

CENTEX CORP
Form PRE 14A
May 22, 2008

Table of Contents

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Centex Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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Table of Contents

Timothy R. Eller
Chairman &
Chief Executive Officer
June __, 2008

Centex Corporation
2728 N. Harwood
Dallas, Texas 75201

Dear Stockholders:

It is my pleasure to invite you to Centex Corporation's 2008 Annual Meeting of Stockholders. We will hold the meeting on Thursday, July 10, 2008, at 9:00 a.m. Central Daylight Time, on the 10th floor of our headquarters building, 2728 N. Harwood Street, Dallas, Texas 75201. During the meeting we will discuss each item of business described in the Notice of Annual Meeting of Stockholders and Proxy Statement. There will also be time for questions.

This booklet includes the Notice of Annual Meeting of Stockholders and Proxy Statement. The Proxy Statement describes the business we will conduct at the meeting and provides information relevant to such business.

We hope that you will be able to attend the annual meeting. Whether or not you expect to attend, please vote your shares using one of the following methods: vote by telephone or the Internet, as described in the instructions you receive; complete, sign and date the proxy card or voting instruction card and return it in the prepaid envelope; or vote in person at the meeting.

Sincerely,

Table of Contents

HOW TO VOTE

You can vote your shares in person by attending the meeting, by completing and returning a proxy by mail, or by using the telephone or the Internet. Please refer to the proxy card or other voting instructions included with these proxy materials for information on the voting methods available to you. If you vote by telephone or on the Internet, you do not need to return your proxy card. Please see **Who Can Vote** on page 1 and **How You Can Vote** on page 2 of the accompanying proxy statement for more information.

ANNUAL MEETING ADMISSION

You should be prepared to present an admission ticket or proof of ownership of Centex common stock, as well as photo identification, for admittance to the annual meeting. For registered stockholders, the top portion of the proxy card is the annual meeting admission ticket. Stockholders who hold shares through an intermediary will be admitted to the annual meeting by showing evidence of their stock ownership as of the record date. If you are attending on behalf of an entity that is a stockholder, you should bring evidence of your employment or association with that entity. Please see **How You Can Attend the Meeting** on page 2 of the accompanying proxy statement for more information.

REDUCE PRINTING AND MAILING COSTS

Instead of receiving copies of the proxy materials in the mail, you may elect to receive an e-mail with a link to future proxy materials and our annual report on the Internet. Please see **Electronic Delivery of Proxy Materials and Annual Report** on page 4 of the accompanying proxy statement for more information.

If you share the same last name with other stockholders living at your address, you may elect to receive only one copy of the proxy materials and our annual report. Please see **Single Household Mailings** on page 5 of the accompanying proxy statement for more information.

These important procedures will lower our printing costs and postage fees and significantly reduce the environmental impact of our annual meeting.

Table of Contents

CENTEX CORPORATION
2728 N. Harwood
Dallas, Texas 75201

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE	9:00 a.m., Central Daylight Time, on Thursday, July 10, 2008.
PLACE	2728 N. Harwood, 10 th Floor, Dallas, Texas 75201.
ITEMS OF BUSINESS	<p>To elect as members of the Board of Directors the three nominees named in the accompanying proxy statement, each for a term of three years ending at the Annual Meeting of Stockholders in 2011.</p> <p>To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2009 fiscal year.</p> <p>To approve our amended and restated articles of incorporation.</p> <p>To approve the material terms of the performance goals under our 2003 Annual Incentive Compensation Plan and 2003 Equity Incentive Plan.</p> <p>To approve amendments to our 2003 Equity Incentive Plan, including to increase the number of shares available for award.</p> <p>To vote on two stockholder proposals, if presented at the meeting.</p> <p>To transact such other business as may properly come before the meeting and any adjournments or postponements.</p>
RECORD DATE	You can vote if you are a stockholder of record at the close of business on May 19, 2008.
ANNUAL REPORT	Our 2008 Annual Report to Stockholders is enclosed with these materials as a separate booklet.
PROXY VOTING	It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning your proxy card or voting instruction card. Most stockholders also have the option of voting their shares on

the Internet or by telephone by following the voting instructions printed on your proxy card or included with your proxy materials. You can revoke a proxy before its exercise at the meeting by following the instructions in the accompanying proxy statement.

June __, 2008

James R. Peacock III
Vice President,
Deputy General Counsel and Secretary

Table of Contents

TABLE OF CONTENTS

	Page
<u>PART ONE VOTING INFORMATION</u>	1
<u>INTRODUCTION</u>	1
<u>Purposes of the Annual Meeting</u>	1
<u>Recommendation of the Board of Directors</u>	1
<u>ABOUT THE MEETING</u>	1
<u>Who Can Vote</u>	1
<u>How You Can Vote</u>	2
<u>How You Can Attend the Meeting</u>	2
<u>How Proxies Will Be Voted</u>	2
<u>How to Revoke Your Proxy</u>	2
<u>Quorum and Required Vote</u>	3
<u>DELIVERY OF MATERIALS</u>	4
<u>Employee Benefit Plans</u>	4
<u>Electronic Delivery of Proxy Materials and Annual Report</u>	4
<u>Single Household Mailings</u>	5
<u>Expenses of Soliciting Proxies</u>	6
<u>PART TWO CORPORATE GOVERNANCE INFORMATION</u>	7
<u>Board of Directors and Board Committees</u>	7
<u>Director Independence</u>	10
<u>Director Nomination Process</u>	12
<u>Communicating with Our Board</u>	13
<u>Other Governance Matters</u>	13
<u>PART THREE PROPOSALS TO BE VOTED ON AT THE 2008 ANNUAL MEETING</u>	16
<u>n Proposal No. 1 Election of Directors</u>	16
<u>General Information</u>	16
<u>Information Regarding Directors and Nominees</u>	16
<u>Nominees for Election as Directors</u>	17
<u>Member of the Board of Directors Not Standing for Reelection to Office</u>	18
<u>Members of the Board of Directors Continuing in Office</u>	19
<u>n Proposal No. 2 Ratification of Appointment of Independent Registered Public Accounting Firm</u>	21
<u>Appointment of Ernst & Young</u>	21
<u>Audit Fees</u>	21
<u>Audit Committee Report</u>	22
<u>n Proposal No. 3 Approval of Amended and Restated Articles of Incorporation</u>	22
<u>Introduction</u>	22

<u>Background</u>	22
<u>Summary of Changes</u>	23

Table of Contents

	Page
<u>n Proposal No. 4 Approval of Material Terms of Performance Goals under the Annual Plan</u>	24
<u>Introduction</u>	24
<u>Purpose of the Proposal</u>	24
<u>Material Terms of the Performance Goals</u>	25
<u>Summary of the Annual Plan</u>	26
<u>n Proposal No. 5 Approval of Material Terms of Performance Goals under the 2003 Equity Plan</u>	27
<u>Introduction</u>	27
<u>Purpose of the Proposal</u>	27
<u>Material Terms of the Performance Goals</u>	28
<u>New Plan Benefits</u>	29
<u>Summary of the 2003 Equity Plan</u>	29
<u>n Proposal No. 6 Approval of Amendments to the 2003 Equity Plan</u>	29
<u>Introduction</u>	29
<u>Summary of Changes</u>	29
<u>New Plan Benefits</u>	30
<u>Summary of the 2003 Equity Plan</u>	31
<u>n Proposal No. 7 Stockholder Proposal Regarding Climate Change</u>	35
<u>Stockholder Proposal</u>	35
<u>Management's Response to the Proposal</u>	36
<u>n Proposal No. 8 Stockholder Proposal Regarding Declassification of the Board</u>	38
<u>Stockholder Proposal</u>	38
<u>Management's Response to the Proposal</u>	39
 <u>PART FOUR OTHER IMPORTANT INFORMATION</u>	 41
 <u>STOCK OWNERSHIP</u>	 41
<u>Management</u>	41
<u>Principal Stockholders</u>	42
 <u>EXECUTIVE COMPENSATION</u>	 44
<u>Compensation Discussion and Analysis</u>	44
<u>Compensation and Management Development Committee Report</u>	59
<u>Compensation Tables</u>	60
 <u>BOARD COMPENSATION</u>	 81
 <u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	 84
<u>Review and Approval of Related Person Transactions</u>	84
<u>Indemnification Arrangements</u>	84
 <u>OTHER MATTERS</u>	 85
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	85
<u>Stockholder Proposals</u>	85
<u>Form 10-K</u>	85
<u>Centex Web Site</u>	85
 <u>Corporate Governance Guidelines</u>	

Amended and Restated Articles of Incorporation

2003 Annual Incentive Compensation Plan

2003 Equity Incentive Plan

n To be voted on at the annual meeting

Appendix
A
Appendix
B
Appendix
C
Appendix
D

Table of Contents

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Table of Contents

**PROXY STATEMENT
PART ONE
VOTING INFORMATION
INTRODUCTION**

The accompanying proxy, mailed with this proxy statement, is solicited by the board of directors of Centex Corporation, a Nevada corporation, for use at the annual meeting of Centex stockholders to be held on July 10, 2008, and at any adjournments or postponements. Any reference to Centex or any use of the terms we, us or our in this proxy statement refers to Centex Corporation. The mailing address of our executive offices is Centex Corporation, P.O. Box 199000, Dallas, Texas 75219-9000. This proxy statement and accompanying proxy are first being mailed to stockholders on or about June ___, 2008.

Purposes of the Annual Meeting

At the meeting, stockholders will vote on:

- (1) Election of the three nominees named in Proposal No. 1 on page 16 as directors, comprising a class of directors to serve until the 2011 annual meeting of stockholders;
- (2) Ratification of the appointment of Ernst & Young LLP, which we refer to as Ernst & Young, as our independent registered public accounting firm for the 2009 fiscal year;
- (3) Approval of our amended and restated articles of incorporation;
- (4) Approval of the material terms of the performance goals under the Centex Corporation 2003 Annual Incentive Compensation Plan, which we refer to as the Annual Plan;
- (5) Approval of the material terms of the performance goals under the Centex Corporation 2003 Equity Incentive Plan, which we refer to as the 2003 Equity Plan;
- (6) Approval of amendments to our 2003 Equity Plan to increase the number of authorized shares and establish new rules for the counting of shares utilized under the plan;
- (7) A stockholder proposal regarding climate change, if presented at the meeting;
- (8) A stockholder proposal regarding declassification of the board, if presented at the meeting; and
- (9) Any other business properly brought before the meeting.

Our board of directors does not know of any matters that may be acted on at the meeting other than the matters described in items (1) – (8).

Recommendation of the Board of Directors

Our board recommends a vote FOR the election of the three nominees for director named on page 16, FOR the ratification of the appointment of Ernst & Young as our independent registered public accounting firm for the 2009 fiscal year, FOR the approval of the amended and restated articles of incorporation, FOR the approval of the material terms of the performance goals under our Annual Plan and 2003 Equity Plan, and FOR the amendments to our 2003 Equity Plan.

Our board recommends a vote AGAINST the two stockholder proposals regarding climate change and board declassification.

ABOUT THE MEETING

Who Can Vote

Stockholders of record at the close of business on May 19, 2008, which we refer to as the record date, may vote at the annual meeting. On the record date, 123,522,750 shares of Centex common stock, par value \$.25 per share, were outstanding. Each holder of common stock will be entitled to one vote per share on the election of directors, on the

other matters listed in the Notice of Annual Meeting of Stockholders and on any other matters

Table of Contents

properly brought before the meeting. There is no cumulative voting.

How You Can Vote

You can vote your shares in person by attending the meeting, by completing and returning a proxy by mail, or by using the telephone or the Internet. To vote your proxy using the telephone or the Internet, see the instructions on the proxy form and have the proxy form available when you place your telephone call or access the Internet web site.

How You Can Attend the Meeting

You are entitled to attend the annual meeting if you were a stockholder as of the close of business on the record date, or hold a valid proxy for the annual meeting. You should be prepared to present photo identification for admittance.

For registered stockholders, the top portion of the proxy card is the annual meeting admission ticket, which will admit you and one guest. Stockholders who hold shares through a bank, broker, trustee, or nominee will be admitted to the annual meeting by showing evidence of their stock ownership as of the record date at the annual meeting registration desk. Examples of acceptable evidence are a copy of your account statement, or letter from your bank or broker, showing you own shares as of the record date, or a copy of the voting instruction card provided by your bank or broker.

If you are attending on behalf of an entity that is a stockholder, you should bring evidence of your employment or association with that entity, such as a business card, a letter from the entity authorizing your attendance on its behalf, or similar evidence of employment. Admission tickets may be issued to others at our discretion.

Please let us know if you plan to attend the meeting by marking the appropriate box on the proxy card, or, if you vote by telephone or over the Internet, by indicating your plans when prompted. The meeting will begin promptly at 9:00 a.m. Central Daylight Time. Check-in will begin at 8:30 a.m. local time, and you should allow ample time for the check-in procedures.

How Proxies Will Be Voted

Shares represented by valid proxies received by mail or voted over the telephone or the Internet will be voted at the meeting in accordance with your directions. If no specific choice is indicated, the shares represented by all valid proxies received will be voted:

FOR the election of the three nominees for director named on page 16,

FOR the ratification of the appointment of Ernst & Young as our independent registered public accounting firm for the 2009 fiscal year,

FOR the approval of the amended and restated articles of incorporation,

FOR the approval of the material terms of the performance goals under our Annual Plan and 2003 Equity Plan,

FOR the amendments to our 2003 Equity Plan, and

AGAINST the two proposals submitted by stockholders.

Our board does not intend to present, and has no information that others will present, any business at the meeting other than set forth in the attached notice of the meeting. However, if other matters requiring your vote come before the meeting, the persons named in the accompanying proxy intend to vote the proxies held by them in accordance with their best judgment on those matters.

How to Revoke Your Proxy

You may revoke your proxy before the time of voting at the meeting by voting in person at the meeting, by submitting a later-dated proxy to our Secretary, James R. Peacock III, Centex Corporation, P.O. Box 199000, Dallas, Texas 75219-9000, before the meeting, by using the telephone voting procedures or changing your vote on the Internet web site. The written revocation will not be effective, however, unless we receive it at or before the meeting. Merely attending the meeting does not revoke your proxy.

Proxy cards are received by our independent proxy processing agent, and the vote is certified by independent inspectors of election. Proxy cards and ballots that identify

Table of Contents

the vote of stockholders and plan participants will be kept confidential, except as necessary to meet legal requirements, in cases where stockholders and participants request disclosure or write comments on their cards, or in a contested matter involving an opposing proxy solicitation. During the proxy solicitation period, we will receive daily tabulation reports from the independent proxy processing agent, but these reports provide only aggregate data. In addition, the agent may identify stockholders who fail to vote so that we may contact them and request they do so.

Quorum and Required Vote

Quorum

We need a quorum to hold the annual meeting. There is a quorum when the holders of a majority of the shares of Centex common stock are present in person or by proxy. Abstentions and broker non-votes will be counted as present for the purpose of establishing a quorum.

Broker Non-votes

A broker non-vote occurs when a bank, broker or other intermediary holding shares for a beneficial owner is present at the meeting, in person or by proxy, but does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. If you wish to have your vote counted for your shares owned through a bank, broker or other intermediary, it is important that you return your voting instructions to your intermediary.

Under the rules of the New York Stock Exchange, which we refer to as the NYSE, if you are a beneficial owner, your bank, broker or other intermediary is permitted to vote your shares on the routine proposals, even if the record holder does not receive voting instructions from you. If a proposal is non-routine, the broker or other entity may vote on the proposal only if the owner has provided voting instructions. A broker non-vote occurs when the broker or other intermediary is unable to vote on a proposal because the proposal is non-routine and the owner has not provided voting instructions.

The NYSE determines, and advises its member firms, which proposals in an NYSE-listed company's proxy statement will be considered routine and which will be considered nonroutine. Based on the NYSE's rules and published interpretations, we believe the proposals in this proxy statement that will be treated as routine proposals are:

- the election of directors,

- the ratification of the appointment of Ernst & Young as our independent registered public accounting firm, and
- the approval of the material terms of the performance goals under our Annual Plan and 2003 Equity Plan, and the intermediary holding shares for an owner may vote on them even if the owner has not provided voting instructions.

This year, we believe the non-routine proposals are:

- the approval of the amended and restated articles of incorporation,

- the approval of amendments to our 2003 Equity Plan, and

- the stockholder proposals,

and the brokers or other entities holding shares for an owner may not vote on them unless the owner has provided voting instructions.

Vote Required and Effect of Abstentions and Broker Non-Votes

Consistent with Nevada law, our articles of incorporation and bylaws and certain other rules applicable to us, we will use the principles described below to determine what vote is required to approve each proposal and the effect on such vote of abstentions and broker non-votes. We believe that these principles correctly reflect the rules applicable to us, but we note that there are no controlling precedents under Nevada law regarding the treatment of broker non-votes in certain circumstances.

The three nominees for director receiving a plurality of the votes cast at the meeting in person or by proxy will be elected. This means that the director nominee with the most votes for a particular slot is elected for that slot. Withheld votes will have no effect on the

Table of Contents

outcome, except that if a director receives more withheld votes in the election than for votes, that director must submit his or her resignation as required by the director resignation policy included in our corporate governance guidelines, which is described under Director Resignation Policy on page 14. Abstentions and broker non-votes will have no effect on the outcome of the election of directors.

The following proposals will be approved if the number of votes cast for the proposal exceeds the number of votes cast against the proposal:

ratification of the appointment of Ernst & Young as our independent registered public accounting firm,

the approval of the material terms of the performance goals under our Annual Plan and 2003 Equity Plan, and

the two stockholder proposals.

Abstentions and broker non-votes will not be considered votes cast for purposes of the preceding proposals and therefore will have no effect on the outcome of the vote on those proposals.

The approval of the amended and restated articles of incorporation will be approved if the number of votes cast for the proposal constitutes a majority of the outstanding voting power of Centex common stock. For purposes of this requirement, both abstentions and broker non-votes will be considered to be part of the voting power outstanding. Therefore, abstentions and broker non-votes will have the effect of votes against this proposal.

The proposal to amend our 2003 Equity Plan to increase the authorized shares and related matters will require the approval of a majority of the votes cast on the proposal, provided that the total votes cast represent over 50% of all of our outstanding securities entitled to vote on the proposal. This approval requirement is based on NYSE rules, and the NYSE considers abstentions but not broker non-votes to be votes cast for purposes of this requirement. Therefore, abstentions will have the effect of votes against the proposal, while broker non-votes will have no effect on the outcome of the vote.

The number of votes required for approval of any other proposals that are properly presented at the meeting will depend on the nature of the proposal. Generally, under Nevada law and our by-laws, the number of votes required to approve matters for which a higher standard is not expressly required is a majority of the votes cast by holders of shares of Centex common stock present or represented and entitled to vote at the meeting. The enclosed proxy card gives discretionary authority to the proxy holders to vote on any matter that is not included in this proxy statement and is properly presented to stockholders at the meeting. The persons named as proxies on the enclosed proxy card are Timothy R. Eller and David W. Quinn.

DELIVERY OF MATERIALS

Employee Benefit Plans

We also are sending this proxy statement and voting materials to participants in the Centex Corporation Common Stock Fund under the Centex Corporation Saving for Retirement Plan, which we refer to as our Saving for Retirement Plan, and various other employee benefit plans that hold Centex common stock for the benefit of current or former employees. The trustee of each plan, as the stockholder of record of the shares of our common stock held in the plans, will vote whole shares of stock attributable to each participant's interest in the plans in accordance with the directions the participant gives or, if no directions are given by the participant, in the same proportions as are participant shares as to which voting instructions have been received or as provided in the applicable trust agreement.

Electronic Delivery of Proxy Materials and Annual Report

The Notice of Annual Meeting of Stockholders and proxy statement and our 2008 Annual Report are available at www.proxyvote.com. Instead of receiving copies of the proxy statement and annual report in the mail, stockholders may elect to receive an e-mail with a link to future proxy statements, proxy cards and annual reports on the Internet. Receiving your proxy materials online saves us the cost of producing and mailing documents to

Table of Contents

your home or business and gives you an automatic link to the proxy voting site. Stockholders may enroll to receive proxy materials online as follows:

Stockholders of Record. If your shares are registered in your own name, you may consent to electronic delivery when voting for this meeting on the Internet at www.proxyvote.com.

Beneficial Holders. If your shares are not registered in your name, check the information provided to you by your bank or broker, or contact your bank or broker for information on electronic delivery service.

Plan Participants. If you are a participant in one or more of our employee benefit plans, you may consent to electronic delivery when voting for this meeting on the Internet at www.proxyvote.com.

Single Household Mailings

Each year in connection with our annual meeting, we are required to send to each stockholder of record who has not elected to participate in the electronic delivery of proxy materials as described above either a copy of our proxy statement and annual report or a notice of Internet availability of such documents, and to arrange for such documents or notice to be sent to each beneficial stockholder whose shares are held by or in the name of a broker, bank, trust or other nominee. Because many stockholders hold shares of our common stock in multiple accounts or share an address with other stockholders, this process results in duplicate mailings.

We have adopted a householding procedure approved by the Securities and Exchange Commission, which we refer to as the SEC. Under this procedure, stockholders who have the same address and last name, do not participate in electronic delivery of proxy materials, and have consented to the householding procedure in conformity with SEC regulations will receive only one copy of the documents or notice referred to above, unless one of these stockholders notifies us that they wish to continue receiving individual copies. This procedure will lower our printing costs and postage fees and significantly reduce the environmental impact of our annual meeting.

Stockholders who participate in householding will continue to receive separate proxy cards. Also, householding will not in any way affect dividend check mailings.

