



Centex



2007 Corporate Responsibility Report

Our Values

Centex Corporation believes that corporate responsibility and good citizenship go hand in hand.

The people of Centex have been building communities for more than a half-century now. This report describes the values that we bring to work every day — enduring values we share with families like yours — and how they shape every decision and action across the Company.

Build trust. Act with integrity, doing what's right in all situations. We take a long-term view, understanding that our communities form the fabric of families' lives together for generations to come.

Build respect. Treat people right. Always. We seek unity and appreciate diversity. We believe in serving others. Centex invests in people: learning, growing, teaching and training. We respect a healthy balance between work and the rest of life.

Build relationships. Centex has exceeded customers' expectations for decades. We lead the home-building industry in customer satisfaction. We aim for life-long relationships. Stakeholders at every level have confidence in their relationships with the people of Centex.

Build excellence. Centex expects to be the best home builder. We always strive for higher levels of achievement. And we are respected nationwide for the quality of the homes we build. We expect to succeed as a team, winning the right way.

Build value. We are committed to efficient use of land and resources that delivers great homes at affordable prices. People should have confidence that the homes and neighborhoods built by Centex will create lasting value in their communities.

Build excitement. We celebrate together, sharing the joy and satisfaction of work that profoundly touches peoples' lives.





A Clear Mission

A message from Tim Eller, chairman and CEO of Centex

It's a privilege to introduce Centex Corporation's first corporate responsibility report. This may be our first such report, but Centex is continuing a tradition of good citizenship that's existed here for many years. Because we recognize that local business decisions can have broad consequences, we understand the importance of transparency and public reporting on matters of corporate responsibility.

At Centex, we offer our customers a promise of the better way to a better home. It's a cultural commitment that infuses everything we do.

Effective engagement with our constituents is based on the foundation of good corporate governance. So in the pages that follow, we'll discuss our collaborative approach to building and how we manage the business. Then you'll see our culture come to life in a series of stories that broadly illustrate our approach to building homes responsibly.

We believe in using resources efficiently and prudently to create value for our stakeholders. On issues like financial performance, social and political engagement, philanthropy, product responsibility and environmental impact, I think you'll find that the people of Centex understand how we live together in many different ways.

The people of Centex come to work every day in pursuit of a noble mission: building homes for families. We strive to build the best, which is why we've become one of America's most respected home builders. More than any other home builder

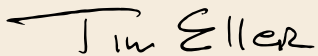
you could choose, I believe that Centex knows how to address your most basic needs for home and life.

Centex started in 1950 as the Centex Construction Company, a local builder in Dallas. The Company started home building based on a simple premise: families of all sizes and at all stages should have access to quality homes at affordable prices. Over the years, business operations expanded to include manufacturing for the construction sector, financial services and other related businesses.

More recently, we've refocused sharply on our core strengths in home building. Our deep roots are easy to see. Centex has built more than 500,000 homes around the country in the last half-century.

The housing market may be difficult now, but our Company still is doing lots of good work. The people of Centex claim a passionate, unified commitment to build the best homes, the best neighborhoods and the best communities. Because we understand our responsibility as corporate citizens in the communities we serve, we recognize the importance of dialogue with our stakeholders in a spirit of engagement, cooperation and continuous improvement. We welcome your feedback, and we appreciate your interest.

Respectfully,



Timothy R. Eller
Chairman of the Board and
Chief Executive Officer



*From our first family to your family,
we believe that families of all sizes
and at all stages should have access to
quality homes at affordable prices.*

Who We Are

Centex Corporation, founded in 1950, is one of the nation's leading home-building companies. Centex's primary business interests center on home building and financial services for home buyers.

Products and services. Centex's operating divisions build homes in many configurations nationwide. The Company also buys and develops land and lots for residential construction.

Other related business lines include: CTX Mortgage, which was established in 1973 to originate mortgages for customers of Centex Homes, and Commerce Title and Insurance Group, which supports the mortgage-origination process with title agency services, title insurance and other insurance products.

Headquarters. Centex Corporation is based at 2728 North Harwood St., Dallas, Texas, 75201.

