and into LLC Sub in the subsequent merger, with LLC Sub continuing as the surviving entity and a direct, wholly owned subsidiary of Lennar. We refer to such surviving entity as the surviving company in this proxy statement/prospectus.

Terms of the Mergers; Exchange and Payment Procedures (See Page 82)

In the initial merger, each share of WCI common stock that is issued and outstanding immediately prior to the effective time of the initial merger will be automatically converted into the right to receive the merger consideration, which is valued at $23.50 per share of WCI common stock, and will consist of (a) at least $11.75 in cash (i.e., the cash consideration), plus (b) a number of shares of Lennar Class A stock equal to (i) $23.50 minus the amount of the cash consideration, divided by (ii) the ten day VWAP. Lennar may elect to pay more than $11.75 per share in cash, including paying the entire $23.50 in cash, and if the share consideration would be less than 41% of the entire merger consideration, as calculated for tax purposes, Lennar will be required to pay the entire merger consideration in cash. The terms of the merger consideration are described in more detail in the section of this proxy statement/prospectus titled The Merger Agreement Terms of the Mergers beginning on page 82. Any shares of WCI common stock owned directly or indirectly by WCI, Lennar, Corporate Sub or LLC Sub immediately prior to the effective time of the initial merger (other than those held in a fiduciary capacity) will be cancelled and the holders of such shares will receive no merger consideration. No fractional shares of WCI common stock will be issued in connection with the initial merger, and holders will be entitled to receive cash in lieu thereof. For a more complete description of the merger consideration, see The Merger Agreement Terms of the Mergers beginning on page 82.

Treatment of WCI Equity Awards (See Page 83)

LTIP Awards. At the effective time of the initial merger, each LTIP Award that is outstanding at that time will become the right to receive an amount in cash equal to (i) the greater of (A) $23.50 and (B)(x) the cash consideration paid to WCI stockholders plus (y) the market value, based on the ten day VWAP, of the share consideration paid to WCI stockholders, multiplied by (ii) the number of shares of WCI common stock that would have been issuable upon settlement of such LTIP Award.

Restricted Shares. At the effective time of the initial merger, each share of WCI common stock granted pursuant to WCI s 2013 Incentive Award Plan that is outstanding at that time and is unvested or otherwise subject to possible forfeiture, will become vested immediately prior to that time and will be cancelled and become a right to receive an amount in cash equal to the greater of (A) $23.50 and (B)(x) the cash consideration paid to WCI stockholders plus (y) the market value, based on the ten day

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VWAP, of the share consideration paid to WCI stockholders, *provided* that, to the extent, if any, that paying cash to a particular person identified in a schedule to the merger agreement with regard to that person s unvested restricted shares would require (or contribute to a requirement) that the share consideration be increased in order to reach a minimum percentage specified in the merger agreement in order to ensure that the receipt of Lennar Class A stock in the initial merger will not be a taxable event to most WCI stockholders, and Lennar does not elect to pay the entire merger consideration in cash, that person will receive with regard to his unvested restricted shares the combination of share consideration and cash consideration constituting the merger consideration.

Performance Share Units. Each performance share unit award granted pursuant to WCI s 2013 Incentive Award Plan that is outstanding immediately prior to the effective time of the initial merger will be terminated immediately prior to the effective time of the initial merger in exchange for a right to receive an amount in cash equal to (i) the greater of (A) $23.50 and (B)(x) the cash consideration paid to WCI stockholders plus (y) the market value, based on the ten day VWAP, of the share consideration paid to WCI stockholders, multiplied by (ii) the number of shares of WCI common stock that would otherwise have become issuable thereafter pursuant to the terms of the applicable performance share unit award agreement had such award vested and been settled in shares.

Restricted Share Units. Each restricted share unit award granted pursuant to WCI s 2013 Incentive Award Plan that is outstanding immediately prior to the effective time of the initial merger will be terminated in exchange for a right to receive an amount in cash equal to (i) the greater of (A) $23.50 and (B)(x) the cash consideration paid to WCI stockholders plus (y) the market value, based on the ten day VWAP, of the share consideration paid to WCI stockholders, multiplied by (ii) the number of restricted share units subject to such award.

For a more complete discussion of the treatment of WCI equity-based awards, see The Merger Agreement Treatment of WCI Equity Awards beginning on page 83. For further discussion of the treatment of WCI options and equity-based awards held by certain WCI directors and executive officers, see The Mergers Interests of WCI Directors and Executive Officers in the Initial Merger beginning on page 71.

Board of Directors and Executive Officers After Completion of the Mergers (See Page 65)

Upon completion of the mergers, the Lennar board of directors, which we refer to as the Lennar board in this proxy statement/prospectus, will continue to consist of Lennar s current directors, who are Irving Bolotin, Steven L. Gerard, Theron I. (Tig) Gilliam, Sherrill W. Hudson, Sidney Lapidus, Teri McClure, Stuart A. Miller, Armando Olivera and Jeffrey Sonnenfeld. The current executive officers of Lennar are expected to continue to be its executive officers after completion of the mergers.

For more information about the directors of Lennar, see The Mergers Board of Directors and Executive Officers After Completion of the Mergers beginning on page 65.

WCI Board Recommendation and its Reasons for the Mergers (See Page 45)

The WCI board unanimously recommends that WCI stockholders vote **FOR** approval of the merger proposal and approval of the adjournment proposal, if necessary.

In the course of reaching its decision to approve the merger agreement and the transactions contemplated thereby, the WCI board considered a number of factors. For a more complete discussion of these factors, see The Mergers WCI Board Recommendation and Its Reasons for the Mergers beginning on page 45.

Opinions of WCI s Financial Advisors (See Page 49)

Citigroup Global Markets Inc.

WCI has engaged Citigroup Global Markets Inc., which we refer to as Citi in this proxy statement/prospectus, as a financial advisor in connection with the mergers. In connection with this engagement, Citi delivered a written opinion, dated September 22, 2016, to the WCI board as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by holders of WCI common stock pursuant to the merger agreement. The full text of Citi s written opinion, dated September 22, 2016, which describes the assumptions made, procedures followed, matters considered and

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limitations and qualifications on the review undertaken, is attached as Annex B to this proxy statement/prospectus and is incorporated herein by reference. The description of Citi s opinion set forth below is qualified in its entirety by reference to the full text of Citi s opinion. **Citi s opinion was provided for the information of the WCI board (in its capacity as such) in connection with its evaluation of the merger consideration from a financial point of view and did not address any other terms, aspects or implications of the mergers. Citi expressed no view as to, and its opinion did not address, the underlying business decision of WCI to effect or enter into the mergers, the relative merits of the mergers as compared to any alternative business strategies that might exist for WCI or the effect of any other transaction in which WCI might engage or consider. Citi s opinion is not intended to be and does not constitute a recommendation to any securityholder as to how such securityholder should vote or act on any matters relating to the proposed mergers or otherwise.**

Credit Suisse Securities (USA) LLC

On September 22, 2016, Credit Suisse Securities (USA) LLC, which we refer to as Credit Suisse in this proxy statement/prospectus, rendered its oral opinion to the WCI board (which was subsequently confirmed in writing by delivery of Credit Suisse s written opinion to the WCI board dated the same date) as to, as of September 22, 2016, the fairness, from a financial point of view, to WCI stockholders of the merger consideration to be received by such holders in the initial merger pursuant to the merger agreement.

Credit Suisse s opinion was directed to the WCI board (in its capacity as such), and only addressed the fairness, from a financial point of view, to WCI stockholders of the merger consideration to be received by such holders in the initial merger pursuant to the merger agreement and did not address any other aspect or implication of the mergers. The summary of Credit Suisse s opinion in this proxy statement/prospectus is qualified in its entirety by reference to the full text of its written opinion, which is included as Annex C to this proxy statement/prospectus and sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Credit Suisse in preparing its opinion. However, neither Credit Suisse s written opinion nor the summary of its opinion and the related analyses set forth in this proxy statement/prospectus is intended to be, and they do not constitute, advice or a recommendation to any WCI stockholder as to how such holder should vote or act on any matter relating to the proposed mergers.

Interests of WCI Directors and Executive Officers in the Initial Merger (See Page 71)

Some of the WCI directors and executive officers have financial interests in the initial merger that may be different from, or in addition to, those of WCI stockholders generally. The WCI board was aware of these interests and considered them, among other matters, in approving the merger agreement and making its recommendation that WCI stockholders approve the merger proposal. These interests include the following:

Equity Awards. Upon completion of the initial merger, each outstanding equity award held by a WCI director or executive officer will generally become a right to receive an amount in cash equal to the greater of (a) $23.50 and (b)(i) $11.75 plus any additional increases to the cash consideration plus (ii) the market value, based on the ten day VWAP, of the total share consideration, with respect to each share of WCI common stock subject to such award. Notwithstanding the foregoing, one WCI executive officer holding restricted shares may be required to accept the same combination of cash and stock as WCI stockholders generally if necessary to cause the initial merger to constitute a tax free reorganization.

Transaction and Retention Bonuses. In connection with the initial merger, certain WCI executive officers have entered into letter agreements with WCI regarding retention bonuses and, in the case of Keith E. Bass, President and Chief Executive Officer only, a transaction bonus. The letter agreements provide the WCI executive officers, including Mr. Bass, with eligibility to receive retention bonuses in an aggregate amount equal to approximately $3.46 million and, in the case of Mr. Bass, a separate transaction bonus of up to $3.22 million. In total, Mr. Bass is eligible to receive transaction and retention bonuses in an aggregate amount of up to $4,150,000. However, Mr. Bass may receive a lesser amount in the event his transaction bonus decreases or is eliminated.

Executive Employment Agreements. WCI is party to employment agreements with each of its executive officers (other than John B. McGoldrick, Senior Vice President of Human Resources) which provides for, among other things, a severance payment upon termination by WCI without cause or by such WCI executive officer for good reason within six months prior to, or two years following, the initial merger.

Non-Executive Change in Control Severance Plan. WCI sponsors a change in control severance plan, which provides Mr. McGoldrick with eligibility to receive a severance payment upon a termination by WCI without cause or by Mr. McGoldrick for good reason within 12 months following the initial merger.

2016 Management Incentive Compensation Plan. WCI sponsors an annual bonus plan, which provides Mr. McGoldrick with eligibility to receive his annual bonuses upon a termination by WCI without cause.

WCI directors and executive officers are also entitled to continued indemnification, advancement of expenses and directors and officers liability insurance coverage under the merger agreement. For a further discussion of the interests of directors and executive officers in the initial merger, see The Mergers Interests of WCI Directors and Executive Officers in the Initial Merger beginning on page 71.

U.S. Federal Income Tax Considerations (See Page 79)

Unless Lennar elects to pay the merger consideration entirely in cash, it is a condition to the obligation of WCI to complete the initial merger that WCI receive an opinion from Latham & Watkins LLP, special counsel to WCI, dated the closing date of the initial merger, to the effect that, on the basis of facts, representations, assumptions and exclusions set forth or referred to in such opinion, the initial merger and the subsequent merger, considered together, will qualify as a reorganization within the meaning of Section 368(a) of the Code. In such case, each U.S. holder (as defined in Certain U.S. Federal Income Tax Considerations beginning on page 79) of WCI common stock will recognize gain (but not loss) in an amount equal to the lesser of (a) the excess (if any) of the amount of cash and the fair market value of Lennar Class A stock received in the initial merger over such holder s adjusted tax basis in its WCI common stock and (b) the amount of cash received (other than cash received in lieu of fractional shares of Lennar Class A stock). U.S. holders will recognize gain or loss with respect to cash received in respect of a fractional share of Lennar Class A stock equal to the difference, if any, between the amount of the cash received and the tax basis in the fractional share. If Lennar elects to pay the merger consideration entirely in cash, then the mergers will not qualify as a reorganization within the meaning of Section 368(a) of the Code, and each U.S. holder of WCI common stock is expected to recognize gain or loss equal to the difference between the amount of cash received and such holder s adjusted tax basis in its WCI common stock.

You should read the section titled Certain U.S. Federal Income Tax Considerations beginning on page 79 for a more complete discussion of the United States federal income tax consequences of the mergers. Tax matters can be complicated and the tax consequences of the mergers to you will depend on your particular tax situation. **You should consult your tax advisor to determine the tax consequences of the initial merger and payment of the merger consideration to you.**

Accounting Treatment of the Mergers (See Page 65)

The mergers will be accounted for as an acquisition of WCI by Lennar under the acquisition method of accounting according to U.S. generally accepted accounting principles, which we refer to as GAAP in this proxy statement/prospectus.

For a more complete description of the accounting treatment of the mergers, see The Mergers Accounting Treatment of the Mergers beginning on page 65.

Appraisal Rights (See Page 66)

Under Section 262 of the DGCL, stockholders of a Delaware corporation are entitled to appraisal of their shares if they are required to accept cash (other than cash in lieu of fractional shares) as any portion of the consideration for such shares. A WCI stockholder who properly demands appraisal and otherwise complies with the applicable requirements under Delaware law,

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which we refer to as a dissenting stockholder in this proxy statement/prospectus, will be entitled to receive a cash payment equal to the fair value of his, her or its shares of WCI common stock in connection with the initial merger in lieu of the merger consideration. Fair value will be determined by the Delaware Court of Chancery, which we refer to as the Court in this proxy statement/prospectus, following an appraisal proceeding. Dissenting stockholders will not know the appraised fair value at the time such holders must elect whether to demand appraisal.

The ultimate amount dissenting stockholders receive in an appraisal proceeding may be more or less than, or the same as, the value of the merger consideration such dissenting holders would have received under the merger agreement. To qualify for appraisal, a WCI stockholder must comply strictly with all of the procedures required under Delaware law, including delivering a written demand for appraisal to WCI before the vote is taken on the merger agreement at the WCI special meeting, not voting in favor of the merger proposal and continuing to hold his shares of common stock through the effective time of the initial merger. Failure to comply strictly with all of the procedures required under Delaware law will result in the loss of appraisal rights.

For a further description of the appraisal rights available to WCI stockholders and the procedures required to exercise such appraisal rights, see The Mergers Appraisal Rights beginning on page 66 and the provisions of Section 262 of the DGCL that grant appraisal rights and govern such procedures, which are attached as Annex D to this proxy statement/prospectus. If a WCI stockholder holds shares of WCI common stock through a bank, brokerage firm or other nominee and that WCI stockholder wishes to exercise appraisal rights, such stockholder should consult with such stockholder s bank, brokerage firm or nominee sufficiently in advance of the WCI special meeting to permit such nominee to exercise appraisal rights on such stockholder s behalf. In view of the complexity of Delaware law, WCI stockholders who may wish to pursue appraisal rights should consult their legal and financial advisors promptly.

Regulatory Approvals Required for the Mergers (See Page 65)

Lennar and WCI have determined that no authorizations, approvals or consents from regulatory authorities are required to enable them to complete the mergers.

For a more complete discussion of regulatory matters relating to the mergers, see The Mergers Regulatory Approvals Required for the Mergers beginning on page 65.

Conditions to Completion of the Mergers (See Page 84)

The parties expect to complete the initial merger after all of the conditions in the merger agreement are satisfied or waived, including the receipt of stockholder approval by WCI at the WCI special meeting. The parties currently expect to complete the initial merger on the day of the WCI special meeting (assuming it is approved at the WCI special meeting) or the following day. However, it is possible that factors outside of either company s control could require them not to complete the mergers until a later time or not to complete them at all.

The obligations of WCI and Lennar to consummate the initial merger are conditioned upon the satisfaction (or waiver by the affected party) at or prior to the closing of the initial merger of each of the following:

- approval of the merger proposal by vote of the holders of a majority of outstanding shares of WCI common stock;

if filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which we refer to as the HSR Act in this proxy statement/prospectus, are required, the termination or expiration of any waiting period (and any extension thereof) under the HSR Act applicable to the initial merger or any other transactions contemplated by the merger agreement (Lennar and WCI have determined that filings under the HSR Act are not required);

absence of any law, order, judgment, injunction or any other restriction or prohibition by any governmental entity prohibiting consummation of the initial merger;

receipt of a certificate signed by an officer of the other party, dated as of the closing date, certifying that the preceding conditions have been satisfied;

fulfillment, in all material respects, of all obligations of the other party required to be fulfilled by such other party on or before the closing date; and

unless the merger consideration consists entirely of cash:

effectiveness of the registration statement of which this proxy statement/prospectus is a part under the Securities Act and no stop order suspending the effectiveness of the registration statement having been issued and no proceedings for that purpose having been initiated or threatened in writing by the SEC;

approval of the new shares of Lennar Class A stock deliverable to WCI stockholders for listing on the NYSE, subject to official notice of issuance;

receipt of a legal opinion of WCI s counsel, to the effect that the initial merger and the subsequent merger, considered together, will constitute a reorganization within the meaning of Section 368(a) of the Code; and

delivery by Lennar of a certificate signed by an executive officer of Lennar certifying as to certain representations related to the foregoing legal opinion.

The conditions set forth in the merger agreement may be waived by Lennar or WCI, subject to applicable law and the agreement of the other party in certain circumstances. For a more complete discussion of the conditions to the mergers, see The Merger Agreement Conditions to Completion of the Mergers beginning on page 84.

Completion of the Initial Merger (See Page 83)

The initial merger is expected to be completed on the day it is approved by WCI stockholders or the following business day, subject to the satisfaction or waiver of other closing conditions. For a discussion of the timing of the initial merger, see The Merger Agreement Completion of the Mergers beginning on page 83.

Transaction Solicitation Period (See Page 89)

The merger agreement provides for a transaction solicitation period that began on the date of the merger agreement and ended on October 26, 2016. During the transaction solicitation period, WCI was permitted, directly or indirectly, including with the assistance of investment bankers, attorneys, accountants and other representatives, to:

actively seek and take any action to initiate, solicit, encourage or otherwise facilitate (whether publicly or otherwise) alternative acquisition proposals;

enter into and continue any discussions or negotiations relating to, or that may be expected to lead to, an alternative acquisition proposal; and

provide non-public information about WCI and its subsidiaries to prospective acquirors that have entered into confidentiality agreements with substantially the same terms with respect to confidentiality as those contained in the merger agreement, which we refer to as an acceptable confidentiality agreement in this proxy statement/prospectus.

If at any time during the transaction solicitation period, the WCI board had received a bona fide, written acquisition proposal from a third party, then, unless the WCI board determined, within three days after receipt of such proposal, that such proposal did not cause the third party to be an excluded party (which means a person or group from whom WCI received (during the transaction solicitation period) a written acquisition proposal that the WCI board determined (during the transaction solicitation period), in good faith and after consultation with WCI s financial advisors, constituted, or would be reasonably expected to result in (if consummated in accordance with its terms), a transaction that would be more favorable to WCI stockholders than the mergers), then WCI was required to inform Lennar about such proposal within three days after WCI received such proposal,

including the identity of the third party and a reasonably detailed description of the proposal s material terms. During the transaction solicitation period, Credit Suisse, on behalf of WCI, contacted 44 entities approved by the WCI board that Credit Suisse had identified as possible alternate acquirors of WCI. Eight of these entities executed confidentiality agreements that made them eligible to receive non-public information of which six accessed WCI s online data room. However, none of them submitted a proposal to acquire WCI during the transaction solicitation period. For a more detailed discussion of the solicitation of acquisition proposals from third parties during the transaction solicitation period, see The Merger Agreement Transaction Solicitation Period beginning on page 89.

No Solicitation of Other Offers (See Page 90)

Following the transaction solicitation period, subject to certain exceptions discussed below, WCI has been required to:

- terminate all ongoing discussions with third parties regarding alternative acquisition proposals or otherwise regarding possible acquisition transactions; and

- not authorize or permit its or any of its subsidiaries officers, directors, employees, agents or other representatives directly or indirectly to initiate, solicit, knowingly encourage or otherwise knowingly facilitate (by making available non-public information or otherwise) any alternative acquisition proposal or any inquiry, proposal or offer with respect to a possible acquisition transaction.

Notwithstanding the above, in connection with any inquiry, proposal or offer with respect to a possible acquisition transaction that WCI receives after the end of the transaction solicitation period despite complying in all material respects with the obligations listed immediately above, WCI, its subsidiaries and their respective representatives may:

- request clarifications from, provide non-public information about WCI and its subsidiaries (subject to an acceptable confidentiality agreement) to, and engage in discussions and negotiations with the applicable third party regarding such possible alternative acquisition transaction if the WCI board determines, in good faith after consultation with WCI s financial advisors and outside counsel, that such possible alternative acquisition transaction constitutes, or would reasonably be expected to result (if consummated in accordance with its terms) in a transaction that would be more favorable to WCI stockholders than the mergers; and

- execute and enter into a binding agreement, on such terms and conditions as the WCI board may determine, with respect to a proposal that the WCI board determines constitutes a superior proposal; provided that such alternative acquisition agreement must expressly provide that WCI may terminate such agreement without cost to WCI, and WCI will not have any obligations or be subject to any restrictions under or as a result of such agreement in the event Lennar agrees to amend the terms and conditions of the merger agreement so that such alternative proposal would cease to constitute a superior proposal.

Additionally, if at any time after the end of the transaction solicitation period, WCI receives an alternative acquisition proposal, request for non-public information in connection with such a proposal or an indication that a prospective acquirer intends to make such a proposal, then within two business days WCI must inform Lennar, provide the identity of the third party from which the proposal, request or indication was received, and provide a reasonably detailed description of the material terms of such proposal, request or indication. Further, WCI must thereafter promptly provide Lennar with any additional material information WCI obtains regarding such proposal, request or

indication, including information about steps that are taken in response to or in furtherance of the possible acquisition transaction. For a discussion of the prohibition on solicitation of acquisition proposals from third parties, see The Merger Agreement No Solicitation; Notice of Proposals beginning on page 90.

Termination of the Merger Agreement (See Page 95)

Generally, the merger agreement may be terminated prior to the closing of the initial merger, whether before or after approval of the merger proposal by WCI stockholders is obtained (except as otherwise provided below), as follows:

by the mutual written consent of Lennar and WCI;

by either Lennar or WCI (provided that such party s breach is not the primary cause of such condition):

if the closing date does not occur on or before March 22, 2017, which we refer to as the outside date in this proxy statement/prospectus; provided, however, that if certain conditions have not been satisfied or duly waived by the fifth business day prior to the outside date, WCI may, by written notice to Lennar, extend the outside date by two additional months until May 22, 2017; provided, further, that if on May 22, 2017, certain antitrust related conditions have not been satisfied or duly waived, WCI may, by written notice to Lennar, extend the outside date by an additional ten months until March 22, 2018; or

if any order of any governmental entity having competent jurisdiction is entered permanently enjoining WCI, Lennar, LLC Sub or Corporate Sub from consummating the mergers and such order has become final and non-appealable;

by WCI:

if either Lennar, LLC Sub or Corporate Sub has breached any of its representations or warranties in the merger agreement in a way such that a condition to closing would not be satisfied, and this breach is either incurable or not cured within 45 business days after Lennar s receipt of written notice of such breach; provided that WCI will not have the right to terminate on this basis if, at the time of such termination, WCI is in breach of any of its representations, warranties, covenants or agreements under the merger agreement that would result in a failure of any condition to Lennar s, LLC Sub s or Corporate Sub s obligations to effect the initial merger;

if the WCI board exercises its fiduciary out termination right pursuant to the terms of the merger agreement, as discussed in the section titled The Merger Agreement Board Recommendation; Fiduciary Out beginning on page 91; or

if all the conditions to Lennar s, LLC Sub s and Corporate Sub s obligations to effect the mergers have been satisfied, and Lennar, LLC Sub and Corporate Sub have failed to consummate the initial merger by the time the closing should have occurred pursuant to the merger agreement; or

by Lennar:

if WCI has breached any of its representations or warranties in the merger agreement in a way such that a condition to closing would not be satisfied, and this breach is either incurable or not cured within 45 business days after WCI s receipt of written notice of such breach; provided that Lennar will not

have the right to terminate on this basis if, at the time of such termination, Lennar is in breach of any of its representations, warranties, covenants or agreements under the merger agreement that would result in a failure of any condition to WCI s obligations to effect the mergers; or

if, prior to approval of the merger proposal by WCI stockholders, (i) the WCI board effects, or there is a public statement that the WCI board intends to effect (which the WCI board does not deny in a filing with the SEC within three business days following a request by Lennar to do so), a change of recommendation, other than in either case in connection with WCI s fiduciary out termination right, or (ii) in connection with a tender or exchange offer by a third party for 15% or more of WCI common stock, (x) the WCI board (or any committee thereof) recommends that WCI stockholders tender into such offer or (y) WCI does not issue and file with the SEC a statement within 10 business days that includes a recommendation that WCI stockholders do not tender into the offer.