Stockholders may avoid receiving duplicate mailings and save us the cost of producing and mailing duplicate documents as follows:

Stockholders of Record. If your shares are registered in your own name and you are interested in consenting to the delivery of a single proxy statement or annual report or a notice of Internet availability of such documents, you may contact Investor Relations by mail at P.O. Box 199000, Dallas, Texas 75219-9000, or by telephone at 214-981-5000.

Beneficial Holders. If your shares are not registered in your own name, your broker, bank, trust or other nominee that holds your shares may have asked you to consent to the delivery of a single proxy statement or annual report if there are other Centex stockholders who share an address with you. If you currently receive more than one proxy statement or annual report at your household, and would like to receive only one copy of each in the future or a notice of Internet availability of such documents, you should contact your nominee.

Right to Request Separate Copies. If you consent to the delivery of a single proxy statement and annual report or a notice of Internet availability of such documents but later decide that you would prefer to receive a separate copy of the documents or notice, as applicable, for each stockholder sharing your address, then please notify us or your nominee, as applicable, and we or they will promptly deliver such documents or notice. If you wish to receive a separate copy of the proxy statement or annual report or a notice of Internet availability of such documents for each stockholder sharing your address in the future, you may also contact Investor Relations by mail at P.O. Box 199000, Dallas, Texas 75219-9000, or by telephone at 214-981-5000.

Table of Contents

**Important Notice Regarding
the Availability of Proxy Materials for
the Annual Meeting of Stockholders
to be held on July 10, 2008.
This Proxy Statement and
the 2008 Annual Report
are available at www.proxyvote.com.**

Expenses of Soliciting Proxies

We will bear the cost of soliciting proxies for the annual meeting. Solicitation may be made by mail, personal interview, telephone or other electronic means by our officers and employees, who will receive no additional compensation for soliciting proxies. We have retained the firm of D.F. King & Co., Inc. to aid in the solicitation of proxies and provide related advice and informational support for a fee of \$7,000, plus out-of-pocket costs and expenses, for its services. We will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding proxy materials to beneficial owners.

Table of Contents

PART TWO
CORPORATE GOVERNANCE INFORMATION

Board of Directors and Board Committees

Our business, property and affairs are managed under the direction of our board of directors. Our board is cognizant that many of its decisions have a significant impact on stockholders and consistently takes such interests into account. Members of our board are kept informed of our business through discussions with our chairman and chief executive officer and other officers, by reviewing materials provided to them periodically, by visiting our offices and by participating in meetings of the board and its committees.

In accordance with our corporate governance guidelines, all board members are expected to attend our annual meeting of stockholders, each board meeting and all of their assigned committee meetings, except in unusual or unexpected circumstances. At our 2007 annual meeting of stockholders, all directors who were serving at the time and all nominees for election were present.

The board held nine meetings during fiscal 2008. Each of our incumbent directors attended at least 90% of the meetings of the board and board committees on which they served in fiscal 2008.

During fiscal 2008, the board of directors had four standing committees. Those committees consisted of an audit committee, a corporate governance and nominating committee, which we refer to as the governance committee, a compensation and management development committee, which we refer to as the compensation committee, and an executive committee.

The table below provides current membership information for each of the board committees, and meeting information for the committees during fiscal 2008.

Board Committee Membership and Meeting Information

Name	Audit	Compensation	Governance	Executive
Barbara T. Alexander À			£	
Juan L. Elek À		=		
Timothy R. Eller				£
Ursula O. Fairbairn		£		
Thomas J. Falk w À				=
Clint W. Murchison, III	=			
Frederic M. Poses À			=	
James J. Postl À	£			
David W. Quinn À			=	=
Matthew K. Rose À		=		
Thomas M. Schoewe À	=			
w = Lead Director Committee Chair	À = Audit Committee Financial Expert	= = Committee Member		£ =
Number of Meetings during fiscal 2008	8	6	5	3

In compliance with applicable NYSE corporate governance listing standards, the board has adopted written charters for the audit, governance and compensation committees. These charters are available on our web site at www.centex.com in the Investors area (Governance subsection). Stockholders may also contact Investor Relations, P.O. Box 199000, Dallas, Texas 75219-9000, or call 214-981-5000 to obtain copies of the charters without charge.

Audit Committee

James J. Postl is the chairman of our audit committee. The other members of the audit committee are Clint W. Murchison III and Thomas M. Schoewe. As a result of our periodic committee rotation, which occurred this year on February 1, 2008, Mr. Postl became chairman of the audit committee, Mr. Schoewe was appointed to the audit committee, and Thomas J. Falk ceased to be a member and chair of this committee. In addition to the meetings listed

in

7

Table of Contents

the table above, the chairman and all other members of the audit committee participated in four additional conference calls with management to review earnings press releases during fiscal 2008.

Each member of the audit committee is an independent director under the standards set forth in our corporate governance guidelines. See *Director Independence* on page 10 for additional information on independent directors.

Each member of the audit committee satisfies the financial literacy requirements of the NYSE, and the board has determined that Mr. Postl and Mr. Schoewe are *audit committee financial experts* under the rules and regulations of the SEC and have accounting or related financial management expertise in accordance with the rules of the NYSE. Six other members of our board also meet the requirements to qualify as *audit committee financial experts*, as indicated in the table above, even though they do not serve on the audit committee.

The members of the audit committee are not Centex auditors or accountants, do not perform field work for us and are not our employees. The SEC's safe harbor provision relating to *audit committee financial experts* states that a person designated or identified as an *audit committee financial expert* will not be deemed an *expert* for any purpose, including without limitation for purposes of Section 11 of the Securities Act of 1933. In addition, the designation or identification of a director as an *audit committee financial expert* does not impose on that person any duties, obligations or liability that are greater than that imposed on that person as a member of the audit committee and board of directors in the absence of the *audit committee financial expert* designation or identification and does not affect the duties, obligations or liability of any other member of the audit committee or board of directors.

No member of our audit committee may serve as a member of the audit committee of more than two other public companies. If a member of our audit committee serves as a member of the audit committee of another public company, the member must deliver a written statement to our board and the audit committee on an annual basis. The statement must describe the time commitment required for the member to serve on the audit committee of the other public company and any expected changes in that time commitment during the next year.

According to its charter, the audit committee assists the board in its general oversight of (1) the integrity of our financial statements, (2) our compliance with legal and regulatory requirements, (3) the independent auditors qualifications, independence, and performance, and (4) the performance of our internal audit function.

The following are key responsibilities of the committee:

selection, appointment, compensation, evaluation, retention and oversight of the work of any independent auditors engaged to prepare or issue an audit report or related work or perform other audit, review or attest services for us, including pre-approval of all audit engagement fees and all non-audit services;

establishment of procedures for (1) the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters and (2) the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;

discussion of our annual audited and quarterly financial statements and other significant financial disclosures (including press releases and financial information and earnings guidance provided to analysts and rating agencies) with management and our independent auditors;

discussion of policies with respect to risk assessment and risk management;

preparation of the report required to be included in our annual proxy statement regarding review of financial statements and auditor independence (the report for fiscal 2008 is included under *Audit Committee Report* on page 22); and

review and reassessment at least annually of the adequacy of the committee's charter and recommendation of appropriate changes to the board.

Table of Contents

At least once each quarter, the committee meets separately with the independent auditors and with members of our internal audit staff, outside the presence of our management or other employees, to discuss matters of concern, to receive recommendations or suggestions for change and to exchange relevant views and information.

For additional information about the audit committee's oversight activities in fiscal 2008, see Proposal No. 2 on page 21.

Compensation Committee

Ursula O. Fairbairn is the chairperson of our compensation committee. The other members of the compensation committee are Juan L. Elek and Matthew K. Rose. Each member of this committee is an independent director under our independence standards. As a result of our periodic committee rotation, which occurred this year on February 1, 2008, Ms. Fairbairn became chairperson of the compensation committee, Mr. Elek was appointed to this committee, and Mr. Schoewe ceased to be a member and chair of this committee. As more fully described under General Information on page 16, Mr. Elek has decided to retire from the board of directors and therefore will not stand for reelection at the annual meeting. Mr. Falk, our lead director, will assume Mr. Elek's seat on the compensation committee at the conclusion of the annual meeting.

According to its charter, the compensation committee assists the board in:

- review of our compensation philosophy and the corporate goals and objectives relevant to compensation, including whether the compensation programs are reasonably related to corporate performance and are achieving their intended purpose;

- administration of the compensation plans that we adopt, including stock plans, a supplemental executive retirement plan and short-term and long-term incentive compensation plans for members of our senior management and senior management of our principal subsidiaries, and grant of all awards under our equity-based compensation plans;

- review of succession planning for our senior management and that of our principal subsidiaries; approval, review and oversight of our benefit plans;

- preparation of the report required to be included in our annual proxy statement regarding review of compensation disclosures (the report for fiscal 2008 is included under Compensation and Management Development Committee Report on page 59);

- oversight of the performance and compensation of our chief executive officer and the other members of senior management; and

- review and reassessment at least annually of the adequacy of the committee's charter and recommendation of appropriate changes to the board.

The committee's role in compensation matters is more fully described under Executive Compensation on page 44. In addition to its meetings during fiscal 2008 listed above, the compensation committee took action by written consent in lieu of a meeting on two occasions.

Governance Committee

Barbara T. Alexander is the chairperson of our governance committee. The other members of the governance committee are Frederic M. Poses and David W. Quinn. Each member of this committee is an independent director under our independence standards. As a result of our periodic committee rotation, which occurred this year on February 1, 2008, Ms. Alexander became chairperson of the governance committee, Mr. Quinn was appointed to this committee, and Mr. Elek ceased to be a member and chair of this committee.

According to its charter, the governance committee provides advice and counsel to the board and management regarding, and oversight of, our governance, including the selection and compensation of directors and the board's practices and effectiveness. Our director nomination process is described under Director Nomination Process on page 12.

The following are key responsibilities of the committee:
identification and evaluation of individuals qualified to become members of the board,

Table of Contents

including recommendation of annual director nominees and nominees to fill any board vacancies, and determination of the independence of directors;

oversight of the annual process of the evaluation of the board, board committees and individual directors;

development and recommendation to the board of appropriate governance guidelines and review of all proposed amendments to our articles of incorporation and by-laws;

oversight of our positions and policies with respect to significant stockholder relations issues, including proposals submitted by stockholders;

review and oversight of director compensation and director and officer stock ownership guidelines; and

review and reassessment at least annually of the adequacy of the committee's charter and recommendation of appropriate changes to the board.

Executive Committee

The board of directors has designated three directors to constitute an executive committee. Timothy R. Eller, our chairman and chief executive officer, whom we sometimes refer to as our CEO, is the chairman of our executive committee. The other members of the executive committee are Thomas J. Falk and David W. Quinn. As a result of the appointment of Mr. Falk as lead director effective February 1, 2008, he was appointed as a member of this committee and Frederic M. Poses, our former lead director, ceased to be a member of this committee.

There is no requirement that members of the executive committee be independent. Two of the three current members of the executive committee, however, are independent under our independence standards.

In accordance with our by-laws and the resolutions creating the executive committee, the executive committee may exercise the powers of the board in the management of our business and affairs between meetings of the board or as directed by the board, except for matters restricted under Nevada law and the power or authority to (1) fill vacancies on the board or the executive committee, or (2) amend our by-laws. In addition to its meetings during fiscal 2008 listed above, the executive committee took action by written consent in lieu of a meeting on 13 occasions.

Compensation Committee Interlocks and Insider Participation

During fiscal 2008, there were no compensation committee interlocking relationships or interlocking directorships.

Director Independence

Independent judgment is the cornerstone of an effective board. Independent directors must always comprise a majority of our board, and in fact all of our non-employee directors are independent. Independent means to us not only that a director satisfies the independence requirements of the Securities Exchange Act of 1934, the rules adopted by the SEC and the corporate governance and other listing standards of the NYSE, but also that the director meets the stricter categorical independence standards adopted by our board and contained in our corporate guidelines. Our corporate governance guidelines are set forth on Appendix A and are also available on our web site at www.centex.com in the Investors area (Governance subsection). Each year the board considers these independence standards to determine whether a director has any material relationship with us that could impact his or her independence. The board also considers our related person transactions policy, which is described under "Review and Approval of Related Person Transactions" on page 84.

The standards provide that any director who satisfies all of the following criteria and otherwise has no material relationship with us shall be determined to be an independent director:

- (a) the director is not, and in the past three years has not been, an employee of ours;
- (b) an immediate family member of the director is not, and in the past three years has not been, employed as an executive officer of ours;
- (c) (i) neither the director nor a member of the director's immediate family is a current partner of our outside auditing firm; (ii) the

Table of Contents

director is not a current employee of our outside auditing firm; (iii) no member of the director's immediate family is a current employee of our outside auditing firm participating in the firm's audit, assurance, or tax compliance (but not tax planning) practice; and (iv) neither the director nor a member of the director's immediate family was within the past three years (but is no longer) a partner or employee of our outside auditing firm and personally worked on our audit within that time;

(d) neither the director nor a member of the director's immediate family is, or in the past three years has been, part of an interlocking directorate in which a current executive officer of ours served on the compensation committee of another company at the same time the director or the director's immediate family member served as an executive officer of that company;

(e) neither the director nor a member of the director's immediate family has received, during any 12-month period in the past three years, any direct compensation payments from us in excess of \$100,000, other than compensation for board service, compensation received by the director's immediate family member for service as a non-executive employee of ours, and pension or other forms of deferred compensation for prior service;

(f) the director is not a current executive officer or employee, and no member of the director's immediate family is a current executive officer, of another company that makes payments to or receives payments from us, or during any of the last three fiscal years has made payments to or received payments from us, for property or services in an amount that, in any single fiscal year, exceeded the greater of \$1 million or 2% of the other company's consolidated gross revenues;

(g) the director is not an executive officer of a non-profit organization to which we make or in the past three fiscal years have made, payments (including contributions) that, in any single fiscal year, exceeded the greater of \$1 million or 2% of the non-profit organization's consolidated gross revenues;

(h) the director is not, and during the last fiscal year has not been, a partner in, or a controlling shareholder or executive officer of, a business corporation, non-profit organization, or other entity to which we were indebted at the end of our last full fiscal year in an aggregate amount in excess of 2% of our total consolidated assets at the end of that fiscal year;

(i) the director is not, and during the last fiscal year has not been, a member of, or of counsel to, a law firm that we have retained during the last fiscal year or propose to retain during the current fiscal year; and

(j) the director is not, and during the last fiscal year has not been, a partner or executive officer of any investment banking firm that has performed services for us, other than as a participating underwriter in a syndicate, during the last fiscal year or that we propose to have perform services during the current fiscal year.

The board may determine that a director or nominee is independent even if the director or nominee does not meet each of the standards set forth in paragraphs (g) through (j) above as long as the board determines that the person is independent of management and free from any relationship that in the judgment of the board would interfere with the person's independent judgment as a member of the board and the basis for that determination is disclosed in our annual proxy statement.

In determining that our directors are independent, the governance committee and the board considered for all the directors the following transactions or relationships: (a) transactions between Centex and the director's employer or between Centex and independent distributors for the purchase of products of the director's employer, (b) transactions between Centex and the employer of a family member of the director, (c) transactions between Centex and another company of which the director serves as a director, and (d) charitable contributions by Centex to an organization in which a director is involved, all of which occurred in the ordinary course of our business.

Our board has reviewed information regarding each director and his or her other relationships, if any, with us. Based on its review, our board has determined that the non-employee members of the board have relationships that qualify as categorically immaterial under the standards described above. The other director, Timothy R. Eller, our present chief executive officer, is not independent under the categorical standards. Therefore, our board of directors has determined, upon the recommendation of the

Table of Contents

governance committee, that all members of the board (including the nominees for election), other than Mr. Eller, are independent.

Our independent directors meet immediately after all board meetings without Mr. Eller or other management present.

Director Nomination Process

When a vacancy occurs on the board, or when the board decides to increase the number of directors, a majority of the then-current board is authorized to elect a new director or directors to fill the vacancy or newly-created directorship. In these circumstances, the governance committee will identify potential candidates to fill the vacancy or newly created directorship. The committee (1) assesses whether we need another director, (2) identifies the current and future needs of the board to ensure that a new director will deliver maximum value to us and our stockholders, and (3) prepares a goal profile of the skill set and desired attributes of a preferred director candidate.

The governance committee evaluates all director candidates according to the same criteria, which are as follows:

General. Decisions for nominating a candidate are based on our business and corporate governance needs. A director candidate is evaluated on the basis of merit, qualifications, performance and competence.

Board Composition. The committee considers the composition of the board when evaluating a director candidate, including diversity of experience, expertise and background. A candidate should be able to work cooperatively to represent our, our stockholders and our employees best interests, and not any particular constituency.

Age. No person may stand for election as a director if he or she is 70 years of age or older.

Independence. A majority of our board must be comprised of independent directors as described under Director Independence on page 10. The audit, compensation and governance committees must be comprised entirely of independent directors.

Character and Integrity. We seek directors with the highest personal and professional character and integrity who have an outstanding record of accomplishment in diverse fields of endeavor, and who have obtained leadership positions in their chosen profession. A candidate should demonstrate exceptional ability and judgment, and have substantial experience of relevance to us.

Availability. A candidate must be willing and able to devote the necessary time to discharge his or her duties as a director, and should have the desire to represent and evaluate our interests. A candidate should comply with our guideline limiting the number of boards of public companies on which a director may serve to not more than four other public company boards, or, if the director is the chief executive officer of a public company, to not more than two other public company boards.

Board memberships are considered along with a prospective director's other time commitments and the effect this may have on his or her ability to serve effectively on our board.

Conflicts. A candidate must be free of conflicts of interest that would interfere with his or her ability to discharge the duties of a director or violate any applicable law or regulation.

Other. A candidate must also meet any other criteria determined by the governance committee, which may vary from time to time.

Once a candidate is identified, background information on the candidate is distributed to members of the governance committee for evaluation. Unless eliminated at this point, the committee then reports the candidate's name to the board and requests comments from the other directors.

The committee does not solicit director nominations from stockholders. If it is actively considering adding a new director, or preparing to recommend a slate of existing directors for re-election, the board will consider stockholder recommendations sent to our secretary that set forth:

- (1) the name and address of the stockholder who intends to make the nomination and of the person to be nominated;
- (2) a representation that the stockholder is a record holder of Centex common stock entitled to vote at the annual meeting of

Table of Contents

stockholders and intends to appear in person or by proxy at the meeting to nominate the person specified;

- (3) a description of all arrangements or understandings between the stockholder and the nominee and other named persons pursuant to which the nomination is to be made;
- (4) any other information regarding the nominee proposed by the stockholder that would have been required to be included in a proxy statement filed pursuant to the proxy rules of the SEC had the nominee been nominated by the board; and
- (5) the consent of the nominee to serve as a Centex director if so elected.

The committee did not receive any recommendations for a director nominee from any stockholder for inclusion in this year's proxy statement. See Stockholder Proposals on page 85.

Under our corporate governance guidelines, as amended in 2007, if a director is elected to fill a vacancy or as the result of an increase in the size of the board, the election of the director for the remainder of his or her term will be submitted to stockholders for a vote at the next annual meeting.

Communicating with Our Board

You can communicate with any member of our board of directors by sending the communication to Centex Corporation, P.O. Box 199000, Dallas, Texas 75219-9000, to the attention of the director or directors of your choice (e.g., Attention: Lead Director or Attention: All Independent Directors, etc.).

We relay these communications addressed in this manner as appropriate. Communications addressed to the attention of The Board of Directors are forwarded to our lead director for review and further handling.

Other Governance Matters

Corporate Governance Policies

We believe that good corporate governance is an important aspect of our long-term business success. Reflecting its commitment to continuous improvement, our board reviews our governance policies on an ongoing basis to ensure that these policies promote stockholder value.

The board of directors adopted corporate governance guidelines in 2003, which have been amended from time to time in accordance with changes in rules and regulations and developing governance practices. These guidelines include principles of corporate governance relating to, among other things, director responsibilities, board committees and their charters, director independence, director qualifications, director rotation, director compensation and evaluations, director orientation and education, director access to management, board access to outside financial, business and legal advisors, and management development and succession planning. These corporate governance guidelines also include our director independence standards, director resignation policy, stock ownership guidelines and other matters.

A copy of our corporate governance guidelines is set forth on Appendix A and is also available on our web site at www.centex.com in the Investors area (Governance subsection). Stockholders also may contact our Corporate Secretary, P.O. Box 199000, Dallas, Texas 75219-9000, or call (214) 981-5000 to obtain a copy of the corporate governance guidelines without charge.

Code of Conduct and Whistleblower Procedures

Centex has a code of conduct entitled The Centex Way that applies to all of our directors, executive officers and employees, including the chief executive officer, chief financial officer, and the principal accounting officer and controller.

The audit committee has established procedures for (1) the receipt, retention and treatment of complaints we receive regarding accounting, internal accounting controls or auditing matters, and (2) the confidential and anonymous submission by our employees and others of concerns regarding questionable accounting or auditing matters. We also maintain a toll-free, around-the-clock code of conduct hot line that allows our employees and others to voice their concerns anonymously.

Table of Contents

The Centex Way, including whistleblower procedures and information on how to access the hot line, is available on our web site at www.centex.com in the Investors area (Governance subsection). Stockholders also may contact our Corporate Secretary, P.O. Box 199000, Dallas, Texas 75219-9000, or call (214) 981-5000 to obtain a copy of The Centex Way without charge.

