BRAZILIAN PETROLEUM CORP
Form 6-K
October 23, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of October, 2006

Commission File Number 1-15106

PETRÓLEO BRASILEIRO S.A. - PETROBRAS

(Exact name of registrant as specified in its charter)

Brazilian Petroleum Corporation - PETROBRAS

(Translation of Registrant's name into English)

Avenida República do Chile, 65
20031-912 - Rio de Janeiro, RJ
Federative Republic of Brazil
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ___X___ Form 40-F _______

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes _______ No___X____

Approval of Petros-2 Plan

(Rio de Janeiro, October 20, 2006). PETRÓLEO BRASILEIRO S/A - PETROBRAS, [Bovespa: PETR3/PETR4, NYSE: PBR/PBRA, Latibex: XPBR/XPBRA, BCBA: APBR/APBRA], a Brazilian international energy company, announces to shareholders that at a meeting held today, the Board of Directors approved the new pension plan denominated *Petros - 2* covering the Company s 16 thousand (August 2006) employees hired since August 2002 and not enjoying the benefits of a company pension plan. The key points of the plan meet the terms agreed in the Collective Labor Agreements since 2004 and this plan will now be submitted for approval to the regulatory authorities and subsequently presented to the employees for their consideration.

In August 2002, the company decided to cease admitting newly hired employees as members of the Petros Plan. Since then, employees hired by the company have been covered by a group life insurance scheme.

The *Petros - 2* Plan is characterized as a Variable Contribution Plan as described in the Resolution of the Management Council on Complementary Social Security Programs CGPC, since it has the characteristics of a Defined Contribution Plan (capitalization in an Individual Account and a pension based on the balance in this account) as well as those of a Defined Benefit Plan (option to receive a Lifetime Income and Risk Benefits with coverage for illness, incapacity and death).

The new *Petros* 2 Plan will involve equal contributions from the company and employees, varying at the employee s option between a base of 6% of the Contribution Wage and a maximum of 8% to 11% according to age group. The purpose of the base is to provide the required funds to pay a minimum retirement pension, as well as covering the Plan s Risk Benefits and administrative expenses.

The *Petros - 2* Plan is in legal compliance with the principles of deferred proportional benefit, portability, redemption and self-sponsorship for closed entity plans as established by the CGPC of the Ministry for Social Security and Welfare.

http: //www.petrobras.com.br/ri/english

Contacts:

Petróleo Brasileiro S.A PETROBRAS
Investor Relations Department
Raul Adalberto de Campos Executive Manager
E-mail: *petroinvest@petrobras.com.br*
Av. República do Chile, 65 - 22nd floor
20031-912 Rio de Janeiro, RJ
(55-21) 3224-1510 / 9947

This document may contain forecasts that merely reflect the expectations of the Company s management. Such terms as anticipate , believe , expect , forecast , intend , plan , project , seek , should , along with sim expressions, are used to identify such forecasts. These predictions evidently involve risks and uncertainties, whether foreseen or not by the Company. Therefore, the future results of operations may differ from current expectations, and readers must not base their expectations exclusively on the information presented herein.

SIGNATURE

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

Date: October 20, 2006

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By: /s/ Almir Guilherme Barbassa

Almir Guilherme Barbassa
Chief Financial Officer and
Investor Relations Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates offuture economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually oc cur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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style="DISPLAY: inline; FONT-SIZE: 10pt; FONT-FAMILY: times new roman"> $557,709 $1,374,703 $803,356 $1,385,828 $4,121,596

As outlined above, our primary contractual obligations are principal and interest payments under senior notes and other debt agreements. Our joint venture obligations represent our share of joint venture debt, which is discussed in more detail in Note (G), “Commitments and Contingencies,” of the Notes to Consolidated Financial Statements.

On April 1, 2007, we adopted FIN 48. The cumulative effect of the adoption of FIN 48 was recorded as a $208.3 million reduction to beginning retained earnings in the first quarter of fiscal year 2008. In accordance with FIN 48, at March 31, 2009, accrued liabilities include $526.1 million in unrecognized tax benefits, accrued interest and penalties (which excludes the tax benefit relating to the deductibility of interest and state income tax). As discussed in

Note (O), "Subsequent Events," of the Notes to the Consolidated Financial Statements, on May 18, 2009, Centex and the IRS settled certain issues relating to the audit of its federal income tax returns for fiscal years 2001 through 2004. The settlement resulted in a tax liability of approximately $63 million of which $62 million was paid in June 2006 (with the balance to be paid in fiscal year 2010). As a result of the settlement with the IRS and the recognition of uncertain tax benefits during the first quarter of fiscal year 2010, we will decrease our FIN 48 accrued liability, record an income tax benefit, and realize an increase to net equity of approximately $270 million. Due to the nature of these liabilities and ongoing examinations by taxing authorities, we are unable to reasonably estimate during which future periods our FIN 48 accrued liabilities will ultimately be paid or settled. For further information regarding FIN 48, see Note (L), "Income Taxes," of the Notes to Consolidated Financial Statements.

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We expect to fund our contractual and other obligations in the ordinary course of business through our operating cash flows, cash on-hand and through our credit facilities. However, we expect we will need to generate sufficient cash flow from operations to repay our outstanding debt at maturity or otherwise be able to retire, refinance or restructure such debt.

Credit Facilities and Liquidity

Our credit facilities and available capacity are summarized below (dollars in thousands):

	As of March 31,			
	2009		2008	
	Credit Facilities	Available Capacity	Credit Facilities	Available Capacity
Multi-Bank Revolving Credit Facility				
Revolving Credit and Letters of Credit	$ 500,000	$ 193,156	$ 1,350,000	$ 335,650
Financial Services Secured Credit Facilities	250,000	130,948	605,000	267,947
	$ 750,000	$ 324,104	$ 1,955,000	$ 603,597

We maintain a $500 million committed, unsecured, multi-bank revolving credit facility, maturing in July 2010 that provides funding for general corporate purposes and letters of credit. In January 2009, we amended our revolving credit facility to, among other things, reduce the total commitment, at our request, to $500 million from $1.35 billion. This reduction in our multi-bank revolving credit facility was a result of the substantial decline in homebuilding activity and the resulting decline in our working capital needs. Financial Services reduced its credit facilities from $605 million to $250 million in fiscal year 2009. This reduction was the result of substantially lower borrowing needs following Financial Services exit from Retail mortgage originations and continued declines in volume attributed to the sales of homes built by Centex.

The revolving credit facility includes a borrowing base limitation that applies whenever we do not have an investment grade senior unsecured debt rating from at least two of the following rating agencies: S&P, Moody's and Fitch. At March 31, 2009, we did not have investment grade ratings and were therefore subject to the borrowing base limitation. At March 31, 2009, our long-term debt ratings were BB-, Ba3 and BB from S&P, Moody's and Fitch, respectively. Under the borrowing base limitation, the sum of the net senior debt (as defined in the credit agreement), any amounts drawn on the revolving credit facility for direct borrowings and outstanding financial letters of credit can not exceed an amount calculated based on applying certain percentages to various categories of unencumbered homebuilding inventory and other assets. We had no amounts drawn on the revolving credit facility for direct borrowings at March 31, 2009 or at any time during the twelve months then ended. As of March 31, 2009, we had $306.8 million of outstanding letters of credit under our facility, including $117.4 million of financial letters of credit. Financial letters of credit are generally issued as a form of financial or payment guaranty. At March 31, 2009, available capacity amounts for the revolving credit facility were also further subject to certain limitations by features in our credit facility commonly referred to as anti-cash hoarding provisions.

In addition, our credit facility included an interest coverage ratio at March 31, 2009. This ratio is a determinant of whether we are required to establish a liquidity reserve deposit. If the interest coverage ratio is less than 2 to 1, we are required to establish a liquidity reserve of cash balances to be maintained in segregated accounts with certain lenders in the credit facility. These amounts are not subject to a security interest, but are classified as restricted cash in our Consolidated Balance Sheets. The amount of the liquidity reserve is equal to eight times consolidated net interest

expense (as defined in the credit agreement) for the most recent completed fiscal quarter.

We may withdraw or must increase amounts on deposit in the liquidity reserve at the end of each fiscal quarter if the amount on deposit exceeds or is below the amount required for that fiscal quarter. We may withdraw all amounts on deposit once we satisfy the interest coverage ratio of 2 to 1. At March 31, 2009, the liquidity reserve requirement on deposit was $354.9 million.

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Our outstanding debt (dollars in thousands) as of March 31, 2009 was as follows (due dates are presented in fiscal years):

Senior Notes, weighted-average 6.04%, due through 2017	$	3,102,788
Land Acquisition Notes and Other, weighted-average 7.01%, due through 2018		2,084
		3,104,872
Financial Services Mortgage Warehouse Facilities, weighted-average 2.72%		119,052
	$	3,223,924

Our homebuilding operations also have certain obligations under our joint venture arrangements, community district development bonds and other special financing districts. Additionally, Financial Services has committed to fund certain loans. See Note (G), "Commitments and Contingencies," of the Notes to Consolidated Financial Statements for further discussion of these obligations.

We had no direct borrowings under our revolving credit facility at March 31, 2009 or at any time during the year then ended. The multi-bank credit facility contains certain financial covenants. We are required to maintain compliance with the borrowing base at all times and meet a tangible net worth minimum and not exceed a certain leverage ratio each quarter.

For the quarter ended March 31, 2009, we were in compliance with all our financial covenants as shown in the table below (dollars in thousands):

	Required Level		Actual Level	
Leverage Ratio	≤ 65.0	%		62.1%
Excess Tangible Net Worth	Greater than $0		$	347,811
Excess Borrowing Base	Greater than $0		$	257,936
Liquidity Reserve Deposit (1)	$	354,871	$	354,871

(1) In May 2009, in accordance with the terms of our credit facility, we increased the deposit to $403.5 million in order to maintain compliance with the liquidity reserve requirement.

We monitor compliance with our financial covenants on a quarterly basis, including a review of forward-looking projections. If market conditions deteriorate in the future and have an adverse effect on our business, financial condition or results of operations, including by causing additional significant land-related charges or other asset impairments, compliance with our financial covenants may be difficult to maintain. Violations of any of the financial covenants in the credit facility, if not waived by the lenders or cured, could result in the termination by the lenders of their commitment, the acceleration of any outstanding borrowings and the requirement that we provide cash collateral for any outstanding letters of credit.

At March 31, 2009, CTX Mortgage Company, LLC had two committed mortgage warehouse credit facilities with commitments of $150 million, which was scheduled to expire in April 2009, and $100 million which expires in October 2009. At March 31, 2009, the available capacity under these warehouse facilities combined was $130.9 million. Under the $100 million committed mortgage warehouse credit facility, the bank has the right to convert the facility to an amortizing loan based on the ultimate sale of the underlying collateral and not to purchase any additional mortgage loans under the warehouse facility if our long-term unsecured debt ratings fall below a specified level. At March 31, 2009, Financial Services was not in compliance with a covenant of the $150 million committed mortgage

warehouse credit facility, which was subsequently waived by the lender during April 2009.

On April 28, 2009, CTX Mortgage Company, LLC executed an amendment to the $150 million mortgage warehouse credit facility that lowered the facility to $100 million and extended the maturity date to May 30, 2009. If these facilities are not renewed or replaced upon their expiration, Financial Services would need to make other financing arrangements to fund its mortgage loan origination activities, or Centex Corporation may be required to fund Financial Services loan originations and make additional capital contributions to Financial Services. Although we believe that Financial Services could broker loans to other mortgage companies, sell loans directly to FNMA, or arrange for alternative financing that is common for other homebuilders and mortgage companies, there can be no assurance that such financing would be available on satisfactory terms, and any delay in obtaining such financing could adversely affect the results of operations of Financial Services.

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In the case of all of our businesses, if our current resources do not satisfy our needs, we may have to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the conditions in capital and trading markets, the overall availability of credit to the homebuilding and mortgage finance industries, our credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of our long- or short-term financial prospects if the level of our business activity further decreased due to the current market downturn. As a result of one or more of the foregoing factors, we may not be able to successfully obtain additional financing on favorable terms, or at all.

In order to reduce debt and to decrease future cash interest payments, as well as principal payments that are due at maturity or would be required to be made upon redemption, we may, from time to time, repurchase or restructure our outstanding debt securities. We will evaluate any such transactions in light of market conditions prevailing at the time, taking into account our liquidity, our future debt service requirements and our requirements for future access to capital.

On October 9, 2008, we announced that our Board of Directors had suspended our quarterly cash dividend on our common stock. The suspension of our dividend is intended to enable us to preserve stockholders' equity and conserve cash for use in our business during the downturn in the housing market.

We believe that our existing cash and future sources of funding, cash flow from operations and our committed credit facilities are adequate to meet our currently anticipated operating needs, capital expenditures, letter of credit needs and debt service requirements for at least the next twelve months. As a supplement to our cash provided by operations, we may elect to sell certain non-strategic assets. There can be no assurance that such sales could be completed on terms or within a timeframe acceptable to us in order to create additional cash flow. In addition, our future liquidity and capital requirements may vary depending on a number of factors, including market conditions in the homebuilding industry, the availability of financing to homebuyers, the level of competition and general and economic factors beyond our control. These and other developments could reduce our cash flow, cause us to incur additional losses, cause us not to be in compliance with financial and other covenants and require that we seek amendments or waivers to our credit facilities to ensure continued availability of committed debt financing. We cannot predict what effect these factors will have on our future liquidity. For additional information on factors impacting our liquidity and capital resources, please refer to Part I, Item 1A, "Risk Factors" of this Report.

Seasonality and Inflation

We have historically experienced variability in our quarterly results of operations due to the seasonal nature of the homebuilding industry. Due to the deteriorating market conditions and our strategic responses to such downturn, we can make no assurances as to whether our historical seasonal pattern will continue to be reflected in our future results of operations.

Periods of high inflation may adversely affect us and the homebuilding industry in general, as they may contribute to higher land, financing, labor and construction costs. In addition, higher mortgage interest rates, which may accompany inflation, significantly affect the affordability of permanent mortgage financing to prospective homebuyers. Traditionally, we have attempted to pass increases in our costs to our customers through increased sales prices; however, current market instability may limit our ability to offset our cost increases with higher selling prices. If we are unable to raise sales prices enough to compensate for higher costs, or if mortgage interest rates increase significantly, and affect our prospective homebuyers' ability to adequately finance home purchases, our results of operations would be adversely affected.

CERTAIN OFF-BALANCE SHEET OBLIGATIONS

The following is a summary of certain off-balance sheet arrangements and other obligations and their possible effects on our liquidity and capital resources.

Joint Ventures

We conduct a portion of our land acquisition, development and other activities through our participation in joint ventures in which we hold less than a majority interest. These land-related activities typically require substantial capital, and partnering with other homebuilders or developers and, to a lesser extent, financial partners, allows Home Building to share the risks and rewards of ownership and to provide broader strategic advantages.

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We account for our investments in joint ventures under the equity method of accounting whereby our investment is increased by contributions and our share of joint venture earnings and is reduced by distributions and our share of joint venture losses. We record obligations to joint ventures in our investment when they are both probable and estimable. We consolidate joint ventures in which our ownership interest exceeds 50%.

A summary of our Home Building joint ventures is presented below:

	As of March 31,					
	2009			2008		
	Number of JVs (1)	Investments	Centex's Share of Debt (2)	Number of JVs (1)	Investments	Centex's Share of Debt (2)
Unleveraged Joint Ventures	29	$ 133,149	$ -	29	$ 70,043	$ -
Joint Ventures with Debt:						
Limited Maintenance Guarantee (3) (4)	-	-	-	1	43,311	27,500
Repayment Guarantee (5)	1	836	4,357	3	3,154	13,692
Completion Guarantee (4)	3	2,519	84,861	8	78,274	133,935
	33	136,504	89,218	41	194,782	175,127
No Recourse or Guarantee	4	-	35,385	1	12,040	24,000
	37	$ 136,504	$ 124,603	42	$ 206,822	$ 199,127

(1) The number of joint ventures includes unconsolidated Home Building joint ventures for which we have an investment balance as of the end of the period and/or current fiscal year activity. We were the managing member of 22 and 23 of the active joint ventures as of March 31, 2009 and 2008, respectively. The number of joint ventures includes 13 and 17 joint ventures as of March 31, 2009 and 2008, respectively, for which substantially all the joint ventures' activities are complete.

(2) Centex's share of debt represents our maximum exposure related to the joint ventures' debt at each date. Amounts shown in the column as of March 31, 2009 do not include $39.0 million in debt-related and other joint venture obligations recorded as accrued liabilities in our Consolidated Balance Sheets.

(3) We guaranteed that a joint venture would maintain a specified loan to value ratio. We contributed additional capital in order to maintain this joint venture's loan to value requirements.

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(4) Certain joint venture agreements require us to guarantee the completion of a project or phase if the joint venture does not perform the required land development. A portion of these completion guarantees are joint and several with our partners.

(5) We have guaranteed repayment of a portion of certain joint venture debt limited to our ownership percentage of the joint venture or a percentage thereof.

Total joint venture debt outstanding as of March 31, 2009 and 2008 was $270.3 million and $423.2 million, respectively. Debt agreements for joint ventures vary by lender in terms of structure and level of recourse. For certain of the joint ventures, we are also liable on a contingent basis, through other guarantees, letters of credit or other arrangements, with respect to a portion of the construction debt. Additionally, we have agreed to indemnify the construction lender for certain environmental liabilities in the case of most joint ventures and most guarantee arrangements provide that we are liable for our proportionate share of the outstanding debt if the joint venture files for voluntary bankruptcy. We have recorded obligations pursuant to our share of certain completion and repayment guarantees.

As of March 31, 2009, six of our joint ventures are in default of their joint venture debt agreements. In the case of four of these joint ventures, our share of the total joint venture debt is $35.4 million, all of which is nonrecourse and not covered by a guarantee. The two remaining joint ventures in default have debt totaling $80.6 million subject to completion guarantees. Subsequent to March 31, 2009, one of the joint ventures for which we had a completion guarantee filed for bankruptcy protection in a transaction that was pre-agreed with the lenders. As a result of this transaction, we are no longer subject to a completion guarantee for this joint venture, and we recorded our estimated exposure related to the bankruptcy filing in our financial statements as of March 31, 2009. With respect to our other joint venture for which we had a completion guarantee, in May 2009, we acquired the outstanding debt of the joint venture from the lender. In addition, we reached agreement, subject to court approval, to acquire the remaining interest in the joint venture from our joint venture partner, who previously filed for bankruptcy. For all remaining joint ventures in default, whose debt is nonrecourse and not covered by a guarantee, we satisfied all debt-related obligations. In some cases, however, we may elect to make additional contributions or payments if we determine that

doing so is in our best interests or allows us to preserve all or part of the value of our investment in a particular property or project, which would otherwise be subject to foreclosure.

A summary of the estimated maturities of our share of joint ventures' debt is provided below (dollars in thousands). We have estimated the debt maturities with the assumption that all payments are first applied to pay down the outstanding debt balances as of March 31, 2009, and we have not projected the early repayment of joint venture debt. Our share of joint ventures' debt for which the joint ventures are in default is included in fiscal year ending 2010 in the table below.

For the Years Ending March 31,	Subject to Guarantees	Nonrecourse	Total
2010	$ 84,861	$ 35,385	$ 120,246
2011	4,357	-	4,357
	$ 89,218	$ 35,385	$ 124,603

CRITICAL ACCOUNTING ESTIMATES

Some of our critical accounting policies require the use of judgment in their application or require estimates of inherently uncertain matters. Our accounting policies are in compliance with generally accepted accounting principles; however, a change in the facts and circumstances of the underlying transactions could significantly change the application of the accounting policies and the resulting financial statement impact. Listed below are those policies that we believe are critical and require the use of complex judgment in their application. Our critical accounting estimates have been discussed with the members of the Audit Committee of the Board of Directors.

Mortgage Loan Allowances and Related Reserve

Financial Services has established a liability for anticipated losses associated with mortgage loans originated and sold based upon, among other things, historical loss rates, current trends in loan originations and geographic location of the underlying collateral. This liability includes losses and settlements associated with certain borrower payment defaults, credit quality issues, or misrepresentations and reflects our judgment of the loss exposure at the end of the reporting period. Please refer to Note (G), "Commitments and Contingencies," of the Notes to Consolidated Financial Statements for additional information on this reserve as of March 31, 2009 and 2008.

Financial Services also periodically reviews its construction loan commitments for collectibility. To establish the appropriate allowance, we first classify our construction loans, which are included in other mortgage loans, into risk categories. These categories are based on, among other things, loan product, the borrower's credit profile, draw activity on the loan, loan delinquency rate, and the historical realization on construction loans. Each category of loans is then evaluated for potential credit and market-related risks. The allowance for loans we expect to convert to permanent loans that will be held for sale is based on the estimated market value of the loans. The allowance for loans we expect to eventually default is based on the credit risk of the loan.

From time to time, Financial Services will be required to repurchase certain loans we originated and sold to third parties under the representations and warranty provisions in our loan sale agreements. If a repurchased loan is performing, it is classified as a mortgage loan held for sale and will most likely be sold to a third party. If a repurchased loan is nonperforming, the loan and its related allowance are classified as other mortgage loans. In

addition, Financial Services will foreclose on certain nonperforming construction loans, as well as repurchased nonperforming loans. We establish an allowance for loans in foreclosure based on our historical loss experience and current loss trends. Please refer to Note (B), "Mortgage Loans Receivable," of the Notes to Consolidated Financial Statements for additional information on our other mortgage loans and the related allowance as of March 31, 2009 and 2008.

If a nonperforming loan becomes current, it is reclassified to mortgage loans held for sale. For all other nonperforming loans, we proceed to foreclose on the loan. Real estate acquired through foreclosure is initially recorded at estimated fair value less costs to sell and subsequently carried at the lower of cost or estimated fair value less costs to sell. The carrying value of all property acquired through foreclosure is classified as real estate owned and included as a component in other inventory in the accompanying Consolidated Balance Sheets. At March 31, 2009 and 2008, the carrying value of real estate owned was $16.4 million and $10.9 million, respectively.