If Lennar terminates the merger agreement after there has been a change of recommendation by the WCI board or the WCI board has recommended that WCI stockholders tender their shares, or has not recommended that they not tender their shares, in response to a tender offer, WCI will have to pay Lennar a termination fee of $22.5 million (which would have been $11.25 million if the WCI board had exercised its termination right in order to accept an alternative acquisition proposal received during the transaction solicitation period). See The Merger Agreement Termination of the Merger Agreement beginning on page 95 and The Merger Agreement Effect of Termination; Termination Fees beginning on page 96.

Purpose of the WCI Special Meeting; Required Vote (See Pages 104, 105)

At the WCI special meeting, WCI stockholders will be asked to consider and vote upon:

- the merger proposal; and
- the adjournment proposal.

Approval of the merger proposal is required for completion of the mergers.

The affirmative vote of holders of a majority of the outstanding shares of WCI common stock entitled to vote is required to approve the merger proposal.

The majority of the votes cast affirmatively or negatively (excluding abstentions and broker non-votes) on the adjournment proposal is required to approve the adjournment proposal.

The WCI board unanimously recommends that WCI stockholders vote **FOR** both of the proposals set forth above, as more fully described in the section titled WCI Special Meeting Purpose of the WCI Special Meeting beginning on page 104.

Voting by WCI Directors and Executive Officers (See Page 106)

As of the record date, WCI directors and executive officers and their affiliates owned and were entitled to vote 2,566,821 shares of WCI common stock, or approximately 9.7% of the total voting power of the shares of WCI common stock outstanding on that date.

Litigation Relating to the Mergers (See Page 78)

Since the announcement of the proposed mergers, WCI, Lennar and the WCI directors have been named as defendants in two class action complaints, one filed on November 23, 2016, by plaintiff Paul Parshall, in the U.S. District Court for the Middle District of Florida, and the other filed on November 29, 2016, by plaintiff Stephen Bushansky, in the Court of Chancery of the State of Delaware. The first complaint alleges that the registration statement on Form S-4 filed by WCI on November 10, 2016 omits material information with respect to the proposed transaction, which renders the registration statement false and misleading. The second complaint alleges that the WCI board breached its fiduciary duties in connection with the merger agreement, including with respect to the process by which the merger agreement was negotiated and approved and with respect to omissions of information that allegedly cause the registration statement to be false and misleading. Both complaints seek an injunction preventing the consummation of the initial merger, compensatory damages and attorneys fees and costs. WCI and Lennar believe that these lawsuits

are without merit and intend to defend against them vigorously. For more information on such litigation, see The Mergers Litigation Relating to the Mergers beginning on page 78. It is possible that additional lawsuits will be commenced.

SELECTED HISTORICAL FINANCIAL DATA OF LENNAR

The following table sets forth selected consolidated financial and operating information about Lennar at or for the nine months ended August 31, 2016 and August 31, 2015, and at or for the fiscal years ended November 30, 2011 through 2015. The information presented below is based upon Lennar s historical financial statements. The selected historical consolidated financial data of Lennar for each of the years ended November 30, 2015, 2014 and 2013 and at November 30, 2015 and 2014 have been derived from Lennar s audited consolidated financial statements contained in Lennar s Annual Report on Form 10-K for the year ended November 30, 2015, which is incorporated by reference into this proxy statement/prospectus. The financial data for the nine month periods ended August 31, 2016 and 2015 and at August 31, 2016 are derived from Lennar s unaudited condensed consolidated financial statements contained in Lennar s Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2016, which is incorporated by reference into this proxy statement/prospectus.

The selected historical consolidated financial data for the fiscal years ended November 30, 2012 and 2011 and at November 30, 2013, 2012 and 2011 have been derived from Lennar s audited consolidated financial statements at or for the years ended on those dates, which have not been incorporated by reference into this proxy statement/prospectus. The selected historical consolidated financial data at August 31, 2015 have been derived from Lennar s unaudited interim consolidated financial statements and related notes thereto contained in Lennar s Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2015, which has not been incorporated by reference into this proxy statement/prospectus. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Lennar, and you should read the following information together with (i) Lennar s audited consolidated financial statements and the related notes, and the sections captioned Management s Discussion and Analysis of Financial Condition and Results of Operations in Lennar s Annual Report on Form 10-K for the year ended November 30, 2015 and (ii) Lennar s unaudited interim consolidated financial statements, the related notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations contained in Lennar s Quarterly Report on Form 10-Q for the quarterly period ended August 31, 2016. For more information, see Where You Can Find More Information beginning on page 122.

	At or for the Nine Months Ended August 31,		At or for the Years Ended November 30,				
	2016	2015(1)	2015	2014	2013	2012	2011
	(Dollars in thousands, except per share amounts)						
Results of Operations:							
Revenues:							
Lennar Homebuilding	$ 6,734,335	5,789,788	8,466,945	7,025,130	5,354,947	3,581,232	2,675,124
Lennar Financial Services	$ 491,340	463,460	620,527	454,381	427,342	384,618	255,518
Rialto	$ 152,434	160,682	221,923	230,521	138,060	138,856	164,743
Lennar Multifamily	$ 195,264	114,511	164,613	69,780	14,746	426	
Total revenues	$ 7,573,373	6,528,441	9,474,008	7,779,812	5,935,095	4,105,132	3,095,385

Operating earnings (loss):								
Lennar Homebuilding	$	908,216	834,145	1,271,641	1,033,721	733,075	258,985	109,505
Lennar Financial Services	$	112,267	94,017	127,795	80,138	85,786	84,782	20,729
Rialto	$	(16,533)	16,682	33,595	44,079	26,128	11,569	63,457
Lennar Multifamily	$	29,774	(17,378)	(7,171)	(10,993)	(16,988)	(5,884)	(461)
Corporate general and administrative expenses	$	164,634	150,355	216,244	177,161	146,060	127,338	95,256
Earnings before income taxes	$	869,090	777,111	1,209,616	969,784	681,941	222,114	97,974
Net earnings attributable to Lennar	$	598,391	521,291	802,894	638,916	479,674	679,124	92,199
Diluted earnings per share	$	2.59	2.25	3.46	2.80	2.15	3.11	0.48
Cash dividends declared per each Class A and Class B common stock	$	0.12	0.12	0.16	0.16	0.16	0.16	0.16
Financial Position:								
Total assets	$	14,998,720	14,139,771	14,419,509	12,923,151	11,239,885	10,323,177	9,114,802
Debt:								
Lennar Homebuilding	$	4,920,848	5,236,502	5,025,130	4,661,266	4,165,792	3,971,348	3,332,781
Rialto	$	576,448	770,000	771,728	617,077	437,161	569,154	755,650
Lennar Financial Services	$	913,040	817,904	858,300	704,143	374,166	457,994	410,134
Lennar Multifamily	$					13,858		
Stockholders equity	$	6,545,535	5,360,016	5,648,944	4,827,020	4,168,901	3,414,764	2,696,468
Total equity	$	6,762,906	5,674,697	5,950,072	5,251,302	4,627,470	4,001,208	3,303,525
Shares outstanding (000s)		227,803	210,090	211,146	205,039	204,412	191,548	188,403
Stockholders equity per share	$	28.73	25.51	26.75	23.54	20.39	17.83	14.31

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	At or for the Nine Months Ended August 31,		At or for the Years Ended November 30,				
	2016	**2015(1)**	**2015**	**2014**	**2013**	**2012**	**2011**
	(Dollars in thousands, except per share amounts)						
Lennar Homebuilding Data (including unconsolidated entities):							
Number of homes delivered	18,335	16,635	24,292	21,003	18,290	13,802	10,845
New orders	20,774	19,053	25,106	22,029	19,043	15,684	11,412
Backlog of home sales contracts	9,253	8,250	6,646	5,832	4,806	4,053	2,171
Backlog dollar value	$ 3,444,243	3,015,689	2,477,751	1,974,328	1,619,601	1,160,385	560,659

(1) In November 2015, Lennar adopted Accounting Standards Update 2015-03, *Interest Imputation of Interest*, which changed the presentation of debt issuance costs from an asset to a direct reduction of the carrying amount of the related debt. As a result, Lennar total assets, Lennar Homebuilding debt and Rialto debt as of August 31, 2015 have been adjusted to conform with current and prior periods presentation.

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SELECTED HISTORICAL FINANCIAL DATA OF WCI

The selected historical consolidated financial data of WCI for each of the fiscal years ended December 31, 2015, 2014 and 2013 and as of December 31, 2015 and 2014 have been derived from WCI s audited consolidated financial statements and related notes thereto contained in WCI s Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference into this proxy statement/prospectus. The financial data for the nine months ended September 30, 2016 and September 30, 2015 and at September 30, 2016 have been derived from WCI s unaudited interim consolidated financial statements and related notes thereto contained in WCI s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016, which is incorporated by reference into this proxy statement/prospectus.

The selected historical consolidated financial data for the years ended December 31, 2012 and 2011 and at December 31, 2013, 2012 and 2011 have been derived from WCI s audited consolidated financial statements as of and for such years, which have not been incorporated by reference into this proxy statement/prospectus. The selected historical consolidated financial data as of September 30, 2015 have been derived from WCI s unaudited interim consolidated financial statements and related notes thereto contained in WCI s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015, which has not been incorporated by reference into this proxy statement/prospectus. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of WCI, and you should read the following information together with (i) WCI s audited consolidated financial statements, the related notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations contained in WCI s Annual Report on Form 10-K for the year ended December 31, 2015 and (ii) WCI s unaudited interim consolidated financial statements, the related notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations contained in WCI s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016. For more information, see Where You Can Find More Information beginning on page 122.

	At or for the Nine Months Ended September 30,		At or for the Years Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
	(In thousands, except per share data)						
Operating Data:							
Total revenues	$ 491,934	$ 398,600	$ 563,616	$ 407,003	$ 317,349	$ 241,008	$ 144,272
Gross margin	102,342	84,383	117,284	82,541	65,324	44,293	(8,882)
Income (loss) from continuing operations before taxes	39,359	38,990	55,654	36,036	20,776	(4,305)	(54,453)
Net (loss) income	24,808	25,598	35,227	21,384	146,485	50,634	(46,325)
Net (loss) income attributable to common stockholders of WCI	24,808	25,655	35,400	21,597	126,968	50,823	(47,125)
Net (loss) income per share:							
Basic							
Continuing operations	$ 0.94	$ 0.98	$ 1.35	$ 0.83	$ 5.88	$ 3.33	$ (4.90)
Discontinued operations						0.19	0.13
Earnings (loss) per share	$ 0.94	$ 0.98	$ 1.35	$ 0.83	$ 5.88	$ 3.52	$ (4.77)

Diluted							
Continuing operations	$ 0.93	$ 0.97	$ 1.34	$ 0.82	$ 5.86	$ 3.31	$ (4.90)
Discontinued operations						0.19	0.13
Earnings (loss) per share	$ 0.93	$ 0.97	$ 1.34	$ 0.82	$ 5.86	$ 3.50	$ (4.77)
Balance sheet data (at the end of the period):							
Cash and cash equivalents	$ 78,989	$ 149,383	$ 135,308	$ 174,756	$ 213,352	$ 81,094	$ 43,350
Real estate inventories	682,918	527,120	554,191	449,249	280,293	183,168	158,332
Total assets(1)	929,931	848,083	861,636	800,114	680,940	344,980	303,808
Total debt obligations(1)	255,067	246,346	246,473	245,983	195,454	120,447	138,382
Total liabilities(1)	429,182	384,981	387,869	365,671	271,076	176,375	235,248
Total equity, including noncontrolling interests	500,749	463,102	473,767	434,443	409,864	168,605	68,560
Cash flow data (at the end of the period):							
Sources (uses) of cash and cash equivalents:							
Net cash provided by (used in) operating activities	$ (49,598)	$ (23,178)	$ (36,082)	$ (105,925)	$ (22,581)	$ 22,014	$ (19,721)
Net cash provided by (used in) investing activities	(5,760)	(2,100)	(3,007)	(2,977)	(1,977)	11,605	13,999
Net cash provided by (used in) financing activities	(961)	(95)	(359)	70,306	156,816	4,125	(3,097)

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	At or for the Nine Months Ended September 30,		At or for the Years Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
	(In thousands, except per share data)						
Net increase (decrease) in cash and cash equivalents	(56,319)	(25,373)	(39,448)	(38,596)	132,258	37,744	(8,819)
Cash and cash equivalents at the beginning of the period	135,308	174,756	174,756	213,352	81,094	43,350	52,169
Cash and cash equivalents at the end of the period	$ 78,989	$ 149,383	$ 135,308	$ 174,756	$ 213,352	$ 81,094	$ 43,350

(1) In December 2015, WCI adopted Accounting Standards Update 2015-03, Simplifying the Presentation of Debt Issuance Costs, which changed the presentation of certain debt issuance costs from an asset to a direct reduction of the carrying amount of the related debt. As a result, WCI s total assets, total debt obligations, and total liabilities as of September 30, 2015 have been adjusted to conform with current and prior periods presentation.

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COMPARATIVE PER SHARE DATA

The following table shows per share data regarding earnings (losses) from continuing operations, book value per share and cash dividends for Lennar and WCI on a historical and pro forma combined basis. The pro forma earnings information was computed as if the merger had been completed on December 1, 2014. The pro forma book value per share information was computed as if the initial merger had been completed on August 31, 2016, but with Lennar s Class A stock valued at its October 31, 2016 closing price of $41.69 per share.

The following comparative per share data for Lennar and for WCI is derived from the respective historical consolidated financial statements of each of them included in their respective Annual Reports on Form 10-K for the years ended November 30, 2015 and December 31, 2015, respectively, and their respective Quarterly Reports on Form 10-Q for the quarterly periods ended August 31, 2016 and September 30, 2016, respectively, all of which are incorporated by reference into this proxy statement/prospectus. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position of Lennar following the mergers.

	At or for the Year Ended November 30, 2015		At or for the Nine Months Ended August 31, 2016	
Lennar Corporation				
Earnings per share, basic	$	3.87	$	2.74
Earnings per share, diluted	$	3.46	$	2.59
Book value per share	$	26.75	$	28.73
Cash dividends	$	0.16	$	0.12

	At or for the Year Ended December 31, 2015		At or for the Nine Months Ended September 30, 2016	
WCI Communities, Inc.				
Earnings per share, basic	$	1.35	$	0.94
Earnings per share, diluted	$	1.34	$	0.93
Book value per share	$	18.26	$	19.37
Cash dividends				

	At or for the Year Ended November 30, 2015		At or for the Nine Months Ended August 31, 2016	
Pro Forma Combined[1]				
Earnings per share, basic	$	3.90	$	2.77
Earnings per share, diluted	$	3.50	$	2.62

Book value per share	$	29.13
Cash dividends	$	0.12

[1] Pro-forma combined calculations do not give effect to any anticipated synergies, operating efficiencies or cost savings that may be associated with the merger. Lennar is in the process of performing its valuation analysis to determine the fair market value of WCI s assets and liabilities, and therefore the combined pro-forma calculations do not include any purchase price allocations other than the assumed shares to be issued by Lennar to WCI stockholders if the transaction is consummated.

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MARKET PRICES AND DIVIDENDS

The table below sets forth, for the calendar quarters indicated, the high and low sales prices per share of WCI common stock, which trades on the NYSE under the symbol WCIC, and Lennar Class A stock, which trades on the NYSE under the symbol LEN, as well as the quarterly cash dividends declared per share for the periods indicated.

	WCI Common Stock		
	High	**Low**	**Dividend**
Year Ended December 31, 2014			
First Quarter	$ 21.28	$ 17.57	$ 0.00
Second Quarter	$ 20.70	$ 17.97	$ 0.00
Third Quarter	$ 20.24	$ 17.09	$ 0.00
Fourth Quarter	$ 19.69	$ 17.08	$ 0.00
Year Ended December 31, 2015			
First Quarter	$ 24.76	$ 17.78	$ 0.00
Second Quarter	$ 26.02	$ 22.29	$ 0.00
Third Quarter	$ 27.08	$ 21.70	$ 0.00
Fourth Quarter	$ 25.00	$ 21.55	$ 0.00
Year Ended December 31, 2016			
First Quarter	$ 22.23	$ 16.03	$ 0.00
Second Quarter	$ 19.50	$ 15.41	$ 0.00
Third Quarter	$ 24.28	$ 16.75	$ 0.00
Fourth Quarter	$ 23.91	$ 22.65	$ 0.00
Year Ending December 31, 2017			
First Quarter (through January 4, 2017)	$ 23.45	$ 23.35	$ 0.00

	Lennar Class A Stock		
	High	**Low**	**Dividend**
Year Ended November 30, 2014			
First Quarter	$ 44.40	$ 34.09	$ 0.04
Second Quarter	$ 44.30	$ 37.32	$ 0.04
Third Quarter	$ 42.67	$ 35.74	$ 0.04
Fourth Quarter	$ 48.00	$ 37.50	$ 0.04
Year Ended November 30, 2015			
First Quarter	$ 51.51	$ 41.25	$ 0.04
Second Quarter	$ 53.67	$ 44.76	$ 0.04
Third Quarter	$ 56.04	$ 45.78	$ 0.04
Fourth Quarter	$ 54.23	$ 46.23	$ 0.04
Year Ended November 30, 2016			
First Quarter	$ 52.49	$ 37.14	$ 0.04
Second Quarter	$ 48.96	$ 42.37	$ 0.04
Third Quarter	$ 49.60	$ 43.11	$ 0.04
Fourth Quarter	$ 47.60	$ 39.68	$ 0.04

Year Ending November 30, 2017			
First Quarter (through January 4, 2017)	$ 46.26	$ 41.83	$

The following table presents last sale price information on September 21, 2016, the last full trading day prior to the public announcement of the mergers, and January 4, 2017, the most recent practicable trading day before the filing of this proxy statement/prospectus.

	WCI Common Stock		**Lennar Class A Stock**	
September 21, 2016	$	17.16	$	43.45
January 4, 2017	$	23.45	$	43.98

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WCI stockholders are advised to obtain current market quotations for Lennar Class A stock. The market price of Lennar Class A stock will fluctuate between the date of this proxy statement/prospectus and the completion of the initial merger. No assurance can be given concerning the market price of Lennar Class A stock before or after the effective date of the initial merger.

Since October 2008, the Lennar board has declared quarterly cash dividends of $0.04 per share for both its Class A and its Class B common stock. However, the Lennar board evaluates each quarter the decision whether to declare a dividend and the amount of the dividend. Lennar s debt instruments include provisions that could under some circumstances affect its ability to pay dividends, but none of them is likely to affect Lennar s ability to continue paying dividends at the current rate.

WCI has never paid or declared any dividends on its common stock. WCI s ability to pay dividends is restricted by the indenture governing its 6.875% Senior Notes due 2021 and the credit agreement governing its senior unsecured revolving credit facility with Citibank, N.A.

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RISK FACTORS

In addition to the other information included or incorporated by reference into this proxy statement/prospectus, including the matters addressed in the section titled Cautionary Statement Regarding Forward-Looking Statements beginning on page 26, you should carefully consider the following risks before deciding how to vote. In addition, you should read and carefully consider the risks associated with each of Lennar and WCI and their respective businesses. Descriptions of these risks can be found in Lennar s Annual Report on Form 10-K for the year ended November 30, 2015 and WCI s Annual Report on Form 10-K for the year ended December 31, 2015 and Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016, which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. For further information regarding the documents incorporated into this proxy statement/prospectus by reference, please see Where You Can Find More Information beginning on page 122. Realization of any of the risks described below, any of the events described in the section titled Cautionary Statement Regarding Forward-Looking Statements or any of the risks or events described in the documents incorporated by reference could have a material adverse effect on Lennar s, WCI s or the combined company s businesses, financial conditions, cash flows and results of operations and could result in a decline in the trading prices of their respective shares of common stock.

Risks Relating to the Mergers

Because the market price of Lennar Class A stock will fluctuate, WCI stockholders cannot be sure of the number of shares of Lennar Class A stock they will receive at the time of the WCI special meeting or at any time prior to the completion of the initial merger.

Upon completion of the initial merger, each share of WCI common stock will be converted into the right to receive merger consideration consisting of shares of Lennar Class A stock and cash (or, at Lennar s election, consisting entirely of cash) pursuant to the terms of the merger agreement. The value of the merger consideration to be received by WCI stockholders will equal $23.50 per share, subject to adjustment in certain cases as further discussed in the section titled The Merger Agreement Terms of the Mergers beginning on page 82. However, the number of shares of Lennar Class A stock that a WCI stockholder will receive upon completion of the initial merger will be based on the ten day VWAP of Lennar Class A stock. The ten day VWAP may be different from the closing price of Lennar Class A stock on the last NYSE trading day before the date we announced the mergers, on the date that this proxy statement/prospectus is being mailed to WCI stockholders, on the date of the special meeting or on the closing date of the initial merger. Any change in the market price of Lennar Class A stock prior to completion of the initial merger will affect the number of shares of Lennar Class A stock that WCI stockholders will receive upon completion of the initial merger. In addition, Lennar may elect to pay a greater proportion, up to all (in the amount of $23.50), of the merger consideration in cash. Accordingly, at the time of the WCI special meeting, WCI stockholders may not be able to calculate the number of shares of Lennar Class A stock, if any, they would receive upon completion of the initial merger. Neither company is permitted to terminate the merger agreement or resolicit the vote of WCI stockholders solely because of changes in the market prices of either company s stock. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in WCI s or Lennar s respective businesses, operations or prospects, and regulatory considerations. Many of these factors are beyond WCI s or Lennar s control. You should obtain current market quotations for shares of Lennar Class A stock and for shares of WCI common stock.

Current WCI stockholders will have a reduced ownership and voting interest after the initial merger and will exercise less influence over management.

WCI stockholders currently have the right to vote for WCI directors and on other matters affecting WCI. When the initial merger occurs, the shares of Lennar Class A stock that each WCI stockholder receives in exchange for its shares of WCI common stock will represent a percentage ownership of the combined company that is significantly smaller than the WCI stockholder s percentage ownership of WCI. Also, the chief executive officer of Lennar owns or has the power to vote shares of Lennar Class A and Class B common stock that, after the mergers, will enable him to cast approximately 41.7% of the votes that can be cast by the Lennar common stockholders voting together (which they do on virtually all matters). As a result, former WCI stockholders will have less influence on the management and policies of Lennar than they now have with respect to WCI.

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The merger agreement contains provisions that limit WCI s ability to pursue alternatives to the mergers, which could discourage a potential acquirer of WCI from making an alternative transaction proposal and, in certain circumstances, could require WCI to pay Lennar a termination fee.

The merger agreement contains no-shop provisions that, since the expiration of the transaction solicitation period on October 26, 2016, subject to limited exceptions, have prohibited WCI, its subsidiaries and their respective representatives from, directly or indirectly, initiating, soliciting, knowingly encouraging or otherwise knowingly facilitating any third-party proposal for the acquisition of WCI s stock or assets or any inquiry, proposal or offer with respect to a possible acquisition of WCI s stock or assets. In addition, the parties are generally required to negotiate in good faith to modify the terms of the merger agreement in response to any competing acquisition proposals before the WCI board may terminate the merger agreement in order to accept a competing acquisition proposal, and the WCI board may not terminate the merger agreement in order to enter into a transaction that is the subject of an alternate acquisition proposal if Lennar agrees to amend the merger agreement so that, in the good faith determination of the WCI board, the amended terms of the merger agreement are at least as favorable to WCI stockholders as the competing acquisition proposal. In some circumstances, upon termination of the merger agreement, WCI may be required to pay Lennar a termination fee of $22.50 million if such termination occurs in connection with a superior proposal made by a person after the end of the transaction solicitation period (if such termination had occurred in connection with WCI entering into an alternative acquisition agreement in respect of a superior proposal initially made prior to the end of the transaction solicitation period, the termination fee WCI would have been required to pay would have been $11.25 million).

See The Merger Agreement No Solicitation; Notice of Proposals beginning on page 90; The Merger Agreement Termination of the Merger Agreement beginning on page 95; and The Merger Agreement Effect of Termination; Termination Fees beginning on page 96.

