

Lennar Corporation (LEN)

\$119.73 (Stock Price as of 12/15/2025)

Price Target (6-12 Months): **\$134.00**

Long Term: 6-12 Months | **Zacks Recommendation:** **Neutral**
(Since: 12/04/25)
Prior Recommendation: Underperform

Short Term: 1-3 Months | **Zacks Rank:** (1-5) **3-Hold**
Zacks Style Scores: VGM: D
Value: C | Growth: F | Momentum: A

Summary

Lennar's prospects are benefiting from its focus on the tech-enabled manufacturing platform, aimed at unlocking scalable efficiencies, reducing customer acquisition costs, and modernizing its entire operating model. Also, an asset-light and land-light model, and playbook strategies, bode well. However, the ongoing softness in the housing market and Lennar's initiative to lower the home deliveries' ASP to counter affordability issues are hurting prospects. Increased land costs and higher selling expenses are pressuring the bottom line. For the fourth quarter of fiscal 2025, Lennar expects home sales gross margin of 17.5%, down 460 bps year over year. Earnings estimates for fiscal 2025 and 2026 have moved down in the past 60 days, depicting concerns. Its shares have underperformed the industry in the past six months.

Data Overview

52 Week High-Low	\$150.64 - \$98.42
20 Day Average Volume (sh)	9,959,678
Market Cap	\$30.4 B
YTD Price Change	-12.5%
Beta	1.38
Dividend / Div Yld	\$2.00 / 1.7%
Industry	Building Products - Home Builders
Zacks Industry Rank	Bottom 11% (214 out of 243)

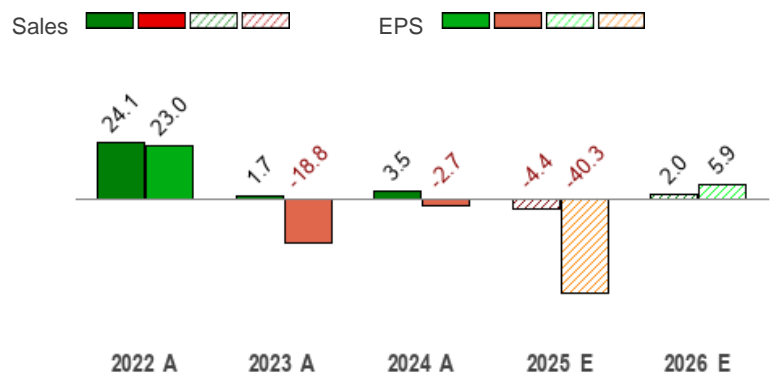
Last EPS Surprise	-5.7%
Last Sales Surprise	-2.5%
EPS F1 Est- 4 week change	1.8%
Expected Report Date	12/16/2025
Earnings ESP	0.0%

P/E TTM	11.9
P/E F1	14.5
PEG F1	-0.7
P/S TTM	0.9

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	7,512 E	8,438 E	9,108 E	9,494 E	34,551 E
2025	7,632 A	8,378 A	8,810 A	9,068 E	33,888 E
2024	7,313 A	8,766 A	9,416 A	9,947 A	35,441 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	1.62 E	1.78 E	2.37 E	2.99 E	8.77 E
2025	2.14 A	1.90 A	2.00 A	2.24 E	8.28 E
2024	2.57 A	3.38 A	3.90 A	4.03 A	13.86 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/15/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/05/2025.

Overview

Founded in 1954 and based in Miami, FL, Lennar Corporation is engaged in homebuilding and financial services in the United States. The company's reportable segments consist of Homebuilding, Lennar Financial Services, Rialto and Lennar Multifamily.

