

CENTEX CORP
Form DEF 14A
June 13, 2005

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

SCHEDULE 14A

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

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

Check the appropriate box:

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

Centex Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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Timothy R. Eller
Chairman & Chief
Executive Officer

Centex Corporation
2728 N. Harwood
Dallas, Texas 75201

June 14, 2005

Dear Stockholders:

It is my pleasure to invite you to Centex Corporation's 2005 Annual Meeting of Stockholders. We will hold the meeting on Thursday, July 14, 2005, at 9:00 a.m., in the auditorium at the Dallas Museum of Art, 1717 North Harwood Street, Dallas, Texas. During the meeting we will discuss each item of business described in the Notice of Annual Meeting and Proxy Statement and give a report on the Company's business operations. There will also be time for questions.

This booklet includes the Notice of Annual Meeting and Proxy Statement. The Proxy Statement provides information about Centex in addition to describing the business we will conduct at the meeting.

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

Sincerely,

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HOW TO VOTE

Your vote is important. Please sign and return the enclosed proxy card in the enclosed envelope to ensure that your shares are represented at the meeting. You may also vote by telephone or over the Internet. Please refer to the proxy card and other voting instructions included with these proxy materials for more information on the voting methods available to you. **If you vote your proxy over the Internet or by telephone, you do NOT need to mail back your proxy card.**

PRINTING AND MAILING COSTS

Centex Corporation bears the cost of printing and mailing the Centex Annual Report and proxy statement to its stockholders. To help us reduce costs, stockholders at the same address can choose to receive only one set of future proxy materials, or you may choose to receive future proxy materials by e-mail by enrolling at *www.melloninvestor.com/ISD*.

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CENTEX CORPORATION

**2728 N. Harwood
Dallas, Texas 75201**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE	9:00 a.m., Central Daylight Time, on Thursday, July 14, 2005.
PLACE	The Auditorium of the Dallas Museum of Art, 1717 North Harwood, Dallas, Texas 75201.
ITEMS OF BUSINESS	<p>To elect five members of the Board of Directors, four members each for a term of three years ending at the Annual Meeting of Stockholders in 2008, and one member to fill a vacancy in a class with a remaining term ending at the Annual Meeting of Stockholders in 2006.</p> <p>To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2006 fiscal year.</p> <p>To transact such other business as may properly come before the meeting and any adjournment or postponement.</p>
RECORD DATE	You can vote if you are a stockholder of record on May 26, 2005.
ANNUAL REPORT	Our 2005 Annual Report to Stockholders is enclosed with these materials as a separate booklet.
PROXY VOTING	It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning your proxy card or voting instruction card. Most stockholders also have the options of voting their shares on the Internet or by telephone. If Internet or telephone voting is available to you, voting instructions are printed on your proxy card or included with your proxy materials. You can revoke a proxy before its exercise at the meeting by following the instructions in the accompanying Proxy Statement.

June 14, 2005

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

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CENTEX CORPORATION

PROXY STATEMENT

INTRODUCTION

The accompanying proxy, mailed with this proxy statement, is solicited by the board of directors of Centex Corporation, a Nevada corporation, for use at the annual meeting of Centex stockholders to be held on July 14, 2005, and at any adjournments. The mailing address of Centex's executive offices is 2728 N. Harwood, Dallas, Texas 75201. This proxy statement and accompanying proxy are being mailed to stockholders on or about June 14, 2005.

Purposes of the Annual Meeting

At the meeting, action will be taken on the following matters:

- (1) Election of five directors, including four directors comprising a class of directors to serve until the 2008 annual meeting of stockholders, and one director to fill a vacancy in a class of directors to serve until the 2006 annual meeting of stockholders.
- (2) Ratification of the appointment of Ernst & Young LLP as Centex's independent registered public accounting firm for fiscal year 2006.
- (3) Any other business properly brought before the meeting.

Our board of directors does not know of any matters that may be acted on at the meeting other than the matters described in items (1) and (2).

Recommendation of the Board

Our board recommends a vote FOR the election of the five nominees for director named in the accompanying proxy and a vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2006.