These provisions could discourage a potential third-party acquirer that might have an interest in acquiring all or a significant portion of WCI s stock or assets from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the mergers. Similarly, these provisions might result in a potential third-party acquirer proposing to pay a lower price to WCI stockholders than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable. If the merger agreement is terminated and WCI determines to seek another business combination, it may not be able to negotiate a transaction with another party on terms comparable to, or better than, the terms of the mergers.

WCI will be subject to various uncertainties and contractual restrictions while the mergers are pending that could adversely affect its financial results.

Uncertainty about the effect of the mergers on employees, suppliers and existing and prospective customers may have an adverse effect on WCI. These uncertainties may impair WCI s ability to attract, retain and motivate key personnel until the mergers are completed, and could cause customers, suppliers and others that deal with WCI to seek to change existing business relationships with WCI. Employee retention and recruitment for WCI may be particularly challenging prior to completion of the mergers, as employees and prospective employees may experience uncertainty about their future roles with the combined company.

The pursuit of the mergers and the preparation for the integration may place a significant burden on WCI s management and internal resources. Any significant diversion of management attention away from ongoing business and any difficulties encountered in the transition and integration process could affect WCI s financial results.

In addition, the merger agreement restricts WCI, without Lennar s consent, from making certain acquisitions and dispositions, excluding purchases or sales in accordance with contracts entered into before the date of the merger agreement and certain ordinary course acquisitions, and taking other specified actions while the mergers are pending. These restrictions may prevent WCI from pursuing attractive business opportunities and making other changes to its business prior to completion of the initial merger or termination of the merger agreement. See The Merger Agreement Conduct of Business Prior to Closing beginning on page 87.

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The mergers and related transactions are subject to approval by WCI stockholders.

In order for the mergers to be completed, WCI stockholders must approve the merger proposal, which requires the approval of the holders of a majority of the outstanding shares of WCI common stock entitled to vote on the merger proposal as of the record date for the WCI special meeting.

The mergers are subject to conditions, including certain conditions that may not be satisfied, or completed on a timely basis, if at all.

The mergers are subject to a number of other conditions beyond Lennar s and WCI s control that may prevent, delay or otherwise materially adversely affect their completion, including the need for approval of the merger proposal by WCI stockholders. Neither Lennar nor WCI can predict whether and when these other conditions will be satisfied. Any delay in completing the mergers could cause the combined company not to realize some or all of the synergies expected to be achieved if the mergers are successfully completed within their expected time frame. See The Merger Agreement Conditions to Completion of the Mergers beginning on page 84.

Failure to complete the initial merger could negatively affect WCI s stock price, its future business and financial results.

If the initial merger is not completed, WCI s ongoing businesses may be adversely affected and WCI will be subject to several risks and possible consequences, including the following:

- the last reported sale price of WCI common stock on September 21, 2016, the last NYSE trading day before the day on which the signing of the merger agreement was announced, was $17.16 per share. Following the announcement of the signing of the merger agreement, the price of WCI common stock almost immediately increased to more than the $23.50 value placed on the merger consideration, and since then the price of WCI common stock has remained above the level at which it was trading before the signing of the merger agreement was announced (although, since the end of the transaction solicitation period, it has traded below $23.50). There is no assurance that if WCI stockholders do not approve the proposal to adopt the merger agreement, the price of WCI common stock will not fall to, or even below, the price at which it was trading before announcement of the signing of the merger agreement;

- under the merger agreement, WCI may be required, under certain circumstances, to pay Lennar a termination fee of $22.50 million if such termination occurs in connection with a superior proposal made by a party after the transaction solicitation period;

- WCI will be required to pay certain costs relating to the mergers, whether or not the mergers are completed, such as legal, accounting, financial advisor and printing fees;

- WCI would not realize the expected benefits of the mergers;

- under the merger agreement, WCI is subject to certain restrictions on the conduct of its business prior to completing the initial merger, which may adversely affect its ability to execute certain of its business strategies;

- matters relating to the mergers may require substantial commitments of time and resources by WCI management, which could otherwise have been devoted to other opportunities that may have been beneficial to WCI as an independent company; and

- WCI may lose key employees during the period in which WCI and Lennar are pursuing the mergers, which may adversely affect WCI in the future if it is not able to hire and retain qualified personnel to replace departing employees.

In addition, if the initial merger is not completed, WCI may experience negative reactions from the financial markets and from its customers and employees. WCI also could be subject to litigation related to any failure to complete the initial merger or to enforcement proceedings commenced against WCI to attempt to force WCI to perform its obligations under the merger agreement.

Lennar and WCI will incur substantial transaction fees and merger-related costs in connection with the mergers.

Lennar and WCI expect to incur non-recurring transaction fees totaling approximately $[ ] million, which include legal and advisory fees and substantial merger-related costs associated with completing the mergers, combining the operations of the two companies and achieving desired synergies. Additional unanticipated costs may be incurred in the course of the integration of the businesses of Lennar and WCI. The companies cannot be certain that the realization of other benefits related to the integration of the two businesses will offset the transaction and merger-related costs in the near term, or at all.

Certain WCI directors and executive officers have interests in the initial merger that are different from, or in addition to, those of other WCI stockholders, which could have influenced their decisions to support or approve the merger proposal.

In considering whether to approve the proposals at the WCI special meeting, WCI stockholders should recognize that certain WCI directors and executive officers have interests in the initial merger that differ from, or that are in addition to, their interests as WCI stockholders. These interests include, among others, accelerated vesting of certain equity awards, eligibility to receive retention and/or transaction bonuses, and/or eligibility to receive certain severance benefits that result from the initial merger. These interests, among others, may influence the WCI directors and executive officers to support or approve the merger proposal. See The Mergers Interests of WCI Directors and Executive Officers in the Initial Merger beginning on page 71.

Completion of the mergers may trigger change in control or other provisions in certain agreements to which WCI is a party.

Completion of the mergers may trigger change in control or other provisions in certain agreements to which WCI is a party. If Lennar and WCI are unable to negotiate waivers of those provisions, the counterparties may exercise their rights and remedies under the agreements, potentially terminating the agreements or seeking monetary damages. Even if Lennar and WCI are able to negotiate waivers, the counterparties may require a fee for such waivers or seek to renegotiate the agreements on terms less favorable to WCI or the combined company.

Lennar s ability to use WCI net operating losses or certain WCI tax credits to offset future taxable income may be subject to certain limitations.

In general, under Sections 382 and 383 of the Code, a corporation that undergoes an ownership change is subject to limitations on its ability to utilize its pre-change net operating losses or tax credits to offset future taxable income or taxes. For these purposes, an ownership change generally occurs where the aggregate percentage stock ownership of stockholders or groups of stockholders who own at least 5% of a corporation s stock increases by more than 50 percentage points over its lowest ownership percentage within a specified testing period. WCI s existing net operating losses and credits already are subject to substantial limitations arising from previous ownership changes, and the initial merger is expected to constitute another WCI ownership change. Accordingly, Lennar and WCI may not be able to utilize a material portion of WCI s existing net operating losses or credits

Legal proceedings in connection with the mergers, the outcomes of which are uncertain, could delay or prevent the completion of the mergers.

Since the announcement of the proposed mergers, WCI, Lennar and the WCI directors have been named as defendants in two class action complaints, one filed on November 23, 2016, by plaintiff Paul Parshall, in the U.S. District Court for the Middle District of Florida, and the other filed on November 29, 2016, by plaintiff Stephen Bushansky, in the

Court of Chancery of the State of Delaware. The first complaint alleges that the registration statement on Form S-4 filed by WCI on November 10, 2016 omits material information with respect to the proposed transaction, which renders the registration statement false and misleading. The second complaint alleges that the WCI board breached its fiduciary duties in connection with the merger agreement, including with respect to the process by which the merger agreement was negotiated and approved and with respect to the omissions of information that allegedly cause the registration statement to be false and misleading. Among other remedies, both complaints seek an injunction preventing the consummation of the initial merger. It is possible that additional lawsuits will be commenced. Such legal proceedings could delay or prevent the mergers from becoming effective within the agreed upon timeframe

WCI and Lennar believe that these lawsuits are without merit and intend to defend against them vigorously. For more information, see The Mergers Litigation Relating to the Mergers beginning on page 78.

Risks Relating to the Combined Company Following the Mergers

If completed, the mergers may not achieve their intended results, and Lennar and WCI may be unable to successfully integrate their operations.

Lennar and WCI entered into the merger agreement with the expectation that the mergers will result in various benefits, including, among other things, expanding Lennar s asset base and creating synergies. Achieving the anticipated benefits of the mergers is subject to a number of uncertainties, including whether the businesses of Lennar and WCI can be integrated in an efficient and effective manner.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees and, the disruption of WCI s ongoing businesses or inconsistencies in business methods could adversely affect Lennar s ability to achieve

the anticipated benefits of the mergers. Lennar s future results of operations could also be adversely affected by any issues attributable to either company s operations that arise or are based on events or actions that occur prior to the closing of the initial merger. The companies may have difficulty addressing possible differences in corporate cultures and management philosophies. The integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits will be realized or, if realized, that they will be realized within the anticipated time. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues from WCI s businesses and could adversely affect the combined company s future business or Lennar s operating results.

The market price of the shares of the combined company and the results of operations of the combined company after the mergers may be affected by factors different from those affecting WCI or Lennar currently.

The businesses of Lennar and WCI differ in some respects and, accordingly, Lennar s results of operations and the market price of its Class A common stock following the mergers may be affected by factors different from those currently affecting the independent results of operations and market prices of Lennar and WCI. For a discussion of the businesses of Lennar and WCI and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this document and referred to in Where You Can Find More Information beginning on page 122.

The combined company is expected to incur expenses related to the integration of Lennar and WCI.

Lennar is expected to incur expenses in connection with the integration of WCI into Lennar. There are a large number of processes, policies, procedures, operations, technologies and systems that must be converted, including purchasing, accounting and finance, sales, billing, payroll, pricing, revenue management, maintenance, marketing and benefits. While Lennar and WCI have assumed that a certain level of expenses will be incurred, there are many factors beyond their control that could affect the total amount or the timing of the integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. To the extent they exceed what is currently anticipated, that could adversely affect Lennar s operating results for periods following completion of the mergers.

Uncertainties associated with the mergers may cause a loss of management personnel and other key employees, which could adversely affect the future business and operations of the combined company.

WCI is dependent on the experience and industry knowledge of its officers and other key employees to execute its business plans. WCI s success until the mergers and the combined company s success after the mergers will depend in part upon the ability of WCI and Lennar to retain key management personnel and other key employees before and after the mergers. Current and prospective WCI employees may experience uncertainty about their roles within the combined company following the mergers, which may have an adverse effect on the ability of WCI to attract or retain key management and other key personnel. Accordingly, no assurance can be given that the combined company will be able to attract or retain key management personnel and other key WCI employees to the same extent that WCI has previously been able to attract or retain its employees.

Risks Inherent in an Investment in Lennar

All of Lennar s businesses are subject to risks.

Lennar is engaged in several businesses. Although the principal source of its revenues and income are its homebuilding business, Lennar is also engaged in mortgage lending and other real estate related services, managing

and advising funds and entities that invest in real estate related assets, developing multifamily residential projects and investing in multi-use real estate developments, as well as a number of businesses related to those activities. Each of Lennar s businesses is subject to risks and uncertainties, most, but not all, of which affect many companies engaged in the businesses in which Lennar is engaged. These risks are discussed in detail in Lennar s Annual Report on Form 10-K for the year ended November 30, 2015, which is incorporated by reference into this proxy statement/prospectus.

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Lennar s results of operations could be adversely affected if legal claims are not resolved in its favor.

In the ordinary course of its business, Lennar is subject to legal claims by homebuyers, borrowers against whom it has instituted foreclosure proceedings, persons with whom it has land purchase contracts and a variety of other persons. It establishes reserves against legal claims and believes that, in general, they will not have a material adverse effect on its business or financial condition. However, unanticipated adverse results in legal proceedings could materially adversely affect Lennar s operating results in particular fiscal periods. Among other things, Lennar has a substantial judgment against it in a contract suit, which it has bonded and is appealing. This suit is described in Lennar s Annual Report on Form 10-K for the year ended November 30, 2015, which is incorporated by reference into this proxy statement/prospectus.

Lennar has a class of common stock that entitles holders to ten votes per share.

The stock Lennar has agreed to issue to WCI stockholders in the initial merger is Class A common stock. The Class A common stock entitles the holders to one vote per share. Lennar also has outstanding Class B common stock, which is substantially identical with the Class A common stock, except that the Class B common stock entitles the holders to ten votes per share. Although Lennar has more than six times as many shares of Class A common stock outstanding as it has outstanding shares of Class B common stock, the ten votes per share give the Lennar Class B stockholders voting control of Lennar.

Lennar has a stockholder who can exercise significant influence over matters that are brought to a vote of its stockholders.

Stuart A. Miller, Lennar s Chief Executive Officer and a director, has voting control, through personal holdings and holdings by family-owned entities, of Lennar Class B stock, and to a lesser extent Lennar Class A stock, that, based on shares of Lennar common stock outstanding as of September 30, 2016, enables Mr. Miller to cast 42.3% of the votes that can be cast by the Lennar common stockholders combined (41.7% after the anticipated issuance of shares in connection with the initial merger). That effectively gives Mr. Miller the power to control the election of Lennar directors and the approval of matters that are presented to its stockholders. Mr. Miller s voting power might discourage someone from seeking to acquire Lennar or from making a significant equity investment in Lennar, even if Lennar needed the investment to meet its obligations or to operate its businesses. Also, because of his voting power, Mr. Miller could potentially cause Lennar common stockholders to approve actions that are contrary to the desires of Lennar s other stockholders.

Lennar has a substantial amount of indebtedness, which may have an adverse effect on its businesses or limit its ability to take advantage of business, strategic or financing opportunities.

As of August 31, 2016, Lennar s consolidated debt, net of debt issuance costs and excluding amounts outstanding under its credit facilities, was $5.2 billion. The indentures governing Lennar s senior notes and convertible senior notes do not restrict the incurrence of future secured or unsecured debt, and the agreement governing its principal credit facility allows it to incur a substantial amount of future unsecured debt. Lennar s substantial level of indebtedness increases the possibility that it may be unable to generate cash sufficient to pay the principal, interest or other amounts due on its indebtedness. Lennar s reliance on debt to help support its operations exposes it to a number of risks, including:

- it may be particularly vulnerable to adverse general economic or homebuilding industry conditions;

it may find it difficult, or may be unable, to obtain financing to fund future working capital, capital expenditures and other general corporate requirements that would be in its best long-term interests;

it may be required to dedicate a substantial portion of its cash flow from operations to the payment of principal and interest on its debt, reducing the cash flow available to fund operations and investments;

it may have reduced flexibility in planning for, or reacting to, changes in its businesses or the industries in which they are conducted;

it may have a competitive disadvantage relative to other companies engaged in similar businesses that are less leveraged; and

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it may be required to sell debt or equity securities or sell some of its core assets, possibly on unfavorable terms, in order to meet payment obligations.

Lennar could be adversely affected if it were unable to fulfill covenants regarding its credit facility.

Lennar has a $1.8 billion credit facility (including an accordion feature) and uses borrowings under that facility in connection with its operations. The Credit Agreement relating to that facility requires Lennar to maintain at the end of each fiscal quarter (i) minimum consolidated tangible net worth of approximately $1.5 billion plus the sum of 50% of its cumulative consolidated net income from February 29, 2012, if positive, and 50% of net cash proceeds from any equity offerings after that date, minus the lesser of 50% of the amount paid after June 24, 2016 to repurchase common stock or $100 million, (ii) a leverage ratio that does not exceed 65.0% (which may be reduced to as low as 60.0% in the future) and (iii) liquidity equal to or greater than 1.0 times consolidated interest incurred for the preceding twelve months or an interest coverage ratio equal to or greater than 1.50:1.00 for those twelve months. At August 31, 2016, Lennar substantially exceeded each of the requirements. The levels required by the covenants in the Credit Agreement and Lennar s actual levels at that date were as follows:

(Dollars in thousands)	**Required Level**	**Actual Level**
Minimum net worth test	$2,873,260	$ 5,337,043
Maximum leverage ratio test	65.0%	43.6%
Liquidity test[(1)]	1.00	2.12

(1) As of the end of each fiscal quarter, Lennar is required to maintain either (1) liquidity in an amount equal to or greater than 1.00x consolidated interest incurred for the last twelve months then ended or (2) an interest coverage ratio equal to or greater than 1.50:1.00 for the last twelve months then ended.

If Lennar failed to achieve the levels required by the debt covenants in the Credit Agreement, Lennar could lose access to its credit facility, which could require it to reduce the level of its activities in its homebuilding business and other aspects of its business.

The Lennar board can at any time cause Lennar to stop paying dividends.

For a number of years, Lennar has paid dividends of $0.16 per year per share with regard to its Class A and Class B common stock. However, the Lennar board may at any time cause Lennar to reduce the dividend or stop paying dividends.

Lennar is able to issue, without stockholder approval, shares of preferred stock that give its holders greater rights than those of Lennar common stockholders.

The Lennar board is authorized to issue one or more series of preferred stock without any action on the part of Lennar stockholders. This preferred stock can give its holders preferences as to voting rights, dividend rights and other matters that the Lennar board deems appropriate when it authorizes particular series of preferred stock. These preferences can, among other things, reduce the extent to which Lennar common stockholders will share in Lennar s net income and net assets.

Lennar is able to issue, without stockholder approval, a substantial amount of common stock, which could dilute the value of shares that are already outstanding.

Lennar is authorized to issue 300,000,000 shares of Class A common stock and 90,000,000 shares of Class B common stock. At September 30, 2016, it had a total of 196,496,000 shares of Class A common stock and 31,303,000 shares of Class B common stock outstanding. In addition, at September 30, 2016, it had 6,680,000 shares of Class A stock reserved for issuance on conversion of outstanding convertible debt securities. If the shares of Lennar Class A stock it issues in connection with the initial merger are valued at $43.20482 per share (the value that would be attributed to them if the initial merger took place on the date of this proxy statement/prospectus), Lennar would issue approximately 6,902,000 additional shares of Lennar Class A stock as a result of the initial merger. That would leave Lennar with 89,922,000 additional shares of Lennar Class A stock and 58,697,000 additional shares of Lennar Class B stock that it could issue from time to time, in most instances without needing stockholder approval. Depending on the consideration received, issuance of that many shares could dilute the interest of existing stockholders, including WCI stockholders who receive Lennar shares as part of the merger consideration, in Lennar s assets and earnings, and could reduce the market price of Lennar s shares.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the documents incorporated by reference into it include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Exchange Act. The statements contained in this proxy statement/prospectus that are not historical facts are forward-looking statements that represent Lennar and WCI management s beliefs and assumptions based on currently available information. These statements may be made directly in this proxy statement/prospectus or may be incorporated by reference to other documents and may include statements for periods after completion of the mergers. These forward-looking statements relate to, among other things, outlooks or expectations for earnings, revenues, expenses, asset quality or other future financial or business performance, strategies or expectations, or the effect of legal, regulatory or supervisory matters on business, results of operations or financial condition, and include, among others:

- statements about the benefits of the proposed mergers, including future financial and operating results, Lennar s and WCI s plans, objectives, expectations and intentions, and the expected timing of completion of the mergers;
- other statements that are not historical facts, including future results of operations, projected cash flow and liquidity, business strategy and other plans and objectives for future operations; and
- all statements that are not historical facts, which can be identified by the use of forward-looking terminology such as the words may , will , could , should , would , expect , plan , project , intend , anticipat forecast , predict , potential , pursue , target or continue , the negative of such terms or variations there other comparable terminology, or by discussions of strategy or trends.

These forward-looking statements represent Lennar s and WCI s intentions, plans, expectations, assumptions and beliefs about future events, including the completion of the mergers, and are subject to risks, uncertainties and other factors. Many of these factors are outside the control of Lennar and WCI and could cause actual results to differ materially from the results expressed or implied by these forward-looking statements. Some factors, risks and uncertainties related to the initial merger that could cause actual results to differ include:

- the ability to obtain the requisite WCI stockholder approval and complete the initial merger;
- the risk that a condition to closing of the initial merger may not be satisfied;
- the timing to consummate the initial merger;
- the risk that the businesses will not be integrated successfully;

the risk that cost savings and any other synergies expected from the transaction may not be fully realized or may take longer to realize than expected;

disruption from the transaction making it more difficult to maintain relationships with WCI s customers, employees, subcontractors or suppliers;

the diversion of management time on merger-related issues;

the failure to renew, or the revocation of, any license or other required permits;

unanticipated environmental concerns;

competition, government regulations or governmental actions;

the ability of management to execute its plans to meet its goals;

the results of litigation regarding the mergers;

- risks inherent in Lennar s and WCI s businesses that are discussed in Lennar s and WCI s most recent annual reports on Form 10-K and quarterly reports on Form 10-Q, respectively, and in other Lennar and WCI reports on file with the SEC, which discussions are incorporated by reference into this proxy statement/prospectus;

- factors discussed in Lennar s and WCI s most recent annual reports on Form 10-K and quarterly reports on Form 10-Q, and in other Lennar and WCI reports on file with the SEC, that could cause actual results to differ materially from those anticipated by forward looking statements in those reports, which discussions are incorporated by reference into this proxy statement/prospectus; and

- risks set forth in or incorporated by reference into this proxy statement/prospectus in the section titled Risk Factors beginning on page 19.

You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this proxy statement/prospectus, or in the case of a document incorporated by reference, as of the date of that document. Except as required by law, neither Lennar nor WCI undertakes any obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date that they were made or to reflect the occurrence of unanticipated events.

Additional factors, risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in reports filed with the SEC by Lennar and WCI. See Where You Can Find More Information beginning on page 122 for a list of the documents incorporated by reference.

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THE MERGERS

The following is a discussion of the mergers and the material terms of the merger agreement between Lennar and WCI. You are urged to read carefully the merger agreement in its entirety, a copy of which is attached as Annex A to this proxy statement/prospectus and incorporated by reference herein.

Background of the Mergers

WCI was incorporated in Delaware in 2009. Its predecessor company emerged from bankruptcy on September 3, 2009 and WCI was operated as a privately held company until July 2013 when it completed an initial public offering of its common stock.

The WCI board, in its ongoing efforts to enhance stockholder value, periodically reviews and assesses WCI s business strategy, the various trends and conditions affecting WCI s industry, WCI s businesses generally and a variety of potential strategic alternatives for WCI, including a potential sale of WCI. As part of this process, the WCI board and/or WCI s management have, over the past few years preceding the current sale process, engaged in general discussions with third parties, which included potential strategic partners and investment banking firms prominent in the homebuilding industry and/or which have worked with WCI, including Citi, regarding industry dynamics and potential strategic alternatives for WCI.

Since WCI completed its initial public offering, multiple analysts had suggested that WCI would be an attractive takeover candidate. On April 27, 2016, WCI reported first quarter results and the closing price per share of WCI common stock decreased by approximately 9.5% over the course of that day, closing at $17.62 per share. The next day, April 28, 2016, Zelman & Associates, an institutional research and investment banking services firm specializing in the housing sector, issued a report in which it gave WCI a buy rating with a $20.50 per share stock price target, highlighting that WCI was poised to deliver above-average long term earnings growth and highlighted that WCI could be an attractive takeover candidate in the future.

As a result of stockholder agreements WCI entered into at the time of the initial public offering, WCI s two largest stockholders, Monarch Alternative Capital LP (and certain of its affiliates), which we refer to collectively as Monarch in this proxy statement/prospectus, and Stonehill Institutional Partners, L.P. (and certain of its affiliates), which we refer to collectively as Stonehill in this proxy statement/prospectus, each had the right to nominate two directors to the WCI board and, as a result of decreased share ownership, each now currently has the right to nominate one director to the WCI board. From time to time, Monarch and Stonehill has each expressed interest in liquidating its respective equity positions in WCI and three times throughout 2015 Monarch and Stonehill sold shares of WCI common stock in secondary offerings or in the open market.

During the period from March to early May 2016, in the ordinary course of business, representatives of Citi had discussions with representatives of Lennar regarding strategic opportunities in the homebuilding industry and certain industry participants, including WCI, based on publicly available information.