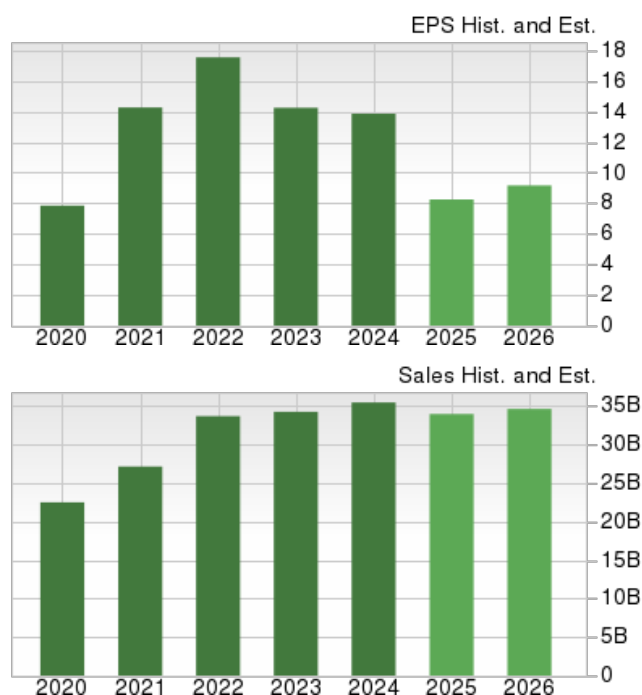
Despite the varied product portfolio, homebuilding remains Lennar's core business. Homebuilding operations (accounting for 95.7% of fiscal 2024 total revenues) include the sale and construction of single-family attached and detached homes as well as the purchase, development and sale of residential land directly and through unconsolidated entities.

Lennar's reportable homebuilding segments consist of Homebuilding East, which covers Florida, Georgia, Maryland, New Jersey, North Carolina, South Carolina and Virginia; Homebuilding Central covers Arizona, Colorado and Texas; Homebuilding West covers California and Nevada; Homebuilding Other covers Illinois, Indiana, Minnesota, Oregon, Tennessee, Utah and Washington. However, Homebuilding Other is not considered a reportable segment.

The Financial Services business (3.1%) includes mortgage financing, title insurance and closing services to the company's homebuyers as well as others through Lennar's financial services subsidiaries — Universal American Mortgage Company and Eagle Home Mortgage.

Lennar Multi-Family (1.2%) is involved in the development, construction and property management of multi-family rental apartments in premium markets of California through unconsolidated entities.

Lennar & Other (0.04%) includes operations primarily from the company's share of carried interests in Rialto fund investments, retained after the sale of Rialto's asset and investment management platform, along with equity in earnings/loss from Rialto fund investments and strategic technology investments, including other income (expense).



As of 12/05/2025



As of 12/15/2025

Reasons To Buy:

- ▲ **Strong National Presence, Consistent Delivery:** Lennar remains one of the most geographically diversified homebuilders in the United States, operating across high-growth Sun Belt markets and other key metros. This national footprint gives the company broad exposure to housing demand across different price points and economic cycles. In the third quarter of fiscal 2025, Lennar started about 21,500 homes and delivered about 21,500 homes, selling slightly more than 23,000 homes despite housing market softness, demonstrating its operational discipline and ability to maintain even-flow production. For the fourth quarter of fiscal 2025, the company expects deliveries to be in the range of 22,000-23,000 homes, depicting growth from 22,206 homes delivered in the year-ago period. Our model expects home deliveries for fiscal 2025 to increase 1.8% year over year to 81,642.
- ▲ **Strategic Investment in Technology to Redefine Homebuilding:** Lennar's technology-driven transformation is central to its long-term investment case. The company is evolving from a traditional homebuilder into a tech-enabled manufacturing platform, aiming to unlock scalable efficiencies, reduce customer acquisition costs, and modernize its entire operating model.
- A keystone of this shift is the "Lennar Machine," a proprietary, AI-powered digital sales and marketing platform built on Salesforce. It processes real-time data on sales, pricing, and customer behavior to adjust pricing and optimize incentives dynamically. This allows Lennar to maintain targeted absorption rates and control inventory more effectively, especially during market volatility. During the third-quarter fiscal 2025 earnings call, Lennar highlighted the benefits realized from the effective execution of its Lennar Machine, which led to a sales pace of 4.7 homes per community per month (in line with its sales plan) during the quarter. Moreover, the utilization of the dynamic pricing tool, by matching home prices to real-time supply and demand inputs, aided the company in reaching its targeted sales goals.
- Simultaneously, Lennar is developing a high-tech land management platform in partnership with Palantir. This system aims to improve the efficiency of land acquisition, development, and delivery, enabling Lennar to scale its asset-light model with greater control and reduced cost. These initiatives are supported by a full ERP transition to JD Edwards E1, designed to automate financial reporting and streamline operations. Though these investments have increased short-term SG&A, they are laying the foundation for long-term margin expansion.
- ▲ **Asset & Land-Lighter Strategy:** Lennar's operating strategy highlights the focus on an asset-light & land-light model, enabling it to build cash flow and maintain a strong financial position. The company's current focus is to refine its asset-light configuration. Currently, it is about to complete the strategic rework of its operating platform by transforming from a traditional homebuilder with sizable land assets to a pure play land-light asset-light manufacturing model. By shifting from land ownership to land control through third-party land banks, Lennar reduces capital intensity and improves return on invested capital. This model allows the company to scale its operations without the burden of carrying excessive land on its balance sheet, making it quicker in volatile housing cycles.
- At the end of the third quarter of fiscal 2025, Lennar reported that 98% of its homesites are now controlled rather than owned, up sharply from 81% a year ago. The company ended the quarter with just 0.1 years of owned supply (down from 1.1 years a year ago) while controlling 512,000 homesites. Lennar is optimistic that this portfolio of homesites will give it a strong competitive position to continue growing its market share and scaling in a capital-efficient manner.
- ▲ **Playbook Strategies:** Lennar is focused on various playbook strategies to reduce the direct construction cost, deliver gross margin improvement and maintain starts for the upcoming quarters. Lennar prioritizes collaboration with trade partners to streamline the cost structure according to the prevailing sales price environment, aiming to speed up construction and reduce supply chain disruptions. Regarding this collaboration, the company aims to maintain a consistent volume of homes under construction, which in turn enables its trade partners to reduce their input costs despite the inflationary macroeconomic environment. This strategy, accompanied by value engineering and SKU rationalization, results in various efficiencies, which benefit its trade partners. Lennar continues to implement a strategic approach to effectively manage operating costs, particularly in SG&A, to drive a strong net margin.
- ▲ **Enough Liquidity:** The company's balance sheet remains a major advantage. Lennar ended the third quarter of fiscal 2025 with \$1.41 billion in homebuilding cash, a homebuilding debt-to-capital ratio of 13.5% and \$5.1 billion in total liquidity. This financial flexibility allows the company to weather market softness while continuing to invest in strategic initiatives. During the fiscal third quarter, Lennar had no redemption or repurchases of senior notes. It also repurchased 4.1 million shares for \$507 million during the fiscal third quarter, reflecting a shareholder-friendly capital return policy.