Lead Director

Thomas J. Falk, the chairman and chief executive officer of Kimberly-Clark Corporation, is our lead director. He makes recommendations to the board regarding the structure of meetings and matters for the board to consider, and sets each board meeting agenda with Mr. Eller. He also determines appropriate materials to be provided to our directors, serves as an independent point of contact for stockholders wishing to communicate with the board, assigns tasks to the appropriate committees, and, with the approval of the governance committee, oversees the annual evaluation of the board, its members and its committees. He also presides at all executive sessions of the independent directors and, along with Messrs. Eller and Quinn, is a member of the executive committee of the board.

Mr. Poses served as lead director in 2007 and through the end of his lead director term on January 31, 2008. The non-management directors elected Mr. Falk as lead director effective February 1, 2008. The non-management directors are scheduled to meet in executive session without the presence of management at least quarterly.

Committee Authority to Retain Independent Advisors

Each of the audit, compensation, and governance committees has the authority to retain independent advisors and consultants, with all fees and expenses to be paid by Centex.

Chief Compliance Officer

Brian J. Woram is our senior vice president, chief legal officer and chief compliance officer, overseeing our compliance program. He reports to the audit committee on the program's effectiveness, provides periodic reports to the board, and works closely with various compliance functions to provide coordination and sharing of best practices across the compliance groups.

Disclosure Committee

We have established a disclosure committee composed of members of management to assist in fulfilling our obligations to maintain disclosure controls and procedures, and to coordinate and oversee the process of preparing our periodic securities filings with the SEC.

No Executive Loans

We do not extend loans to our executive officers or directors and do not have any of these loans outstanding.

Director Resignation Policy

Under our by-laws, directors are elected by a plurality vote. In May 2006, the board amended our corporate governance guidelines to provide that, in uncontested elections, a director who receives more withheld votes than for votes is required to tender his or her resignation for consideration by the board.

Also, our corporate governance guidelines provide that if a director has a material change in his or her personal circumstances, such as a change in job responsibilities, that director must tender a resignation for the board to consider.

Our director resignation policy is included in our corporate governance guidelines.

Stock Ownership Guidelines

The board has adopted stock ownership guidelines for non-employee directors. The guidelines provide for a minimum share ownership target of five times the cash portion of the director's annual compensation, with a five-year phase-in beginning in 2005 or, if later, the date when the director was elected. All of the directors are scheduled, with contemplated future equity awards, to meet the guidelines within the five-year time frame.

If a director or officer has not met the appropriate ownership guidelines, that person

Table of Contents

must hold the after-tax number of shares awarded as equity, and must purchase shares with the after-tax cash value of stock option exercises and long-term performance awards settled in cash, until the guideline is met.

The stock ownership guidelines are contained in our corporate governance guidelines. The board has also adopted stock ownership guidelines for our executives, as described in more detail under Target Stock Ownership Guidelines on page 58. For more information on the stock ownership of our directors and executive officers, see the *Beneficial Ownership* table on page 41.

Table of Contents

**PART THREE
PROPOSALS TO BE VOTED ON AT THE 2008 ANNUAL MEETING**

Proposal No. 1 Election of Directors

General Information

Our board of directors currently consists of eleven members, and is divided into three classes. The directors in each class hold office for staggered terms of three years each. Each class of directors is to consist, as nearly as possible, of one-third of the total number of directors constituting the board. There are presently four directors in the class whose term expires at the upcoming annual meeting of stockholders, four directors in the class whose term expires at the 2009 annual meeting of stockholders, and three directors in the class whose term expires at the 2010 annual meeting. Each director holds office until his or her successor has been elected and qualified or until the director's earlier resignation or removal.

Mr. Elek, whose term will expire at the annual meeting, has decided to retire from the board and therefore will not stand for reelection at the annual meeting. He will depart the board of directors at the conclusion of the annual meeting and his position will not be replaced. The board has reduced the number of directors that comprise the board from eleven to ten members, effective at the conclusion of the annual meeting, leaving four directors whose term expires at the 2009 meeting, three directors whose term expires at the 2010 meeting, and three directors whose term expires at the 2011 meeting.

Information Regarding Directors and Nominees

The names of the nominees and of the other directors continuing in office, their ages as of the date of the annual meeting, the month and year each first became a director, their principal occupations during at least the past five years, other public company directorships held by each as of March 31, 2008 and certain other biographical information are set forth on the following pages by class. This information is presented by class in the order of the next class to stand for election.

At the upcoming annual meeting, you will be asked to consider for election as directors Barbara T. Alexander, Timothy R. Eller and James J. Postl, each to hold office for a term ending at the 2011 annual meeting of stockholders. As of the date of this proxy statement, the board is not aware that any nominee is unable to serve or will decline to serve as a director if elected.

Each of these persons has been nominated for service as a director by the governance committee of our board after consideration of the criteria described under "Director Nomination Process" on page 12. Each of the director nominees has consented to be named in this proxy statement. Unless other instructions are indicated on a proxy, shares represented by all valid proxies received at or before the annual meeting will be voted for the election of the three nominees for director or, if any of the nominees becomes unavailable (which we do not anticipate), for any substitute nominees that our board designates. A plurality of votes cast at the annual meeting, in person or by proxy, is required to elect the nominees. **Our board recommends that you vote FOR the election of the nominees.**

The nominees and directors have furnished to us the respective biographical information appearing on pages 17-20.

Table of Contents

Nominees for Election as Directors

Term Expiring at the 2011 Annual Meeting of Stockholders

Barbara T. Alexander

Independent Consultant

Age 59

Director since July 1999

From October 1999 until January 2004, Ms. Alexander served as a senior advisor of UBS Securities and its predecessors, which we refer to as UBS. Before that time, beginning in January 1992, she served as a managing director of UBS, where she managed the Construction and Furnishings Group (North America) in the corporate finance department. Prior to joining UBS, Ms. Alexander was a managing director in the corporate finance department of Salomon Brothers. Ms. Alexander is an executive fellow and past chairman of the board of the Joint Center for Housing Studies at Harvard University and is currently a member of that board's executive committee. Ms. Alexander also serves as a director of Federal Home Loan Mortgage Corporation (Freddie Mac) and QUALCOMM Incorporated.

Timothy R. Eller

Chairman of the Board, Chief Executive Officer, President, and Chief Operating Officer

Age 59

Director since July 2002

Mr. Eller joined Centex Homes in 1973 and held various operational positions in the Illinois and Minnesota divisions. He became vice president of the Minnesota division in 1977 and the division's president in 1981. He was named an executive vice president of Centex Real Estate Corporation, the managing partner of Centex Homes, in 1985 and elected as that company's president and chief operating officer in January 1990. In July 1991, he was named president and chief executive officer and assumed the position of chairman of Centex Real Estate Corporation in April 1998, serving through April 2003, and beginning again in April 2006. In August 1998, Mr. Eller also was named executive vice president of Centex Corporation, serving until April 2002 when he became our president and chief operating officer. He assumed the additional roles of our chairman and chief executive officer in April 2004.

Table of Contents

James J. Postl

*Retired as President and
Chief Executive Officer of
Pennzoil-Quaker State
Company*

Age 62

Director since July 2004

Mr. Postl retired as president and chief executive officer of Pennzoil-Quaker State Company following its acquisition by Shell Products U.S. in October 2002. He joined Pennzoil in October 1998, prior to the formation of Pennzoil-Quaker State Company in December 1998, when he was named president and chief operating officer and was elected to the board of directors of the new company. In May 2000, he was named president and chief executive officer. Prior to joining Pennzoil-Quaker, he served as president of Nabisco Biscuit Company from 1996 and was president and chief executive officer of Nabisco International from 1994 to 1996. Prior to joining Nabisco, he held a variety of management positions with PepsiCo, Inc. over a 19-year period. Mr. Postl serves as a director of Cooper Industries, Ltd., American Balanced Fund, Inc. and Northwest Airlines Corporation. He also serves on the boards of a number of non-profit and academic institutions.

Our board unanimously recommends a vote FOR the election of these three nominees as directors.

Member of the Board of Directors Not Standing for Reelection to Office

Term Expiring at the 2008 Annual Meeting of Stockholders

The following is information with respect to the director whose term of office expires at this annual meeting and who is not standing for reelection:

Juan L. Elek

*Founder and Co-Chairman
of Elek, Moreno Valle y
Asociados*

Age 64

Director since February 1995

Mr. Elek is founder and co-chairman of the Mexican investment-banking firm of Elek, Moreno Valle y Asociados, where he has served since 1984. From 1978 through 1984, Mr. Elek held various positions with Banamex Financial Group, including adjoining managing director and head of international banking. Mr. Elek is currently a member of the board of trustees of Southern Methodist University.

Table of Contents

Members of the Board of Directors Continuing in Office

Term Expiring at the 2009 Annual Meeting of Stockholders

Ursula O. Fairbairn

*President and Chief
Executive Officer of
Fairbairn Group LLC*

Age 65

Director since July 2005

Ms. Fairbairn is president and chief executive officer of Fairbairn Group LLC (a human resources and executive management consulting company), a position she has held since April 2005. She served as executive vice president, human resources and quality of American Express Company (a diversified global travel and financial services company), a position she held from December 1996 until her retirement in April 2005. Ms. Fairbairn also serves as a director of Air Products and Chemicals, Inc., Sunoco, Inc., V.F. Corporation and Circuit City Stores, Inc. (through June 2008).

Thomas J. Falk

*Chairman of the Board
and Chief Executive
Officer of Kimberly-Clark
Corporation*

Age 50

Director since May 2003

Mr. Falk is chairman of the board and chief executive officer of Kimberly-Clark Corporation, having been elected chairman in 2003 and chief executive officer in 2002. Mr. Falk served as president of Kimberly-Clark from 1999 until his election as chairman in 2003, and served as chief operating officer of that company from 1999 until his election as chief executive officer in 2002. Mr. Falk previously had been elected group president-global tissue, pulp and paper of Kimberly-Clark in 1998, where he was responsible for Kimberly-Clark's global tissue businesses. Earlier in his career, Mr. Falk had responsibility for Kimberly-Clark's North American infant care, child care and wet wipes businesses. Mr. Falk joined Kimberly-Clark in 1983 and has held other senior management positions in that company. Mr. Falk also serves on the boards of directors of the University of Wisconsin Foundation and the Grocery Manufacturers of America, and as a governor of the Boys & Girls Clubs of America.

Matthew K. Rose

*Chairman, President and
Chief Executive Officer of
Burlington Northern
Santa Fe Corporation*

Age 49

Director since July 2006

Mr. Rose is chairman, president and chief executive officer of Burlington Northern Santa Fe Corporation, positions he has held since March 2002. Previously, Mr. Rose held the following positions at Burlington Northern or its predecessors: president and chief executive officer (December 2000 to March 2002); president and chief operating officer (June 1999 to December 2000); and senior vice president and chief operations officer (August 1997 to June 1999). Mr. Rose also serves as a director of AMR Corporation.

Table of Contents

Thomas M. Schoewe

*Executive Vice President
and Chief Financial
Officer of Wal-Mart
Stores, Inc.*

Age 55

Director since October 2001

Mr. Schoewe is the executive vice president and chief financial officer of Wal-Mart Stores, Inc., where he has served since January 2000. Prior to joining Wal-Mart Stores, Mr. Schoewe spent 14 years at Black and Decker Corp., most recently as senior vice president and chief financial officer. Previously, he had a 12-year career with Beatrice Companies, where he was chief financial officer and controller of Beatrice Consumer Durables, Inc. A native of the Chicago area, Mr. Schoewe earned a BBA degree in finance from Loyola University of Chicago. He is a member of Financial Executives International and a national trustee of The First Tee.

Term Expiring at the 2010 Annual Meeting of Stockholders

Clint W. Murchison, III

Private Investments

Age 61

Director since February 1979

Mr. Murchison is chairman of Tecon Corporation, which is engaged in private real estate development and other investment activities, and is also chairman of Bankers Trust Company of Texas, a private trust company. He had held these positions for more than five years. He is chairman of the investment committee of RPM Metropolitan Fund, which invests in private partnerships across a broad range of asset classes. Mr. Murchison is a trustee of the Boys & Girls Clubs of America.

Frederic M. Poses

*Chairman and Chief
Executive Officer of
Trane Inc.*

Age 65

Director since July 2001

Mr. Poses has been chairman and chief executive officer of Trane Inc. (formerly American Standard Companies Inc.) since January 2000 and has served as a director of that company since October 1999. Before that time, beginning in 1998, he was president and chief operating officer of Allied Signal, Inc., where he had spent his entire 30-year business career, starting as a financial analyst in 1969 and serving in various other capacities, including president of the Engineered Materials business beginning in 1988. He was a director of Allied Signal, Inc. from 1997 until October 1999. Mr. Poses also serves as a director of Raytheon Company and Tyco Electronics Ltd.

David W. Quinn

*Retired as Vice Chairman
of Centex*

Mr. Quinn retired as vice chairman of our board and an employee of Centex on March 31, 2002. Mr. Quinn was elected vice chairman of the board in May 1996 and was our chief financial officer from February 1987 until June 1997 and from October 1997 through

Age 66

Director since July 1989

May 2000. Mr. Quinn served as executive vice president of Centex from February 1987 until his election as vice chairman of the board. Mr. Quinn is also a director of Eagle Materials Inc.

Table of Contents**Proposal No. 2 Ratification of Appointment of Independent Registered Public Accounting Firm Appointment of Ernst & Young**

Ernst & Young acted as our independent auditors to audit our books and records for fiscal 2008, and the audit committee has appointed Ernst & Young as our independent registered public accounting firm for fiscal 2009, subject to ratification by our stockholders.

Our corporate governance guidelines provide that our stockholders will have the opportunity to ratify the appointment of our independent auditors. The guidelines provide for this opportunity because we believe ratification of the appointment is good corporate practice and because the audit of our books and records is a matter of importance to our stockholders. If our stockholders do not ratify the appointment, the audit committee will reconsider whether or not to retain Ernst & Young, but may nonetheless decide to retain them. Even if the appointment is ratified, the audit committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in our and our stockholders' best interests.

Representatives of Ernst & Young are expected to be present at the annual meeting, with the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions from stockholders.

Our board unanimously recommends a vote FOR ratification of the appointment of Ernst & Young.

Audit Fees

The audit committee is directly responsible for the appointment, compensation, retention and oversight of the work of Ernst & Young, our independent auditors. Ernst & Young reports directly to the audit committee. The audit committee has adopted policies and procedures for pre-approving all audit and permissible non-audit services performed by Ernst & Young after May 6, 2003. Under these policies, the committee pre-approves the use of audit and specific permissible audit-related and non-audit services up to certain dollar limits. Services that do not come under this authority must be pre-approved separately by the committee or, for services that do not exceed \$200,000, by a member of the committee. Any such member must report the pre-approval at the next audit committee meeting. In determining whether or not to pre-approve services, the audit committee determines whether the service is a permissible service under the SEC's rules, and, if permissible, the potential effect of such services on the independence of Ernst & Young. The audit committee pre-approved 100% of the services provided by Ernst & Young during fiscal 2008.

The following table presents the aggregate fees billed for professional services by Ernst & Young in the last two fiscal years:

Type of Fees	Fiscal 2008 (\$ in thousands)	Fiscal 2007 (\$ in thousands)
Audit Fees	3,530	3,326
Audit-Related Fees	64	76
Tax Fees	8	3
All Other Fees		
Total	3,602	3,405

As used in the table:

Audit Fees are fees for professional services rendered by Ernst & Young for the audit of our financial statements included in our Form 10-K report and the review of our financial statements included in our Form 10-Q reports or services that are normally provided by Ernst & Young in connection with statutory or regulatory filings or engagements.

Audit-Related Fees are fees for assurance and related services by Ernst & Young that are reasonably related to the performance of the audit or review of the financial statements, including audits of employee benefit plans, accounting consultations, procedures performed related to securitizations and other debt transactions, and services provided in connection with the disposition of operations.

Tax Fees means fees for professional services rendered by Ernst & Young for tax compliance, tax advice and tax planning.

Table of Contents

Audit Committee Report

The Audit Committee reviews Centex's financial reporting process on behalf of the board. Management is primarily responsible for Centex's internal control over financial reporting, its financial statements and its public reporting process. Ernst & Young, Centex's independent auditor for fiscal 2008, is responsible for expressing its opinion on the conformity of Centex's audited consolidated financial statements with generally accepted accounting principles and on the effectiveness of Centex's internal control over financial reporting.

To fulfill its responsibilities, the committee

reviewed and discussed with management and Ernst & Young Centex's audited consolidated financial statements for the year ended March 31, 2008; management's assessment of the effectiveness of Centex's internal control over financial reporting; and Ernst & Young's evaluation of Centex's internal control over financial reporting;

discussed with Ernst & Young the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (Communication with Audit Committees); and

received and reviewed the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and discussed with Ernst & Young its independence, and concluded that Ernst & Young is independent from Centex and its management.

In reliance on these reviews and discussions, the committee recommended to the board, and the board has approved, that Centex's audited financial statements be included in its Annual Report on Form 10-K for the year ended March 31, 2008, for filing with the SEC. The committee has appointed, and the board has ratified, subject to stockholder ratification, the appointment of Ernst & Young as Centex's independent registered public accounting firm for fiscal 2009.

The Audit Committee:

James J. Postl (Chair)

Clint W. Murchison, III

Thomas J. Schoewe

The Audit Committee Report does not constitute soliciting material, and shall not be deemed to be filed or incorporated by reference into any other company filing under the Securities Act of 1933, or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate the Audit Committee Report by reference therein.

Proposal No. 3 Approval of Amended and Restated Articles of Incorporation

Introduction

We are asking you to approve an amendment and restatement of our articles of incorporation, which we refer to as the Restated Articles. The purpose of amending and restating the articles of incorporation is to (a) consolidate the articles of incorporation by reflecting all amendments to, and articles of correction of, the previous restatement of our articles of incorporation, (b) remove unnecessary provisions referring to the registered office, the first board of directors and our incorporators, and (c) remove outdated provisions relating to the limitation of director and officer liability and indemnification, which are potentially in conflict with Nevada law and our by-laws. The form of the Restated Articles, showing the changes we propose, is attached to this proxy statement as Appendix B. Approval requires the favorable vote of a majority of the shares outstanding.

Background

We last amended and restated the Centex articles of incorporation 15 years ago in June, 1993. Since then, there have been two amendments, each increasing the number of authorized shares necessary to accommodate stock splits and other matters. In addition we have filed two articles of correction to make

Table of Contents

sure that such amendments were correctly reflected.

On May 8, 2008 the board approved the Restated Articles and requested that they be approved by stockholders.

Summary of Changes

The following is a summary of the changes to the current restated articles of incorporation, as amended, proposed in the Restated Articles. Where relevant, a brief discussion is included explaining the purpose of the change and its effect on stockholders.

Summary of Changes to Articles of Incorporation

Subject Matter of Change	Previous Restated Articles of Incorporation	Restated Articles
<p>1. Authorized Shares</p> <p>Purpose: To incorporate prior amendments and articles of correction</p> <p>Effect: None</p>	<p>The number of authorized shares set forth in the 1993 restatement was increased twice pursuant to action that was taken by stockholders in February 1998 and February 2004</p>	<p>The effect of these two previously approved amendments is reflected in Article Fourth of the Restated Articles</p>
<p>2. Address of principal office; name and address of registered office and agent</p> <p>Purpose: To remove an outdated principal office address and the name and address of the registered office and agent, which are unnecessary provisions.</p> <p>Effect: None</p>	<p>Article Second lists Centex's principal office address in Nevada and the name and address of our registered agent. This information is provided to the Secretary of State through other means and is not required in restated articles.</p>	<p>Provision is deleted</p>
<p>3. Members of the first board of directors</p> <p>Purpose: To remove an unnecessary provision</p> <p>Effect: None</p>	<p>Article Fifth, Second paragraph lists the names and addresses of the first board of directors of Centex</p>	<p>Provision is deleted</p>
<p>4. Incorporators of Centex</p>	<p>Article Sixth lists the names and addresses of each of the incorporators of Centex</p>	<p>Provision is deleted</p>

Purpose: To remove an unnecessary provision

Effect: None

5. Limitation of director and officer liability and indemnification

Article Tenth sets forth a limitation on the liability of directors or officers of Centex and provides for indemnification of directors, officers and other representatives of Centex

Provision is deleted

Purpose: To remove outdated provisions that are potentially in conflict with Nevada law and Centex's by-laws

Effect: The limitation of director and officer liability and indemnification will be governed by the provisions of Nevada law and Centex's by-laws without reference to the outdated provisions

In the 1998 and 2004 amendments, all of Article Fourth of our articles of incorporation was inadvertently deleted in a scrivener's error, even though only changes to the number of authorized shares were contemplated. We filed articles of correction to restore the remaining provisions of Article Fourth. The Restated Articles contain a restatement of Article Fourth with the amendments, as corrected.

Our board unanimously recommends a vote FOR the approval of the Restated Articles.

Table of Contents**Proposal No. 4 Approval of Material Terms of Performance Goals under the Annual Plan Introduction**

The amended and restated Centex Corporation 2003 Annual Incentive Compensation Plan, which we refer to as the Annual Plan, is the principal plan under which we award short-term (cash) incentive compensation to executive officers.

Section 162(m), which we refer to as Section 162(m), of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, places a limit of \$1,000,000 on our federal income tax deduction for compensation paid in a taxable year to certain executive officers. There is an exception to this limit, however, for certain performance-based compensation. Qualified performance-based compensation, which includes performance-based annual cash incentive compensation awards, is not subject to the deduction limit, and is therefore fully deductible if several conditions are met. Awards made pursuant to the Annual Plan are intended to constitute qualified performance-based compensation not subject to this limit. In order to qualify for this exception, the material terms of the performance goals under the Annual Plan must be disclosed to and approved by our stockholders every five years.