On May 4, 2016, a representative of Citi met as part of a broader market update meeting with representatives of Stonehill, including Christopher Wilson, a member of the WCI board, and discussed on a general level the homebuilding industry, liquidity arrangements for Stonehill s holdings and strategic transaction opportunities for large and small cap industry participants such as WCI and Lennar. On the same day, Lennar asked Citi to contact WCI or Stonehill to ascertain whether WCI would have any interest in exploring a possible transaction with Lennar. In a subsequent follow-up call to Mr. Wilson, the Citi representative mentioned to Mr. Wilson that there was an industry participant that might be interested in a possible transaction with WCI and inquired whether WCI would be interested

in exploring such a transaction. On May 9, 2016, in advance of a meeting of the WCI board scheduled for May 10, 2016, Mr. Wilson informed Keith Bass, WCI s Chief Executive Officer, of his conversation with Citi and suggested that Mr. Bass schedule a meeting with Citi to obtain additional information.

On May 10, 2016, the WCI board held a regularly scheduled in-person meeting at which senior WCI executives of each region presented detailed reviews of their respective operations (on a community by community basis), 2016 objectives and financial performance, forecasts for fiscal year-end, and future planned communities/developments and initiatives. The senior vice president of Real Estate Services also provided an overview of WCI s real estate brokerage and title service businesses, financial performance, and future markets and initiatives. In addition, representatives of Zelman & Associates were invited to discuss with the WCI board and WCI s management economic trends in the homebuilding industry and the potential impact of those trends on WCI s business and valuation. Later, in an executive session of the WCI board, during only a portion of which Mr. Bass was present, the WCI board discussed Mr. Wilson s conversations with Citi as described above and the possibility of receiving inbound acquisition inquiries given the equity market conditions for WCI and smaller cap builders in general.

That evening, Mr. Bass and a representative of Citi met in person during which meeting Citi indicated that it had discussed WCI with Lennar based on publicly available information and that Lennar had expressed interest, after conducting a significant amount of analysis, in seeking a meeting with WCI s management in order to explore a

potential acquisition of WCI. Citi indicated that Lennar had suggested a preliminary structure that would include an acquisition of the entire company for a combination of cash and stock. Citi inquired whether WCI would be interested in a potential strategic transaction, indicating that Citi could facilitate a meeting between WCI and Lennar, and discussed with Mr. Bass Citi s possible role as a financial advisor in connection with a potential transaction involving WCI. Mr. Bass informed Citi that before responding he would discuss this with the WCI board.

Following WCI s annual stockholder meeting on May 11, 2016, the WCI board held a special in-person meeting, with representatives of WCI s management present, to discuss Mr. Bass s meeting with Citi the prior evening and the preliminary inquiry from Lennar. In determining how to respond to Lennar s inquiry, the WCI board discussed current equity market conditions for WCI and similarly situated small cap builders and the cyclical nature of the homebuilding industry. The WCI board discussed that, given Lennar s size and expertise, it believed that Lennar would have the ability to provide a compelling proposal for WCI and its stockholders. The WCI board also discussed potential financial advisors, including Citi and others, some of which had performed work for WCI in the past. Following discussion, the WCI board determined to explore a potential strategic transaction with Lennar and directed WCI s management to negotiate and execute a nondisclosure agreement with Lennar on customary terms and to meet with representatives of Lennar and Citi, as applicable, to further discuss Lennar s interest in pursuing a potential transaction with WCI. The WCI board also directed WCI s management to retain Latham & Watkins LLP, which we refer to as Latham in this proxy statement/prospectus, as WCI s legal advisor in connection with the evaluation and negotiation of a potential strategic transaction with Lennar on the basis of Latham s knowledge and expertise in the homebuilding industry and its history and experience with the Company. The closing price of WCI common stock on that day was $15.90 per share.

Later on May 11, 2016, WCI s management engaged Latham.

On May 12, 2016, Mr. Bass and Rick Beckwitt, President of Lennar, participated in an introductory telephone call, during which they scheduled an in-person meeting for May 18, 2016, and discussed the homebuilding industry, including current demand trends, market positioning and competitors. Mr. Beckwitt informed Mr. Bass that Lennar had already performed an analysis of WCI based on publicly available information and did not plan to engage a financial advisor with respect to a potential strategic transaction with WCI. Mr. Beckwitt and Mr. Bass discussed several potential financial advisors, including Citi, that might act as financial advisor to WCI. Mr. Beckwitt informed Mr. Bass that Lennar would be in a position to make a specific offer for the Company following two weeks of diligence.

On May 13, 2016, WCI entered into a nondisclosure agreement with Lennar on customary terms, including customary non-solicitation and standstill provisions.

On May 18, 2016, Mr. Bass met with Mr. Beckwitt in person, at which time WCI began sharing certain non-public information with Lennar. During the meeting, Messrs. Bass and Beckwitt discussed WCI s business and certain materials for such meeting, including an agenda that had been prepared with Citi s assistance. At this meeting, Mr. Beckwitt indicated to Mr. Bass that Lennar would only proceed with negotiations regarding a potential strategic transaction with WCI if WCI negotiated exclusively with Lennar and that Lennar would not participate in a broader sale process in which other parties were solicited to acquire WCI. At this meeting, Mr. Beckwitt indicated on a preliminary basis that Lennar was considering a proposal to acquire the Company for $20.00 per share of WCI common stock. Mr. Bass responded that, based on his previous discussions with the WCI board, he believed the WCI board would expect a significantly higher purchase price. Mr. Beckwitt indicated that he would revert with a formal proposal in the following days. Subsequent to this meeting, WCI contacted Citi regarding Citi s potential engagement as WCI s financial advisor in connection with a potential transaction with Lennar. The closing price of WCI common stock on that day was $15.86 per share.

On May 20, 2016, Mr. Beckwitt contacted Mr. Bass by telephone and indicated that Lennar was interested in acquiring WCI for $20.00 per share of WCI common stock, payable 100% in Lennar Class A stock, but also suggested that Lennar might be able to accommodate a structure whereby the merger consideration would be payable 25% in cash and 75% in Lennar Class A stock. Mr. Bass informed Mr. Beckwitt that he would relay Lennar s proposal to the WCI board, but noted that the WCI board would likely not be willing to pursue a transaction at that price. Mr. Bass suggested that Lennar increase its proposed purchase price to at least $25.00 per share of WCI common stock and maximize the cash component of the consideration because the WCI board was likely to emphasize the certainty of the total value offered. Mr. Beckwitt indicated that Lennar might be able to

increase its proposed purchase price to $21.00 per share of WCI common stock, subject to additional diligence, but would not be prepared to offer $25.00 per share of WCI common stock. Messrs. Bass and Beckwitt also discussed Lennar s request for exclusivity, including that Lennar would agree to a post-signing go-shop process for WCI to perform a market check. Messrs. Bass and Beckwitt also discussed the various methods for fixing the exchange ratio for the stock component of the consideration, the need for additional due diligence (including reverse due diligence of Lennar if a portion of the consideration was payable in stock) and the timeline for a potential transaction. Mr. Beckwitt indicated that Lennar would require approximately four weeks to complete its due diligence review of WCI. The closing price of WCI common stock on that day was $16.54 per share.

From May 20, 2016 to May 23, 2016, Mr. Bass called each of the members of the WCI board to update them on his recent conversations with Mr. Beckwitt.

On May 24, 2016, Mr. Bass and Mr. Beckwitt spoke by telephone and Mr. Bass informed Mr. Beckwitt that the next WCI board meeting was scheduled for May 31, 2016, at which time the WCI board would consider and discuss Lennar s proposal.

On May 30, 2016, Mr. Bass received an email from the principal of a small cap potential strategic partner, which we refer to as Party A in this proxy statement/prospectus, expressing interest in meeting with Mr. Bass to discuss a potential strategic transaction.

On May 31, 2016, the WCI board held a regularly scheduled in-person meeting, with representatives of WCI s management and Latham present, at which the WCI board discussed Lennar s proposal and due diligence and timing considerations related to a potential strategic transaction with Lennar. The WCI board discussed that Mr. Bass, under the supervision of the WCI board, would lead negotiations of the key terms of any transaction with Lennar, including price. Representatives of Latham reviewed with the WCI board its fiduciary duties in connection with a potential sale transaction, including with respect to any potential conflicts of interest between any director and Lennar. WCI board member Michelle MacKay identified a publicly disclosed lawsuit between Lennar and her employer, iStar Financial, and Mr. Wilson and WCI board member Patrick J. Bartels, Jr., the board members associated with Stonehill and Monarch, respectively, disclosed the ownership of Lennar securities by themselves directly or by their principals, employers or affiliated funds, each as disclosed in public filings with the SEC, and Mr. Wilson disclosed that Stonehill had a short position in Lennar. Following discussion, the WCI board determined that none of these relationships created a conflict of interest that would impair any director s ability to make an independent and informed judgment regarding a potential transaction with Lennar.

At the same meeting, the WCI board reviewed and discussed the engagement of Citi as WCI s financial advisor in connection with a possible business combination involving the sale of WCI. The WCI board discussed Citi s current and prior transactional and other material investment banking relationships with Lennar, including certain relationships with Lennar as described by Citi to the WCI board in a written disclosure dated May 29, 2016, which we refer to as the May 2016 Citi Relationship Disclosure in this proxy statement/prospectus. In the May 2016 Citi Relationship Disclosure, Citi included certain disclosures regarding, among other things: (i) Citi s investment banking, commercial banking and other financial services to Lennar and aggregate compensation received for such services during the prior two-year period; (ii) that, during such period, Citi had not been engaged to provide merger and acquisition and financial advisory services to Lennar; and (iii) that, except as otherwise disclosed, neither Citi nor its affiliates or Citi deal team members were currently providing (or, during the course of the engagement, and without WCI s prior written consent, would provide) such financial advisory services to Lennar in connection with the transaction contemplated by the engagement, noting that certain members of the proposed Citi deal team were coverage bankers for Lennar and, in the ordinary course of business, Citi employees, including such deal team members, meet with Lennar regularly to discuss strategic opportunities and potential transactions involving potential

counterparties in Lennar s industry, including WCI. The WCI board and WCI s management discussed that the Citi relationships with Lennar were consistent with their expectations given Citi s prominence in the homebuilding industry. The WCI board also discussed the proposed terms of Citi s engagement, including fee arrangements, which provided, among other things, for an incentive fee structure that would result in an incremental transaction fee payable to Citi in the event the purchase price per share for WCI exceeded $20.00 (which, based on a purchase price of $23.50 per share, would result in a fee of approximately $10 million). Following discussion, the WCI board determined that Citi s relationships with Lennar as disclosed in the May 2016 Citi Relationship Disclosure and the conversations between Citi and Stonehill as previously disclosed by Mr. Wilson would not preclude Citi from effectively advising WCI. The WCI board determined at this meeting to engage Citi to serve as WCI s financial advisor and directed management to negotiate the terms of Citi s engagement letter. In deciding to engage

Citi, the WCI board discussed, among other things, Citi s experience and reputation generally and specifically in the homebuilding industry, its familiarity with the businesses of WCI and Lennar and the resulting efficiencies of a transaction combining the two companies, its ability to access senior decision makers at competitors quickly to assess potential competing proposals, the WCI board s intention that Mr. Bass would lead all negotiations, Citi s incentivized fee structure and that Citi had no conflicts that in the judgment of the WCI board would preclude Citi from acting as WCI s financial advisor.

Thereafter, representatives from Citi joined the meeting. With the representatives from Citi, the WCI board and WCI s management discussed the potential transaction with Lennar as compared to certain other potential strategic alternatives for WCI and WCI s standalone prospects. Citi provided a market update on the homebuilding sector and discussed certain financial metrics pertaining to WCI and Lennar based on publicly available information. Citi also provided an illustrative overview of the combination of the two companies at a range of $20.00 to $25.00 per share of WCI common stock based on then-current market metrics and illustrative potential pro forma financial impact of a transaction on Lennar. Citi also discussed with the WCI board certain benefits and other considerations with respect to potential strategic alternatives for WCI and other potential buyers of WCI and their perceived ability to consummate a transaction. Citi and Latham also discussed certain process considerations, including the availability of a variety of means to maximize stockholder value through pre- and post-signing market checks. The WCI board and management discussed concerns about the potential risks of market rumors regarding a possible sale of WCI. Citi expressed its belief that WCI could maximize stockholder value by performing a market check through a properly structured post-signing go-shop process and proceeding with negotiations with Lennar on an exclusive basis. The representatives from Citi were then excused from the meeting and the WCI board further discussed with WCI s management and Latham other potential buyers, the advisability of a pre-signing market check, required stockholder votes, termination fees, due diligence and timing aspects, and certain other considerations related to Lennar s proposal. Following discussion, the WCI board determined that Lennar s proposal of $20.00 per share of WCI common stock, and even the potential $21.00 per share of WCI common stock suggested by Mr. Beckwitt, would not provide adequate value to WCI s stockholders. The WCI board instructed Mr. Bass to reject Lennar s proposal but to continue to explore a potential transaction with Lennar on more favorable terms to WCI and its stockholders, including a higher value and provisions that would provide certainty of value to WCI stockholders with respect to the stock component of Lennar s proposal. The WCI board also further discussed considerations in conducting a pre-signing market check at this time, including the risks to WCI associated with market rumors, Lennar s statement that it would not pursue a transaction with WCI if it engaged in a broader sale process and the belief that a properly structured post-signing go-shop would allow WCI to pursue competing bids from other credible potential buyers, including those with which WCI previously held discussions, after execution of a definitive agreement with Lennar. Also during this meeting, Mr. Bass informed the WCI board about the email he had received from the principal of Party A and updated the board on various discussions he had with industry leaders regarding the homebuilding industry generally. At this time, the WCI board also formed a transaction committee, composed of four directors (Stephen Plavin, Patrick Bartels, Keith Bass and Christopher Wilson), to allow for more flexibility in the process of evaluating a potential transaction with Lennar or another strategic party. Nevertheless, the full WCI board was able to attend all subsequent meetings and the transaction committee was therefore never needed or utilized. The closing price of WCI common stock on that day was $17.21 per share.

On June 1, 2016, Messrs. Bass and Beckwitt had a telephone conversation in which Mr. Bass informed Mr. Beckwitt that the WCI board did not believe that Lennar s proposal of $20.00 per share (or even the possible $21.00 per share) provided adequate value to WCI stockholders. Mr. Bass further indicated that WCI would prefer a transaction consisting solely of cash and would require maximum certainty of value through provisions in the definitive agreement in the event a transaction involved stock consideration. Mr. Bass also informed Mr. Beckwitt that WCI had engaged Citi as WCI s financial advisor. Mr. Beckwitt stated that he would consider WCI s input on price and certainty as Lennar continued its due diligence review and reiterated that Lennar was not interested in proceeding without

exclusivity, citing concerns associated with market rumors and the effects such rumors would have on the organization, people, assets and relationships of both companies.

Later on June 1, 2016, Messrs. Bass and Beckwitt had a telephone conversation in which Mr. Beckwitt informed Mr. Bass that Lennar required additional due diligence materials and a meeting with key executives of Lennar before Lennar could submit an increased proposal. Mr. Bass stated that WCI wanted to perform at least a limited pre-market check and Mr. Beckwitt replied that Lennar would not be interested in proceeding on that basis.

During June and July 2016, the WCI board held several special telephonic meetings to discuss the potential transaction with Lennar and solicited input from WCI s management and legal and financial advisors. The WCI board instructed Mr. Bass to continue to negotiate with Lennar for a higher price per share of WCI common stock in order to enhance value to WCI stockholders and, during this period, Mr. Bass continued to negotiate with Lennar regarding a potential transaction. The WCI board and WCI s management also focused on the annual update to WCI s strategic five-year plan, which we refer to as the Five-Year Plan in this proxy statement/prospectus.

On June 5, 2016, Lennar sent WCI a list of due diligence requests for, among other things, projections and potentially sensitive property-level information. On June 7, 2016, the WCI board held a special telephonic meeting, with representatives of WCI s management, Latham and Citi present, to discuss these requests and the fact that the information requested was competitively sensitive. The WCI board decided that such information should not be necessary or relevant to Lennar s valuation and should not be provided until Lennar offered a compelling value for the Company. Upon the recommendation of WCI s management, the WCI board decided to press Lennar for an updated proposal and the WCI board directed WCI s management to provide Lennar with only limited incremental confidential information. At this meeting, the WCI board also discussed the prior unsolicited inbound inquiry to Mr. Bass from Party A and Mr. Bass reported that Citi had informed him that Party A, without knowledge of WCI s engagement of Citi, had contacted Citi and requested that Citi prepare certain materials for Party A regarding a possible strategic transaction with WCI. Citi then requested WCI s guidance on an appropriate response to Party A and, after discussion, the WCI board determined that Citi should provide materials to Party A regarding a potential transaction with WCI based exclusively on publicly available information, which materials were shared with WCI and Party A, and that Mr. Bass should meet with Party A for a high-level discussion.

On June 9, 2016, Mr. Bass, together with a representative of Citi, met with executives of Lennar, at which meeting WCI provided Lennar with incremental due diligence information and requested an updated proposal from Lennar reflecting a higher value and more price certainty.

On June 14, 2016, Mr. Bass spoke by telephone with Mr. Beckwitt, and Mr. Beckwitt presented an updated verbal proposal to acquire WCI. This proposal included a purchase price of $22.00 per share of WCI common stock, consisting of 50% cash and 50% Lennar Class A stock, based on a floating exchange ratio with a $39.50 downward collar on the value of Lennar Class A stock (with a corresponding walk-away right for WCI at the $39.50 per share value), exclusivity of negotiations until signing, a 21-day go-shop period with a lower termination fee than the post-go-shop termination fee and matching rights for Lennar. On that day, the closing price of WCI common stock was $17.20 per share and the closing price of Lennar Class A stock was $45.58 per share.

During a special telephonic meeting of the WCI board on June 15, 2016, with representatives of WCI s management, Latham and Citi present, the WCI board considered Lennar s revised proposal and discussed value protections and other provisions that would be important in a potential transaction, including the advisability of an upward collar on the value of Lennar common stock, a fixed versus floating exchange ratio and expense reimbursement versus a termination fee during the go-shop period. Citi reviewed with the WCI board the financial terms of Lennar s revised proposal and certain financial and market information, including preliminary financial analyses regarding WCI. Also during the meeting, WCI s management presented the Five-Year Plan to the WCI board, including the financial metrics and assumptions underlying the Five-Year Plan. Following discussion, the WCI board informed WCI s management that the WCI board would further evaluate and discuss the Five-Year Plan, Citi s preliminary financial analyses and Lennar s counterproposal.

During a special telephonic meeting of the WCI board on June 17, 2016, with representatives of WCI s management and Latham present, the WCI board and WCI s management considered whether the timing was appropriate for a sale of WCI, the current environment for small cap companies, WCI s performance relative to its peer group, an assessment

of execution risks in the Five-Year Plan, the likelihood of recession, the cyclical nature of the homebuilding industry generally and WCI stockholder price expectations for WCI common stock. The WCI board and WCI s management also discussed other potential strategic alternatives to enhance stockholder value, including the possibility of a stock repurchase program, a divestiture of WCI s Real Estate Services business segment and/or the sale of a key amenities facility. Representatives of WCI s management also discussed their views on Citi s preliminary financial analysis reviewed at the June 15, 2016 meeting of the WCI board. After discussions with representatives from Latham, the WCI board instructed Mr. Bass to inform Lennar that the WCI board believed that Lennar s revised proposal did not represent adequate value for WCI stockholders and that WCI would present a counterproposal.

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On June 19, 2016, Mr. Bass spoke by telephone with Mr. Beckwitt. He informed Mr. Beckwitt that the WCI board thought that a purchase price of $22.00 per share of WCI common stock did not provide adequate value for WCI s stockholders. There was no discussion of a counterproposal by WCI; however, Mr. Bass informed Mr. Beckwitt that he would provide a more definitive response after the next board meeting. Mr. Bass also stated that the WCI board might entertain a transaction consisting of 50% cash and 50% Lennar Class A stock at an appropriate value with downside stock price protection for Lennar as previously proposed by Mr. Beckwitt, but that WCI would also want an upside collar on the price at which Lennar Class A stock would be valued for purposes of the transaction. The final merger agreement had neither a downside nor an upside collar.

During a special telephonic meeting of the WCI board on June 22, 2016, with representatives of WCI s management, Latham and Citi present, the WCI board and WCI s management again discussed Lennar s revised proposal. The WCI board considered the current slowing of WCI s sales in the first half of 2016, uncertainty of future trends, the WCI common stock price performance, the value of WCI s Amenities business segment, market risk, the upside and potential challenges in achieving the Five-Year Plan, the current environment for small cap versus large cap builders, the composition of WCI s stockholder base and stockholder price expectations and the WCI board s perception of Lennar s views on WCI s land and franchise value. Following discussion of the foregoing and potential next steps and negotiating strategies and taking into consideration preliminary financial analyses provided by Citi and WCI s management, the WCI board directed Mr. Bass to provide a counterproposal to Lennar of $24.25 per share of WCI common stock, consisting of 50% cash and 50% stock consideration, noting that WCI would refrain from discussion of other terms until it received Lennar s response. Mr. Bass delivered this counterproposal to Mr. Beckwitt later that same day. In that conversation and a brief conversation the following day, Messrs. Bass and Beckwitt discussed multiples, discounted cash flow valuations and other metrics, as well as the amount of goodwill that would appear on Lennar s balance sheet if it paid the $24.25 per share price that WCI had proposed. The closing price of WCI common stock on June 22, 2016 was $17.05 per share.

On June 29, 2016, Mr. Bass and Mr. Beckwitt had a telephone discussion in which Mr. Beckwitt discussed the possible effects of Brexit on stock prices, housing demand and the overall economy and expressed his desire to defer further price discussions until Lennar could evaluate the effect Brexit would have on these matters.

On July 1, 2016, Mr. Bass provided the WCI board with an email update regarding his negotiations with Lennar, including Lennar s initial response that WCI s counterproposal was high and that while Lennar continued to have interest in a potential transaction, it would need additional time to consider the terms of a potential transaction.

On July 8, 2016, Mr. Beckwitt spoke with representatives of Citi to inform them that Lennar was still interested in pursuing a transaction.

On July 19, 2016, Messrs. Bass and Beckwitt discussed Lennar s continuing interest in a potential transaction. During this call, Mr. Beckwitt indicated that Lennar would not respond to WCI s counterproposal until WCI released its second quarter earnings on July 27, 2016.

During a special telephonic meeting of the WCI board on July 21, 2016, with representatives of WCI s management and Latham present, the WCI board discussed Mr. Bass s July 19 discussion with Mr. Beckwitt, the continuing disagreement on price and the absence of a further revised proposal from Lennar. Following discussion, the WCI board determined it would not be in the best interests of WCI to continue discussions with Lennar given the apparent impasse on price and Lennar s failure to respond to WCI s counterproposal. The WCI board directed WCI s management to terminate all discussions with Lennar. The WCI board also directed WCI s management to further explore the possibility of implementing a stock repurchase program for WCI and to report its findings to the WCI board.

On July 22, 2016, Mr. Bass called Mr. Beckwitt to inform him of the WCI board s decision to terminate discussions, noting the lack of a further revised proposal from Lennar. Mr. Beckwitt stated that he was surprised and disappointed, but that Lennar continued to be interested in a transaction with WCI and that he would get back to Mr. Bass in any case after WCI reported its second quarter earnings. On July 26, 2016, WCI sent a written notice to Lennar requesting that Lennar return or destroy all non-public information it had received from WCI. However, Lennar did not return these materials.

On July 27, 2016, WCI reported second quarter results, with earnings exceeding consensus estimates, but order growth lower than analysts expectations. WCI results also included increased deliveries of homes from the prior year quarter, increased total revenues from the prior year quarter and a decreased average selling price per home delivered. The closing price per share of WCI common stock decreased by approximately 3% that day, closing at $17.46 per share.

On August 2, 2016, Mr. Bass called a key decision maker at a large cap strategic homebuilder, which we refer to as Party B in this proxy statement/prospectus, to discuss Party B s impressions of industry participants that could potentially be director candidates for the WCI board, and also discussed the homebuilding industry generally, including mergers and acquisitions activity, but WCI was not directly referenced and Mr. Bass was unable to ascertain whether Party B would be interested in discussing a potential transaction with WCI.

