CENTEX CORP
Form 10-K
June 15, 2001
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

JOINT ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended March 31, 2001

Commission File No. 1-6776	**Commission File Nos. 1-9624 and 1-9625, respectively**
CENTEX CORPORATION	**3333 HOLDING CORPORATION and CENTEX DEVELOPMENT COMPANY, L.P.**
(Exact name of registrant as specified in its charter)	**(Exact name of registrants as specified in their charters)**
Nevada	**Nevada and Delaware, respectively**
(State of incorporation)	**(States of incorporation or organization)**
75-0778259	**75-2178860 and 75-2168471, respectively**
(I.R.S. Employer Identification No.)	**(I.R.S. Employer Identification Nos.)**
2728 N. Harwood, Dallas, Texas 75201	**2728 N. Harwood, Dallas, Texas 75201**
(Address of principal executive office, including zip code)	**(Address of principal executive office, including zip code)**
(214) 981-5000	**(214) 981-6770**
(Registrant s telephone number)	**(Registrants telephone number)**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered	Title of each class	Name of each exchange on which registered
Centex Corporation		**3333 Holding Corporation**	
Common Stock ($.25 par value)			
New York Stock Exchange			
London Stock Exchange			
Common Stock ($.01 par value)			
New York Stock Exchange			
London Stock Exchange			
Centex Development Company, L.P.			
Warrants to Purchase Class B Units of Limited Partnership Interest Expiring November 30, 2007			
New York Stock Exchange			

London Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether each 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 each such registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X]. No [ ].

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrants knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to Form 10-K.

The aggregate market value of the tandem traded Centex Corporation common stock, 3333 Holding Corporation common stock and Centex Development Company, L.P. warrants to purchase Class B units of limited partnership interest held by non-affiliates of the registrants on May 31, 2001 was approximately $2.2 billion.

Indicate the number of shares of each of the registrants classes of common stock (or other similar equity securities) outstanding as of the close of business on May 31, 2001:

Centex Corporation	Common Stock	60,366,107 shares
3333 Holding Corporation Common Stock 1,000 shares		
Centex Development Company, L.P. Class A Units of Limited Partnership Interest 32,260 units		
Centex Development Company, L.P. Class C Units of Limited Partnership Interest 181,194 units		

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference in Parts A.III and B.III of this Report:

(a) Proxy statements for the annual meetings of stockholders of Centex Corporation and 3333 Holding Corporation to be held on July 19, 2001.

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JOINT ANNUAL REPORT ON
FORM 10-K
FOR THE FISCAL YEAR ENDED MARCH 31, 2001

CENTEX CORPORATION AND SUBSIDIARIES
AND
3333 HOLDING CORPORATION AND SUBSIDIARY
AND CENTEX DEVELOPMENT COMPANY, L.P. AND SUBSIDIARIES

JOINT EXPLANATORY STATEMENT

On November 30, 1987, Centex Corporation (Centex or the Company) distributed as a dividend (the Distribution) to its stockholders, through a nominee (the Nominee), all of the 1,000 issued and outstanding shares of common stock, par value $.01 per share (Holding Common Stock), of 3333 Holding Corporation, a Nevada corporation (Holding), and 900 warrants (the Stockholder Warrants) to purchase Class B Units of limited partnership interest in Centex Development Company, L.P., a Delaware limited partnership (the Partnership). Pursuant to an agreement with the Nominee (the Nominee Agreement), the Nominee is the recordholder of the Stockholder Warrants and the Holding Common Stock on behalf of and for the benefit of persons who are from time to time the holders of the common stock, par value $.25 per share (Centex Common Stock), of Centex (Centex Stockholders). Each Centex Stockholder owns a beneficial interest in that portion of the Holding Common Stock and the Stockholder Warrants that the total number of shares of Centex Common Stock held by such stockholder bears to the total number of shares of Centex Common Stock outstanding from time to time. This beneficial interest is not represented by a separate certificate or receipt. Instead, each Centex Stockholder s beneficial interest in such pro rata portion of the shares of Holding Common Stock and the Stockholder Warrants is represented by the certificate or certificates evidencing such Centex

Stockholder s Centex Common Stock, and is currently tradeable only in tandem with, and as a part of, each such Centex Stockholder s Centex Common Stock. The tandem securities are listed and traded on the New York Stock Exchange and the London Stock Exchange and are registered with the Securities and Exchange Commission (the Commission) separately under Section 12(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Holding and the Partnership were each organized in 1987 in connection with the Distribution. 3333 Development Corporation, a wholly-owned subsidiary of Holding (Development), holds a 1% interest in, and is the sole general partner of, the Partnership. Centex indirectly owns 100% of the Class A Units and 100% of the Class C Units of limited partnership interest in the Partnership, which units are collectively convertible into 20% of the Class B Units of limited partnership in the Partnership. Please refer to the ownership chart on page 3.

At present, Centex, Holding and the Partnership have elected to satisfy their respective periodic reporting obligations under the Exchange Act, and the rules and regulations promulgated thereunder, by preparing and filing joint periodic reports. ***Part A*** of this Annual Report on Form 10-K for the fiscal year ended March 31, 2001 (the Report) relates to Centex and its subsidiaries. ***Part B*** of this Report relates to Holding and its subsidiary, Development, and to the Partnership and its subsidiaries.

This Report should be read in conjunction with the proxy statements of Centex and Holding in connection with their respective 2001 annual meetings of stockholders, the Annual Report to Stockholders of Centex for the fiscal year ended March 31, 2001 (the Centex 2001 Annual Report) and the Annual Report to Stockholders of Holding and the Partnership for the fiscal year ended March 31, 2001 (the Holding/Partnership 2001 Annual Report). For a complete understanding of the tandem traded securities, ***Part A*** and ***Part B*** of this Report should be read in combination.

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Information concerning the earnings and financial condition of the three companies, on an aggregate basis, is included in Note (G) of the Notes to Consolidated Financial Statements of Centex Corporation and subsidiaries on pages 66-68 of this Report.

For a description of this ownership chart, please see the Joint Explanatory Statement on the previous page.

OWNERSHIP CHART

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PART A.

CENTEX CORPORATION AND SUBSIDIARIES

PREFATORY STATEMENT

Part A of this Report (pages 6 through 78) includes information relating to Centex Corporation and subsidiaries (Centex or the Company), File No. 1-6776. See Joint Explanatory Statement on page 2 of this Report. References to Centex or the Company in this Report include Centex and its subsidiaries unless the context otherwise states. ***Part B*** of this Report (pages 79 through 130) includes information relating separately to 3333 Holding Corporation (Holding) and its subsidiary, 3333 Development Corporation (Development), and to Centex Development Company, L.P. and subsidiaries (Partnership).

PART I

ITEM 1. BUSINESS

General Development of Business

Centex is incorporated in the state of Nevada. The Company s common stock, par value $.25 per share (Centex Common Stock), began trading publicly in 1969. As of May 31, 2001, 60,366,107 shares of Centex Common Stock, which are traded on the New York Stock Exchange (NYSE) and the London Stock Exchange, were outstanding.

Since its founding in 1950 as a Dallas, Texas-based residential and commercial construction company, Centex has evolved into a multi-industry company. Centex currently operates in five principal business segments: Home Building, Investment Real Estate, Financial Services, Construction Products, and Contracting and Construction Services. A brief overview of each segment is provided below and a more detailed discussion of each segment is provided later in this section.

One of the nation s largest home builders, Centex s Home Building business includes both conventional homes and manufactured homes. Centex s Conventional Homes operations currently involve the purchase and development of land or lots and the construction and sale of single-family homes, town homes, and low-rise condominiums. Centex has participated in the conventional home building business since 1950. Centex entered the Manufactured Homes business in fiscal 1997 when Centex Real Estate Corporation acquired approximately 80% of the predecessor of Cavco Industries, LLC. During the fourth quarter of fiscal 2000 the Company acquired the remaining approximately 20% minority interest in Cavco. As used herein, Cavco refers to the Manufactured Homes operations of the Company, which includes the manufacture of residential and park model homes and, to a lesser degree, commercial structures in factories and their sale through company-owned retail outlets and a network of independent dealers.

Centex s Investment Real Estate operations involve the acquisition, development, and sale of land, primarily for industrial, office, multi-family, retail, and mixed-use projects.

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Centex s Financial Services operations consist of home financing, home equity and sub-prime lending, and the sale of title insurance and various other insurance coverages. These activities include mortgage origination, servicing, and other related services for purchasers of homes sold by Centex subsidiaries and others. Centex has been in the mortgage banking business since 1973.

The operations of Centex Construction Products, Inc., a Delaware corporation (Construction Products), involve the manufacture, production, distribution, and sale of cement, gypsum wallboard, recycled paperboard, aggregates and readymix concrete. Centex s involvement in the construction products business started in 1963 when it began construction of its first cement plant. During the quarter ended June 30, 1994, Construction Products completed an initial public offering of 51% of its stock and began trading on the NYSE under the symbol CXP. Primarily as a result of Construction Products repurchases of its own stock during the quarter ended June 30, 1996, Centex s ownership interest increased to more than 50%. As a result of subsequent stock repurchases by Construction Products, Centex s ownership interest has increased to 65.2% as of March 31, 2001. Accordingly, Construction Products fiscal 2001, 2000, and 1999 financial results have been consolidated with those of Centex.