Purpose of the Proposal

As discussed in Tax Deduction for Executive Compensation on page 59, we seek to preserve our ability to claim tax deductions for compensation paid to executives to the greatest extent practicable.

The material terms of the performance goals under the Annual Plan were disclosed to and approved by our stockholders when the Annual Plan was first adopted in 2003. The effectiveness of the 2003 stockholder approval of the material terms of the Annual Plan's performance goals expires shortly after the 2008 annual meeting. As a result, we are seeking approval of the material terms of the performance goals in order that we may deduct for federal income tax purposes compensation paid to our chief executive officer and the three other most highly compensated executive officers (other than our chief financial officer) under the Annual Plan based on these performance goals.

In addition, since development of the performance goals in 2003, changes in our approach to managing our business and ancillary activities has caused us to consider using more homebuilder manufacturing-specific performance criteria for the compensation of our senior executives. In particular, we believe it is necessary for us to be able to create incentives and awards for efficiencies in home construction and in use of capital. Therefore, we added in the amended and restated Annual Plan a performance criterion related to business process metrics. Also, we believe it is appropriate to amend the formula under which the maximum award that can be made under the Annual Plan is calculated.

The following is a summary of the changes to the Annual Plan, as amended, proposed for adoption by our stockholders.

Summary of Changes to Annual Plan

Subject Matter of Change	Previous Version of Annual Plan	Proposed Change to Annual Plan
1. Performance goals	Includes a variety of specified performance goals.	Add business process metrics (e.g., asset turns, cycle time, and one or more elements of efficiency or cost or expense) as an additional set of performance goals to the plan.
2. Maximum award limit	The maximum award that may be paid currently to any participant for a fiscal year is an amount equal to 2% of the reported consolidated net income of Centex and its subsidiaries for such fiscal year.	The maximum award that may be paid to any participant for a fiscal year is an amount equal to \$15 million.

Table of Contents**Material Terms of the Performance Goals**

Under the Annual Plan, only performance-based cash awards may be granted based on the Annual Plan's performance criteria. Under Section 162(m), the material terms of the performance goals for this type of performance award consist of (i) the class of employees eligible to receive the performance awards; (ii) the performance criteria on which the performance goals are based; and (iii) the maximum payout of a performance award that can be provided to any employee under the Annual Plan during a specified period.

Eligible Class. Only our executive officers are eligible to participate in the Annual Plan. The compensation committee selects these individuals from time to time. Currently there are seven executive officers of Centex who are eligible participants under the Annual Plan.

Performance Criteria. The performance criteria that may be used to establish the Annual Plan's performance goals currently are (a) earnings, either in the aggregate or on a per-share basis reflecting such dilution of shares as the compensation committee deems appropriate, including operating earnings, pre-tax earnings, earnings before interest and taxes, and earnings before interest, taxes, depreciation and amortization; (b) gross or net revenue; (c) operating or net cash flow; (d) financial return ratios (e.g., return or net return on one or more of the following: assets, net assets, equity, invested capital, revenue); (e) margins, including net, operating or pre-tax margins; (f) total shareholder return; (g) financial ratios (e.g., debt to capitalization or debt to equity); (h) growth in financial measures or ratios (e.g., revenue, earnings, cash flow, stockholders' equity, margins); or (i) customer satisfaction, based on specified objective goals or a Centex customer survey. These criteria may be applied to the employee, one or more business units or affiliates, or Centex as a whole. A performance goal need not be based upon an increase or positive result under a particular business criterion but may include, for example, maintaining the status quo or limiting economic losses, as measured by reference to such criteria.

The board of directors has amended the Annual Plan, subject to stockholder approval, to add the following additional performance criterion: *business process metrics (e.g., asset turns, cycle time, and one or more elements of efficiency or cost or expense)*. This criterion is used, or is likely to be used in the future, in formulating compensation performance goals for management. The addition to the Annual Plan of this criterion will provide management and the compensation committee with more flexibility in designing compensation plans that are aligned with our business. The full text of the first paragraph of Section 5 of the amended and restated Annual Plan, which is marked to show the addition of the new performance criterion, appears in Appendix C of this proxy statement.

Maximum Payout. The Annual Plan contains a formula to determine the maximum award that may be paid currently to any participant in conformity with Section 162(m). This amount sets the upper limit for a performance-based award that may be made under the Annual Plan and be fully deductible from taxable income. It does not establish an amount of, or set a limit of, the actual amount of cash incentive compensation that may be awarded by the compensation committee to any executive officer of Centex. Under the Annual Plan, the maximum award that may be paid currently to any participant for a fiscal year is an amount equal to 2% of the reported consolidated net income of Centex and its subsidiaries for such fiscal year. The board of directors has amended this provision of the Annual Plan, subject to stockholder approval, to provide that the maximum award is \$15,000,000.

We believe that it is appropriate to amend the Annual Plan so that the compensation committee will have the flexibility to design incentive compensation plans that permit a deductible award under the Annual Plan even if there is no net income for the year. This allows the compensation committee to reward performance during difficult times without sacrificing the deductibility of the performance-based award. The full text of the second paragraph of Section 5 of the Annual Plan, as amended, which is marked to show the modification of the maximum award formula, appears in Appendix C of this proxy statement.

We are asking you to approve the material terms of the performance goals included in the Annual Plan, including the addition of the new goals relating to business metrics and the

Table of Contents

change to the maximum award limit referred to above. Approval requires the favorable vote of a majority of the votes cast.

Summary of the Annual Plan

The principal provisions of the Annual Plan are summarized below. The summary is qualified in its entirety by reference to the full text of the Annual Plan, which is attached as Appendix C to this proxy statement.

Eligibility and Participation. The compensation committee determines from time to time which executive officers are eligible to participate in the Annual Plan and sets the range of awards thereunder for each participant. Under the Annual Plan, payout of awards is made to each participant based upon the achievement of specified objective performance goals. The compensation committee may base a performance goal on one or more of the business criteria described in the Annual Plan.

The compensation committee annually designates the performance criteria for the upcoming fiscal year and the potential award for each participant. Performance goals must be established by the compensation committee prior to the earlier to occur of 90 days after the commencement of the period of service to which the performance goals relate and the lapse of 25% of the period of service.

Maximum Payout. The compensation committee will determine the amount payable in respect of all awards made under the Annual Plan in any fiscal year. The maximum potential award to any one participant currently may not exceed 2% of our net income. As described above, this limit is proposed to be changed. Payment of any award earned will generally be made to the participant two and one-half months following the conclusion of the fiscal year in question upon the condition that the performance goal or goals specified in the relevant award agreement have been achieved and the compensation committee has reviewed and approved the award. If the participant is not an employee on the last day of the plan year, the award will be treated as set forth in the award agreement. As provided in the Annual Plan, events such as a change in control can provide an earlier determination and payment date of an award.

Amendment and Termination of Plan. The board may amend, modify, suspend or terminate the Annual Plan for the purpose of addressing any changes in legal requirements or for any other purpose permitted by law except that no amendment or alternation shall be effective prior to its approval by our stockholders, to the extent such approval is required by applicable legal requirements.

New Plan Benefits. Because the stockholders are merely approving the performance goals of the Annual Plan, there are no new benefits being provided to our executive officers. The compensation committee will use its discretion in selecting the participants under the Annual Plan and the particular performance goals applicable to those participants, which may include the new performance criterion. Therefore, it is not possible to predict the awards that will be made to particular individuals in the future under the Annual Plan. The amounts of the target short-term incentive awards to the named executive officers for fiscal 2008, which are not affected by the approval of performance goals under this proposal, are listed in the Estimated Possible Payouts Under Non-Equity Incentive Plan Awards column in the *Grants of Plan-Based Awards* table on page 66. The amendment of the formula to determine the maximum award under the Annual Plan will not affect the ability of the compensation committee to make short-term (cash) incentive awards, but will increase the likelihood that those payouts will be deductible by Centex for federal income tax purposes.

Federal Income Tax Consequences. Following is a brief summary of the federal income tax aspects of awards that may be made under the Annual Plan based on existing U.S. federal income tax laws. This summary is general in nature and does not address issues related to the tax circumstances of any particular participant.

The recipient of a cash award under the Annual Plan will recognize ordinary compensation income at the time the payment is received. We will normally be entitled to a deduction for federal income tax purposes in an amount equal to the ordinary income recognized by such recipient.

Awards under the Annual Plan are intended to be exempt from the requirements of

Table of Contents

Section 409A of the Code, which we refer to as Section 409A.

Our board unanimously recommends a vote FOR the approval of the material terms of the performance goals under the Annual Plan.

Proposal No. 5 Approval of Material Terms of Performance Goals under the 2003 Equity Plan

Introduction

The amended and restated Centex Corporation 2003 Equity Incentive Plan, which we refer to as the 2003 Equity Plan, is one of our equity and compensation plans that authorizes the grant of performance awards.

As with the Annual Plan, deduction for federal income tax purposes of compensation paid under the 2003 Equity Plan in the form of cash performance awards is also subject to the Section 162(m) limit on compensation paid in a taxable year to certain executive officers, with certain exceptions. See Proposal No. 4 Introduction on page 24 for a more detailed description of Section 162(m) and this exception. In order for the 2003 Equity Plan to qualify for this exception, every five years the material terms of the performance goals of the 2003 Equity Plan must be disclosed to and approved by the stockholders.

Purpose of the Proposal

As discussed in Tax Deduction for Executive Compensation on page 59, we seek to preserve our ability to claim tax deductions for compensation paid to executives to the greatest extent practicable.

The material terms of the performance goals under the 2003 Equity Plan were approved by our stockholders when the 2003 Equity Plan was first adopted in 2003. The effectiveness of the 2003 stockholder approval of the material terms of the 2003 Equity Plan's performance goals expires shortly after the 2008 annual meeting. As a result, we are seeking approval of the material terms of the performance goals in order that we can deduct for federal income tax purposes the compensation paid to the chief executive officer and the three other most highly compensated executive officers (other than the chief financial officer) under the 2003 Equity Plan based on these performance goals. In addition, since development of the performance goals in 2003, changes in our approach to managing our business and ancillary activities has caused us to consider using more homebuilder manufacturing-specific performance criteria for the compensation of our senior executives. In particular, we believe it is necessary for us to be able to create incentives and awards for efficiencies in home construction and in use of capital. Therefore, we added in the 2003 Equity Plan a performance criterion related to business process metrics. Also, we believe it is appropriate to amend the formula under which the maximum award that can be made under the 2003 Equity Plan is calculated.

We are asking you to approve the material terms of the performance goals included in the 2003 Equity Plan, including the addition of the new goals relating to business metrics and the change to the maximum award limit referred to above. Approval requires the favorable vote of a majority of the votes cast.

The following is a summary of the changes to the 2003 Equity Plan, as amended, proposed for adoption by our stockholders.

Summary of Changes to 2003 Equity Plan

Subject Matter of Change	Previous Version of 2003 Equity Plan	Proposed Change to 2003 Equity Plan
1. Performance goals	Includes a variety of specified performance goals.	Add business process metrics (e.g., asset turns, cycle time, and one or more elements of efficiency or cost or expense) as an additional set of performance goals to the plan.

Table of Contents**Summary of Changes to 2003 Equity Plan (cont.)**

Subject Matter of Change	Previous Version of 2003 Equity Plan	Proposed Change to 2003 Equity Plan
2. Maximum award limit	The maximum award that may be paid currently to any participant for a fiscal year is an amount equal to 2% of the reported consolidated net income of Centex and its subsidiaries for such fiscal year, plus the Black-Scholes value of options to purchase 219,977 shares of common stock.	The maximum award that may be paid to any participant for a fiscal year is an amount equal to \$15 million, plus the Black-Scholes value of options to purchase 219,977 shares of common stock.

Material Terms of the Performance Goals

Under the 2003 Equity Plan, performance-based awards may be granted based on the 2003 Equity Plan's performance goals. Under Section 162(m), the material terms of the performance goals for this type of performance award consist of (i) the class of employees eligible to receive the performance awards; (ii) the performance criteria on which the performance goals are based; and (iii) the maximum payout of a performance award that can be provided to any employee under the 2003 Equity Plan for this type of award during a specified period.

Eligible Class. All employees and non-employee directors are eligible to participate in the 2003 Equity Plan. The compensation committee selects the participants in the 2003 Equity Plan from time to time as evidenced by awards under the 2003 Equity Plan.

Performance Criteria. The performance criteria that may be used to establish the 2003 Equity Plan's performance goals are (a) earnings, either in the aggregate or on a per-share basis, reflecting such dilution of shares as the compensation committee deems appropriate, including operating earnings, pre-tax earnings, earnings before interest and taxes, and earnings before interest, taxes, depreciation and amortization; (b) gross or net revenue; (c) operating or net cash flow; (d) financial return ratios (e.g., return on one or more of the following: assets, net assets, equity, invested capital, revenue); (e) margins, including net, operating or pre-tax margins; (f) total shareholder return; (g) financial ratios (e.g., debt to capitalization or debt to equity); (h) growth in financial measures or ratios (e.g., revenue, earnings, cash flow, stockholders' equity, margins); or (i) customer satisfaction, based on specified objective goals or a customer survey sponsored by Centex. These criteria may be applied to the employee, one or more business units or divisions of Centex, or Centex as a whole. A performance criterion need not be based upon an increase or positive result under a particular business criterion but may include, for example, maintaining the status quo or limiting economic losses, as measured by reference to such criteria.

The board of directors has approved adding the following additional performance criteria to the 2003 Equity Plan, which are likely to be used in the future, in formulating performance goals for management: *business process metrics* (e.g., *asset turns, cycle time, and one or more elements of efficiency or cost or expense*). The full text of Section 8(a)(iii)(B) of the 2003 Equity Plan, which is marked to show the addition of the new performance criteria, appears in Appendix D of this proxy statement.

Maximum Payout. Under the 2003 Equity Plan, the maximum award that may be paid currently to any participant in a performance award settled in cash is equal to the sum of (i) 2% of the consolidated net income of Centex and its subsidiaries for the final year plus (ii) the Black-Scholes value of options to purchase 219,977 shares of common stock (determined as of the date of grant). The board of directors has amended this provision of the 2003 Equity Plan, subject to stockholder approval, to provide that the maximum award is an amount equal to (i) \$15 million plus (ii) the Black-Scholes value of options to purchase 219,977 shares of common stock. Generally, the Black-Scholes value of a stock option is the grant date fair value under a revision that the Financial Accounting Standards Board issued in December 2004 to Statement of Financial Accounting Standards No. 123 entitled *Share-Based Payment*, which we

refer to as FAS 123R. See Note (3) to the *Summary Compensation Table* on page 61.

We believe that it is appropriate to amend the 2003 Equity Plan so that the compensation committee will have the flexibility to design incentive compensation plans that permit a deductible award under the 2003 Equity Plan even if there is no net income for the year. This allows the compensation committee to reward performance during difficult times without sacrificing the deductibility of the performance-based award. The full text of Section 8(b)(iii) of the Equity

Table of Contents

Plan, as amended, which is marked to show the modification of the maximum award formula, appears in Appendix D of this proxy statement.

New Plan Benefits

Because the stockholders are merely approving the performance goals of the 2003 Equity Plan, there are no new benefits being provided to our executive officers. The compensation committee will use its discretion in selecting the participants under the 2003 Equity Plan and the particular performance goals applicable to those participants, which may include the new performance criteria. Therefore, it is not possible to predict the awards that will be made to particular individuals in the future under the 2003 Equity Plan. The amounts of the target short-term incentive awards to the named executive officers for fiscal 2008 are listed in the Estimated Possible Payouts Under Non-Equity Incentive Plan Awards column in the Grants of Plan-Based Awards table on page 66. Target short-term incentive awards for executive officers as a group for fiscal 2008 were \$8,143,750 in the aggregate. None of these target awards are affected by the approval of performance goals under this proposal. The amendment of the formula to determine the maximum award under the 2003 Equity Plan will not affect the ability of the compensation committee to make short-term (cash) incentive awards, but will increase the likelihood that those payouts will be deductible by Centex for tax purposes. Additional information about benefits under the 2003 Equity Plan is included under **New Plan Benefits** on page 30.

Summary of the 2003 Equity Plan

The principal provisions of the 2003 Equity Plan are summarized under **Proposal No. 6** beginning on page 29. The summary is qualified in its entirety by reference to the full text of the 2003 Equity Plan, which is attached as Appendix D of this proxy statement in a form marked to show the proposed changes.

Our board unanimously recommends a vote FOR the approval of the material terms of the performance goals under the 2003 Equity Plan.

Proposal No. 6 Approval of Amendments to the 2003 Equity Plan

Introduction

We are asking stockholders to approve amendments to the 2003 Equity Plan to increase the number of shares that may be issued under the 2003 Equity Plan in the form of stock options, restricted stock, stock units and other stock-based awards and to clarify share usage for awards. The 2003 Equity Plan affords the compensation committee the ability to offer a variety of compensatory awards designed to advance our interests and long-term success by encouraging stock ownership among key employees and non-employee directors and, correspondingly, increasing their personal involvement with our future. In order to continue to enhance our ability to attract and retain officers, key employees and non-employee directors, the board amended the 2003 Equity Plan to increase the number of shares available for issue under the 2003 Equity Plan and make the other changes described below, which we refer to as the **Amendments**, and we are now seeking stockholder approval for them.

The primary reason for seeking stockholder approval of the **Amendments** is to permit additional awards to officers, employees and directors.

A summary of the **Amendments** and the principal provisions of the 2003 Equity Plan are set forth below. The full text of the 2003 Equity Plan, with the proposed changes highlighted, is annexed to this proxy statement as Appendix D. The following summary is qualified in its entirety by reference to Appendix D. Approval requires the favorable vote of a majority of the votes cast, provided that the votes cast represent over 50% of our outstanding shares.

Summary of Changes

The 2003 Equity Plan was originally approved at our 2003 annual meeting of stockholders. Since then, the board has made

Table of Contents

other changes to the 2003 Equity Plan not requiring stockholder approval under the terms of the 2003 Equity Plan or the rules of the NYSE.

The board adopted on May 7, 2008, subject to stockholder approval, the following additional amendments to the 2003 Equity Plan:

increase the total number of shares that may be issued under the 2003 Equity Plan by 3,500,000 shares, so that the total number of shares currently available for grant will equal approximately 4,834,470;

increase the total number of shares that may be issued under the 2003 Equity Plan as stock awards by eliminating the former sublimit of the total number of shares that may be issued applicable to stock awards and substituting a provision that each share issued under the 2003 Equity Plan as a stock option will reduce the number of available shares under the 2003 Equity Plan by 1.0 shares, and as a stock-settled award will reduce the number of available shares by 1.4 shares; and

require that after the effective date of the Amendments no shares used to pay the exercise price of an option, or taxes due upon the exercise of an option (including a net exercise), and no shares surrendered or used to pay taxes upon the vesting or distribution of a stock award, may be added back to the shares available for award under the 2003 Equity Plan.

As of the record date for the meeting, and after giving effect to the awards of stock options and other stock awards by the compensation committee in May 2008, there remain available for award under the 2003 Equity Plan a total of 1,334,470 shares (with a sublimit applicable to stock awards of 484,965 shares). The effect of the Amendments would be to increase the total number of shares available for award under the 2003 Equity Plan by 3,500,000 shares, subject to the new weighting feature for future stock awards. If the Amendments are not approved, we will be severely restricted in the equity awards that we may make to officers, employees and non-employee directors under the 2003 Equity Plan.

Also, if the Amendments are approved, options or shares used to pay the exercise price of an option, or taxes due upon the exercise of an option, and shares surrendered or used to pay taxes upon the vesting or distribution of a stock award would no longer be added back to the number of shares available for award under the 2003 Equity Plan.

New Plan Benefits

If the Amendments are adopted there will be additional shares available under the 2003 Equity Plan for award to officers, employees and non-employee directors; however, the benefits to be received by participants cannot be determined at this time because grants are at the discretion of the compensation committee. None of the additional shares authorized by the Amendments have been awarded to any of the directors or employees, and none of the shares have been awarded (or promised to be awarded) subject to approval of the Amendments. The compensation committee has authority to authorize future awards under the 2003 Equity Plan from time to time. Awards under the 2003 Equity Plan to the named executive officers, non-employee directors and others during fiscal 2008 were as follows:

Table of Contents

Name	Fiscal 2008 Awards		2003 Equity Plan	
	Aggregate	Stock	Restricted Stock and Restricted Stock	Long-Term Performance
	Dollar Value (\$)	Options (#)	Units (#)	Units (#)
Timothy R. Eller, Chief Executive Officer	1,999,961			42,444
Catherine R. Smith, Chief Financial Officer	3,324,962		84,864	20,161
David L. Barclay, President, Western Region of Centex Homes	1,714,931		8,236	31,833
Robert S. Stewart, Senior Vice President Strategy, Marketing, Sales and Corporate Development	799,944		5,490	11,672
Brian J. Woram, Senior Vice President and Chief Legal Officer	1,174,941		8,236	16,977
All Executive Officers as a Group	11,505,099	19,922	156,265	138,472
All Non-Employee Directors as a Group	2,000,218	68,220	25,950	
All Non-Executive Officer Employees as a Group	19,103,288	333,365	70,195	288,325

For additional information about equity awards made to our executives and employees, including our long-term performance units, (which are settled in cash and not shares), see Grants of Plan-Based Awards in Fiscal Year 2008 on page 66 and footnote (K) to the audited financial statements included in our Annual Report.

Summary of the 2003 Equity Plan

The principal provisions of the 2003 Equity Plan are summarized below. The summary is qualified in its entirety by reference to the full text of the 2003 Equity Plan, which is attached as Appendix D to this proxy statement in a form marked to show proposed changes.