ABOUT THE MEETING

Who Can Vote

Stockholders of record at the close of business on May 26, 2005 may vote at the annual meeting. On that date, the issued and outstanding capital stock of Centex entitled to vote at the meeting consisted of 128,286,112 shares of common stock, par value \$.25 per share. Each holder of common stock will be entitled to one vote per share on the election of directors, on the ratification of the appointment of our independent registered public accounting firm and on any other matters properly brought before the meeting. There is no cumulative voting.

How You Can Vote

You can vote your shares at the meeting by voting and submitting the accompanying proxy by telephone, over the Internet, or by completing, signing, dating and returning the proxy in the enclosed envelope.

How Proxies Will be Voted

Shares represented by valid proxies received by telephone, over the Internet or by mail will be voted at the meeting in accordance with the directions given. If no specific choice is indicated, the shares represented by all valid proxies received will be voted FOR the election of the five nominees for director named in the proxy and FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2006.

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

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How to Revoke Your Proxy

You have the unconditional right to revoke your proxy at any time before the voting thereof by submitting a later-dated proxy, by attending the meeting and voting in person, or by written notice to us addressed to James R. Peacock III, Secretary, Centex Corporation, 2728 N. Harwood, Dallas, Texas 75201. The revocation will not be effective, however, unless we receive it at or before the meeting. Attending the meeting does not revoke your proxy.

Quorum and Required Vote

We need a quorum to hold the annual meeting. There is a quorum when the holders of a majority of the total number of shares of Centex common stock entitled to vote at the meeting are present in person or by proxy. Abstentions and broker non-votes will be counted as present for the purpose of establishing a quorum. A broker non-vote occurs when a bank, broker or other holder of record holding shares for a beneficial owner is present at the meeting but does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

If you are a beneficial owner, your bank, broker or other holder of record is permitted to vote your shares on the election of directors and the ratification of Ernst & Young LLP as our independent registered public accounting firm even if the record holder does not receive voting instructions from you.

The five nominees for director receiving a plurality of the votes cast at the meeting in person or by proxy will be elected. This means that the director nominee with the most votes for a particular slot is elected for that slot. Only votes for or withheld affect the outcome.

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm will be approved if the number of votes cast for the proposal exceeds the number of votes cast against the proposal. Abstentions and, if applicable, broker non-votes, will not affect the outcome.

Delivery of Proxy Statements and Annual Reports

We have adopted a householding procedure approved by the Securities and Exchange Commission, which we refer to as the SEC. Under this procedure, stockholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of our Notice of Annual Meeting, Proxy Statement and Annual Report, unless one or more of these stockholders notifies us that they wish to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

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

If you are eligible for householding, but you and other stockholders of record with whom you share an address currently receive multiple copies of the Notice of Annual Meeting, Proxy Statement and Annual Report, or if you hold stock in more than one account, and in either case you wish to receive only a single copy of each of these documents for your household, please contact our transfer agent, Mellon Investor Services LLC, at 85 Challenger Road, Overpeck Center, Ridgefield Park, New Jersey 07660 or by telephone at 1-800-852-0813.

If you participate in householding and wish to receive a separate copy of this Notice of Annual Meeting, Proxy Statement and 2005 Annual Report, or if you do not wish to participate in householding and prefer to receive separate copies of these documents in the future, please contact Mellon Investor Services as indicated above. Beneficial owners

can request information about householding from their banks, brokers or other holders of record.

Expenses of Soliciting Proxies

We will bear the cost of soliciting proxies for the meeting. Solicitation may be made by mail, personal interview, telephone or other electronic means by our officers and employees, who will receive no additional compensation for soliciting proxies. We have retained the firm of Georgeson Shareholder

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Communications Inc. to aid in the solicitation of proxies. Georgeson will receive a fee of approximately \$8,500, plus out-of-pocket expenses, for its services. Georgeson will also receive a fee of \$5 for each telephone call it

makes soliciting a proxy. We will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding proxy material to beneficial owners.