Centex s Contracting and Construction Services operations involve the construction of buildings for both private and government interests, including office, commercial and industrial buildings, hospitals, hotels, museums, libraries, airport facilities, and educational institutions. Centex entered the Contracting and Construction Services business in 1966 by acquiring a Dallas-based contractor that had been in business since 1936. Additional significant construction companies were acquired in 1978, 1982, 1987, and 1990. Centex currently ranks among the nation s largest general building contractors.

In fiscal 1988, Centex established Centex Development Company, L.P. Please refer to ***Part B*** of this Report for a discussion of the business of the Partnership.

Financial Information about Industry Segments

Note (J) of the Notes to Consolidated Financial Statements of Centex on pages 69-72 of this Report contains additional information about the Company s business segments for the fiscal years ended March 31, 2001, 2000, and 1999 (fiscal 2001, fiscal 2000, and fiscal 1999, respectively).

Narrative Description of Business

HOME BUILDING

Conventional Homes

Centex Homes, Centex s conventional home building operation, is primarily involved in the purchase and development of land or lots and the construction and sale of single-family homes, town homes, and low-rise condominiums. Centex Homes currently operates in 481 neighborhoods in 79 different markets. Centex Homes is one of the leading U.S. builders of single-family detached homes, as measured by the number of units sold and closed in a calendar year. Centex Homes is also the only company to rank among the nation s top 10 home builders for each of the past 33 years according to *Professional Builder* magazine. Centex Homes sells to both first-time and move-up buyers. Over 90% of the houses Centex Homes sells are single-family detached homes, and the remainder are town homes and low-rise condominiums.

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Markets

Centex Homes follows a strategy of reducing exposure to local market volatility by diversifying operations across geographically and economically diverse markets. Centex Homes currently builds in 79 market areas in 23 states and in Washington, D. C. The markets are listed below by geographic areas.

Mid-Atlantic	New Jersey- Middlesex/Somerset/Hunterdon Monmouth/Ocean Newark Trenton	North Carolina- Charlotte/Gastonia/Rock Hill Greensboro/Winston Salem/Rock Hill Raleigh/Durham/Chapel Hill

Virginia-
Norfolk/Virginia Beach/Newport
Richmond/Petersburg
Washington, D.C.
South Carolina-
Charleston/North Charleston
Myrtle Beach
Pennsylvania-
Philadelphia
Pittsburgh
Nashville, Tennessee

Baltimore, Maryland
Southeast
Florida-
Daytona Beach
Ft. Lauderdale
Ft. Myers/Cape Coral
Ft. Pierce/St. Lucie
Jacksonville
Lakeland/Winter Haven
Melbourne/Titusville

Miami
Naples
Orlando
Punta Gorda
Sarasota/Bradenton
Tampa/St. Petersburg/Clearwater
West Palm Beach/Boca Raton

South Carolina-
Columbia
Greenville/Spartanburg/Anderson
Atlanta, Georgia
Midwest
Ohio-
Akron
Cincinnati
Columbus

Dayton/Springfield
Mansfield
Toledo
Indiana-
Indianapolis
Fort Wayne
Michigan-
Detroit
Grand Rapids/Muskegon/Holland
Kalamazoo/Battle Creek
Colorado-
Boulder/Longmont
Denver
Chicago, Illinois

Minneapolis/St. Paul, Minnesota

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South Central
Texas-
Austin/San Marcos
Brazoria
Dallas
Ft. Worth/Arlington

Galveston/Texas City
Houston
Killeen/Temple
San Antonio
Albuquerque, New Mexico
Phoenix/Mesa, Arizona
Mountain States
Oregon-
Eugene
Portland/Vancouver
Salem
Nevada-
Las Vegas
Reno
Salt Lake, Utah
Edwards, Colorado
Seattle/Bellevue/Everett, Washington
West Coast

California-
Bakersfield
Fresno
Los Angeles/Long Beach
Kings County
Oakland
Orange County
Riverside/San Bernadino

Sacramento
San Diego
San Luis Obispo
Vallejo/Fairfield/Napa
Ventura
Visalia/Tulare/Porterville

In fiscal 2001, Centex Homes closed 20,659 houses, including first-time, move-up and, in some markets, custom homes, ranging in price from approximately $49,000 to about $1.5 million. The average sale price in fiscal 2001 was approximately $206,000.

Centex Homes policy has been to acquire land with the intent to complete the sale of housing units within approximately 24 to 36 months from the date of acquisition. Generally this involves acquiring land that is properly zoned and is either ready for development or, to some degree, already developed. The purchase of finished lots generally allows Centex Homes to shorten the lead time to commence construction and reduces the risks of unforeseen improvement costs and volatile market conditions. Centex Homes has acquired a substantial amount of its finished and partially improved lots and land through option agreements that are exercised over specified time periods or, in certain cases, as the lots are needed.

Centex Homes has also grown its business through the acquisition of other homebuilding companies. Companies recently acquired included the following. Wayne Homes, acquired in April 1998, builds single-family homes in the build-on-owner s lot market segment. Teal Homes, acquired in May 1998, builds single-family homes for the first-time and move-up buyer in the Richmond, Virginia area. Calton Homes, acquired in December 1998, builds single-family homes for the first-time and move-up buyer in New Jersey. Sundance Homes acquired substantially all of the suburban Chicago homebuilding operating assets in July 1999. Real Homes, acquired in September 1999, builds single-family homes for the first-time and move-up buyer in the Las Vegas, Nevada area. Selective Group, acquired in March 2001, builds single-family homes for the first-time and move-up buyer in the Detroit, Michigan area. CityHomes, acquired in March 2001, builds luxury town homes and condominiums that appeal to young professionals wanting an urban lifestyle in the Dallas, Texas area.

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Summarized below by geographic area are Centex Homes home closings, sales (orders) backlog, and sales (orders) for the five fiscal years ended March 31:

	For the Years Ended March 31,				
	2001	2000	1999	1998	1997
Closings (in units):					
Mid-Atlantic					

	3,541	3,188	2,465	1,986	2,192
Southeast	**3,991**	4,012	3,426	3,064	3,017
Midwest	**3,294**	3,089	2,062	1,147	1,337
South Central	**5,145**	4,698	3,779	3,257	3,606
Mountain States	**1,151**	908	635	583	623
West Coast	**3,537**	3,009	2,425	2,381	2,332
	20,659	18,904	14,792	12,418	13,107
Average Sales Price (in 000 s)	**$206**	$192	$186	$183	$172
Sales (Orders) Backlog, at the end of the period (in units):					
Mid-Atlantic	**1,403**	1,253	1,098	699	647
Southeast	**1,898**	1,848	1,794	1,400	1,133
Midwest	**2,008**	1,628	1,355	433	441
South Central	**2,374**	1,751	1,624	1,393	1,119
Mountain States	**455**	247	251	195	211
West Coast	**1,127**	852	670	796	757
	9,265	7,579	6,792	4,916	4,308

Sales (Orders) (in units):					
Mid-Atlantic	**3,691**	3,343	2,592	2,038	2,019
Southeast	**4,041**	4,066	3,824	3,331	2,743
Midwest	**3,541**	3,207	2,515	1,139	1,126
South Central	**5,747**	4,825	4,010	3,531	3,051
Mountain States	**1,359**	775	691	567	543
West Coast	**3,812**	3,191	2,299	2,420	2,400
	22,191	19,407	15,931	13,026	11,882

Competition and Other Factors

The conventional housing industry is essentially a local business and is highly competitive. Centex Homes competes in each of its market areas with numerous other home builders. Centex Homes operations account for approximately 2% of the total for-sale housing starts in the United States. The main competitive factors affecting Centex Homes operations are location, price, cost of providing mortgage financing for customers, construction costs, design and quality of homes, marketing expertise, availability of land, and reputation. Management believes that Centex Homes competes effectively by maintaining geographic diversity, being responsive to the specific demands of each market, and managing the operations at a local level.

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The home building industry is cyclical and is particularly affected by changes in local economic conditions, job growth, long-term and short-term interest rates and, to a lesser extent, changes in property taxes, energy costs, federal income tax laws, federal mortgage financing programs, and various demographic factors. The political and economic environments affect both the demand for housing constructed and the subsequent cost of financing. Unexpected climatic conditions, such as unusually heavy or prolonged rain or snow, may affect operations in certain areas.

The housing industry is subject to extensive and complex regulations. Centex Homes and its subcontractors must comply with various federal, state and local laws and regulations including worker health and safety, zoning, building, advertising, consumer credit rules and regulations, and the extensive and changing federal, state and local laws, regulations and ordinances governing the protection of the environment, including the protection of endangered species. Centex Homes is also subject to other rules and regulations in connection with its manufacturing and sales activities, including requirements as to incorporated building materials and building designs. All of the foregoing regulatory requirements are applicable to all home building companies, and to date, compliance with the foregoing requirements has not had a material impact on Centex Homes. Centex Homes believes that it is in material compliance with these requirements.

Centex purchases materials, services, and land from numerous sources and believes that it can deal effectively with any problems it may experience relating to the supply or availability of materials, services, and land.

Manufactured Homes

Manufactured Homes operations include the manufacture of residential and park model homes and, to a lesser degree, commercial structures in factories and the sale of these products through company-owned retail outlets and a network of independent dealers. The Company entered the manufactured homes industry in fiscal 1997, when Centex Real Estate Corporation acquired approximately 80% of the predecessor of Cavco Industries, LLC for a total of $74.3 million. During fiscal 1998, Cavco purchased substantially all of the assets of AAA Homes, Inc., Arizona s largest retailer of manufactured homes, marking Cavco s entry into the retailing of manufactured homes. During the fourth quarter of fiscal 2000, the Company acquired the remaining approximately 20% minority interest in Cavco.