Structure and markets. Centex Corporation is a publicly held Nevada corporation. The Company's shares are traded on the New York Stock Exchange under the ticker symbol "CTX." Centex operates only in the United States.

Centex has a concentrated home-building presence across 24 states (as of Dec. 31, 2007). For the year ending March 31, 2007, the Company's home-building operations closed the sales of about 35,000 homes across segments that comprise first-time and move-up home products.

Home-building operations are carried out in local markets by divisions, which comprise multiple reporting regions across the country. (For a complete description of the states and markets in each segment, please refer to p. 3 of the 2007 Annual Report, available online at *centex.com*.) Mortgage origination, title agency services and insurance products combined continue to represent a distinct reporting segment, called Financial Services.

Scope of Operations (as of Dec. 31, 2007)

Employees: 9,444

Revenues: \$6.06 billion*

Market value: \$3.09 billion

Total assets: \$9.63 billion

** For the nine months ending Dec. 31, 2007; Centex's fiscal year spans April 1 to March 31.*



Awards. Centex consistently is recognized among the leading home builders in the United States.

Centex has ranked among FORTUNE magazine's top three "Most Admired" companies in home building or construction for nine straight years.

Chief Executive magazine has named Centex one of the "Top 20 Companies for Leaders."

Centex ranks among the five largest home builders in America, according to the BUILDER 100.

Centex has ranked among the top 10 U.S. home builders each year for nearly four decades, according to *Professional Builder* magazine.

J.D. Power and Associates' "Platinum Award"

In 2007, Centex received the prestigious J.D. Power and Associates' "Platinum Award" for Excellence in Customer Satisfaction. Centex also ranked among the top three builders in 28 markets in the inaugural J.D. Power and Associates New-Home Quality Study. CTX Mortgage, Centex's affiliated mortgage-origination business, ranked highest for customer satisfaction in 12 markets nationwide.

How We Do Business

Building is a Collaborative Process

We know that to build responsibly, we must listen carefully. So, we engage the community as we weave the fabric of our neighborhoods. That spirit is especially evident in projects like the mixed-use Rivermark community in Santa Clara, Calif.



Every piece of property in every community has many stakeholders. We work to listen to all of them with a truly open mind throughout the planning process.

Rivermark transformed its surrounding community in Santa Clara, according to Rod Diridon, Jr., former member of the Santa Clara City Council, improving services, amenities, property values and even lowering crime rates as a result of Rivermark's police substation.

When complete, Rivermark earned dozens of awards for urban planning and even won praise from local environmental groups like the Greenbelt Alliance for its mix of pocket parks, multi-family housing and retail services.

“Advice about how to deal with a project like this is easy to offer,” Mr. Diridon says.

“First, choose a quality developer. In Santa Clara, we were fortunate to be able to deal with Centex. Throughout the process, they were honest, thoughtful and very capable in working with our city staff,” Mr. Diridon says. “They also had a very public face with our community, so they were not surprised when they saw something, and it wasn't the first time they heard about it when it came to a public hearing. This made the entire community process and the public-hearing process much easier.”

Citizens and governments from communities around the country have collaborated extensively with Centex to create other innovative communities like Rivermark, each with a unique identity: King Farm in Rockville, Md.; Bristow Village in Prince William County, Va.; Westside Station in Jersey City, N.J. (adaptive re-use of a warehouse); Fifty One in San Jose, Calif. (reclaimed a Del Monte factory for condominium units); and Rafael Village in Novato, Calif. (redeveloped a former military base).

The spirit of openness and engagement that brings these projects to life is driven by Centex's principles of good governance.

How We Manage Our Business

Good governance is the beginning of corporate responsibility. At Centex, governance begins with the people and philosophies that guide decision-making at the highest levels of the organization.

Centex's Board of Directors is composed of experienced executive leaders from diverse disciplines, such as finance, marketing and human resources. Their responsibility is to oversee the activities of the Company and represent the interests of its shareholders. The Board's particular focus on issues of ethics, integrity and governance represents the steady hand on the rudder that guides the enterprise toward its goals.