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We encourage stock ownership by our directors, officers and employees to align their interests with your interests as stockholders. The following table shows the beneficial ownership of Centex common stock as of May 26, 2005, the record date for the annual meeting, by (a) each of our directors and nominees for election, (b) each of the named executive officers listed in the *Summary Compensation Table* on page 27 and (c) all our directors, nominees and executive officers as a group. Except as otherwise indicated, all shares are owned directly, and the owner has sole voting and investment power with respect to the shares.

Name	Position	Amount and Nature of Beneficial Ownership (1)						Percent of Class
		Common Stock Beneficially Owned, Excluding Options, Restricted Stock and Stock Units (2)	Stock Options Exercisable Within 60 Days of Record Date (3)	Restricted Stock (4)	Deferred Stock Units Vested Within 60 Days of Record Date (5)	Total Common Stock Beneficially Owned (6)		
Barbara T. Alexander	Director	35,090	49,971	3,000	-	88,061	*	
Dan W. Cook III	Director	4,000	216,760	5,000	-	225,760	*	
Leldon E. Echols	Executive Vice President and Chief Financial Officer	22,068	617,760	56,904	-	696,732	*	
Juan L. Elek	Director	-	188,597	5,000	-	193,597	*	
Timothy R. Eller	Chairman of the Board, Chief Executive Officer and Director (7)	211,992	2,270,346	274,451	61,088	2,817,877	2.2%	
Thomas J. Falk	Director	4,000	6,300	3,000	-	13,300	*	
Ursula O. Fairbairn	Director Nominee	-	-	-	-	-	*	
Andrew J. Hannigan	Chief Executive Officer of Centex Homes (8)	176,478	1,255,413	-	132,264	1,564,155	1.2%	
Clint W. Murchison, III	Director	75,620	161,542	5,000	-	242,162	*	
Frederic M. Poses	Director	-	16,623	5,000	-	21,623	*	
James J. Postl	Director	-	2,130	1,500	-	3,630	*	

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David W. Quinn	Director	49,234	293,505	3,000	-	345,739	*
Thomas M. Schoewe	Director	7,127	12,203	3,000	-	22,330	*
Raymond G. Smerge	(9)	65,705	79,992	-	-	145,697	*
Robert S. Stewart	Senior Vice President - Strategy and Corporate Development	28,568	240,589	20,016	-	289,173	*
Jonathan R. Wheeler	Senior Vice President - Organization Development (10)	727	125,713	-	24,345	150,785	*
All directors, nominees and executive officers as a group (17 persons) (11)		620,922	5,683,844	384,871	228,948	6,918,585	5.2%

* Less than 1%

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- (1) For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 of the SEC under the Securities Exchange Act of 1934, pursuant to which a person is deemed to have beneficial ownership of shares of Centex common stock that the person has the right to acquire within 60 days. For purposes of computing the percentage of outstanding shares of Centex common stock held by each person or group of persons named in the table, any shares that such person or persons have the right to acquire within 60 days are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.
- (2) The amounts shown in this column include the following shares of Centex common stock: (a) shares held for the accounts of such individuals in the Centex Common Stock Fund under our Profit Sharing and Retirement Plan, which we refer to as the Profit Sharing Plan, as follows: Mr. Eller 12,332 shares; Mr. Hannigan 17,898 shares; Mr. Quinn 8,434 shares; Mr. Smerge 4,473 shares; and Mr. Wheeler 727 shares; and all directors and executive officers as a group 43,864 shares; (b) shares held by certain family limited partnerships as to which such individuals have or share voting or investment power, as follows: Mr. Eller 164,800 shares; Mr. Falk 4,000 shares; Mr. Hannigan 157,840; Mr. Murchison 75,620; and all directors and executive officers as a group 402,260 shares; and (c) for Mr. Smerge, 2,400 shares held by Mr. Smerge as trustee of a trust for the benefit of one of his children and as to which he has sole voting and investment power.
- (3) The amounts shown in this column consist of shares of Centex common stock that may be acquired by such individuals pursuant to the exercise of stock options granted to them under our 1987 Stock Option Plan or 2001 Stock Plan and exercisable on May 26, 2005 or within 60 days thereafter.
- (4) The amounts shown in this column consist of shares of restricted Centex common stock held by such individuals subject to the terms and conditions of our 2001 Stock Plan or our 2003 Equity Incentive Plan. The restricted stock vests over time according to the schedule set forth in the restricted stock award. The restricted stock is subject to forfeiture and may not be sold or transferred during the vesting period. Holders of shares of restricted stock have the right to vote and receive dividends on the shares.
- (5) The amounts shown in this column consist of shares of Centex common stock that such officers have the right to receive upon payout of deferred stock units held by them that were vested on May 26, 2005 or will vest within 60 days thereafter. The deferred stock units were awarded to Mr. Eller under our Long Term Incentive Plan, which we refer to as the LTIP, and were awarded to Mr. Hannigan and Mr. Wheeler under our 2003 Equity Incentive Plan. The stock units vest over time according to the schedule set forth in the stock unit award agreement. These awards are described in more detail in the *Summary Compensation Table*. The amount shown for the directors and executive officers as a group also includes 11,251 shares of Centex common stock that another executive officer has the right to receive upon payout of deferred stock units granted under the 2003 Equity Plan vested on May 26, 2005 or that will vest within 60 days thereafter. Holders of stock units do not have the right to vote or receive dividends on the shares until vested units are converted into shares.
- (6) Includes all common stock, options, restricted stock and deferred stock units beneficially owned by the named person.
- (7) Mr. Eller also serves as president and chief operating officer of Centex.
- (8) Mr. Hannigan also serves as chairman of the board, chief executive officer and president of Centex Real Estate Corporation, the managing general partner of Centex Homes, our homebuilding subsidiary. Mr. Hannigan became an executive officer of Centex during fiscal 2005.
- (9)