Markets

Cavco is the largest producer of manufactured homes in Arizona and is the nation s largest producer of park model homes, having built 3,942 manufactured housing units during fiscal 2001. Cavco currently operates three manufacturing plants in the Phoenix area.

Cavco sells its homes through company-owned retail outlets and a network of independent dealers. As of March 31, 2001, Cavco products were displayed and sold in approximately 214 outlets in 11 states, Mexico and Japan, of which there were approximately 114 in Arizona, 32 in California, 28 in New Mexico, 16 in Texas, 6 in Colorado, 5 in Utah, 3 in Nevada, 2 each in Washington, Wyoming, Idaho, and Oregon, and 1 each in Japan and Mexico. Twenty-four of these outlets are company-owned, 14 in Texas, 7 in Arizona, 2 in New Mexico, and 1 in Colorado. Among the twenty-four company-owned stores are 10 which sell Cavco s product exclusively, and 4 which operate under the Factory Liquidators name. Factory Liquidators, a new concept for the company, opened its first retail store during the fourth quarter of fiscal 2001. This operation focuses on re-marketing repossessed homes for major mortgage companies and on the

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sale of surplus or distressed new homes for manufacturers. Many of Cavco s independent dealers operate more than one retail outlet. Most of Cavco s independent dealers sell competing products, although from time to time Cavco also may enter into exclusive agreements with certain dealers. The independent dealers set their own retail prices for Cavco s homes.

Cavco s dealers typically pay cash or finance their purchase of homes through floor plan financing arrangements with third-party lenders. Generally, Cavco receives a deposit or a commitment from the dealer s lender for each specific home ordered, which is identified by its serial number. Cavco then manufactures the home and ships it at the dealer s expense. Payment is due from the lender upon the dealer s notice of delivery and acceptance of the product. The length of time it takes to manufacture and ship a home after an order is placed varies according to Cavco s backlog.

Cavco is contingently liable under terms of repurchase agreements with the lenders that provide dealer floor plan financing arrangements. These arrangements, which are customary in the industry, provide for the repurchase of the manufacturer s products for a specific time period, generally 12 to 18 months, in the event that the dealer defaults on payments. The risk of loss is spread over numerous dealers and financing institutions and is further offset by the resale value of repurchased units. Cavco has not incurred any significant losses from these arrangements since its inception.

Cavco extends a limited warranty to original retail purchasers of its homes. Cavco warrants structural and nonstructural components for 12 months. Its warranty does not extend to installation and setup of the home, which is generally arranged by the retailer. Appliances and certain other components are warranted by their original manufacturer for various lengths of time.

Cavco s backlog of orders for homes was approximately $1.0 million (35 units) as of March 31, 2001 and $1.9 million (86 units) as of March 31, 2000. Cavco currently requires one to three weeks, on average, to fill an order.

Competition and Other Factors

Cavco estimates that there are six other manufacturers competing for a significant share of the market in the Arizona and New Mexico areas. Cavco believes that its business (based on total shipments) represents an approximate 26% share of the Arizona market area, 12% share of the New Mexico market area, and smaller shares of market areas in other states in which it does business. Cavco believes the principal factors affecting competition in the manufactured housing market are price, design, product quality and reliability, distribution network, retail financing, and brand recognition.

Cavco has not experienced any material difficulty in purchasing its raw materials or component parts. Cavco buys the majority of component parts, including wood, wood products, aluminum, steel, tires, hardware, windows, and doors from third-party manufacturers and distributors located primarily in California, Texas, and Arizona. Approximately 39% of the unit cost of Cavco s homes is attributable to raw wood products.

The Company believes that compliance with federal, state, and local environmental laws will not have a material adverse effect on its capital expenditures, earnings, or competitive position.

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INVESTMENT REAL ESTATE

Investment Real Estate s operations involve the acquisition, development, and sale of land, primarily for industrial, office, multi-family, retail, and mixed-use projects.

In fiscal 1996, the Company acquired certain equity interests in Vista Properties, Inc. (Vista), which owned a portfolio of properties located in seven states in which the Company has significant operations. Vista s real property portfolio generally consisted of land zoned, planned or developed for single- and multi-family residential, office, retail, industrial, and other commercial uses. During fiscal 1997, Centex Real Estate Corporation completed a business combination transaction and reorganization with Vista whereby Centex s Home Building assets and operations were contributed to Vista, and Vista changed its name to Centex Real Estate Corporation. As a result of the combination, the Vista portfolio was reduced to a nominal book basis after recording certain deferred tax benefits related to the acquisition. As these properties are developed or sold, the net sales proceeds are reflected as operating margin.

Negative goodwill recorded as a result of the business combination was amortized to earnings over the estimated period over which the land was developed, sold, or realized. During fiscal 2001, the Company disposed of virtually all of the remaining Vista portfolio, and negative goodwill was fully amortized.

As of March 31, 2001, Investment Real Estate s property portfolio consisted of land located in five states. The Company has major conventional homebuilding operations in most markets where Investment Real Estate owns substantial property.

The land held, by state, at March 31, 2001 is set forth in the following table:

State	Acres	Zoning
Texas	669	Industrial, Office, Retail & Residential
California	367	Industrial, Office, Retail & Residential
Florida	253	Industrial, Office & Retail
Georgia	22	Retail
Colorado	3	Residential
	1,314	

At March 31, 2001, Investment Real Estate also owned either directly, through interests in joint ventures, or through its ownership of a limited partnership interest in the Partnership: 413 acres of land located in Texas, California, Florida, Michigan, and Nevada; 4,323 plots in 79 residential developments located throughout England; 1,749,000 square feet of industrial, office, and retail buildings in Arizona, California, Florida, Massachusetts, North Carolina, and Texas; a 400-unit apartment complex located in Grand Prairie, Texas; and a 382-unit apartment complex in St. Petersburg, Florida. During fiscal 2001, the Partnership began construction on 929,000 square feet of office and industrial space in Michigan, California, and North Carolina.

FINANCIAL SERVICES

Financial Services operations consist primarily of home financing, home equity and sub-prime lending, and the sale of title insurance and other insurance coverages. These activities include mortgage origination, servicing, and other related services for purchasers of homes sold by Centex subsidiaries and others.

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Conforming Mortgage Banking

CTX Mortgage Company (CTX Mortgage) was established in 1973 to provide mortgage financing for homes built by Centex Homes (Builder Loans). The opening of CTX Mortgage offices in Centex Homes housing markets has enabled it to provide mortgage financing for an average of 69% of Centex Homes sales (other than cash sales) over the past five years. In fiscal 2001 this capture ratio was 64%.

In 1985, CTX Mortgage expanded its operations to include third-party loans (Retail Loans) that are not associated with the sale of homes built by Centex Homes. At March 31, 2001, CTX Mortgage had 215 offices located in 37 states. The offices vary in size depending on loan volume.

The unit breakdown of Builder and Retail Loans for CTX Mortgage for the five years ended March 31, 2001 are set forth in the following table:

	For the Years Ended March 31,				
	2001	2000	1999	1998	1997
Loan Types:					
Builder	**12,506**	10,958	9,882	8,748	9,483
Retail	**48,244**	48,301	66,496	44,096	33,579
	60,750	59,259	76,378	52,844	43,062
Origination Volume (in billions)	**$8.9**	$8.1	$10.1	$6.7	$5.2
Percent of Centex Closings Financed	**64%**	61%	70%	75%	77%

CTX Mortgage provides mortgage origination and other mortgage-related services for Federal Housing Administration (FHA), Department of Veterans Affairs (VA) and conventional loans on homes built and sold by Centex Homes or by others, as well as resale homes and refinancing of existing mortgages. CTX Mortgage s loans are generally first-lien mortgages secured by one- to four-family residences. A majority of the conventional loans qualify for inclusion in programs sponsored by Government National Mortgage Association (GNMA), Federal National Mortgage Association, (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC). Such loans are known in the industry as conforming loans. The remainder of the loans are either pre-approved and individually underwritten by CTX Mortgage or private investors who subsequently purchase the loans on a whole loan basis or are funded by private investors who pay a broker fee to CTX Mortgage for referring a loan.

CTX Mortgage s principal sources of income are from loan origination fees, revenues from the sale of mortgages and servicing rights, interest income, and secondary marketing gains and losses. Generally, CTX Mortgage sells its right to service the mortgage loans to various loan servicing companies and, therefore, retains no mortgage servicing rights.

CTX Mortgage also participates in joint-venture agreements with third-party home builders and other real estate professionals to provide mortgage originations for their customers. At March 31, 2001, CTX Mortgage had 29 of these agreements, operating in 48 offices in 13 states.

In fiscal 2000, CTX Mortgage entered into a revolving sales agreement under which Harwood Street Funding I, LLC (HSF-I), an unaffiliated special purpose entity, committed to purchase, at CTX

Mortgage s option, mortgage loans originated by CTX Mortgage on a daily basis, up to HSF-I s financing limit of $1.5 billion. Under the terms of the sales agreement, CTX Mortgage is the sole manager of HSF-I and, in that capacity, arranges for the sale of such loans into the secondary market. For a subservicing fee, CTX Mortgage also acts as servicer of these mortgage loans for HSF-I until HSF-I sells the loans. At March 31, 2001, CTX Mortgage was servicing approximately $1.5 billion of mortgage loans owned by HSF-I.