Centex's Board currently includes 11 directors: 10 who are independent and one member of the management team, Timothy R. Eller, who serves as Chairman of the Board and Chief Executive Officer. Thomas J. Falk serves as the Board's lead director. Mr. Falk is chairman and chief executive officer of Kimberly-Clark Corp. As lead director for the Board, Mr. Falk presides over meetings of the independent directors.

Centex requires Board members to be deeply and actively engaged with governing the Company, beginning with thorough orientation practices and continuing with strict attendance requirements.

Each director serves on at least one of the Board's four committees: audit, compensation and management development, executive, and governance and nominating. Each (except for the executive committee) has its own charter meant to maintain business integrity. To this end, the Board's audit committee regularly reviews compliance with our code

Strategic Planning

Strategic planning is an annual cycle that spans multiple months, resulting in a business plan for a rolling three- to five-year period. The process occurs in four phases:

1. The Board of Directors and management team jointly discuss the broad parameters of strategy at each regular meeting. Based on a mutual understanding of goals, the Company then begins the strategic planning process by studying conditions in local markets and competitors' forecasts to establish consistent assumptions for the next planning phases. Also, the Company defines its current allocation of assets and the mix of products and segments.
2. Regional and division-level leaders propose plans for production volumes, product mix, target customer segments and land strategy. Discussions about these proposals include the entire management team and usually progress through multiple iterations.
3. The local-market proposals are accepted by the management team and specific financial plans are applied. The divisions prepare action plans according to established goals.
4. Finally, the plans are synthesized at the corporate level. Financial and organizational plans for the coming fiscal year are established and evaluated against broader strategic interests. The strategic plan is presented to the Board of Directors for consideration and approval. The Board receives periodic updates as the plan is implemented.

of ethics and business conduct practices. This code of ethics includes “The Centex Way.” The Board also has implemented formal processes for reviewing any issues raised by employees or others. For more information about the Company’s guiding principles of governance, see *centex.com* under the “Investors” section.

Additionally, Centex relies on several essential processes for determining the organization’s direction over time. These include strategic planning, investment decisions, risk analysis and legislative and regulatory engagement.

Public Policy

The business of building homes affects communities and citizens in real and practical ways. Because residents care

about the process, their governments care. As a consequence, Centex’s home-building activities are heavily influenced by the decisions of federal, state and local governments. Our Company and members of its management are actively engaged in the public-policy processes that impact our business, adhering to the rules that govern their participation. In the political arena, for instance, individual employees voluntarily make contributions to candidates, parties or political action committees as they choose and in accordance with election laws.

Centex operates a political action committee, the Centex Connection Fund, which is funded with the voluntary donations from employees who are eligible to contribute. The PAC is regulated by the Federal Election Commission. Reports

Our Model for Sound Policy

In many respects, by its very nature the home-building business requires extensive public engagement. Centex manages this public engagement in a three-part approach:

- 1. Stay informed.** To establish visibility and awareness, closely monitor the proposed changes in building codes and land-use laws at all levels of government.
- 2. Advocate.** After identifying the policy proposals that will influence our business, we work with industry trade groups such as the National Association of Home Builders (with 800 state and local affiliates) and the Mortgage Bankers Association to promote the implementation of sound policies.
- 3. Comply.** Advance communication to the operating units prepares them to adhere to regulatory changes before they are effective.

about its activities are available through the website *fec.gov*. The PAC is directed by an advisory committee of employees that determines its donations.

Political activities among state and local entities are controlled by a wide range of regulations. To comply with these frameworks, Centex retains a third-party specialist that ensures all federal, state and local regulations are followed strictly.

Risk Analysis

Home building is a cyclical industry, and presently the industry is undergoing a downturn of historic proportion. Centex is actively monitoring and managing a broad range of risk factors to effectively navigate this business environment.

Residential building is affected by economic fluctuations like employment, supply and demand, credit trends, interest rates and consumer confidence. The current business cycle is drastically changing competition for customers in local markets. You can find a more detailed discussion of risks affecting our business in the Company's Annual Report on Form 10-K for the year ended March 31, 2007 (see pp. 9-13), and updates in our Quarterly Reports on Form 10-Q, available at *centex.com*.