Shares Available Under the 2003 Equity Plan

Subject to adjustment as provided in the 2003 Equity Plan, the aggregate number of common shares that may be issued or transferred (i) upon the exercise of stock options, (ii) as stock awards, in the form of restricted stock or restricted stock units, that are released from substantial risks of forfeiture, and (iii) as stock awards in payment of performance shares or performance units that have been earned, shall not exceed 6,665,970 shares, plus any shares relating to awards that expire or are forfeited or are canceled. Three million of these available shares were approved in 2003, and have adjusted by reason of stock splits and other adjustments in the interim. These shares may be shares of original issue, treasury shares, or a combination. If a participant pays the option price or satisfies any income tax withholding amount by the transfer to us of common shares that were issued or transferred under the 2003 Equity Plan, we transfer only the net number of common shares actually issued.

The annual or per grant limits for employees and non-employee directors are described below.

Eligibility

Persons eligible to be considered for awards under the 2003 Equity Plan are our non-employee directors and all employees of Centex, including its subsidiaries that are 50% or more owned directly or indirectly by Centex, who hold positions of responsibility and whose performance, in the judgment of the compensation committee, can have a significant effect on our success. Currently, there are ten non-employee directors and approximately 450 employees who the compensation committee views as eligible participants in the 2003 Equity Plan.

Administration

The compensation committee has been designated by the board of directors to administer all awards under the 2003 Equity Plan. The compensation committee has the authority to determine the non-employee directors and employees

that will be granted awards, the sizes and types of such awards, and the terms and conditions of such awards, subject to limitations set forth in the 2003 Equity Plan. In addition, the compensation committee has full and final authority to interpret the 2003 Equity Plan and may, from time to time, adopt rules and regulations in order to carry out the terms of the 2003 Equity Plan. Following the authorization of a pool of cash or shares of common stock to be available

Table of Contents

for awards under the 2003 Equity Plan, the compensation committee may authorize the chief executive officer or a committee consisting solely of members of the board to grant individual awards to eligible employees (but not non-employee directors) from such pool pursuant to such conditions or limitations as the compensation committee may establish. The compensation committee may also delegate to the chief executive officer and other executive officers its administrative duties under the plan (excluding its granting authority). Under the limited circumstances specified in the 2003 Equity Plan, the compensation committee has the authority to extend the exercisability of an award, accelerate the vesting or exercisability of an award, or otherwise amend the award in a manner that is not adverse to, or is consented to, by the recipient of the award.

Amendment and Termination of Plan

The board may amend, modify, suspend or terminate the 2003 Equity Plan for the purpose of addressing any changes in legal requirements or for any other purpose permitted by law, except that (i) no amendment or alteration that would adversely affect the rights of any participant under any award previously granted shall be made without the consent of such participant and (ii) no amendment or alteration shall be effective prior to its approval by our stockholders, to the extent such approval is required by applicable legal requirements or the requirements of the NYSE. In addition, without approval of our stockholders (except in connection with specified transactions affecting Centex), (i) the terms of outstanding awards may not be amended to reduce the exercise price of options, (ii) options will not be repriced, replaced or regranted through cancellation or by decreasing the grant price of a previously granted option and (iii) outstanding options will not be replaced with cash or another award.

Employee Awards

Upon approval by the compensation committee, employees may be granted awards under the 2003 Equity Plan in the form of stock options, stock awards or performance awards (including cash performance awards), as described below. Such awards may be granted singly, in combination, or in tandem with, in replacement of, or as an alternative to grants or rights under the 2003 Equity Plan or any other plan of the Centex or any of its affiliates, including the plan of an acquired entity.

Stock Options. The 2003 Equity Plan provides for the granting of non-qualified stock options, which we refer to as stock options, to employees. Effective January 1, 2006, we began expensing newly-issued stock options in accordance with the fair value method promulgated by the Financial Accounting Standards Board under interpretation FAS 123R.

A stock option is a right to purchase a specified number of shares of common stock at a specified exercise price. Stock options granted under the 2003 Equity Plan must have an exercise price per share that is not less than the fair market value (as defined in the Plan) of the common stock on the date of grant and a term of no more than ten years. In recent years the compensation committee has awarded stock options with only a seven-year term. The grant price, number of shares, terms and conditions of exercise, and other terms of a stock option grant will be fixed by the compensation committee as of the grant date. However, stock options may not include provisions that reload the option upon exercise or, unless the stock option is structured to comply with Section 409A, otherwise provide for the deferral of compensation within the meaning of Section 409A other than the deferral of recognition of income until the later of the exercise or disposition of the stock option or the time the shares acquired pursuant to the exercise of the stock option first become substantially vested.

The exercise price of any stock option must be paid in full at the time the stock is delivered to the optionee. The price must be paid in cash or, if permitted by the compensation committee and elected to by the participant, by means of tendering (either by actual delivery or by attestation) previously-owned shares of common stock. Participants may also effect a net exercise pursuant to which the number of shares to be issued is reduced by the fair market value of the number of shares required to pay the exercise price and the taxes due upon exercise; provided, that Centex has the right to retain shares for such taxes regardless of whether a participant's consent is obtained.

Table of Contents

Stock Awards. The 2003 Equity Plan also provides for the granting of restricted stock, restricted stock units and other awards in the form of shares or units, which we refer to collectively as stock awards. The terms, conditions and limitations applicable to any stock award will be decided by the compensation committee. However, any stock award that is not a performance award (defined below) must have a minimum restriction period of three years from the date of grant, except that (i) stock awards granted in lieu of salary or bonus need not be subject to such three-year requirement, (ii) vesting may occur incrementally over the three-year period, (iii) upon the occurrence of a change in control (as defined in the 2003 Equity Plan), stock awards become immediately vested and fully exercisable, and (iv) the compensation committee may provide for earlier vesting upon a termination due to death, disability, or retirement. Upon approval by the compensation committee, the terms of a stock award may include rights to receive dividends or dividend equivalents. In recent years, the compensation committee has typically granted stock awards in the form of restricted stock, which includes the right to vote and dividends during the vesting period, and restricted stock units, also sometimes referred to as deferred stock, which do not include the right to vote or dividends during the vesting period.

Performance Awards. Upon approval by the compensation committee, any of the above-described awards may be made in the form of a performance award, which we refer to as a performance award. A performance award is an award that is subject to the achievement of one or more future performance goals.

Upon approval by the compensation committee, performance awards under the 2003 Equity Plan may be intended to qualify as performance-based compensation under Section 162(m), which we refer to as qualified awards. Section 162(m) generally disallows deductions for compensation in excess of \$1,000,000 for some executive officers unless the compensation qualifies as performance-based compensation. The 2003 Equity Plan contains provisions consistent with Section 162(m) requirements for performance-based compensation. In making qualifying awards, the compensation committee may base a performance goal on one or more of the business criteria specified in the 2003 Equity Plan. These criteria are described in more detail under Proposal No. 5 Approval of Material Terms of Performance Goals under 2003 Equity Plan beginning on page 27.

Employee Award Limitations. Under the 2003 Equity Plan, no employee may be granted during any fiscal year:

- Stock options covering more than 1,110,995 shares of Centex common stock;

- Stock awards covering more than 555,497 shares of Centex common stock; or

- Employee awards consisting of cash (including awards that are granted as performance awards) totaling more than \$15 million plus an amount equal to the Black-Scholes value of 219,977 shares of Centex common stock (determined as of the date of grant).

In Proposal No. 5 beginning on page 27, we are asking stockholders to approve the portion of the cash award limit referred to above.

Non-Employee Director Awards

At the discretion of the compensation committee, non-employee directors may be granted awards under the 2003 Equity Plan in the form of stock options or restricted stock, or both, which may be in the form of performance awards, as each is described in the employee awards section above. Awards to directors may be granted singly, in combination, or in tandem with, in replacement of, or as an alternative to grants or rights under the 2003 Equity Plan or any other plan of the Centex or any of its affiliates, including the plan of an acquired entity. The terms, conditions and limitations applicable to awards to directors will be recommended by our governance committee. Non-employee directors may not be granted during any fiscal year stock options covering or relating to more than 53,327 shares of common stock, or more than 33,330 shares in stock awards, including restricted stock.

Change in Control

The 2003 Equity Plan provides that stock options, stock awards, and performance awards (other than performance awards denominated in cash) will be immediately vested and fully exercisable upon a change in control (as such is

Table of Contents

defined in the 2003 Equity Plan) unless otherwise specified in the award agreement.

Tax Consequences

Following is a brief summary of the federal income tax consequences to participants in the 2003 Equity Plan. This summary is general in nature and does not address issues related to the tax circumstances of any particular participant.

Stock Options. Participants will not realize taxable income upon the grant of a stock option. Upon the exercise of a stock option, the employee or non-employee director will recognize ordinary income (subject, in the case of employees, to withholding by us) in an amount equal to the excess of (a) the amount of cash and the fair market value on the date of exercise of the common stock received; over (b) the exercise price paid for the stock option.

The participant generally will have a tax basis in any shares of common stock received on the cash exercise of a stock option equal to the fair market value of such shares on the date of exercise. Subject to the discussion below under Tax Code Limitations on Deductibility, we, or our affiliates, will be entitled to a deduction for U.S. federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by the participant.

If a participant transfers previously held shares of common stock in satisfaction of part or all of the exercise price of a stock option, the participant will recognize ordinary compensation income with respect to the common stock received in the manner described above, but no additional gain will be recognized as a result of the transfer of such previously held shares in satisfaction of the stock option exercise price. Moreover, that number of shares of common stock received upon exercise which equals the number of shares of previously held common stock surrendered in satisfaction of the stock option exercise price will have a tax basis that equals, and a holding period that includes, the tax basis and holding period of the previously held shares of common stock surrendered in satisfaction of the stock option exercise price. Any additional shares of common stock received upon exercise will have a tax basis that equals the amount of cash (if any) paid by the participant plus the amount of ordinary income recognized by the participant with respect to the common stock received.

Cash Awards; Stock Awards. An employee will recognize ordinary compensation income upon receipt of cash pursuant to a performance award or, if earlier, at the time such cash is otherwise made available for the employee to draw upon it. An employee will not have taxable income upon the grant of a stock award in the form of units denominated in common stock but rather will generally recognize ordinary compensation income at the time the employee receives common stock or cash in satisfaction of such stock unit award in an amount equal to the fair market value of the common stock or cash received. In general, a participant will recognize ordinary compensation income as a result of the receipt of common stock pursuant to a stock award or performance award in an amount equal to the fair market value of the common stock when such stock is received; provided, however, that if the stock is not transferable and is subject to a substantial risk of forfeiture when received, the participant will recognize ordinary compensation income in an amount equal to the fair market value of the common stock when it first becomes transferable or is no longer subject to a substantial risk of forfeiture.

An employee (but not a non-employee director) will be subject to withholding for federal, and generally for state and local, income taxes at the time the employee recognizes income under the rules described above with respect to common stock or cash received pursuant to a performance award, stock award or stock unit award. An employee will be subject to withholding for social security and Medicare at the time that the award becomes vested (whether or not shares or cash are distributed). Dividends that are received by a participant prior to the time that the common stock is taxed to the participant under the rules described in the preceding paragraph are taxed as additional compensation, not as dividend income. The tax basis of a participant in the common stock received will equal the amount recognized as compensation income under the rules described in the preceding paragraph, and the holding period in such shares will commence on the date income is so recognized.

Section 409A imposes an additional 20% tax and interest on an individual receiving

Table of Contents

nonqualified deferred compensation under a plan that fails to satisfy certain requirements. For purposes of Section 409A, nonqualified deferred compensation includes certain equity-based incentive programs, including performance award programs. Generally speaking, Section 409A does not apply to incentive awards that are paid at the time the award vests or shortly thereafter. Likewise, Section 409A does not apply to restricted stock or stock options whose exercise price is equal to the fair market value of the optioned shares (determined as of the date of grant). Awards made pursuant to the 2003 Equity Plan are designed to comply with the requirements of Section 409A to the extent such awards are not otherwise exempt from coverage. However, if the 2003 Equity Plan (or an award thereunder) fails to comply with Section 409A, a participant could be subject to the additional taxes and interest.

Subject to the discussion below under *Tax Code Limitations on Deductibility*, we or our affiliates will be entitled to a deduction for U.S. federal income tax purposes that corresponds as to timing and amount with the compensation income recognized by the participant under the foregoing rules.

Tax Code Limitations on Deductibility. In order for the amounts described above to be deductible by us or our affiliates, such amounts must constitute reasonable compensation for services rendered or to be rendered and must be ordinary and necessary business expenses. Our or our affiliates' ability to obtain a deduction for future payments under the 2003 Equity Plan could be limited by Section 280G of the Code, which provides that certain excess parachute payments made in connection with a change of control of an employer are not deductible. Our and our affiliates' ability to deduct for amounts paid under the 2003 Equity Plan also could be affected by Section 162(m), which places a limit of \$1,000,000 on our deduction for compensation paid in a taxable year to certain executive officers. There is an exception to this limit, however, for certain performance-based compensation. As discussed in *Tax Deduction for Executive Compensation* on page 59, we seek to preserve our ability to claim tax deductions for compensation paid to executives to the greatest extent practicable.

Our board unanimously recommends a vote FOR the approval of the Amendments to the 2003 Equity Plan. If the requisite vote of our stockholders is not obtained, the compensation committee may continue to make awards out of the 2003 Equity Plan, but only to the extent of available shares.

Proposal No. 7 Stockholder Proposal Regarding Climate Change

Centex has received a stockholder proposal from The Nathan Cummings Foundation, located at 475 Tenth Avenue, New York, New York 10018. The proponent has requested that we include the following proposal in our proxy statement for the 2008 annual meeting of stockholders and, if properly presented, this proposal will be voted on at the annual meeting. The proponent has informed us that it has beneficially owned more than \$2,000 of Centex common stock for over a year and that it plans to continue ownership through the date of the 2008 annual meeting.

The board opposes the stockholder proposal for the reasons set forth below the proposal. Proxies solicited by management will be voted against the stockholder proposal below unless stockholders specify a contrary choice in their proxies.

Stockholder Proposal

As required by the SEC, we have set forth the proposal below. We refer to the proposal as the Climate Change Proposal.

The Intergovernmental Panel on Climate Change (IPCC) recently concluded that warming of the climate system is unequivocal and that human activity is the main cause. Debate surrounding climate change now focuses not on whether a problem exists but rather on the best means for abatement and adaptation.

The rise in average global temperatures resulting from climate change is expected to have significant adverse impacts. According to *Business Week*, many scientists agree that the warmer temperatures resulting from climate change are causing more powerful storms and

Table of Contents

perhaps intensifying extreme weather events including droughts and wild fires. Thermal expansion and melting ice sheets are expected to lead to rising sea levels, with significant implications for coastal communities. Rising temperatures will also impact fresh water supplies. California’s Department of Water Resources, for instance, has stated that, Adapting California’s water management systems to climate change presents one of the most significant challenges for the 21st century.

Climate change also has important economic implications. The *Stern Review*, often cited as the most comprehensive overview of the economics of climate change, estimated that the cumulative economic impacts of climate change could be equivalent to a loss of up to 20% of average world-wide consumption if action is not taken quickly. A more general pronouncement in the IPCC’s report, *Climate Change 2007: Impacts, Adaptation and Vulnerability*, observed that Taken as a whole, the range of published evidence indicates that the net damage costs of climate change are likely to be significant and to increase over time.

According to the *Washington Post*, Buildings are the largest source of the greenhouse-gas emissions that are causing global warming, and in the United States, half of building-related emissions are from houses. The EPA estimates that the residential end-use sector accounted for 21% of CO2 emissions from fossil fuel combustion in 2005.

With residential end-use accounting for such a high proportion of GHG emissions stemming from fossil fuel combustion, a number of recent studies have focused on energy efficiency improvements in residential dwellings as a potential source of emission reductions. One recent study in *The McKinsey Quarterly* found that nearly a quarter of cost-effective GHG abatement potential involves efficiency-enhancing measures geared at reducing demand in the buildings and transportation sectors. A second McKinsey study concluded that the residential sector represents the single-largest opportunity to raise energy productivity, noting that, The adoption of available technologies (including high-efficiency building shells, compact fluorescent lighting, and high-efficiency water heating) would cut . . . end-use demand for energy by 32 QBTUs in 2020, equivalent to 5 percent of global end-user demand in that year.

RESOLVED:

Shareholders request that the Board of Directors adopt quantitative goals, based on available technologies, for reducing total greenhouse gas emissions from the Company’s products and operations and report to shareholders by December 31, 2008, on its plans to achieve these goals. Such a report will omit proprietary information and be prepared at reasonable cost.

Management’s Response to the Proposal

The board of directors recommends a vote AGAINST this proposal for the following reasons:

We recognize the increasing attention given by regulatory bodies, businesses and the public to the subject of greenhouse gas, which we refer to as GHG, emissions and we are aware that this may lead eventually to further regulation of our business. The Climate Change Proposal requests the board to act now and adopt voluntary quantitative goals for reducing GHG emissions from our products and operations. We do not intend to do so because we believe that our current practice of tailoring our offerings to local demands, and providing buyers with the opportunity to increase the energy efficiency of their homes above locally-mandated standards, addresses the GHG emission concerns raised by the Climate Change Proposal. We also believe, at this time, that attempts to establish voluntary specific goals to reduce GHG emissions, above and beyond compliance with government regulations, will have a detrimental impact on Centex.

The Climate Change Proposal raises the question whether the interests of our stockholders require us to pursue GHG emission reduction and energy efficiency as a business objective even if our customers are not willing to pay for it. We believe the answer is no, but we recognize that customer demands and applicable regulations can change and that we should be quick to respond. We will continue to be proactive in identifying and satisfying customer demand, and to stay abreast of the latest innovations in home construction techniques and technologies.

Table of Contents

While we are not aware of any regulatory obligations regarding GHG emissions that may be imposed currently on our operations, the future regulatory landscape is uncertain. Most states and localities have created rules or incentives for building more energy-efficient homes. We monitor compliance with applicable rules and codes as a normal part of our operations, and we often take advantage of applicable energy efficiency incentives to distinguish our products from our competitors. In some places our customers are willing to pay for homes that are more efficient than the state, local or federal government requires, and our standard offerings reflect this. Moreover, in many of our communities where higher rated energy-efficient products are not standard, buyers have the option to upgrade to higher energy-efficient products, including radiant barrier roof decking, higher efficiency furnaces and air conditioning units, and more energy-efficient glass in windows. In the future, we will continue to evaluate voluntary local energy efficiency programs and other energy-related market opportunities and, where advantageous to us, participate in such programs and opportunities.

At the federal level, for example, we applaud the Environmental Protection Agency's voluntary *Energy Star*[®] program, which establishes standards to produce more energy-efficient homes. Although not all of our newly-constructed homes qualify as *Energy Star* homes, we do build many *Energy Star* homes, and in some areas, we build homes that exceed *Energy Star* requirements. In addition, the Tax Relief and Health Care Act of 2006 provides an income tax credit of \$2,000 per home to residential homebuilders for new homes built to certain energy efficiency standards. The standards require that the new home be at least 50% more energy-efficient than a comparable home constructed in accordance with the standards of the 2004 International Energy Conservation Code. During fiscal 2008, we certified more than 2,100 homes as eligible for the federal energy income tax credit. We will continue to evaluate the cost of compliance with the requirements of the Tax Relief and Health Care Act of 2006, the market opportunities available for new homes that meet the requirements and the potential amount of the tax credit, among other factors, in determining to what extent we will continue to qualify homes for the tax credit.

In Pleasanton, California, we are using off-the-shelf technology and green construction techniques to build high energy efficiency homes in our Avignon community. Each house features a SunPower SunTile room solar electric system that provides up to 70% of the home's electricity needs. Other standard features in the homes include tankless water heaters, enhanced insulation and energy-efficient windows, as well as high-efficiency air conditioning, furnaces and lighting. In other locations in California, we offer higher energy efficiency options through our PowerSave house (which includes energy-efficient features such as R-49 attic insulation, enhanced duct insulation, and high-efficiency tankless water heaters, among others) and our PowerSave Plus house (which includes all of the PowerSave features and a 14 SEER air conditioning unit, premium furnace, night ventilation cooling and a 2.4 kilowatt solar photovoltaic electric system). We are very involved in ongoing energy efficiency studies at federal, state and local levels. The development of these high energy-efficient homes arose out of our participation in the United States Department of Energy's Building America and Zero Energy Home programs. With support from these programs and in cooperation with the Davis Energy Group, Centex opened in 2001 its 21st Century Performance Home in Livermore, California. This home used many energy saving features in an effort to achieve an annual electric bill of zero dollars. (You can see energy efficiency performance data for this home by visiting at www.fsec.ucf.edu/en/research/buildings/zero_energy/livermore/index.htm.) We also use valuable information acquired from programs such as ComfortWise[®], *EnergyStar* and Building America[®] that concentrate on energy-efficient ways to design, build and operate homes.

We also participate in Built Green[®], a voluntary environmental building program of the Master Builders Association of King and Snohomish Counties in Washington, designed to help homebuyers find homes that offer opportunities to protect the environment. The program requires a builder to follow a specific set of environmentally friendly construction criteria to qualify a home it builds as Built Green[®] Certified. The Master Builders Association of King and Snohomish Counties awarded the Seattle division of Centex Homes the 2005 Green Hammer award in the large

Table of Contents

production homebuilder category in recognition of the number of Built Green Certified homes built by the division in 2005. Our web site, *www.centex.com*, provides additional information for our customers who are interested in energy efficiency. Beginning in May 2008, we will include in every new homebuyer's warranty and home maintenance packet information on how the homebuyer can save energy in his or her new home.