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Although we consider our mortgage loan allowances and related reserve reflected in our Consolidated Balance Sheets at March 31, 2009 to be adequate, there can be no assurance that these allowances and related reserve will prove to be sufficient over time to cover ultimate losses in connection with our loan originations. These allowances and related reserve may prove to be inadequate due to unanticipated adverse changes in the economy, the mortgage market, or discrete events adversely affecting specific customers.

Inventory Valuation

Land acquisition, land development, and home construction costs include costs incurred (land acquisition and development, direct construction, capitalized interest and real estate taxes), as well as certain estimated costs. These estimated costs include accruals for estimated costs incurred but not yet paid and estimates of remaining costs. These estimates are based on homebuilding and land development budgets that are assembled from historical experience and local market conditions. Actual results may differ from anticipated costs due to a variety of factors including, but not limited to, a change in the length of construction period, a change in cost of construction materials and contractors, and a change in housing demand. To mitigate these factors, we regularly review and revise our construction budgets and estimates of costs to complete.

On a quarterly basis we assess each neighborhood and land investment, including land held for development and sale, in order to identify underperforming neighborhoods and to identify land investments that may not be recoverable through future operations. Each neighborhood is assessed as an individual project. This quarterly assessment is an integral part of our local market level processes. We measure the recoverability of assets by comparing the carrying amount of an asset to its estimated future undiscounted net cash flows. These evaluations are significantly impacted by the following key assumptions related to the project:

estimates of average future selling prices,
estimates of future construction and land development costs, and
estimated future sales rates.

These key assumptions are dependent on project specific local market (or neighborhood) conditions and are inherently uncertain. Local market-specific factors that may impact our project assumptions include:

historical project results such as average sales price and sales rates, if closings have occurred in the project,
competitors' local market (or neighborhood) presence and their competitive actions,
project specific attributes such as location desirability and uniqueness of product offering,
potential for alternative product offerings to respond to local market conditions, and
current local market economic and demographic conditions and related trends and forecasts.

These and other factors are considered by our local personnel as they prepare or update the project level assumptions. The key assumptions included in our estimated future undiscounted net cash flows are interrelated. For example, a decrease in estimated sales price due to increased discounting may result in a complementary increase in sales rates. Based on the results of our assessments, if the carrying amount of the neighborhood exceeds the estimated undiscounted cash flows, an impairment is recorded to reduce the carrying value of the project to fair value. Fair value is determined based on discounted estimated cash flows for a neighborhood. Discount rates used in our evaluations are based on a risk free interest rate, increased for estimates of market risks associated with a neighborhood. Market risks considered in our discount rate include, among others:

geographic location of project,
product type (for example, multifamily high rise product or single family product),

average sales price of the product, and
estimated project life.

For the quarter ended March 31, 2009, discount rates used in our estimated discounted cash flow assessments ranged from 8% to 24%, with an average discount rate of 16%.

Our quarterly assessments reflect management's estimates, which we believe are reasonable; however, if homebuilding market conditions continue to deteriorate, or if the current challenging market conditions continue for an extended period, future results could differ materially from management's judgments and estimates.

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Land Held Under Option Agreements Not Owned and Other Land Deposits

Under certain land option agreements with unaffiliated entities, we pay a stated deposit in consideration for the right to purchase land at a future time, usually at predetermined prices. We evaluate these entities in accordance with the provisions of FIN 46, which require us to consolidate the financial results of a variable interest entity if we are its primary beneficiary. Variable interest entities are entities in which (1) equity investors do not have a controlling financial interest and/or (2) the entity is unable to finance its activities without additional subordinated financial support from other parties. The primary beneficiary of a variable interest entity is the owner or investor that absorbs a majority of the variable interest entity's expected losses and/or receives a majority of the variable interest entity's expected residual returns. If we determine that we are the primary beneficiary, we consolidate the assets and liabilities of the variable interest entity.

We determine if we are the primary beneficiary based upon analysis of the variability of the expected gains and losses of the variable interest entity. Expected gains and losses of the variable interest entity are highly dependent upon our estimates of the variability and probabilities of future land prices and the probabilities of expected cash flows and entitlement risks related to the underlying land, among other factors. We perform our analysis at the inception of each lot option agreement. Local market personnel are actively involved in our evaluation, including the development of our estimates of expected gains and losses of the variable interest entity. To the extent an option agreement is significantly modified or amended, the agreement is reevaluated pursuant to FIN 46. Based on our evaluation, if we are the primary beneficiary of those entities for which we have entered into land option agreements, the variable interest entity is consolidated. To the extent financial statements or other information is available, we consolidate the assets and liabilities of the variable interest entity. If financial statements for the variable interest entity are not available, we record the remaining purchase price of land in the Consolidated Balance Sheets under the caption, "land held under option agreements not owned," with a corresponding increase in minority interests. See Note (C), "Inventories," of the Notes to Consolidated Financial Statements for further discussion on the results of our analysis of land option agreements.

In addition to land options recorded pursuant to FIN 46, we evaluate land options in accordance with the provisions of SFAS No. 49, "Accounting for Product Financing Arrangements," or SFAS 49. When our deposits and pre-acquisition development costs exceed certain thresholds and we have determined it is likely we will exercise our option, we record the remaining purchase price of land in the Consolidated Balance Sheets under the caption "land held under option agreements not owned," with a corresponding increase to accrued liabilities.

In addition to the land options recorded pursuant to FIN 46 and SFAS 49 discussed above, we have other land option deposits for which the underlying asset is not consolidated. These land option agreements and related pre-acquisition costs are capitalized in accordance with SFAS No. 67, "Accounting for Costs and Initial Rental Operations of Real Estate Projects."

Land option deposits (including those consolidated) and pre-acquisition costs are expensed if the option agreement terminates, is in default, expires by its terms or if we determine it is probable that the property will not be acquired. On a periodic basis, we assess the probability of acquiring the land we control under option agreements. This assessment is performed for each option agreement by local market personnel. The key factors that impact our assessment include:

- local market housing inventory levels for both existing and new homes,
- our existing local supply of owned and controlled lots,
- contract purchase price and terms,
- local regulatory environment and, if not fully entitled, likelihood of obtaining required approvals, and

local market economic and demographic factors such as job growth, long- and short-term interest rates, consumer confidence, population growth and immigration.

Goodwill

Goodwill represents the excess of purchase price over net assets of businesses acquired. Goodwill is tested for impairment at the reporting unit level on an annual basis (at January 1) or when management determines that due to certain circumstances the carrying amount of goodwill may not be recoverable. Goodwill is tested for impairment using a two-step process with the first step comparing the fair value of the reporting unit with its carrying amount, including goodwill. If the carrying amount exceeds the fair value, the second step is performed to measure the amount of impairment loss to be recognized, defined as the carrying value of the reporting unit goodwill that exceeds the implied fair value of that goodwill.

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We periodically evaluate whether events and circumstances have occurred that indicate the remaining balance of goodwill may not be recoverable. Fair value is estimated using a discounted cash flow or market valuation approach. Key assumptions utilized in our discounted cash flow model include estimated future sales levels, estimated cost of revenues, varying discount rates and working capital constraints as they principally relate to estimated future inventory levels. Material variations of these assumptions may have a significant impact to the carrying value of goodwill.

During the quarter ended December 31, 2008, we determined that events and circumstances had occurred that indicated the remaining goodwill balances within the homebuilding reporting units of the segment may not be recoverable. These events included, but were not limited to, continued significant land-related impairments, significant curtailment of housing demand, deteriorating conditions in the overall economy and a relatively low market capitalization compared to our overall book value. Based on these factors, our goodwill was evaluated for impairment at December 31, 2008, and as a result of the impairment test, we recorded goodwill impairments of $38.1 million. We did not record any impairments of goodwill during the quarter ended March 31, 2009. We recorded goodwill impairments of $78.2 million during the year ended March 31, 2008.

Warranty Accruals

Home Building offers a ten-year limited warranty for most homes constructed and sold. The warranty covers defects in materials or workmanship in the first two years of the home and certain designated components or structural elements of the home in the third through tenth years. Home Building estimates the costs that may be incurred under its warranty program for which it will be responsible and records a liability at the time each home is closed. Factors that affect Home Building warranty liability include the number of homes closed, historical and anticipated rates of warranty claims and cost per claim. Home Building periodically assesses the adequacy of its recorded warranty liability and adjusts the amounts as necessary. Although we consider the warranty accruals reflected in our Consolidated Balance Sheets to be adequate, there can be no assurance that this accrual will prove to be sufficient over time to cover ultimate losses.

Insurance Accruals

We have certain self-insured retentions and deductible limits under our workers' compensation, automobile and general liability insurance policies. We establish reserves for our self-insured retentions and deductible limits based on an analysis of historical claims and an estimate of claims incurred but not yet reported. Projection of losses concerning these liabilities is subject to a high degree of variability due to factors such as claim settlement patterns, litigation trends and legal interpretations, among others. On an annual basis, we engage actuaries to assist in the evaluation and development of claim rates and required reserves for self insurance, including reserves related to construction defects and general liability claims. We periodically assess the adequacy of our insurance accruals and adjust the amounts as necessary. Although we consider the insurance accruals reflected in our Consolidated Balance Sheets to be adequate, there can be no assurance that this accrual will prove to be sufficient over time to cover ultimate losses.

Income Taxes

We account for income taxes on the deferral method whereby deferred tax assets and liabilities are provided for the tax effect of differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

In accordance with the provisions of SFAS 109, we assess, on a quarterly basis, the realizability of our deferred tax assets. A valuation allowance must be established when, based upon the evaluation of all available evidence, it is more likely than not that all or a portion of the deferred tax assets will not be realized. Realization of deferred tax assets is dependent upon taxable income in prior carryback years, estimates of future taxable income, tax planning strategies and reversals of existing taxable temporary differences. SFAS 109 provides that forming a conclusion that a valuation allowance is not needed is difficult when there is negative evidence such as cumulative losses in recent years or losses expected in early future years. Please refer to Note (L), "Income Taxes," of the Notes to Consolidated Financial Statements regarding our valuation allowance.

On April 1, 2007, we adopted FIN 48. The cumulative effect of the adoption of FIN 48 was recorded as a $208.3 million reduction to beginning retained earnings in the first quarter of fiscal year 2008. In accordance with the provisions of FIN 48, we recognize in our financial statements the impact of tax return positions or future tax positions if it is more likely than not to prevail (defined as a likelihood of more than fifty percent of being sustained upon audit,

based on the technical merits of the tax position). Tax positions that meet the more likely than not threshold are measured (using a probability weighted approach) at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement. For further discussion regarding FIN 48, please refer to Note (L), “Income Taxes,” of the Notes to Consolidated Financial Statements.

The federal statute of limitations has expired for our federal tax returns filed for tax years through March 31, 2000. In July 2007, we received a revenue agent’s report from the Internal Revenue Service, or IRS, relating to the ongoing audit of our federal income tax returns for fiscal years 2001 through 2004, which included adjustments to increase taxable income during these periods. We believe that our tax return positions are supported and will continue to vigorously dispute the proposed adjustments. In fiscal year 2008, the IRS commenced an examination of our federal income tax returns for fiscal years 2005 and 2006. In addition, certain of our state income tax returns are under audit and are at various stages of the audit process.

The estimated liability for unrecognized tax benefits is periodically assessed for adequacy and may be affected by changing interpretations of laws, rulings by tax authorities, certain changes and/or developments with respect to audits, and expiration of the statute of limitations. The outcome for a particular audit cannot be determined with certainty prior to the conclusion of the audit and, in some cases, appeal or litigation process. The actual benefits ultimately realized may differ from our estimates. As each audit is concluded, adjustments, if any, are appropriately recorded in our financial statements. Additionally, in future periods, changes in facts, circumstances, and new information may require us to adjust the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recognized in the period in which the change occurs.

RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements,” or SFAS 157, that serves to define fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. We adopted SFAS 157 effective April 1, 2008. For further discussion regarding the adoption of SFAS 157, please refer to Note (H), “Fair Values of Financial Instruments,” of the Notes to Consolidated Financial Statements. In February 2008, the FASB issued FASB Staff Position, or FSP, FAS 157-2 that delayed the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Examples of items to which this FSP applies include, but are not limited to, reporting units measured at fair value in the first step of a goodwill impairment test and long-lived assets (asset groups) measured at fair value for an impairment assessment (i.e., inventory impairment assessments). This FSP deferred the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities for us to April 1, 2009. The adoption of this FSP did not have a material impact on our results of operations or financial position.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities,” or SFAS 159. Under the provisions of SFAS 159, companies may elect to measure specified financial instruments, warranty and insurance contracts at fair value on a contract-by-contract basis, with changes in fair value recognized in earnings. The election, called the “fair value option,” enables companies to reduce the volatility in reported earnings caused by measuring related assets and liabilities differently, and it is simpler than using the complex hedge-accounting requirements in FASB Statement No. 133, “Accounting for Derivative Instruments and Hedging Activities,” or SFAS 133, to achieve similar results. We adopted SFAS 159 effective April 1, 2008. For further discussion regarding the adoption of SFAS 159, please refer to Note (H), “Fair Values of Financial Instruments,” of the Notes to Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51," or SFAS 160. Under the provisions of SFAS 160, a noncontrolling interest in a subsidiary, or minority interest, must be classified as equity and the amount of consolidated net income specifically attributable to the minority interest must be clearly identified in the statement of consolidated earnings. SFAS 160 also requires consistency in the manner of reporting changes in the parent's ownership interest and requires fair value measurement of any noncontrolling interest retained in a deconsolidation. SFAS 160 is effective for us as of April 1, 2009. The adoption of SFAS 160 did not have a material impact on our consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133," or SFAS 161. SFAS 161 requires disclosures about why we utilize derivative instruments and how we account for them as well as how the instruments and the related hedged items affect our financial position, results of operations, and cash flows. SFAS 161 applies to all derivative

instruments and hedged items accounted for under SFAS 133 and is effective for us as of January 1, 2009. The adoption of SFAS 161 did not impact our consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks related to fluctuations in interest rates on our direct debt obligations and mortgage loans receivable. We utilize derivative instruments, including interest rate swaps, in conjunction with our overall strategy to manage the outstanding debt that is subject to changes in interest rates. We utilize forward sale commitments to mitigate the risk associated with the majority of our mortgage loan portfolio. Other than the forward commitments and interest rate swaps discussed earlier, we do not utilize forward or option contracts on foreign currencies or commodities, or other types of derivative financial instruments. The following analysis provides a framework to understand our sensitivity to hypothetical changes in interest rates as of March 31, 2009.

We may borrow on a short-term basis at prevailing market rates under our: (1) committed revolving credit facility and (2) mortgage warehouse facilities. We had no direct borrowings under our revolving credit facility at March 31, 2009 or at any time during the year then ended. As of March 31, 2009, we had $119.1 million in borrowings outstanding under our mortgage warehouse facilities all of which is collateralized by Financial Services mortgage loans. We are not exposed to market risks related to fluctuations in interest rates for these instruments as we borrow on a short-term basis at prevailing market rates.

As of March 31, 2009, we also had $3,104.9 million in senior notes and other debt outstanding. Our senior notes and other debt are fixed-rate debt. Changes in interest rates generally affect the fair market value of fixed-rate debt but not our earnings or cash flows. Conversely, for variable-rate debt, changes in interest rates generally do not impact the fair market value of the debt instrument but do affect our future earnings and cash flows. We do not have an obligation to prepay any of our fixed-rate debt prior to maturity, and as a result, interest rate risk and changes in fair market value should not have a significant impact on the fixed-rate debt until we refinance such debt.

The maturities of our senior notes and other debt outstanding were as follows:

	Maturities through March 31,							
At March 31, 2009	2010	2011	2012	2013	2014	Thereafter	Total	Fair Value
Fixed-Rate Debt	$ 211,021	$ 693,860	$ 324,497	$ 295,136	$ 300,150	$ 1,280,208	$ 3,104,872	$ 2,605,917
Average Interest Rate	5.80%	6.43%	7.50%	5.45%	5.13%	5.84%	6.04%	

	Maturities through March 31,							
At March 31, 2008	2009	2010	2011	2012	2013	Thereafter	Total	Fair Value

Fixed-Rate Debt	$ 151,091	$ 225,101	$ 700,104	$ 349,321	$ 315,135	$ 1,580,365	$ 3,321,117	$ 2,871,378
Average Interest Rate	4.90%	5.80%	6.45%	7.50%	5.45%	5.71%	6.00%	

Our Financial Services segment enters into IRLCs with its customers under which it commits to lend a specified interest rate for a specified period, generally from one to 30 days, if certain conditions are met. Initially, the IRLCs are treated as derivative instruments and their fair value is recorded on the balance sheet in other assets or accrued liabilities. The fair value of these loan commitment derivatives includes future cash flows related to the associated servicing of the loan, but does not include the value of any internally-developed intangible assets. Subsequent changes in the fair value of the IRLCs are recorded as an adjustment to earnings.

Financial Services is exposed to the risk of interest rate fluctuations on its debt and other obligations. Financial Services enters into mandatory forward trade commitments to manage the interest rate risk related to IRLCs and its portfolio of mortgage loans held for sale. Forward trade commitments related to IRLCs are treated as derivative instruments and their initial fair value is recorded on the balance sheet in other assets or accrued liabilities. Forward trade commitments related to mortgage loans are treated as derivatives and are recorded on the balance sheet together with the related mortgage loan receivables. Subsequent changes in the fair value of forward trade commitments are recorded as an adjustment to earnings.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Centex Corporation and Subsidiaries
Statements of Consolidated Operations
(Dollars in thousands, except per share data)

	For the Years Ended March 31, 2009	2008	2007
Revenues			
Home Building:			
Housing	$ 3,578,182	$ 7,529,191	$ 11,014,975
Land Sales and Other	58,348	436,423	399,852
	3,636,530	7,965,614	11,414,827
Financial Services	190,000	309,948	468,001
Other	-	-	4,773
	3,826,530	8,275,562	11,887,601
Cost of Revenues			
Home Building:			
Housing	3,124,648	6,539,544	8,599,465
Land Sales and Other	1,013,358	2,721,219	1,044,455
Goodwill Impairment	38,101	78,236	-
	4,176,107	9,338,999	9,643,920
Financial Services	13,769	56,608	92,407
	4,189,876	9,395,607	9,736,327
Selling, General and Administrative Expenses	984,795	1,657,442	2,001,935
Loss from Unconsolidated Entities	159,449	128,902	73,782
Interest Expense	52,716	8,642	-
Interest and Other Income	33,535	39,873	31,229
Earnings (Loss) from Continuing Operations Before Income Taxes	(1,526,771)	(2,875,158)	106,786
Income Tax (Benefit) Provision	(86,620)	(214,190)	116,263
Loss from Continuing Operations	(1,440,151)	(2,660,968)	(9,477)
Earnings from Discontinued Operations, net of Tax Provision of $40,247, $2,979 and $171,023	51,397	3,486	277,843
Net Earnings (Loss)	$ (1,388,754)	$ (2,657,482)	$ 268,366
Basic and Diluted Earnings (Loss) Per Share			
Continuing Operations	$ (11.58)	$ (21.71)	$ (0.08)
Discontinued Operations	0.41	0.03	2.31
	$ (11.17)	$ (21.68)	$ 2.23
Average Shares Outstanding			
Basic and Diluted	124,308,846	122,577,071	120,537,235

Cash Dividends Per Share	$	0.08	$	0.16	$	0.16

See Notes to Consolidated Financial Statements.

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Centex Corporation and Subsidiaries
Consolidated Balance Sheets
(Dollars in thousands)

	March 31, 2009	March 31, 2008
Assets		
Cash and Cash Equivalents	$ 1,364,556	$ 586,810
Restricted Cash	403,992	51,440
Receivables -		
Mortgage Loans, net	214,179	515,880
Taxes, Trade and Other, including Notes of $20,045 and $17,388	375,762	823,861
Inventories -		
Direct Construction	898,129	1,746,016
Land Under Development	1,792,349	2,882,844
Land Held for Development and Sale	470,561	558,756
Land Held Under Option Agreements Not Owned	107,614	147,792
Other	21,134	27,023
Investments in Joint Ventures	136,504	206,822
Property and Equipment, net	24,813	77,931
Other Assets -		
Deferred Income Taxes, net	-	191,246
Goodwill	9,933	51,622
Deferred Charges and Other, net	98,588	172,300
Assets of Discontinued Operations	-	96,989
	$ 5,918,114	$ 8,137,332
Liabilities and Stockholders' Equity		
Accounts Payable	$ 96,749	$ 259,170
Accrued Liabilities	1,618,775	1,805,519
Senior Notes and Other Debt	3,104,872	3,325,167
Financial Services Mortgage Warehouse Facilities	119,052	337,053
Liabilities of Discontinued Operations	-	34,001
Commitments and Contingencies		
Minority Interests	60,852	77,761
Stockholders' Equity -		
Preferred Stock, Authorized 5,000,000 Shares, None Issued	-	-
Common Stock, $.25 Par Value; Authorized 300,000,000 Shares; Outstanding 124,437,033 and 123,278,881 Shares	31,940	31,763
Capital in Excess of Par Value	87,341	95,088
Retained Earnings	966,993	2,365,634
Treasury Stock, at Cost; 3,323,454 and 3,774,643 Shares	(168,460)	(193,824)
Total Stockholders' Equity	917,814	2,298,661
	$ 5,918,114	$ 8,137,332

See Notes to Consolidated Financial Statements.