How We're Getting Better

Texans have long raised eyebrows over those T-shirts from their capital: "Keep Austin Weird." Now we can add a new twist on the back: "... And Green."

Austin Mayor Will Wynn boldly has proclaimed his ambitions to remake Austin as America's "greenest city." He's on the way. In late 2007, Mayor Wynn and a task force for energy-efficient homes grabbed headlines with a 19% electric-efficiency improvement in the city's residential building codes — creating the greatest one-time gain in Austin's history of energy-code adoptions and perhaps the most progressive home energy codes of any U.S. city.¹

In perspective, Austin's revised home energy code would prevent carbon dioxide emissions that are roughly equivalent to taking more than 22,800 autos off the road for a year.²

'They created a mutually respectful way ... to work together to make Austin a better city and to make new homes built here the most energy-efficient in the nation.'

Austin Mayor Will Wynn



"Largely because of the open, honest leadership from Centex, the task force exceeded our stated goals and achieved something even more important," Mayor Wynn says. "They created a collaborative, mutually respectful way for the residential-construction industry, the City and energy-efficiency advocates to work together to make Austin a better city and to make new homes built here the most energy-efficient in the nation."

In other words, it's possible to build energy-efficient homes at prices people can afford and maintain a good business model. Our experience shows that buyers will choose an energy-conscious home if they can afford it. The new code requirements result in an incremental increase in the cost of the average new home, which may be recovered through operating the home efficiently during the buyer's average seven-year span of ownership. Combined, the energy savings are projected to save Austin's new-home buyers more than \$14 million over 10 years.³

Centex's collaboration in Austin illustrates how the Company works closely with local leaders nationwide in addressing concerns about efficient land use, protecting water quality and maintaining clean air — all of which are important issues for any person considering where to live. Centex strives to address these concerns while balancing the need to keep homes affordable for customers.

How We Protect and Conserve

Most home builders know how to design a neighborhood so it's easy to walk around the block. Centex thinks you should also be able to walk from Alabama to Maine.

That's why Centex and The Conservation Fund established The Centex Land Legacy Fund in 2005. Together, we've invested millions in preserving sensitive habitats and refuges around the country. These include examples like the Pinhoti Trail, which connects long-distance trails in Alabama to the Appalachian Trail's southern terminus in Georgia.



The Business of Conservation. “The American people care deeply about land conservation. With Centex, we are acquiring the lands that will protect the character of the communities where Americans live, work and play,” says Larry Selzer, president and CEO of The Conservation Fund, the only environmental organization chartered for the balanced purposes of conservation and economic development.

“Centex is the first builder to embrace our vision of protecting and conserving the land,” Mr. Selzer says. “Through careful planning, education and thoughtful implementation, Centex has become the leading home builder for funds raised, land donated and environmental habitats conserved throughout the United States.”

The Centex Land Legacy Fund. Centex has allocated a small portion from each house it sells to the Land Legacy Fund, which has accumulated more than \$2 million since it was established in 2005. The Land Legacy Fund has supported conservation of more than 24,000 acres of at-risk habitats in 10 states. In total, Centex has contributed more than \$5 million toward conservation projects since 1999.

The fund operates with an excellent business model. The Conservation Fund identifies and recommends investments to Centex for approval. Then the fund buys the land from the private owner, creating certain tax advantages. The Conservation Fund holds the land until public funding becomes available, then sells the land to the public agencies. Proceeds from the final transaction return to the revolving fund.

Left: The Pinhoti Trail in Alabama

“The Conservation Fund spends 97 cents of every dollar we receive on conservation projects, and each dollar contributed to the fund revolves an average of three times in five years,” Mr. Selzer says.

Most recently, Centex financially supported a donation of 4,400 acres to the Big Thicket National Wildlife Refuge in Texas and 850 acres to the Waccamaw National Wildlife Refuge in South Carolina.

