

CENTEX CORP
Form 11-K
June 29, 2007

Table of Contents

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K**

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006
or**
- TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____
Commission File Number: 1-6776
PROFIT SHARING AND RETIREMENT PLAN OF CENTEX CORPORATION
(Full title of the plan)
CENTEX CORPORATION
2728 N. Harwood
Dallas, Texas 75201
(Name of issuer of the securities held pursuant to the plan and the address of its principal executive office)**
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Table of Contents

Financial Statements and Supplemental Schedule
Profit Sharing and Retirement Plan of Centex Corporation
As of December 31, 2006 and 2005, and for the Year Ended December 31, 2006

Table of Contents

Profit Sharing and Retirement Plan of Centex Corporation
Financial Statements and Supplemental Schedule
As of December 31, 2006 and 2005,
and for the Year Ended December 31, 2006
Contents

<u>Report of Independent Registered Public Accounting Firm</u>	1
Audited Financial Statements	
<u>Statements of Net Assets Available for Benefits</u>	2
<u>Statement of Changes in Net Assets Available for Benefits</u>	3
<u>Notes to Financial Statements</u>	4
<u>Supplemental Schedule</u>	
<u>Schedule H; Line 4i Schedule of Assets (Held at End of Year)</u>	12
<u>Consent of Ernst & Young LLP</u>	
<u>Certification Pursuant to Section 906</u>	

Table of Contents

Report of Independent Registered Public Accounting Firm

The Administrative Committee

Profit Sharing and Retirement Plan of Centex Corporation

We have audited the accompanying statements of net assets available for benefits of the Profit Sharing and Retirement Plan of Centex Corporation as of December 31, 2006 and 2005, and the related statement of changes in net assets available for benefits for the year ended December 31, 2006. These financial statements are the responsibility of the Plan'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. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 net assets available for benefits of the Plan at December 31, 2006 and 2005, and the changes in its net assets available for benefits for the year ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2006, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Dallas, Texas

June 25, 2007

Table of ContentsProfit Sharing and Retirement Plan of Centex Corporation
Statements of Net Assets Available for Benefits

	<i>December 31,</i>	
	2006	2005
Assets		
Investments in the Profit Sharing and Retirement Plan of Centex Corporation		
Master Trust	\$ 631,724,063	\$ 596,530,180
Participant loans	7,093,657	7,262,282
Employer contribution receivable	772,231	806,449
Net assets available for benefits, at fair value	639,589,951	604,598,911
Adjustment from fair value to contract value for fully benefit-responsive investment contracts held in common collective trust	333,723	350,050
Net assets available for benefits	\$ 639,923,674	\$ 604,948,961

See accompanying notes.

2

Table of Contents

Profit Sharing and Retirement Plan of Centex Corporation
 Statement of Changes in Net Assets Available for Benefits
 Year Ended December 31, 2006

Additions:	
Employer contributions	\$ 42,715,544
Participant contributions	52,612,839
Rollovers	4,663,849
Interest in the Profit Sharing and Retirement Plan of Centex Corporation Master Trust investment income	45,046,348
Interest income on participant loans	530,452
 Total additions	 145,569,032
Deductions:	
Distributions to participants	91,127,618
Distributions to participants of the Nationstar Mortgage 401(k) Retirement Plan	19,303,108
Administrative expenses	93,137
 Total deductions	 110,523,863
 Net transfers to Centex Ventures Profit Sharing and Retirement Plan	 (70,456)
 Net increase in net assets available for benefits	 34,974,713
Net assets available for benefits:	
Beginning of year	604,948,961
 End of year	 \$ 639,923,674

See accompanying notes.

Table of Contents

Profit Sharing and Retirement Plan of Centex Corporation
Notes to Financial Statements
December 31, 2006

1. Description of the Plan

The following description of the Profit Sharing and Retirement Plan of Centex Corporation (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan, established March 1, 1954 and amended and restated effective January 1, 2001, is a defined contribution retirement plan covering eligible employees of Centex Corporation (the Company) and eligible employees of certain subsidiaries of the Company, which have adopted the Plan with the Company's consent. The Company and certain subsidiaries collectively comprise the Participating Employers. The Plan is administered by an Administrative Committee (the Committee) appointed by the Board of Directors of the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The Plan has two distinct types of eligible employees, (1) employees eligible to participate in employer profit sharing contributions or (2) employees eligible to participate in employer matching contributions. Eligible employees may not participate in both employer profit sharing and matching contributions. Certain salaried employees of the Participating Employers participate in profit sharing the first day of the month following one year of service, as defined. One year of service, for purposes of eligibility, is defined as the 12 consecutive month period during which the employee worked at least 1,000 hours, ending on the first anniversary of the employee's date of hire. Commission and certain salaried employees of the Participating Employers participate in matching contributions on the date the employee first performs for the employer an hour of service, as defined.

