CENTEX CORP
Form 11-K
June 27, 2008

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

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

or

o **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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Financial Statements and Supplemental Schedule
Profit Sharing and Retirement Plan of Centex Corporation
As of December 31, 2007 and 2006, and for the Year Ended December 31, 2007

Profit Sharing and Retirement Plan of Centex Corporation
Financial Statements and Supplemental Schedule
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and for the Year Ended December 31, 2007

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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, 2007 and 2006, and the related statement of changes in net assets available for benefits for the year ended December 31, 2007. 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, 2007 and 2006, and the changes in its net assets available for benefits for the year ended December 31, 2007, 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, 2007, 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.

/s/ Ernst & Young LLP
Dallas, Texas
June 27, 2008

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

	December 31, 2007	2006
Assets		
Investments in the Profit Sharing and Retirement Plan of Centex Corporation Master Trust	**$449,308,872**	$631,724,063
Participant loans	**6,369,836**	7,093,657
Employer contribution receivable	**582,465**	772,231
Payable required for excess contributions	**(956,437)**	
Net assets available for benefits, at fair value	**455,304,736**	639,589,951
Adjustment from fair value to contract value for fully benefit-responsive investment contracts held in common collective trust	**310,621**	333,723
Net assets available for benefits	**$455,615,357**	$639,923,674

See accompanying notes.

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Profit Sharing and Retirement Plan of Centex Corporation
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2007

Additions:	
Employer contributions	$ 9,964,764
Participant contributions	40,146,340
Participant Rollovers	1,973,780
Interest in the Profit Sharing and Retirement Plan of Centex Corporation Master Trust investment income	3,764,340
Interest income on participant loans	531,422
Total additions	56,380,646
Deductions:	
Distributions to participants	116,614,163
Administrative expenses	79,088
Total deductions	116,693,251
Transfers to Profit Sharing and Retirement Plan of Centex Construction Group	(124,378,661)
Net transfers from Centex Ventures Profit Sharing and Retirement Plan	382,949
Net decrease in net assets available for benefits	(184,308,317)
Net assets available for benefits:	
Beginning of year	639,923,674
End of year	$ 455,615,357

See accompanying notes.

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Profit Sharing and Retirement Plan of Centex Corporation
Notes to Financial Statements
December 31, 2007

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.

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

Contributions

The Plan permits participants to contribute pre-tax up to 100% 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 $45,000, 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 also make qualified non-elective contributions to the Plan. No such contributions were made for the 2007 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, 2007, participants forfeited $5,761,862, which will be used to reduce employer contributions paid during the year ending December 31, 2008. During the year ended December 31, 2006, participants forfeited $5,568,248, which was used to reduce employer contributions paid during the year ended December 31, 2007.

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.

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

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, 2007 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 March 30, 2007, the Company sold Centex Construction Group, Inc. (CCG) to an unrelated third party. Prior to the sale, CCG comprised the Company s Construction Services segment. Pursuant to the sales agreement, during March 2007, the Plan transferred the vested and unvested portion of all participant account balances related to employees of CCG to the Profit Sharing and Retirement Plan of Centex Construction Group. This transaction is recorded on the Statement of Changes in Net Assets Available for Benefits as Transfers to Profit Sharing and Retirement Plan of Centex Construction Group.

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.

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

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. Distributions to participants are recorded when paid.

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.

Risks and Uncertainties

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Net Assets Available for Benefits.

Valuation of Investments and Income Recognition

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). Investments in the Master Trust as of December 31, 2007 and 2006 are presented in Note 4. The Plan s Ownership in the Master Trust is denominated in units. Units represent the value of the participant accounts in the Plan. 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 Fidelity Managed Income Portfolio (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

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

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.

Interest and dividends and net appreciation (depreciation) in fair value of investments are allocated among the participating plans in the Master Trust based on the respective number of units held by each Plan. Investment income is then allocated to participants on a pro rata basis. Administrative expenses for the year ended December 31, 2007, 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.

New Accounting Pronouncement

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 applies to reporting periods beginning after November 15, 2007, and will be effective for the Plan as of January 1, 2008. The adoption of SFAS 157 is not expected to have a material impact on the Plan s financial statements.