Use Resources Efficiently. Centex’s approach to home building is based on good stewardship of resources — land, water, energy and materials.

Land. Our goal is to begin the development process by positioning the neighborhood on the land with sensitivity to its existing natural characteristics. To the extent possible, we preserve topography, trees and native vegetation.

We seek the optimal density for the neighborhood. This means creating the right number of lots and building the right size of home for that neighborhood. Applying mixed-use and “new urbanism” precepts in some communities enables us to cluster homes in proximity to services, shopping and entertainment. Such practices reduce the need for larger roads, ease congestion and curb harmful emissions, which help improve the community’s air quality over time.

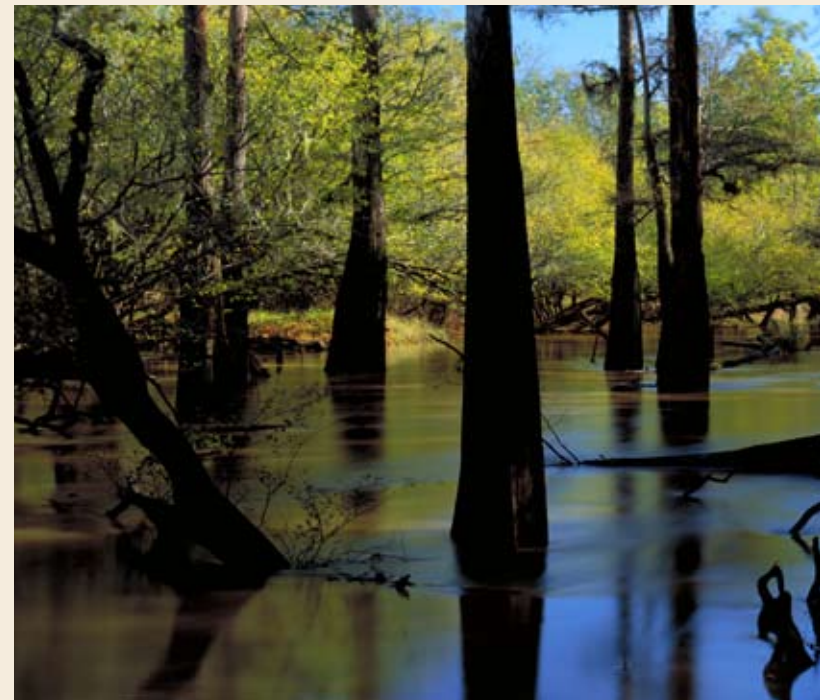
Additionally, Centex donates land to communities for schools, parks, playgrounds, fire stations, athletic fields, biking and walking trails, and many other public uses or infrastructure improvements. For example, Windemere, a master-planned community near San Ramon, Calif., in which Centex played a lead role, was designed to include 15 parks, 12 miles of trails and nearly 1,200 acres of preserved open spaces.

Water. In the development stage, Centex has raised levels of employee awareness about the importance of stormwater compliance and sediment control. In our homes, Centex uses a range of water-conserving applications, which you can read about in “How We Build a Greener Home” later in this report.

Energy. Centex homes are designed and built to be energy-efficient. You can read more about these practices and applications in “How We Build a Greener Home” as well.

Materials. Centex is simplifying its processes for building homes, which results in more efficient use of building materials. Many of our sites recycle waste materials extensively.

Below: Waccamaw National Wildlife Refuge in South Carolina



How We Work Together

Carlos Hernandez counts homes by the hundreds and bricks by the millions.

He started his masonry business in the Dallas metroplex nearly 20 years ago. At his recent peak, he was managing more than 50 crews in neighborhoods all over Dallas and Fort Worth, completing more than 2,000 homes a year at the time.

Building the best neighborhoods and communities requires managing effective relationships with all the people who work with Centex, from trade partners like Mr. Hernandez to the Company's own employees.

Construction Excellence. Centex is focusing on improving its core business processes to reduce inefficient practices in home construction. The Company's goal is to create a truly collaborative relationship and become the preferred home builder for every trade partner in its local markets.