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Centex Corporation and Subsidiaries
Statements of Consolidated Cash Flows
(Dollars in thousands)

	For the Years Ended March 31,		
	2009	2008	2007
Cash Flows – Operating Activities			
Net Earnings (Loss)	$ (1,388,754)	$ (2,657,482)	$ 268,366
Adjustments			
Depreciation and Amortization	37,799	52,473	60,075
Stock-based Compensation	22,610	37,761	64,850
Provision for Losses on Mortgage Loans	1,723	170,365	34,321
Impairments and Write-off of Assets	967,224	1,991,090	690,831
Deferred Income Tax Provision (Benefit)	179,388	409,765	(172,235)
Loss of Joint Ventures	159,449	128,902	72,807
Distributions of Earnings of Joint Ventures	2,454	6,769	89,225
Gain on Sale of Assets	(88,814)	(20,310)	(482,331)
Changes in Assets and Liabilities, Excluding Effect of Dispositions			
Decrease in Restricted Cash	2,319	26,911	11,233
Decrease (Increase) in Trade, Notes and Other Receivables	446,174	(594,308)	31,529
Decrease in Mortgage Loans Held for Sale	224,513	899,889	509,717
Decrease (Increase) in Direct Construction, Land Under Development and			
Land Held for Development and Sale	1,116,487	1,460,404	(478,199)
Decrease (Increase) in Other Inventories	28,792	26,733	(3,228)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(366,405)	(500,788)	210,516
Decrease in Other Assets, net	36,718	34,825	33,100
Other	(273)	184	(580)
	1,381,404	1,473,183	939,997
Cash Flows – Investing Activities			
(Issuance of) Payments received on Notes Receivable	(2,189)	(7,254)	21,768
Increase in Mortgage Loans Held for Investment	-	-	(292,448)
Decrease (Increase) in Construction Loans	48,025	79,521	(91,722)
Investment in and Advances to Joint Ventures	(77,433)	(181,854)	(268,206)
Distributions of Capital from Joint Ventures	15,474	126,236	158,658
Purchases of Property and Equipment, net	(4,919)	(6,638)	(40,643)
Proceeds from Dispositions	219,689	26,861	606,759
Other	-	(4,270)	(6,681)
	198,647	32,602	87,485
Cash Flows – Financing Activities			
(Increase) Decrease in Restricted Cash	(354,871)	68,181	(53,522)
Proceeds from Land Financing Transaction, net	-	7,483	-
Net repayments of Commercial Paper	-	-	(125,000)
Issuance of Senior Notes and Other Debt	1,253	4,608	504,476
Repayment of Senior Notes and Other Debt	(221,802)	(412,743)	(10,055)
Repayment of Medium-term Notes	-	(170,000)	(188,000)

Repayment of Subordinated Debentures	-	-	(99,985)
Financial Services			
Net (repayment) issuance of Mortgage Warehouse Facilities	(218,001)	(91,091)	103,158
Net repayment of Harwood Street Funding I, LLC Secured Liquidity Notes	-	(1,174,896)	(517,333)
Net issuance of Harwood Street Funding II, LLC Secured Liquidity Notes	-	-	192,631
Issuance of Centex Home Equity Company, LLC Asset-Backed Certificates	-	-	961,126
Repayment of Centex Home Equity Company, LLC Asset-Backed Certificates	-	-	(746,680)
Repayment of Harwood Street Funding I, LLC Subordinated Certificates	-	(60,000)	-
Proceeds from Stock Option Exercises	631	45,207	61,426
Excess Tax Benefits from Stock-Based Awards	437	1,811	15,192
Purchases of Common Stock, net	(93)	(799)	(271,022)
Dividends Paid	(9,887)	(19,462)	(19,095)
	(802,333)	(1,801,701)	(192,683)
Net Increase (Decrease) in Cash and Cash Equivalents	777,718	(295,916)	834,799
Cash and Cash Equivalents at Beginning of Year (1)	586,838	882,754	47,955
Cash and Cash Equivalents at End of Year (2)	$ 1,364,556	$ 586,838	$ 882,754

See Notes to Consolidated Financial Statements.

(1) Amount includes cash and cash equivalents of discontinued operations of $28, $220 and $4,630 as of March 31, 2008, 2007 and 2006, respectively.

(2) Amount includes cash and cash equivalents of discontinued operations of $0, $28 and $220 as of March 31, 2009, 2008 and 2007, respectively.

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Centex Corporation and Subsidiaries
Statements of Consolidated Stockholders' Equity
(Dollars in thousands)

	Common Stock		Capital in Excess of
	Shares	Amount	Par Value
Balance, March 31, 2006	122,104	$ 34,132	$ 580,010
Issuance of Restricted Stock and Stock Units	513	30	(29,366)
Stock Compensation	-	-	64,850
Exercise of Stock Options	2,507	627	61,437
Tax Benefit from Stock-based Awards	-	-	15,192
Cash Dividends	-	-	-
Purchases of Common Stock for Treasury	(5,159)	-	-
Retirement of Treasury Stock	-	(3,750)	(645,059)
Other Stock Transactions	5	2	1,285
Net Earnings	-	-	-
Unrealized Gain on Hedging Instruments (1)	-	-	-
Foreign Currency Translation Adjustments	-	-	-
Comprehensive Income			
Balance, March 31, 2007	119,970	31,041	48,349
Adoption of FIN 48	-	-	(4,898)
Issuance of Restricted Stock and Stock Units	607	40	(32,373)
Stock Compensation	-	-	37,761
Exercise of Stock Options	2,724	681	44,256
Tax Benefit from Stock-based Awards	-	-	1,811
Cash Dividends	-	-	-
Purchases of Common Stock for Treasury	(28)	-	-
Other Stock Transactions	6	1	182
Net Loss	-	-	-
Balance, March 31, 2008	123,279	31,763	95,088
Issuance of Restricted Stock and Stock Units	1,124	166	(31,414)
Stock Compensation	-	-	22,610
Exercise of Stock Options	37	9	531
Tax Benefit from Stock-based Awards	-	-	437
Cash Dividends	-	-	-
Purchases of Common Stock for Treasury	(9)	-	-
Other Stock Transactions	6	2	89
Net Loss	-	-	-
Balance, March 31, 2009	124,437	$ 31,940	$ 87,341

See Notes to Consolidated Financial Statements.

(1) Amount includes a reclassification adjustment of $15,738, net of tax, for hedging gain included in earnings from discontinued operations.

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Centex Corporation and Subsidiaries
Statements of Consolidated Stockholders' Equity
(Dollars in thousands)

Retained Earnings	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss)	Total
$ 5,251,325	$ (862,439)	$ 8,630	$ 5,011,658
(1,926)	18,861	-	(12,401)
-	-	-	64,850
-	-	-	62,064
-	-	-	15,192
(19,095)	-	-	(19,095)
-	(271,022)	-	(271,022)
(247,797)	896,606	-	-
-	-	-	1,287
268,366	-	-	268,366
-	-	(8,702)	(8,702)
-	-	72	72
			259,736
5,250,873	(217,994)	-	5,112,269
(208,295)	-	-	(213,193)
-	24,969	-	(7,364)
-	-	-	37,761
-	-	-	44,937
-	-	-	1,811
(19,462)	-	-	(19,462)
-	(799)	-	(799)
-	-	-	183
(2,657,482)	-	-	(2,657,482)
2,365,634	(193,824)	-	2,298,661
-	25,457	-	(5,791)
-	-	-	22,610
-	-	-	540
-	-	-	437
(9,887)	-	-	(9,887)
-	(93)	-	(93)
-	-	-	91
(1,388,754)	-	-	(1,388,754)
$ 966,993	$ (168,460)	$ -	$ 917,814

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Centex Corporation and Subsidiaries
Notes to Consolidated Financial Statements
(Dollars in thousands, except per share data)

(A) SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of Centex Corporation and all subsidiaries and other entities in which Centex Corporation has a controlling interest (the "Company"). Also, included in the consolidated financial statements are certain variable interest entities, as discussed in Note (C), "Inventories," and Note (F), "Indebtedness." All significant intercompany balances and transactions have been eliminated.

The Company operates in two principal lines of business: Home Building and Financial Services. The Company's principal Home Building subsidiary is Centex Homes, a Nevada general partnership. The Company's prior periods have been adjusted to reflect the Company's home services operations (sold in April 2008), Construction Services (sold in March 2007) and Home Equity (sold in July 2006) as discontinued operations. For additional information, refer to Note (N), "Discontinued Operations." Information in these Notes to Consolidated Financial Statements, unless otherwise noted, does not include the accounts of discontinued operations.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

On April 7, 2009, the Company and Pulte Homes, Inc. ("Pulte") entered into a definitive merger agreement pursuant to which the Company will merge with a wholly-owned subsidiary of Pulte, and survive the merger as a wholly-owned subsidiary of Pulte. For additional information with regard to this agreement, please refer to Note (O), "Subsequent Events."

Revenue Recognition

Revenues from Home Building projects are recognized when homes are sold, profit is determinable, title passes to the buyer, there are no significant obligations on the part of the seller, and the buyer's commitment to pay is supported by a substantial initial and continuing investment in accordance with Statement of Financial Accounting Standards ("SFAS") No. 66, "Accounting for Sales of Real Estate" ("SFAS 66"). For home closings that do not meet the minimum investment criteria under SFAS 66, the Company records such closings under the cost recovery method. Under this method, the gross profit is deferred until sufficient cash has been paid by the buyer or the loan is sold to a third-party. Revenues from land sales are recognized when payments of at least 20% of the total purchase price are received, the Company has no continuing obligations related to such land sold and the collection of any remaining receivable is reasonably assured.

Loan origination fees and other revenues derived from the origination of mortgage loans are recognized in Financial Services revenues as earned and loan origination costs are recognized in Financial Services expenses as incurred. Prior to the adoption of SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115" ("SFAS 159"), on a prospective basis on April 1, 2008, net loan origination fees were deferred and recognized as an adjustment to Financial Services revenues when the related loan was sold to a third-party purchaser. In accordance with SEC Staff Accounting Bulletin No. 109, "Written Loan Commitments Recorded at Fair Value Through Earnings" ("SAB 109"), the Company recognizes the fair value of

mortgage servicing rights as revenue at the time it enters into an Interest Rate Lock Commitment (“IRLC”). Subsequent changes in the fair value of IRLCs are recorded as an adjustment to revenue. Prior to January 1, 2008, the effective date of SAB 109, the fair value of mortgage servicing rights was not recognized as revenue until the related loan was sold. Other revenues, including fees for title insurance and settlement services, mortgage broker and other services performed in connection with mortgage lending activities, are recognized as earned.

Interest revenues on mortgage loans receivable are recognized as revenue using the interest method. Interest accruals are suspended, except for interest accruals related to insured mortgage loans, when the mortgage loan becomes contractually delinquent for 90 days or more. The accrual is resumed when the mortgage loan becomes less than 90 days contractually delinquent. At March 31, 2009 and 2008, mortgage loans on which revenue was not being accrued were $144.6 million and $226.1 million, respectively.

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Sales Discounts and Incentives

Sales discounts and incentives include items such as cash discounts, discounts on options included in the home, option upgrades (such as upgrades for cabinetry, carpet and flooring), and seller-paid financing or closing costs. In addition, from time to time, the Company may also provide homebuyers with retail gift certificates and/or other nominal retail merchandise. Cash discounts are accounted for as a reduction in the sales price of the home. All other sales incentives are recognized as a cost of selling the home.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended March 31, 2009, 2008 and 2007 ("fiscal year 2009," "fiscal year 2008" and "fiscal year 2007") were $35.8 million, $101.4 million and $138.9 million, respectively.

Interest Expense

Interest expense relating to the Financial Services segment is included in Financial Services cost of revenues. Home Building capitalizes interest incurred as a component of land under development's inventory cost. Capitalized interest is included in Home Building cost of revenues as related housing inventories are sold or otherwise charged to cost of revenues. In prior years, the Company's inventory subject to interest capitalization exceeded its debt levels. Due to the reduction in homebuilding inventories, the Company's debt level exceeded its inventory subject to capitalization during the years ended March 31, 2009 and 2008. As a result, a portion of the interest incurred during the years ended March 31, 2009 and 2008 was charged directly to interest expense.

	For the Years Ended March 31,		
	2009	2008	2007
Total Interest Incurred	$ 227,352	$ 285,960	$ 483,342
Less – Interest Capitalized	(162,589)	(222,938)	(284,181)
Financial Services Interest Expense	(12,047)	(54,380)	(90,328)
Discontinued Operations (1)	-	-	(108,833)
Interest Expense, net	$ 52,716	$ 8,642	$ -
Capitalized Interest Charged to Home Building Cost of Revenues	$ 170,162	$ 312,665	$ 237,539

(1) Includes the Company's home services operations and Home Equity.

Income Taxes

The Company accounts for income taxes on the deferral method whereby deferred tax assets and liabilities are provided for the tax effect of differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In accordance with the provisions set forth by the Financial Accounting Standards Board ("FASB") under SFAS No. 109, "Accounting for Income Taxes" ("SFAS 109"), the Company assesses, on a quarterly basis, the realizability of its deferred tax assets. A valuation allowance must be established when, based upon the evaluation of all available evidence, it is more likely than not that all or a portion of the deferred tax assets will not be realized. Realization of deferred tax assets is dependent upon taxable income in prior carryback years, estimates of future taxable income, tax planning strategies and reversals of existing taxable temporary

differences. For additional information regarding the Company's valuation allowance, please refer to Note (L), "Income Taxes."

On April 1, 2007, the Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109," ("FIN 48"). The cumulative effect of the adoption of FIN 48 was recorded as a $208.3 million reduction to beginning retained earnings in the first quarter of fiscal year 2008. Please refer to Note (L), "Income Taxes," for additional information relating to FIN 48.

In accordance with the provisions of FIN 48, the Company recognizes in its financial statements the impact of tax return positions or future tax positions if it is more likely than not to prevail (defined as a likelihood of more than fifty percent of being sustained upon audit, based on the technical merits of the tax position). Tax positions that meet the more likely than not threshold are measured (using a probability weighted approach) at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement.

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The Company's estimated liability for unrecognized tax benefits is periodically assessed for adequacy and may be affected by changing interpretations of laws, rulings by tax authorities, certain changes and/or developments with respect to audits, and expiration of the statute of limitations. The outcome for a particular audit cannot be determined with certainty prior to the conclusion of the audit and, in some cases, appeal or litigation process. The actual benefits ultimately realized may differ from the Company's estimates. As each audit is concluded, adjustments, if any, are appropriately recorded in the Company's financial statements. Additionally, in future periods, changes in facts, circumstances, and new information may require the Company to adjust the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recognized in the period in which the changes occur.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the financial statements as a component of the income tax provision. The Company's liability for unrecognized tax benefits combined with accrued interest and penalties is reflected as a component of accrued liabilities.

Prior to the adoption of FIN 48, the Company applied SFAS No. 5, "Accounting for Contingencies" ("SFAS 5"), to assess and provide for potential income tax exposures. In accordance with SFAS 5, the Company maintained reserves for tax contingencies based on reasonable estimates of the tax liabilities, interest, and penalties (if any) that may result from tax audits. FIN 48 substantially changes the applicable accounting model and is likely to cause greater volatility in the income statements and effective tax rates as more items are recognized and/or derecognized within the income tax expense or benefit.

Earnings Per Share

Basic earnings (loss) per share are computed based on the weighted-average number of shares of common stock, par value $.25 per share ("Common Stock"), outstanding, including vested shares of restricted stock and vested restricted stock units under the long-term incentive plan. Diluted earnings (loss) per share are computed based upon the basic weighted-average number of shares plus the dilutive impact of the stock options, unvested shares of restricted stock and unvested restricted stock units under the long-term incentive plan. Stock options, unvested shares of restricted stock and unvested restricted stock units under the long-term incentive plan are not considered in the diluted earnings (loss) per share calculation when the Company has a loss from continuing operations.

Cash and Cash Equivalents

Cash equivalents represent highly liquid investments with an original maturity of three months or less when purchased. The Company maintains cash balances with banks in excess of FDIC-insured limits. Management believes evaluation and monitoring of bank credit quality mitigates risk of loss.

Restricted Cash

Restricted cash primarily consists of: (1) a liquidity reserve deposit required in connection with the Company's multi-bank revolving credit facility, (2) cash restricted pursuant to insurance related regulatory requirements, (3) customer deposits that are temporarily restricted in accordance with regulatory requirements, and (4) required cash balances for secured financing arrangements. Cash restricted pursuant to insurance related regulatory requirements includes the restricted cash of the Company's title operations, the restricted cash of a subsidiary that issues surety bonds, and cash restricted pursuant to the Company's casualty insurance. Customer deposits are restricted as certain states, in which the Company operates, require it to restrict customers' cash deposits until a home is closed. The Company is also required to restrict cash it receives from customers for future mortgage origination costs, including credit report fees and appraisal fees. The changes in these restricted cash balances are directly related to the

Company's operations and are therefore, classified as operating activity in the Statements of Consolidated Cash Flows.

The restricted cash balances associated with secured financing arrangements represent cash collateral associated with the Company's warehoused mortgage loans. The changes in these restricted cash balances are reflected as financing activity in the Statements of Consolidated Cash Flows.

Mortgage Loans

Mortgage loans receivable consist of mortgage loans held for sale and other mortgage loans, net of their related allowances. Mortgage loans held for sale represent mortgage loans originated by Financial Services, which will be sold to third parties. Prior to the adoption of SFAS 159, the carrying value of these loans designated as hedged

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was adjusted for changes in the fair value to the extent the hedge was deemed effective. Unhedged loans or loans hedged ineffectively were stated at the lower of cost or fair value. In accordance with the provisions of SFAS 159, mortgage loans held for sale originated subsequent to April 1, 2008 are measured at fair value. Fair value is determined using quoted market prices for similar instruments. Substantially all of the mortgage loans held for sale are delivered to third-party purchasers within three months after origination. These loans are subject to hedge instruments during the time they are held in inventory. Substantially all of the mortgage loans held for sale are pledged as collateral for secured financings.

Financial Services has established a liability for anticipated losses associated with mortgage loans originated and sold based upon, among other things, historical loss rates, current trends in loan originations and geographic location of the underlying collateral. This liability includes losses and settlements associated with certain borrower payment defaults, credit quality issues, or misrepresentation and reflects management’s judgment of the loss exposure at the end of the reporting period.

Financial Services also holds other mortgage loans, which are reported at their unpaid principal balance less an allowance. Other mortgage loans include performing and nonperforming construction loans and other nonperforming mortgage loans. During the year ended March 31, 2008, Financial Services ceased originating new construction loans. Under its discontinued construction loan program, Financial Services entered into an agreement to finance a specified amount for the construction of a home. These loans were intended to be modified into a permanent loan (i.e., a mortgage loan held for sale) once the total committed amount was funded. Financial Services intends to fulfill its existing funding commitments which were $1.2 million at March 31, 2009.

Financial Services also periodically reviews its construction loan commitments for collectibility. To establish the appropriate allowance, Financial Services first classifies its construction loans, which are included in other mortgage loans, into risk categories. These categories are based on, among other things, loan product, the borrower’s credit profile, draw activity on the loan, loan delinquency rate, and the historical realization on construction loans. Each category of loans is then evaluated for potential credit and market-related risks. The allowance for loans Financial Services expects to convert to permanent loans that will be held for sale is based on the estimated market value of the loans. The allowance for loans Financial Services expects to eventually default is based on the credit risk of the loan.

From time to time, Financial Services will be required to repurchase certain loans it originated and sold to third parties under the representations and warranty provisions in its loan sale agreements. If a repurchased loan is performing, it is classified as a mortgage loan held for sale and will most likely be sold to a third party. If a repurchased loan is nonperforming, the loan and its related allowance are classified as other mortgage loans. In addition, Financial Services will foreclose on certain nonperforming construction loans. Financial Services establishes an allowance for loans in foreclosure based on its historical loss experience and current loss trends. Please refer to Note (B), “Mortgage Loans Receivable,” for additional information on Financial Services other mortgage loans and the related allowance as of March 31, 2009 and 2008.

If a nonperforming loan becomes current, it is reclassified to mortgage loans held for sale. For all other nonperforming loans, Financial Services proceeds to foreclose on the loan. Real estate acquired through foreclosure is initially recorded at estimated fair value less costs to sell and subsequently carried at the lower of cost or estimated fair value less costs to sell. The carrying value of all property acquired through foreclosure is classified as real estate owned and included as a component in other inventory in the accompanying Consolidated Balance Sheets. At March 31, 2009 and 2008, the carrying value of real estate owned was $16.4 million and $10.9 million, respectively.

Although Financial Services considers its mortgage loan allowances and related reserves reflected in the Consolidated Balance Sheets at March 31, 2009 to be adequate, there can be no assurance that these allowances and related reserves

will prove to be sufficient over time to cover ultimate losses in connection with its loan originations. These allowances and related reserves may prove to be inadequate due to unanticipated adverse changes in the economy, the mortgage market, or discrete events adversely affecting specific customers.

Taxes, Trade and Notes Receivable

Taxes and trade receivables primarily consist of income taxes receivable, insurance claims receivable, funds in transit or in escrow for homes closed and vendor rebate receivables and are net of an allowance for doubtful accounts. The allowance for doubtful accounts was $72.5 million and $40.6 million as of March 31, 2009 and 2008, respectively. Notes receivable at March 31, 2009 are collectible primarily over four years with $8.5 million being due within one year.

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Direct Construction and Land Under Development

Direct construction and land under development are stated at cost (including capitalized interest and real estate taxes), net of impairment. The relief of capitalized costs is included in the Home Building cost of revenues in the Statements of Consolidated Operations when related revenues are recognized or when impairment charges are recorded.

Home construction costs are accumulated on a specific identification basis. Under the specific identification basis, cost of revenues includes all applicable land acquisition, land development and specific construction costs (including direct and indirect costs) of each home paid to third parties. Land acquisition, land development and home construction costs do not include employee related compensation and benefit costs. The specific construction and allocated land costs of each home, including models, are included in direct construction. Allocated land acquisition and development costs are estimated based on the total costs expected in a project. Direct construction also includes amounts paid through the closing date of the home for construction materials and contractor costs, plus an accrual for estimated costs incurred but not yet paid, based on an analysis of budgeted construction costs. Any changes to the estimated total development costs identified subsequent to the initial home closings in a project are generally allocated to the remaining homes in the project; however, such costs are charged to expense for neighborhoods where all or substantially all homes have already been closed. Land acquisition and land development costs are included in land under development.

Land Held for Development and Sale

Land held for development and sale is stated at cost, net of impairment. Land held for development and sale includes the purchase price plus any land development incurred to date, capitalized interest, real estate taxes, deposits and pre-acquisition costs. Land option agreements and related pre-acquisition costs are capitalized in accordance with SFAS No. 67, “Accounting for Costs and Initial Rental Operations of Real Estate Projects.” Land held for development and sale consists of owned land that is currently not being developed and is not anticipated to be developed for at least two years, land held for sale, deposits for land purchases and related acquisition costs. Carrying costs for land held for development and sale such as property taxes and insurance are expensed as incurred. The Company enters into certain land option purchase agreements with unaffiliated entities. Under certain land option agreements, the Company pays a stated deposit in consideration for the right to purchase land at a future time, usually at predetermined prices. These options generally do not contain performance requirements from the Company nor obligate the Company to purchase the land. To the extent the Company does not exercise its option to purchase such land, the amount of the land option deposit, any letters of credit, as well as development costs incurred to date, represent the Company’s maximum exposure to loss.