Home Equity and Sub-Prime Lending

Centex Credit Corporation, a Nevada corporation doing business as Centex Home Equity Corporation (Home Equity), was formed in fiscal 1995, and is engaged in the origination of primarily nonconforming home equity loans. The sub-prime lending market comprises borrowers whose financing needs are not being met by traditional mortgage lenders for a variety of reasons including credit histories that may limit a borrower s access to credit or a borrower s need for specialized loan products. Since its inception, Home Equity has focused on lending to individuals who have substantial equity in their homes but have impaired or limited credit histories. Home Equity s mortgage loans to these borrowers are made for such purposes as debt consolidation, refinancing, home improvement, or educational expenses. Substantially all of Home Equity s mortgage loans are secured by first mortgage liens on one- to four-family residences and have amortization schedules ranging from 5 to 30 years.

At March 31, 2001, Home Equity had 137 offices doing business in 48 states. Home Equity originates home equity loans through five major origination sources: 1) retail branch network, 2) broker referral network, 3) referrals from its affiliated conforming mortgage company, CTX Mortgage, 4) correspondent mortgage banker network, and 5) Home Equity s direct sales unit, which sources loans through telemarketing.

The following table summarizes origination statistics for the five years ended March 31, 2001:

	For the Years Ended March 31,				
	2001	2000	1999	1998	1997
Loans	**26,418**	20,568	15,582	7,982	4,100
Origination Volume (in billions)					
$1.7$1.3$1.0$0.5$0.2					

Home Equity began servicing loans in fiscal 1997. The servicing fees paid for sub-prime loans are significantly higher than for conforming loans. Servicing encompasses, among other activities, the following processes: billing, collection of payments when due, movement of cash to the payment clearing bank accounts, investor reporting, customer help, recovery of delinquent payments, instituting foreclosure, and liquidation of the underlying collateral. As of March 31, 2001, Home Equity was servicing a portfolio of approximately $3.3 billion.

Since October 1997, a majority of Home Equity s volume has been accumulated for securitizations in which Home Equity retains the residual interest as well as the servicing rights to the securitized loans. The remainder of the loans are sold to investors on a whole-loan sale basis. Since February 1998, Home Equity has completed thirteen securitizations totaling approximately $4 billion.

Securitizations entered into prior to March 31, 2000 by Home Equity were structured in a manner that caused them to be accounted for as sales. The resulting gains on such sales were reported as revenues during the period in which the securitizations closed. Home Equity changed the structure for securitizations occurring subsequent to March 31, 2000, such that securitizations after that date are being accounted for as

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borrowings. Although the change in structure of the securitizations resulting in the transactions being accounted for as borrowings will have no effect on the profit recognized over the life of the loans, the change does affect the timing of profit recognition.

Home Equity s principal sources of income are from interest income, gains on loan sales, loan origination fees, and servicing fees.

Other Financial Services Operations

Centex s title insurance operations are located principally in Texas, California, Florida, Virginia, and Maryland. Through Westwood Insurance, a multi-line insurance broker acquired during fiscal 1999, homeowners and hazard insurance is marketed to customers of Centex Homes and approximately 141 other home builders in 50 states. Westwood also writes coverage for certain commercial customers.

Centex Financial Services, Inc. (CFS), the parent of all companies within the Financial Services segment, acquired a controlling interest in substantially all of the assets of Advanced Financial Technology, Inc. (Adfitech) and Loan Processing Technologies, Inc. (Loan Processing) in fiscal 1997 and of Adfinet, Inc. (Adfinet) in fiscal 1998, all of which are headquartered in Edmond, Oklahoma and are collectively referred to as The Technologies Group. During fiscal 1999, CFS acquired the minority interest in these three operations. In fiscal 2001, Loan Processing was dissolved and all of its rights and liabilities were transferred to and assumed by its corporate parent, Adfitech. The Technologies Group provides mortgage quality control services, owns and operates an automated mortgage processing system, and provides the mortgage industry with regulations and guidelines in an electronic format.

Competition and Other Factors

The mortgage banking industry in the United States is highly competitive. CTX Mortgage competes with commercial banks, other mortgage banking companies, and other financial institutions to supply mortgage financing at attractive rates to purchasers of Centex homes as well as to the general public. Home Equity competes with commercial banks, other sub-prime lenders, and other financial institutions to supply sub-prime financing at attractive rates. The title and insurance operations compete with other providers of title and insurance products to purchasers of

Centex homes and as well as to the general public. During fiscal 2001, Financial Services continued to operate in a very competitive environment.

The Financial Services operations are subject to extensive state and federal regulations as well as the rules and regulations of, and examinations by, FNMA, FHLMC, FHA, VA, Department of Housing and Urban Development (HUD), GNMA, and state regulatory authorities with respect to originating, processing, underwriting, making, selling, securitizing, and servicing loans. In addition, there are other federal and state statutes and regulations affecting such activities. These rules and regulations, among other things, impose licensing obligations on Financial Services, specify standards for origination procedures, establish eligibility criteria for mortgage loans, provide for inspection and appraisals of properties, regulate payment features and, in some cases, fix maximum interest rates, fees, and loan amounts. The Financial Services operations are required to maintain specified net worth levels and submit annual audited financial statements to HUD, VA, FNMA, FHLMC, and GNMA, and certain state regulators. As an approved FHA mortgagee, CTX Mortgage is subject to examination by the Federal Housing Commissioner at all times to ensure compliance with FHA regulations, policies, and procedures. Among other federal and state consumer credit laws, mortgage origination and servicing activities are subject to the Equal Credit Opportunity Act, the Fair Housing Act, the Fair Credit Reporting Act, the Federal Truth-In-Lending Act, the Real Estate

Settlement Procedures Act, the Riegle Community Development and Regulatory Improvement Act, the Home Ownership and Equity Protection Act, and the regulations promulgated under such statutes. These statutes prohibit discrimination and unlawful kickbacks and referral fees and require the disclosure of certain information to borrowers concerning credit and settlement costs. Many of these regulatory requirements are designed to protect the interest of consumers, while others protect the owners or insurers of mortgage loans. Failure to comply with these requirements can lead to loss of approved status, demands for indemnification or loan repurchases from investors, class action lawsuits by borrowers, administrative enforcement actions, and, in some cases, rescission or voiding of the loan by the consumer.

CONSTRUCTION PRODUCTS

Construction Products operations include the manufacture, production, distribution and sale of cement, gypsum wallboard, recycled paperboard, aggregates, and readymix concrete.

In fiscal 1995, Construction Products completed an initial public offering of 51% of its stock and began trading on the NYSE under the symbol CXP. As a result of Construction Products repurchase of its own stock during fiscal years 1997 through 2001 and certain purchases of CXP common stock by Centex from the public, Centex s ownership increased to 51.4% as of March 31, 1997, and as of March 31, 2001 Centex s ownership was 65.2%. Accordingly, Construction Products financial statements for the years ended March 31, 2001, 2000, and 1999 have been consolidated with those of Centex. References to Construction Products include its subsidiaries unless the context states otherwise.

Cement

Construction Products operates cement plants in or near Buda, Texas; LaSalle, Illinois; Fernley, Nevada; and Laramie, Wyoming. The plants in Buda and LaSalle are owned by separate partnerships in which Construction Products has a 50% interest. The kiln start-up dates of the cement plants were as follows: Buda, Texas, 1978 (expanded 1983); LaSalle, Illinois, 1974; Fernley, Nevada (2 kilns), 1964 and 1969; and Laramie, Wyoming (2 kilns), 1988 and 1996. All four of the cement plants are fuel-efficient dry process plants.

Construction Products net cement production, excluding the partners 50% interest in the Buda and LaSalle plants, totaled approximately 2.3 million tons in fiscal 2001 and 2.0 million tons in fiscal 2000. Total net cement sales were 2.4 million tons in fiscal 2001 and 2.3 million tons in fiscal 2000, as all four cement plants sold the entire product they produced. During the past four years, Construction Products purchased cement from others to be resold. In fiscal 2001, 6.6% of the cement sold by Construction Products was acquired from outside sources, compared to 12.2% in fiscal 2000.

Raw Materials and Fuel Supplies

The principal raw material used in the production of portland cement is calcium carbonate in the form of limestone. Limestone is obtained principally through mining and extraction operations conducted at quarries owned or leased by Construction Products or its partnerships that are located in close proximity to the plants. Construction Products management believes that the estimated recoverable limestone reserves owned or leased by it or its partnerships will permit each of its plants to operate at its present production capacity for at least 30 years or, in the case of the Fernley plant, at least 15 years. Construction Products management expects that additional limestone reserves for its Fernley plant will be available when needed on an economically feasible basis.

The cement plants use coal and coke as their primary fuel but are equipped to burn natural gas as an alternative fuel. Electric power is a major cost component in the manufacture of cement. Construction Products has sought to diminish overall power costs by adopting interruptible power supply agreements which may expose the plants to some production interruptions during periods of power curtailment. Although power and natural gas costs have generally increased during the last half of fiscal 2001, because of the location of Construction Products' cement plants, such increases are not expected to significantly negatively impact manufacturing costs in fiscal 2002.

Sales and Distribution

Demand for cement is highly cyclical and is derived from the demand for concrete products which, in turn, is derived from demand for construction. According to estimates of the Portland Cement Association, the three construction sectors which are the major components of cement consumption are public works construction, non-residential construction, and residential construction and comprised 48%, 30%, and 22%, respectively, of U.S. cement consumption in calendar 2000. No single customer accounted for as much as 10% of total cement sales during fiscal 2001. The principal geographic markets for Construction Products cement are Texas and western Louisiana (serviced by the Buda, Texas plant); Illinois and southern Wisconsin (serviced by the LaSalle, Illinois plant); Nevada (except Las Vegas) and northern California (serviced by the Fernley, Nevada plant); and Wyoming, Utah, northern Colorado, western Nebraska and eastern Nevada (serviced by the Laramie, Wyoming plant).