On August 4, 2016, Mr. Beckwitt contacted Citi and submitted an unsolicited, revised verbal proposal on behalf of Lennar to acquire WCI for $22.50 per share of WCI common stock on substantially similar terms as Lennar s prior proposal. Citi then relayed to Mr. Bass Lennar s proposal as outlined by Mr. Beckwitt.

During a special telephonic meeting of the WCI board on August 10, 2016, with representatives of WCI s management present, the WCI board discussed Lennar s revised proposal and whether to reengage in discussions with Lennar. The WCI board also considered other potential strategic alternatives, including a stock repurchase program and/or sale of WCI s Real Estate Services business segment, and WCI s ongoing prospects as a standalone company. The WCI board also discussed current market conditions and whether it was the appropriate time to sell the Company. The WCI board also discussed whether to conduct a pre-signing market check and, for the same reasons previously considered, including Lennar s stated position that it would not negotiate other than on an exclusive basis, risks to WCI associated with market rumors and the belief, taking into consideration the input of WCI s management and advisors, that a properly structured post-signing go-shop would allow WCI to pursue competing bids, decided not to conduct a pre-signing market check at that time. Following discussion of various alternative negotiation strategies, the WCI board directed Mr. Bass to submit to Lennar a counterproposal of $23.75 per share of WCI common stock, which, at Mr. Bass request, representatives of Citi conveyed to Lennar later that day. The closing price of WCI common stock on that day was $16.95 per share.

On August 13, 2016, Mr. Beckwitt contacted Citi and submitted a further revised verbal proposal to acquire WCI for $22.75 per share of WCI common stock on substantially the same terms as Lennar s prior proposals, including the demand for exclusive negotiations. The closing price of WCI common stock was $17.24 per share on August 12, 2016, the prior trading day, and $17.57 per share on August 15, 2016, the next ensuing trading day.

On August 15, 2016, Mr. Bass returned an unsolicited phone call from a strategic party, which we refer to as Party C in this proxy statement/prospectus, to discuss Party C s business growth ideas and general questions regarding the U.S. homebuilding industry and its potential desire to gain a platform in such industry. Mr. Bass advised Party C to contact an investment banking firm with industry knowledge regarding such matters and provided to Party C contact information for a representative of Citi. Mr. Bass then contacted the representative at Citi to note that he should anticipate hearing from Party C. In its conversation with Citi, Party C did not express specific interest in WCI but rather interest in understanding the U.S. homebuilding industry generally.

During a special telephonic meeting of the WCI board on August 22, 2016, with representatives of WCI s management, Latham and Citi present, the WCI board considered Lennar s most recent revised proposal. Citi discussed with the WCI board, among other things, various market and financial matters relating to WCI and its share price, the homebuilding sector, analyst consensus estimates relative to WCI management s plan, certain preliminary financial analyses and the potential pro forma financial impact of a transaction on Lennar based on publicly available information relating to Lennar. The WCI board considered, among other things, Citi s preliminary financial analyses and WCI s prospects as a standalone company under, and WCI s ability to execute, the Five-Year Plan as compared to a sale of the Company. The WCI board also discussed potential deal terms and various strategy and timing considerations pertaining to a transaction with Lennar. The WCI board also expressed its growing impatience resulting from the apparent impasse on price and its desire for either WCI and Lennar to rapidly finalize key financial terms or for WCI to focus its efforts on executing the Five-Year Plan. Following discussion, the WCI board instructed

Mr. Bass to make a best and final counterproposal to Lennar of $23.50 per share of WCI common stock, to indicate that there was no consensus of the WCI board at a price below $23.50 per share and to set a response deadline of August 26, 2016. Mr. Bass conveyed the counterproposal to Lennar later that day. The closing price of WCI common stock on that day was $17.13 per share.

On August 24, 2016, Mr. Bass met in person with a representative of Party A. During this meeting, the parties discussed the homebuilding industry generally, consolidation and growth. The representative of Party A indicated that he was open to a potential strategic transaction involving WCI and Party A, but that issues pertaining to Party A s capital structure could complicate and make expensive any transaction between the parties. Party A and Mr. Bass agreed that a consolidation of the two companies may not be a good strategic fit for either side.

On August 24, 2016, Mr. Beckwitt informed Mr. Bass during a telephone conversation that Lennar would increase the price it would pay to $23.25 per share. Mr. Bass again emphasized to Mr. Beckwitt that there was no consensus of the WCI board at a price below $23.50 per share. Mr. Beckwitt subsequently called Mr. Bass again and verbally accepted WCI s counterproposal of $23.50 per share, subject to confirmatory due diligence, and on substantially the same terms as Lennar s prior proposals. The closing price of WCI common stock on that day was $17.51 per share.

During a special telephonic meeting of the WCI board on August 25, 2016, with representatives of WCI s management, Latham and Citi present, Mr. Bass reported to the WCI board that Lennar had accepted WCI s counterproposal of $23.50 per share, payable 50% in cash and 50% in Lennar Class A stock. The WCI board then discussed the status of negotiations pertaining to other key deal terms, including go-shop provisions, exchange ratios and other mechanics to enhance the value of a potential transaction to WCI stockholders. The WCI board requested that WCI s advisors review and provide the WCI board with certain information regarding precedent transactions with post-signing market checks, corresponding terms in transaction agreements, including termination fees, and a list of other potential strategic acquirors that might be contacted. Mr. Bass also provided an update to the WCI board on his meeting with Party A.

Following the closing of trading on August 25, 2016, it was announced that WCI would be added to the S&P SmallCap 600 after the close of trading on Friday, September 2, 2016. The closing price of WCI common stock on August 25, 2016 was $17.33 per share and the opening price of WCI common stock on August 26, 2016 was $18.25 per share.

On August 26, 2016, Mr. Beckwitt submitted to Citi a due diligence request from Lennar.

On August 29, 2016, Lennar and its outside counsel, Goodwin Proctor LLP, which we refer to as Goodwin in this proxy statement/prospectus, circulated an initial draft of the merger agreement to Latham and WCI.

Throughout September 2016, WCI s management and Latham, at the direction and with the input of the WCI board, negotiated the terms of a definitive merger agreement with Lennar s management and Goodwin. Latham and Goodwin exchanged multiple drafts of the proposed merger agreement. During the course of negotiations, representatives of Latham discussed the merger agreement with the WCI board and the WCI board reviewed various drafts of the proposed merger agreement and provided input to Latham and WCI s management regarding key deal terms. The key deal terms negotiated included (i) the elimination of a walk-away right in favor of Lennar and the elimination of certain closing conditions, in each case to ensure certainty of closing, (ii) the value of the merger consideration and method of calculating the exchange ratio to maximize certainty of value for WCI stockholders, (iii) go-shop mechanics designed to allow interested parties to make competitive offers while remaining anonymous to Lennar until the WCI board decided to pursue them, and (iv) the termination fees that would be payable both during and after the go-shop period.

While the terms of the merger agreement were being negotiated, there were frequent conversations between Mr. Bass and Mr. Beckwitt regarding the progress of the negotiations and due diligence issues. In addition, beginning on September 15, 2016, Messrs. Bass and Beckwitt had several discussions regarding matters related to compensation of WCI executives, including retention agreements, benefit plans and increased severance benefits. The compensation discussions included proposed granting of retention bonus payments and increases in change of control related severance payments that WCI presented to Lennar on September 18, 2016. At Lennar s request, retention bonus payments were granted to certain WCI executive officers, including Mr. Bass, but no increases in change of control related severance payments were implemented. The discussions also resulted in a decision on or about September 20, 2016 that Keith Bass would be eligible for a transaction bonus of up to $3.22 million (depending on the extent to which he is required to pay excise tax with regard to payments he receives), which together with his retention bonus of

$930,000, resulted in a total aggregate bonus eligibility for Mr. Bass of up to $4.15 million. There were no suggestions that any WCI employees or directors would become officers or directors of Lennar after consummation of the mergers.

During a special telephonic meeting of the WCI board on September 1, 2016, with representatives of WCI s management, Latham and Citi present, Latham and Citi discussed certain information previously requested by the WCI board, including information relating to the terms of post-signing market checks in selected precedent transactions. The WCI board and Latham also discussed matters relating to the process of conducting a pre-signing market check. Citi also discussed potential strategic alternatives, including other potential strategic acquirors respective abilities to consummate a transaction, an illustrative process timeline and the potential timing and level of diligence that might be required by such acquirors. WCI s management and advisors also reviewed certain other considerations with respect to conducting a pre-signing market check as compared to conducting a go-shop process, including the risk of market rumors and disruption to WCI s business prior to signing, the likelihood based on Lennar s stated position that it would retract its proposal if WCI conducted a pre-signing market check, the likelihood that discussions with other potential acquirors would result in a higher proposal and go-shop terms that could best facilitate post-signing offers. Citi also reviewed with the WCI board certain go-shop provisions from selected precedent transactions, including termination fees during and after the go-shop period.

Citi then discussed with the WCI board the exchange ratio (and related mechanics for calculating the exchange ratio) and collar mechanism proposed by Lennar, collar mechanisms and differences between floating and fixed exchange

ratios in selected precedent transactions and the prevalence of these structures in such transactions and the potential impact on Lennar s proposal of a floating or fixed exchange ratio, both with and without collars. The WCI board engaged in further discussion regarding these alternatives and their relative benefits and detriments, including the potential impact on the assurance of value at closing, and the go-shop process.

Representatives from Latham discussed certain other issues related to the proposed merger agreement, including issues that would affect certainty of closing, economic value and tax-free treatment for WCI stockholders. Representatives of Latham summarized the go-shop provisions that should be revised in order to facilitate alternative proposals and also discussed certain provisions in the draft that Latham described as atypical, including Lennar s definition of Material Adverse Effect, a closing condition that no more than a certain percentage of holders of WCI shares exercise appraisal rights, a closing condition regarding the absence of any stockholder litigation presenting a reasonable likelihood of resulting in an award of material damages, certain representations and warranties and covenants, and Lennar s ability to walk away from the transaction at any time upon the payment of a $27 million termination fee. The WCI board instructed Latham to negotiate these key provisions to an acceptable position, including the exchange ratio mechanics, before responding with a full mark-up of the draft merger agreement. The WCI board also instructed WCI s management not to grant Lennar access to additional due diligence materials until the key issues in the merger agreement were resolved.

On September 2, 2016, Latham spoke with Goodwin regarding various deal terms, and on September 3, 2016, Messrs. Bass and Beckwitt participated in various telephone calls with Latham and Goodwin to discuss certain key issues in the merger agreement. Based upon the concessions made on these calls by Lennar on various key points, WCI s management instructed Latham to grant Lennar access to additional due diligence materials in a virtual data room that day.

In September 2016, Lennar provided business, financial, accounting, tax, legal and other due diligence information as requested by WCI, and WCI s management and advisors conducted reverse due diligence on Lennar.

During a special telephonic meeting of the WCI board on September 7, 2016, with representatives of WCI s management, Latham and Citi present, the WCI board discussed with WCI s management and advisors the status of the reverse due diligence review on Lennar and timing expectations in the event a merger agreement was signed with Lennar. Representatives of Latham updated the WCI board on the status of negotiations regarding the merger agreement with Goodwin, including the satisfactory resolution of certain key issues and the key issues that remained open, including: (i) the mechanics of the exchange ratio, (ii) a price adjustment provision that would require Lennar, if it did not elect to pay the full merger consideration in cash, to pay additional cash consideration if the closing price of Lennar Class A common stock on the trading day before closing was less than the ten day VWAP, (iii) the bring down standard for representations and warranties at closing that impacted closing certainty, and (iv) certain key go-shop provisions.

In discussing the mechanics of a post-signing go-shop process, the WCI board inquired of Citi whether, given Citi s previously disclosed relationships and prior dealings with Lennar and its relationships with potential parties that Citi would likely contact in a go-shop process, Citi believed it could effectively advise WCI in the proposed transaction with Lennar and conduct a go-shop process on behalf of WCI. The WCI board also inquired whether Citi s fee structure would provide appropriate incentives in a go-shop process and whether it would be appropriate to engage a second financial advisor to assist in the go-shop process. The representatives of Citi noted that, given Citi s substantial work in the homebuilding industry, Citi had relationships with, and access to, many industry participants that Citi would likely contact in a go-shop process. The representatives of Citi confirmed their belief that Citi could effectively advise WCI in respect of the proposed transaction with Lennar and in a go-shop process and that its fee structure provided adequate incentive in a go-shop process.

Following discussion, representatives of Citi were excused from the meeting, and representatives of Latham reviewed the WCI board s fiduciary duties. The WCI board discussed its prior conversations with Citi and process considerations pertaining to the proposed transaction and the go-shop process and various means to assure that such process would maximize the value potential for WCI s stockholders, including an appropriate process for investigating, monitoring and overseeing potential conflicts issues, the possibility of an additional financial advisor assisting with the go-shop process, continued management oversight and whether Citi should have a different fee structure. The WCI board discussed its level of comfort with Citi s work to date, Citi s familiarity with WCI, the fact that Mr. Bass, under the supervision of the WCI board, had led the key negotiations with Lennar and Citi s relationships with other potential buyers that could be utilized for the benefit of WCI in the go-shop process. The

WCI board also discussed the downside of obtaining an additional financial advisor, including additional fees, the potential delay to the process and the lack of any apparent value that another financial advisor would provide. After discussion, the WCI board determined, based upon the information available to the WCI board at that time, that proceeding with Citi as WCI s sole financial advisor was the best course of action and that Citi s fee structure properly incentivized Citi to obtain increased value for WCI in a go-shop process.

During a special telephonic meeting of the WCI board on September 13, 2016, with representatives of WCI s management, Latham and Citi present, representatives of Latham provided the WCI board an update on the status of the merger negotiations, Mr. Bass updated the WCI board on his discussions with Lennar and representatives of Latham and Citi responded to questions on deal economics and go-shop mechanics. A WCI board member, Mr. Nevin, also disclosed to the WCI board that he shares an office with one of the two managing partners of Krillion Ventures, an early stage venture capital firm. Jeff Miller, the brother of Lennar s Chief Executive Officer, Stuart Miller, is the other managing partner and the only investor in the fund. Mr. Nevin disclosed that he, through G3 Investment Holdings, LLC has coinvested in business ventures with Krillion Ventures. Mr. Nevin also disclosed that he is the chairman of the board of a non-profit organization to which an affiliate of Krillion Ventures had made charitable donations and that Jeff Miller has served as the chairman of the board of another organization to which Mr. Nevin has contributed. Mr. Nevin also noted that G3 Investment Holdings, LLC and Krillion Ventures are coinvestors in a private health technology company that invited Mr. Nevin to join its board of directors. Mr. Nevin noted that he had never discussed any information pertaining to Lennar with Mr. Jeff Miller, that he had never received compensation from Krillion Ventures or from any entity related to Jeff Miller, that G3 Investment Holdings, LLC and Krillion Ventures each paid rent for the office space they shared and Mr. Nevin stated his belief that these relationships did not impair his independence in any manner. Following discussion, the WCI board determined that it had no concerns regarding Mr. Nevin s independence.

During a special telephonic meeting of the WCI board on September 14, 2016, with representatives of WCI s management, Latham and Citi present, representatives of Latham provided updates regarding the status of due diligence and negotiations on the key terms of the merger agreement, and WCI s management discussed the Five-Year Plan and underlying assumptions, including certain updates regarding the impact on the Five-Year Plan and assumptions of WCI s updated budget for 2016 and an expectation for a potential reduction in revenue and earnings for 2017 with respect to WCI s residential tower and homebuilding businesses, which updated the Five-Year Plan to the WCI board. We refer to the Five-Year Plan, together with such updates based on information and guidance provided by WCI management, as the September 14, 2016 projections in this proxy statement/prospectus. The WCI board then authorized Citi to use and rely upon the September 14, 2016 projections for purposes of its financial analyses and opinion.

On September 14, 2016, representatives of Latham, Goodwin, Gibson Dunn & Crutcher LLP, which was advising Lennar regarding tax matters, and Lennar s in-house legal counsel participated in a telephone conference to discuss the remaining merger agreement issues, including the amount of the termination fee during the go-shop period.

Also on September 14, 2016 and on September 15, 2016, WCI s management participated in telephone conferences with representatives of Lennar regarding reverse due diligence questions and responses in key areas of concern, including business, financial, legal, environmental, regulatory, audit and tax matters. Representatives of Latham, Citi and Goodwin also attended these telephone conferences.

Also on September 15, 2016, Zelman & Associates issued a report downgrading WCI from a buy to a hold rating and reduced its $20.50 per share stock price target for WCI to $18.75 per share.

During a special telephonic meeting of the WCI board on September 15, 2016, with representatives of WCI s management, Latham and Citi present, Latham and Mr. Bass provided an update on the on-going negotiations with Lennar, including the status of the merger agreement terms relating to the go-shop mechanics and termination fee, the calculation of the merger consideration and certain employee benefits matters. The WCI board and representatives of Latham discussed the timing of the proposed merger and such matters, and representatives of Citi updated the WCI board on the status of WCI s go-shop materials that could be used should the parties enter into the proposed merger agreement. The WCI board instructed Latham and WCI s management to continue to negotiate the key terms of the merger agreement.

The WCI board held two special telephonic meetings on September 16, 2016. In the first meeting, with representatives of WCI s management, Latham and Citi present, Latham updated the WCI board on the status of

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negotiations concerning the proposed merger agreement. Latham and Citi described the scope and satisfactory conclusion of the reverse due diligence review of Lennar. The WCI board also discussed a proposed transaction timeline to finalize and execute a definitive merger agreement on September 18, 2016. Representatives of Latham next presented on certain employee benefits revisions and new policies for the WCI board s consideration, including retention and severance programs for non-executives, revisions to the WCI vacation and vacation accrual policies, revisions to an executive officer severance policy and retention bonuses for executive officers, and the key considerations for approving these benefits changes. Citi discussed with the WCI board WCI management s financial projections, including certain updates made by WCI s management to such projections since August 22, 2016. Citi discussed its preliminary financial analyses regarding WCI, Lennar and the proposed transaction, and indicated that, subject to the absence of material changes in the information it considered, Citi anticipated that it would be in a position to render an opinion to the WCI board in connection with the execution of a definitive agreement then contemplated for September 18, 2016.

Shortly before the first special telephonic meeting on September 16, 2016, Citi provided Latham with supplemental disclosure to the May 2016 Citi Relationship Disclosure for distribution to the WCI board, which we refer to as the September 16 Citi Relationship Disclosure in this proxy statement/prospectus. This disclosure further described the interactions of certain Citi deal team members with Lennar as previously disclosed in the May 2016 Citi Relationship Disclosure, including that Citi had provided certain discussion materials in April and May 2016 to Lennar regarding a possible business combination with WCI based on publicly available information, which included indicative analyses of the potential impact of a transaction at illustrative price levels ranging from $23.00 to $27.00 per share and $20.00 to $25.00 per share, respectively, reflecting then-current market and business conditions. Latham also was provided with copies of these discussion materials. Included in the discussion materials dated April 7, 2016, based on publicly available information, were a business and financial overview of WCI, certain market statistics, relative contributions to various market and financial measures, and implied premia and financial metrics and illustrative transaction overview and potential pro forma financial impact on Lennar at various prices ranging from $23.00 to $27.00 per share of WCI common stock reflecting then-current market and business conditions. The discussion materials dated May 5, 2016 contained similar information as had been provided in the discussion materials dated April 7, 2016, but with the illustrative price range adjusted downward to $20.00 to $25.00 per share of WCI common stock reflecting then-current market and business conditions, including updated market data following WCI s first quarter earnings announcement and the related decrease in WCI s stock price.

After having an opportunity to review the September 16 Citi Relationship Disclosure, the Chairman of the WCI board and Latham convened a second telephonic meeting of the WCI board, with representatives of WCI s management and Latham present, to discuss the September 16 Citi Relationship Disclosure and related discussion materials. The WCI board expressed concern about (i) the appearance of certain Citi deal team members for WCI having provided these discussion materials to Lennar shortly before the negotiations between Lennar and WCI began, (ii) the appearance of the illustrative price range reflected in the May 5, 2016 discussion materials being lower than the range reflected in the April 7, 2016 discussion materials and that the price ranges at which the negotiations with Lennar had occurred were within the illustrative price ranges reflected in the discussion materials, (iii) the perception that Lennar, which had not engaged a financial advisor for the transaction, may have arrived at its valuation perspectives in part based on these discussion materials, (iv) the fact that WCI had engaged in exclusive negotiations with Lennar based in part on the input of Citi regarding the effectiveness of a go-shop process, (v) the timing of Citi s supplemental disclosures given the WCI board s previous discussions with Citi and (vi) whether Citi would be in a position to render, and whether the WCI board could reasonably rely on, an opinion from Citi under the circumstances.

The WCI board discussed the options available to it, including terminating discussions regarding a proposed transaction with Lennar, commencing a full auction or continuing to pursue a transaction with Lennar on the existing proposed schedule. Believing that the price of $23.50 per share was in the best interests of WCI s stockholders, the

WCI board focused on ways to proceed with the transaction with Lennar. The WCI board also discussed various alternatives for financial advice, including retaining another financial advisor in lieu of or in addition to Citi. The WCI board then discussed the possibility of engaging Credit Suisse to serve as an additional financial advisor given, among other things, Credit Suisse s knowledge of and familiarity with the homebuilding industry and substantial knowledge of and experience with respect to WCI and its business, having, among other things, previously been engaged as a financial advisor to WCI in connection with its consideration of certain strategic alternatives, having acted as an underwriter in connection with the initial public offering of WCI common stock in July 2013, being a participant in WCI s credit facility and having acted as a broker, initial purchaser or

underwriter in connection with certain sales of WCI common stock by Stonehill and Monarch. The WCI board believed Credit Suisse s knowledge and familiarity with WCI and the homebuilding industry would enable Credit Suisse to quickly get up to speed regarding WCI and the proposed transaction. Mr. Bass informed the WCI board that his son had been an intern at Credit Suisse the prior two summers and had signed an offer letter to begin employment with Credit Suisse following his graduation in eight months. The WCI board discussed this relationship and unanimously determined that it did not pose a conflict that would prevent the WCI board from reasonably relying on financial advice provided by Credit Suisse, but also directed that members of WCI s management other than Mr. Bass negotiate the terms of Credit Suisse s engagement including the fees that would be payable to Credit Suisse as a financial advisor to WCI and authorized such other members of WCI s management to commence those negotiations with Credit Suisse.

During the evening of September 16, 2016, Latham held several conference calls with WCI s management and Citi s counsel to discuss the September 16 Citi Relationship Disclosure and related discussion materials and to obtain additional information regarding those disclosures. Representatives of WCI s management also contacted Credit Suisse to discuss the possibility of engaging Credit Suisse as an additional financial advisor to WCI in connection with the proposed transaction.

Later on September 16, 2016, representatives of Latham and Goodwin discussed matters pertaining to the September 16 Citi Relationship Disclosure and related discussion materials and the potential impact of the matters that were disclosed on the proposed transaction. Goodwin and Latham discussed delaying the proposed signing timeline to ensure that the WCI board had as much time as needed to consider the updated disclosure and properly address the impact, if any, on the transaction process. The WCI board and Latham also sought the counsel of Richards Layton & Finger, which we refer to as RLF in this proxy statement/prospectus, WCI s Delaware counsel, regarding the September 16 Citi Relationship Disclosure.

On September 17, 2016, the WCI board held a special telephonic meeting, with representatives of WCI s management and Latham present. Representatives of Latham reviewed the WCI board s fiduciary duties and responsibilities in considering the proposed transaction in light of the September 16 Citi Relationship Disclosure.

The WCI board then discussed with Latham the potential engagement of Credit Suisse, during which representatives of Latham summarized their discussions with Goodwin and RLF and provided legal advice. Following that discussion, representatives of Credit Suisse were invited to join the meeting. The representatives of Credit Suisse presented their qualifications to be engaged as an additional financial advisor to WCI in connection with a potential sale or other business combination involving WCI, including information regarding Credit Suisse s knowledge and familiarity with WCI and the homebuilding industry in which it operates. In response to questions by the WCI board and its counsel, the representatives of Credit Suisse confirmed that, based on Credit Suisse s investment banking relationships with Lennar, they did not believe that Credit Suisse had any material relationships with Lennar that would impair Credit Suisse s ability to provide WCI with objective advice regarding the proposed transaction with Lennar. Specifically, the representatives of Credit Suisse confirmed that, to their knowledge, including the knowledge of certain of such representatives with investment banking coverage responsibilities for Lennar in addition to their investment banking coverage responsibilities for WCI, Credit Suisse had no current engagements with Lennar and had not been engaged by Lennar to provide financial advisory services during the last three years. The representatives of Credit Suisse further informed the WCI board that they had not met with Lennar to discuss potential acquisition opportunities, including a potential acquisition of WCI, since March 2015. Representatives of Credit Suisse also disclosed that Credit Suisse was a counterparty to Lennar subsidiaries with respect to two warehouse credit facilities and a counterparty to Lennar with respect to a $55 million credit default swap backed letter of credit facility.