Land option deposits (including those consolidated and included in land held under option agreements not owned) and pre-acquisition costs are expensed if the option agreement terminates, is in default, expires by its terms or if the Company determines it is probable that the property will not be acquired. On a periodic basis, the Company assesses the probability of acquiring the land it controls under option agreements. This assessment is performed for each option agreement by local market personnel. The key factors that impact the Company’s assessment include:

- local market housing inventory levels for both existing and new homes,
- the Company’s existing local supply of owned and controlled lots,
- contract purchase price and terms,
- local regulatory environment and, if not fully entitled, likelihood of obtaining required approvals, and
- local market economic and demographic factors such as job growth, long- and short-term interest rates, consumer confidence, population growth and immigration.

Land Held Under Option Agreements Not Owned and Other Land Deposits

The Company has evaluated those entities with which the Company entered into land option agreements in accordance with the provisions of FASB Interpretation No. 46, “Consolidation of Variable Interest Entities,” as revised (“FIN 46”). The provisions of FIN 46 require the Company to consolidate the financial results of a variable interest entity if the Company is the primary beneficiary. Variable interest entities are entities in which (1) equity investors do not have a controlling financial interest and/or (2) the entity is unable to finance its activities without additional subordinated financial support from other parties. The primary beneficiary of a variable interest entity is the owner or investor that absorbs a majority of the variable interest entity’s expected losses and/or receives a majority of

the variable interest entity's expected residual returns. If the Company determines that it is the primary beneficiary, the Company consolidates the assets and liabilities of the variable interest entity.

The Company determines if it is the primary beneficiary based upon analysis of the variability of the expected gains and losses of the variable interest entity. Expected gains and losses of the variable interest entity are highly dependent upon management's estimates of the variability and probabilities of future land prices and the probabilities of expected cash flows and entitlement risks related to the underlying land, among other factors. The Company performs its analysis at the inception of each lot option agreement. Local market personnel are actively involved in the evaluation, including the development of management's estimates of expected gains and losses of the variable interest entity. If an option agreement is significantly modified or amended, the agreement is reevaluated pursuant to FIN 46. Based on its evaluation, if the Company is the primary beneficiary of those entities for which it has entered into land option agreements, the variable interest entity is consolidated. To the extent financial statements or other information is available, the Company consolidates the assets and liabilities of the variable interest entity. If financial statements for the variable interest entity are not available, the Company records the remaining purchase price of land in the Consolidated Balance Sheets under the caption, "land held under option agreements not owned," with a corresponding increase in minority interests. See Note (C), "Inventories," for further discussion on the results of the Company's analysis of land option agreements.

In addition to land options recorded pursuant to FIN 46, the Company evaluates land options in accordance with the provisions of SFAS No. 49, "Accounting for Product Financing Arrangements" ("SFAS 49"). When the Company's deposits and pre-acquisition development costs exceed certain thresholds and the Company has determined it is likely it will exercise its option, the Company records the remaining purchase price of land in the Consolidated Balance Sheets under the caption, "land held under option agreements not owned," with a corresponding increase to accrued liabilities.

Investments in Joint Ventures

The Company is a participant in certain joint ventures with interests ranging from 5.0% to 67.0%. The Company consolidates joint ventures in which its ownership interest exceeds 50%. The equity method of accounting is used for joint ventures over which the Company has significant influence but not control; generally this represents partnership equity or common stock ownership interests of at least 20% and not more than 50%. In determining whether the Company has control over its joint ventures, the Company also considers Emerging Issues Task Force ("EITF") Issue No. 04-5 "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights" ("EITF 04-5"). EITF 04-5 creates a framework for evaluating whether a general partner or a group of general partners controls a limited partnership whereby the presumption of general partner control would be overcome only when the limited partners have certain specific rights as outlined in EITF 04-5.

The Company defers recognition of its share of intercompany profits from joint ventures until realized in a third party transaction. For the years ended March 31, 2009 and 2008, the Company did not defer any profits associated with its purchases from joint ventures. For the year ended March 31, 2007, the Company deferred $20.9 million related to profits associated with the Company's land purchases from joint ventures.

For the years ended March 31, 2009, 2008 and 2007, loss from unconsolidated entities includes $157.1 million, $100.5 million and $124.5 million, respectively, of the Company's share of joint ventures' impairments.

Property and Equipment, net

Property and equipment is carried at cost less accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. The depreciable life for Buildings and Improvements is typically 20 years; depreciable lives for Machinery, Equipment and Other typically range from three to five years. Major renewals and improvements are capitalized and depreciated. Leasehold improvements are depreciated over the shorter of the estimated useful life or the life of the respective lease. Repairs and maintenance are expensed as incurred. Costs and accumulated depreciation applicable to assets retired or sold are eliminated from the accounts and any resulting gains or losses are recognized at such time.

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Impairment of Long-Lived Assets

The Company assesses inventories, including real estate owned, and property and equipment for recoverability in accordance with the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. These evaluations for impairment are significantly impacted by estimates of revenues, costs and expenses, sales rates and other factors. If long-lived assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Fair value of inventories and property and equipment is determined primarily based on estimated cash flows discounted for market risks associated with the long-lived assets. For the quarter ended March 31, 2009, discount rates used in estimated discounted cash flow assessments ranged from 8% to 24%, with an average discount rate of 16%. The Company recorded $882.6 million, $1,792.4 million and $323.9 million in land-related impairments to inventories during the years ended March 31, 2009, 2008 and 2007, respectively. See Note (C), "Inventories," for a discussion of land option write-offs. The Company recorded $12.7 million and $5.7 million in real estate owned impairments during the years ended March 31, 2009 and 2008, respectively. There were no real estate owned impairments recorded during the year ended March 31, 2007.

Goodwill

Goodwill represents the excess of purchase price over net assets of businesses acquired. Goodwill is tested for impairment at the reporting unit level on an annual basis (at January 1) or when management determines that due to certain circumstances the carrying amount of goodwill may not be recoverable. Goodwill is tested for impairment using a two-step process with the first step comparing the fair value of the reporting unit with its carrying amount, including goodwill. If the carrying amount exceeds the fair value, the second step is performed to measure the amount of impairment loss to be recognized, defined as the carrying value of the reporting unit goodwill that exceeds the implied fair value of that goodwill.

The Company periodically evaluates whether events and circumstances have occurred that indicate the remaining balance of goodwill may not be recoverable. Fair value is estimated using a discounted cash flow or market valuation approach. Key assumptions utilized in the Company's discounted cash flow model include estimated future sales levels, estimated cost of revenues, varying discount rates and working capital constraints as they principally relate to estimated future inventory levels. Material variations of these assumptions may have a significant impact to the carrying value of goodwill.

During the quarter ended December 31, 2008, management determined that events and circumstances had occurred that indicated the remaining goodwill balances within the homebuilding reporting units of the segment may not be recoverable. These events included, but were not limited to, continued significant land-related impairments, significant curtailment of housing demand, deteriorating conditions in the overall economy and a relatively low market capitalization compared to the overall book value of the Company. Based on these factors, the Company's goodwill was evaluated for impairment at December 31, 2008, and as a result of the impairment test, the Company recorded goodwill impairments of $38.1 million. The Company did not record any goodwill impairments during the quarter ended March 31, 2009. The Company recorded goodwill impairments of $78.2 million during the year ended March 31, 2008. Please refer to Note (E), "Goodwill," for additional information on the Company's goodwill impairments.

Deferred Charges and Other

Deferred charges and other are primarily composed of prepaid expenses, Company deposits, financing costs, investments and interest rate lock commitments.

Off-Balance Sheet Obligations

The Company enters into various "off-balance-sheet" transactions in the normal course of business in order to facilitate homebuilding activities. Further discussion regarding these transactions can be found in Note (G), "Commitments and Contingencies."

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Insurance Accruals

The Company has certain self-insured retentions and deductible limits under its workers' compensation, automobile and general liability (including claims for construction defects) insurance policies. The Company establishes reserves for its self-insured retentions and deductible limits based on an analysis of historical claims and an estimate of claims incurred but not yet reported. Projection of losses concerning these liabilities, in particular construction defect exposures, is subject to a high degree of variability due to factors such as claim settlement patterns, litigation trends and legal interpretations, among others. In addition, construction defect claims may occur over an extended period after the closing of a home. On an annual basis, the Company engages actuaries to assist in the evaluation and development of claim rates and required reserves for self insurance including reserves related to construction defects and general liability claims. The Company periodically assesses the adequacy of its insurance accruals and adjusts the amounts as necessary.

Although the Company considers the insurance accrual reflected in its Consolidated Balance Sheets to be adequate, there can be no assurance that this accrual will prove to be sufficient over time to cover ultimate losses. Expenses associated with insurance claims up to the Company's deductible limits were $28.3 million, $47.0 million and $51.4 million for fiscal years 2009, 2008 and 2007, respectively. As of March 31, 2009 and 2008, accrued insurance included in accrued liabilities in the accompanying Consolidated Balance Sheets was $235.3 million and $221.0 million, respectively, and consisted primarily of general liability retentions associated with construction defects.

Stock-Based Employee Compensation Arrangements

The Company accounts for its stock-based compensation arrangements in accordance with the provisions of SFAS No. 123(R), "Share-Based Payment" ("SFAS 123R"). The following information represents the Company's grants of stock-based compensation to employees and directors during the years ended March 31, 2009 and 2008:

Period of Grant	Grant Type	Number of Shares Granted		Fair Value of Grant
For the year ended March 31, 2008	Stock Options	646.6	$	10,116.9
	Stock Units	283.3	$	11,901.2
	Restricted Stock	160.1	$	5,035.0
For the year ended March 31, 2009	Stock Options	1,827.0	$	14,072.9
	Stock Units	375.2	$	8,265.7
	Restricted Stock	663.0	$	9,699.8

The Company recognizes compensation expense of a stock-based award over the vesting period based on the fair value of the award on the grant date, net of forfeitures. The fair value of stock units and restricted stock are based on the fair market value of the Company's stock on the date of grant, while the fair value of stock options granted is calculated under the Black-Scholes option-pricing model.

In addition to the stock-based awards in the above table, the Company issued to officers and employees during the first quarter of fiscal years 2009 and 2008 long-term performance awards that vest after three years. For additional information on the Company's long-term performance awards, please refer to Note (K), "Capital Stock and Employee Benefit Plans."

Statements of Consolidated Cash Flows – Supplemental Disclosures

In accordance with the provisions of SFAS No. 95, “Statement of Cash Flows,” the Statements of Consolidated Cash Flows have not been restated for discontinued operations. For further information on the Company’s discontinued operations, see Note (N), “Discontinued Operations.”

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The following table provides supplemental disclosures related to the Statements of Consolidated Cash Flows:

	For the Years Ended March 31,		
	2009	2008	2007
Cash Paid for Interest (1)	$ 205,157	$ 280,649	$ 469,133
Net Cash (Refund) Paid for Taxes	$ (708,545)	$ 164,037	$ 325,224

(1) Amounts include capitalized interest.

As explained in Note (C), "Inventories," pursuant to the provisions of FIN 46, as of March 31, 2009 and 2008, the Company consolidated $64.2 million and $75.3 million, respectively, of land as inventory under the caption "land held under option agreements not owned." The Company also recorded $19.4 million and $38.1 million as of March 31, 2009 and 2008, respectively, of lot option agreements as financing arrangements pursuant to the provisions of SFAS 49.

During fiscal year 2009, the Company received distributions of land from a joint venture in the amount of $10.3 million, which were treated as non-cash items in the Statements of Consolidated Cash Flows. The Company also treats transfers of mortgage loans between categories as non-cash items.

In addition to the items noted above, the Company's adoption of FIN 48, effective April 1, 2007, was treated as a non-cash item in the Statements of Consolidated Cash Flows. The adoption of FIN 48 resulted in a $116.0 million increase to deferred income taxes, a $329.2 million increase in accrued liabilities and a $213.2 million reduction in stockholders' equity in the first quarter of fiscal year 2008.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"), that serves to define fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The Company adopted SFAS 157 effective April 1, 2008 for financial assets and liabilities. For additional information, refer to Note (H), "Fair Values of Financial Instruments." In February 2008, the FASB issued FASB Staff Position ("FSP") FAS 157-2, which delayed the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Examples of items to which this FSP applies include, but are not limited to, reporting units measured at fair value in the first step of a goodwill impairment test and long-lived assets (asset groups) measured at fair value for an impairment assessment (i.e., inventory impairment assessments). This FSP deferred the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities for the Company to April 1, 2009. The adoption of this FSP did not have a material impact on the Company's results of operations or financial position.

In February 2007, the FASB issued SFAS 159. Under the provisions of SFAS 159, companies may elect to measure specified financial instruments, warranty and insurance contracts at fair value on a contract-by-contract basis, with changes in fair value recognized in earnings. The election, called the "fair value option," enables companies to reduce the volatility in reported earnings caused by measuring related assets and liabilities differently, and it is simpler than using the complex hedge-accounting requirements in SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), to achieve similar results. The Company adopted SFAS 159 effective April 1, 2008. For additional information, refer to Note (H), "Fair Values of Financial Instruments."

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51" ("SFAS 160"). Under the provisions of SFAS 160, a noncontrolling interest in a subsidiary, or minority interest, must be classified as equity and the amount of consolidated net income specifically attributable to the minority interest must be clearly identified in the statement of consolidated earnings. SFAS 160 also requires consistency in the manner of reporting changes in the parent's ownership interest and requires fair value measurement of any noncontrolling interest retained in a deconsolidation. SFAS 160 is effective for the Company as of April 1, 2009. The adoption of SFAS 160 did not have a material impact on its consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 requires disclosures about why the Company utilizes derivative instruments and how it accounts for them as well as how the instruments and the related

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hedged items affect the Company's financial position, results of operations, and cash flows. SFAS 161 applies to all derivative instruments and hedged items accounted for under SFAS 133 and is effective for the Company as of January 1, 2009. The adoption of SFAS 161 did not have a material impact on its consolidated financial statements.

Reclassifications

Certain prior year balances have been reclassified to be consistent with the March 31, 2009 presentation, including reclassifications of discontinued operations.

(B) MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable consists of the following:

	As of					
	March 31, 2009			March 31, 2008		
	Gross	Allowance	Net	Gross	Allowance	Net
Mortgage Loans Held for Sale	$ 153,416	$ (837)	$ 152,579	$ 388,385	$ (4,092)	$ 384,293
Other Mortgage Loans	148,683	(87,083)	61,600	283,191	(151,604)	131,587
Mortgage Loans Receivable	$ 302,099	$ (87,920)	$ 214,179	$ 671,576	$ (155,696)	$ 515,880

Changes in the allowance for losses on mortgage loans receivable for the years ended March 31, 2009 and 2008 were as follows:

	March 31, 2009	March 31, 2008
Balance at Beginning of Period	$ 155,696	$ 14,878
Provision for Losses	1,723	170,365
Charge-offs/Recoveries	(69,499)	(29,547)
Balance at End of Period	$ 87,920	$ 155,696

As of March 31, 2009, Financial Services is committed, under existing construction loan agreements, to fund up to an additional $1.2 million. During the year ended March 31, 2008, Financial Services ceased originating new construction loans; however, it intends to fulfill its existing funding commitments.

The Company has established a liability for anticipated losses associated with mortgage loans originated and sold. Please refer to Note (G), "Commitments and Contingencies," for information on this reserve at March 31, 2009 and 2008.

(C) INVENTORIES

For the years ended March 31, 2009, 2008 and 2007, the Company recorded $882.6 million, $1,792.4 million and $323.9 million, respectively, in land-related impairments, which is included in land sales and other cost of revenues in the accompanying Statements of Consolidated Operations.

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Land Held for Development and Sale and Land Held Under Option Agreements Not Owned

The Company enters into land option purchase agreements. Under the option agreements, the Company pays a stated deposit or posts a letter of credit in consideration for the right to purchase land at a future time, usually at predetermined prices. These options generally do not contain performance requirements from the Company nor obligate the Company to purchase the land, and expire on various dates. A summary of the Company's land option agreements is provided below:

	As of March 31, 2009	As of March 31, 2008
Number of Land Option Agreements	55	145
Total Cash Deposits in Inventory	$ 25,684	$ 53,941
Letters of Credit	747	943
Total Invested through Deposits or Secured with Letters of Credit	$ 26,431	$ 54,884
Total Purchase Price of Land Option Agreements	$ 476,974	$ 1,131,976

A summary of the Company's land held for development and sale and land held under option agreements not owned is provided below:

	As of March 31, 2009		As of March 31, 2008	
	Land Held for Development and Sale	Land Held Under Option Agreements Not Owned	Land Held for Development and Sale	Land Held Under Option Agreements Not Owned
Cash Deposits	$ 6,397	$ 19,287	$ 20,711	$ 33,230
Pre-acquisition Development Costs	1,687	4,700	10,810	1,084
Remaining Purchase Price of Land Options Recorded Pursuant to:				
FIN 46 (1)	-	64,231	-	75,344
SFAS 49 (2)	-	19,396	-	38,134
Owned Land Held for Development and Sale (3)	462,477	-	527,235	-
	$ 470,561	$ 107,614	$ 558,756	$ 147,792

(1) In accordance with the provisions of FIN 46, the Company is the primary beneficiary of certain option agreements to purchase land. Land consolidated under FIN 46 is recorded with a corresponding increase to minority interests. At March 31, 2009, nine land option agreements were consolidated pursuant to FIN 46.

(2)

As of March 31, 2009, the Company recorded three land option agreements as financing arrangements pursuant to the provisions of SFAS 49. The remaining obligation under such financing arrangements is recorded in accrued liabilities.

(3) Amount includes owned land, including development costs, that is not currently anticipated to be developed for more than two years and land that the Company intends to sell within one year.

The Company writes off deposits and pre-acquisition costs when it determines it is probable the property will not be acquired. Write-offs of land deposits and pre-acquisition costs amounted to $46.6 million, $120.4 million and $360.0 million for the years ended March 31, 2009, 2008 and 2007, respectively.

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(D) PROPERTY AND EQUIPMENT

Property and equipment cost by major category and accumulated depreciation are summarized below:

	As of March 31, 2009	As of March 31, 2008
Land, Buildings and Improvements	$ 34,926	$ 70,554
Machinery, Equipment and Other	126,280	210,691
	161,206	281,245
Accumulated Depreciation and Amortization	(136,393)	(203,314)
	$ 24,813	$ 77,931

The Company had depreciation and amortization expense related to property and equipment of $25.3 million, $41.8 million, and $46.5 million for fiscal years 2009, 2008, and 2007, respectively.

(E) GOODWILL

A summary of changes in goodwill by segment for the years ended March 31, 2009 and 2008 are presented below:

	As of March 31, 2008	Goodwill Disposed	Goodwill Impairments	As of March 31, 2009
Home Building				
East	$ 30,594	$ -	$ (30,594)	$ -
Central	9,671	-	(5,102)	4,569
West	2,405	-	(2,405)	-
Other homebuilding	-	-	-	-
Total Home Building	42,670	-	(38,101)	4,569
Financial Services	8,952	(3,588)(1)	-	5,364
Total	$ 51,622	$ (3,588)	$ (38,101)	$ 9,933

(1) Represents disposal of goodwill related to the sale of Westwood Insurance Agency.

	As of March 31, 2007	Goodwill Disposed	Goodwill Impairments	As of March 31, 2008
Home Building				
East	$ 55,355	$ -	$ (24,761)	$ 30,594
Central	19,975	(595)	(9,709)	9,671
West	46,171	-	(43,766)	2,405
Other homebuilding	-	-	-	-
Total Home Building	121,501	(595)	(78,236)	42,670
Financial Services	8,952	-	-	8,952
Total	$ 130,453	$ (595)	$ (78,236)	$ 51,622

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(F) INDEBTEDNESS

A summary of the Company’s debt, net of unamortized discounts as applicable, is presented below:

	As of	
	March 31, 2009	March 31, 2008
Senior Notes (unsecured):		
Senior Notes due August 2008 at 4.875%	$ -	$ 150,000
Senior Notes due September 2009 at 5.8%	210,920	225,000
Senior Notes due November 2010 at 4.55%	300,000	300,000
Senior Notes due February 2011 at 7.875%	392,495	399,992
Senior Notes due January 2012 at 7.5%	324,373	349,198
Senior Notes due August 2012 at 5.45%	295,000	315,000
Senior Notes due October 2013 at 5.125%	300,000	300,000
Senior Notes due May 2014 at 5.7%	350,000	350,000
Senior Notes due June 2015 at 5.25%	450,000	450,000
Senior Notes due May 2016 at 6.5%	480,000	480,000
Land Acquisition Notes and Other due through May 2017 (1)	2,084	5,977
Total Senior Notes and Other	3,104,872	3,325,167
Financial Services Mortgage Warehouse Facilities (secured) (2)	119,052	337,053
Total Debt	$ 3,223,924	$ 3,662,220

(1) Weighted-average interest rates of 7.01% and 6.45% at March 31, 2009 and March 31, 2008, respectively.

(2) Weighted-average interest rates of 2.72% and 3.63% at March 31, 2009 and March 31, 2008, respectively.

The weighted-average interest rates, including amortization of related issuance costs, for the Company’s debt during the years ended March 31, 2009, 2008, and 2007 were:

	For the Years Ended March 31,		
	2009	2008	2007
Centex:			
Senior Notes	6.02%	5.90%	5.89%
Land Acquisition Notes and Other	8.49%	7.05%	5.59%
Medium-term Note Programs	-	5.68%	6.00%
Financial Services:			
Mortgage Warehouse Facilities	5.35%	5.97%	5.59%
Harwood Street Funding I, LLC Variable-Rate Subordinated Extendable Certificates	-	7.42%	7.34%

Maturities of the Company’s senior notes and other are as follows:

	For the Fiscal Years Ending March 31,
2010	$ 211,021
2011	693,860
2012	324,497
2013	295,136
2014	300,150
Thereafter	1,280,208
	$ 3,104,872

As described in more detail below, the Company is required to maintain compliance with certain financial covenants in the Company's multi-bank revolving credit facility. At March 31, 2009, the Company was in compliance with its financial covenants.