Distribution of cement is generally made by common carriers, customer pickup and, to a lesser extent, by trucks owned and operated by Construction Products. In addition, cement is transported principally by rail to storage and distribution terminals for further distribution which expands each plants selling area.

Competition and Other Factors

The cement business is extremely competitive. In every geographic area in which Construction Products sells cement, one or more other domestic producers compete. In addition, foreign companies compete in most sales areas by importing cement into the United States. The number of principal competitors operating in the same geographic areas as Construction Products cement plants are: six in Buda, six in LaSalle, six in Fernley, and four in Laramie.

Construction Products competes by operating efficient cement plants, merchandising a high quality product and providing good service and competitive pricing.

Gypsum Wallboard

Construction Products owns and operates four gypsum wallboard manufacturing facilities, two located in Albuquerque and nearby Bernalillo, New Mexico, one located in Gypsum, Colorado (near Vail), and one located in Duke, Oklahoma, acquired in November 2000.

Construction Products gypsum wallboard production totaled 1,649 million square feet (MMSF) in fiscal 2001 and 1,375 MMSF in fiscal 2000. Total gypsum wallboard sales were 1,584 MMSF in fiscal 2001 and 1,363 MMSF in fiscal 2000.

Raw Materials and Fuel Supplies

Construction Products mines and extracts natural gypsum rock, the principal raw material used in the manufacture of gypsum wallboard, from mines and quarries owned, leased or subject to claims owned by Construction Products and located near its plants. The New Mexico, Colorado, and Oklahoma mines and quarries are estimated to contain approximately 50 million tons, 21 million tons, and 15 million tons of proven and probable gypsum reserves, respectively. Other gypsum deposits are located in the immediate area of the Oklahoma plant and may be obtained at a reasonable cost. Based on its current production capacity, Construction Products management estimates that the life of its existing gypsum rock reserves is approximately 80 years in New Mexico, 35 years in Colorado, and 15 years in Oklahoma.

Prior to November 2000, Construction Products purchased paper used in manufacturing gypsum wallboard from third-party suppliers. As a result of the acquisition of paperboard manufacturing operations in November 2000, Construction Products now manufactures all of the paper needed for its gypsum wallboard productions.

Construction Products wallboard plants use large quantities of natural gas and electrical power. Substantially all of its natural gas requirements are currently provided by three gas producers under gas supply agreements expiring in January 2002 for Colorado, May 2002 for New Mexico, and November 2002 for Oklahoma. If the agreements were not renewed, Construction Products management expects to be able to obtain its gas supplies from other suppliers at competitive prices. Power for the Gypsum plant is supplied by the cogeneration power facility that was acquired along with the gypsum wallboard plant in 1997. Power and natural gas costs increased during the last half of fiscal 2001, and are expected to negatively impact manufacturing costs in fiscal 2002.

Sales and Distribution

The principal sources of demand for gypsum wallboard are residential and non-residential construction, repair and remodeling. While the gypsum wallboard industry remains highly cyclical, recent growth in the repair and remodeling segment has partially mitigated the impact of fluctuations on overall levels of new construction. Construction Products sells wallboard to numerous building materials dealers, wallboard specialty distributors, home center chains and other customers located throughout the United States. Although wallboard is distributed principally in regional areas, Construction Products and certain other producers have the ability to ship wallboard by rail outside their usual regional distribution areas to take advantage of other regional increases in demand. Construction Products rail distribution capabilities permit it to reach customers in all states west of the Mississippi River and many eastern states.

During fiscal 2001, approximately 40% of Construction Products sales volume of gypsum wallboard was transported by rail.

Competition and Other Factors

There are ten principal manufacturers of wallboard operating a total of 81 plants. Centex estimates that the three largest producers, none of which is Construction Products, account for approximately 65% of wallboard sales in the United States. Competition among wallboard producers is primarily on a regional basis, with local producers benefitting from lower transportation costs and, to a lesser extent, on a national basis. Because of the commodity nature of the product, competition is based principally on price and, to a lesser extent, on product quality and customer service.

Recycled Paperboard Operations

Construction Products recycled paperboard manufacturing operations are conducted at a Lawton, Oklahoma mill and a Commerce City, Colorado mill. The Commerce City mill was idled in April 2001. The Lawton mill commenced commercial operation in March 2000 and was acquired in November 2000. It is ultimately expected to have the capacity to produce approximately 11 billion square feet, or 220,000 tons, of gypsum-grade recycled paperboard annually.

All of the paperboard products manufactured at the paperboard mills are produced from 100% reclaimed paper fiber and are classified by the industry as recycled paperboard. These recycled paperboard products include the facing paper used in the manufacture of gypsum wallboard and recycled paperboard used by manufacturers of consumer and industrial paperboard products. The principal raw materials used by the recycled paperboard mills are reclaimed paper fiber, chemicals, and water. Reclaimed paper fiber is currently purchased from several sources, including Construction Products own paper fiber recycling centers. The recycled paperboard products are sold primarily to gypsum wallboard manufacturers. During fiscal 2001, approximately 45% of the recycled paperboard manufactured and shipped by Construction Products recycled paperboard mills was consumed by its own gypsum wallboard manufacturing operations and approximately another 43% was shipped to two other gypsum wallboard manufacturers.

The demand for recycled paperboard directly corresponds to the cyclical gypsum wallboard market. Construction Products competes with approximately eight other manufacturers of gypsum-grade paperboard, six of which have gypsum wallboard manufacturing operations. Substantially all of these competitors have greater financial resources. Price, quality, personal relationships, and timeliness of deliveries are the principal methods of competition among paperboard producers.

Concrete and Aggregates

Construction Products concrete and aggregates operations are located in and around Austin, Texas and northern California. The 10,000-acre aggregates deposit in northern California contains an estimated two billion tons of reserves. Construction Products sells aggregates from this deposit in the Sacramento, California area and in nearby counties. No single customer accounted for as much as 10% of Construction Products concrete and aggregates sales during fiscal 2001. Competition among concrete producers within Construction Products northern California and Austin markets is strong.

Environmental Matters

The construction products industry, including the operations of Construction Products, is regulated by federal, state, and local laws and regulations pertaining to several areas including human health and safety and environmental compliance (collectively, Environmental Laws). The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, as well as analogous laws in certain states, create joint and several liability for the cost of cleaning up or correcting releases to the environment of designated hazardous substances. None of Construction Products sites are listed as a Superfund site.

Construction Products operations are also potentially affected by the Resource Conservation and Recovery Act (RCRA), which is the primary federal statute governing the management of solid waste and which includes stringent regulation of solid waste that is considered hazardous waste. Such operations generate non-hazardous solid waste, which may include cement kiln dust (CKD). Because of a RCRA

exemption, known as the Bevill Amendment, CKD generated in Construction Products operations is currently not considered a hazardous waste under RCRA, pending completion of a study and recommendations to Congress by the U.S. Environmental Protection Agency (U.S. EPA). Nevertheless, CKD is still considered a solid waste and is regulated primarily under state environmental laws and regulations. The U.S. EPA completed its review of CKD and has proposed regulations to govern the handling and disposal of CKD, which will supersede the Bevill Amendment. The Bevill Amendment will remain in effect until the final regulations are adopted.

In the past, Construction Products collected and stored CKD on-site at its cement plants. Construction Products continues to store CKD at its Illinois, Nevada, and Wyoming cement plants and at a former plant site in Corpus Christi, Texas, which is no longer in operation. Currently, substantially all CKD related to present operations at all cement facilities is recycled. When the U.S. EPA removes the CKD exemption and develops particular CKD management standards in the future, Construction Products may be required to incur significant costs in connection with its CKD. CKD that comes in contact with water might produce a leachate with an alkalinity high enough to be classified as hazardous and might also leach certain hazardous trace metals therein.

Another issue of potential significance is the possible imposition of government requirements of greenhouse gas reduction measures for cement producers. This is potentially significant because carbon dioxide is generated from combustion of fuels such as coal and coke in order to generate the high temperatures necessary to manufacture cement clinker (which is then ground with gypsum to make cement). Any imposition of raw material or production limitations or fuel-use or carbon taxes could have a significant impact on the cement manufacturing industry. It will not be possible to determine the impact on Construction Products until governmental requirements are defined.

The Clean Air Act Amendments of 1990 (the Amendments) provided comprehensive federal regulation of all sources of air pollution and established a new federal operating permit and fee program for virtually all manufacturing operations. The Amendments will likely result in increased capital and operational expenses for Construction Products in the future, the amounts of which are not presently determinable. Management has no reason to believe, however, the increased capital and operational expenses would place Construction Products at a competitive disadvantage.

Management believes that Construction Products current procedures and practices in its operations, including those for handling and managing materials, are consistent with industry standards. Nevertheless, because of the complexity of operations and compliance with Environmental Laws, there can be no assurance that past or future operations will not result in operational errors, violations, remediation, or other liabilities or claims. Moreover, Construction Products cannot predict what Environmental Laws will be enacted, adopted or amended in the future or how they will be administered or interpreted. Compliance with more stringent Environmental Laws, or stricter interpretation of existing Environmental Laws, could necessitate significant capital outlays.