Honing the operations will create a balanced and optimized schedule for construction that's consistent and reliable for our trade partners. This will result in lower costs for Centex and the trade partners, a reliable stream of work for the labor force, regular feedback on job performance and consistent gains in quality.

'I feel like I've been a principal part of the Centex team as my company has grown up. Keeping quality relationships with the supervisors in every neighborhood ensures quality on the job.' Carlos Hernandez, owner of Carlos Hernandez Masonry

"I feel like I've been a principal part of the Centex team as my company has grown up," Mr. Hernandez says. "Keeping quality relationships with the supervisors in every neighborhood ensures quality in the job."

Centex approaches each local market with a relatively small team of associates who focus on design, land acquisition, sales, marketing, field supervision and other management and administration functions. But the homes and neighborhoods are actually built with the hands and skills of local trade partners like Mr. Hernandez.

Working With Integrity. Centex focuses the same emphasis on excellence with its own workforce. The process begins with a formal training system centered on "The Centex Way," the Company's stringent code of ethics, which every associate must complete as a condition of employment and affirm annually. Centex has established a hotline for employees to report legal or ethical concerns, concerns about occupational safety issues, or other issues that affect the Company, its employees and its customers.

Helping People Improve. Centex has established an individualized goal-setting and development cycle for every associate, which includes direct feedback from supervisors and periodic reviews throughout the year. In addition to fostering a greater sense of personal accountability among the workforce, the performance development plans also systematically align individual performance with the Company's annual goals and long-term strategic vision.

To continue to sustain a vigorous corporate culture, employee sentiment on key measures is surveyed regularly. In the end, all of these efforts show themselves through successful communities around the country.

'I see quality in every house, in every neighborhood, every day. You can trust a company like Centex. This is a reliable, trustworthy company to work for. We can see the difference in Centex.'

Carlos Hernandez, owner of Carlos Hernandez Masonry



How We Live With Our Neighbors

Help For New Homes

Most people headed for the state fair at summer's end might hope to leave with memories of Ferris wheels, cotton candy and maybe one of those giant stuffed toys. Shannon Jones left Michigan's state fair with her first new house.

Ms. Jones, who works in customer service at a law firm in Detroit, spent hours at the fair last summer, putting in some



'They will never know how much they've impacted my life ... I'll remember them for the rest of my life.'

Shannon Jones, Detroit Habitat for Humanity homeowner

sweat equity alongside teams from Centex and Masco, the building-materials company, building her new home through Habitat for Humanity. After the fair, the whole 1,200-square-foot house was moved by truck to its permanent location in another part of the city. Ms. Jones expects to move in when the finishing touches are complete this spring.

"They will never know how much they've impacted my life, helping a person they don't even know, working in the hot sun every day on my house. I'll remember them for the rest of my life," Ms. Jones says.

Habitat for Humanity is a keystone partner in Centex's philanthropy programs. Centex expects to build dozens of homes worth hundreds of thousands of dollars for Habitat nationwide through fiscal 2009.

"This is a life-changing event for these families. They will have a safe place for their children, marriages are better, children's school performance is better, financial stability is better," says Bob Layne, construction director for Habitat's affiliate in Detroit. "We're building whole neighborhoods. Centex understands these benefits, and they are eager partners."

Help For 'Experienced' Homes

Just as Habitat for Humanity builds new homes for families in financial need, Centex also refurbishes older homes in need of repair through a Dallas-based program called Hearts and Hammers. Hundreds of Centex volunteers have participated in recent years, repairing more than 50 homes since 2000 for

senior citizens on fixed incomes in neighborhoods like Dixon Circle of South Dallas.

“Most of these people have worked all their lives — now they’re living on a minimal income,” says Susan Libbey, board member for Hearts and Hammers. Many of these residents are living in their childhood homes.

“At the very least, people from Centex are the best gift-givers to ever show up,” Ms. Libbey says. “They certainly are heroes to these homeowners. They’ve come to rescue them — if we don’t, who will?”

Residents respond with delight: “They did a beautiful job, and I’m so proud of it,” says Lesley Andrew of Dixon Circle. “I’m just like a little child with a new toy!”