As described in more detail below, Financial Services maintains two committed mortgage warehouse credit facilities that contain various affirmative and negative covenants that are generally customary for facilities of this type.

Credit Facilities

The Company's credit facilities and available capacity as of March 31, 2009 are summarized below:

	Credit Facilities	Available Capacity
Multi-Bank Revolving Credit Facility		
Revolving Credit and Letters of Credit	$ 500,000	$ 193,156
Financial Services Secured Credit Facilities	250,000	130,948
	$ 750,000	$ 324,104

At March 31, 2009, the Company maintained a $500 million committed, unsecured, multi-bank revolving credit facility, maturing in July 2010 that provided funding for general corporate purposes and letters of credit. At March 31, 2009, material covenants under the credit facility included a maximum leverage ratio, a minimum tangible net worth and a borrowing base limitation on the availability of borrowings. The borrowing base limitation applies whenever the Company does not have an investment grade senior unsecured debt rating from at least two of the following rating agencies: Standard & Poor's ("S&P"), Moody's Investors Service ("Moody's") and Fitch Ratings ("Fitch"). At March 31, 2009, the Company did not have investment grade ratings and was therefore subject to the borrowing base limitation. At March 31, 2009, the Company's long-term debt ratings were BB-, Ba3 and BB from S&P, Moody's and Fitch, respectively. Under the borrowing base limitation, the sum of the net senior debt (as defined in the credit agreement), any amounts drawn on the revolving credit facility for direct borrowings and outstanding financial letters of credit could not exceed an amount calculated based on applying certain percentages to various categories of unencumbered homebuilding inventory and other assets. The Company had no amounts drawn on the revolving credit facility for direct borrowings at March 31, 2009 or at any time during the year then ended. As of March 31, 2009, the Company had $306.8 million of outstanding letters of credit under its facility, including $117.4 million of financial letters of credit. Financial letters of credit are generally issued as a form of financial or payment guaranty. At March 31, 2009, available capacity amounts for the revolving credit facility were also further subject to certain limitations by features in the Company's credit facility commonly referred to as anti-cash hoarding provisions.

In addition, the Company's credit facility included an interest coverage ratio at March 31, 2009. This ratio is a determinant of whether the Company is required to establish a liquidity reserve deposit. If the interest coverage ratio is less than 2 to 1, the Company is required to establish a liquidity reserve of cash balances to be maintained in segregated accounts with certain lenders in the credit facility. These amounts are not subject to a security interest, but are classified as restricted cash in the accompanying Consolidated Balance Sheets. The amount of the liquidity reserve is equal to eight times consolidated net interest expense (as defined in the credit agreement) for the most recent completed fiscal quarter.

The Company may withdraw or must increase amounts on deposit in the liquidity reserve at the end of each fiscal quarter if the amount on deposit exceeds or is below the amount required for that fiscal quarter. The Company may withdraw all amounts on deposit once it satisfies the interest coverage ratio of 2 to 1. At March 31, 2009, the liquidity reserve requirement on deposit was $354.9 million. In May 2009, in accordance with the terms of the Company's credit facility, the Company increased the deposit to $403.5 million in order to maintain compliance with the liquidity reserve requirement.

Funding of Mortgage Loans

CTX Mortgage Company, LLC historically funded its origination of mortgage loans through the sale of such mortgage loans to Harwood Street Funding I, LLC (“HSF-I”) and, to a lesser extent, through borrowings under more traditional committed bank warehouse credit facilities and mortgage loan sale agreements. As a result of the significant disruptions in the mortgage and asset-backed commercial paper markets, beginning in the second quarter of fiscal year 2008, HSF-I was unable to finance the purchase of mortgage loans from CTX Mortgage Company, LLC. In November 2007, HSF-I and the related swap arrangements were terminated and all outstanding obligations were redeemed.

At March 31, 2009, CTX Mortgage Company, LLC was funding its mortgage originations primarily through borrowings under two committed mortgage warehouse credit facilities with commitments of $150 million, which was scheduled to expire in April 2009, and $100 million, which expires in October 2009. Borrowings under the warehouse

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facilities constitute short-term debt of Financial Services. At March 31, 2009, the available capacity under these warehouse facilities combined was $130.9 million. The warehouse facilities generally allow CTX Mortgage Company, LLC to sell to the banks, on a revolving basis, mortgage loans up to an aggregate specified amount. Simultaneously, the banks have entered into an agreement to transfer such mortgage loans back to CTX Mortgage Company, LLC on a specified date or on the Company's demand for subsequent sale by CTX Mortgage Company, LLC to third parties. Mortgage loans eligible for sale by CTX Mortgage Company, LLC under the warehouse facilities are conforming loans, FHA/VA eligible loans, and jumbo loans meeting conforming underwriting guidelines except as to the size of the loan. Under the $100 million committed mortgage warehouse credit facility, the bank has the right to convert the facility to an amortizing loan based on the ultimate sale of the underlying collateral and not to purchase any additional mortgage loans under the warehouse facility if the Company's long-term unsecured debt ratings fall below a specified level. At March 31, 2009, the Company was not in compliance with a covenant of the $150 million committed mortgage warehouse credit facility, which was subsequently waived by the lender during April 2009. On April 28, 2009, CTX Mortgage Company, LLC executed an amendment to the $150 million mortgage warehouse credit facility. The amendment lowered the facility to $100 million and extended the maturity date to May 30, 2009.

CTX Mortgage Company, LLC bears the credit risk associated with loans originated until such loans are sold to third parties. In connection with the loans it originates and sells to third parties, CTX Mortgage Company, LLC makes representations and warranties to the effect that each mortgage loan sold satisfies the criteria of the sale agreement. CTX Mortgage Company, LLC may be required to repurchase mortgage loans sold to third parties if such mortgage loans are determined to breach the representations and warranties of CTX Mortgage Company, LLC, as seller. CTX Mortgage Company, LLC establishes a loan origination reserve for its estimated losses for these obligations.

If the current funding sources were to become unavailable, Financial Services would need to make other financing arrangements to fund its mortgage loan origination activities, or the Company may be required to fund Financial Services loan originations and make additional capital contributions to Financial Services. Although the Company believes that Financial Services could broker loans to other mortgage companies, sell loans directly to the Federal National Mortgage Association or arrange for alternative financing that is common for other homebuilders and mortgage companies, there can be no assurance that such financing would be available on satisfactory terms, and any delay in obtaining such financing could adversely affect the results of operations of Financial Services.

Prior to August 2007, substantially all of the mortgage loans originated by CTX Mortgage Company, LLC were funded through the sale of such mortgage loans to HSF-I under the terms of a mortgage loan purchase agreement. HSF-I was a variable interest entity of which the Company was the primary beneficiary, and it was consolidated in the Company's financial statements. HSF-I obtained the funds needed to purchase eligible mortgage loans from CTX Mortgage Company, LLC by issuing (1) short-term secured liquidity notes, (2) medium-term debt and (3) subordinated certificates. As of March 31, 2008, HSF-I had no outstanding secured liquidity notes, medium-term debt or subordinated certificates. All of HSF-I's outstanding secured liquidity notes were redeemed in accordance with their scheduled maturity dates, and in November 2007, all outstanding subordinated certificates were redeemed.

(G) COMMITMENTS AND CONTINGENCIES

Joint Ventures

The Company conducts a portion of its land acquisition, development and other activities through its participation in joint ventures in which the Company holds less than a majority interest. These land-related activities typically require

substantial capital; however, partnering with other homebuilders or developers and, to a lesser extent, financial partners, allows Home Building to share the risks and rewards of ownership and to provide broader strategic advantages.

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A summary of the Company's Home Building joint ventures is presented below:

	As of March 31,					
	2009			2008		
	Number of JVs (1)	Investments	Centex's Share of Debt (2)	Number of JVs (1)	Investments	Centex's Share of Debt (2)
Unleveraged Joint Ventures	29	$ 133,149	$ -	29	$ 70,043	$ -
Joint Ventures with Debt:						
Limited Maintenance Guarantee (3) (4)	-	-	-	1	43,311	27,500
Repayment Guarantee (5)	1	836	4,357	3	3,154	13,692
Completion Guarantee (4)	3	2,519	84,861	8	78,274	133,935
	33	136,504	89,218	41	194,782	175,127
No Recourse or Guarantee	4	-	35,385	1	12,040	24,000
	37	$ 136,504	$ 124,603	42	$ 206,822	$ 199,127

(1) The number of joint ventures includes unconsolidated Home Building joint ventures for which the Company has an investment balance as of the end of the period and/or current fiscal year activity. The Company was the managing member of 22 and 23 of the active joint ventures as of March 31, 2009 and 2008, respectively. The number of joint ventures includes 13 and 17 joint ventures as of March 31, 2009 and 2008, respectively, for which substantially all the joint ventures' activities are complete.

(2) Centex's share of debt represents the Company's maximum exposure related to the joint ventures' debt at each date. Amounts shown in the column as of March 31, 2009 do not include $39.0 million in debt-related and other joint venture obligations recorded by the Company as accrued liabilities in its Consolidated Balance Sheets.

(3) The Company guaranteed that a joint venture would maintain a specified loan to value ratio. The Company contributed additional capital in order to maintain this joint venture's loan to value requirements.

(4) Certain joint venture agreements require the Company to guarantee the completion of a project or phase if the joint venture does not perform the required land development. A portion of these completion guarantees are joint and several with the Company's partners.

(5) The Company has guaranteed repayment of a portion of certain joint venture debt limited to its ownership percentage of the joint venture or a percentage thereof.

Total joint venture debt outstanding as of March 31, 2009 and 2008 was $270.3 million and $432.2 million, respectively. Debt agreements for joint ventures vary by lender in terms of structure and level of recourse. For certain of the joint ventures, the Company is also liable on a contingent basis, through other guarantees, letters of credit or other arrangements, with respect to a portion of the construction debt. Additionally, the Company has agreed to indemnify the construction lender for certain environmental liabilities in the case of most joint ventures, and most guarantee arrangements provide that the Company is liable for its proportionate share of the outstanding debt if the joint venture files for voluntary bankruptcy. The Company has recorded obligations pursuant to its share of certain completion and repayment guarantees.

As of March 31, 2009, six of the Company's joint ventures are in default of their joint venture debt agreements. In the case of four of these joint ventures, the Company's share of total joint venture debt is $35.4 million, all of which is nonrecourse and not covered by a guarantee. The two remaining joint ventures in default have debt totaling $80.6 million subject to completion guarantees. Subsequent to March 31, 2009, one of the joint ventures for which the Company had a completion guarantee filed for bankruptcy protection in a transaction that was pre-agreed with the lenders. As a result of this transaction, the Company is no longer subject to a completion guarantee for this joint venture, and the Company recorded its estimated exposure related to the bankruptcy filing in its financial statements as of March 31, 2009. With respect to the Company's other joint venture for which the Company had a completion guarantee, in May 2009, the Company acquired the outstanding debt of the joint venture from the lender. In addition, the Company reached agreement, subject to court approval, to acquire the remaining interest in the joint venture from its joint venture partner, who previously filed for bankruptcy. For all remaining joint ventures in default, whose debt is nonrecourse and not covered by a guarantee, the Company satisfied all debt-related obligations. In some cases, however, the Company may elect to make additional contributions or payments if the Company determines that doing so is in its best interests or allows it to preserve all or part of the value of its investment in a particular property or project, which would otherwise be subject to foreclosure.

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A summary of the estimated maturities of the Company's share of joint ventures' debt is provided below. The Company has estimated the debt maturities with the assumption that all payments are first applied to pay down the outstanding debt balances as of March 31, 2009. The Company's share of joint ventures' debt for which the joint ventures are in default is included in fiscal year ending 2010 in the table below.

For the Years Ending March 31,	Subject to Guarantees	Nonrecourse	Total
2010	$ 84,861	$ 35,385	$ 120,246
2011	4,357	-	4,357
	$ 89,218	$ 35,385	$ 124,603

Letters of Credit and Surety Bonds

In the normal course of business, the Company posts letters of credit and surety bonds: (1) pursuant to certain performance related obligations, (2) as security for certain land option purchase agreements of Home Building and (3) under various insurance programs. The Company also previously obtained surety bonds, which are reflected as discontinued operations in the table below, pursuant to construction obligations of Construction Services prior to the sale of this segment on March 30, 2007. No event has occurred that has led the Company to believe that these letters of credit or bonds will be drawn upon.

A summary of the Company's outstanding letters of credit and surety bonds as of March 31, 2009 and March 31, 2008 is presented below (dollars in millions):

	As of March 31, 2009		As of March 31, 2008	
	Letters of Credit	Surety Bonds	Letters of Credit	Surety Bonds
Home Building	$ 85.6	$ 863.3(1)	$ 168.6	$ 1,527.9
Financial Services	30.9	7.2	35.7	12.3
Other	158.1	0.2	167.0	0.2
Discontinued Operations (2)	33.1	1,583.7	35.3	3,093.9
	$ 307.7	$ 2,454.4	$ 406.6	$ 4,634.3

(1) The Company estimates that $339.4 million of work remains to be performed on these projects as of March 31, 2009.

(2) After the sale of Construction Services, the Company remains responsible to a surety for certain surety bond obligations relating to Construction Services' projects commenced prior to March 30, 2007. These surety bonds have a total face amount of $1.58 billion at March 31, 2009, although the risk of liability with respect to these surety bonds declines as the relevant construction projects are performed. At March 31, 2009, the Company estimates that $211.1 million of work remains to be performed on these projects. In connection with certain of these surety bond obligations, the Company posted a $100 million letter of credit to such surety which is included in Other above. The purchaser of Construction Services agreed to indemnify the Company against losses relating to such surety bond obligations, including amounts drawn under any such letter of credit. The Company has

purchased for its benefit an additional back-up indemnity provided by a financial institution with an A (S&P) and A2 (Moody's) credit rating. The obligation of such financial institution under the back-up indemnity is $400.0 million as of March 31, 2009 and will remain at $400.0 million until termination in 2016.

Community Development and Other Special District Obligations

A Community Development District or similar development authority ("CDD") is a unit of local government created under various state statutes that utilizes the proceeds from the sale of bonds to finance the construction or acquisition of infrastructure assets of a development. A portion of the liability associated with the bonds including principal and interest is assigned to each parcel of land within the development. This debt is typically paid by subsequent special assessments levied by the CDD on the landowners. In accordance with EITF 91-10, "Accounting for Special Assessments and Tax Increment Financing Entities," the Company records a liability for future assessments, which are fixed or determinable for a fixed or determinable period. In addition and in accordance with SFAS 5, the Company evaluates whether it is contingently liable for any of the debt related to the bond issuance. This is typically the case where bonds issued by the CDD have maturity dates of ten years or less that will be paid by the Company as the developer and current landowner and not by future homeowners. At March 31, 2009 and 2008, the

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Company had recorded $309.7 million and $351.9 million, respectively, in accrued liabilities for outstanding CDD obligations.

Warranties and Guarantees

In the normal course of its business, the Company issues certain warranties and guarantees or makes certain representations related to its home sales, land sales and mortgage loan sales. The Company believes that it has established the necessary accruals for these warranties, guarantees and representations.

Home Building offers a ten-year limited warranty for most homes constructed and sold. The warranty covers defects in materials or workmanship in the first two years of the customers' ownership of the home and certain designated components or structural elements of the home in the third through tenth years. Home Building estimates the costs that may be incurred under its warranty program for which it will be responsible and records a liability at the time each home is closed. Factors that affect Home Building warranty liability include the number of homes closed, historical and anticipated rates of warranty claims, and cost per claim. Home Building periodically assesses the adequacy of its recorded warranty liability and adjusts the amounts as necessary.

Changes in Home Building contractual warranty liability at March 31 are as follows:

	For the Years Ended March 31,		
	2009	2008	2007
Balance at Beginning of Period	$ 29,155	$ 44,293	$ 47,199
Warranties Issued	15,201	27,858	42,422
Settlements Made	(17,251)	(40,915)	(45,228)
Change in Liability of Pre-Existing Warranties, Including Expirations	(13,555)	(2,081)	(100)
Balance at End of Period	$ 13,550	$ 29,155	$ 44,293

Financial Services has established a liability for anticipated losses associated with mortgage loans originated and sold. Changes in Financial Services liability at March 31 are as follows:

	For the Years Ended March 31,		
	2009	2008	2007
Balance at Beginning of Period	$ 13,903	$ 16,863	$ 18,500
Provisions for Losses	765	1,676	2,160
Settlements	(9,890)	(9,251)	(1,178)
Changes in Pre-Existing Reserves	24,190	4,615	(2,619)
Balance at End of Period	$ 28,968	$ 13,903	$ 16,863

Forward Trade and Interest Rate Lock Commitments

Forward trade commitments represent contracts with investors for delayed delivery of mortgage loans at a specified future date at a specified price. The Company utilizes such delayed delivery contracts to hedge market risk based upon the number of commitments issued to borrowers that are expected to close. At March 31, 2009, the Company

had $99.3 million of commitments to deliver mortgages to investors against interest rate lock commitments. These forward trade commitments are recorded in the Consolidated Balance Sheets in deferred charges and other assets or accrued liabilities. In addition, at March 31, 2009, the Company had commitments to deliver approximately $156.7 million of mortgage loan inventory to investors. These forward trade commitments are recorded in the Consolidated Balance Sheets together with the related mortgage loans receivable.

IRLCs represent individual borrower agreements that commit the Company to lend at a specified interest rate for a specified period as long as there is no violation of any condition established in the commitment contract. IRLCs are recorded in the Consolidated Balance Sheets in deferred charges and other assets or accrued liabilities. At March 31, 2009, the Company had loan commitments to prospective borrowers of $124.6 million.

For additional information on forward trade commitments and interest rate lock commitments, please refer to Note (H), "Fair Value of Financial Instruments," and Note (I), "Derivatives and Hedging."

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Litigation and Related Matters

In the normal course of its business, the Company is involved in claims and disputes and is named as a defendant in certain suits filed in various state and federal courts. These claims, disputes and lawsuits include construction defect claims, contract disputes and employee-related matters. Management believes that none of the litigation matters in which the Company is involved would have a material adverse effect on the consolidated financial condition or operations of the Company.

The Company and its directors are named as defendants in six putative class action lawsuits asserting claims related to alleged breaches of fiduciary duty in connection with the proposed combination between Centex and Pulte announced on April 8, 2009. For additional information with regard to these cases, please refer to Note (O), "Subsequent Events."

Operating Leases

The Company leases certain office facilities and other equipment under noncancelable operating leases expiring at various dates through May 2017. Estimated minimum annual rental commitments and sublease income under noncancelable operating leases are as follows:

For the Years Ending March 31,	Minimum Annual Rental Commitments	Minimum Annual Sublease Income
2010	$ 44,518	$ 11,560
2011	34,692	7,663
2012	26,442	5,048
2013	18,674	3,077
2014	8,691	1,410
Thereafter	11,639	1,613
	$ 144,656	$ 30,371

Rental expense under all operating leases for the year ended March 31, 2009 was $56.6 million, which excludes $31.0 million in lease abandonment charges. Rent expense under all operating leases for the years ended March 31, 2008 and 2007 was $63.5 million and $75.1 million, respectively.

(H) FAIR VALUES OF FINANCIAL INSTRUMENTS

The Company adopted SFAS 157 on April 1, 2008 for its financial instruments measured at fair value. As defined in SFAS 157, fair value is based on exit price, or the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 establishes a fair value hierarchy that requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The fair value hierarchy can be summarized as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly through corroboration with market data.

Level 3 – Unobservable inputs that reflect the Company's own estimates about the assumptions market participants would use in pricing the asset or liability.

Mortgage loans held for sale and forward trade commitments are valued based upon quoted market prices for similar instruments. The servicing asset is reflected in deferred charges and other assets in the accompanying Consolidated Balance Sheets and is valued based upon servicing sales contracts entered into with third parties. Interest rate lock commitments are valued at quoted market prices, plus the related service release premium, multiplied by a projected customer close ratio. The service release premium is based upon the Company's servicing sales contracts, and the projected customer close ratio is based upon the Company's historical customer fall-out rate.

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The following table presents the Company's financial instruments measured at fair value on a recurring basis at March 31, 2009 for each hierarchy level:

	Level 1	Level 2	Level 3	Total
Assets				
Mortgage Loans Held for Sale	$ -	$ 156,747	$ -	$ 156,747
Servicing Asset	-	155	-	155
Interest Rate Lock Commitments	-	-	3,243	3,243
Total	$ -	$ 156,902	$ 3,243	$ 160,145
Liabilities				
Interest Rate Swap Agreements	$ -	$ 5,000	$ -	$ 5,000
Forward Trade Commitments (Mortgage Loans Held for Sale)	-	4,168	-	4,168
Forward Trade Commitments (Interest Rate Lock Commitments)	-	1,342	-	1,342
Total	$ -	$ 10,510	$ -	$ 10,510

As of March 31, 2009, the aggregate fair value exceeded the unpaid principal balance of mortgage loans held for sale by $3.9 million and, accordingly, this amount has been recognized as a gain in current earnings within Financial Services revenues. Interest income on mortgage loans held for sale is calculated based upon the stated interest rate of each loan and is included in Financial Services revenues.

The following table summarizes changes in Level 3 financial instruments measured at fair value on a recurring basis for the year ended March 31, 2009:

	Interest Rate Lock Commitments
Balance at beginning of period	$ 9,271
Purchases, issuances, and settlements	(6,028)
Fair value at March 31, 2009	$ 3,243

Other mortgage loans are measured at fair value on a nonrecurring basis and include performing and nonperforming construction loans and other nonperforming mortgage loans. Other mortgage loans are reported at their unpaid principal balance less an allowance. The allowance for loans the Company expects to convert to permanent loans that will be held for sale is based on the difference between the carrying amount and the estimated market value of the loans. The allowance for construction loans and other nonperforming mortgage loans that the Company expects to eventually default is based on the underlying collateral value.

The following table presents for each hierarchy level the Company's financial instruments measured at fair value on a nonrecurring basis at March 31, 2009:

	Level 1	Level 2	Level 3	Total

Assets				
Other Mortgage Loans	$ -	$ -	$ 61,600	$ 61,600

The Company adopted SFAS 159 on a prospective basis for mortgage loans held for sale, effective April 1, 2008. In accordance with the provisions of SFAS 159, mortgage loans held for sale originated subsequent to April 1, 2008 are measured at fair value. The adoption of SFAS 159 for mortgage loans held for sale improves consistency of mortgage loan valuation between the date the borrower locks the interest rate on the pending mortgage loan and the date of the mortgage loan sale.