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CONTRACTING AND CONSTRUCTION SERVICES

Contracting and Construction Services (Construction Group) subsidiaries together rank as one of the largest building contractors in the country, as well as one of the largest U.S.-owned construction groups. The Construction Group is made up of four companies with various geographic locations and project niches. Healthcare facility construction has represented nearly one-fourth of the Construction Group s business mix during recent years. New contracts for the group for fiscal 2001 totaled $1.9 billion versus $1.7 billion for fiscal 2000. The backlog of uncompleted contracts at March 31, 2001 was $2.0 billion, compared to $1.4 billion at March 31, 2000. The Construction Group s principal subsidiaries are as follows:

Centex Construction Company, Inc. This entity has operational offices in Dallas, Texas; Fairfax, Virginia; and recently opened new offices in Charlotte, North Carolina and Atlanta, Georgia. This company pursues negotiated work in its regional market areas.

Centex-Rodgers, Inc. This nationwide healthcare construction specialist is headquartered in Nashville, Tennessee, with operational offices in Pasadena, California; Detroit, Michigan; and West Palm Beach, Florida.

Centex-Rooney Construction Co., Inc. This subsidiary, based in Plantation, Florida, performs all types of work, principally within the state of Florida, and has operational offices in Miami, Orlando, Tampa, Tallahassee, Jacksonville, Ft. Myers, and West Palm Beach.

Centex Forcum Lannom, Inc. d/b/a Centex Engineering & Construction, Inc. This company, which focuses on industrial client construction projects, is located in Dyersburg, Tennessee and operates principally within the state of Tennessee. The Company has additional marketing offices in Memphis, Tennessee; Lexington, Kentucky; and Dallas, Texas. The Company is in the process of changing the name under which it does business in all jurisdictions to Centex Engineering and Construction, Inc.

As a general contractor or construction manager, the Construction Group provides supervisory personnel for the construction of all facilities. In addition, the Construction Group may perform varying amounts of the actual construction work on a project, but will generally hire subcontractors to perform the majority of the work.

Construction contracts are primarily entered into under two formats: negotiated or competitive bid. In a negotiated format, the contractor bids a fee (fixed or percentage) over the cost of the project and, in many instances, agrees that the final cost will not exceed a designated amount. Such contracts may include a provision whereby the owner will pay a part of any savings from the guaranteed amount to the contractor. In a competitive bid format, the Construction Group will bid a fixed amount to construct the project based on an evaluation of detailed plans and specifications. Historically, the majority of the Construction Group s projects have been in the higher risk competitive bid jobs. Recent years have seen a shift to higher-margin negotiated private projects from the competitive bid public projects. At March 31, 2001, approximately 91% of the outstanding projects were negotiated. Construction Group s projects include hospitals, hotels, office buildings, correctional facilities, schools, shopping centers, airports, parking garages, sport stadiums, military facilities, post offices, and convention and performing arts centers.

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Competition and Other Factors

The construction industry is very competitive, and the Construction Group competes with numerous other companies. With respect to competitive bid projects and negotiated healthcare work, the Construction Group generally competes throughout the United States with local, regional, and national contractors, depending upon the nature of the project. For negotiated projects other than healthcare, the Construction Group generally competes in the subsidiary s primary geographical area with other local, regional, and national contractors. The Construction Group solicits new projects by attending project bid meetings, by meeting with builders and owners, and through existing customers. The Construction Group competes successfully on the basis of its reputation, financial strength, knowledge, and understanding of its clients needs.

The Construction Group s operations are affected by federal, state and local laws and regulations relating to worker health and safety as well as Environmental Laws. With respect to health and safety matters, the Company believes that the Construction Group has taken appropriate precautions to protect employees and others from workplace hazards. Current Environmental Laws may require the Construction Group s operating subsidiaries to work in concert with project owners to acquire the necessary permits or other authorizations for certain activities, including the construction of projects located in or near wetland areas. The Construction Group s operations are also affected by Environmental Laws regulating the use and disposal of hazardous materials encountered during demolition operations.

The Company believes that the Construction Group s current procedures and practices are consistent with industry standards and its compliance with the health and safety laws and Environmental Laws does not constitute a material burden or expense for the Company.

Construction Group s operations obtain materials and services from numerous sources. The Company believes that its construction companies can deal effectively with any problems they may experience in the supply of materials and services.

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EMPLOYEES

The following table presents the breakdown of employees in each line of business as of March 31, 2001:

Line of Business	Employees
Home Building	
Conventional Homes	4,648
Manufactured Homes	1,144
Investment Real Estate	35
Financial Services	4,264

Construction Products	1,665
Contracting and Construction Services	1,664
Other Operations	1,639
Corporate	136
	15,195

The 136 Corporate employees are employed by Centex Corporation; all others are employees of the Company s various subsidiaries.

ITEM 2. PROPERTIES

Centex Homes owns property in Dallas, Texas. This property consists of office and warehouse buildings situated on approximately 18 acres.

Manufactured Homes operations consist of five facilities. Two facilities in Belen, New Mexico and Seguin, Texas, both of which have been temporarily idled, are owned. The remaining three facilities, which are all located in Phoenix, Arizona, are leased.

Financial Services owns a 20-acre parcel of land in Edmond, Oklahoma. The Technologies Group occupies offices located on approximately 6 acres of the parcel; the remaining 14 acres are being held for future development or sale. Financial Services also owns two low-rise office buildings situated on approximately 10 acres of land in Dallas, Texas, in which Home Equity conducts certain operations.

Construction Products operates cement plants, quarries and related facilities at Buda, Texas; LaSalle, Illinois; Fernley, Nevada; and Laramie, Wyoming. Construction Products owns the Fernley and Laramie facilities, and the Buda and LaSalle plants are each owned by separate joint ventures or partnerships in which Construction Products has a 50% interest. Construction Products owns its principal aggregate plants and quarries, which are located near Austin, Texas and Marysville, California. In addition, Construction Products owns gypsum wallboard plants in Albuquerque and nearby Bernalillo, New Mexico; Gypsum, Colorado; and Duke, Oklahoma. Construction Products owns two paperboard mills in Commerce City, Colorado and Lawton, Oklahoma.

Construction Group owns land in Dallas, Texas, on which an office building is located.

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Wholly-owned subsidiaries of the Company own property in Round Rock, Texas; League City, Texas; and Amarillo, Texas. All properties located in Texas are assisted-living care facilities. Other property owned includes an office building and land located in Ocala, Florida.

Except for encumbrances on Cavco s Belen, New Mexico facility, which is not material to the Company, none of the Company s facilities described above are pledged as security on its debts.

See Item 1. Business on pages 6-24 of this Report for additional information relating to the Company s properties.

ITEM 3. LEGAL PROCEEDINGS

In the normal course of its business, the Company and/or its subsidiaries are named as defendants in certain suits filed in various state and federal courts. Management believes that none of the litigation matters in which the Company or any subsidiary is involved would have a material adverse effect on the consolidated financial condition or operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

EXECUTIVE OFFICERS OF CENTEX (See Item 10 of Part III of this Report)

The following is an alphabetical listing of the Company s executive officers, as such term is defined under the rules and regulations of the Securities and Exchange Commission. All of these executive officers were elected by the Board of Directors of the Company at its Annual Meeting on July 27, 2000, to serve until the next Annual Meeting of Directors or until their respective successors are duly elected and qualified. There is no family relationship between any of these officers.

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Name	Age	Positions with Centex or Business Experience
Leldon E. Echols	45	Executive Vice President and Chief Financial Officer of Centex Corporation since June 2000; Partner and employee at Arthur Andersen LLP from December 1978 to May 2000
Timothy R. Eller 52Executive Vice President of Centex Corporation since August 1998; Chairman of the Board and Chief Executive Officer of Centex Real Estate Corporation (Chairman of the Board since April 1998; Chief Executive Officer of Centex Real Estate Corporation since July 1991; President and Chief Operating Officer of Centex Real Estate		

		Corporation from January 1990 to March 1998; Executive Vice President from July 1985 to January 1990)
Laurence E. Hirsch	55	Chairman of the Board and Chief Executive Officer of Centex Corporation (Chairman of the Board since July 1991; Chief Executive Officer since July 1988; President from March 1985 until July 1991)
David W. Quinn	59	Vice Chairman of the Board of Centex Corporation (Vice Chairman of the Board since May 1996; Chief Financial Officer from February 1987 to May 2000; Executive Vice President from February 1987 until May 1996)
Raymond G. Smerge	57	Executive Vice President, Chief Legal Officer, General Counsel and Secretary of Centex Corporation (Executive Vice President since July 1997; Chief Legal Officer since September 1985; General Counsel and Secretary since April 1993; Vice President from September 1985 to July 1997)

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PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Stock Prices and Dividends

	Year Ended March 31, 2001			Year Ended March 31, 2000		
	Price			Price		
	High	**Low**	**Dividends**	High	Low	Dividends
Quarter						
First	**$25.81**	**$20.63**	**$.04**	$42.88	$31.63	**$.04**
Second	**$33.00**	**$22.38**	**$.04**	$39.63	$26.38	**$.04**
Third	**$40.00**	**$30.63**	**$.04**	$30.81	$22.38	**$.04**
Fourth	**$46.20**	**$35.38**	**$.04**	$24.56	$17.50	**$.04**

The common stock of Centex Corporation is traded on the New York Stock Exchange (ticker symbol CTX) and the London Stock Exchange. The approximate number of record holders of the common stock of Centex Corporation at May 31, 2001 was 3,484.