A member of a group or class of employees covered by a collective bargaining agreement is not eligible to participate in the Plan unless such agreement extends the Plan to such group or class of employees.

Net transfers between the Plan and the Centex Ventures Profit Sharing and Retirement Plan were due to transfers of employment between the Company and entities that qualify as Affiliated Business Arrangements, as defined.

Table of Contents

Profit Sharing and Retirement Plan of Centex Corporation
Notes to Financial Statements

Contributions

The Plan permits participants to contribute pre-tax up to 70% of their compensation, as defined, (up to a statutory limit) to a 401(k) account beginning on the date of hire. Matching and profit sharing contributions are made by certain of the Participating Employers on a discretionary basis as determined by their respective Boards of Directors. The Plan also permits participant voluntary (after-tax) contributions of up to 10% of compensation, as defined. Total contributions to a participant's account are limited to a maximum of 100% of compensation (or \$44,000, whichever is less) for 401(k) contributions, Participating Employers' contributions and voluntary (after-tax) contributions on a combined basis.

Participating Employer discretionary profit sharing contributions are allocated to participant accounts on a pro rata basis determined by each participant's length of service and compensation. Participating Employer discretionary matching contributions are allocated to eligible participant accounts based on the percentage of each participant's eligible contributions. The Participating Employers, at their sole discretion, may make qualified non-elective contributions to the Plan. No such contributions were made for the 2006 Plan year. Forfeitures may be used to reduce Participating Employer matching contributions, Participating Employer profit sharing contributions or administrative expenses of the Plan. During the year ended December 31, 2006, participants forfeited \$5,568,248, which will be used to reduce employer contributions paid during the year ended December 31, 2007. During the year ended December 31, 2005, participants forfeited \$4,954,738, which was used to reduce employer contributions paid during the year ended December 31, 2006.

Participants direct the investment of their accounts into various registered investment company funds, common collective trusts or the Centex Common Stock Fund (the CCSF), a unitized stock fund.

Participants may allocate up to 15% of Participating Employer and participant (before- and after-tax) contributions to the CCSF, whereas up to 100% may be allocated to any other investment option offered by the Plan.

Vesting

The Plan has several vesting provisions based upon a participant's Participating Employer. Participants should refer to the Plan document for a more complete description of these provisions.

Table of Contents

Profit Sharing and Retirement Plan of Centex Corporation
Notes to Financial Statements

Participant Loans

Active participants may borrow up to 50% of the vested portion of their accounts, subject to a \$50,000 maximum, with Committee authorization and for approved events, as defined. Loans are collateralized by participant accounts. Such loans bear interest at prime plus 2.0% and are repayable to the Plan within five years. Interest rates on outstanding participant loans as of December 31, 2006 ranged from 6.0% to 10.8%.

Distributions to Participants

Distribution of an active participant's entire account balance is permitted upon a participant's retirement, death or disability. A participant is eligible for early retirement upon the attainment of age 55 and the completion of at least 15 years of service, as defined. In the event of termination of service of any participant for any reason other than retirement, death or disability, a participant shall, subject to further provisions of the Plan, be entitled to receive the vested portion of his or her account balance. A participant may also receive a distribution to satisfy a financial hardship meeting the requirements of Internal Revenue Service (IRS) regulations.

Distributions to participants are paid in a lump sum, a direct rollover or in certain instances in installment payments. A participant who retires and has 10 years of service, as defined, may elect to receive a distribution of his or her account in quarterly, semi-annual or annual installment payments over a specified term of 10 years or less, as elected by the participant.

On July 11, 2006, the Company sold Centex Home Equity Company, LLC (Home Equity) to an unrelated third party. Prior to the sale, the Home Equity operations were part of the Company's financial services segment. Pursuant to the sales agreement, all participant account balances related to employees of Home Equity became fully vested.

Participants were given the option to elect a rollover distribution to the Nationstar Mortgage 401(k) Retirement Plan (the Nationstar Plan) or remain with the Plan as a terminated employee. As a result of the election provisions contained in the agreement, all amounts transferred to the Nationstar Plan are treated as a deduction from the Plan in the Statement of Changes in Net Assets Available for Benefits.

Administrative Expenses

Certain administrative expenses of the Plan are paid by the Company. The Plan is not required to reimburse the Company for any administrative expenses paid by the Company. Expenses not paid by the Company are paid by the Plan.