Lennar's strong national scale, asset-light model, financial stability, and tech-driven strategy position it well for long-term growth.

Reasons To Sell:

▼ **Persistent Margin Pressure:** Lennar's focus on maintaining volume by using price incentives and mortgage buydowns has weighed heavily on profitability. In the fiscal third quarter of 2025, home sales gross margin declined year over year by 500 basis points (bps) to 17.5%. Despite management's longer-term plan to rebuild margins through cost efficiencies, the near-term outlook remains muted. With home prices under pressure and Lennar continuing to deploy incentives to meet affordability thresholds, near-term margin expansion or earnings acceleration seems to be unrealistic. The company's guidance suggests margins will remain flat sequentially in the fiscal fourth quarter of 2025 at 17.5% and will decline from 22.1% a year ago. In fiscal 2025, we expect home sales gross margin to contract year over year by 450 bps to 17.8%.

Margin pressures, rising expenses from unproven tech investments and an uncertain economic scenario may limit profitability.

▼ **Elevated SG&A Expenses:** Lennar's ambitions to become a technology-enabled homebuilding manufacturer are commendable, but they come with a cost. The company's SG&A expenses (as a percentage of revenues from home sales) increased 150 bps to 8.2% due to less leverage as a result of lower revenues and higher marketing and selling expenses. While its strategic initiatives may yield efficiencies over time, they currently represent a significant drag on operating leverage.

Lennar's technology investments are designed to reshape the future of homebuilding, but the timeline and financial impact of these changes remain highly uncertain. Management has acknowledged that these initiatives are still evolving and not yet delivering material productivity gains. The complexity of integrating new systems, the risk of implementation delays, and the reliance on large data volumes to achieve learning curves all introduce execution risks.

▼ **Negative Operating Cash Flow:** Despite its scale and solid balance sheet, Lennar reported a rare outflow of \$1 billion in homebuilding cash from operations in the fiscal second quarter of 2025, a quarter that is typically cash-generative. While management attributes the shortfall to lower average selling prices and residual effects from the Millrose land spinoff, negative cash flow during a peak season raises concerns about capital discipline.