Prior year stock prices have been restated using decimals instead of fractions due to the move to decimals by the New York Stock Exchange.

On November 30, 1987, Centex Corporation distributed as a dividend to its stockholders securities relating to Centex Development Company, L.P. (see Note G on pages 66-68 of this Report). Since this distribution, such securities have traded in tandem with, and as a part of, the common stock of Centex Corporation.

Amounts represent cash dividends per share paid by Centex Corporation on the common stock of Centex Corporation. 3333 Holding Corporation has paid no dividends on its common stock since its incorporation.

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ITEM 6. SELECTED FINANCIAL DATA

Summary of Selected Financial Data (Unaudited)
(Dollars in thousands, except per share data)

	For the Years Ended March 31,				
	2001	2000	1999	1998	1997
Revenues [(A)]	**$ 6,710,735**	$ 6,008,136	$ 5,200,666	$ 4,022,392	$ 3,823,755
Net Earnings	**$281,977**	$257,132	$231,962	$144,806	$106,563
Total Assets	**$6,649,043**	$3,987,903	$4,267,909	$3,333,382	$2,579,992
Total Long-term Debt, Consolidated					

$3,040,861$751,160$284,299$237,715$236,769
Total Debt, Consolidated
$3,519,891$1,313,395$1,910,899$1,390,588$864,287
Total Debt (with Financial Services reflected on the equity method)
$1,464,993$898,068$587,955$311,538$283,769
Deferred Income Tax Asset
$40,172$49,907$49,107$147,607$197,413
Debt as a Percentage of Capitalization
Total Debt, Consolidated
65.5%45.1%57.6%53.1%44.5%
Total Debt (with Financial Services reflected on the equity method)
44.1%36.0%29.5%20.3%20.9%
Stockholders Equity
$1,714,064$1,419,349$1,197,639$991,172$835,777
Net Earnings as a Percentage of Beginning Stockholders Equity
19.9%21.5%23.4%17.3%14.7%
Per Common Share
Earnings Per Share Basic
$4.77$4.34$3.90$2.45$1.86
Earnings Per Share Diluted
$4.65$4.22$3.75$2.36$1.80
Cash Dividends
$ .16$ .16$ .16$ .135$ .10
Book Value Based on Shares Outstanding at Year End
$28.60$24.14$20.17$16.65$14.40
Stock Prices
High
$46.20$42.88$45.75$40.75$20.88
Low
$20.63$17.50$26.00$16.75$12.94

On November 30, 1987, Centex Corporation distributed as a dividend to its stockholders securities relating to Holding and Development (See Note G on pages 66-68 of this Report). Since this distribution, such securities have traded in tandem with, and as a part of, the common stock of Centex.

(A) Centex Construction Products, Inc. adopted the provisions of Emerging Issues Task Force Issue No. 00-10, Accounting for Shipping and Handling Fees and Costs, during the quarter ended March 31, 2001. As a result of this adoption, net revenues have been restated to include freight and delivery costs billed to customers. Previously, such billings were offset against corresponding expenses in cost of sales.

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FISCAL YEAR 2001 COMPARED TO FISCAL YEAR 2000

Centex reported consolidated revenues of $6.7 billion for fiscal 2001, 12% above the $6.0 billion reported for fiscal 2000. Earnings before income taxes were $436.3 million, 5% more than the $416.9 million of earnings before income taxes reported last year. Net earnings for fiscal 2001 reached $282.0 million, a historical high and a 10% improvement over net earnings of $257.1 million in fiscal 2000. Earnings per share for fiscal year 2001 were $4.77 and $4.65 for Basic and Diluted, respectively, compared to $4.34 and $4.22 for the prior year.

HOME BUILDING

Conventional Homes

The following summarizes Conventional Homes results for the two-year period ended March 31, 2001 (dollars in millions, except per unit data):

	For the Years Ended March 31,			
	2001		2000	
Revenues	**$ 4,356.2**	**100.0%**	$ 3,686.8	100.0%
Cost of Sales	**(3,304.9)**	**(75.9)%**	(2,852.3)	(77.3)%
Selling, General & Administrative Expenses	**(625.9)**	**(14.3)%**	(511.3)	(13.9)%
Operating Earnings	**$425.4**	**9.8%**	$323.2	8.8%
Units Closed	**20,659**		18,904	
Unit Sales Price	**$205,913**		$191,568	
% Change	**7.5%**		3.2%	
Operating Earnings per Unit	**$20,594**		$17,098	
% Change	**20.4%**		4.4%	
Backlog Units	**9,265**		7,579	
% Change	**22.2%**		12.0%	

Operating earnings for fiscal 2001 increased as a percentage of revenues and on a per-unit basis in comparison to fiscal 2000 as a result of the division s continued focus on improving operating margins. Moderate interest rates and softness in the prices of several key building materials, including lumber, cement, and gypsum wallboard are some of the major factors that influenced the improved performance of the Conventional Homes operation. Additional factors that contributed to an improved operating margin include purchasing efficiencies, higher organizational and operating productivity, higher realized sales prices for Centex s homes, and more efficient house designs.

The increase in average unit sales price of approximately $14,300 to $205,913 was due primarily to a higher sales mix in California, Colorado, and South Carolina.

Manufactured Homes

Manufactured Homes currently operates three manufacturing plants in the Phoenix, Arizona area, and also operates 24 retail locations. As a consequence of an oversupply of homes in the total industry distribution pipeline and the reduced availability and higher cost of financing for purchasers of manufactured

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homes, Manufactured Homes construction sales and retail sales for the three and twelve months ended March 31, 2001 declined from the same periods last year. In response, management idled its New Mexico and Texas plants and slowed production in its other plants until the return of more favorable market conditions.

The following summarizes Manufactured Homes results for the two-year period ended March 31, 2001 (dollars in millions):

	For the Years Ended March 31,			
	2001		2000	
Construction Revenues	**$ 79.3**	**100.0%**	$ 121.0	100.0%
Cost of Sales	**(72.5)**	**(91.4)%**	(94.1)	(77.7)%
Selling, General & Administrative Expenses	**(12.7)**	**(16.0)%**	(13.9)	(11.5)%
	(5.9)	**(7.4)%**	13.0	10.8%
Retail Sales Revenues	**43.5**	**100.0%**	62.5	100.0%
Cost of Sales	**(37.1)**	**(85.2)%**	(49.6)	(79.4)%
Selling, General & Administrative Expenses	**(12.4)**	**(28.6)%**	(14.2)	(22.6)%
	(6.0)	**(13.8)%**	(1.3)	(2.0)%
Construction and Retail (Loss) Earnings	**(11.9)**		11.7	

Subdivision Development Activities	**(1.3)**	
Goodwill Amortization	**(12.9)**	(3.4)
Minority Interest		(1.0)
Group Operating (Loss) Earnings	**$(26.1)**	$7.3
Units Sold	**4,242**	5,950

Total revenues for Manufactured Homes decreased 31% or $57.1 million in fiscal 2001 versus fiscal 2000. Construction revenues decreased 34% or $41.6 million primarily due to the market conditions noted above. For fiscal 2001 and 2000, intercompany sales to company-owned retail sales centers represented 28% of gross construction revenues. Retail sales revenues decreased 30% or $19 million primarily due to the market conditions noted above.

Due to the continued industry downturn resulting from the factors noted above, Manufactured Homes recorded noncash charges of $19.2 million in 2001. These charges primarily comprised $9.5 million for the impairment of goodwill related to its retail operations and $6.5 million related to the idling of its New Mexico and Texas manufacturing facilities. The charge for the impairment of goodwill was the result of continued losses in the retail division which are comparable to the losses recognized throughout this industry.

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INVESTMENT REAL ESTATE

The following summarizes Investment Real Estate s results for the two-year period ended March 31, 2001 (dollars in millions):

	For the Years Ended March 31,	
	2001	2000
Revenues	**$ 33.0**	$ 30.9
Operating Earnings	**$ 50.9**	$ 30.1

Fiscal 2001 operating earnings from Investment Real Estate totaled $50.9 million compared to $30.1 million in the prior year period. Property sales related to Investment Real Estate s nominally valued assets (see Note (H) on page 68 of this Report) contributed operating margins of $13.6 million in fiscal 2001 and $19.6 million in fiscal 2000. As of March 31, 2001, Investment Real Estate has approximately $24 million of nominally-valued assets. The timing of land sales is uncertain and can vary significantly from period to period.

During fiscal 2001, the Company disposed of virtually all of the remaining Vista portfolio. As a result, negative goodwill was fully amortized. For fiscal 2001 and 2000, the Company recorded total negative goodwill amortization of $50.8 million and $16 million, respectively.

A significant portion of Investment Real Estate s revenues and operating earnings is derived from its investment in the Partnership. As noted in Note (G) on pages 66-68 of this Report, the investment in the Partnership is accounted for on the equity method of accounting because Investment Real Estate does not control the Partnership.

FINANCIAL SERVICES

The Financial Services segment consists primarily of home financing, home equity and sub-prime lending and the sale of title and other insurance coverages. The following summarizes Financial Services results for the two-year period ended March 31, 2001 (dollars in millions):

	For the Years Ended March 31,	
	2001	2000
Revenues	**$ 463.6**	$ 430.6
Operating Earnings	**$ 19.7**	$ 32.5
Origination Volume	**$ 10,598.5**	$ 9,459.7
Number of Loans Originated		
CTX Mortgage Company		
Builder Loans	**12,506**	10,958
Retail Loans	**48,244**	48,301
	60,750	59,259
Centex Home Equity Corporation	**26,418**	20,568
Centex Finance Company (closed during fiscal 2000)		681
	87,168	80,508

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Financial Services revenues for fiscal 2001 increased $33.0 million from the prior year. Gains on sales of mortgage loans receivable, a component of Financial Services revenues, decreased to $180.8 million, or 28%, for fiscal 2001 from $249.6 million for the prior year. This decline is primarily due to the change in the structure of securitizations completed by Home Equity.