Mr. Smerge is our former executive vice president, chief legal officer and secretary. He retired from Centex effective December 31, 2004. Mr. Smerge is included as a named executive officer in the *Summary Compensation Table* because he was an executive officer during fiscal year 2005.

(10) Mr. Wheeler became an executive officer of Centex during fiscal 2005.

(11) Does not include Mr. Smerge.

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The following table sets forth information regarding the only persons we know of that beneficially own more than five percent of our common stock.

Name and Address	Common Stock Beneficially Owned Number of Shares	Percent of Class
Barclays Global Investors, NA and other reporting entities (1) 45 Fremont St. San Francisco, CA 94105	10,223,320	8.0%
Greenhaven Associates, Inc. (2) Three Manhattanville Rd. Purchase, NY 10577	8,217,500	6.4%

- (1) Based solely on information contained in a Schedule 13G filed by Barclays Global Investors, NA and certain other Barclays entities with the SEC on February 14, 2005 with respect to shares of Centex common stock beneficially owned as of December 31, 2004, but calculating the percentage shown by dividing the number of such shares of Centex common stock by the total number of shares of Centex common stock issued and outstanding on May 26, 2005. In the Schedule 13G, the reporting entities do not affirm the existence of a group. The Schedule 13G discloses that the reporting entities, taken as a whole, had sole voting power as to 8,954,587 shares and sole dispositive power as to 10,223,320 shares, and did not have shared voting or dispositive power as to any shares. The other Barclays reporting entities are Barclays Global Fund Advisors, Barclays Global Investors, Ltd, Barclays Global Investors Japan Trust and Banking Company Limited, Barclays Bank PLC, Barclays Capital Securities Limited, Barclays Capital Inc.
- (2) Based solely on information contained in a Schedule 13G filed by Greenhaven Associates, Inc. with the SEC on January 28, 2005 with respect to shares of Centex common stock beneficially owned as of December 31, 2004, but calculating the percentage shown by dividing the number of such shares of Centex common stock by the total number of shares of Centex common stock issued and outstanding on May 26, 2005. According to the Schedule 13G, such number includes 2,550,500 shares over which Greenhaven had both sole voting power and sole dispositive power, and 5,667,000 shares over which Greenhaven had shared dispositive power.

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ELECTION OF DIRECTORS AND RELATED MATTERS

Our board of directors currently consists of ten members and two vacancies, and is divided into three classes. The directors in each class hold office for staggered terms of three years each. Each class of directors is to consist, as nearly as possible, of one-third of the total number of directors constituting the board. There are presently four directors in the class whose term expires at the upcoming annual meeting of stockholders, three directors in the class whose term expires at the 2006 annual meeting of stockholders and three directors in the class whose term expires at the 2007 annual meeting. Each director holds office until his or her successor has been elected and qualified or until the director's earlier resignation or removal.