▼ **Cyclical Business Nature and Affordability Constraints:** The housing industry is cyclical and affected by consumer confidence levels, prevailing economic conditions and interest rates. The federal government's actions related to economic stimulus, taxation and borrowing limits could affect consumer confidence and spending levels, which could hurt both the economy and the housing market.

Currently, the U.S. housing industry remains challenging owing to unfavorable interest rates, inflation, and consumer sentiment. The Fed began to increase rates in early 2022 to counter the high ongoing inflation scenario in the market, and it started moving toward the 2% target. On Oct. 29, 2025, the Federal Reserve reduced interest rates by 0.25 percentage points for the second consecutive meeting, bringing the benchmark rate to a range of 3.75% to 4.00%. Earlier, the Fed had signaled two more rate cuts for the year, but recent remarks from Chair Jerome Powell reflected a more cautious tone. Policymakers now appear divided on further action, suggesting the possibility of a pause ahead. For the U.S. housing market, this shift limits hopes of additional relief, as inflation, high mortgage rates and affordability pressures continue to weigh on demand.

Last Earnings Report

Lennar's Q3 Earnings Miss, New Home Orders Rise Y/Y

Lennar reported dismal results for the third quarter of fiscal 2025, wherein its adjusted earnings and total revenues missed the Zacks Consensus Estimate. Also, both metrics tumbled on a year-over-year basis.

The quarter's performance was adversely impacted by the softness in the housing market due to ongoing affordability challenges and a decline in consumer confidence. To counter the affordability issues, the company's initiative of lowering the average sales price (ASP) adversely impacted revenue growth during the quarter.

Nonetheless, Lennar is focusing on scale and technology investments to drive cost efficiencies. A strong balance sheet and disciplined execution are expected to support margin improvement as conditions stabilize.

Although interest rates remained high through most of the third quarter, they moved lower toward the end along with the Fed's recent rate cut. This shift is expected to give the market time to adjust as Lennar moderates volumes. Looking ahead, the company continues to see long-term housing demand and is focusing on affordability, even-flow production, and cost efficiency through scale.

LEN's Quarterly Numbers

Lennar's adjusted earnings per share (EPS) (excluding mark-to-market gains on technology investments) of \$2.00 missed the Zacks Consensus Estimate of \$2.12 by 5.6%. In the year-ago quarter, the company reported an adjusted EPS of \$3.90.

Total revenues of \$8.81 billion missed the consensus mark of \$9.04 billion by 2.5% and declined 6.4% year over year from \$9.42 billion.

Segment Details of Lennar

Homebuilding: This segment's revenues totaled \$8.25 billion, down 8.8% from the prior-year quarter. Under the Homebuilding umbrella, home sales contributed \$8.21 billion to total revenues, down 8.9% from a year ago. Nonetheless, land sales accounted for \$30.5 million, up from \$19.5 million in the prior-year quarter. The Other homebuilding unit contributed \$9.6 million to homebuilding revenues, up from \$8.6 million a year ago.

Home deliveries increased 0.3% to 21,584 units from 21,516 units in the prior-year quarter. The ASP of homes delivered was \$383,000, down 9.2% from the year-ago figure due to continued weakness in the market.

New orders increased 12% from the year-ago quarter to 23,004 homes. However, the potential value of net orders fell year over year to \$8.44 billion from \$8.56 billion.

Backlog at the fiscal third-quarter end was 16,953 homes, slightly up from 16,944 homes in the year-ago quarter. Potential housing revenues from backlog decreased year over year to \$6.65 billion from \$7.75 billion.

The gross margin on home sales was 17.5% for the quarter, down 500 basis points (bps) year over year. Notably, the reported figure came below our projection of 18.2% for the quarter. The decline was mainly due to decreased revenues per square foot and increased land costs year over year. This was partially offset by a decline in construction costs as LEN continued to focus on construction cost savings.

SG&A expenses, as a percentage of home sales, increased 150 bps to 8.2% due to less leverage as a result of lower revenues and higher marketing and selling expenses.

Financial Services: The segment's revenues grew 15% year over year to \$314.2 million from \$273.3 million. Operating earnings for the quarter also increased to \$177.9 million from \$144.4 million a year ago.

Lennar Multi-Family: Revenues of \$228.5 million in the segment were significantly up 144.5% from the prior-year quarter. The segment registered an operating loss of \$16.5 million for the quarter against operating earnings of \$78.9 million a year ago.