The estimated fair values shown below have been determined using current quoted market prices where available and, where necessary, estimates based on present value methodology suitable for each category of financial instruments. Considerable judgment is required in interpreting market data to develop the estimates of fair value.

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Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

The consolidated carrying values of cash and cash equivalents, restricted cash, taxes, trade and other receivables, accounts payable and accrued liabilities, forward trade commitments, IRLCs and short-term debt approximate their fair values. The carrying values and estimated fair values of other financial assets and liabilities were as follows:

	March 31,			
	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Mortgage Loans, net	$ 214,179	$ 214,179	$ 515,880	$ 516,003
Financial Liabilities				
Senior Notes and Other	$ 3,104,872	$ 2,605,917	$ 3,321,117	$ 2,871,378

(I) DERIVATIVES AND HEDGING

The Company is exposed to the risk of interest rate fluctuations on its debt and other obligations. Financial Services enters into mandatory forward trade commitments to manage the interest rate risk related to IRLCs and its portfolio of mortgage loans held for sale. Forward trade commitments are treated as derivative instruments and their initial fair value is recorded on the balance sheet. Subsequent changes in the fair value of forward trade commitments are recorded as an adjustment to earnings.

Prior to April 1, 2008, the forward trade commitments used to hedge the interest rate risk related to Financial Services portfolio of mortgage loans held for sale were designated as fair value hedges. Changes in the fair value of these forward trade commitments and the mortgage loans, for which the hedge relationship was deemed effective, were recorded as an adjustment to earnings. To the extent the hedge was effective, gains or losses in the value of the hedged loans due to interest rate movement were offset by an equal and opposite gain or loss in the value of the forward trade commitment with no impact to earnings. To the extent the hedge contained some ineffectiveness, the ineffectiveness was recognized immediately in earnings. Due in part to the adoption of SFAS 159 as it relates to the fair value measurement of mortgage loans held for sale discussed in Note (H), “Fair Values of Financial Instruments,” beginning April 1, 2008, the Company no longer accounts for these forward trade commitments as fair value hedges.

Financial Services enters into IRLCs with its customers under which it commits to lend at a specified interest rate for a specified period, generally from one to 30 days, if certain conditions are met. Initially, the IRLCs are treated as derivative instruments and their fair value is recorded on the balance sheet. The fair value of these loan commitment derivatives includes future cash flows related to the associated servicing of the loan, but does not include the value of any internally-developed intangible assets. Subsequent changes in the fair value of the IRLCs are recorded as an adjustment to earnings.

From time to time, the Company may enter into other forms of derivatives, including interest rate swap agreements, to hedge changes in market values of certain assets and liabilities. These derivatives are designated as fair value hedges, whereby, the gains or losses in the value of the interest rate swap agreements are offset by an equal and opposite gain

or loss in the value of the hedged items. The notional value of such derivatives was $64.2 million at March 31, 2009 and $79.0 million at March 31, 2008.

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A summary of the Company's derivatives is as follows:

	As of March 31, 2009			As of March 31, 2008		
	Mortgage Loans Held for Sale	Deferred Charges and Other Assets	Accrued Liabilities	Mortgage Loans Held for Sale	Deferred Charges and Other Assets	Accrued Liabilities
Derivatives Designated as Hedging Instruments						
Interest Rate Contracts						
Interest Rate Swap Agreements	$ -	$ -	$ 5,000	$ -	$ -	$ 2,551
Forward Trade Commitments	-	-	-	(1,489)	-	-
Total Derivatives Designated as Hedging Instruments	-	-	5,000	(1,489)	-	2,551
Derivatives Not Designated as Hedging Instruments						
Interest Rate Contracts						
Interest Rate Lock Commitments	-	3,243	-	-	9,271	-
Forward Trade Commitments	(4,168)	-	1,342	-	-	3,191
Total Derivatives Not Designated Hedging Instruments	(4,168)	3,243	1,342	-	9,271	3,191
Total Derivatives	$ (4,168)	$ 3,243	$ 6,342	$ (1,489)	$ 9,271	$ 5,742

	For the Years Ended March 31,	
	2009 Gain (Loss) on Sale of Mortgage Loans (1)	2008 Gain (Loss) on Sale of Mortgage Loans (1)
Derivatives Designated as Hedging Instruments (2)		
Interest Rate Contracts		
Forward Trade Commitments	$ -	$ (16,534)
Total Derivatives Designated as Hedging Instruments	-	(16,534)
Derivatives Not Designated as Hedging Instruments		
Interest Rate Contracts		
Interest Rate Lock Commitments	(6,028)	9,297
Forward Trade Commitments	(4,869)	(4,610)
Total Derivatives Not Designated as Hedging Instruments	(10,897)	4,687

Total Derivatives	$ (10,897)	$ (11,847)

(1) Included as a component of Financial Services revenues.

(2) Amounts represent the ineffective portion of the Company's fair value hedges..

(J) COMPREHENSIVE INCOME

A summary of comprehensive income (loss) is presented below:

	For the Years Ended March 31,		
	2009	2008	2007
Net Earnings (Loss)	$ (1,388,754)	$ (2,657,482)	$ 268,366
Other Comprehensive Income (Loss), net of Tax:			
Unrealized Gain on Hedging Instruments	-	-	7,036
Foreign Currency Translation Adjustments	-	-	72
Hedging Gain Reclassified to Net Earnings	-	-	(15,738)
Comprehensive Income (Loss)	$ (1,388,754)	$ (2,657,482)	$ 259,736

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The unrealized gain on hedging instruments represented the deferral in other comprehensive income (loss) of the unrealized gain on interest rate swap agreements designated as cash flow hedges. The foreign currency translation adjustments were reclassified to earnings from discontinued operations in connection with the sale of the Company's international homebuilding operations. The accumulated other comprehensive income associated with Home Equity's hedging gains was reclassified to earnings from discontinued operations and included in the gain on sale of Home Equity recorded in the second quarter of fiscal year 2007.

(K) CAPITAL STOCK AND EMPLOYEE BENEFIT PLANS

Stock Options

The Company has issued stock options under the following plans: the Amended and Restated Centex Corporation 2003 Equity Incentive Plan (the "2003 Plan"), the Amended and Restated Centex Corporation 2001 Stock Plan (the "2001 Plan") and the Amended and Restated 1998 Centex Corporation Employee Non-Qualified Stock Option Plan (the "1998 Plan"). Stock options granted under these plans may not be granted at less than fair market value. The Company also issued stock options until the year ended March 31, 2002 under the Amended and Restated 1987 Stock Option Plan (the "1987 Plan"). The 1987 Plan provides that stock options may not be granted at less than fair market value except in limited circumstances. These stock option plans, which are administered by the Compensation and Management Development Committee of the Board of Directors, provide for the grant of nonqualified stock options to officers, employees and directors of the Company and its affiliates, other than the 1998 Plan, which excludes officers and directors of the Company. The exercise price of any option granted under these plans must be paid in cash upon exercise (including pursuant to a cashless exercise), or by means of tendering previously owned shares of common stock or shares issued or issuable pursuant to a grant (including pursuant to a net exercise). The options typically vest over a three-year or a four-year period (immediately upon grant for directors), or upon a change in control, as defined in such plans and, with respect to options granted after 2000, have a seven-year life. Under the provisions of the 1998 Plan and 1987 Plan, stock options can no longer be granted under these plans.

The Company records proceeds from the exercise of stock options as additions to Common Stock and capital in excess of par value. The federal tax benefit, if any, is considered additional capital in excess of par value.

A summary of the Company's stock option activity for the year ended March 31, 2009 is presented below (dollars in thousands, except per share data):

	For the Year Ended March 31, 2009			
	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (1)
Options Outstanding, Beginning of Year	6,785,081	$ 36.13		
Options Granted at Fair Market Value	1,827,049	$ 21.29		
Options Exercised	(38,218)	$ 14.11		
Options Cancelled	(1,254,119)	$ 36.95		
Options Outstanding, End of Year	7,319,793	$ 32.27	2.53	$ -

Options Exercisable, End of Year		6,239,353	$ 32.95	1.96	$ -
Shares Available for Future Stock Option Grants, End of Year		4,734,198			
Weighted-Average Grant-Date Fair Value of Options Granted During the Year	$	7.70			

(1) Aggregate intrinsic value excludes options where the exercise price exceeds fair value at March 31, 2009.

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A summary of the Company's stock option activity for the years ended March 31, 2008 and 2007 is presented below (dollars in thousands, except per share date):

	For the Years Ended March 31,			
	2008		2007	
	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
Options Outstanding, Beginning of Year	10,773,784	$ 31.45	12,361,056	$ 28.49
Options Granted at Fair Market Value	646,618	$ 44.79	1,470,049	$ 40.77
Options Exercised	(3,412,574)	$ 18.61	(2,507,870)	$ 25.03
Options Cancelled	(1,222,747)	$ 48.74	(549,451)	$ 54.65
Options Outstanding, End of Year	6,785,081	$ 36.13	10,773,784	$ 31.45
Options Exercisable, End of Year	5,974,909	$ 34.37	9,475,817	$ 28.25
Shares Available for Future Stock Option Grants, End of Year	3,135,476		2,912,055	
Weighted-Average Grant-Date Fair Value of Options Granted During the Year	$ 15.76		$ 20.14	

The total intrinsic value of options exercised during the years ended March 31, 2009, 2008 and 2007 was $0.1 million, $47.4 million and $70.5 million, respectively. As of March 31, 2009, there was $10.6 million of total unrecognized compensation cost related to unvested stock options granted under these plans.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	For the Years Ended March 31,					
	2009		2008		2007	
	All Others	Directors	All Others	Directors	All Others	Directors
Expected Volatility (1)	42.7%	44.6%	33.9%	35.1%	36.7%	38.8%
Risk-Free Interest Rate	3.0%	3.5%	4.6%	4.9%	5.0%	4.8%
Dividend Yield	0.7%	1.1%	0.4%	0.4%	0.3%	0.3%
Expected Life (Years) (1)	4.2	5.0	4.5	5.1	4.5	5.4

(1) These estimates are based upon historical activity.

Restricted Stock and Restricted Stock Units

The Company has issued restricted stock awards under the 2003 Plan and the 2001 Plan to officers, employees and directors. These shares vest and become unrestricted on the vesting dates specified at the time of the award (typically three or four years, or upon a change in control, as defined in such plans). These shares have voting rights and are entitled to receive dividends at the same time and in the same amounts as other shares of Centex common stock outstanding. At March 31, 2009, there were 831,146 shares of restricted stock awards outstanding. The fair value of each restricted stock award was calculated using the closing stock price on the date of grant.

The Company also grants restricted stock units, which are converted into shares of Centex common stock at payout, to certain directors, officers and employees of the Company and its affiliates under the 2003 Plan and to certain officers and employees under the Long Term Incentive Plan (the “LTIP Plan”). Restricted stock units represent the right to receive an equal number of shares of Centex common stock at the time the award is paid. Awards typically vest over a three-year or four-year period, or upon a change in control, as defined in such plans, and are generally paid out upon vesting or a later date specified by the holder. At March 31, 2009 there were an aggregate of 380,916 restricted stock units outstanding. The fair value of each restricted stock unit was calculated using the closing stock price on the date of grant. The LTIP Plan was adopted by our Board in 2001, and is administered by the Compensation and Management Development Committee. The LTIP Plan authorizes the award of only restricted stock units.

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A summary of the status of the Company’s unvested shares of restricted stock awards and restricted stock units as of March 31, 2009, and changes during the year ended March 31, 2009 is presented below:

Unvested Shares	Shares	Weighted-Average Grant-Date Fair Value
Unvested at March 31, 2008	535,241	$ 42.06
Granted	1,038,171	$ 17.31
Vested	(340,340)	$ 39.32
Forfeited	(150,117)	$ 31.14
Unvested at March 31, 2009	1,082,955	$ 20.70

In addition, at March 31, 2009, there were 129,107 restricted stock units and awards outstanding that had vested but had not yet been paid out because the payout date had been deferred by the holder.

As of March 31, 2009, there was $18.9 million of total unrecognized compensation cost related to unvested restricted stock awards and restricted stock units granted under these Plans. That cost is expected to be recognized over a weighted average period of 2.4 years. The total fair value of shares vested during the years ended March 31, 2009, 2008 and 2007 was $22.6 million, $37.8 million and $64.9 million, respectively.

Equity Plan Summary

The following table summarizes information about the Company’s equity compensation plans, other than tax qualified plans, as of March 31, 2009:

Plan Category	Plan	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans [excluding securities reflected in column (a)]
Equity Compensation Plans	1987	1,033,002	$ 13.05	-
Approved by	2001	2,215,909	$ 41.46	42,874
Stockholders	2003	2,644,380	$ 34.54(1)	4,691,324
Equity Compensation Plans	1998	1,638,669	$ 28.60	-

Not Approved by Stockholders	Long Term Incentive Plan	168,749	$	-	222,803
Total		7,700,709	$	30.68(1)	4,957,001

(1) Weighted-average exercise price excludes any items with an exercise price of $0.

Non-Equity Long-Term Performance Units

During the first quarter of fiscal years 2009 and 2008, the Company issued to officers and employees long-term performance awards that vest after three years. These awards will be settled in cash and adjusted based on the Company's performance relative to its peers in total stockholder return (fiscal year 2009 awards) and in earnings per share growth and return on equity (fiscal year 2008 awards), as well as changes in the Company's stock price between the date of grant and the end of the performance period. The Company's fiscal year 2008 awards are valued using management's estimate of future earnings per share growth, return on equity and changes in stock price. The Company's fiscal year 2009 awards are valued using a lattice model. The awards granted during fiscal year 2008 had an initial aggregate value of $18.9 million and have been adjusted to an aggregated value of $1.3 million as of March 31, 2009. The awards granted in fiscal year 2009 had an initial aggregate value of $28.3 million and have been

adjusted to an aggregate value of $4.6 million as of March 31, 2009. In accordance with the provisions of SFAS 123(R), these awards are accounted for as liability awards for which compensation expense will be recognized over the vesting period with a corresponding increase in accrued liabilities. The Company recognized $3.4 million of compensation expense in fiscal year 2008 and a reduction in compensation expense of $2.3 million in fiscal year 2009 related to the fiscal year 2008 awards. The Company recognized $1.9 million in compensation expense related to the fiscal year 2009 awards during the year ended March 31, 2009.

Stockholder Rights Plan

On February 24, 2009, the Board of Directors of the Company adopted a Stockholder Rights Plan (the "Rights Plan") to prevent the possible limitation on use of tax benefits that may result from an unintended "ownership change" under Section 382 of the Internal Revenue Code. Under the plan, a dividend of one preferred share purchase right (the "Right") was declared for each share of common stock of the Company that was outstanding on March 6, 2009. Each Right entitles the holder to purchase from the Company one one-thousandth of a share of Series D Junior Participating Preferred Stock at a purchase price of $50.00, subject to adjustment. The Rights will trade automatically with the common stock and will not be exercisable until 10 days after the first public announcement that a person or group has become an "acquiring person" by acquiring 4.9% or more of the Company's outstanding common stock (the "Distribution Date"). Upon announcement that any person or group has become an acquiring person, each Right will entitle all rightholders (other than the acquiring person) to purchase, for the exercise price of $50.00, a number of shares of the Company's common stock having a market value equal to twice the exercise price. If any person becomes an acquiring person, the Board of Directors may, at its option and subject to certain limitations, exchange one share of common stock for each Right.

The Rights have certain anti-takeover effects, in that they would cause substantial dilution to a person or group that attempts to acquire a significant interest in the Company on terms not approved by the Board of Directors. In the event that the Board of Directors determines a transaction to be in the best interest of the Company, it may exempt a stockholder from the provisions of the Rights Plan. The Rights and the Rights Plan will expire on the earliest of (i) February 24, 2010, if stockholder approval has not been obtained for the Rights Plan prior to such date, (ii) February 24, 2019, (iii) the time at which the Rights are redeemed pursuant to the Rights Plan, (iv) the time at which the Rights are exchanged pursuant to the Rights Plan, (v) the repeal of Section 382 of the Internal Revenue Code or a successor statute if the Board of Directors determines that the Rights Plan is no longer necessary for the preservation of tax benefits, and (vi) the beginning of the taxable year of the Company to which the Board determines that no tax benefits may be carried forward.

At any time prior to the Distribution Date, the Board of Directors of the Company may redeem the Rights, in whole but not in part, at a price of $0.01 per Right (the "Redemption Price"). The redemption of the Rights may be made effective at such time on such basis with such conditions as the Board of Directors, in its sole discretion, may establish. Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

The terms of the Rights may be amended by the Board of Directors of the Company without the consent of the holders of the Rights, except that from and after the Distribution Date no such amendment may adversely affect the interests of the holders of the Rights (other than the Acquiring Person). The Company plans to amend or terminate the Rights Plan to permit completion of the merger transaction with Pulte.

Employee Benefit Plans

Benefits are provided to eligible employees of the Company and certain subsidiaries under the Company's benefit plans. The plans operate on a calendar year and permit both 401(k) matching contributions and profit sharing contributions. The aggregate cost of these plans to the Company was $1.1 million in fiscal year 2009, $9.9 million in fiscal year 2008 and $11.4 million in fiscal year 2007. During fiscal year 2009, the aggregate cost of the plans to the Company was primarily offset by forfeitures within the plans. In addition, there were no profit sharing contributions made to the plans during fiscal year 2009.

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(L) INCOME TAXES

The provision (benefit) for income taxes from continuing operations includes the following components:

	For the Years Ended March 31,		
	2009	2008	2007
Current Provision (Benefit)			
Federal	$ (265,964)	$ (617,921)	$ 318,703
State	(9,917)	(5,065)	46,122
	(275,881)	(622,986)	364,825
Deferred Provision (Benefit)			
Federal	200,107	356,065	(216,525)
State	(10,846)	52,731	(32,037)
	189,261	408,796	(248,562)
Provision (Benefit) for Income Taxes	$ (86,620)	$ (214,190)	$ 116,263

The difference between income taxes computed at the federal statutory rate of 35% and the actual amounts were as follows:

	For the Years Ended March 31,		
	2009	2008	2007
Earnings (Loss) from Continuing Operations Before Income Taxes	$ (1,526,771)	$ (2,875,158)	$ 106,786
Income Taxes at Statutory Rate	$ (534,369)	$ (1,006,305)	$ 37,375
Increases (Decreases) in Tax Resulting from -			
State Income Taxes, net	(40,113)	(93,364)	9,156
Change in Valuation Allowance	467,952	828,950	-
Uncertain Tax Positions/Contingencies	14,968	41,088	65,480
Other	4,942	15,441	4,252
Provision (Benefit) for Income Taxes	$ (86,620)	$ (214,190)	$ 116,263
Effective Tax Rate	5.7%	7.4%	108.9%

Components of deferred income taxes, net are as follows:

	As of March 31,	
	2009	2008
Deferred Tax Assets		
Deferred Compensation	$ 39,699	$ 51,315
Land Impairments and Option Write-offs	595,975	454,877
Uniform Capitalization for Tax Reporting	37,865	47,065
Accrued Liabilities	315,357	334,597
Partnership Reporting Differences	5,654	2,560
Net Operating Loss and Tax Credit Carryforwards	266,611	109,080

Depreciation and Amortization	23,025	11,335
All Other	7,534	10,895
	1,291,720	1,021,724
Valuation Allowance	(1,291,702)	(830,000)
Total Deferred Tax Assets, net of Valuation Allowance	18	191,724
Deferred Tax Liabilities		
Other	18	478
Total Deferred Tax Liabilities	18	478
Deferred Income Taxes, net	$ -	$ 191,246

The Company recognized an income tax benefit from continuing operations of $86.6 million and $214.2 million for the years ended March 31, 2009 and 2008, respectively. The Company's effective tax rate from continuing

operations was 5.7% and 7.4% for the years ended March 31, 2009 and 2008, respectively. The Company's effective tax rate for March 31, 2009 and March 31, 2008 differed from the federal statutory rate primarily as a result of increasing the deferred tax asset valuation allowance, the effect of state income taxes, and increasing the liability for unrecognized tax benefits resulting primarily from accrued interest and penalties.

As of March 31, 2009 and 2008, the Company had a federal income tax receivable of $198.8 million and $648.5 million, respectively, primarily relating to net operating loss carryback refund claims. During the year ended March 31, 2009, the Company received federal tax refunds of $699.3 million. The Company's net deferred tax assets before the valuation allowance increased to $1.29 billion as of March 31, 2009 from $1.02 billion as of March 31, 2008. The Company had a $266.6 million deferred tax asset resulting from tax credits and net operating loss carryforwards at March 31, 2009. If unused, the various tax credits and net operating loss carryforwards will expire (beginning at various times depending on the tax jurisdiction) in the years 2013 through 2029.

Based on an analysis performed under Internal Revenue Code Section 382 as of March 31, 2009, the Company does not believe it has experienced a change in ownership as defined by Section 382 and, therefore, the Company does not believe, at March 31, 2009, the net operating losses, built-in losses and tax credits are subject to a Section 382 limitation.

In accordance with the provisions of SFAS 109, the Company assesses, on a quarterly basis, the realizability of its deferred tax assets. A valuation allowance must be established when, based upon the evaluation of all available evidence, it is more likely than not that all or a portion of the deferred tax assets will not be realized. Realization of deferred tax assets is dependent upon taxable income in prior carryback years, estimates of future taxable income, tax planning strategies and reversals of existing taxable temporary differences. SFAS 109 provides that forming a conclusion that a valuation allowance is not needed is difficult when there is negative evidence such as cumulative losses in recent years or losses expected in early future years.

Based on the Company's assessment, the realization of approximately $1.29 billion of the Company's deferred tax assets is dependent upon future taxable income. Based on the Company's consideration of the current economic conditions, the homebuilding industry, and the related uncertainty in projections of future taxable income, the Company increased its valuation allowance by $461.7 million during the year ended March 31, 2009. The Company's future realization of its deferred tax assets ultimately depends on the existence of sufficient taxable income in the carryforward periods (both federal and state). Changes in existing laws could affect the valuation of deferred tax assets for future periods.