We consider Centex to be a leader in identifying and meeting customer demand for energy-efficient homes. We predict that the number of Centex homes that meet or exceed *Energy Star* requirements will continue to grow. Because we are actively addressing the issues raised in the Climate Change Proposal, the board believes that adopting the voluntary quantitative goals requested by the proponent will not create added value to the stockholders but will instead serve only to increase administrative burdens and costs.

Our board unanimously recommends a vote AGAINST the Climate Change Proposal.

Proposal No. 8 Stockholder Proposal Regarding Declassification of the Board

Centex has received a stockholder proposal from the Amalgamated Bank LongView Collective Investment Fund, located at 275 Seventh Avenue, New York, New York 10001. The proponent has requested that we include the following proposal in our proxy statement for the 2008 annual meeting of stockholders and, if properly presented, this proposal will be voted on at the annual meeting. The proponent has informed us that it has beneficially owned more than \$2,000 of Centex common stock for over a year and that it plans to continue ownership through the date of the 2008 annual meeting.

The board opposes the stockholder proposal for the reasons set forth below the proposal. Proxies solicited by management will be voted against the stockholder proposal below unless stockholders specify a contrary choice in their proxies.

Stockholder Proposal

As required by the SEC, we have set forth the proposal below. We refer to the proposal as the Board Declassification Proposal.

RESOLVED: The stockholders of Centex Corporation (Centex or the Company) request that the board of directors take the necessary steps under applicable state law to declassify the board of directors so that all directors are elected annually, such declassification to be carried out in a manner that does not affect the unexpired terms of directors previously elected.

SUPPORTING STATEMENT

The election of directors is the primary avenue for shareholders to influence corporate governance policies and to hold management accountable for its implementation of those policies. We believe that classification of the board of directors, which results in only a portion of the board being elected annually, is not in the best interests of the Company and its stockholders.

The Centex board is divided into three classes, with approximately one-third of all directors elected annually to three-year terms. Eliminating this classification system would require each director to stand for election annually and would give stockholders an opportunity to register their views on the performance of the board collectively and each director individually.

We believe that electing directors in this manner is one of the best methods available to stockholders to ensure that a company will be managed in a manner that is in the best interest of stockholders.

The evidence indicates that shareholders at other companies favor declassified boards. Shareholder proposals urging annual elections of all directors received, on average, over 66% of the vote in 2005 and 2006 and the first half of 2007, according to RiskMetrics Group. In recent years, dozens of companies including Procter & Gamble, Pfizer, Dell, Hasbro, Bristol-Myers Squibb, Cendant, Sprint, Great Lakes Chemical and Dow Jones sought and received shareholder approval to declassify their boards. Approximately 60% of Centex's peers in the S&P

Table of Contents

500 have adopted this procedure, according to RiskMetrics Group. We believe that this reform is needed.

WE URGE YOU TO VOTE FOR THIS RESOLUTION.

Management's Response to the Proposal

The board of directors recommends a vote AGAINST this proposal for the following reasons:

Centex's current classified board structure has been in place since 1988. Our board is divided into three classes, with directors elected to staggered three-year terms. Under this system, approximately one-third of the directors stand for election each year, and the entire board can be replaced within approximately two years. In addition, under our by-laws, any director who is appointed by the board to fill an open seat must stand for re-election by the stockholders at Centex's next annual meeting, regardless of that director's board class. After giving careful consideration to the Board Declassification Proposal, the board has determined that Centex's current classified board structure is in the best interests of our stockholders.

The board believes that the current classified board structure benefits us in many ways. Above all, this structure promotes continuity and stability in the board's oversight of Centex's business and strategies. Staggered terms ensure that, at any given time, a majority of the directors will have prior experience as a Centex director and a solid understanding of the details of Centex's complex operations. This combination of experience and enhanced focus means that the directors are equipped to provide the strategic thinking needed for us to execute our long-term plans in a challenging economic climate.

In addition to continuity and stability, the board believes the three-year term available under the current classified board structure benefits directors by:

Ensuring increased director experience, both individually and in the aggregate;

Allowing for increased director independence for the benefit of our stockholders;

Enhancing the board's ability to adopt and maintain a long-term focus, including through prioritization of long-term business oversight and planning over the management of short-term objectives; and

Attracting director candidates who are interested in making a long-term commitment to Centex through an orderly transition to the board.

Finally, the board believes the current board structure improves its ability to protect the interests of our stockholders and the long-term value of Centex by providing our directors the ability to make the best decision for the stockholders if we are faced with an unsolicited takeover proposal. In such event, the board is able to use the time afforded by the classified board structure to consider alternative proposals, and, if it chooses, to negotiate on an arms-length basis for the best result for all stockholders.

If the board were not classified, a potential acquirer could gain control of Centex by replacing a majority of the board (if not the entire board) with its own slate of nominees at a single annual meeting. The replacement board could then approve a takeover proposal from the acquirer even if the price did not adequately value Centex. The board believes the current classified board structure improves its ability to protect Centex's long-term value, but the structure does not prevent the acquisition of Centex on terms acceptable to our stockholders.

Similarly, a classified board reduces our vulnerability to coercive tactics by short-term-oriented stockholders who may seek, through a combination of threatened or actual proxy contests and accumulation of sizeable minority positions, to force a sale of Centex or restructuring or recapitalization transactions that may be in the interest of the stockholder proponent but not in the best interest of Centex or our stockholders.

The board believes the benefits of a classified board do not come at the cost of directors' accountability to stockholders. All of the members of the board, except our chief executive officer, are independent. The board continues to be accountable to our stockholders and committed to sound corporate governance practices. The board believes accountability depends upon the selection of responsible and

Table of Contents

experienced individuals, not on the length of a director's term. The same fiduciary duties and standards of performance of directors apply regardless of length of service.

Our stockholders also have the opportunity to express their views regarding board performance and composition by replacing directors and electing alternative nominees for the class of directors to be elected each year. In addition, the board has implemented measures to further foster accountability, including the adoption of corporate governance guidelines that focus on the independence and quality of members of the board and its effective functioning and regular self-evaluations of the board, its committees and individual directors.

In summary, the board believes that the current classified board structure benefits Centex and its stockholders substantially without compromising our directors' accountability to our stockholders.

Our board unanimously recommends a vote AGAINST the Board Declassification Proposal.

Table of Contents

**PART FOUR
OTHER IMPORTANT INFORMATION
STOCK OWNERSHIP**

Management

We encourage stock ownership by our directors, officers and employees to align their interests with your interests as stockholders. The following table shows the beneficial ownership of Centex common stock as of the record date by (a) each of our directors and nominees for election, (b) each of the named executive officers listed in the *Summary Compensation Table* on page 60 and (c) all our directors, nominees and executive officers as a group. Except as otherwise indicated, all shares are owned directly, and the owner has sole voting and investment power with respect to the shares.

Beneficial Ownership**Amount and Nature of Beneficial Ownership (#) (1)**

Name	Position	Common Stock Beneficially Owned, Excluding		Stock Options		Restricted Stock Units Vested Within 60 Days of Record Date (5)	Total Common Stock Beneficially Owned (6)	Percent of Class
		Options, Restricted Stock and Restricted Stock Units (2)	Options, Exercisable Within 60 Days of Record Date (3)	Restricted Stock (4)	Restricted Stock (4)			
Barbara T. Alexander	Director	38,090	51,177	6,006	0	95,273	*	
David L. Barclay	President, Western Region, of Centex Homes (7)	27,426	295,186	0	11,179	333,791	*	
Juan L. Elek	Director	3,000	28,501	8,006	0	39,507	*	
Timothy R. Eller	Chairman of the Board, Chief Executive Officer and Director (8)	743,736	1,931,600	13,008	0	2,688,344	2.1%	
Ursula O. Fairbairn	Director	1,000	11,798	6,006	0	18,804	*	
Thomas J. Falk	Director	7,000	18,098	6,006	0	31,104	*	
Clint W. Murchison, III	Director	144,540	109,420	6,006	0	259,966	*	
	Director	3,000	28,421	8,006	0	39,427	*	

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Frederic M. Poses							
James J. Postl	Director	1,500	16,058	6,006	0	23,564	*
David W. Quinn	Director	258,879	98,659	6,006	0	363,544	*
Matthew K. Rose	Director	0	6,822	4,690	0	11,512	*
Thomas M. Schoewe	Director	13,127	24,001	6,006	0	43,134	*
Catherine R. Smith	Executive Vice	3,643	11,743	104,682	0	120,068	*
Robert S. Stewart	President and Chief Financial Officer Senior Vice	59,780	299,498	7,321	0	366,599	*
Brian J. Woram	President Strategy, Marketing, Sales and Corporate Development Senior Vice	43,475	201,961	10,067	0	255,503	*
All directors, nominees and executive officers as a group (17 persons)	President and Chief Legal Officer	1,352,187	3,254,360	241,444	11,179	4,859,170	3.8%

* Less than 1%

(1) For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 of the SEC under the Securities Exchange Act of 1934, pursuant to which a person is deemed to have beneficial ownership of shares of Centex common stock for which that person has or shares the power to vote or dispose of those shares, or has the right to

acquire within 60 days. For purposes of computing the percentage of outstanding shares of Centex common stock held by each person or group of persons named in the table, any shares as to which that person or persons have the right to acquire within 60 days are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person or persons.

Table of Contents

- (2) The amounts shown in this column include the following shares of Centex common stock:
- (a) shares held for the accounts of these individuals in the Centex Corporation Common Stock Fund under the Saving for Retirement Plan, as follows:
 - Mr. Barclay 3,174 shares;
 - Mr. Eller 12,653 shares;
 - and Mr. Woram 187 shares; and
 - all directors and executive officers as a group 16,014 shares; and
 - (b) shares held by a family limited partnership in which these individuals have or share voting or investment power, as follows:
 - Mr. Eller 164,800 shares (which shares are pledged as collateral for a loan to such family limited partnership);
 - Mr. Falk 7,000 shares;
 - Mr. Murchison

128,948 shares;
and all directors
and executive
officers as a
group 300,748
shares.

- (3) The amounts shown in this column consist of shares of Centex common stock that may be acquired by these individuals pursuant to the exercise of stock options granted to them under our 1987 Stock Option Plan, 1998 Employee Non-Qualified Stock Option Plan, 2001 Stock Plan or 2003 Equity Plan and exercisable on May 19, 2008 or within 60 days thereafter. For Mr. Murchison, the number of stock options beneficially owned includes options for 64,216 shares held by his family limited partnership.
- (4) The amounts shown in this column consist of shares of restricted Centex common

stock held by these individuals, which vest over time according to the schedule set forth in the restricted stock award. The restricted stock is subject to forfeiture and may not be sold or transferred during the vesting period. Holders of shares of restricted stock have the right to vote and receive dividends on the shares.

- (5) The amounts shown in this column consist of shares of Centex common stock that these individuals have the right to receive upon payout of restricted stock units they held that were vested on May 19, 2008 or will vest within 60 days thereafter. The restricted stock units were awarded to Mr. Barclay under our 2003 Equity Plan. The restricted stock units vest over time

according to the schedule set forth in the restricted stock unit award agreement. Holders of stock units do not have the right to vote or receive dividends on the shares until vested units are converted into shares.

- (6) The amounts shown in this column consist of all common stock, options, restricted stock and restricted stock units beneficially owned by these individuals.
- (7) Mr. Barclay is the president, western region of Centex Real Estate Corporation, the managing general partner of Centex Homes, our homebuilding subsidiary, and has responsibility for the western region of Centex Homes. When referring to Mr. Barclay's title, we use Centex Homes instead of Centex Real

Estate
Corporation.

- (8) Mr. Eller also serves as our president and chief operating officer.

Principal Stockholders

The following table sets forth information regarding the only persons or entities we know of who beneficially own more than 5% of our common stock as of the date set forth in the applicable footnote.

Principal Stockholders

Name and Address of Beneficial Owner	Common Stock Beneficially Owned Number of Shares	Percent of Class
Legg Mason Capital Management, Inc. and LMM LLC (3) 100 Light Street Baltimore, MD 21202	15,789,575(1)	12.78%(1)
FMR LLC and Edward C. Johnson 3d (4) 82 Devonshire Street Boston, MA 02109	12,225,399(1)	9.90%(1)
Hotchkis and Wiley Capital Management, LLC (5) 725 S. Figueroa St., 39 th Floor Los Angeles, CA 90017	10,127,940(2)	8.20%(2)
Oppenheimer Capital LLC (6) 1345 Avenue of the Americas, 49 th Floor New York, NY 10105	7,964,924(1)	6.45%(1)
Barclays Global Investors, N.A. and certain of its affiliates (7) 45 Fremont Street San Francisco, CA 94105	7,678,978(1)	6.22%(1)

- (1) Represents the number of shares beneficially owned as of December 31, 2007 for each person, entity or group divided by the number of shares of Centex common stock issued and outstanding on the record date, May 19, 2008.

Table of Contents

- (2) Represents the number of shares beneficially owned as of April 30, 2008 for each person, entity or group divided by the number of shares of Centex common stock issued and outstanding on the record date, May 19, 2008.

- (3) Based solely on information contained in Amendment No. 3 to a Schedule 13G filed jointly by the reporting entities with the SEC on February 14, 2008 with respect to shares of Centex common stock beneficially owned. The Schedule 13G/A discloses that the reporting entities, taken as a whole, have sole voting power over no shares, shared voting power over 15,789,575 shares, sole dispositive power over no shares, and shared dispositive

power over
15,789,575
shares.

- (4) Based solely on information provided in a Schedule 13G filed jointly by FMR, LLC (FMR) and Edward C. Johnson 3d (Mr. Johnson) with the SEC on January 10, 2008, with respect to shared Centex common stock beneficially owned. The Schedule 13G discloses that (i) Fidelity Management & Research Company (Fidelity), a wholly-owned subsidiary of FMR and an investment advisor, beneficially owns 11,871,000 shares as a result of providing investment advisory services to various investment companies. Mr. Johnson and FMR, through their control of Fidelity and the Fidelity funds, each has sole power to dispose of these shares.

The sole power to vote or direct the voting of these shares resides with the funds boards of Trustees;

(ii) Pyramis Global Advisors, LLC (Pyramis Advisors), an indirect wholly-owned subsidiary of FMR and an investment advisor, beneficially owns 1,000 shares.

Mr. Johnson and FMR, through their control of Pyramis Advisors, each have sole dispositive power with respect to these shares and sole power to vote or to direct the voting of these shares;

(iii) Pyramis Global Advisors Trust Company (Pyramis Trust), an indirect wholly-owned subsidiary of FMR and a bank, beneficially owns 85,099 shares.

Mr. Johnson and FMR, through their control of Pyramis Trust, each has sole dispositive

power with respect to the shares and sole power to vote or to direct the voting of these shares; and (iv) Fidelity International Limited (FIL), an investment advisor, is the beneficial owner of 268,300 shares. FIL has sole dispositive power with respect to these shares, FIL has sole power to vote or direct the voting of 225,100 of these shares and no power to vote or direct the voting of 43,200 of these shares. Fidelity has the same address as FMR. The address of Pyramis Advisors and Pyramis Trust is 53 State St., Boston, MA 02109. The address of FIL is Penbrook Hall, 42 Crow Ln., Hamilton, Bermuda.

- (5) Based solely on information contained in Amendment No. 4 to a Schedule 13G filed by the

reporting entity with the SEC on May 9, 2008 with respect to shares of Centex common stock beneficially owned. The Schedule 13G/A discloses that the reporting entity has sole voting power over 6,227,800 shares, shared voting power over no shares, sole dispositive power over 10,127,940 shares, and shared dispositive power over no shares.

- (6) Based solely on information contained in Amendment No. 2 to Schedule 13G filed by the reporting entity with the SEC on April 18, 2008 with respect to shares of Centex common stock beneficially owned. The Schedule 13G/A disclosed that the reporting entity has sole voting power of 5,686,012 shares, shared voting power over no shares, sole dispositive

power over
7,964,924
shares, and
shared
dispositive
power over no
shares.

- (7) Based solely on information contained in a Schedule 13G filed jointly by Barclays Global Investors, N.A. (Barclays N.A.), Barclays Global Fund Advisors (Barclays Advisors), Barclays Global Investors, Ltd. (Barclays Investors), Barclays Global Investors Japan Trust and Banking Company Limited (Barclays Japan Trust), Barclays Global Investors Japan Limited (Barclays Japan Limited), Barclays Global Investors Canada Limited (Barclays Canada), Barclays Global Investors Australia Limited (Barclays Australia), and Barclays Global Investors (Deutschland) AG (Barclays

AG), with the
SEC on
February 8,
2008, with
respect to shares
of Centex
common stock
beneficially
owned. The
Schedule 13G
discloses that (i)
Barclays N.A.
has sole voting
power over
4,629,399
shares, shared
voting power
over no shares,
sole dispositive
power over
5,407,029
shares, and
shared
dispositive
power over no
shares;
(ii) Barclays
Advisors has
sole voting
power over
1,415,371
shares, shared
voting power
over no shares,
sole dispositive
power over
1,415,371
shares, and
shared
dispositive
power over no
shares;
(iii) Barclays
Investors has
sole voting
power over
475,936 shares,
shared voting
power over no
shares, sole
dispositive

power over
580,709 shares
and shared
dispositive
power over no
shares;
(iv) Barclays
Japan Limited
has sole voting
power over
190,869 shares,
shared voting
power over no
shares, sole
dispositive
power over
190,869 shares
and shared
dispositive
power over no
shares;
(v) Barclays
Canada has sole
voting power
over 85,000
shares, shared
voting power
over no shares,
sole dispositive
power over
85,000 shares,
and shared
dispositive
power over no
shares; and
(vi) Barclays
Japan Trust and
Barclays
Australia and
Barclays AG,
had no sole or
shared voting
power or sole or
shared
dispositive
power with
respect to shares
of Centex
common stock.
The address of
Barclays

Advisors is 45
Fremont St., San
Francisco, CA
94105. The
address of
Barclays
Investors is
Murray House, 1
Royal Mint
Court, London,
England EC3N
4HH. The
address of
Barclays Japan
Trust and
Barclays Japan
Limited is Ebisu
Prime Square
Tower, 8th Floor,
1-1-39 Hiroo
Shibuya-Ku,
Tokyo 150-0012
Japan. The
address of
Barclays Canada
is Brookfield
Place, 161 Bay
St., Toronto,
Canada Ontario
M5J 2S1. The
address of
Barclays
Australia is
Level 43,
Grosvenor Place,
225 George St.,
Sydney,
Australia NSW
1220. The
address of
Barclays AG is
Apianstrasse 6,
D-85774,
Unterfohring,
Germany.

Table of Contents**EXECUTIVE COMPENSATION****Compensation Discussion and Analysis**

This compensation discussion and analysis is intended to provide investors with an understanding of our compensation policies and decisions regarding our named executive officers for fiscal 2008. Our named executive officers are our chief executive officer, chief financial officer and our three other most highly compensated executive officers. These individuals are named in the *Summary Compensation Table* on page 60.

We will discuss and analyze the following topics in this compensation discussion and analysis, beginning on the indicated page:

Compensation Governance	44
Recent Changes to Compensation Practices	44
Compensation Philosophy	45
Compensation-Setting Decisions for Fiscal Year 2008	47
Fiscal 2008 Performance	52
CEO Compensation	52
Other Executive Officer Compensation	54
Termination and Change in Control Arrangements	55
Perquisites	56
Executive Compensation for Fiscal Year 2009	56
Additional Compensation Information	57

Compensation Governance

The compensation committee is currently comprised of directors Fairbairn (Chair), Elek and Rose, each of whom is independent under the NYSE listing standards and Section 162(m), and each of whom is a non-employee director under Rule 16b-3 under the Securities Exchange Act. As described under *Compensation Committee* on page 9, the composition of the committee and its chair changed during the fiscal year.

The committee authorizes all awards under our incentive-based and equity-based compensation plans and operates under a written charter adopted by the board. The committee is responsible for approving compensation awarded to all of our executive officers, including the named executive officers.

The duties of the committee are summarized under *Compensation Committee* on page 9.

Recent Changes to Compensation Practices

Over the past several years, there have been many changes in general industry practice in executive compensation. On at least an annual basis, we and the committee review our compensation practices in light of industry changes. Based on our reviews, we make changes to our compensation practices when we and the committee believe that such changes would be consistent with our goals of rewarding performance and retaining talented employees. The following is a summary of some of the compensation changes that have been implemented in recent years. We and the committee believe that the changes align pay with performance and tie compensation and pay with stockholders interests.

Beginning in fiscal 2006, we began a process to reduce the amount of short-term and long-term incentive compensation awards for all our executives to better align them with competitive levels. The amounts awarded for fiscal 2008 are significantly lower than the amounts awarded for fiscal 2005.

In June 2006, we adopted a severance policy for the named executive officers and certain other executives that reduces the amount of cash severance payments payable upon a termination of employment to no more than 2.99 times the prior year's total compensation. See *Executive Severance Policy* on page 77.

In February 2007, we implemented a claw-back policy pursuant to which the board may recoup the compensation paid to certain employees in certain circumstances if our financial statements are restated. See Policy on Recoupment in Restatement Situations on page 65.

In February 2007, the committee adopted a plain-English charter to govern its activities, which is available on our web site at www.centex.com in the Investors area (Governance subsection).

In our pay planning for fiscal 2008, we began to target the pay levels of more

Table of Contents

executives at median with better-defined comparators.