At the upcoming annual meeting, you will be asked to consider for election as directors Ms. Barbara T. Alexander, Mr. Juan L. Elek, Mr. Timothy R. Eller and Mr. James J. Postl, each to hold office for a term ending at the 2008 annual meeting of stockholders, and Ms. Ursula O. Fairbairn, to hold office for a term ending at the 2006 annual meeting of stockholders. Each of these persons has been nominated for service as a director by the corporate governance and nominating committee of our board after consideration of the criteria described under "How the Director Nomination Process Works at Centex" on pages 16-18. Unless other instructions are

indicated on a proxy, shares represented by all valid proxies received will be voted for the election of the five nominees for director or, if any of the nominees becomes unavailable (which we do not anticipate), for such substitute nominees as our board designates. A plurality of votes cast at the annual meeting, in person or by proxy, is required to elect the nominees. **Our board recommends that you vote FOR the election of the nominees.**

The respective nominees and directors have furnished to us the biographical information appearing below.

Our board of directors has determined, upon the recommendation of the corporate governance and nominating committee, that all members of the board (including the nominees for election), other than Mr. Timothy R. Eller and Mr. David W. Quinn, the two members who are present or former executive officers of Centex, are independent in accordance with the standards of director independence established under our corporate governance guidelines. Independence for these purposes means that a director satisfies the independence requirements of the Securities Exchange Act of 1934, the rules adopted by the SEC and the corporate governance and other listing standards of the New York Stock Exchange.

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Proposal No. 1 Nominees for Election as Directors Term expiring in 2008

Barbara T. Alexander
Independent Consultant
 Age 56
 Director since July 1999

From October 1999 until January 20, 2004, Ms. Alexander served as a senior advisor of UBS Securities and its predecessors, which we refer to as UBS. Before that time, beginning in January 1992, she served as a managing director of UBS, where she managed the Construction and Furnishings Group (North America) in the corporate finance department. Prior to joining UBS, Ms. Alexander was a managing director in the corporate finance department of Salomon Brothers. Ms. Alexander is past chairman of the board of the Joint Center for Housing Studies at Harvard University and is currently a member of that board's executive committee and an executive fellow of the Joint Center for Housing Studies at Harvard University. Ms. Alexander also serves as a director of Harrah's Entertainment, Inc., Burlington Resources, Inc., Federal Home Loan Mortgage Corporation (Freddie Mac), and HomeAid America.

Juan L. Elek
Founder and co-chairman of Elek, Moreno Valle y Asociados.
 Age 61
 Director since February 1995

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

Timothy R. Eller
Chairman of the Board, Chief Executive Officer, President
 Age 56
 Director since July 2002

Mr. Eller joined Centex Homes' Illinois operations in 1973 and was named project manager for the Illinois division in 1975. He became vice president of the Minnesota division in 1977 and the division's president in 1981. He was named an executive vice president of Centex Real Estate Corporation in 1985 and elected as that company's president and chief operating officer in January 1990. In July 1991, he was named president and chief executive officer of Centex Homes and assumed the position as chairman of Centex Homes in April 1998, serving through April 2003. In August 1998, Mr. Eller was named executive vice president of Centex, serving until April 2002 when he became Centex's president and chief operating officer. He assumed the additional roles of chairman and chief executive officer of

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James J. Postl

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

Age 59

Director since July 2004

Mr. Postl retired as president and chief executive officer of Pennzoil-Quaker State Company, following its acquisition by Shell Products U.S. in October 2002. He joined Pennzoil in October 1998, prior to the formation of Pennzoil-Quaker State Company. He was named president and chief operating officer and was elected to the board of directors when the new company was formed in December 1998. In May 2000, he was named president and chief executive officer. Prior to joining Pennzoil-Quaker, he served as president of Nabisco Biscuit Company from 1996 and was president and chief executive officer of Nabisco International from 1994 to 1996. Prior to joining Nabisco, Mr. Postl held a variety of management positions with PepsiCo, Inc. over a 19-year period. Mr. Postl serves as a director of the American Heart Association, Cooper Industries Inc. and Auto Zone Inc.