Table of Contents

Profit Sharing and Retirement Plan of Centex Corporation
Notes to Financial Statements

Plan Termination

Although there is no intention to do so, the Company has the right to discontinue contributions and terminate the Plan subject to the provisions of ERISA. The Plan provides that, in the event of Plan termination, participants will become fully vested in their Participating Employer contributions, and the method of distribution of assets will be in accordance with the provisions of ERISA.

2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) released Staff Position AAG INV-1 and SOP 94-4-1 (the FSP), effective for annual periods ending after December 15, 2006, addressing new accounting rules for defined contribution plan stable value investment options. Under the FSP, only assets that are attributable to fully benefit-responsive investment contracts are eligible for contract value accounting treatment. Contract value is considered the relevant accounting measurement because it is the amount participants in the fund will receive when they initiate permitted transactions under the terms of the underlying plan. The Fidelity Managed Income Portfolio (MIP), a common collective trust held in the Master Trust, qualifies as a stable value fund defined under the FSP as its underlying investments are fully benefit-responsive investment contracts. The Plan adopted the provisions of the FSP at December 31, 2006. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the MIP with a corresponding adjustment to reflect the MIP at contract value. Prior year balances have been reclassified to conform to current year presentation. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis which is consistent with prior year presentation.

Use of Estimates

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

Table of Contents

Profit Sharing and Retirement Plan of Centex Corporation
Notes to Financial Statements

Valuation of Investments

The Profit Sharing and Retirement Plan of Centex Corporation Master Trust (the Master Trust) holds the assets of the Plan, as well as the assets of other plans sponsored by Centex Corporation (Affiliate Plans). The Plan and Affiliate Plans have an undivided interest in the Master Trust. The Master Trust is governed by a trust agreement with Fidelity Management Trust Company (the Trustee), which is held accountable by and reports to the Committee.

Investments included in the Master Trust are valued at fair value with the exception of the MIP (see Note 3). The registered investment company shares are valued based on published market prices, which represent the net asset value of shares held by the Plan at year-end. The fair value of investments in common collective trusts, except for the MIP (see Note 3), is based on the value of their underlying assets determined by quoted market prices when available or the Trustee's estimates of fair value when quoted market prices are not available. The investment in the CCSF is determined by the value of the underlying common stock combined with the short-term cash position. The fair value of the common stock portion of the funds is based on the closing price of the common stock on its primary exchange. The short-term cash position of the CCSF is recorded at cost, which approximates fair value. Participant loans are recorded at carrying value.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

The Master Trust allocates investment income to the Plan based on the Plan's ownership interest in Master Trust assets. Investment income is then allocated to participants on a pro rata basis. Administrative expenses for the year ended December 31, 2006, include Trustee and recordkeeper fees. Fund management fees are charged directly to the Master Trust and therefore are included in the net change in fair value of investments. Administrative expenses are allocated on a pro rata basis to the Plan and Affiliate Plans.

Distributions to Participants

Distributions to participants are recorded when paid.

3. Investment in Stable Value Fund

The MIP's objective is to seek preservation of capital and a competitive level of income over time by investing in underlying assets including, but not limited to, fixed-income securities and bond funds. In order to minimize risk of loss to the investors, the fund will invest in synthetic wraps whereby the underlying assets are wrapped by a synthetic investment contract issued by a bank or insurance company that insures that participant-initiated withdrawals from the fund will be paid at contract value. Gains or losses associated with the synthetic wrap are recognized over time by adjusting the interest rate

Table of Contents

Profit Sharing and Retirement Plan of Centex Corporation
Notes to Financial Statements

credited to the fund. The fair value of investments in synthetic wraps is calculated using a discounted cash flow model which considers recent fee bids as determined by recognized dealers, discount rate and the duration of the underlying portfolio securities. The fair value of underlying portfolio securities is determined using the most recent bid price in the principal market that the Trustee believes accurately reflects fair value. The MIP's fair value is then adjusted to contract value. Contract value represents contributions made to the fund, less earnings, less participant withdrawals, and less administrative expenses.

4. Interest in the Master Trust

The Plan's interest in the net assets of the Master Trust was 99.7% and 99.8% as of December 31, 2006 and 2005, respectively. Investments held in the Master Trust were as follows:

	<i>December 31,</i>	
	2006	2005
Registered Investment Companies	\$ 316,863,573	\$ 274,106,511
Common Collective Trusts	243,583,512	210,577,289
Centex Common Stock Fund	55,705,668	82,177,469
Cash equivalents	17,192,796	31,054,887
Total assets, at fair value	633,345,549	597,916,156
Adjustment from fair value to contract value for fully benefit-responsive investment contracts held in common collective trust	334,423	350,316
	\$ 633,679,972	\$ 598,266,472