Beginning in fiscal 2008, we separated the calculation of short-term incentive compensation (which continues to be determined based on specific financial and other performance goals) from that of long-term incentive compensation (which is now awarded at the beginning of the fiscal year, and payable based on achievement of performance goals set out in the award or through the appreciation of the value of stock). See *Process* on page 47. In addition, we increased the proportion of performance-based awards that we grant, in contrast to awards that vest based solely on time. For example, our long-term performance units, which we refer to as an LTPU or LTPUs, awarded beginning in May 2007, which comprise roughly one-half of the long-term awards for our senior executives, are performance-based, with payment dependent on Centex's performance over a three-year period. See *Long-Term Awards for Fiscal 2008* on page 54.

Beginning in fiscal 2008, we capped bonuses payable under our annual incentive compensation plan at 200% of the applicable target.

In fiscal 2008, we increased the proportion of performance-based awards that we grant, in contrast to awards that vest based solely on time. For example, our long-term performance units, which we refer to as an LTPU or LTPUs, awarded beginning in May 2007, which comprise roughly one-half of the long-term awards for our senior executives, are performance-based, with payment dependent on Centex's performance over a three-year period. See *Long-Term Awards for Fiscal 2008* on page 54.

In 2008, we extended our stock ownership guidelines down to a greater percentage of long-term eligible employees and added a hold feature under which awarded shares must be held, and the after-tax value of stock option exercises and LTPU cash payments must be used to acquire shares, until the guideline is met.

Compensation Philosophy

Purpose. Our executive compensation and benefits programs are designed to create stockholder value by attracting, motivating and retaining highly effective senior executives. The committee believes that the skill and work of these executives are crucial to sustained long-term company performance and to the achievement of our strategic objectives. We continue to seek and hire the best talent. We are consistently ranked among the most admired companies in the homebuilding industry according to *Fortune* magazine. Our training and development programs have also been recognized by leading industry trade publications.

Elements of Compensation. To attract and retain highly effective executives and to motivate them to create stockholder value, we offer the principal categories of compensation listed in the following table, which also provides additional information regarding how our compensation program is designed to achieve these objectives:

Table of Contents

Element	Objectives Achieved	Purpose	Target Competitive Position
Base salary	Attraction of qualified candidates Competitive practice	Provide annual cash income based on: level of responsibility, performance and experience comparison to market pay information	Compared to median of homebuilding peer group and general industry Actual salary will vary based on the individual's performance and experience in the position
Annual cash incentive	Pay-for-performance	Motivate and reward achievement of the following annual performance goals: corporate key metrics other corporate and strategic goals performance of the business unit or function of the individual, as applicable	Target compared to median of homebuilding peer group and general industry with adjustments as performance merits Payout will vary based on actual performance
Long-term equity and other incentives	Stockholder alignment Focus on long-term success Pay-for-performance Retention	Provide an incentive to create stockholder value and to achieve our long-term objectives through awards of: performance-based share units stock option grants restricted stock awards	Target compared to median of homebuilding peer group and general industry with adjustments as performance merits Payout will vary based on actual stock performance Payout of performance-based share units will also vary based on actual company performance
Retirement benefits	Retention	Provide competitive retirement benefit plans through 401(k) /profit sharing plan	Benefits comparable to those of homebuilding peer group and general industry
Perquisites	Competitive practice	Encourage focus on business operations and, where required, for competitive practice	Programs for executive officers reviewed by the committee annually
Post-termination compensation (change in control, severance and retirement)	Retention	Encourage attraction and retention of executives critical to our long-term success and competitiveness: executive severance plan, which provides eligible executives with payments and benefits in the event of certain involuntary terminations, including following a change in control (subject to committee approval at certain levels) executive change in control agreements providing for only a tax gross-up for certain excess compensation resulting solely from accelerated vesting in certain change in control events	Programs for executive officers reviewed by the committee

Philosophy and Principles. The committee makes decisions relating to executive compensation that reflect its market-driven, performance-based, shareholder-aligned philosophy, as well as practical considerations relating to the need to attract and retain high quality executives. The committee designed executive pay for fiscal 2008 according to the following principles:

Market Comparisons We compare ourselves to both industry-specific peers and general industry peers for compensation and benefits comparison purposes.

Key operations positions (i.e., Mr. Eller and Mr. Barclay) are compared primarily against industry-specific practices, with consideration given to general industry practices.

Key functional positions (i.e., Ms. Smith, Mr. Stewart and Mr. Woram) are compared primarily against general industry practices, with consideration given to industry-specific practices.

Competitive Pay Targets Pay levels are initially targeted at the median of the relevant industry-specific or general industry peer group (market median) for expected levels of performance (market median), with the opportunity for the committee to adjust pay to significantly exceed, or be significantly lower than, the market median when merited by performance. For purposes of setting individual compensation potentials, pay levels include base salary, short-term incentive compensation, and the grant date value of long-term awards.

Performance Target Setting Performance is measured against both absolute performance standards and the performance of our peers. Absolute performance standards are determined

Table of Contents

taking into account expected levels of competitive performance.

Performance Metrics Short-term incentive compensation will be based on short-term financial and operational metrics that ultimately drive long-term stockholder value. Long-term performance metrics, when applicable, will be longer-term (typically three years) measures of financial and operational performance that drive long-term stockholder value.

Level of Organizational Performance All executives have a portion of their incentive compensation, including long-term compensation, focused on overall company performance. Each executive's short-term incentive compensation primarily reflects the company's total results, except for the portion related to his or her performance development plan.

Mix of Pay The amount of at-risk compensation reflects each position's degree of impact on business results. The committee believes that, in the case of the named executive officers, approximately 50% of total pay (exclusive of base salary) at expected performance levels should consist of long-term incentive compensation.

Process. The committee generally reviews and makes determinations regarding base salary, short-term incentives and long-term incentives on an annual basis in accordance with a pre-determined process. For example, in recent years, the committee has typically established performance goals and targets for short-term incentives and long-term incentives in the first quarter of the applicable fiscal year and has approved grants (or payout) of those incentives after the end of the fiscal year based on achievement of the pre-established goals. Before fiscal 2008, short-term and long-term incentives were awarded based on the same performance goals. Beginning in fiscal 2008, the committee decided to separate short-term and long-term incentives. As a result, short-term incentives are paid in May after the end of the fiscal year based on company performance under the previously established goals and targets. Long-term incentives are awarded independent of the prior year's performance, to motivate future performance and for retention purposes, although payout of the awards is conditioned on performance over the future period or increase in the price of Centex common stock. The awards are typically made within a range established at the beginning of the year. May 2007 was a transition award period as part of the long-term awards were for the prior year's results (i.e., options and restricted awards), while the LTPI awards were made for future performance.

On a less frequent basis, the committee typically evaluates and revises other benefits, such as those provided under plans and arrangements available to a broad range of employees. A detailed description of the process followed by the committee in setting compensation for fiscal 2008 is presented below.

Decisions. The committee attempts to make compensation decisions consistent with the foregoing philosophy and principles. The committee is willing to make adjustments to pay, including exercising negative discretion, and make additional awards of short-term and long-term incentive compensation to executives, when it is appropriate to do so. Such adjustments and awards may be needed to attract or retain key executives or recognize outstanding performance, even if company performance is below expectations, or to pay less if performance is below expectations.

Compensation-Setting Decisions for Fiscal Year 2008

For fiscal 2008, the compensation-setting process for the named executive officers involved the following steps:

At the beginning of the fiscal year: (1) setting overall company or business unit performance goals for the year, and (2) setting individual levels of target short-term incentive compensation for the year and a range of value of potential long-term awards to be awarded after the end of the year (unrelated to the fiscal year's performance, but related to future years' performance).

After the end of the fiscal year: (3) measuring actual performance and comparing it to the approved performance metrics to determine individual compensation potentials under the performance plan, and then exercising discretion to reduce the amounts, if

Table of Contents

appropriate, and (4) awarding long-term incentive compensation to the named executive officers.

These steps are described in more detail below.

Market Comparison. We review competitive compensation data from both (1) the homebuilding industry and (2) non-homebuilding industry companies, or general industry companies, to establish base salary ranges, total annual short-term incentive compensation targets and total direct compensation targets for our senior executives. For fiscal 2008 the homebuilding industry competitors considered, or homebuilding peer group, consisted of the 12 largest by total revenue publicly-owned homebuilding companies other than Centex. The companies in this group were: Beazer, D. R. Horton, Hovnanian, KB Home, Lennar, MDC, Meritage, NVR, Pulte, Ryland, Standard Pacific and Toll Brothers. Specifically, we reviewed the compensation of these competitors named executive officers to compare base salary and incentive compensation potentials for Mr. Eller and Mr. Barclay.

In addition to data available in competitors proxy materials, we reviewed data from leading executive compensation surveys on industrial companies, the majority of which are non-homebuilding companies, with revenues from \$10 billion to \$20 billion. This range was consistent with prior practice and budgeted operating results for fiscal 2008.

We believe these are the appropriate groups against which to evaluate our executive compensation because they consist of organizations against whom we compete for executive talent. We review the comparison groups annually, and we revise them as appropriate so that they continue to represent organizations with which we compete for executive talent in the marketplace. Evaluating our compensation programs in comparison to these other groups helps us assess whether the compensation we pay is reasonable and competitive in the marketplace.

Setting Performance Goals. Early in the fiscal year, the committee, working with senior management and the committee's compensation consultant, reviewed our projected performance for the current fiscal year. The committee also reviewed the comparative company data described above to establish levels of target short-term incentive compensation and the range of value of potential long-term incentive compensation awards. The committee also compared our projected performance for the fiscal year to the anticipated performance of the homebuilding peer group for a comparable period of time, drawing on publicly available (and the compensation consultant's estimates of) earnings per share guidance for the comparison. Then the committee set performance goals, which are the ranges of performance standards (also called metrics) for which the executives would be paid short-term incentive compensation.

For fiscal 2008, the committee established the following categories of performance goals and relative weights for the named executive officers:

Goals	Timothy R. Eller	David L. Barclay	Catherine R. Smith, Robert S. Stewart, and Brian J. Woram
Corporate key financial goals	100%	25%	75%
Other corporate financial and strategic performance goals		25%	25%
Performance of business unit		50%	
Total	100%	100%	100%

The committee established these allocations to strike an appropriate balance between aligning the executives with our overall corporate objectives and with individual performance accountability for each executive's area of responsibility. The committee determines each year the split between corporate and business unit or function performance goals based on its assessment of the appropriate balance.

CORPORATE KEY FINANCIAL GOALS:

Operating income, which consists of earnings from continuing operations before income taxes from Centex as a whole for fiscal 2008.

Asset turnover, which consists of total Centex revenue divided by average net assets for fiscal 2008. We chose operating income because it is critical to our stockholder-aligned earnings per share and it is the best measure of the health of

Table of Contents

our business. We chose asset turns to help drive short-term cash generation and to motivate reduction of inventory for cash generation. The two in combination were designed to create a balance between generating operating profit and generating cash.

OTHER CORPORATE FINANCIAL AND STRATEGIC PERFORMANCE GOALS:

In order to better guide personal and company performance and personal development, we established a procedure at the beginning of fiscal 2008 for each executive (other than the CEO) to develop with his or her supervisor an individual performance development plan, which includes action items specifically designed for the executive. Executives are to meet with their supervisor at the beginning of the year when the plan is being developed, at midyear, for a mid-point performance review, and at the end of the year to summarize progress.

As part of the performance development plans, the chief executive officer established other corporate financial and non-financial strategic performance goals that are intended to challenge our executives and to motivate them to stretch to exceed our long-term objectives. These goals, intended to further align compensation with achieving the goals of our business plan, included:

strategy execution

process improvement

cost reduction

talent development and management

Actual performance in these areas is reviewed by the chief executive officer following the end of the fiscal year, and he makes a recommendation to the committee regarding his assessment of the named executive officers' performance of those goals.

PERFORMANCE OF BUSINESS UNIT OR FUNCTION:

Certain executives have a portion of their performance goals determined by reference to the performance of the business unit or function that they supervise. This year, Mr. Barclay was the only named executive officer who had specified performance goals determined by business unit performance, which were (with the relative weights noted in parentheses):

Operating margin for the western region of Centex Homes (40%);

Customer satisfaction for the western region, which was determined by the J.D. Power and Associates Home Builder Customer Satisfaction Ratings for the homebuilding locations in the western region as of November 2007, when we discontinued our subscription to this survey (20%); and

Asset turnover of the western region, which consists of total revenue of the western region divided by average net assets for the western region for fiscal 2008 (40%).

Balance of Short-Term and Long-Term Compensation. In setting fiscal 2008 compensation for our named executive officers, the committee focused on total direct annual compensation, which consists of:

Annual cash compensation (base salary and short-term incentive compensation (cash bonus)); and

Long-term equity and performance-based incentive compensation.

As described above, the committee established a target short-term incentive (cash bonus) award that would be paid for each of the named executive officers based on the applicable performance metrics and the performance development plan.

The committee also established ranges of value (expressed in dollars) of potential long-term awards that it would consider making. The ranges of potential long-term awards were established by reference to the total pay comparative information but were not derived by a formula as the short-term compensation component had been designed (and as prior years' incentive compensation had been designed). The committee has authority to determine long-term

compensation awards made to the named executive officers. The plan design anticipated that the long-term awards for the named executive officers would be in the form of stock options and performance-based LTPUs to encourage a performance-oriented environment.

Setting Individual Compensation Potentials. As it set performance goals, the committee also set individual compensation potential for each executive. The financial reward varied by

Table of Contents

individual executive according to relevant factors, such as competitive pay information for that position in the homebuilding peer group or general industry comparator group, tenure, experience, critical role, individual performance and retention.

The named executive officers' short-term incentive compensation potentials were established under (a) our Annual Plan, a stockholder-approved plan that provides for annual performance-based incentive compensation awards, such as cash bonuses, and (b) our 2003 Equity Plan, a stockholder-approved plan that provides for grants of stock options, other equity awards, and performance awards, including cash awards.

Consistent with its approach to total direct annual compensation, the committee established fiscal 2008 total direct annual compensation targets for each of our named executive officers, as follows:

Name	Base Salary (\$)	Target Short-Term Incentive Compensation (\$)	Target Long-Term Incentive Compensation (\$)	Target Total Direct Annual Compensation (\$)
Timothy R. Eller	920,000	4,000,000	4,000,000	8,920,000
Catherine R. Smith(1)	525,000	656,250	1,700,000	2,928,250
David L. Barclay	475,000	1,900,000	2,000,000	4,375,000
Robert S. Stewart	390,000	390,000	800,000	1,580,000
Brian J. Woram	450,000	562,500	800,000	1,812,500

(1) Ms. Smith's base salary was increased to \$572,000 effective October 16, 2007.

These targets formed the basis for the committee's compensation decisions in fiscal 2008 and the committee believes that the fiscal 2008 target amounts established were appropriate and consistent with our compensation objectives.

The target short-term incentive compensation is a percentage of the executive's base salary. The range of possible payouts is expressed as a percentage of the target level and was determined with the objective of encouraging a performance-oriented environment. The target payment amounts and range of possible payouts for the short-term incentive compensation for fiscal 2008 were as follows:

Name	Target Payment Amount	Possible Payout
Timothy R. Eller	435%	
Catherine R. Smith	125%	0% - 200% of target
David L. Barclay	400%	target
Robert S. Stewart	100%	payment amount
Brian J. Woram	125%	

The fiscal 2008 target amounts differ from the amounts set forth in the *Summary Compensation Table* on page 60 because:

Base salaries are adjusted on approximately June 1 of each year, while the *Summary Compensation Table* includes actual salaries paid for the full fiscal year.

Short-term incentive compensation is included at the target level, while the *Summary Compensation Table* reflects the actual amount awarded for fiscal 2008.

Long-term incentive awards are valued at the full grant date value instead of the amounts required to be included in the *Summary Compensation Table*. Accounting rules require long-term awards that vest over multiple years to be expensed in equal annual portions over the vesting period, so that expense appears in later years.

In setting total annual direct compensation targets, the committee does not include deferred compensation earnings or other compensation (including bonuses paid by reference to stock options awarded in 1998), although those amounts are required to be included in the *Summary Compensation Table*.

Consultant Involvement. Senior management furnishes the committee with projections of company performance and other information throughout the compensation-setting process. Senior management also makes recommendations to the committee regarding compensation plan design, including metrics, performance goals, target awards and incentive compensation potentials, except for the chief executive officer. In formulating its recommendations to the committee, management relied on compensation information and advice provided to it by Frederic W. Cook & Co. and Towers, Perrin, Forster & Crosby.

Separate from management's engagement of its compensation consultants, the committee

Table of Contents

selected and engaged Mercer LLC as its compensation consultant for fiscal 2008. Mercer reported directly and exclusively to the committee on matters of compensation for the named executive officers.

The scope of Mercer's engagement by the committee included:

Conducting a review of the competitive market and peer data (including base salary, annual incentive targets, long-term incentive targets and estimated performance data) for our CEO and his direct reports (including the named executive officers);

At the committee's request, reviewing and commenting on recommendations by management concerning executive pay programs, including pay philosophy, pay levels, incentive pay mix, program changes and redesign, special awards, change in control provisions, promotions, retirement, compensation trends, etc., as desired by the committee; and

Reviewing and commenting on the committee's report for the proxy statement.

The committee's compensation consultant attended all meetings of the committee. The consultant also conducted education sessions on executive compensation for committee members, and provided peer and general industry benchmarking information for director compensation.

In March 2008, the committee agreed to engage Frederic W. Cook & Co. to replace Mercer as its compensation consultant effective in May 2008. For this reason, senior management has discontinued using Cook as management's compensation consultant. Cook, as the committee's independent compensation consultant, will report directly and exclusively to the committee and will be prohibited from performing any services for Centex that are not requested by the committee.

Tally Sheets. When making compensation decisions, the committee analyzes individual executive officer tally sheets, which are prepared by management and reviewed by the committee's compensation consultant. Each of these tally sheets presents the dollar amount of each component of the named executive officers' compensation, including current cash compensation (base salary and short-term incentive compensation), accumulated deferred compensation balances, outstanding equity awards, retirement benefits, perquisites and any other compensation. The committee uses tally sheets to understand how its compensation decisions may affect each officer's total compensation in a particular year and over a multi-year period. Tally sheets are also used to determine how current pay decisions could affect potential future post-termination payments, such as retirement benefits and severance payments.

The overall purpose of these tally sheets is to bring together, in one place, all of the elements of actual and potential future compensation for named executive officers, as well as information about wealth accumulation, so that the committee may analyze both the individual elements of compensation (including the compensation mix) as well as the aggregate total amount of current and projected future compensation.

In making its compensation decisions, the committee noted that the compensation analysis included in the tally sheets reviewed, and the compensation actually awarded, differed materially from the compensation required to be disclosed under SEC rules in the *Summary Compensation Table* on page 60. That table includes the compensation expense for option and stock awards for fiscal 2008 under FAS 123R, many of which were awarded in prior fiscal periods. For example, the committee noted that for most of the named executive officers a large component of the compensation listed under the Stock Options column related to compensation expense for stock options awarded between 2005-2007 but these stock options currently represent little or no value to management since the exercise prices were well above the market price at March 31, 2008, the date on which the compensation table information was determined.

Committee Discretion. The committee retains the right to use its discretion to award amounts below the computed compensation plan payouts when it believes that a lower award amount is appropriate. In addition, the committee may make other or non-performance-based awards of short-term and long-term incentive compensation if the committee concludes that such awards are in Centex's best interests, such as where they are

Table of Contents

necessary to attract or retain key executives and other employees. In the past, the committee has used its discretion to set the compensation of a newly hired executive, such as when Ms. Smith was hired in 2006.

Fiscal 2008 Performance

The following summarizes the performance during fiscal 2008 on the performance goals:

CORPORATE KEY FINANCIAL GOALS:

In fiscal 2008, the key financial goals at the corporate level, the potential payout multiple for achieving these goals (as a percentage of target), and the actual fiscal 2008 results as determined by the committee, were as follows:

	Potential Payout as % of Target			
	0%	100%	200%	Actual
Operating income	\$ 0	\$256 MM	\$420 MM	-\$2,875 MM
Asset turns	0.50	1.00	1.20	1.10

OTHER CORPORATE FINANCIAL AND STRATEGIC PERFORMANCE GOALS:

The chief executive officer in consultation with the committee assessed performance against the other corporate financial and strategic performance goals included in the performance development plans of the other named executive officers. The committee reviewed the rating assigned by the CEO as the supervisor for each of the other named executive officers under the individual performance development plans. The committee concurred with the ratings and the short-term incentive compensation to be awarded as a result of the individual performance. Although the committee did not focus on each of the specific goals included in the performance development plans, the committee believed that the plans had met their intended purpose and that the rating and corresponding incentive compensation credit were appropriate under the circumstances. The committee determined that most of these goals were successfully achieved or exceeded, and that some progress was made on the other goals.

PERFORMANCE OF BUSINESS UNIT OR FUNCTION:

In fiscal 2008, 50% of the short-term incentive compensation for Mr. Barclay was determined under the key financial goals relating to the

Centex Homes western region. The potential payout multiple for achieving these goals (as a percentage of target), and the actual fiscal 2008 results as determined by the committee, were as follows:

	Potential Payout as % of Target			
	0%	100%	200%	Actual
Operating margin	<-1.0%	2.6%	6.3%	-51.0%
Customer satisfaction	<8.2	8.5	9.1	9.1
Asset turns	<1.00	1.20	1.40	1.12

At the beginning of the year when the committee established the corporate key financial goals (and the related business unit goals for Mr. Barclay), the committee understood that we might incur land impairment charges during the fiscal year but did not know how much they would be. The initial goals excluded the impact of land impairment charges on the corporate key financial goals (and related business unit goals) in determining payouts and the committee intended to review all performance both with and without impairments. As the year progressed, impairment charges became significant, as well as their corresponding impact on asset turns and potential payouts. As a result, the committee determined, and communicated to management, that the committee would include impairment charges (consistent with our GAAP financial statements) when the initial payout amounts were determined for performance with the goals. After the end of the year, when the complete financial results were determined, and for the reasons described more fully below, the committee used negative discretion to reduce the applicable payout levels for the named executive officers and the other bonus-eligible employees (both as a pool and with respect to individual results) for achievement with respect to the goals.