Lennar Other: The segment's revenues totaled \$13.9 million, up from \$3.6 million a year ago. Its operating earnings were \$62.5 million compared with \$20.1 million a year ago.

Lennar's Financials

At the fiscal third-quarter end, Lennar had homebuilding cash and cash equivalents of \$1.41 billion, down from \$4.66 billion at the end of fiscal 2024. LEN had \$1.1 billion worth of outstanding borrowings under the \$3.1 billion revolving credit facility.

The total homebuilding debt was \$3.52 billion as of the fiscal third-quarter end, up from \$2.26 billion at the fiscal 2024 end. Homebuilding debt to capital was 13.5%, up from 7.5% at the fiscal 2024-end.

LEN repurchased 14 million shares for \$1.73 billion during the first nine months of fiscal 2025.

Lennar Unveils Q4 Guidance

For the fourth quarter of fiscal 2025, the company expects deliveries to be in the range of 22,000-23,000 homes, depicting growth from 22,206

FY Quarter Ending 11/30/2025

Earnings Reporting Date	Sep 18, 2025
Sales Surprise	-2.49%
EPS Surprise	-5.66%
Quarterly EPS	2.00
Annual EPS (TTM)	10.07

homes delivered in the year-ago period. LEN expects the ASP of the delivered homes to be in the range of \$380,000-\$390,000 compared with \$430,000 reported a year ago.

The gross margin on home sales is expected to be about 17.5%, down from 22.1% reported a year ago. SG&A expenses, as a percentage of home sales, are likely to be in the range of 7.8-8.0%, up year over year from 7.2%.

New orders are likely to be within 20,000-21,000 units, up from 16,895 homes reported a year ago.

Financial Services operating earnings are expected to be between \$130 million and \$135 million, down from \$154 million reported a year ago.

Valuation

Lennar's shares are up 16.8% in the past six months, but down 22.4% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 22.6%, and are up 10.2% in the Zacks Construction sector in the past six months. Over the past year, the Zacks sub-industry has been down 11.8%, and the sector is down by 6.6%.

The S&P 500 index is up 17.1% in the past six months and 15.2% in the past year.

The stock is currently trading at 15.34X forward 12-month earnings, which compares to 12.7X for the Zacks sub-industry, 19.44X for the Zacks sector, and 23.53X for the S&P 500 index.

Over the past five years, the stock has traded as high as 16.13X and as low as 3.79X, with a 5-year median of 9.61X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$134 price target reflects 16.22X forward 12-month earnings.

The table below shows the summary valuation data for LEN.

Valuation Multiples - LEN					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	15.34	12.7	19.44	23.53
	5-Year High	16.13	12.7	19.5	23.82
	5-Year Low	3.79	4.2	8.92	15.73
	5-Year Median	9.61	9.16	15.23	21.19
P/B TTM	Current	1.42	1.49	4.88	8.53
	5-Year High	1.89	1.95	5.43	9.16
	5-Year Low	0.86	0.86	2.96	6.6
	5-Year Median	1.38	1.42	4.41	8.04
P/S F12M	Current	0.95	1.12	2.82	5.33
	5-Year High	1.37	1.45	3.11	5.5
	5-Year Low	0.53	0.59	1.55	3.83
	5-Year Median	1	1.04	2.26	5.04

As of 12/04/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 10% (218 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Century Communities,...(CCS)	Neutral	2
D.R. Horton, Inc. (DHI)	Neutral	3
KB Home (KBH)	Neutral	4
NVR, Inc. (NVR)	Neutral	3
PulteGroup, Inc. (PHM)	Neutral	3
Meritage Homes Corpo...(MTH)	Underperform	5
Taylor Morrison Home...(TMHC)	Underperform	4
Toll Brothers Inc. (TOL)	Underperform	4