Investment income in the Master Trust for the year ended December 31, 2006, was as follows:

Net appreciation in Registered Investment Companies	\$ 16,811,284
Net appreciation in Common Collective Trusts	22,911,035
Net depreciation in Centex Common Stock Fund	(17,559,349)
Dividend and interest income	23,024,384
	\$ 45,187,354

The Plan invests in various investment securities, which in general are exposed to various risks, such as interest rate, credit and overall market volatility risks. Further, due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

Table of Contents

Profit Sharing and Retirement Plan of Centex Corporation
Notes to Financial Statements (continued)

5. Income Tax Status

The Plan has received a determination letter from the IRS dated August 26, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to the issuance of this determination letter, certain provisions of the Plan were amended. However, the Company and the Plan's counsel believe that the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believe the Plan, as amended, is qualified and the related trust is tax-exempt.

6. Related Party Transactions

Plan investments of \$483,624,629 and \$434,811,427 at December 31, 2006 and 2005, respectively, are cash, shares of registered investment companies and common collective trusts managed by the Trustee and, therefore, these transactions qualify as party-in-interest transactions. Additionally, certain of the Plan's assets are invested in the CCSF. Transactions involving the Company's common stock qualify as party-in-interest transactions. All of these transactions are exempt from the prohibited transaction rules.

7. Reconciliation to Form 5500

As of December 31, 2006 and 2005, the Plan had \$171,733 and \$199,213, respectively, of pending distributions to participants. These amounts are recorded as a liability in the Plan's Form 5500; however, in accordance with U.S. generally accepted accounting principles, these amounts are not recorded as a liability in the accompanying Statements of Net Assets Available for Benefits. The following reconciles net assets available for benefits per the financial statements to Form 5500 to be filed by the Company:

	<i>December 31,</i>	
	2006	2005
Net assets available for benefits per the financial statements	\$ 639,923,674	\$ 604,948,961
Adjustment from contract value to fair value for fully benefit-responsive investment contracts held in common collective trust	(333,723)	
Amounts allocated to withdrawing participants	(171,733)	(199,213)
Net assets available for benefits per Form 5500	\$ 639,418,218	\$ 604,749,748

Table of Contents

Profit Sharing and Retirement Plan of Centex Corporation
Notes to Financial Statements (continued)

The following reconciles total additions to net assets available for benefits per the financial statements to Form 5500 to be filed by the Company for the year ended December 31, 2006:

Total additions per the financial statements	\$ 145,569,032
Adjustment from contract value to fair value for fully benefit-responsive investment contracts held in common collective trust	(333,723)
Total income per Form 5500	\$ 145,235,309

The following reconciles total deductions to net assets available for benefits per the financial statements to Form 5500 to be filed by the Company for the year ended December 31, 2006:

Total deductions per the financial statements	\$ 110,523,863
Less: Amounts allocated to withdrawing participants at December 31, 2005	(199,213)
Add: Amounts allocated to withdrawing participants at December 31, 2006	171,733
Total expenses per Form 5500	\$ 110,496,383

8. Subsequent Events

On May 10, 2007, the Board of Directors of the Company approved an employee profit sharing contribution to the Plan in the amount of \$4,656,920, net of forfeitures applied, which was remitted to the Master Trust on June 12, 2007. On March 30, 2007, the Company finalized the sale of Centex Construction Group, Inc. (CCG). Prior to the sale, CCG comprised the Company's construction services segment. Pursuant to the sales agreement, during March 2007 the Company transferred from the Plan participant account balances of approximately \$123 million.

Table of Contents

Supplemental Schedule

Table of Contents

Profit Sharing and Retirement Plan of Centex Corporation
 Schedule H; Line 4i Schedule of Assets (Held at End of Year)
 EIN#: 75-0778259
 Plan #: 001
 December 31, 2006

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
*	Participant loans	Interest rates from 6.0% to 10.8%	\$	\$7,093,657
*	Party-in-interest			

Table of Contents

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrative Committee which administers the Profit Sharing and Retirement Plan of Centex Corporation has duly caused this Annual Report to be signed on its behalf by the undersigned, hereunto duly authorized.

**PROFIT SHARING AND RETIREMENT PLAN OF
CENTEX CORPORATION**

Date: June 28, 2007

By: /s/ MICHAEL S. ALBRIGHT
Michael S. Albright
Member, Administrative Committee

Table of Contents

INDEX TO EXHIBITS
Profit Sharing and Retirement Plan of Centex Corporation

Exhibit Number	Exhibit	Filed Herewith or Incorporated by Reference
23	Consent of Ernst & Young LLP	Filed herewith
32	Certification of the Administrative Committee Member of the Plan pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith