

CENTEX CORP
Form 10-Q
February 01, 2007

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2006
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

**Commission File Number: 1-6776
CENTEX CORPORATION
(Exact name of registrant as specified in its charter)
Nevada
(State of incorporation)
75-0778259
(I.R.S. Employer Identification No.)
2728 N. Harwood, Dallas, Texas 75201
(Address of principal executive offices) (Zip Code)
(214) 981-5000
(Registrant's telephone number, including area code)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of business on January 24, 2007: 119,442,370 shares of common stock, par value \$.25 per share.

Centex Corporation and Subsidiaries
Form 10-Q Table of Contents
December 31, 2006

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

	<i>For the Three Months Ended December</i>	
	<i>31,</i>	
	2006	2005
Revenues		
Home Building	\$ 2,587,251	\$ 3,003,650
Financial Services	107,577	112,855
Construction Services	600,721	402,927
Other, including Intersegment Eliminations	(11,099)	5,713
	3,284,450	3,525,145
Costs and Expenses		
Home Building	2,833,267	2,547,629
Financial Services	91,081	91,855
Construction Services	590,317	396,516
Other, including Intersegment Eliminations	(10,444)	8,271
Corporate General and Administrative	22,600	26,775
Interest Expense		3,009
	3,526,821	3,074,055
Earnings (Loss) from Unconsolidated Entities	(45,919)	48,957
Earnings (Loss) from Continuing Operations Before Income Taxes	(288,290)	500,047
Income Taxes Provision (Benefit)	(52,910)	186,835
Earnings (Loss) from Continuing Operations	(235,380)	313,212
Earnings from Discontinued Operations, net of Taxes of \$3,906 and \$12,577	7,234	16,132
Net Earnings (Loss)	\$ (228,146)	\$ 329,344
Basic Earnings (Loss) Per Share		
Continuing Operations	\$ (1.96)	\$ 2.47
Discontinued Operations	0.06	0.13

	\$	(1.90)	\$	2.60
Diluted Earnings (Loss) Per Share				
Continuing Operations	\$	(1.96)	\$	2.37
Discontinued Operations		0.06		0.12
	\$	(1.90)	\$	2.49
Average Shares Outstanding				
Basic		119,935,522		126,572,663
Dilutive Securities:				
Options				5,307,073
Other				198,027
Diluted		119,935,522		132,077,763
Cash Dividends Per Share	\$	0.04	\$	0.04

See Notes to Consolidated Financial Statements.

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

	<i>For the Nine Months Ended December</i>	
	2006	<i>31,</i> 2005
Revenues		
Home Building	\$ 7,895,135	\$ 8,291,236
Financial Services	350,896	343,725
Construction Services	1,648,357	1,160,904
Other, including Intersegment Eliminations	(13,724)	53,570
	9,880,664	9,849,435
 Costs and Expenses		
Home Building	7,744,995	7,054,047
Financial Services	285,149	280,182
Construction Services	1,621,471	1,148,023
Other, including Intersegment Eliminations	(10,793)	61,776
Corporate General and Administrative	67,575	70,935
Interest Expense		8,705
	9,708,397	8,623,668
 Earnings (Loss) from Unconsolidated Entities	(35,864)	67,585
 Earnings from Continuing Operations Before Income Taxes	136,403	1,293,352
Income Taxes	109,738	448,102
 Earnings from Continuing Operations	26,665	845,250
Earnings from Discontinued Operations, net of Taxes of \$26,678 and \$61,284	42,846	52,294
 Net Earnings	\$ 69,511	\$ 897,544
 Basic Earnings Per Share		
Continuing Operations	\$ 0.22	\$ 6.61
Discontinued Operations	0.36	0.41
	\$ 0.58	\$ 7.02

Diluted Earnings Per Share

Continuing Operations	\$	0.22	\$	6.31
Discontinued Operations		0.34		0.39
	\$	0.56	\$	6.70

Average Shares Outstanding

Basic		120,507,675		127,933,898
Dilutive Securities:				
Options		3,955,648		5,578,959
Other		61,540		441,420
Diluted		124,524,863		133,954,277

Cash Dividends Per Share

\$	0.12	\$	0.12
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See Notes to Consolidated Financial Statements.

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Centex Corporation and Subsidiaries
Consolidated Balance Sheets with Consolidating Details
(Dollars in thousands)
(unaudited)

	Centex Corporation and Subsidiaries	
	December	March 31, 2006
	31, 2006	
Assets		
Cash and Cash Equivalents	\$ 59,795	\$ 47,168
Restricted Cash	179,196	135,477
Receivables -		
Residential Mortgage Loans Held for Sale	1,988,948	2,129,538
Construction Contracts	407,049	361,393
Trade, including Notes of \$20,140 and \$31,897	245,241	342,786
Inventories -		
Housing Projects	9,617,954	8,419,137
Land Held for Development and Sale	201,896	409,295
Land Held Under Option Agreements Not Owned	374,727	817,881
Other	11,766	11,615
Investments -		
Joint Ventures and Other	233,988	310,384
Financial Services		
Property and Equipment, net	131,798	182,757
Other Assets -		
Deferred Income Taxes	352,915	233,908
Goodwill	220,159	218,735
Deferred Charges and Other, net	235,579	234,763
Assets of Discontinued Operations		7,510,162
	\$ 14,261,011	\$ 21,364,999
Liabilities and Stockholders Equity		
Accounts Payable	\$ 1,007,870	\$ 992,836
Accrued Liabilities	1,750,629	1,766,844
Debt -		
Centex	4,309,339	3,982,193
Financial Services	1,999,129	2,077,215
Receivables from Affiliates		
Liabilities of Discontinued Operations		7,001,793
Commitments and Contingencies		
Minority Interests	292,796	532,460
Stockholders Equity -		
Preferred Stock: Authorized 5,000,000 Shares, None Issued		
Common Stock: \$.25 Par Value; Authorized 300,000,000 Shares; Outstanding 119,284,860 and 122,103,713 Shares	30,919	34,132
Capital in Excess of Par Value	42,586	580,010
Retained Earnings	5,056,811	5,251,325
Treasury Stock, at Cost; 4,391,754 and 14,424,807 Shares	(229,068)	(862,439)

Accumulated Other Comprehensive Income		8,630
Total Stockholders' Equity	4,901,248	5,011,658
	\$ 14,261,011	\$ 21,364,999

See Notes to Consolidated Financial Statements.

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Centex Corporation and Subsidiaries
Consolidated Balance Sheets with Consolidating Details
(Dollars in thousands)
(unaudited)

Centex*		Financial Services	
December 31, 2006	March 31, 2006	December 31, 2006	March 31, 2006
\$ 51,106	\$ 36,711	\$ 8,689	\$ 10,457
53,595	70,824	125,601	64,653
407,049	361,393	1,988,948	2,129,538
190,315	298,912	54,926	43,874
9,617,954	8,419,137		
201,896	409,295		
374,727	817,881		
5,872	5,361	5,894	6,254
233,988	310,384		
131,041	655,266		
114,121	160,611	17,677	22,146
334,662	217,446	18,253	16,462
211,207	206,998	8,952	11,737
220,956	212,617	14,623	22,146
			7,510,162
\$ 12,148,489	\$ 12,182,836	\$ 2,243,563	\$ 9,837,429
\$ 995,276	\$ 977,608	\$ 12,594	\$ 15,228
1,651,029	1,680,090	99,600	86,754
4,309,339	3,982,193	1,999,129	2,077,215
		(13,082)	(9,110)
			7,001,793
291,597	531,287	1,199	1,173
30,919	34,132	1	1
42,586	580,010	275,467	275,467
5,056,811	5,251,325	(131,345)	380,206
(229,068)	(862,439)		

		8,630		8,702
	4,901,248	5,011,658	144,123	664,376
\$	12,148,489	\$ 12,182,836	\$ 2,243,563	\$ 9,837,429

* *In the supplemental data presented above, Centex represents the consolidation of all subsidiaries other than those included in Financial Services. Transactions between Centex and Financial Services have been eliminated from the Centex Corporation and Subsidiaries balance sheets.*

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Centex Corporation and Subsidiaries
Statements of Consolidated Cash Flows with Consolidating Details
(Dollars in thousands)
(unaudited)

	Centex Corporation and Subsidiaries For the Nine Months Ended December 31,	
	2006	2005
Cash Flows Operating Activities		
Net Earnings	\$ 69,511	\$ 897,544
Adjustments-		
Depreciation and Amortization	42,958	49,441
Stock-based Compensation	52,446	51,326
Provision for Losses on Residential Mortgage Loans Held for Investment	22,364	68,032
Impairment and Write-off of Land-related Assets	499,177	18,864
Deferred Income Tax (Benefit) Provision	(49,014)	(166,994)
Loss (Earnings) of Joint Ventures and Unconsolidated Subsidiaries	58,973	(63,039)
Distributions of Earnings of Joint Ventures and Unconsolidated Subsidiaries	88,522	84,994
Minority Interest, net of Taxes	(411)	(517)
Gain on Sale of Businesses	(126,038)	(6,500)
Changes in Assets and Liabilities, Excluding Effect of Dispositions		
(Increase) Decrease in Restricted Cash	(74,857)	(91,324)
Decrease (Increase) in Receivables	40,882	26,379
Decrease in Residential Mortgage Loans Held for Sale	140,590	47,693
Increase in Housing Projects and Land Held for Development and Sale	(1,455,848)	(2,273,722)
(Increase) Decrease in Other Inventories	(103)	(163)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(32,960)	311,776
Decrease (Increase) in Other Assets, net	1,572	(24,938)
(Decrease) Increase in Payables to Affiliates		
Other	110	2,447
	(722,126)	(1,068,701)
Cash Flows Investing Activities		
Payments Received on Notes Receivable	11,757	23,584
Increase in Residential Mortgage Loans Held for Investment	(292,448)	(912,287)
Investments in and Advances to Joint Ventures	(187,052)	(316,085)
Distributions from Joint Ventures	148,242	134,740
Decrease (Increase) in Investments in and Advances to Unconsolidated Subsidiaries		
Purchases of Property and Equipment, net	(26,929)	(42,998)
Proceeds from Dispositions	494,013	327,415
Other	(6,105)	(2,857)
	141,478	(788,488)

Cash Flows Financing Activities

Increase in Short-term Debt, net Centex	294,129	1,781,738
Issuance of Long-term Debt	500,641	972,049
Repayment of Long-term Debt	(192,991)	(327,153)
Financial Services		
Issuance of Long-term Debt	961,126	2,008,372
Repayment of Long-term Debt	(746,680)	(2,539,019)
Proceeds from Stock Option Exercises	53,800	28,593
Purchases of Common Stock, net	(263,235)	(474,216)
Dividends Paid	(14,302)	(15,382)
	592,488	1,434,982
Effect of Exchange Rate on Cash		(1,479)
Net Increase (Decrease) in Cash and Cash Equivalents	11,840	(423,686)
Cash and Cash Equivalents at Beginning of Period ⁽¹⁾	47,955	502,586
Cash and Cash Equivalents at End of Period ⁽²⁾	\$ 59,795	\$ 78,900

See Notes to
Consolidated
Financial
Statements.

(1) Amount includes cash and cash equivalents of discontinued operations of \$787 as of March 31, 2006 and \$650 as of March 31, 2005.

(2) Amount includes cash and cash equivalents of discontinued operations of \$0 as of December 31, 2006 and \$412 as of December 31, 2005.

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Centex Corporation and Subsidiaries
Statements of Consolidated Cash Flows with Consolidating Details

(Dollars in thousands)

(unaudited)

Centex *		Financial Services	
<i>For the Nine Months Ended December 31,</i>		<i>For the Nine Months Ended December 31,</i>	
2006	2005	2006	2005
\$ 69,511	\$ 897,544	\$ 84,227	\$ 88,815
36,198	36,035	6,760	13,406
52,446	51,326	22,364	68,032
499,177	18,864	68,015	(138,013)
(117,029)	(28,981)		
(25,254)	(151,854)		
&			