Industry Comparison⁽¹⁾ Industry: Building Products - Home Builders

	LEN	X Industry	S&P 500	DHI	PHM	TOL
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	3	-	-	3	3	4
VGM Score	D	-	-	A	C	C
Market Cap	30.44 B	3.23 B	39.38 B	45.54 B	24.64 B	13.41 B
# of Analysts	4	3	22	16	6	6
Dividend Yield	1.68%	0.00%	1.41%	1.15%	0.70%	0.72%
Value Score	C	-	-	B	A	B
Cash/Price	0.05	0.09	0.04	0.12	0.06	0.09
EV/EBITDA	6.14	6.05	14.60	9.48	6.05	6.90
PEG Ratio	-0.71	1.86	2.23	1.86	1.01	1.09
Price/Book (P/B)	1.34	1.21	3.35	1.89	1.92	1.62
Price/Cash Flow (P/CF)	8.16	7.71	15.20	12.65	8.89	9.19
P/E (F1)	14.43	12.07	19.78	13.69	11.15	10.37
Price/Sales (P/S)	0.88	0.83	3.06	1.33	1.40	1.22
Earnings Yield	7.68%	8.30%	4.99%	7.31%	8.97%	9.64%
Debt/Equity	0.15	0.19	0.57	0.24	0.13	0.34
Cash Flow (\$/share)	14.64	8.68	8.99	12.37	14.22	15.14
Growth Score	F	-	-	B	D	F
Hist. EPS Growth (3-5 yrs)	6.05%	9.65%	8.16%	6.88%	22.71%	28.91%
Proj. EPS Growth (F1/F0)	-40.26%	-14.59%	8.57%	-1.21%	-22.80%	-0.52%
Curr. Cash Flow Growth	-6.40%	8.87%	6.75%	-23.89%	7.30%	5.50%
Hist. Cash Flow Growth (3-5 yrs)	15.44%	15.85%	7.43%	9.23%	22.26%	18.21%
Current Ratio	4.49	4.20	1.19	6.48	0.81	4.38
Debt/Capital	13.41%	16.55%	38.01%	19.43%	11.23%	25.17%
Net Margin	7.72%	7.92%	12.78%	10.47%	14.93%	12.28%
Return on Equity	11.09%	12.91%	17.00%	14.39%	19.58%	16.74%
Sales/Assets	0.96	0.91	0.53	0.96	1.00	0.77
Proj. Sales Growth (F1/F0)	-4.40%	-1.55%	5.77%	0.20%	-5.20%	-1.90%
Momentum Score	A	-	-	A	F	A
Daily Price Chg	0.18%	0.00%	-1.07%	0.81%	-0.89%	-0.48%
1 Week Price Chg	-3.66%	0.00%	-0.63%	-1.37%	-0.44%	0.15%
4 Week Price Chg	-1.44%	5.38%	1.39%	9.84%	6.81%	6.76%
12 Week Price Chg	-6.24%	-6.24%	2.45%	-7.04%	-4.15%	-0.39%
52 Week Price Chg	-22.68%	-9.42%	12.83%	4.39%	6.76%	3.96%
20 Day Average Volume	9,959,678	233,383	2,728,366	3,015,858	1,539,683	1,284,130
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	-2.23%
(F1) EPS Est 4 week change	1.77%	-0.06%	0.00%	0.12%	-0.07%	-4.47%
(F1) EPS Est 12 week change	-5.88%	-4.15%	0.69%	-5.09%	-0.01%	-4.47%
(Q1) EPS Est Mthly Chg	4.08%	0.00%	0.00%	0.51%	-0.31%	4.98%

Analyst Earnings Model⁽²⁾

Lennar Corporation (LEN)