Pursuant to FIN 48, the Company has recorded gross unrecognized tax benefits of $374.4 million and $353.1 million as of March 31, 2009 and 2008, respectively, (which excludes interest, penalties, and the tax benefit relating to the deductibility of interest and state income tax). The following table summarizes the changes in gross unrecognized tax benefits from March 31, 2008 to March 31, 2009:

	As of March 31,	
	2009	2008
Gross Unrecognized Tax Benefits, Beginning of Year	$ 353,147	$ 341,388
Tax positions taken relating to a prior year	17,576	(40,681)
Tax positions taken relating to the current year	4,767	52,899
Settlements of tax positions with taxing authorities	(1,139)	(459)
Gross Unrecognized Tax Benefits, End of Year	$ 374,351	$ 353,147

The Company files numerous income tax returns in both U.S. federal and state jurisdictions. The federal statute of limitations has expired for the Company's federal tax returns filed for tax years through March 31, 2000. In July 2007, the Company received a Revenue Agent's Report from the IRS relating to the ongoing audit of the Company's federal income tax returns for fiscal years 2001 through 2004, which included adjustments to increase taxable income during these periods. In fiscal year 2008, the IRS commenced an examination of the Company's federal tax returns for fiscal years 2005 and 2006. In addition, certain of the Company's state income tax returns are under audit and are at various stages of the audit/appeal process. The Company believes that its tax return positions are supported and will continue to vigorously dispute the proposed adjustments. As discussed in Note (O), "Subsequent Events," on May 18, 2009, the Company and the IRS settled certain issues relating to the audit of the Company's federal income tax returns for fiscal years 2001 through 2004. The settlement will result in the Company

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recognizing uncertain tax benefits (including penalties and interest) during the first quarter of fiscal year 2010, resulting in an income tax benefit and an increase to net equity of approximately $270 million.

It is possible that, within the next twelve months, the amount of the Company's unrecognized tax benefits may significantly decrease as a result of resolutions, if any, with the IRS of certain issues relating to the audit of the Company's federal income tax returns for fiscal years 2005 and 2006. However, the decrease in unrecognized tax benefits that could occur over the next twelve months relating to fiscal years 2005 and 2006 cannot be estimated at this time. Any change to the Company unrecognized tax benefits relating to matters not discussed in Note (O), "Subsequent Events," that could occur within the next twelve months (including any related impact to the valuation allowance) could be material to the Company's financial position and results of operations. In addition, within the next twelve months, it is possible that the Company's unrecognized tax benefits relating to state income taxes may decrease as a result of resolutions of various state audits and/or appeals. However, the change that could occur relating to these potential resolutions cannot be estimated at this time.

The total amount of unrecognized tax benefits that, if recognized, would affect the Company's effective tax rate (excluding any related impact to the valuation allowance) was $283.9 million and $272.3 million as of March 31, 2009 and 2008, respectively. The recognition of unrecognized tax benefits could have an impact on the Company's deferred tax assets and the valuation allowance. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the financial statements as a component of the income tax provision. As of March 31, 2009 and 2008, gross accrued interest and penalties were $180.4 million and $153.6 million, respectively. For the years ended March 31, 2009 and 2008, the Company accrued $26.8 million and $41.3 million, respectively, of gross accrued interest and penalties. The Company's liability for unrecognized tax benefits combined with accrued interest and penalties is reflected as a component of accrued liabilities.

(M) BUSINESS SEGMENTS

As of March 31, 2009, the Company operated in two principal lines of business: Home Building and Financial Services. These lines of business operate in the United States, and their markets are nationwide. Revenues from any one customer are not significant to the Company.

Home Building

The Company's Home Building operations currently involve the construction and sale of detached and attached single-family homes. Home Building consists of the following reporting segments that have operations located in the following states:

East: Florida, Georgia, Maryland, New Jersey, North Carolina, South Carolina and Virginia
Central: Colorado, Illinois, Indiana, Michigan, Minnesota, Missouri, Tennessee and Texas
West: Arizona, California, Hawaii, Nevada, New Mexico, Oregon and Washington
Other homebuilding (1)

(1) Other homebuilding includes certain resort/second home projects in Florida that the Company plans to build out and liquidate, and holding companies. In addition, Other homebuilding includes amounts consolidated under the caption "land held under option agreements not owned" and capitalized interest for all regions.

During the first and second quarters of fiscal year 2009, the Company reclassified its Home Building operations to reflect how the Company currently manages its business. These reclassifications were not material to the results of operations of the respective reporting segments. All prior period amounts have been reclassified to conform to current period presentation.

Financial Services

The Company's Financial Services reporting segment consists of its mortgage lending and title insurance and settlement services. Financial Services originates loans for homes sold by the Company and its subsidiaries, which are referred to as "Builder loans." In prior quarters, Financial Services also originated loans for homes built by others, as well as the refinancing of existing mortgages, which are referred to as "Retail loans."

As a result of the significant disruptions in the mortgage markets and the related reductions in the mortgage market liquidity, during July 2008, Financial Services made a decision to cease its Retail loan operations. The wind-down was executed in an orderly manner and was completed as of March 31, 2009. Financial Services, which originally operated approximately 80 retail branches, ceased originating Retail loans during the fourth quarter of fiscal

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year 2009. Since July 2008, the Company has recorded $25.8 million in costs related to the wind-down of the Retail loan operations including $18.9 million of severance costs, primarily associated with the reduction of personnel in the retail branches, $2.8 million of contract termination costs related to various lease agreements associated with the retail branch locations, and $4.1 million of asset write-downs and other costs. At March 31, 2009, accrued expenses related to the wind-down of the Retail loan operations amounted to $2.6 million and primarily related to contract termination costs.

In addition, during the fourth quarter of fiscal year 2009, Financial Services transitioned its mortgage operations to a centralized production model. Financial Services incurred approximately $7.9 million related to this transition during the year ended March 31, 2009.

The following includes condensed balance sheets and statements of operating earnings for the Company's Financial Services Segment:

	As of March 31,	
	2009	2008
Cash and Cash Equivalents	$ 21,311	$ 24,044
Restricted Cash	18,955	22,878
Mortgage Loan Receivables	214,179	515,880
Other Inventories (Real Estate Owned)	16,367	10,850
Goodwill	5,364	8,952
Deferred Charges and Other Assets	38,301	134,456
Total Assets	$ 314,477	$ 717,060
Accounts Payable and Accrued Liabilities	$ 48,215	$ 130,372
Mortgage Warehouse Facilities	119,052	337,053
Minority Interests	-	451
Members' Equity	147,210	249,184
Total Liabilities and Members' Equity	$ 314,477	$ 717,060

	For the Years Ended March 31,		
	2009	2008	2007
Revenues			
Gain on Sale of Mortgages	$ 66,290	$ 125,600	$ 164,995
Interest Income	19,576	70,404	121,806
Title Policy and Other Income	104,134	113,944	181,200
Cost of Revenues			
Interest Expense	(12,047)	(54,380)	(90,328)
Title Policy Expense	(1,722)	(2,228)	(2,079)
Selling, General and Administrative Expenses	(235,723)	(391,493)	(291,064)
Earnings (Loss) from Continuing Operations			
Before Income Taxes	$ (59,492)	$ (138,153)	$ 84,530

CTX Mortgage Company, LLC and its related companies sold $4.02 billion and $9.26 billion of mortgage loans to investors during the years ended March 31, 2009 and 2008, respectively.

Other

The Company’s Other segment consists of corporate general and administrative expense, including Home Building corporate-related general and administrative expense, interest income and interest expense.

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The following are components of the Other segment's loss from continuing operations before income tax:

	For the Years Ended March 31,		
	2009	2008	2007
Corporate General and Administrative Expense	$ (188,857)	$ (154,308)	$ (185,585)
Interest Expense	(52,716)	(8,642)	-
Interest and Other Income	21,219	25,521	2,488
	$ (220,354)	$ (137,429)	$ (183,097)

Summary of the Company's Results of Operations by Segment

	For the Year Ended March 31, 2009 (Dollars in thousands)					
	Revenues	Loss from Unconsolidated Entities (1)	Earnings (Loss) from Continuing Operations Before Income Tax	Goodwill Impairments	Land-related Impairments	Land-related Write-offs
Home Building						
East	$ 1,302,242	$ (143,092)	$ (594,122)	$ 30,594	$ 329,915	$ 23,055
Central	1,080,631	(11,823)	(123,025)	5,102	84,636	6,030
West	1,235,847	(4,534)	(533,476)	2,405	460,839	17,485
Other homebuilding	17,810	-	3,698	-	7,163	-
Total Home Building	3,636,530	(159,449)	(1,246,925)	38,101	882,553	46,570
Financial Services	190,000	-	(59,492)	-	-	-
Corporate & Other	-	-	(220,354)	-	-	-
Total	$ 3,826,530	$ (159,449)	$ (1,526,771)	$ 38,101	$ 882,553	$ 46,570

(1) Included in Home Building loss from unconsolidated entities for the year ended March 31, 2009 is the Company's share of joint ventures' impairments totaling $157.1 million.

	For the Year Ended March 31, 2008 (Dollars in thousands)					
	Revenues	Earnings (Loss) from Unconsolidated Entities (1)	Loss from Continuing Operations Before Income Tax	Goodwill Impairments	Land-related Impairments	Land-related Write-offs
Home Building						
East	$ 2,536,909	$ (51,182)	$ (508,655)	$ 24,761	$ 323,738	$ 62,433
Central	1,917,627	463	(117,234)	9,709	82,976	17,033
West	3,268,290	(78,183)	(1,741,273)	43,766	1,213,681	40,828
Other homebuilding	242,788	-	(232,414)	-	172,034	131

Total Home Building	7,965,614	(128,902)	(2,599,576)	78,236	1,792,429	120,425
Financial Services	309,948	-	(138,153)	-	-	-
Corporate & Other	-	-	(137,429)	-	-	-
Total	$ 8,275,562	$ (128,902)	$ (2,875,158)	$ 78,236	$ 1,792,429	$ 120,425

(1) Included in Home Building loss from unconsolidated entities for the year ended March 31, 2008 is the Company's share of joint ventures' impairments totaling $100.5 million.

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	For the Year Ended March 31, 2007 (Dollars in thousands)					
	Revenues	Earnings (Loss) from Unconsolidated Entities (1)	Earnings (Loss) from Continuing Operations Before Income Tax	Goodwill Impairments	Land-related Impairments	Land-related Write-offs
Home Building						
East	$ 3,849,577	$ (2,008)	$ 250,046	$ -	$ 114,344	$ 89,046
Central	2,401,108	1,523	38,753	-	35,469	41,531
West	4,746,666	(73,297)	(56,269)	-	163,888	227,232
Other homebuilding	417,476	-	(27,177)	-	10,212	2,190
Total Home Building	11,414,827	(73,782)	205,353	-	323,913	359,999
Financial Services	468,001	-	84,530	-	6,919(2)	-
Corporate & Other	4,773	-	(183,097)	-	-	-
Total	$ 11,887,601	$ (73,782)	$ 106,786	$ -	$ 330,832	$ 359,999

(1) Included in Home Building loss from unconsolidated entities for the year ended March 31, 2007 is the Company's share of joint ventures' impairments totaling $124.5 million.

(2) Financial Services impairment was recorded on its construction loans.

Summary of Inventory and Total Assets by Segment

	For the Years Ended March 31, (Dollars in thousands)			
	2009		2008	
	Inventory	Total Assets	Inventory	Total Assets
Home Building				
East	$ 1,712,698	$ 1,878,751	$ 2,357,273	$ 2,631,144
Central	619,555	639,516	963,999	1,007,937
West	665,663	777,361	1,701,506	1,842,358
Other homebuilding	275,504	1,177,702	328,803	1,128,285
Total Home Building	3,273,420	4,473,330	5,351,581	6,609,724
Financial Services	16,367	314,477	10,850	717,060
Corporate & Other (1)	-	1,130,307	-	713,559
Discontinued Operations	-	-	-	96,989
Total	$ 3,289,787	$ 5,918,114	$ 5,362,431	$ 8,137,332

(1) The Company's Other segment includes cash, income taxes receivable and substantially all of the Company's deferred income tax valuation allowance.

(N) DISCONTINUED OPERATIONS

Over the last several fiscal years, the Company has completed the sale of Home Equity, Construction Services and its home services operations to unrelated third parties. Prior to their sale, Home Equity was included in the Financial Services segment, Construction Services was a separate reporting segment and the Company's home services operations were included in the Other segment. Home Equity, Construction Services and the Company's home services operations were reclassified to discontinued operations in March 2006, March 2007 and March 2008, respectively. All prior period information has been reclassified to be consistent with the March 31, 2009 presentation. A brief summary of each transaction is provided below. In addition, the Company completed the sale of Westwood Insurance Agency to an unrelated third party.

Home Equity

On July 11, 2006, the Company sold Home Equity and received $518.5 million in cash, net of related expenses and as adjusted for the settlement of post-closing adjustments. In connection with the sale, all intercompany accounts with Home Equity were repaid and settled. As a result of the sale, Home Equity is no longer a subsidiary of

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Centex Corporation and has changed its name to Nationstar Mortgage, LLC. The purchase price was based on the book value of Home Equity, plus a premium calculated in accordance with agreed upon formulas and procedures.

Additionally, the Company has agreed to indemnify the purchaser of Home Equity for certain contingencies. The Company has not paid any amounts for such contingencies and does not believe such contingencies, if paid, will be material to the Company's results of operations or financial position. The net gain on sale recorded in connection with the sale of Home Equity, including post-closing adjustments recognized subsequent to December 31, 2006, is summarized below:

	For the Year ended March 31, 2007
Sales and Related Proceeds, net of Related Expenses	$ 518,500
Assets Sold	(400,706)
Intercompany Liability Paid by Buyer	(11,795)
Deferred Income	(6,100)
Hedging Gain	25,466
Pre-tax Gain on Sale	125,365
Income Tax Expense	(50,390)
Net Gain on Sale	$ 74,975

Construction Services

On March 30, 2007, the Company completed the sale of Construction Services to unrelated third parties and received \$344.8 million in cash, net of related expenses. The Company is entitled to receive an aggregate of \$60.0 million in cash to be paid in annual installments of \$4.0 million over a 15-year period after the closing date (the "Additional Payments"). The Additional Payments will be made in connection with an election with respect to the tax treatment of the transaction pursuant to Section 338(h)(10) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). If the Internal Revenue Code is amended so that the purchaser is no longer entitled to the benefits of the Section 338(h)(10) election, the amount of the Additional Payments will be subject to change to ensure that any subsequent payments to be made by the purchaser do not exceed 50% of the tax benefits to be realized by it thereafter as a result of such election. The Additional Payments are an unsecured receivable from the purchaser that was not recorded in connection with the sale of Construction Services. As the Additional Payments are received in future periods, the amounts will be reflected in the Statements of Consolidated Operations.

A summary of the Company's calculation of the gain on sale of Construction Services is below:

	For the Years Ended March 31,	
	2009	2008
Sales and Related Proceeds, net of Related Expenses	$ 4,000	$ 8,341
Assets Sold	-	-
Pre-tax Gain on Sale	4,000	8,341

Income Tax Expense	(1,528)	(3,224)
Net Gain on Sale	$ 2,472	$ 5,117

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Home Services

On April 3, 2008, the Company completed the sale of its home services operations to an unrelated third party and received $131.1 million in cash. A summary of the Company's calculation of the related gain on sale is below:

	For the Year Ended March 31, 2009
Sales and Related Proceeds, net of Related Expenses	$ 127,810
Assets Sold	(88,431)
Pre-tax Gain on Sale	39,379
Income Tax Expense	(20,282)
Net Gain on Sale	$ 19,097

Westwood Insurance Agency

On September 30, 2008, the Company completed the sale of Westwood Insurance Agency to an unrelated third party and received $55.4 million in cash. As a result of the sale, the Company recognized a pre-tax gain of $48.3 million, which has been included in discontinued operations. Historical operations of Westwood Insurance Agency are not material to the financial performance of the Company and, accordingly, have not been reclassified to discontinued operations.

Summarized Financial Information

Earnings from discontinued operations include: the financial information for entities included in discontinued operations, the gains (losses) on the sales of such entities, intercompany eliminations between entities in discontinued operations and entities in continuing operations, and certain general and administrative expenses incurred in the sale of such entities. The following table provides summarized assets and liabilities for entities included in discontinued operations:

	As of March 31, 2008
Assets	
Cash and Cash Equivalents	$ 28
Receivables	8,367
Other Inventories	1,922
Property and Equipment, net	989
Deferred Income Taxes, net	(11,858)
Goodwill	89,648
Deferred Charges and Other, net	7,893
	$ 96,989
Liabilities	
Accounts Payable and Accrued Liabilities	$ 32,260
Long-term Debt	1,741

$	34,001

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The following table provides summarized earnings information for entities included in discontinued operations:

	For the Years Ended March 31,		
	2009 (1)	2008 (2)	2007 (3)
Revenues	$ -	$ 130,118	$ 2,405,147
Costs and Expenses	-	(131,994)	(2,427,373)
Earnings from Unconsolidated Entities and Other	-	-	975
Loss Before Income Taxes	-	(1,876)	(21,251)
Benefit for Income Taxes	-	245	11,062
Gain on Sale, net of Tax	51,397	5,117	288,032
	$ 51,397	$ 3,486	$ 277,843

(1) Includes Construction Services, the Company's home services operations and the gain from sale of Westwood Insurance Agency.
(2) Includes Construction Services and the Company's home services operations.
(3) Includes Construction Services, Home Equity and the Company's home services operations.

Significant Accounting Policies Related to Discontinued Operations

Revenue Recognition – Construction Services

Long-term construction contract revenues were recognized on the percentage-of-completion method based on the costs incurred relative to total estimated costs. Full provision was made for any anticipated losses. Billings for long-term construction contracts were rendered monthly, including the amount of retainage withheld by the customer until contract completion. As a general contractor, the Company withheld similar retainages from each subcontractor.

Claims related to long-term construction contracts were recognized as revenue only after management had determined that the collection was probable and the amount could be reliably estimated. There were no claims included in revenues for the fiscal year ended March 31, 2007.

(O) SUBSEQUENT EVENTS

On April 7, 2009, the Company and Pulte entered into a definitive merger agreement pursuant to which the Company will merge with a wholly-owned subsidiary of Pulte, and survive the merger as a wholly-owned subsidiary of Pulte. Under the terms of the agreement, Centex stockholders will receive 0.975 shares of Pulte common stock for each share of Centex common stock they own. Upon closing of the transaction, Pulte stockholders will own approximately 68% of the combined company, and Centex stockholders will own approximately 32%. The transaction is subject to approval by Pulte and Centex stockholders and the satisfaction of customary closing conditions and regulatory approvals, including expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. Pulte and Centex expect to complete the transaction in the third calendar quarter of 2009.

The merger with Pulte, if consummated, will result in a change in control. The change in control will result in, among other provisions, the acceleration of the vesting of certain outstanding stock-based awards, a Section 382 limitation on the Company's net operating loss carryforwards, and the payment of bonuses and severance to certain executives and employees. The merger agreement requires the Company to conduct its business in the ordinary course prior to the completion of the merger; however, the agreement, among other provisions, restricts or limits the Company from paying dividends, repurchasing debt prior to its maturity, or increasing compensation or benefits for its

directors, executives or employees except as required by existing agreements.

The Company and its directors are named as defendants in five putative class action lawsuits filed between April 15 and April 23, 2009 in the District Courts of Dallas County, Texas. An additional putative class action lawsuit against the Company and its directors was filed on April 24, 2009 in the District Court of Clark County, Nevada. The cases assert claims related to alleged breaches of fiduciary duty in connection with the proposed combination between Centex and Pulte announced on April 8, 2009. The pleadings allege, among other things, that the Company's directors, aided and abetted by Centex and/or Pulte, purportedly breached their fiduciary duties by failing to maximize stockholder value, by taking steps to discourage competitive bidding or alternate proposals, and by self-dealing or

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acting with purported conflicts of interest. Plaintiffs seek, among other relief, an injunction against consummation of the combination with Pulte, rescission of the combination with Pulte if consummated prior to the entry of final judgment, unspecified damages, costs and attorneys' fees. Motions have been made by certain of the Texas plaintiffs to consolidate the Texas actions. Based on the facts known to date, the defendants believe that the claims asserted against them are without merit, and the defendants intend to defend vigorously against the claims.

On April 28, 2009, CTX Mortgage Company, LLC executed an amendment to the $150 million committed mortgage warehouse credit facility that lowered the facility to $100 million and extended the maturity date to May 30, 2009.

In May 2009, in accordance with the terms of the Company's credit facility, the Company increased the amounts on deposit with certain banks to $403.5 million in order to maintain compliance with the liquidity reserve requirement.

In May 2009, the Company issued to officers and employees 835,505 shares of restricted stock awards under the 2003 Plan and 278,482 restricted stock units under the 2003 Plan (having an aggregate fair value of approximately $10.5 million).

On May 18, 2009, the Company and the IRS settled several disputed tax issues relating to the audit of the Company's federal income tax returns filed for fiscal years 2001 through 2004. The disputed issues related primarily to the Company's use of net operating losses, among other items. The settlement resulted in a tax liability of approximately $63 million of which $62 million was paid in June 2006. As a result of the settlement with the IRS and the recognition of the uncertain tax benefits related to the disputed issues, the Company will record an income tax benefit and an increase to net equity of approximately $270 million during the first quarter of fiscal year 2010.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Centex Corporation

We have audited the accompanying consolidated balance sheets of Centex Corporation and subsidiaries (the Company) as of March 31, 2009 and 2008, and the related consolidated statements of operations, cash flows and stockholders' equity for each of the three years in the period ended March 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Centex Corporation and subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in Note A to the consolidated financial statements, the Company adopted the provisions of Financial Accounting Standard Board Interpretation No. 48, Securities and Exchange Commission Staff Accounting Bulletin No. 109 and Statement of Financial Accounting Standards No. 159 effective April 1, 2007, January 1, 2008, and April 1, 2008, respectively.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Centex Corporation’s internal control over financial reporting as of March 31, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 20, 2009 expressed an unqualified opinion thereon.