Proposal No. 1 Nominee for Election as Director Term expiring in 2006

Ursula O. Fairbairn

Independent Consultant

Age 62

Nominee for Election as
Director

Ms. Fairbairn is president and chief executive officer of Fairbairn Group LLC, specializing in human resources and executive management services, since April 2005. She served as executive vice president of human resources and quality of American Express Company, a diversified global travel and financial services company, from 1996 until her retirement in April 2005. Prior to joining American Express, she was senior vice president of human resources at Union Pacific Corporation from 1990 to 1996 and prior to that held numerous marketing and human resources positions at IBM Corporation. She is a director of Air Products and Chemicals, Inc., VF Corporation and Sunoco Inc.

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Continuing Directors Term expiring in 2007

<p>Clint W. Murchison, III <i>Private Investments</i> Age 58 Director since February 1979</p>	<p>Mr. Murchison is chairman of Tecon Corporation, which is engaged in private real estate development and other investment activities. He is also chairman of Bankers Trust Company of Texas, a private trust company. He is chairman of the investment committee of RPM Metropolitan Fund, which invests in private partnerships across a broad range of asset classes. Mr. Murchison is a trustee of the Boys and Girls Clubs of America.</p>
<p>Frederic M. Poses <i>Chairman and Chief Executive Officer Of American Standard Companies Inc.</i> Age 62 Director since July 2001</p>	<p>Mr. Poses has been chairman and chief executive officer of American Standard Companies Inc. since January 2000 and has served as a director of that company since October 1999. Before that time, beginning in 1998, he was president and chief operating officer of Allied Signal, Inc., where he had spent his entire 30-year business career, starting as a financial analyst in 1969 and serving in various other capacities, including president of the Engineered Materials business beginning in 1988. He was a director of Allied Signal, Inc. from 1997 until October 1999. Mr. Poses also serves as a director of Raytheon Company.</p>
<p>David W. Quinn <i>Retired as Vice Chairman of Centex</i> Age 63 Director since July 1989</p>	<p>Mr. Quinn retired as vice chairman of our board and an employee of Centex on March 31, 2002. Mr. Quinn was elected vice chairman of the board in May 1996 and was our chief financial officer from February 1987 until June 1997 and from October 1997 through May 2000. Mr. Quinn served as executive vice president of Centex from February 1987 until his election as vice chairman of the board. Mr. Quinn is also a director of Eagle Materials Inc. (formerly known as Centex Construction Products, Inc.) and ElkCorp.</p>

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Continuing Directors Term expiring in 2006

<p>Dan W. Cook III</p> <p><i>Private Investments</i></p> <p>Age 70</p> <p>Director since July 1993</p>	<p>Mr. Cook has been engaged in private investments as his principal business for more than the past five years. He was a senior director of Goldman, Sachs & Co. from 1999 to 2001. From 1992 until 1999, Mr. Cook was a limited partner of The Goldman Sachs Group, L.P., and from 1977 until 1992, he was a general partner of Goldman, Sachs & Co. Mr. Cook also is a director of Brinker International, Inc. and Ameritrade Holding Corp., and a senior advisor to MHT Partners.</p>
<p>Thomas J. Falk</p> <p><i>Chairman of the Board and Chief Executive Officer of Kimberly-Clark Corporation</i></p> <p>Age 47</p> <p>Director since May 2003</p>	<p>Mr. Falk is chairman of the board and chief executive officer of Kimberly-Clark Corporation, having been elected chairman in 2003 and chief executive officer in 2002. Mr. Falk served as president of Kimberly-Clark from 1999 until his election as chairman in 2003, and served as chief operating officer of that company from 1999 until his election as chief executive officer in 2002. Mr. Falk previously had been elected group president-global tissue, pulp and paper of Kimberly-Clark in 1998, where he was responsible for Kimberly-Clark's global tissue businesses. Earlier in his career, Mr. Falk had responsibility for Kimberly-Clark's North American infant care, child care and wet wipes businesses. Mr. Falk joined Kimberly-Clark in 1983 and has held other senior management positions in that company. He also serves on the board of directors of the University of Wisconsin Foundation and the Grocery Manufacturers of America, and as a trustee of the Boys & Girls Clubs of America.</p>
<p>Thomas M. Schoewe</p> <p><i>Executive Vice President and Chief Financial Officer of Wal-Mart Stores, Inc.</i></p> <p>Age 52</p> <p>Director since October 2001</p>	<p>Mr. Schoewe is the executive vice president and chief financial officer of Wal-Mart Stores, Inc., where he has served since January 2000. Prior to joining Wal-Mart Stores, Mr. Schoewe spent 14 years at Black and Decker Corp., most recently as senior vice president and chief financial officer. Previously, he had a 12-year career with Beatrice Companies, where he was chief financial officer and controller of Beatrice Consumer Durables, Inc. A native of the Chicago area, Mr. Schoewe is a graduate of Loyola University of Chicago, where he earned a BBA degree in finance. He also attended</p>