3. Investment in Stable Value Fund

The MIP, a common collective trust held in the Master Trust, qualifies as a stable value fund with underlying investments in fully benefit-responsive investment contracts. The Statements of Net Assets Available for Benefits present the fair value of the MIP with a corresponding adjustment to reflect the MIP at contract value.

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

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

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, plus 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% for each of the years ended December 31, 2007 and 2006. Investments held in the Master Trust were as follows:

	December 31,	
	2007	2006
Registered Investment Companies	**$240,563,755**	$316,863,573
Common Collective Trusts	**182,230,633**	243,583,512
Centex Common Stock Fund	**15,818,191**	55,705,668
Cash equivalents	**11,921,794**	17,192,796
Total assets, at fair value	**450,534,373**	633,345,549
Adjustment from fair value to contract value for fully benefit-responsive investment contracts held in common collective trust	**311,898**	334,423
	$450,846,271	$633,679,972

Investment income in the Master Trust for the year ended December 31, 2007, was as follows:

Net depreciation in Registered Investment Companies	**$ (3,669,501)**
Net appreciation in Common Collective Trusts	**13,040,933**
Net depreciation in Centex Common Stock Fund	**(24,036,148)**
Dividend and interest income	**18,467,798**
	$ 3,803,082

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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 $368,074,399 and $483,624,629 at December 31, 2007 and 2006, 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, 2007 and 2006, the Plan had $352,641 and $171,733, 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:

	December 31,	
	2007	2006
Net assets available for benefits per the financial statements	**$455,615,357**	$639,923,674
Adjustment from contract value to fair value for fully benefit-responsive investment contracts held in common collective trust	**(310,621)**	(333,723)
Amounts allocated to withdrawing participants	**(352,641)**	(171,733)
Net assets available for benefits per Form 5500	**$454,952,095**	$639,418,218

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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, 2007:

Total additions per the financial statements	**$ 56,380,646**
Net adjustment from contract value to fair value for fully benefit-responsive investment contracts held in common collective trust	**23,102**
Total income per Form 5500	**$ 56,403,748**

The following reconciles total distributions to participants per the financial statements to Form 5500 to be filed by the Company for the year ended December 31, 2007:

Distributions to participants per the financial statements	**$ 116,614,163**
Less: Amounts allocated to withdrawing participants at December 31, 2006	**(171,733)**
Add: Amounts allocated to withdrawing participants at December 31, 2007	**352,641**
Distributions to participants per Form 5500	**$ 116,795,071**

8. Subsequent Events

In March 2008, the Company finalized the sale of Wayne Homes. Prior to the sale, Wayne Homes was included in the Company s Home Building segment. Pursuant to the sales agreement, during March 2008 the Company transferred participant account balances of approximately $4,400,000 to the New NV Co., LLC 401(k) Profit Sharing Plan.

In March 2008, the Company finalized the sale of Centex Destination Properties (CDP). Prior to the sale, CDP was included in the Company s Home Building segment. Pursuant to the sales agreement, during March 2008 the Company transferred participant account balances of approximately $1,250,000 to the TerraMesa Holdings, LLC Retirement Plan.

In April 2008, the Company finalized the sale of its home services operations. Prior to the sale, the home services operations was included in the Company s Other segment. Pursuant to the sales agreement, participants were given the option to transfer their account balances to the Rollins 401(k) Plan. During June 2008 the Company distributed from the Plan participant account balances of approximately $1,650,000 to the Rollins 401(k) Plan.

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

The Plan was amended and restated effective January 1, 2008. Significant changes to the Plan include: (1) a change in the Plan name to the Centex Corporation Saving for Retirement Plan; (2) an automatic enrollment for new hires to include a contribution of 3% of their eligible compensation, with an automatic increase of 1% each year up to 6%; (3) all participants will receive an employer matching contribution of 50% of the first 6% in participant contributions; (4) all participants are eligible to receive discretionary profit sharing contributions based on eligible compensation; and (5) all matching and profit sharing contributions made during the 2008 Plan year and forward are subject to a five year graded vesting schedule. Participants should refer to the Plan document, as amended and restated, for a more complete description of the Plan s provisions.

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Supplemental Schedule

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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, 2007

(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%	$	$ **6,369,836**

* Party-in-interest

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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 27, 2008	By:	/s/ MICHAEL S. ALBRIGHT
		Michael S. Albright Member, Administrative Committee

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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