The WCI board informed Credit Suisse that, if engaged, Credit Suisse would be instructed to perform its own independent analysis in connection with rendering financial advice to the WCI board and not to rely upon any analyses performed by Citi. Although Credit Suisse informed the WCI board that it believed that it would quickly be able to get up to speed with respect to WCI and the proposed transaction, the WCI board and Credit Suisse agreed that Credit Suisse should take as much time as it needed to perform its analysis. At the request of the WCI board, Credit Suisse confirmed that in its view, based on its experience and professional judgment as a financial advisor, a properly structured go-shop process, particularly with respect to a company in the home building industry, would provide other potential buyers with a sufficient opportunity to evaluate WCI and submit alternative transaction proposals. Credit Suisse confirmed that, if requested by the WCI board, it would be able to commence soliciting

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alternative transaction proposals immediately following the execution of a definitive merger agreement. The WCI board instructed Credit Suisse to review the proposed go-shop provisions of the merger agreement and be prepared to advise the WCI board whether it could be an effective means for obtaining a potentially higher offer for WCI.

Representatives of Credit Suisse then left the meeting, and the WCI board discussed whether it should proceed with considering a proposed transaction with Lennar. The WCI board acknowledged that Citi previously had disclosed a preexisting relationship with Lennar and expressed its belief that Citi had performed its services as WCI s financial advisor effectively to date, but the WCI board also expressed concern regarding the appearance of a potential conflict as a result of Citi s discussions with Lennar prior to being retained by WCI. The WCI board noted that Mr. Bass, not Citi, had been the primary party involved in pricing negotiations with Lennar. The WCI board also considered its belief that Lennar s proposed price reflected a compelling offer for WCI based on the WCI board s independent review. The WCI board also considered the fact that both Citi and Credit Suisse independently had indicated that a properly structured go-shop process could be an effective means for obtaining a potentially higher offer for WCI, if there were one. The WCI board then discussed whether to engage Credit Suisse as an additional financial advisor to WCI in connection with the proposed transaction. Following discussion, the WCI board determined to proceed with negotiations regarding the proposed transaction with Lennar subject to the WCI board s receipt of Credit Suisse s financial analyses and opinion as to the fairness, from a financial point of view, to the holders of WCI common stock of the consideration to be received by such holders of WCI common stock in the merger pursuant to the merger agreement. Subject to a final review of a summary of Credit Suisse s material relationships with Lennar to be provided by Credit Suisse and a review of the terms of, and subsequent execution of, an engagement letter with Credit Suisse, the WCI board also approved the retention of Credit Suisse as an additional financial advisor to WCI in connection with the proposed transaction and, if requested by the WCI board, to assist WCI in soliciting proposals from third parties regarding an alternative transaction following the signing of a definitive agreement with Lennar. The WCI board also directed Latham and WCI s management to finalize the Credit Suisse engagement letter as well as an amendment to Citi s engagement letter to provide for an offset of any fees payable to Credit Suisse against fees otherwise payable to Citi. Latham was instructed to inform Goodwin that there would be a delay in the timing of the process sufficient to allow Credit Suisse to get up to speed and provide financial advice to the WCI board with respect to the proposed transaction.

The WCI board also discussed with representatives of Latham the current status of the negotiations pertaining to the merger agreement. Among other updates, Latham discussed the go-shop termination fee and terms of the go-shop process. The WCI board directed Latham and WCI s management to continue to push for a lower go-shop termination fee to facilitate alternative bids during the go-shop period. The WCI board also directed Latham to review the terms of the go-shop provisions in the draft merger agreement with Credit Suisse and to continue to negotiate go-shop terms intended to maximize the effectiveness of the go-shop process.

Later on September 17, 2016, Citi affirmed to Latham that Citi was prepared to render an opinion to the WCI board in connection with the transaction and believed that the matters disclosed in the September 16 Citi Relationship Disclosure did not impact its independence as WCI s financi style="text-align:left;font-size:10pt;">

December 31, 2011

Amortized
Cost

Unrealized
Gains

Unrealized
Losses

Estimated
Fair
Value
Short-term investments:

Corporate debt securities
$
170.9

$
0.1

$
(0.4
)

$
170.6

Brokered certificates of deposit
1.8

—

—

1.8

Municipal obligations
5.0

—

—

5.0

Asset-backed securities
10.8

—

—

10.8

U.S. government sponsored agencies
36.8

0.1

—

36.9

Foreign government obligations
5.4

—

—

5.4

Marketable equity securities
7.7

0.6

—

8.3

238.4

0.8

(0.4
)

238.8

Long-term investments:

Marketable equity securities
57.2

70.0

(0.7
)

126.5

Asset-backed securities
0.5

—

(0.1
)

0.4

Foreign government obligations
0.3

—

—

0.3

58.0

70.0

(0.8
)

127.2

Total
$
296.4

$
70.8

$
(1.2
)

$
366.0

The following is a summary of investments with gross unrealized losses and the associated fair value (in millions):

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	June 30, 2012	December 31, 2011
Fair value	$156.1	$77.8
Gross unrealized losses for investments in a loss position 12 months or more	$0.1	$0.4
Gross unrealized losses for investments in a loss position less than 12 months	$0.6	$0.8

The unrealized losses on these securities are due to a number of factors, including changes in interest rates, changes in economic conditions and changes in market outlook for various industries, among others. Because Bio-Rad has the ability and intent to hold these investments with unrealized losses until a recovery of fair value, or for a reasonable period of time sufficient for a forecasted recovery of fair value, which may be maturity, we do not consider these investments to be other-than-temporarily impaired at June 30, 2012.

The following is a summary of the amortized cost and estimated fair value of our debt securities at June 30, 2012 by contractual maturity date (in millions):

	Amortized Cost	Estimated Fair Value
Mature in less than one year	$130.8	$130.8
Mature in one to five years	184.1	184.4
Mature in more than five years	46.7	47.0
Total	$361.6	$362.2

The estimated fair value of financial instruments in the table below has been determined using available market information or other appropriate valuation methodologies. Estimates are not necessarily indicative of the amounts that could be realized in a current market exchange as considerable judgment is required in interpreting market data used to develop estimates of fair value. The use of different market assumptions or estimation techniques could have a material effect on the estimated fair value. Other assets include some financial instruments that have fair values based on market quotations. Long-term debt, excluding leases and current maturities, has an estimated fair value based on quoted market prices for the same or similar issues.

The estimated fair value of our financial instruments and the level of the fair value hierarchy within which the fair value measurements is categorized are as follows (in millions):

	June 30, 2012			December 31, 2011		
	Carrying Amount	Estimated Fair Value	Fair Value Hierarchy Level	Carrying Amount	Estimated Fair Value	Fair Value Hierarchy Level
Other assets	$233.3	$355.6	1	$186.6	$252.4	1
Total long-term debt, excluding leases and current maturities	$719.5	$771.8	2	$719.1	$759.1	2

We own shares of ordinary voting stock of Sartorius AG (Sartorius), of Goettingen, Germany, a process technology supplier to the biotechnology, pharmaceutical, chemical and food and beverage industries. We own over 30% of the outstanding voting shares (excluding treasury shares) of Sartorius as of June 30, 2012. The Sartorius family trust and Sartorius family members hold a controlling interest of the outstanding voting shares. We do not have any representative or designee on Sartorius' board of directors, nor do we have the ability to exercise significant influence over the operating and financial policies of Sartorius. In addition, the ordinary voting stock of Sartorius is thinly traded. Therefore, we account for this investment using the cost method. The carrying value of this investment is included in Other assets in our Condensed Consolidated Balance Sheets.

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4.GOODWILL AND OTHER PURCHASED INTANGIBLE ASSETS

Changes to goodwill by segment were as follows (in millions):

	Life Science	Clinical Diagnostics	Total
Balances as of January 1, 2012:			
Goodwill	$176.8	$319.3	$496.1
Accumulated impairment losses	(27.2)	—	(27.2)
Goodwill, net	149.6	319.3	468.9
Acquisitions	—	1.1	1.1
Final purchase accounting fair value adjustments	(0.6)	—	(0.6)
Currency fluctuations	—	(3.2)	(3.2)
Balances as of June 30, 2012			
Goodwill	176.2	317.2	493.4
Accumulated impairment losses	(27.2)	—	(27.2)
Goodwill, net	$149.0	$317.2	$466.2

In conjunction with the acquisition of certain assets from a current raw material supplier in January 2012 (see Note 2), we recorded $1.1 million of goodwill and $5.1 million of definite-lived intangible assets considered developed product technology.

Other than goodwill, we have no significant intangible assets with indefinite lives. Information regarding our identifiable purchased intangible assets with definite lives is as follows (in millions):

	June 30, 2012			
	Average Remaining Life (years)	Purchase Price	Accumulated Amortization	Net Carrying Amount
Customer relationships/lists	1-12	$96.9	$(34.2)	$62.7
Know how	1-14	185.9	(55.1)	130.8
Developed product technology	1-10	52.2	(27.0)	25.2
Licenses	1-8	35.5	(17.2)	18.3
Tradenames	1-10	29.1	(24.9)	4.2
Covenants not to compete	1-7	5.8	(5.7)	0.1
Patents	—	1.0	(1.0)	—
Other	—	0.1	(0.1)	—
		$406.5	$(165.2)	$241.3

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	December 31, 2011			
	Average Remaining Life (years)	Purchase Price	Accumulated Amortization	Net Carrying Amount
Customer relationships/lists	1-12	$98.7	$(30.9)	$67.8
Know how	1-14	187.0	(45.7)	141.3
Developed product technology	1-11	47.6	(24.6)	23.0
Licenses	1-9	35.6	(15.7)	19.9
Tradenames	1-10	29.5	(22.1)	7.4
Covenants not to compete	1-7	5.8	(5.7)	0.1
Patents	—	1.0	(1.0)	—
Other	—	0.1	(0.1)	—
		$405.3	$(145.8)	$259.5

Amortization expense related to purchased intangible assets is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Amortization expense	$10.7	$9.3	$21.5	$18.1

5.PRODUCT WARRANTY LIABILITY

We warrant certain equipment against defects in design, materials and workmanship, generally for a period of one year. Upon delivery of that equipment, we establish, as part of Cost of goods sold, a provision for the expected costs of such warranty based on historical experience, specific warranty terms and customer feedback. A review is performed on a quarterly basis to assess the adequacy of our warranty accrual.

Components of the warranty accrual, included in Other current liabilities and Other long-term liabilities in the Condensed Consolidated Balance Sheets, were as follows (in millions):

December 31, 2011	$16.4
Provision for warranty	8.6
Actual warranty costs	(10.1)
June 30, 2012	$14.9

6. LONG-TERM DEBT

The principal components of long-term debt are as follows (in millions):

	June 30, 2012	December 31, 2011
8.0% Senior Subordinated Notes due 2016	$296.6	$296.3
4.875% Senior Notes due 2020	422.9	422.8
Capital leases and other debt	13.0	13.2
	732.5	732.3
Less current maturities	(0.4)	(0.6)
Long-term debt	$732.1	$731.7

Amended and Restated Credit Agreement (Credit Agreement)

In June 2010, Bio-Rad entered into a $200.0 million Credit Agreement. Borrowings under the Credit Agreement are on a revolving basis and can be used for acquisitions, for working capital and for other general corporate purposes. We had no outstanding borrowings under the Credit Agreement as of June 30, 2012. The Credit Agreement expires on June 21, 2014.

The Credit Agreement is secured by substantially all of our personal property assets, the assets of our domestic subsidiaries and 65% of the capital stock of certain of our foreign subsidiaries. It is guaranteed by all of our existing and future material domestic subsidiaries. The Credit Agreement and the Senior Subordinated Notes due 2016 require Bio-Rad to comply with certain financial ratios and covenants, among other things. These ratios and covenants include a leverage ratio test and an interest coverage test, as well as restrictions on our ability to declare or pay dividends, incur debt, guarantee debt, enter into transactions with affiliates, merge or consolidate, sell assets, make investments, create liens and prepay subordinated debt. We were in compliance with all of these ratios and covenants as of June 30, 2012.

7.NONCONTROLLING INTERESTS

Activity in noncontrolling interests is as follows (in millions):

January 1, 2012	$0.4
Net income attributable to noncontrolling interests	0.2
Currency fluctuations	—
June 30, 2012	$0.6

8.EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income attributable to Bio-Rad by the weighted average number of common shares outstanding for that period. Diluted earnings per share takes into account the effect of dilutive instruments, such as stock options and restricted stock, and uses the average share price for the period in determining the number of potential common shares that are to be added to the weighted average number of shares outstanding. Potential common shares are excluded from the diluted earnings per share calculation if the effect of including such securities would be anti-dilutive.

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The weighted average number of common shares outstanding used to calculate basic and diluted earnings per share, and the anti-dilutive shares that are excluded from the diluted earnings per share calculation are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Basic weighted average shares outstanding	28,250	28,014	28,226	27,959
Effect of potentially dilutive stock options and restricted stock awards	360	481	356	484
Diluted weighted average common shares	28,610	28,495	28,582	28,443
Anti-dilutive shares	91	—	93	37

9.OTHER INCOME AND EXPENSE

Other (income) expense, net includes the following components (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Interest and investment income	$(5.9)	$(4.9)	$(6.9)	$(5.6)
Net realized (gains) losses on investments	(1.0)	0.1	(7.4)	(0.2)
Miscellaneous other expense items	0.2	0.4	1.1	0.4
Other (income) expense, net	$(6.7)	$(4.4)	$(13.2)	$(5.4)

10.INCOME TAXES

Our effective income tax rate was 26% and 31% for the three months ended June 30, 2012 and 2011, respectively. Our effective income tax rate was 29% and 31% for the first half of 2012 and 2011, respectively. The second quarter and first half of 2012 reflected a significant tax benefit related to an adjustment to the fair value of the QuantaLife contingent consideration. The effective income tax rates for all periods were lower than the U.S. statutory rate primarily due to tax benefits from differences between U.S. and foreign statutory tax rates and research and development tax credits. The effective tax rate for the second quarter of 2011 also reflected a tax benefit from nontaxable dividend income in Luxembourg. The second quarter and the first half of 2012 effective tax rates do not include tax benefits from U.S. federal research credits that expired in 2011 and nontaxable dividend income that terminated in 2011. For the second quarter and the first half of 2012 and 2011, our foreign taxes resulted primarily from taxable income earned in France and Switzerland. Switzerland has a statutory tax rate of approximately 19%, which is significantly lower than our U.S. statutory tax rate of 36.8%, including state taxes. Our effective tax rates for 2012 and 2011 were significantly reduced by French tax incentives related to our research and development activities.

As of June 30, 2012, based on the expected outcome of certain examinations or as a result of the expiration of statute of limitations for certain jurisdictions, we believe that within the next 12 months it is reasonably possible that our previously unrecognized tax benefits could decrease by approximately $2.9 million. Substantially all such amounts will impact our effective income tax rate.

We record liabilities related to uncertain tax positions. We do not believe any currently pending uncertain tax positions will have a material adverse effect on our Condensed Consolidated Financial Statements, although an adverse resolution of one or more of these uncertain tax positions in any period may have a material impact on the results of operations for that period.

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11.SEGMENT INFORMATION

Information regarding industry segments for the three months ended June 30, 2012 and 2011 is as follows (in millions):

		Life Science	Clinical Diagnostics	Other Operations
Segment net sales	2012	$162.4	$344.0	$4.0
	2011	$169.9	$348.0	$3.7
Segment profit	2012	$5.4	$55.4	$0.8
	2011	$10.0	$46.6	$0.5

Information regarding industry segments for the six months ended June 30, 2012 and 2011 is as follows (in millions):

		Life Science	Clinical Diagnostics	Other Operations
Segment net sales	2012	$317.2	$671.2	$8.3
	2011	$324.4	$675.2	$7.2
Segment profit	2012	$1.5	$101.2	$1.6
	2011	$13.1	$94.6	$0.7

Segment results are presented in the same manner as we present our operations internally to make operating decisions and assess performance. Net corporate operating expense consists of receipts and expenditures that are not the primary responsibility of segment operating management. Interest expense is charged to segments based on the carrying amount of inventory and receivables employed by that segment. The following reconciles total segment profit to consolidated income before taxes (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Total segment profit	$61.6	$57.1	$104.3	$108.4
Foreign exchange losses, net	(1.6)	(2.7)	(3.1)	(5.8)
Net corporate operating, interest and other expense not allocated to segments	(0.7)	(1.0)	(2.2)	(1.9)
Other income (expense), net	6.7	4.4	13.2	5.4
Consolidated income before taxes	$66.0	$57.8	$112.2	$106.1

12.LEGAL PROCEEDINGS

Based on an internal investigation, we identified conduct in certain of our overseas operations that may have violated the anti-bribery provisions of the United States Foreign Corrupt Practices Act (FCPA) and is likely to have violated the FCPA's books and records and internal controls provisions and our own internal policies. In May 2010, we voluntarily disclosed these matters to the U.S. Department of Justice (DOJ) and the Securities and Exchange Commission (SEC), each of which commenced an investigation. The Audit Committee of our Board of Directors (Audit Committee) assumed direct responsibility for reviewing these matters and hired experienced independent counsel to conduct an investigation and provide legal advice. We provided additional information to the DOJ and the SEC as the Audit Committee's investigation progressed. We continue to cooperate with the DOJ and SEC investigations and to provide information to them.

The DOJ and SEC investigations are continuing and we are presently unable to predict the duration, scope or results of these investigations or whether either agency will commence any legal actions. The DOJ and the SEC have a broad range of civil and criminal sanctions under the FCPA and other laws and regulations including, but not limited to, injunctive relief, disgorgement, fines, penalties, modifications to business practices including the termination or modification of existing business relationships, the imposition of compliance programs and the retention of a monitor to oversee compliance with the FCPA. We are unable to estimate the outcome of this matter. However, the imposition of any of these sanctions or remedial measures could have a material adverse effect on our business or financial condition. We have not to date determined whether any of the activities in question violated the laws of the foreign jurisdictions in which they took place.

On April 13, 2011, a shareholder derivative lawsuit was filed against each of our directors in the Superior Court for Contra Costa County, California. The case, which also names the Company as a nominal defendant, is captioned City of Riviera Beach General Employees' Retirement System v. David Schwartz, et al., Case No. MSC11-00854. In the complaint, the plaintiff alleges that our directors breached their fiduciary duties by failing to ensure that we had sufficient internal controls and systems for compliance with the FCPA. Purportedly seeking relief on our behalf, the plaintiff seeks an award of unspecified compensatory and punitive damages, costs and expenses (including attorneys' fees), and a declaration that our directors have breached their fiduciary duties. We and the individual defendants filed a demurrer requesting dismissal of the complaint in this case, as well as a motion to stay this matter pending resolution of the above-referenced investigations by the DOJ and SEC. Following a hearing on September 30, 2011, the court sustained our demurrer and dismissed the complaint, without prejudice, and granted the plaintiff additional time to file an amended complaint. The court denied our motion to stay this matter because it dismissed the complaint. The parties have agreed to a stipulated dismissal of this case, without prejudice, and to a tolling of the statute of limitations pending the resolution of the DOJ and SEC investigations.

In addition, we are party to various other claims, legal actions and complaints arising in the ordinary course of business. We do not believe, at this time, that any ultimate liability resulting from any of these other matters will have a material adverse effect on our results of operations, financial position or liquidity. However, we cannot give any assurance regarding the ultimate outcome of these other matters and their resolution could be material to our operating results for any particular period, depending on the level of income for the period.

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

This discussion should be read in conjunction with the information contained in both our Consolidated Financial Statements for the year ended December 31, 2011 and this report for the three and six months ended June 30, 2012.

Other than statements of historical fact, statements made in this report include forward looking statements, such as statements with respect to our future financial performance, operating results, plans and objectives that involve risk and uncertainties. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "believe," "expect," "may," "will," "intend," "estimate," "continue," or similar expressions or the negative of those ter expressions. Such statements involve risks and uncertainties, which could cause actual results to vary materially from those expressed in or indicated by the forward-looking statements. We have based these forward looking statements on our current expectations and projections about future events. However, actual results may differ materially from those currently anticipated depending on a variety of risk factors including among other things: changes in general domestic and worldwide economic conditions; our ability to successfully develop and market new products; our reliance on and access to necessary intellectual property; our ability to successfully integrate any acquired business; our substantial leverage and ability to service our debt; competition in and government regulation of the industries in which we operate; and the monetary policies of various countries. We caution you not to place undue reliance on forward-looking statements, which reflect an analysis only and speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise except as required by Federal Securities law.

Overview. We are a multinational manufacturer and worldwide distributor of our own life science research and clinical diagnostics products. Our business is organized into two primary segments, Life Science and Clinical Diagnostics, with the mission to provide scientists with specialized tools needed for biological research and clinical diagnostics.

We sell more than 8,000 products and services to a diverse client base comprised of scientific research, healthcare, education and government customers worldwide. We manufacture and supply our customers with a range of reagents, apparatus and equipment to separate complex chemical and biological materials and to identify, analyze and purify components. Because our customers require standardization for their experiments and test results, much of our revenues are recurring.

We are impacted by the support of many governments for both research and healthcare. The current global economic outlook is becoming increasingly uncertain as the need to control government social spending by many governments limits opportunities for growth. Approximately 32% of our year-to-date 2012 consolidated net sales are derived from the United States and approximately 68% are derived from international locations, with Europe being our largest region. The international sales are largely denominated in local currencies such as Euros, Swiss Franc, Japanese Yen, Singapore Dollar and British Sterling. As a result, our consolidated net sales expressed in dollars benefit when the U.S. dollar weakens and suffer when the dollar strengthens. When the U.S. dollar strengthens, we benefit from lower cost of sales from our own international manufacturing sites as well as non-U.S. suppliers and from lower international operating expenses.

During the first quarter of 2012, we identified an error in the consolidated financial statements for the years 2007 through 2011, related to a foreign supplemental tax associated with social benefits. We incorrectly interpreted and applied the local statutes to our circumstances. During the second quarter of 2012, we paid an amount of $5.6 million that included these foreign supplemental taxes, penalties and interest. We had originally estimated and accrued $6.1 million during the first quarter of 2012. The foreign supplemental tax, and the related penalties and interest, are not deductible for income tax purposes, and as such this error does not have an impact on Bio-Rad's tax provision.

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Additionally, we identified two other errors pertaining to prior periods, both related to income taxes, as follows:

- an overstatement of income tax expense in the first quarter of 2011 in the amount of $1.6 million, due to a delay in recognizing a reduction in a foreign tax rate; and
- an understatement of income tax expense over the years 2008 to 2011 in the amount of $0.9 million, due to claiming a tax deduction in excess of a statutory limit.

The effect of the errors on the 2007, 2008, 2009, 2010 and 2011 consolidated financial statements would have been charges of $1.1 million, $1.5 million, $1.3 million and $1.6 million, and a $0.1 million benefit, respectively.

Management evaluated the materiality of the errors from a qualitative and quantitative perspective. Based on such evaluation, we have concluded that while the accumulation of these errors was significant to the three-month period ended March 31, 2012, their correction would not be material to any individual prior period or for the year ending December 31, 2012, nor did it have an effect on the trend of financial results, taking into account the requirements of the Securities and Exchange Commission (SEC) Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements (SAB 108). Accordingly, we have corrected these errors in the results of operations for the three-month period ended March 31, 2012 as follows: (i) $4.1 million charge to Cost of goods sold; (ii) $1.2 million charge to Interest expense; (iii) $0.8 million charge to Other (income) expense, net; and (iv) an income tax benefit of $0.7 million.