Dallas, Texas
May 20, 2009

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Quarterly Results (Unaudited) (1)
(Dollars in thousands, except per share data)

	For the Quarters Ended 2009 and 2008			
	Q1	Q2	Q3	Q4
2009				
Revenues	$ 1,126,122	$ 1,005,005	$ 872,188	$ 823,215
Gross Profit (Loss)	$ 123,815	$ 92,772	$ (385,953)	$ (193,980)
Loss from Continuing Operations	$ (169,112)	$ (201,620)	$ (663,906)	$ (405,513)
Earnings (Loss) from Discontinued Operations, net of Taxes	19,013	29,630	-	2,754
Net Loss	$ (150,099)	$ (171,990)	$ (663,906)	$ (402,759)
Loss from Continuing Operations Per Share Basic and Diluted	$ (1.36)	$ (1.62)	$ (5.34)	$ (3.26)
Net Loss Per Share Basic and Diluted	$ (1.21)	$ (1.38)	$ (5.34)	$ (3.24)
Average Shares Outstanding Basic and Diluted	124,231,358	124,278,555	124,360,192	124,365,672
2008				
Revenues	$ 1,901,786	$ 2,186,184	$ 1,873,287	$ 2,314,305
Gross Profit (Loss)	$ 223,818	$ (561,089)	$ (258,665)	$ (524,109)
Loss from Continuing Operations	$ (132,081)	$ (644,761)	$ (976,051)	$ (908,075)
Earnings (Loss) from Discontinued Operations, net of Taxes	4,122	928	863	(2,427)
Net Loss	$ (127,959)	$ (643,833)	$ (975,188)	$ (910,502)
Loss from Continuing Operations Per Share Basic and Diluted	$ (1.08)	$ (5.27)	$ (7.95)	$ (7.34)
Net Loss Per Share Basic and Diluted	$ (1.05)	$ (5.26)	$ (7.94)	$ (7.36)
Average Shares Outstanding Basic and Diluted	121,469,951	122,301,587	122,787,414	123,750,049

(1) The quarterly results presented in this table for the periods covered by the financial statements included in this Report and all prior periods have been adjusted to reflect home services operations (sold in April 2008), Construction Services (sold in March 2007) and Home Equity (sold in July 2006) as discontinued operations.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedure

An evaluation has been performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2009. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of March 31, 2009. There has been no change in our internal controls over financial reporting during the quarter ended March 31, 2009 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of March 31, 2009 based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control – Integrated Framework, our management concluded that our internal control over financial reporting was effective as of March 31, 2009.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The independent registered public accounting firm that audited the Company's consolidated financial statements, Ernst & Young LLP, has issued an audit report on the Company's internal control over financial reporting. This report appears on the following page of this Report.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Centex Corporation

We have audited Centex Corporation and subsidiaries' internal control over financial reporting as of March 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Centex Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Centex Corporation maintained, in all material respects, effective internal control over financial reporting as of March 31, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2009 consolidated financial statements of Centex Corporation and subsidiaries and our report dated May 20, 2009 expressed an unqualified opinion thereon.

Dallas, Texas
May 20, 2009

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ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information about the executive officers of the Company is contained in Item 4A of Part I of this Report and is incorporated herein by reference. The Company maintains a code of ethics applicable to the Company's chief executive officer, senior financial and professional personnel (including the Company's chief financial officer, principal accounting officer or comptroller and the persons performing similar functions), and other employees. The Company has posted a copy of such code of ethics on its website. The Internet address for such code of ethics is at http://media.corporate-ir.net/media_files/irol/11/112195/corpgov/ethics_0808.pdf.

In accordance with General Instruction G(3) of the General Instructions to Form 10-K, the other information called for by Item 10 is omitted from this Report and is incorporated by reference to the definitive Proxy Statement to be filed by the Company pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, not later than 120 days after the end of the fiscal year covered by this Report. If such definitive Proxy Statement is not filed within such 120-day period, such information will be filed as an amendment to this Report not later than the end of such 120-day period.

ITEM 11. EXECUTIVE COMPENSATION

In accordance with General Instruction G(3) of the General Instructions to Form 10-K, the other information called for by Item 11 is omitted from this Report and is incorporated by reference to the definitive Proxy Statement to be filed by the Company pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, not later than 120 days after the end of the fiscal year covered by this Report. If such definitive Proxy Statement is not filed within such 120-day period, such information will be filed as an amendment to this Report not later than the end of such 120-day period.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

In accordance with General Instruction G(3) of the General Instructions to Form 10-K, the other information called for by Item 12 is omitted from this Report and is incorporated by reference to the definitive Proxy Statement to be filed by the Company pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, not later than 120 days after the end of the fiscal year covered by this Report. If such definitive Proxy Statement is not filed within such 120-day period, such information will be filed as an amendment to this Report not later than the end of such 120-day period.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

In accordance with General Instruction G(3) of the General Instructions to Form 10-K, the information called for by Item 13 is omitted from this Report and is incorporated by reference to the definitive Proxy Statement to be filed by the Company pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, not later than 120 days after the end of the fiscal year covered by this Report. If such definitive Proxy Statement is not filed within such 120-day period, such information will be filed as an amendment to this Report not later than the end of such 120-day period.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

In accordance with General Instruction G(3) of the General Instructions to Form 10-K, the information called for by Item 14 is omitted from this Report and is incorporated by reference to the definitive Proxy Statement to be filed by the Company pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, not later than 120 days after the end of the fiscal year covered by this Report. If such definitive Proxy Statement is not filed

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within such 120-day period, such information will be filed as an amendment to this Report not later than the end of such 120-day period.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements

   The consolidated balance sheets of Centex Corporation and subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended March 31, 2009, together with the accompanying Notes to Consolidated Financial Statements and the Reports of Independent Registered Public Accounting Firm is included in Item 8 of this Report.

2. Schedules

   Schedules are omitted because they are not applicable or not required or the information required to be set forth therein is included in the consolidated financial statements referenced above in section (1) of this Item 15.

3. Exhibits

   The information on exhibits required by this Item 15 is set forth in the Index to Exhibits of this Report.

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INDEX TO EXHIBITS

Exhibit Number	Exhibit	Filed Herewith or Incorporated by Reference
2.1	Agreement and Plan of Merger dated as of April 7, 2009, by and among Pulte Homes, Inc., Centex Corporation ("Centex") and Pi Nevada Building Company. In accordance with the instructions to Item 601(b)(2) of Regulation S-K, the exhibits to the foregoing Agreement and Plan of Merger are not filed herewith. The Agreement identifies such exhibits, including the general nature of their content. Centex undertakes to provide such exhibits to the Securities and Exchange Commission upon request.	Exhibit 2.1 to Centex's Current Report on Form 8-K dated April 10, 2009
3.1	Amended and Restated Articles of Incorporation of Centex	Exhibit 3.1 to Centex's Current Report on Form 8-K dated July 15, 2008
3.1a	Certificate of Withdrawal of Certificate of Designation of Junior Participating Preferred Stock, Series D, filed with the Secretary of State of Nevada on February 24, 2009.	Filed herewith
3.1b	Certificate of Designation of Junior Participating Preferred Stock, Series D, filed with the Secretary of State of Nevada on February 25, 2009.	Exhibit 3.1a to Centex's Registration Statement on Form 8-A dated February 25, 2009
3.2	Amended and Restated By-Laws of Centex dated October 8, 2008	Exhibit 3.1 to Centex's Current Report on Form 8-K dated October 14, 2008
4.1	Specimen Centex common stock certificate	Filed herewith
4.2	Rights Agreement, dated as of February 24, 2009, between Centex and Mellon Investor Services LLC, which includes the Form of Rights Certificate as Exhibit B	Exhibit 4.1 to Centex's Current Report on Form 8-K dated February 24, 2009
4.3	Indenture, dated as of October 1, 1998, between Centex and U.S. Bank National Association (successor to Chase Bank of Texas, National Association)	Exhibit 4.1 to Centex's Current Report on Form 8-K dated October 21, 1998
4.4	Indenture, dated as of November 5, 2008, between Centex and U.S. Bank National Association	Exhibit 4.6 to Centex's Registration Statement (file no. 333-155165) on Form S-3
4.5	Indenture, dated as of November 14, 2000, between Centex and The Bank of New York Mellon Trust Company, National Association (successor to The Chase Manhattan Bank)	Exhibit 4.21 to Centex's Registration Statement (file no. 333-49966) on Form S-3

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4.6	Any instrument with respect to long-term debt, where the securities authorized thereunder do not exceed 10% of the total assets of Centex and its subsidiaries, has not been filed; these instruments relate to (a) long-term senior and subordinated debt of Centex issued pursuant to supplements to the indentures filed as exhibits 4.3, 4.4 and 4.5, which supplements have also been filed with the SEC as exhibits to various Centex registration statements or to reports incorporated by reference in such registration statements, (b) long-term debt issued pursuant to indentures or other agreements in connection with certain asset securitizations involving certain subsidiaries of Centex in private transactions and (c) other long-term debt of Centex; Centex agrees to furnish a copy of such instruments to the Securities and Exchange Commission upon request	
10.1	Centex Corporation Amended and Restated 1987 Stock Option Plan*	Exhibit 10.4 to Centex's Current Report on Form 8-K dated February 13, 2009
10.2	Amended and Restated 1998 Centex Corporation Employee Non-Qualified Stock Option Plan ("1998 Stock Option Plan")*	Exhibit 10.3 to Centex's Current Report on Form 8-K dated February 13, 2009
10.2a	Form of stock option agreement for 1998 Stock Option Plan*	Exhibit 10.2a to Centex's Annual Report on Form 10-K for the fiscal year ended March 31, 2005
10.3	Amended and Restated Centex Corporation 2001 Stock Plan ("2001 Stock Plan")*	Exhibit 10.2 to Centex's Current Report on Form 8-K dated February 13, 2009
10.3a	Form of stock option agreement for 2001 Stock Plan*	Exhibit 10.5 to Centex's Current Report on Form 8-K dated May 13, 2008
10.3b	Form of restricted stock agreement for 2001 Stock Plan*	Exhibit 10.3b to Centex's Annual Report on Form 10-K for the fiscal year ended March 31, 2004
10.4	Centex Corporation Long Term Incentive Plan ("LTIP")*	Exhibit 10.6 to Centex's Current Report on Form 8-K dated February 19, 2008
10.4a	Form of award agreement for LTIP*	Exhibit 10.4a to Centex's Annual Report on Form 10-K for the fiscal year ended March 31, 2008
10.5	Centex Corporation 2003 Annual Incentive Compensation Plan (amended and restated effective January 1, 2008)*	Exhibit 10.1 to Centex's Current Report on Form 8-K dated February 19, 2008
10.5a	Centex Corporation 2003 Annual Incentive Compensation Plan (as amended through May 7, 2008, including amendments approved by	Exhibit 10.1 to Centex's Current Report on Form 8-K dated July 15, 2008

	stockholders on July 10, 2008)*	
10.5b	Form of award agreement for incentive compensation (fiscal 2009)*	Exhibit 10.8 to Centex's Current Report on Form 8-K dated May 13, 2008
10.5c	Form of award agreement for incentive compensation (fiscal 2010)*	Exhibit 10.2 to Centex's Current Report on Form 8-K dated May 15, 2009
10.6	Centex Corporation 2003 Equity Incentive Plan*	Exhibit 10.6 to Centex's Annual Report on Form 10-K for the fiscal year ended March 31, 2008

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10.6a	Centex Corporation 2003 Equity Incentive Plan (as amended through May 7, 2008, including amendments approved by stockholders on July 10, 2008)*	Exhibit 10.2 to Centex's Current Report on Form 8-K dated July 15, 2008
10.6aa	Centex Corporation 2003 Equity Incentive Plan (as amended through October 8, 2008)*	Exhibit 10.2a to Centex's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008
10.6aaa	Centex Corporation 2003 Equity Incentive Plan (as amended through February 11, 2009) ("2003 Equity Incentive Plan")*	Exhibit 10.1 to Centex's Current Report on Form 8-K dated February 13, 2009
10.6b	Form of stock option agreement for 2003 Equity Incentive Plan*	Exhibit 10.6 to Centex's Current Report on Form 8-K dated May 13, 2008
10.6c	Form of stock unit agreement for 2003 Equity Incentive Plan*	Exhibit 10.6b to Centex's Annual Report on Form 10-K for the fiscal year ended March 31, 2008
10.6cc	Form of stock unit agreement for 2003 Equity Incentive Plan (May 2009 award)*	Exhibit 10.5 to Centex's Current Report on Form 8-K dated May 15, 2009
10.6d	Form of restricted stock award agreement for 2003 Equity Incentive Plan*	Exhibit 10.5 to Centex's Current Report on Form 8-K dated May 16, 2007
10.6e	Form of restricted stock award agreement for 2003 Equity Incentive Plan (July 2008 management awards)*	Exhibit 10.3 to Centex's Current Report on Form 8-K dated July 15, 2008
10.6f	Form of restricted stock award agreement for 2003 Equity Incentive Plan (May 2009 award)*	Exhibit 10.4 to Centex's Current Report on Form 8-K dated May 15, 2009
10.6g	Form of non-employee director stock option agreement for 2003 Equity Incentive Plan (August 2008 non-employee director awards)*	Exhibit 10.2 to Centex's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008
10.6h	Form of non-employee director restricted stock agreement for 2003 Equity Incentive Plan (August 2008 non-employee director awards)*	Exhibit 10.2c to Centex's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008
10.6i	Form of long-term performance unit award for 2003 Equity Incentive Plan (May 2007 award)*	Exhibit 10.4 to Centex's Current Report on Form 8-K dated May 23, 2007
10.6ii	Amendments to form of long-term performance unit award for 2003 Equity Incentive Plan (May 2007 award)*	Exhibit 10.3 to Centex's Current Report on Form 8-K dated October 14, 2008
10.6j	Form of long-term performance unit award for 2003 Equity Incentive Plan (May 2008 award)*	Exhibit 10.7 to Centex's Current Report on Form 8-K dated May 13, 2008
10.7	Supplemental Executive Retirement Plan of Centex Corporation*	Exhibit 10.9 to Centex's Current Report on Form 8-K dated February 19, 2008

10.8	Centex Corporation Deferred Compensation Plan*	Exhibit 10.7 to Centex's Current Report on Form 8-K dated February 19, 2008
10.9	Centex Corporation Executive Deferred Compensation Plan ("Executive Deferred Compensation Plan")*	Exhibit 10.8 to Centex's Current Report on Form 8-K dated February 19, 2008
10.9a	Form of deferred compensation agreement for Executive Deferred Compensation Plan*	Exhibit 10.9a to Centex's Annual Report on Form 10-K for the fiscal year ended March 31, 2008
10.9b	Form of deferred compensation agreement for Executive Deferred Compensation Plan (2009 retention awards) *	Filed herewith

10.10	Summary of Outside Director Compensation Plan*	Filed herewith
10.11	Centex Corporation Executive Severance Policy*	Exhibit 10.1 to Centex's Current Report on Form 8-K dated October 14, 2008
10.11a	Centex Corporation Plan Regarding Severance After a Change in Control dated April 7, 2009*	Exhibit 10.1 to Centex's Current Report on Form 8-K dated April 8, 2009
10.12	Centex Corporation Salary Continuation Plan*	Exhibit 10.10 to Centex's Annual Report on Form 10-K for the fiscal year ended March 31, 2004
10.13	Centex Comprehensive Medical Plan*	Exhibit 10.11 to Centex's Annual Report on Form 10-K for the fiscal year ended March 31, 2008
10.13a	Amendment No. 1 to Centex Comprehensive Medical Plan*	Exhibit 10.13a to Centex's Annual Report on Form 10-K for the fiscal year ended March 31, 2008
10.13b	Amendment No. 2 to Centex Comprehensive Medical Plan*	Exhibit 10.4 to Centex's Current Report on Form 8-K dated October 14, 2008
10.14	Form of Director Indemnification Agreement*	Exhibit 10.1 to Centex's Current Report on Form 8-K dated February 14, 2006
10.15	Form of Officer Indemnification Agreement*	Exhibit 10.1 to Centex's Current Report on Form 8-K dated May 13, 2008
10.16	Form of Change of Control Agreement*	Exhibit 10.2 to Centex's Current Report on Form 8-K dated February 14, 2006
10.16a	Form of Amendment Change in Control Agreement*	Exhibit 10.2 to Centex's Current Report on Form 8-K dated October 14, 2008
10.17	Credit Agreement, dated July 1, 2005 among Centex, Bank of America, N.A., as Administrative Agent, and the lenders named therein	Exhibit 10.1 to Centex's Current Report on Form 8-K dated July 1, 2005
10.17a	First Amendment to Credit Agreement, dated May 25, 2006 among Centex, Bank of America, N.A., as Administrative Agent, and the lenders named therein	Exhibit 10.2 to Centex's Current Report on Form 8-K dated June 1, 2006
10.17b	Second Amendment to Credit Agreement, dated July 20, 2007, among Centex, Bank of America, N.A., as Administrative Agent, and the lenders named therein	Exhibit 10.3 to Centex's Current Report on Form 8-K dated July 23, 2007
10.17c	Third Amendment to Credit Agreement, dated March 26, 2008, among Centex, Bank of America, N.A., as Administrative Agent, and the lenders named therein	Exhibit 10.4 to Centex's Current Report on Form 8-K dated April 1, 2008
10.17d	Fourth Amendment to Credit Agreement, dated	Exhibit 10.5 to Centex's Current Report on Form

January 23, 2009, among Centex, Bank of America, N.A., as Administrative Agent, and the lenders named therein	8-K dated January 26, 2009

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10.18	Securities Purchase Agreement, dated as of March 30, 2006, among Centex Home Equity Company, LLC, Centex Financial Services, LLC and FIF HE Holdings, LLC. In accordance with the instructions to Item 601(b)(2) of Regulation S-K, the schedules to the foregoing Securities Purchase Agreement are not filed herewith. The Securities Purchase Agreement identifies such schedules, including the general nature of their content. Centex undertakes to provide such schedules to the Securities and Exchange Commission upon request.	Exhibit 10.1 to Centex's Current Report on Form 8-K dated April 4, 2006
10.18a	Amendment No. 1 to Securities Purchase Agreement, dated as of July 11, 2006, among Centex Home Equity Company, LLC, Centex Financial Services, LLC and FIF HE Holdings, LLC. In accordance with the instructions to Item 601(b)(2) of Regulation S-K, the schedules to the foregoing Amendment No. 1 to Securities Purchase Agreement are not filed herewith. The Amendment No. 1 to Securities Purchase Agreement identifies such schedules, including the general nature of their content. Centex undertakes to provide such schedules to the Securities and Exchange Commission upon request.	Exhibit 2.2 to Centex's Current Report on Form 8-K dated July 14, 2006
10.18b	Amendment No. 2 to Securities Purchase Agreement among Centex Financial Services, LLC, Nationstar Mortgage LLC and FIF HE Holdings, LLC, dated as of December 20, 2006.	Exhibit 2.3 to Centex's Current Report on Form 8-K dated December 22, 2006
10.19	Stock Purchase Agreement, dated as of January 31, 2007, among Centex Construction Group, Inc., Centex Corporation, Balfour Beatty, Inc. and Balfour Beatty plc. In accordance with the instructions to Item 601(b)(2) of Regulation S-K, the schedules to the foregoing Stock Purchase Agreement are not filed herewith. The Stock Purchase Agreement identifies such schedules, including the general nature of their content. Centex undertakes to provide such schedules to the Securities and Exchange Commission upon request.	Exhibit 10.1 to Centex's Current Report on Form 8-K dated February 6, 2007
10.20	Contribution Agreement, dated as of March 29, 2008, between Centex Homes and Corona Real Estate Holding Company, LLC	Exhibit 10.28 to Centex's Annual Report on Form 10-K for the fiscal year ended March 31, 2008

10.21	Member Interests Purchase Agreement, dated as of March 31, 2008, between Centex Homes and Corona Land Company, LLC	Exhibit 10.29 to Centex's Annual Report on Form 10-K for the fiscal year ended March 31, 2008
10.22	Executive Separation Agreement between David L. Barclay and Centex Service Company, LLC effective as of March 31, 2009*	Exhibit 99 to Centex's Current Report on Form 8-K dated April 2, 2009
10.23	Consulting Agreement between Barclay Consulting Group, Ltd. and Centex Service Company, LLC dated as of April 1, 2009*	Exhibit 99 to Centex's Current Report on Form 8-K dated April 2, 2009

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12.1	Computation of Ratio of Earnings to Fixed Charges	Filed herewith
21	List of Subsidiaries of Centex	Filed herewith
23	Consent of Independent Registered Public Accounting Firm	Filed herewith
24.1	Powers of Attorney	Filed herewith
31.1	Certification of the Chief Executive Officer of Centex pursuant to Rule 13a–14(a) promulgated under the Securities Exchange Act of 1934	Filed herewith
31.2	Certification of the Chief Financial Officer of Centex pursuant to Rule 13a–14(a) promulgated under the Securities Exchange Act of 1934	Filed herewith
32.1	Certification of the Chief Executive Officer of Centex pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.2	Certification of the Chief Financial Officer of Centex pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith

* Management contract or compensatory plan or arrangement

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SIGNATURES

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

CENTEX CORPORATION
Registrant

May 21, 2009 By: /s/ TIMOTHY R. ELLER
Timothy R. Eller, Chairman of the Board and
Chief Executive Officer

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

May 21, 2009 By: /s/ TIMOTHY R. ELLER
Timothy R. Eller, Chairman of the Board and
Chief Executive Officer (principal executive officer)

May 21, 2009 By: /s/ CATHERINE R. SMITH
Catherine R. Smith, Executive Vice President and
Chief Financial Officer (principal financial officer)

May 21, 2009 By: /s/ MARK D. KEMP
Mark D. Kemp, Senior Vice President – Controller
(principal accounting officer)

Directors: Barbara T. Alexander, Timothy R. Eller,
Ursula O. Fairbairn, Thomas J. Falk, Clint W. Murchison, III,
Frederic M. Poses, James J. Postl, David W. Quinn,
Matthew K. Rose and Thomas M. Schoewe

May 21, 2009 By: /s/ TIMOTHY R. ELLER
Timothy R. Eller,
Individually and as

Attorney-in-Fact*

* Pursuant to authority granted by powers of attorney, copies of which are filed herewith.

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