the University of Chicago's executive MBA program
and is a member of the Financial Executives
Institute.

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Our business, property and affairs are managed under the direction of our board of directors. Members of our board are kept informed of our business through discussions with our chairman and chief executive officer and other officers, by reviewing materials provided to them, by visiting our offices and by participating in meetings of the board and its committees.

In accordance with our corporate governance guidelines, all board members are expected to attend our annual meetings of stockholders and committee meetings, unless an emergency prevents them from doing so. At our 2004 Annual Meeting, all directors who were serving at the time were present.

During fiscal 2005, the board of directors had four standing committees. Those committees consisted of an audit committee, a corporate governance and nominating committee, which we sometimes refer to as the governance committee, a compensation and management development committee, which we sometimes refer as to the compensation committee, and an executive committee. The board held four meetings during fiscal 2005. Each of our incumbent directors attended at least 75 percent of the regularly scheduled meetings of the board and board committees on which they served in fiscal 2005.

The table below provides membership and meeting information for each of the board committees during fiscal 2005.

Name	Audit	Corporate Governance	Compensation	Executive
Ms. Alexander	X*			
Mr. Cook		X	X	
Mr. Elek		X*		
Mr. Eller				X*
Mr. Falk	X			
Mr. Murchison			X	
Mr. Poses**	X	X		X
Mr. Postl			X	
Mr. Quinn				X
Mr. Schoewe			X*	
* Chair ** Lead Director				
Number of Meetings	10	6	5	0

Board Committees

Brief descriptions of the committees of the board and their principal functions are set forth below. The descriptions below are qualified in their entirety by the full text of the charters of the committees. These charters were adopted by our board and are available on our website at <http://ir.centex.com/governance.cfm> or in print upon request to our secretary at the address listed on page 37 under Form 10-K. In addition, the audit committee charter, as recently amended, is attached to this proxy statement as Annex 1.

The board has determined that each member of the audit committee, the governance committee and the compensation committee is independent in accordance with the standards of director independence established under our corporate governance guidelines. In addition, the board has determined that all of the members of the audit committee Ms. Alexander, Mr. Falk and Mr. Poses are audit committee financial experts as that term is defined in applicable SEC rules and have accounting or related financial management expertise in satisfaction of the applicable audit committee requirements of the New York Stock Exchange

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listing standards; however, the members of the audit committee are not auditors or accountants for the company, do not perform field work and are not employees of the company. In accordance with the SEC's safe harbor relating to audit committee financial experts, a person designated or identified as an audit committee financial expert will not be deemed an expert for any purpose, including without limitation for purposes of Section 11 of the Securities Act of 1933, as amended. In addition, such designation or identification does not impose on such persons any duties, obligations or liability that are greater than that imposed on such persons as a member of the audit committee and board of directors in the absence of such designation or identification and does not affect the duties, obligations or liability of any other member of the audit committee or board of directors.

Audit Committee

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

The following are certain key responsibilities of the committee:

selection, appointment, compensation, evaluation, retention and oversight of the work of any independent