CTX Mortgage s operating earnings totaled $34.0 million for fiscal 2001, slightly higher than the $33.9 million reported for fiscal 2000. Operating earnings were unchanged primarily as a result of increased mortgage originations in the fourth quarter, which offset lower origination volume earlier in the year. CTX Mortgage generally will experience increased mortgage origination volume with decreased prevailing mortgage rates. Mortgage originations for fiscal 2001 totaled 60,750 compared to 59,259 originations last fiscal year. The per-loan profit for fiscal 2001 was $560, slightly lower than $573 for last fiscal year. CTX Mortgage s total mortgage applications for fiscal 2001 increased 20% to 70,642 from 59,094 applications for last year.

Until the third quarter of fiscal 2000, substantially all of the mortgage loans generated by CTX Mortgage were sold forward upon closing and subsequently delivered to third-party purchasers within approximately 60 days thereafter. In mid-March 2000, CTX Mortgage began to sell the majority of its mortgage loans to HSF-I. In February 2001, Home Equity began financing its inventory of mortgage loans through Harwood Street Funding II, LLC (HSF-II) under a revolving sales agreement. HSF-II, wholly-owned special purpose limited liability company, finances mortgages originated or acquired by Home Equity and then sells them into the secondary market or into securitization structures. These arrangements are discussed in more detail in the Financial Condition and Liquidity section below.

In the normal course of its activities, CTX Mortgage carries inventories of loans pending sale and earns a positive spread between the interest income earned on those loans and its cost of financing those loans. CTX Mortgage s interest income decreased 65% in fiscal 2001 to $18.9 million from $54.7 million for last fiscal year. CTX Mortgage s interest expense for fiscal 2001 was $18.1 million, a 58% decrease from $43.5 million for last year. The decrease in CTX Mortgage s net interest income was primarily due to the reduction in its inventory of loans because of the sales arrangement with HSF-I.

Home Equity reported an operating loss of $14.3 million for fiscal 2001, compared to operating earnings of $2.7 million last fiscal year. As discussed below, this decline primarily resulted from accounting for the $1.6 billion in securitizations in fiscal 2001 as borrowings rather than as sales.

Home Equity s mortgage originations for fiscal 2001 were 26,418, a 28% increase over 20,568 originations for last year. Loan volume for fiscal 2001 was $1.72 billion, a 30% improvement over last fiscal year s volume of $1.32 billion. Loan volume for fiscal 2001 was favorably impacted by the opening of new operating locations during the later quarters of fiscal 2000, the addition of the correspondent channel, and increased efficiency and overall activity. Home Equity s mortgage applications totaled 148,702 for fiscal 2001, an increase of 17% over the 127,450 applications for last year.

Substantially all of the mortgage loans produced by Home Equity are securitized, generally on a quarterly basis. During fiscal 2001, Home Equity completed securitizations totaling $1.6 billion, compared to $1.3 billion for the prior year. Home Equity retains the servicing rights associated with these securitized loans and is the long-term servicer of these loans. For fiscal 2001, servicing fee revenue was $25.9 million, an increase of $11.4 million, or 79%, over last fiscal year s service fee revenue of $14.5 million. At March 31, 2001, Home Equity s servicing portfolio was $3.3 billion.

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Home Equity s securitizations entered into prior to March 31, 2000 were structured in a manner that caused them to be accounted for as sales. The resulting gains on such sales were reported as revenues during the month in which the securitizations closed. Home Equity has changed the structure for securitizations occurring subsequent to March 31, 2000, such that securitizations after that date are being accounted for as borrowings. Although the change in structure of the securitizations resulting in the transaction being accounted for as borrowings will have no effect on the profit recognized over the life of the mortgages, the change does affect the timing of profit recognition. The impact was to reduce Home Equity s pretax earnings by $45.6 million for fiscal 2001, from the amount it would have reported if the securitizations had been accounted for as sales. Home Equity intends to continue to utilize transaction structures which require that its future loan originations be reflected as loans receivable on the Company s balance sheets and the interest income and interest expense associated with this loan portfolio be reflected on the Company s income statement. Consequently, net interest income, rather than gain on sale of loans, as in past years, will be Home Equity s primary source of operating income. Primarily as a result of this change, Home Equity s interest income increased 266% in fiscal 2001 to $104.9 million from $28.7 million for last year, and interest expense for fiscal 2001 was $74.5 million, a 312% increase from $18.1 million for last year. Therefore, Home Equity s net interest income increased 187% in fiscal 2001 to $30.4 million from $10.6 million for last year.

The Financial Services segment also has other sources of income that include, among other things, loan origination fees, servicing fee income, title policy fees and insurance commissions, mortgage loan broker fees, and fees for mortgage loan quality control and processing services.

CONSTRUCTION PRODUCTS

The following summarizes Construction Products results for the two-year period ended March 31, 2001 (dollars in millions):

	For the Years Ended March 31,	
	2001	2000
Revenues	**$ 441.1**	$ 470.5
Interest Income	**6.7**	3.7
Cost of Sales and Expenses	**(341.8)**	(299.2)
Selling, General & Administrative Expenses	**(4.7)**	(4.7)
Goodwill Amortization	**(1.9)**	(1.6)
Operating Earnings	**99.4**	168.7
Minority Interest	**(32.4)**	(63.8)
Net Operating Earnings to Centex	**$67.0**	$104.9

Construction Products   revenues were 6% lower than the same period last year. For the current year, Construction Products   operating earnings, net of minority interest, represented a 36% decrease from results for the same period a year ago. Operating earnings declined as a result of a 75% decrease in gypsum wallboard earnings. Sales volume improved for every product; however, pricing for gypsum wallboard fell 41% compared to the prior year. During fiscal 2001, pricing continued to decline primarily as a result of excess supply. If these market conditions persist, management expects it would negatively impact future results.

During November 2000, Construction Products purchased selected strategic assets summarized below, and assumed certain liabilities. The purchase price was approximately $442 million. Funding came from cash on hand and borrowings under Construction Products   new $325 million senior credit facility.

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The acquisition has been accounted for as a purchase, and accordingly, the purchase price was allocated to the underlying assets acquired and liabilities assumed based on their fair market values at the date of the acquisition. The results of operations of the asset purchase since November 10, 2000 are included in Construction Products   financial information.

The principal assets acquired were: a gypsum wallboard plant located in Duke, Oklahoma with a production capacity of 1.1 billion square feet of wallboard; a short line railroad and railcars linking the Duke plant to adjacent railroads; a recently completed 220,000 ton-per-year lightweight recycled paper mill in Lawton, Oklahoma; a 50,000 ton-per-year Commerce City (Denver), Colorado recycled paper mill; and three recycled paper fiber collection sites. The Commerce City, Colorado paperboard mill was idled on April 23, 2001. The Company believes the idled facility was recorded at its net realizable value at the purchase date. At March 31, 2001, the value of the idled facility was $5.0 million. The gypsum wallboard operations are being operated by Construction Products   American Gypsum Company located in Albuquerque, New Mexico. The paper operations are headquartered in Lawton, Oklahoma and focus primarily on the gypsum wallboard paper business.

CONTRACTING AND CONSTRUCTION SERVICES

The following summarizes Contracting and Construction Services   results for the two-year period ended March 31, 2001 (dollars in millions):

	For the Years Ended March 31,	
	2001	2000
Revenues	**$ 1,290.4**	$ 1,205.8
Operating Earnings	**$ 30.9**	$ 23.5
New Contracts Executed	**$ 1,930.1**	$ 1,650.9
Backlog of Uncompleted Contracts	**$ 2,021.7**	$ 1,382.0

Contracting and Construction Services revenues for fiscal 2001 were 7% higher than last year s revenues. Operating earnings for the group improved in fiscal 2001 as a result of a continuing shift in recent years to higher-margin private negotiated projects from lower-margin public bid work.

The Contracting and Construction Services segment provided a positive average annual net cash flow in excess of Centex s investment in the segment of $97.8 million in fiscal 2001 and $102.2 million in fiscal 2000.

FISCAL YEAR 2000 COMPARED TO FISCAL YEAR 1999

Centex reported consolidated revenues of $6.0 billion for fiscal year ended March 31, 2000, 16% above $5.2 billion for fiscal year ended March 31, 1999. Earnings before income taxes were $416.9 million for fiscal 2000, 12% more than $373.3 million for fiscal 1999. Net earnings for fiscal 2000 reached $257.1 million, a historical high and an 11% improvement over net earnings of $232.0 million in fiscal 1999. Earnings per share for fiscal year 2000 were $4.34 and $4.22 for Basic and Diluted, respectively, compared to $3.90 and $3.75 for the prior year.

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HOME BUILDING

Conventional Homes

The following summarizes Conventional Homes results for the two-year period ended March 31, 2000 (dollars in millions, except per unit data):

	For the Years Ended March 31,			
	2000		1999	
Revenues	$ 3,686.8	100.0%	$ 2,819.4	100.0%
Cost of Sales				

(2,852.3)(77.3)%(2,194.7)(77.8