CEO Compensation

The committee regards compensation of the chief executive officer to be among its most important responsibilities. The chief executive officer should be both motivated and properly rewarded by our incentive compensation programs. The committee provides incentives for the chief executive officer to lead the business in a direction that will maximize stockholder value over the long-term, not just

Table of Contents

the next year. The committee rewards the chief executive officer for performance consistent with the business plan and with the board's expectations.

Mr. Eller, our chief executive officer, has no employment agreement with us. He participated with other executive officers under a performance plan based on the corporate key financial goals discussed above. Although we reported a loss from continuing operations during fiscal 2008, we achieved a 1.1 aggregate asset turnover rate, had cash flow from operations of almost \$1.5 billion and achieved many of our business goals. We recently sold a non-core business, HomeTeam Services, at a profit, and arranged for the sale of numerous non-core real estate projects. In addition, Mr. Eller was instrumental in initiating a business process review that will benefit us for years to come. For example, we are implementing dramatic changes to our scheduling and construction processes to make them more efficient and cost effective. Those steps collectively created a strong cash balance at the beginning of fiscal 2009 and help position Centex for the future.

The following table summarizes the payout opportunities and shows the actual payout of short-term incentive (annual cash bonus) for the CEO for fiscal 2008:

Name	Target Short-Term Incentive Compensation (\$)	Calculated Short-Term Incentive Compensation per Plan (including impairments) (\$)	Actual Short-Term Incentive Compensation Payout (\$)
Timothy R. Eller	4,000,000	3,000,000	0

After considering our performance, the relative performance of the homebuilding peer group, the compensation paid to other homebuilding executives in recent quarters and the other factors described below, the committee awarded Mr. Eller no short-term incentive compensation or bonus for fiscal 2008. His target bonus for the fiscal year was \$4,000,000. Our CEO did not receive a cash bonus for the fiscal year (or for the prior fiscal year) because the board and the committee did not feel that the significant earnings loss for the year warranted an annual cash award. Although the board and the committee were pleased with the operational improvements made by Centex, the actual financial results did not warrant a short term award.

In May 2007, the committee awarded Mr. Eller stock options, for fiscal 2007, and a LTPU with a target grant date value of \$2,000,000, for fiscal 2008. For additional information, see Grants of Plan-Based Awards for Fiscal 2008 on page 66. In May 2008, the committee awarded long-term incentive compensation to Mr. Eller consisting of stock options (50%) and LTPUs (50%) measured by performance in respect of fiscal years 2009 to 2011.

The following table summarizes the committee's principal compensation decisions for the CEO at its last three annual compensation-setting meetings.

**Timothy R. Eller CEO
Principal Compensation Committee Decisions**

Meeting Date	Cash-Based		Long Term Awards		Total (\$)
	Base Salary (\$)	Short- Term Incentive Compen- sation (\$)	Grant Date Fair Value of Stock Options (\$)	Other Long- Term Awards (\$) (1)	
May 06	920,000	10,633,500	5,316,744	5,316,756	22,187,000
May 07	920,000	0	1,500,000	2,000,000	4,420,000
May 08	920,000	0	2,000,000	2,000,000	4,920,000

- (1) For 2006, consisted of restricted stock and deferred cash awards; for 2007 and 2008, consisted of LTPUs.

Mr. Eller received an annual base salary of \$920,000 in fiscal 2007 and fiscal 2008 (determined by the committee in May 2006 and May 2007, respectively). In May 2008, the committee decided not to change Mr. Eller's annual base salary for fiscal 2009.

Based on information provided by Mercer, one of the committee's compensation consultants, Mr. Eller's base salary remains below the 25th percentile of the range of estimated 2009 base salaries of chief executive officers in the homebuilding peer group, and his total direct pay package for fiscal 2008 (consisting of his base salary, and the grant date fair value of his May 2007 stock option award and LTPU award) is between the 25th percentile and the median of estimated 2008 compensation packages of chief executive officers in the homebuilding peer group.

Mr. Eller's total annual compensation is determined by the committee in the same manner as the total annual compensation of the

Table of Contents

other named executive officers, based on the policies and process described above. The disparities in Mr. Eller's total compensation as compared to that of the other named executive officers exist because his responsibilities are greater and his ability to impact the future of Centex is greater.

The average total direct target compensation awarded to the named executive officers was 38% of the total compensation of the CEO; Ms. Smith's, Mr. Barclay's, Ms. Stewart's, and Mr. Woram's total compensation consisted of 52%, 47%, 23% and 28% of Mr. Eller's total compensation, respectively. The committee believes that these compensation relationships effectively reflect each named executive officer's level of responsibility and our core compensation philosophy.

Other Executive Officer Compensation

Measuring Performance and Establishing Awards. After the end of fiscal 2008, management computed the amounts of short-term incentive compensation under the pre-approved plans based on the business results. With respect to the corporate key financial goals and the performance of business unit goals, management also provided computations showing the impact of removing land-related impairment charges from our financial results. The committee reviewed actual performance (both with and without impairment charges) against the performance goals established at the beginning of the fiscal year and determined and certified the short-term incentive compensation award that was earned under the key financial goals (and the performance of business unit goals for Mr. Barclay) for each executive under the respective target. The committee considered the performance on the other corporate financial and strategic performance goals, as expressed by the chief executive officer in his assessment of the performance development plans of the other named executive officers.

The committee reviewed and certified the calculated short-term incentive compensation in light of a number of factors: our total company performance, our performance after taking into account impairment charges and other special charges this year, our relative performance against the peer homebuilders, and the incentive compensation paid to other

homebuilding executives during recent quarters. The committee discussed the calculated incentive compensation with the committee's compensation consultant. The committee also discussed the projected incentive compensation of the named executive officers with the CEO.

After the discussions, the committee decided to exercise discretion to reduce the calculated short-term incentive compensation for all of the named executive officers. In setting the short-term compensation of the named executive officers (other than the CEO, which is described on page 52), the committee considered company performance but also wanted to recognize certain individual key accomplishments. For example, the committee considered Mr. Barclay's special contributions in the areas of strategic sales of non-core assets, Mr. Stewart's special contributions with respect to the sale of our HomeTeam Services business and the realignment and reduction of marketing expenditures, and Mr. Woram's leadership and supervision of all of our major divestiture transactions this past year.

Short-Term Incentive Payouts for Fiscal 2008. The following table summarizes the payout opportunities and shows the actual payout of short-term incentive (annual cash bonus) for the named executive officers (other than the CEO) for fiscal 2008:

Name	Target Short-Term Incentive Compensation (\$)	Calculated Short-Term Incentive Compensation per Plan (including impairments) (\$)	Actual Short-Term Incentive Compensation Payout (\$)
Catherine R. Smith	656,250	533,000	492,188
David L. Barclay	1,900,000	1,240,000	340,000
Robert S. Stewart	390,000	317,000	244,000
Brian J. Woram	562,500	457,000	352,000

Because Ms. Smith had been guaranteed a 75% of target incentive compensation for fiscal 2008 in her offer letter when she joined Centex in October 2006, the committee awarded her short-term incentive compensation at this level of \$492,188. These amounts will be paid to the named executive officers by June 15, 2008.

Long-Term Awards for Fiscal 2008. Consistent with its new long-term award philosophy, at the beginning of fiscal 2008, the committee approved a LTPU award that will be

Table of Contents

determined based on relative peer performance and change in the price of Centex common stock. The performance goals for the LTPU awards, and the potential payout multiple for achieving these goals, were as follows (with the relative weights noted in parentheses):

	Potential Payout as % of Target		
	0% 9 th place	100% 5 th place	200% 1 st place
Relative EPS growth (50%)	9 th place	5 th place	1 st place
Relative Return on Equity (50%)	9 th place	5 th place	1 st place

We chose these relative metrics as largely external views of our performance and we felt those two measures were most aligned with stockholder interests.

The LTPU plan peer group is comprised of a subset of the homebuilding peer group and includes: Beazer, D. R. Horton, Hovnanian, KB Home, Lennar, MDC, Pulte, and Ryland. We used total revenue and similarity to our business model as the primary criteria in selecting these companies. The eight companies in this peer group, along with Centex, generated the highest total revenue of all publicly-owned U.S. homebuilders at the beginning of the period of time being compared.

The committee awarded LTPUs to the named executive officers (other than the CEO) in May 2007 with target values of the following amounts:

Name	LTPU Award (\$)
Catherine R. Smith	949,986
David L. Barclay	1,499,971
Robert S. Stewart	549,985
Brian J. Woram	799,956

The number of LTPUs awarded will be adjusted for the relative performance and then multiplied by the closing price of Centex common stock on the NYSE on the last day of the performance period (unless another date applies due to an involuntary termination or a change in control). Performance unit amounts earned generally will be payable in cash in May 2010.

During the fiscal year, in October 2007, the committee also awarded Ms. Smith 76,628 shares of restricted stock (with an aggregate grant date value of \$2,000,000) as a retention award. The shares of restricted stock vest at the rate of 25% per year on each of the first four anniversaries of the date of grant.

Information about long-term compensation awards made in May 2008 is included under Executive Compensation for Fiscal Year 2009 on page 56.

Termination and Change in Control Arrangements

We have no employment arrangements with our CEO or any of the other named executive officers.

We have an executive severance policy that applies to the CEO, the other named executive officers and a large number of other executives. We believe our severance policy is generally consistent with those maintained by our peer companies and is important for attracting and retaining executives who are critical to our long-term success and competitiveness. The executive severance policy was entered into in order to clarify benefits that would be paid upon a termination of employment of existing executives. The committee considered the aggregate potential obligations of Centex in the context of the desirability of terminating the individual. The executive severance policy was developed by management and the committee, with the input of the committee's compensation consultant, and was not the result of arms-length negotiations between the committee and those executives to be covered by the policy. The components of the severance policy were determined by the committee to best promote the objectives stated above. For additional information concerning the policy, see Executive Severance Policy on page 77.

Under the terms of our equity-based compensation plans and our executive severance policy, the CEO and the other named executive officers are entitled to payments and benefits upon the occurrence of specified events including termination of employment (with and without cause) and upon a change in control. The specific terms of these arrangements, as well as an estimate of the compensation that would have been payable had they been triggered as of fiscal year-end, are described in detail under Termination and Change in Control Tables on page 73.

Centex has entered into change in control agreements with the named executive officers

Table of Contents

to provide a tax gross up if certain deemed payments upon a change in control cause taxable income to the executive. The gross-up covers only applicable excise taxes (and incremental income taxes on excise tax reimbursements). With respect to these change in control provisions, the committee examined the relative costs of these arrangements in light of the expected benefit in a change in control transaction, and determined that the benefits that would be derived are in the best interest of the named executive officers and Centex. Based on current market prices, we do not believe that we would be required to make any tax gross up payments under these arrangements to the named executive officers in a change in control. The committee also noted that its changes in the incentive compensation structure in fiscal 2008 to (a) separate short-term and long-term awards, (b) remove long-term awards from formulaic grants, and (c) readjust for fiscal 2008 the incentive compensation potentials for all the named executive officers, materially reduced the amounts payable to the CEO and the named executive officers in the various termination and change in control scenarios as of March 31, 2008 over the amounts disclosed in the prior year.

Perquisites

We have provided our CEO and the other named executive officers with several perquisites, including automobile allowances or use of a company car, country club or health club memberships, personal physical examinations, personal use of company-owned or leased aircraft and personal use of tickets to various sporting and entertainment events that were purchased, but not used, for business purposes, varying in certain degrees among the executives. We have provided perquisites as a means of providing additional compensation to the named executive officers, through the availability of benefits that are convenient for the executives to use when faced with the demands of their positions. However, in light of current business conditions and the current levels of compensation for our named executive officers, during fiscal 2008 the committee reviewed our policies regarding the availability of perquisites going forward for fiscal 2009, and limited many of the perquisites that we historically provided. Our corporate jet was sold during fiscal 2008 and we retain only a fractional interest in a jet owned by a third party. The committee anticipates limited personal use of the leased aircraft by management. Further, we typically will not provide any gross up payments for taxes incurred by the named executive officers in connection with any personal use of the aircraft. Automobile allowances and use of company cars are being phased out for the named executive officers during fiscal 2009. The committee intends to review our policies with respect to perquisites on a regular basis and to consider whether, and to what extent, it may be appropriate for the named executive officers to discontinue use of the perquisites.

Executive Compensation for Fiscal Year 2009

Principles. Our executive compensation strategy and principles for fiscal 2009 are identical to our fiscal 2008 principles, except that beginning in fiscal 2009, long-term incentive compensation awards will be made without regard to prior year performance.

Base Salary Adjustment. In May 2008, the committee decided not to increase the base salary of any named executive officers for fiscal 2009.

Short-Term Incentive Compensation. In May 2008, the committee approved performance-based formulas for determining the amounts of short-term incentive compensation (cash bonus) to be paid to the named executive officers for fiscal 2009. The corporate key financial goals for fiscal 2009 short-term incentive compensation are earnings from continuing operations before taxes and impairment charges and cash flow for the fiscal year. We changed our metrics from asset turns to cash flow because the significant amount of impairment charges in the prior fiscal year made it difficult to accurately measure on a short-term basis and we now have better visibility into our cash generation at a neighborhood level. In addition, customer satisfaction is a factor that could result in a reduction in short-term incentive compensation for all named executive officers if certain levels are not maintained. Consistent with fiscal 2008, 25% of each named executive officer's short-term incentive compensation (other than the CEO) will be based on the results of his or her individual performance development plan for fiscal 2009.

Table of Contents

In May 2009, the committee will determine whether these performance goals have been satisfied, will determine the payouts under the performance plans and will have the discretion to reduce the amount of the short-term compensation to be paid to the named executive officers based on our overall performance and other factors. If performance goals are met, awards will be paid in cash in the first two and one-half months of fiscal 2010.

Long-Term Incentive Compensation. In May 2008, the committee also considered long-term incentive compensation awards to the named executive officers. These awards are made independent of the prior fiscal year's performance goals, and are to align management with stockholder interests, motivate future performance and for retention purposes. The committee reviewed the range of potential long-term awards that it established at the beginning of fiscal 2008 and considered our overall performance for fiscal 2008, the individual performance of the named executive officers, and other factors. The committee decided to award long-term incentive compensation to the named executive officers within the range of the potential long-term awards that the committee established at the beginning of the fiscal year. The value of the awards was consistent with our competitive pay targets, and were as follows:

Name	Grant Date Fair Value of Stock Options (\$)	Target Value of Long-Term Performance Units (\$)
Timothy R. Eller	2,000,000	2,000,000
Catherine R. Smith	750,000	750,000
David L. Barclay	750,000	750,000
Robert S. Stewart	250,000	250,000
Brian J. Woram	300,000	300,000

The awards consisted of stock options (50%) and LTPUs (50%). The committee made the awards in this mix for the following reasons: stock options are traditionally a means of motivating management to increase company performance as the value of those awards is generated primarily through appreciation in a company's stock price. The LTPUs also enhance performance motivation since the ultimate payout is based both on company stock performance as well as relative performance against peer companies, as noted below.

The stock options vest in installments of one-third of the total amount awarded on each of March 31, 2009, 2010 and 2011. All of the stock options have a seven-year term. For this purpose, the options were valued using the Black-Scholes valuation method and have an exercise price equal to the closing sale price of Centex common stock on the NYSE on the date of grant. The awards were made under our 2003 Equity Plan or 2001 Stock Plan. The 2001 Plan is a separate stockholder-approved plan under which nonqualified stock options and restricted stock awards may be granted to our officers, key employees and directors.

The LTPUs were substantially identical to the awards made in May 2007 except that there is a single performance goal, which is total stockholder return, and the performance measurement period is the three fiscal years ending March 31, 2011.

The performance goals for the LTPU awards, and the potential payout for achieving these goals, were as follows:

	Potential Payout as % of Target			
	0%	25%	100%	200%
Relative total shareholder return (expressed as a percentile)	<25 th	25 th	50 th	100 th

The dollar value of these LTPU awards was divided by the 30-day average closing sale price of Centex common stock on the NYSE preceding the beginning of the April 1, 2008 performance period to determine the target number of LTPUs. The LTPUs have a three-year cliff vesting period ending on March 31, 2011 and will be subject to adjustment upward (up to 200%) or downward (to zero) from the target number at the end of the three-year performance period based on our relative stockholder return compared to the LTPU plan peer group. The adjusted number of LTPUs will generally be multiplied by the 30-day average closing sale price of Centex common stock on

the NYSE preceding the end of the performance period and the resulting value (if any) will be paid in cash. The LTPU awards were granted under our 2003 Equity Plan.

Additional Compensation Information

Use of Compensation Consultants. As previously discussed, the committee selected and engaged Mercer LLC (formerly Mercer

Table of Contents

Human Resources Consulting), a subsidiary of Marsh & McLennan Companies, Inc., as its compensation consultant for fiscal 2008. In this role, the committee asked Mercer (among other things) to review management's compensation recommendations for the named executive officers, other than the CEO.

Senior management relied upon other consultants for information and advice in formulating its compensation recommendations to the committee. Mercer provided services to senior management not related to executive compensation as well as a survey and benchmark information on director pay for the governance committee. Marsh & McLennan was also an insurance broker for certain insurance and surety bonds obtained by Centex and its subsidiaries, using separate teams of people under separate management.

Role of the Chief Executive Officer in Compensation Decisions. Our chief executive officer makes a recommendation to the committee each year on the appropriate target total annual compensation (including the short-term and long-term incentive compensation awards) to be paid to our named executive officers, excluding himself. The committee makes a final determination of the target total annual compensation (and the individual short-term and long-term awards) to be awarded to each executive officer, including our chief executive officer, based on the committee's determination of how that compensation will aid in achieving the objectives of our compensation policies. Although our chief executive officer typically attends committee meetings, none of the other named executive officers is present during the portion of the committee's meetings when compensation for these named executive officers is set. In addition, the chief executive officer is not present during the portion of the committee's meetings when his compensation is set.

Policy Regarding Grant of Equity Awards. We have adopted a policy regarding the grant of equity awards under our various equity plans that generally provides for the award of stock options and other long-term awards at the committee's meeting in May, except for director equity awards that are made in July. We do not have any process or practice to time the grant of equity awards in advance of our release of earnings or other material non-public information. Additional information concerning our policy is included under Policy Regarding Grants and Equity Awards on page 67.

Policy on Recoupment in Restatement Situations. As described above, a significant percentage of our executive officer compensation is incentive-based. This is an important aspect of our pay-for-performance culture. The determination of the extent to which the incentive objectives are achieved is based on our published financial results and the committee's ability to exercise negative discretion. Under our policy on recoupment in restatement situations, which is included in our corporate governance guidelines, if our financial results are restated due to fraud or intentional misconduct, the committee will review any incentive compensation paid or awarded to our officers who may have been responsible for the fraud or intentional misconduct that caused the need for the restatement. The committee will, to the extent permitted by applicable law, in all appropriate cases, require recoupment of any unearned amounts paid or awarded as incentive compensation to the officer under certain circumstances. In addition, the Sarbanes-Oxley Act of 2002 mandates that the chief executive officer and the chief financial officer reimburse us for any bonus or other incentive-based or equity-based compensation paid to them in a year following the issuance of financial statements that are later required to be restated as a result of misconduct. Additional information concerning our policy is included under Policy on Recoupment in Restatement Situations on page 65.

Target Stock Ownership Guidelines. We strongly believe that the financial interests of our executives should be aligned with those of our stockholders. Accordingly, the committee has established stock ownership guidelines for our corporate officers, including the named executive officers. All executive officers (other than our controller) are expected to own common stock in an amount equivalent to three times his or her annual base salary. The chief executive officer is expected to own an amount of our common stock that is five times his or her annual salary. Failure to attain target stock ownership levels within five years of becoming subject to the guideline can result in the reduction of future long-term incentive awards granted to the executive. The stock ownership levels specified by the guidelines have been met or exceeded by each of the named

Table of Contents

executive officers. In determining whether our stock ownership guidelines have been met, time-vested restricted stock and stock units are considered as being owned.

In 2008, the board and the committee reviewed our stock ownership guidelines. Based on the review, the ownership requirement was modified to include all employees of Centex and its subsidiaries at a level of vice president and higher. No changes were made to the ownership levels for the named executive officers. The board also added a hold feature under which until the stock ownership guidelines have been met, persons subject to the guidelines retain shares awarded and must use the after-tax value of stock option exercises and the payout of LTPUs settled in cash to acquire additional shares of our common stock.

Tax Deduction for Executive Compensation. Section 162(m), as clarified by the Internal Revenue Service, generally disallows a federal income tax deduction to public corporations for compensation over \$1,000,000 paid for any fiscal year to the corporation's chief executive officer and three other most highly compensated executive officers, other than its chief financial officer, at the end of any fiscal year. However, the regulation exempts qualifying performance-based compensation from the deduction limit if certain requirements are met.

Our policy is to have compensation programs that recognize and reward performance that increases our value, and, to the extent consistent with this policy, to seek to maintain the favorable tax treatment of that compensation. We believe, however, that under some circumstances, such as to attract or retain key executives or to recognize outstanding performance, it is in our and our stockholders' best interests to provide compensation to selected executives even if it is not deductible.

We initially designed our incentive compensation performance plan for fiscal 2008 with the intent that any incentive compensati