In \$MM, except per share data

	2022A	2023A	2024A	2025E				2026E				2027E		
	FY	FY	FY	1QA	2QA	3QA	4QE	FY	1QE	2QE	3QE	4QE	FY	FY
FY Ends November 30th	Nov-22	Nov-23	Nov-24	28-Feb-25	31-May-25	31-Aug-25	30-Nov-25	Nov-25	28-Feb-26	31-May-26	31-Aug-26	30-Nov-26	Nov-26	Nov-27
Income Statement														
Total Revenue	\$33,671.0	\$34,233.4	\$35,441.5	\$7,631.5	\$8,377.5	\$8,810.3	\$9,068.2	\$33,887.6	\$7,511.9	\$8,437.7	\$9,108.0	\$9,493.7	\$34,551.3	\$37,280.7
EBITDA	\$6,582.5	\$5,886.9	\$6,029.6	\$894.8	\$851.7	\$1,017.9	\$972.0	\$3,736.3	\$734.7	\$805.4	\$1,008.7	\$1,191.4	\$3,740.2	\$4,093.4
Depreciation & Amortization	\$87.1	\$110.2	\$115.5	\$31.3	\$33.8	\$34.2	\$25.0	\$124.3	\$27.1	\$30.8	\$37.0	\$25.6	\$120.6	\$127.0
Operating Income	\$6,495.5	\$5,776.7	\$5,914.1	\$863.5	\$817.9	\$983.7	\$947.0	\$3,612.0	\$707.6	\$774.6	\$971.6	\$1,165.8	\$3,619.6	\$3,966.4
Corporate General and Administrative	\$414.5	\$501.3	\$649.0	\$147.4	\$155.9	\$171.4	\$168.8	\$643.4	\$142.7	\$159.6	\$173.0	\$179.3	\$654.6	\$706.0
Charitable Foundation Contribution	\$66.4	\$73.1	\$80.2	\$17.8	\$20.1	\$21.6	\$22.1	\$81.6	\$18.0	\$20.4	\$21.8	\$22.7	\$82.8	\$86.4
Pre-Tax Income	\$6,014.6	\$5,202.3	\$5,184.9	\$698.2	\$641.9	\$790.7	\$756.1	\$2,886.9	\$547.0	\$594.6	\$776.8	\$963.8	\$2,882.2	\$3,174.0
Income Tax	\$1,366.1	\$1,241.0	\$1,217.3	\$169.5	\$160.1	\$190.9	\$177.7	\$698.2	\$128.5	\$139.7	\$182.6	\$226.5	\$677.3	\$745.9
Tax Rate	22.8%	23.8%	23.5%	24.6%	25.1%	24.4%	23.5%	24.2%	23.5%	23.5%	23.5%	23.5%	23.5%	23.5%
Net Earnings before Non-Controlling Interests	\$4,648.5	\$3,961.3	\$3,967.7	\$528.7	\$481.8	\$599.8	\$578.4	\$2,188.8	\$418.4	\$454.9	\$594.3	\$737.3	\$2,204.9	\$2,428.1
Non-Controlling Interests	\$34.4	\$22.8	\$35.1	\$9.2	\$4.4	\$8.8	\$7.0	\$29.4	\$6.6	\$6.7	\$7.9	\$7.8	\$29.0	\$31.2
Net Income	\$4,614.1	\$3,938.5	\$3,932.5	\$519.5	\$477.4	\$591.0	\$571.4	\$2,159.4	\$411.9	\$448.2	\$586.4	\$729.5	\$2,175.9	\$2,396.9
Distributed Earnings Allocated to Nonvested Shares	\$4.5	\$5.5	\$5.0	\$1.0	\$3.0	\$0.9	\$0.5	\$5.3	\$0.9	\$2.8	\$0.7	\$0.5	\$5.0	\$5.5
Undistributed Earnings Allocated to Nonvested Shares	\$47.5	\$43.0	\$33.8	\$3.9	\$3.3	\$4.4	\$4.5	\$16.1	\$4.5	\$4.0	\$4.5	\$4.9	\$18.0	\$19.4
Net Amount Attributable to Rialto's Carried Interest Incentive Plan	\$4.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Basic Shares Outstanding	289.8	283.3	272.0	262.7	260.3	255.6	252.9	257.9	250.2	247.5	244.8	242.1	246.2	235.4
Diluted Shares Outstanding	289.8	283.3	272.0	262.7	260.3	255.6	252.9	257.9	250.2	247.5	244.8	242.1	246.2	235.4
Basic EPS	\$15.74	\$13.73	\$14.31	\$1.96	\$1.81	\$2.29	\$2.24	\$8.30	\$1.62	\$1.78	\$2.37	\$2.99	\$8.77	\$10.11
Diluted EPS, Non GAAP	\$17.59	\$14.14	\$13.86	\$2.14	\$1.90	\$2.00	\$2.24	\$8.28	\$1.62	\$1.78	\$2.37	\$2.99	\$8.77	\$10.11
Diluted EPS	\$15.72	\$13.73	\$14.31	\$1.96	\$1.81	\$2.29	\$2.24	\$8.30	\$1.62	\$1.78	\$2.37	\$2.99	\$8.77	\$10.11
Dividend per Share	\$1.50	\$1.50	\$2.00	\$0.50	\$0.50	\$0.50	\$0.50	\$2.00	\$0.50	\$0.50	\$0.50	\$0.50	\$2.00	\$2.00

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	F
Momentum Score	A
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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