In January 2012, we purchased, for cash, certain assets from a current raw material supplier for approximately $12.5 million. The asset acquisition was accounted for as a business combination and is included in the Clinical Diagnostics segment's results of operations. The fair value of the assets acquired was determined to be $6.3 million of net tangible assets, $5.1 million of intangible assets and $1.1 million of goodwill. In addition, we paid $2.0 million for employment agreements as an incentive to certain employees of the acquired business to remain with Bio-Rad. Such amount will be expensed over the next two years and is recorded in Prepaid expenses, taxes and other current assets and Other assets in the accompanying Condensed Consolidated Balance Sheet. We believe this acquisition will allow us to secure the supply of critical raw materials and lower our overall costs in the Clinical Diagnostics segment.

In October 2011, we acquired all the issued and outstanding stock of QuantaLife, Inc. (QuantaLife). The fair value of the consideration as of the acquisition date was $179.4 million, which comprised of $150.3 million paid in cash at the closing date, a $5.0 million holdback of cash until the completion of certain post-closing matters, and $24.1 million in contingent consideration potentially payable to QuantaLife shareholders. As of June 30, 2012, the fair value of the contingent consideration was $16.6 million and could potentially reach $45 million upon the achievement of the remaining sales and development milestones. The operating results of this business are included in the results of operations of our Life Science segment from the acquisition date. This transaction was accounted for as the acquisition of a business. Integrating the acquired QuantaLife business into Bio-Rad is expected to expand our current portfolio of products for the amplification and study of DNA and we believe it will complement Bio-Rad's existing business.

The determination of the fair value of net assets acquired of QuantaLife was based upon valuation information, estimates and assumptions available at October 4, 2011. During the second quarter of 2012, we finalized the determination of fair value for certain acquired tax attributes and adjusted the preliminary carrying values of goodwill and certain other assets and liabilities in order to reflect final information received, resulting in an overall reduction of goodwill of $0.6 million. These measurement period adjustments had no impact on our condensed consolidated results of operations for the three and six months ended June 30, 2012. The final fair values of the net assets acquired were determined to be $105.5 million of goodwill, $94.7 million of intangible assets and $20.8 million of net tangible liabilities.

The following shows cost of goods sold, gross profit, expense items and net income as a percentage of net sales:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of goods sold	43.6	43.8	43.2	43.3
Gross profit	56.4	56.2	56.8	56.7
Selling, general and administrative expense	31.8	33.9	33.5	34.2
Research and development expense	10.3	9.2	10.6	9.0
Net income attributable to Bio-Rad	9.5	7.7	8.0	7.3

Critical Accounting Policies and Estimates

As previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2011, we have identified accounting for income taxes, valuation of goodwill and long-lived assets, valuation of inventories, warranty reserves, valuation of investments, allowance for doubtful accounts and litigation accruals as the accounting policies and estimates critical to the operations of Bio-Rad.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably likely to occur could materially impact the financial statements. Management believes that there have been no significant changes during the six months ended June 30, 2012 to the items that we disclosed as our critical accounting policies and estimates in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. For a full discussion of these policies and estimates, please refer to our Form 10-K for the period ended December 31, 2011.

Three Months Ended June 30, 2012 Compared to
Three Months Ended June 30, 2011

Results of Operations -- Sales, Margins and Expenses

Net sales (sales) for the second quarter of 2012 decreased to $510.4 million from $521.7 million in the second quarter of 2011, a decrease of 2.2%. Excluding the impact of foreign currency, second quarter 2012 sales increased by approximately 3.0% compared to the same period in 2011. Currency neutral sales growth was reflected in most regions, primarily in the Pacific Rim, and the emerging markets of eastern Europe and the Middle East, while the developed markets in western Europe decreased.

The Life Science segment sales for the second quarter of 2012 were $162.4 million, a decrease of 4.4% compared to the same period last year. On a currency neutral basis, sales decreased 0.9% compared to the second quarter in 2011. The sales decrease was primarily driven by lower sales in the process chromatography product lines as sales in these product lines are usually large and tend to be infrequent. The currency neutral sales decline in the Life Science segment was driven primarily by total Europe and North America, while sales in the Pacific Rim and Latin America increased.

The Clinical Diagnostics segment sales for the second quarter of 2012 were $344.0 million, a decrease of 1.2% compared to the same period last year. On a currency neutral basis, sales increased 4.9% compared to the second quarter in 2011. Clinical Diagnostics had growth across most product lines on a currency neutral basis, most notably from quality controls, diabetes and BioPlex® 2200 system. Currency neutral sales growth was primarily in eastern

Europe and the Middle East, the Pacific Rim and the U.S., while the developed markets in western Europe decreased.

Consolidated gross margins were 56.4% for the second quarter of 2012 compared to 56.2% for the second quarter of 2011. Life Science segment gross margins for the second quarter of 2012 decreased by approximately 1.7% from the same period last year primarily due to amortization expense related to the QuantaLife acquisition. Clinical Diagnostics segment gross margins for the second quarter of 2012 increased by approximately 1.1% from the same period last year primarily due to a favorable product mix.

Selling, general and administrative expenses (SG&A) represented 31.8% of sales for the second quarter of 2012 compared to 33.9% of sales for the second quarter of 2011. Decreases in the expense relative to sales were primarily driven by an adjustment to the fair value of the QuantaLife contingent consideration of $8.1 million, a decrease in the bad debt provisions, primarily in Spain of $5.2 million in the second quarter of 2012 due to payments by public agencies that represented Spanish balances greater than 180 days old, a decline in third party commissions, and lower expenses due to currency as the dollar strengthened against our major currencies.

Research and development expense increased to $52.3 million or 10.3% of sales in the second quarter of 2012 compared to $48.2 million or 9.2% of sales in the second quarter of 2011. Life Science segment research and development expense increased in the second quarter of 2012 from the prior year quarter primarily due to research and development expense associated with QuantaLife, and efforts concentrated in chromatography and genomics. Clinical Diagnostics segment research and development expense decreased in the second quarter of 2012 from the prior year period, and was relatively flat on a currency neutral basis.

Results of Operations – Non-operating

Interest expense for the second quarter of 2012 increased by $0.4 million to $12.4 million compared to $12.0 million for the second quarter of 2011, which was relatively unchanged as our interest rates on our current borrowings are fixed for our $300.0 million of 8.0% Senior Subordinated Notes through 2016 at 8.0% and for our $425.0 million of 4.875% Senior Notes through 2020 at 4.875%.

Foreign currency exchange gains and losses consist of foreign currency transaction gains and losses on intercompany net receivables and payables and the change in fair value of our forward foreign exchange contracts used to manage our foreign currency exchange risk. Decreased foreign currency exchange losses, net for the quarter ended June 30, 2012 was primarily attributable to a concentrated effort to lower exposures by paying down intercompany balances, lower costs to hedge, and less volatility in the estimation process of shipments and payments of intercompany payables.

Other (income) expense, net for the second quarter of 2012 increased to $6.7 million income compared to $4.4 million income for the second quarter of 2011 primarily due to higher dividend income for holdings in Sartorius AG and realized gains on the sale of equity investments.

Our effective tax rate was 26% and 31% for the second quarter of 2012 and 2011, respectively. The second quarter of 2012 reflected a significant tax benefit related to an adjustment to the fair value of the QuantaLife contingent consideration. The effective tax rates for both periods were lower than the U.S. statutory rate primarily due to tax benefits from differences between U.S. and foreign statutory tax rates and research and development tax credits. The effective tax rate for the second quarter of 2011 also reflected a tax benefit from nontaxable dividend income in Luxembourg. The second quarter of 2012 effective tax rate does not include tax benefits from U.S. federal research credits that expired in 2011 and nontaxable dividend income that terminated in 2011. For the three months ended June 30, 2012 and 2011, our foreign taxes resulted primarily from taxable income earned in France and Switzerland. Switzerland has a statutory tax rate of approximately 19%, which is significantly lower than our U.S. statutory tax rate of 36.8%, including state taxes. Our effective tax rates for the second quarter of 2012 and 2011 are significantly reduced by French tax incentives related to our research and development activities.

Our effective tax rate may be impacted in the future, either favorably or unfavorably, by many factors including, but not limited to, changes to statutory tax rates, changes in tax laws or regulations, tax audits and settlements, and the generation of tax credits.

Six Months Ended June 30, 2012 Compared to
Six Months Ended June 30, 2011

Results of Operations -- Sales, Margins and Expenses

Net sales (sales) for the first half of 2012 decreased to $996.7 million from $1.0 billion in the first half of 2011, a sales decrease of 1.0%. Excluding the impact of foreign currency, the first half of 2012 sales increased by approximately 2.3% compared to the same period in 2011. Currency neutral sales growth was achieved in most regions, while sales declined in the developed markets of western Europe.

The Life Science segment sales for the first half of 2012 were $317.2 million, a decrease of 2.2% compared to the same period last year. On a currency neutral basis, sales decreased 0.1% compared to the first half in 2011. Most product lines had sales decreases, except for sales growth in laboratory separation that was driven by newer products, and genetic systems products were relatively unchanged. The currency neutral sales decline in the Life Science segment were in all regions, except that sales increased in the Pacific Rim.

The Clinical Diagnostics segment sales for the first half of 2012 were $671.2 million, a decrease of 0.6% compared to the same period last year. On a currency neutral basis, sales increased 3.3% compared to the first half in 2011. Clinical Diagnostics product lines generating growth were quality controls, diabetes, microbiology, blood virus and BioPlex® 2200 system. In 2011, sales were impacted by a one-time blood typing sale of approximately $8 million. Currency neutral sales growth was achieved in most regions, primarily in the U.S., and the emerging markets of eastern Europe and the Middle East, while sales declined in the developed markets of western Europe.

Consolidated gross margins were 56.8% for the first half of 2012 compared to 56.7% for the first half of 2011. Life Science segment gross margins for the first half of 2012 decreased from the same period last year by approximately 0.5%, hindered by amortization expense related to the QuantaLife acquisition. Clinical Diagnostics segment gross margins for the first half of 2012 increased by approximately 0.3% from the same period last year. The increase was primarily due to favorable product mix, partially offset by a foreign supplemental tax associated with social benefits of $4.1 million in the first quarter of 2012.

Selling, general and administrative expenses (SG&A) represented 33.5% of sales for the first half of 2012 compared to 34.2% of sales for the first half of 2011. Decreases in the expense relative to sales were primarily driven by an adjustment to the fair value of the QuantaLife contingent consideration of $7.5 million, a decrease in the bad debt provisions, primarily in Spain of $4.0 million in 2012 due to payments by public agencies that represented Spanish balances greater than 180 days old, a decline in third party commissions and lower expenses due to currency as the dollar strengthened against our major currencies.

Research and development expense increased to $105.3 million or 10.6% of sales in the first half of 2012 compared to $90.9 million or 9.0% of sales in the first half of 2011. Life Science segment research and development expense increased in the first half of 2012 from the same period last year primarily due to research and development expense associated with QuantaLife, and efforts concentrated in chromatography and genomics. Clinical Diagnostics segment research and development expense increased in the first half of 2012 from the prior year period primarily due to increased and broad investment in enhanced product offerings in blood typing, quality controls, diabetes and blood virus product lines.

Results of Operations – Non-operating

Interest expense for the first half of 2012 decreased by $3.2 million to $25.6 million compared to $28.8 million for the first half of 2011 primarily due to the refinancing of a portion of our debt that was completed in January 2011, lowering our overall borrowing costs. The interest rates on our current borrowings are fixed for our $300.0 million

of 8.0% Senior Subordinated Notes through 2016 at 8.0% and for our $425.0 million of 4.875% Senior Notes through 2020 at 4.875%.

Foreign currency exchange gains and losses consist of foreign currency transaction gains and losses on intercompany net receivables and payables and the change in fair value of our forward foreign exchange contracts used to manage our foreign currency exchange risk. Decreased foreign currency exchange losses, net for the first half of 2012 was primarily attributable to a concentrated effort to lower exposures by paying down intercompany balances, lower costs to hedge, and less volatility in the estimation process of shipments and payments of intercompany payables.

Other (income) expense, net for the first half of 2012 increased to $13.2 million income compared to $5.4 million income for the first half of 2011 primarily due to realized gains on the sale of equity investments and higher dividend income for holdings in Sartorius AG.

Our effective tax rate was 29% and 31% for the first half of 2012 and 2011, respectively. The first half of 2012 reflected a significant tax benefit related to an adjustment to the fair value of the QuantaLife contingent consideration. The effective tax rates for both periods were lower than the U.S. statutory rate primarily due to tax benefits from differences between U.S. and foreign statutory tax rates and research and development tax credits. The effective tax rate for the first half of 2011 also reflected a tax benefit from nontaxable dividend income in Luxembourg. The effective tax rate for the first half of 2012 does not include tax benefits from U.S. federal research credits that expired in 2011 and nontaxable dividend income that terminated in 2011. For the first half of 2012 and 2011, our foreign taxes resulted primarily from taxable income earned in France and Switzerland. Switzerland has a statutory tax rate of approximately 19%, which is significantly lower than our U.S. statutory tax rate of 36.8%, including state taxes. Our effective tax rates for the first half of 2012 and 2011 are significantly reduced by French tax incentives related to our research and development activities.

Our effective tax rate may be impacted in the future, either favorably or unfavorably, by many factors including, but not limited to, changes to statutory tax rates, changes in tax laws or regulations, tax audits and settlements, and the generation of tax credits.

Liquidity and Capital Resources

Bio-Rad operates and conducts business globally, primarily through subsidiary companies established in the markets in which we trade. Goods are manufactured in a small number of locations, and are then shipped to local distribution facilities around the world. Our product mix is diversified, and certain products compete largely on product efficacy, while others compete on price. Gross margins are generally sufficient to exceed normal operating costs, and funding for research and development of new products, as well as routine outflows of capital expenditure, interest and taxes. In addition to the annual positive cash flow from operating activities, additional liquidity is readily available via the sale of short-term investments and access to our $200.0 million Amended and Restated Credit Agreement (Credit Agreement) that we entered into in June 2010. Borrowings under the Credit Agreement are on a revolving basis and can be used to make acquisitions, for working capital and for other general corporate purposes. We had no outstanding borrowings under the Credit Agreement as of June 30, 2012. The Credit Agreement expires on June 21, 2014.

At June 30, 2012, we had $835.3 million in cash, cash equivalents and short-term investments, of which approximately 25% was in our foreign subsidiaries. We believe that our holdings of cash, cash equivalents and short-term investments in the U.S. and in our foreign subsidiaries are sufficient to meet both the current and long-term needs of our global operations. The amount of funds held in the United States can fluctuate due to the timing of receipts and payments in the ordinary course of business and due to other reasons, such as business-development activities. As part of our ongoing liquidity assessments, we regularly monitor the mix of domestic and foreign cash

flows (both inflows and outflows). Repatriation of overseas funds will result in additional U.S. federal and state income tax payments. It is primarily our intention and practice to reinvest the cash generated by our foreign subsidiaries in our foreign subsidiaries' operations.

Under domestic and international lines of credit, we had $219.8 million available for borrowing as of June 30, 2012, of which $11.3 million is reserved for standby letters of credit issued by our banks to guarantee our obligations, mostly to meet the deductible amount under insurance policies for our benefit. Management believes that this availability, together with cash flow from operations, will be adequate to meet our current objectives for operations, research and development, capital additions for manufacturing and distribution, plant and equipment, information technology systems and an acquisition of reasonable proportion to our existing total available capital.

The continuing slow economic growth in developed nations may adversely affect our future results of operations. Demand for our products and services could change more dramatically than in previous years based on activity, funding, reimbursement constraints and support levels from government, universities, hospitals and private industry, including diagnostic laboratories. The need for certain sovereign nations with large annual deficits to curtail spending could lead to slower growth of, or even a decline in, our business. Sovereign nations either delaying payment for goods and services or renegotiating their debts could impact our liquidity. The situation in these sovereign nations is continuously evolving and we have no greater knowledge of the situation other than what is publicly reported. As of June 30, 2012 and December 31, 2011, we had accounts receivable, net of allowance for doubtful accounts, in Spain, Italy, Greece and Portugal of $66.2 million and $82.1 million, respectively. The decrease from December 31, 2011 was primarily due to payments of approximately $21 million by public agencies in Spain that represented Spanish balances greater than 180 days old.

Cash Flows from Operations

Net cash provided by operations was $108.9 million and $130.1 million for the six months ended June 30, 2012 and 2011, respectively. The decrease in cash flows primarily resulted from higher income taxes paid and lower cash received from customers, partially offset by a decline in interest paid due to the refinancing of a portion of our debt that was completed in January 2011, lower cash paid to employees for bonus payments and lower cash paid to suppliers. Also affecting cash flows from operations was the Enterprise Resource Planning (ERP) project that was considered in the "Preliminary Project Stage" in 2011, which requires internal labor costs to be expensed, whereas in 2012 we are in the "Application Development Stage," which requires internal labor costs to be capitalized and was included in cash flows from investing activities. We continue to focus on cash flow improvements as a company-wide goal.

Cash Flows from Investing Activities

Capital expenditures totaled $75.7 million and $42.6 million for the six months ended June 30, 2012 and 2011, respectively. Capital expenditures represent the addition and replacement of production machinery and research equipment, ongoing manufacturing and facility additions for expansion, regulatory and environmental, and compliance. Also included in capital expenditures are investments in business systems and data communication upgrades and enhancements. All periods include equipment placed with Clinical Diagnostics segment customers who then contract to purchase our reagents for use. Capital expenditures have increased and we anticipate them to continue to increase in future periods due to the implementation of a global single instance ERP platform and to expand our e-commerce platform internationally. The ERP software was purchased in December 2010. The estimated global implementation cost for the single instance ERP platform could reach approximately $150 million and is estimated to take at least four more years to implement.

In January 2012, we purchased, for cash, certain assets from a current raw material supplier for approximately $12.5 million. The asset acquisition was accounted for as a business combination and is included in the Clinical Diagnostics segment's results of operations. The fair value of the assets acquired was determined to be $6.3 million of net tangible

assets, $5.1 million of intangible assets and $1.1 million of goodwill. In addition, we paid $2.0 million for employment agreements as an incentive to certain employees of the acquired business to remain with Bio-Rad. Such amount will be expensed over the next two years and is recorded in Prepaid expenses, taxes and other current assets and Other assets in the accompanying Condensed Consolidated Balance Sheet. We believe this

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acquisition will allow us to secure the supply of critical raw materials and lower our overall costs in the Clinical Diagnostics segment.

In October 2011, we acquired all the issued and outstanding stock of QuantaLife for a total consideration of $179.4 million that was comprised of $150.3 million in cash, a $5.0 million holdback of cash until the completion of certain post-closing matters, and contingent consideration potentially payable to QuantaLife shareholders. The contingent consideration was initially recognized at its estimated fair value of $24.1 million and would reach $48 million upon the achievement of all sales and development milestones. This transaction was accounted for as the acquisition of a business and the operating results of QuantaLife are included in our Life Science segment from the acquisition date. Integrating the acquired QuantaLife business into Bio-Rad is expected to expand our current portfolio of products for the amplification and study of DNA and we believe it will complement Bio-Rad's existing business.

We continue to review possible acquisitions to expand both our Life Science and Clinical Diagnostics segments. We routinely meet with the principals or brokers of the subject companies. It is not certain at this time that any of these discussions involving material or significant acquisitions will advance beyond the preliminary stages to completion.

Cash Flows from Financing Activities

Net cash provided by financing activities was $6.5 million for the six months ended June 30, 2012 and net cash used by financing activities was $213.9 million for the six months ended June 30, 2011. Cash used in 2011 was attributable to the redemption in January 2011 of our $225.0 million Senior Subordinated Notes due 2013, including a call premium of $2.8 million that was recorded in Interest expense in the Condensed Consolidated Statements of Income. We have outstanding Senior Notes of $425 million and Senior Subordinated Notes of $300 million, which are not due until 2020 and 2016, respectively.

The Credit Agreement that was entered into in June 2010, is secured by substantially all of our personal property assets, the assets of our domestic subsidiaries and 65% of the capital stock of certain foreign subsidiaries. It is guaranteed by all of our existing and future material domestic subsidiaries and expires in June 2014.

The Board of Directors has authorized the repurchase of up to $18.0 million of Bio-Rad's common stock, of which $3.3 million has yet to be repurchased as of June 30, 2012. The Credit Agreement and the indenture governing our 8.0% Senior Subordinated Notes due 2016 limit our ability to repurchase our stock. In accordance with the terms of awards under the 2007 Incentive Award Plan, in June 2012, we withheld 122 shares of our Class A common stock and 917 shares of our Class B common stock to satisfy tax obligations due upon the vesting of restricted stock of certain of our employees, which is considered a repurchase of our stock. We had no other repurchases of our stock during the first six months of 2012 or 2011.

Recent Accounting Standards Updates

In July 2012, the Financial Accounting Standards Board (FASB) issued guidance in regard to testing indefinite-lived intangible assets for impairment. The new guidance provides entities the option of performing a "qualitative" assessment to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-live asset is impaired and hence if further testing is necessary. An entity also has the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. An entity will be able to resume performing the qualitative assessment in any subsequent period. This guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. When adopted, we do not expect this guidance to have a material impact on our consolidated financial statements.

In June 2011, the FASB issued guidance in regard to the presentation of comprehensive income. In the new guidance an entity has the option to present the total of comprehensive income, the components of net income, and

the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In December 2011, the FASB deferred the new requirement to present components of reclassifications of other comprehensive income on the face of the income statement. We adopted this guidance using the two separate but consecutive statements as of January 1, 2012.

In May 2011, the FASB issued guidance in regard to fair value measurement. The new guidance results in a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between GAAP and International Financial Reporting Standards (IFRS). We adopted this guidance as of January 1, 2012 and it did not have a material impact on our results of operations or financial position.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

During the six months ended June 30, 2012, there have been no material changes from the disclosures about market risk provided in our Annual Report on Form 10-K for the year ended December 31, 2011.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that material information relating to Bio-Rad is made known to management, including the Chief Executive Officer and Chief Financial Officer.

We have determined that the material weakness in our internal control over financial reporting that was previously disclosed as of December 31, 2010 was remediated as of December 31, 2011. As stated in “Item 9A. Controls and Procedures” contained in our Annual Report on Form 10-K for the year ended December 31, 2010 and “Item 4. Controls and Procedures” contained in our quarterly reports on Form 10-Q during 2011, management had identified three significant deficiencies in our internal control over financial reporting that, when considered and taken together, had constituted a material weakness in our internal control over financial reporting as of those dates. These three significant deficiencies were the result of: (i) a number of entity-level control deficiencies, including our lack of a comprehensive FCPA policy and training program; our lack of a formal, effective disclosure committee to facilitate our compliance with Section 302 of the Sarbanes-Oxley Act of 2002; inadequate policies regarding enterprise-wide risk assessment and management related to doing business in high-risk, emerging markets; our failure to perform background checks on certain parties prior to entering into material contracts with such parties; our lack of compliance with our existing Code of Business Ethics and Conduct in certain countries; and ineffective disclosure of significant exceptions to compliance with company policies through our quarterly management sub-certification process; (ii) a number of control deficiencies related to our expenditure processes at certain of our international subsidiaries and (iii) a number of control deficiencies related to our revenue and accounts receivable processes at certain of our international subsidiaries.

In response to and following identification of the material weakness, management has enhanced the operation of a number of existing controls related to Bio-Rad's internal control over financial reporting, including our previously existing controls and processes for FCPA compliance, and implemented additional controls. We have determined that these enhancements have remediated the significant deficiencies that, when taken and considered together, constituted

the material weakness described above to the extent that a material weakness no longer exists as of December 31, 2011. The enhancements we have implemented include:

- Company-wide, comprehensive training of our personnel in the requirements of the FCPA, including training with respect to those areas of our operations that are most likely to raise FCPA compliance concerns;
- With the assistance of special counsel to the Audit Committee, who have extensive experience in the area of FCPA compliance, our adoption of a comprehensive FCPA compliance policy which we have determined is appropriate for us in light of our worldwide operations, particularly in geographical areas that present challenges to regulatory compliance because of less mature legal frameworks, and which specifically includes:

  Specific Procedures for engaging third party distributors, agents and similar representatives; and
  Pre-approval of certain customer-related expenditures;

- Formation and operation of a formal Disclosure Committee;
- Global reorganization of our finance department in which finance managers report directly to our Chief Financial Officer;
- Our hiring of a Corporate Compliance Officer, who reports directly to our Chief Executive Officer, to assist with anti-corruption and other compliance matters;
- Implementation of new expenditure approval processes in some countries;
- An increase in audit scope by our internal audit department to test for pre-approval of certain customer-related expenditures;
- An increase in the number of locations audited by our internal audit department;
- Imposition of personnel actions for non-compliance with our policies; and
- Our determination that, in the future, FCPA compliance will be a point of emphasis to be evaluated periodically by our internal legal and audit departments, and that a report on our FCPA compliance will be provided regularly to the Audit Committee.

Implementation of the actions described above and resulting improvements in controls have strengthened internal control over financial reporting and have, in particular, addressed the related material weakness that was identified as of December 31, 2010 and the end of subsequent fiscal quarters in 2011. As part of the 2011 assessment of internal control over financial reporting, management tested and evaluated these additional controls to assess whether they are operating effectively and as of December 31, 2011, we determined that such controls were successfully tested and the material weakness was remediated. However, we continue to have a significant deficiency related to our revenue process, and we have identified two additional significant deficiencies with respect to (i) reagent rental controls at certain of our international subsidiaries and (ii) multiple controls for various business processes at a more limited number of minor international subsidiaries. We are continuing the process of evaluating and improving our processes and procedures for FCPA compliance.

Changes to Internal Control Over Financial Reporting

Other than the continued implementation and operation of the controls described above, there were no other changes in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings

See Note 12, "Legal Proceedings" in the Notes to Condensed Consolidated Financial Statements of Part 1, Item 1 of this Form 10-Q.

Item 1A. Risk Factors

The ongoing investigation by government agencies of possible violations by us of the United States Foreign Corrupt Practices Act and similar laws could have a material adverse effect on our business.

Based on an internal investigation, we identified conduct in certain of our overseas operations that may have violated the anti-bribery provisions of the United States Foreign Corrupt Practices Act (FCPA) and is likely to have violated the FCPA's books and records and internal controls provisions and our own internal policies. In May 2010, we voluntarily disclosed these matters to the U.S. Department of Justice (DOJ) and the Securities and Exchange Commission (SEC), each of which commenced an investigation. The Audit Committee of our Board of Directors (Audit Committee) assumed direct responsibility for reviewing these matters and hired experienced independent counsel to conduct an investigation and provide legal advice. We provided additional information to the DOJ and the SEC as the Audit Committee's investigation progressed. We continue to cooperate with the DOJ and SEC investigations and to provide information to them.

The DOJ and SEC investigations are continuing and we are presently unable to predict the duration, scope or results of these investigations or whether either agency will commence any legal actions. The DOJ and the SEC have a broad range of civil and criminal sanctions under the FCPA and other laws and regulations including, but not limited to, injunctive relief, disgorgement, fines, penalties, modifications to business practices including the termination or modification of existing business relationships, the imposition of compliance programs and the retention of a monitor to oversee compliance with the FCPA. We are unable to estimate the outcome of this matter. However, the imposition of any of these sanctions or remedial measures could have a material adverse effect on our business, including our results of operations, cash balance and credit rates. We have not to date determined whether any of the activities in question violated the laws of the foreign jurisdictions in which they took place.

We previously identified significant deficiencies in our internal control over financial reporting that, when considered and taken together, had constituted a material weakness in our internal control over financial reporting. Although we have remediated those significant deficiencies to the extent that they no longer, when considered and taken together, constitute a material weakness in internal control over financial reporting, some remain significant deficiencies and we have identified other significant deficiencies in internal control over financial reporting. Any failure to maintain effective internal control over financial reporting could result in our failure to meet our reporting obligations and cause investors to lose confidence in our reported financial information, which in turn could cause the trading price of our common stock to decline.

In connection with our Audit Committee's investigation of our compliance with the FCPA discussed above, our management had identified three significant deficiencies in our internal control over financial reporting that, when considered and taken together, had constituted a material weakness in our internal control over financial reporting as of December 31, 2010 and through the first three quarters of 2011. A significant deficiency is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material

weakness, yet important enough to merit attention by those responsible for oversight of our financial reporting. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The three significant deficiencies that we identified were the result of: (i) a number of entity-level control deficiencies, including our lack of a comprehensive FCPA policy and training program; our lack of a formal, effective disclosure committee to facilitate our compliance with Section 302 of the Sarbanes-Oxley Act of 2002; inadequate policies regarding enterprise-wide risk assessment and management related to doing business in high-risk, emerging markets; our failure to perform background checks on certain parties prior to entering into material contracts with such parties; our lack of compliance with our existing Code of Business Ethics and Conduct in certain countries; and ineffective disclosure of significant exceptions to compliance with company policies through our quarterly management sub-certification process; (ii) a number of control deficiencies related to our expenditure processes at certain of our international subsidiaries; and (iii) a number of control deficiencies related to our revenue and accounts receivable process at certain of our international subsidiaries.

In response to, and following identification of the material weakness, management has enhanced the operation of a number of existing controls related to Bio-Rad's internal control over financial reporting, including our previously existing controls and processes for FCPA compliance, and implemented additional controls. We have determined that these actions have remediated significant deficiencies that, when considered and taken together, constituted the material weakness described above to the extent that a material weakness no longer exists. However, we continue to have a significant deficiency related to our revenue process, and we have identified two additional significant deficiencies with respect to (i) reagent rentals at certain of our international subsidiaries and (ii) multiple controls for various business processes at a more limited number of minor international subsidiaries.

We cannot assure you that we will be able to remediate these significant deficiencies or that additional significant deficiencies or material weaknesses in our internal control over financial reporting will not be identified in the future. Such significant deficiencies or material weaknesses could result in material misstatements in our financial statements and cause us to fail to meet our reporting obligations, which in turn could cause the trading price of our common stock to decline. Any such failure could also adversely affect the results of our periodic management evaluations and annual auditor attestation reports regarding the effectiveness of our internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act of 2002.

On April 13, 2011, a shareholder derivative lawsuit was filed against each of our directors in the Superior Court for Contra Costa County, California. The case, which also names the Company as a nominal defendant, is captioned City of Riviera Beach General Employees' Retirement System v. David Schwartz, et al., Case No. MSC11-00854. In the complaint, the plaintiff alleges that our directors breached their fiduciary duties by failing to ensure that we had sufficient internal controls and systems for compliance with the FCPA. Purportedly seeking relief on our behalf, the plaintiff seeks an award of unspecified compensatory and punitive damages, costs and expenses (including attorneys' fees), and a declaration that our directors have breached their fiduciary duties. We and the individual defendants filed a demurrer requesting dismissal of the complaint in this case, as well as a motion to stay this matter pending resolution of the above-referenced investigations by the DOJ and SEC. Following a hearing on September 30, 2011, the court sustained our demurrer and dismissed the complaint, without prejudice, and granted the plaintiff additional time to file an amended complaint. The court denied our motion to stay this matter because it dismissed the complaint. The parties have agreed to a stipulated dismissal of this case, without prejudice, and to a tolling of the statute of limitations pending the resolution of the DOJ and SEC investigations.

Adverse changes in general domestic and worldwide economic conditions and instability and disruption of credit markets could adversely affect our operating results, financial condition or liquidity.

The continuing slow economic growth in developed nations may adversely affect our future results of operations. Demand for our products and services could change more dramatically than in previous years based on activity, funding, reimbursement constraints and support levels from government, universities, hospitals and private industry, including diagnostic laboratories. The need for certain sovereign nations with large annual deficits to curtail spending

could lead to slower growth of, or even a decline in, our business. Although signs of limited recovery may exist in some markets, there are continued concerns about systemic economic imbalance, the availability and cost of credit, declining asset values and geopolitical issues that contribute to increased market volatility and uncertain expectations for the global economy. These conditions, combined with greater volatility in business activity levels

and consumer confidence, high unemployment and volatile oil prices, contributed to unprecedented levels of volatility in the capital markets in recent years. Continuing or recurring disruptions in the capital and credit markets may adversely affect our business, results of operations, cash flows and financial condition.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many private sector investors to reduce and, in some cases, cease to provide credit to governments, businesses and consumers. These factors have led to depressed spending by some governments, businesses and consumers. Our customers and suppliers may experience cash flow concerns and, as a result, customers may modify, delay or cancel plans to purchase our products and suppliers may increase their prices, reduce their output or change terms of sales. Additionally, if customers' or suppliers' operating and financial performance deteriorates, or if they are unable to make scheduled payments or obtain credit, customers may not be able to pay, or may delay payment of, amounts owed to us. Sovereign nations either delaying payment for goods and services or renegotiating their debts could impact our liquidity. The situation in these sovereign nations is continuously evolving and we have no greater knowledge of the situation other than what is publicly reported. As of June 30, 2012 and December 31, 2011, we had accounts receivable, net of allowance for doubtful accounts, in Spain, Italy, Greece and Portugal of $66.2 million and $82.1 million, respectively. The decrease from December 31, 2011 was primarily due to payments of approximately $21 million by public agencies in Spain that represented Spanish balances greater than 180 days old.

Suppliers may restrict credit or impose less favorable payment terms. Any inability of current and/or potential customers to pay us for our products or any demands by suppliers for accelerated payment terms may adversely affect our earnings and cash flow. Additionally, strengthening of the U.S. dollar associated with the global financial crisis may adversely affect the results of our international operations when those results are translated into U.S. dollars.

Furthermore, the disruption in the credit markets could impede our access to capital, especially if we are unable to maintain our current credit ratings. Should we have limited access to additional financing sources when needed, we may decide to defer capital expenditures or seek other higher cost sources of liquidity, which may or may not be available to us on acceptable terms. Continued turbulence in the U.S. and international markets and economies, and prolonged declines in business and consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs.

We cannot assure you that we will be able to integrate acquired companies, products or technologies into our company successfully, or we may not be able to realize the anticipated benefits from the acquisitions.

As part of our overall business strategy, we pursue acquisitions of and investments in complementary companies, products and technologies. In order to be successful in these activities, we must, among other things:

- assimilate the operations and personnel of acquired companies;
- retain acquired business customers;
- minimize potential disruption to our ongoing business;
- retain key technical and management personnel;
- integrate acquired companies into our strategic and financial plans;
- accurately assess the value of target companies, products and technologies;
- comply with new regulatory requirements;
- harmonize standards, controls, procedures and policies;
- minimize the impact to our relationships with our employees and customers; and
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assess, document and remediate any deficiencies in disclosure controls and procedures and internal control over financial reporting.

The benefits of any acquisition may prove to be less than anticipated and may not outweigh the costs reported in our financial statements. Completing any potential future acquisition could cause significant diversion of our management's time and resources. If we acquire new companies, products or technologies, we may be required to assume contingent liabilities or record impairment charges for goodwill and other intangible assets over time. We cannot assure you that we will successfully overcome these risks or any other problems we encounter in connection with any acquisitions, and any such acquisitions could adversely affect our business, financial position or operating results.

The industries and market segments in which we operate are highly competitive, and we may not be able to compete effectively with larger companies with greater financial resources than we have.

The life science and clinical diagnostics markets are each highly competitive. Some of our competitors have greater financial resources than we do and are less leveraged than we are, making them better equipped to license technologies and intellectual property from third parties or to fund research and development, manufacturing and marketing efforts. Moreover, competitive and regulatory conditions in many markets in which we operate restrict our ability to fully recover, through price increases, higher costs of acquired goods and services resulting from inflation and other drivers of cost increases. Our competitors can be expected to continue to improve the design and performance of their products and to introduce new products with competitive price and performance characteristics. Maintaining these advantages will require us to continue to invest in research and development, sales and marketing and customer service and support. We cannot assure you that we will have sufficient resources to continue to make such investments or that we will be successful in maintaining such advantages.

We have significant international operations which subject us to various risks such as general economic and market conditions in the countries in which we operate.

A significant portion of our sales are made outside of the United States. Our foreign subsidiaries generated 68% of our net sales for the three months ended June 30, 2012. Our international operations are subject to risks common to foreign operations, such as general economic and market conditions in the countries in which we operate, changes in governmental regulations, political instability, import restrictions, additional scrutiny over certain financial instruments and currency exchange rate risks. We cannot assure you that shifts in currency exchange rates, especially significant strengthening of the U.S. dollar compared to the Euro, will not have a material adverse effect on our operating results and financial condition.

We are dependent on government funding and the capital spending programs of our customers, and the effect of healthcare reform on government funding and our customers' ability to purchase our products is uncertain.

Our customers include universities, clinical diagnostics laboratories, government agencies, hospitals and pharmaceutical, biotechnology and chemical companies. The capital spending programs of these institutions and companies have a significant effect on the demand for our products. Such programs are based on a wide variety of factors, including the resources available to make such purchases, the availability of funding from grants by governments or government agencies, the spending priorities among various types of equipment and the policies regarding capital expenditures during industry downturns or recessionary periods. If government funding to our customers were to decrease, or if our customers were to decrease or reallocate their budgets in a manner adverse to us, our business, financial condition or results of operations could be materially adversely affected.

Healthcare reform and the growth of managed care organizations have been and continue to be significant factors in the clinical diagnostics market. The trend towards managed care, together with healthcare reform of the delivery system in the United States and efforts to reform in Europe, has resulted in increased pressure on healthcare providers and other participants in the healthcare industry to reduce costs. Consolidation among healthcare providers has

resulted in fewer, more powerful groups, whose purchasing power gives them cost containment leverage. These competitive forces place constraints on the levels of overall pricing, and thus could have a material adverse effect on our profit margins for products we sell in clinical diagnostics markets. To the extent that the healthcare industry seeks to address the need to contain costs by limiting the number of clinical tests being

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performed, our results of operations could be materially and adversely affected. If these changes in the healthcare markets in the United States and Europe continue, we could be forced to alter our approach in selling, marketing, distributing and servicing our products.

Our failure to improve our product offerings and develop and introduce new products may negatively impact our business.

Our future success depends on our ability to continue to improve our product offerings and develop and introduce new product lines and extensions that integrate new technological advances. If we are unable to integrate technological advances into our product offerings or to design, develop, manufacture and market new product lines and extensions successfully and in a timely manner, our operating results will be adversely affected. We cannot assure you that our product and process development efforts will be successful or that new products we introduce will achieve market acceptance.

If we experience a disruption of our information technology systems, or if we fail to successfully implement, manage and integrate our information technology and reporting systems, it could harm our business.

Our information technology (IT) systems are an integral part of our business, and a serious disruption of our IT systems could have a material adverse effect on our business and results of operations. We depend on our IT systems to process orders, manage inventory and collect accounts receivable. Our IT systems also allow us to efficiently purchase products from our suppliers and ship products to our customers on a timely basis, maintain cost-effective operations and provide customer service. We cannot assure you that our contingency plans will allow us to operate at our current level of efficiency.

Our ability to implement our business plan in a rapidly evolving market requires effective planning, reporting and analytical processes. We expect that we will need to continue to improve and further integrate our IT systems, reporting systems and operating procedures by training and educating our employees with respect to these improvements and integrations on an ongoing basis in order to effectively run our business. If we fail to successfully manage and integrate our IT systems, reporting systems and operating procedures, it could adversely affect our business or operating results.

Risks relating to intellectual property rights may negatively impact our business.

We rely on a combination of copyright, trade secret, patent and trademark laws and third-party nondisclosure agreements to protect our intellectual property rights and products. However, we cannot assure you that our intellectual property rights will not be challenged, invalidated, circumvented or rendered unenforceable, or that meaningful protection or adequate remedies will be available to us. For instance, it may be possible for unauthorized third parties to copy our intellectual property, to reverse engineer or obtain and use information that we regard as proprietary, or to develop equivalent technologies independently. Additionally, third parties may assert patent, copyright and other intellectual property rights to technologies that are important to us. If we are unable to license or otherwise access protected technology used in our products, or if we lose our rights under any existing licenses, we could be prohibited from manufacturing and marketing such products. We may find it necessary to enforce our patents or other intellectual property rights or to defend ourselves against claimed infringement of the rights of others through litigation, which could result in substantial costs to us and divert our resources. We also could incur substantial costs to redesign our products, to defend any legal action taken against us or to pay damages to an infringed party. The foregoing matters could adversely impact our business.

We are subject to substantial government regulation.

Some of our products (primarily diagnostic products), production processes and marketing are subject to federal, state, local and foreign regulation, including the FDA and its foreign counterparts. We are also subject to government regulation of the use and handling of a number of materials and controlled substances. Failure to comply with present or future regulations could result in substantial liability to us, suspension or cessation of our

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operations, restrictions on our ability to expand at our present locations or require us to make significant capital expenditures or incur other significant expenses.

In addition, the federal Patient Protection and Affordable Care Act includes provisions known as the Physician Payments Sunshine Act, which requires manufacturers of drugs, biologics, devices and medical supplies covered under Medicare and Medicaid staring in 2012 to record any transfers of value to U.S. physicians and U.S. teaching hospitals and to report this data beginning in 2013 to the Centers for Medicare and Medicaid Services for subsequent public disclosure. Manufacturers must also disclose investment interests held by physicians and their family members. Failure to submit the required information may result in civil monetary penalties of up to $1 million per year for knowing violations and may result in liability under other federal laws or regulations. Similar reporting requirements have also been enacted on the state level in the U.S., and an increasing number of countries worldwide either have adopted or are considering similar laws requiring transparency of interactions with health care professionals. These laws will impose administrative, cost and compliance burdens on us. If we are found to be in violation of any of these laws and other applicable state and country laws, we may be subject to penalties, including fines.

We are currently subject to environmental regulations and enforcement proceedings.

Our operations are subject to federal, state, local and foreign environmental laws and regulations that govern such activities as transportation of goods, emissions to air and discharges to water, as well as handling and disposal practices for solid, hazardous and medical wastes. In addition to environmental laws that regulate our operations, we are also subject to environmental laws and regulations that create liability and clean-up responsibility for spills, disposals or other releases of hazardous substances into the environment as a result of our operations or otherwise impacting real property that we own or operate. The environmental laws and regulations also subject us to claims by third parties for damages resulting from any spills, disposals or releases resulting from our operations or at any of our properties.

We may in the future incur capital and operating costs to comply with currently existing laws and regulations, and possible new statutory enactments, and these expenditures may be significant. We have incurred, and may in the future incur, fines related to environmental matters and liability for costs or damages related to spills or other releases of hazardous substances into the environment at sites where we have operated, or at off-site locations where we have sent hazardous substances for disposal. We can provide no assurance, however, that such matters or any future obligations to comply with environmental laws and regulations will not have a material impact on our operations or financial condition.

Loss of key personnel could hurt our business.

Our products and services are highly technical in nature. In general, only highly qualified and trained scientists have the necessary skills to develop and market our products and provide our services. In addition, some of our manufacturing positions are highly technical. We face intense competition for these professionals from our competitors, customers, marketing partners and other companies throughout our industry. We generally do not enter into employment agreements requiring these employees to continue in our employment for any period of time. Any failure on our part to hire, train and retain a sufficient number of qualified personnel could substantially damage our business. Additionally, if we were to lose a sufficient number of our research and development scientists and were unable to replace them or satisfy our needs for research and development through outsourcing, it could adversely affect our business.

A significant majority of our voting stock is held by the Schwartz family, which could lead to conflicts of interest.

We have two classes of voting stock, Class A Common Stock and Class B Common Stock. With a few exceptions, holders of Class A and Class B Common Stock vote as a single class. When voting as a single class, each share of Class A Common Stock is entitled to one-tenth of a vote, while each share of Class B Common Stock has one vote. In the election or removal of directors, the classes vote separately and the holders of Class A Common Stock are entitled to elect 25% of the Board of Directors, with holders of Class B Common Stock electing the remaining directors.

As of February 14, 2012, the Schwartz family collectively held approximately 16% of our Class A Common Stock and 91% of our Class B Common Stock. As a result, the Schwartz family is able to elect a majority of the directors, effect fundamental changes in our direction and control matters affecting us, including the allocation of business opportunities that may be suitable for our company. In addition, this concentration of ownership and voting power may have the effect of delaying or preventing a change in control of our company.

The Schwartz family may exercise its control over us according to interests that are different from other investors' or debtors' interests.

David Schwartz, our co-founder and Chairman of the Board, passed away on April 1, 2012; however, we do not expect Mr. Schwartz's death to affect the Schwartz family's majority voting power.

Natural disasters, terrorist attacks or acts of war may cause damage or disruption to us and our employees, facilities, information systems, security systems, vendors and customers, which could significantly impact our net sales, costs and expenses, and financial condition.

We have significant manufacturing and distribution facilities, particularly in the western United States, France and Switzerland. In particular, the western United States has experienced a number of earthquakes, wildfires, floods, landslides and other natural disasters in recent years. The occurrences could damage or destroy our facilities which may result in interruptions to our business and losses that exceed our insurance coverage. Terrorist attacks, such as those that occurred on September 11, 2001, have contributed to economic instability in the United States, and further acts of terrorism, bioterrorism, violence or war could affect the markets in which we operate, our business operations, our expectations and other forward-looking statements contained or incorporated in this document. Any of these events could cause a decrease in our revenue, earnings and cash flows.

We may incur losses in future periods due to write-downs in the value of financial instruments.

We have positions in a variety of financial instruments including asset backed securities and other similar instruments. Financial markets are quite volatile and the markets for these securities can be illiquid. The value of these securities will continue to be impacted by external market factors including default rates, changes in the value of the underlying property, such as residential or commercial real estate, rating agency actions, the prices at which observable market transactions occur and the financial strength of various entities, such as financial guarantors who provide insurance for the securities. Should we need to convert these positions to cash, we may not be able to sell these instruments without significant losses due to current debtor financial conditions or other market considerations.

We have substantial debt and have the ability to incur additional debt. The principal and interest payment obligations of such debt may restrict our future operations and impair our ability to meet our obligations under our notes.

As of June 30, 2012 we and our subsidiaries have approximately $732.8 million of outstanding indebtedness. In addition, we are permitted to incur additional debt provided we comply with the limitation on the incurrence of additional indebtedness and disqualified capital stock covenants contained in the indenture governing our Senior

Subordinated Notes due 2016 (8.0% Notes).

The following chart shows certain important credit statistics.

	At June 30, 2012 (dollars in millions)
Total debt	$732.8
Bio-Rad's stockholders' equity	$1,851.9
Debt to equity ratio	0.4

Our incurrence of substantial amounts of debt may have important consequences. For instance, it could:

- make it more difficult for us to satisfy our financial obligations, including those relating to our outstanding notes;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of interest and principal due under our debt, including our outstanding notes, which will reduce funds available for other business purposes;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- place us at a competitive disadvantage compared with some of our competitors that have less debt; and
- limit our ability to obtain additional financing required to fund working capital and capital expenditures and for other general corporate purposes.

Our ability to satisfy our obligations and to reduce our total debt depends on our future operating performance and on economic, financial, competitive and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow, and future financings may not be available to provide sufficient net proceeds, to meet these obligations or to successfully execute our business strategy.

Our existing credit facility, the indenture governing our 8.0% Notes and the terms of our other debt instruments, including agreements we may enter in the future, contain or will contain covenants imposing significant restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These covenants place restrictions on our ability to, among other things:

- incur additional debt;
- acquire other businesses or assets through merger or purchase;
- create liens;
- make investments;
- enter into transactions with affiliates;
- sell assets;
- in the case of some of our subsidiaries, guarantee debt; and
- declare or pay dividends, redeem stock or make other distributions to stockholders.

Our existing credit facility also requires that we meet certain financial tests and maintain certain financial ratios, including a maximum consolidated leverage ratio test, minimum consolidated interest coverage ratio test and a minimum net worth test.

Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions. The breach of any of these restrictions could result in a default. An event of default under our debt agreements would permit some of our lenders to declare all amounts borrowed from them to be due and payable, together with accrued and unpaid interest. If we were unable to repay debt to our senior secured lenders, these lenders could proceed against the collateral securing that debt. The collateral is

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substantially all of our personal property assets, the assets of our domestic subsidiaries and 65% of the capital stock of certain of our foreign subsidiaries. In addition, acceleration of our other indebtedness may cause us to be unable to make interest payments on our outstanding notes and repay the principal amount of our outstanding notes or may cause the future subsidiary guarantors, if any, to be unable to make payments under the guarantees.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents the information with respect to purchases made by or on behalf of Bio-Rad Laboratories, Inc. or any "affiliated purchaser" (as defined in Rule 10b- 18(a)(3) under the Securities Exchange Act of 1934), of our class A and B common stock during the second quarter of 2012:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that may yet be Purchased Under the Plans or Programs
CLASS A				
April 1 to April 30, 2012:				
Employee transactions (1)	—	—	N/A	N/A
May 1 to May 31, 2012:				