Centex’s broader approach to corporate giving can be summarized simply: Building communities and building families. Across the country, Centex has given millions of dollars in support of nonprofit groups that deliver these services. See centex.com/givingindallas.asp for more information about Centex’s other philanthropic relationships.

‘They certainly are heroes to these homeowners. They’ve come to rescue them — if we don’t, who will?’

Susan Libbey, board member for Hearts and Hammers



How We Stand Behind Our Homes

From the Homes We've Finished ...

Chaz and Dana Kleinsteuber cracked up in the dining room of their Centex home near Minneapolis. Actually, it was the tile flooring that cracked. So Centex fixed the floor. Then the crack persisted. So did Centex.

“We were grateful to have chosen a builder that was willing to stick with us until the problem was solved,” Chaz Kleinsteuber says. “The customer service we received at Centex is far beyond anything we’ve ever experienced, and their warranty service has continued to impress us for five years.”

“They made sure the job was done the way it was supposed to be done. They treated our house like it was one of their own. I would build a Centex home over and over and over again,” Mr. Kleinsteuber says.

As with the Kleinsteuber family, Centex’s warranty support has made a resounding impact on customers nationwide, leading to the 2007 J.D. Power and Associates’ Platinum Award for Excellence in Customer Satisfaction. J.D. Power and Associates surveyed new-home buyers who had lived in their homes an average of four to 18 months on a number of factors including

‘They made sure the job was done the way it was supposed to be done. They treated our house like it was one of their own. I would build a Centex home over and over and over again.’ Chaz Kleinsteuber, Centex homeowner

The people of Centex take a long view of their customer relationships, and they aim to do what’s right in every situation. The integrity of quality warranty service is woven into the fabric of the Company.

That’s why Centex offers a new, industry-leading warranty on its homes, covering structural defects for 10 years and fit-and-finish defects for two years. Our improved warranty even covers water leaks and landscaping and is transferable to new owners as long as it’s in effect. And for a homeowner’s added benefit, our new warranty program specifically defines how different parts of the house should appear and perform, which makes it easier for owners to clearly identify warranty issues when they occur.

the builder’s warranty and customer service. Centex received the highest overall ranking among the largest home-building companies.

... To the Homes We’re Starting

Centex holds a similar sense of doing what’s right to respect the longer history behind the neighborhoods we build.

Learning that land for the McKewn neighborhood near Charleston, S.C., had not been disturbed since the 18th century, Centex hired a team of archaeologists to dig a little further.



“This was a rare and extraordinary archaeological site,” says Ralph Bailey, senior archaeologist for Brockington & Associates. “Centex has embraced this as a completely unique archaeological opportunity.”

Mr. Bailey’s team recovered nearly 4,000 artifacts — mostly pottery shards of different types — from the site, which was determined to be the home of a middle-class frontier planter. Coordinating closely with state and local governments, Centex will preserve significant aspects of these sites for future homeowners to enjoy.

“Together, we can do some positive things for the sake of history,” Mr. Bailey says. “People are truly interested in the archaeology of local places. Learning how to tell these stories makes their homes special and interesting. We can give the residents of this neighborhood a wonderful sense of place from the day they move in.”

‘This was a rare and extraordinary archaeological site. Centex has embraced this as a completely unique archaeological opportunity.’

Ralph Bailey, senior archaeologist for Brockington & Associates

Top left: Archaeological dig at McKewn site near Charleston, S.C.
Bottom left: An artifact recovered from the McKewn site

How We Build a Greener Home

Joe Strollo was ready for a smaller footprint. He couldn't change his shoe size, but he did downsize his home in pursuit of a life that treads more lightly on the land. Mr. Strollo's smaller new home is in District A, a mixed-use community in Addison, Texas, near Dallas, that lets him run his daily errands on foot and shortened his commute to work to less than three miles.

“This lifestyle involves more than preserving the environment — it's great for my health and well-being,” Mr. Strollo says.

Like Mr. Strollo, Centex sees the bigger picture in developing communities like District A with moderate density. These designs use the land more efficiently, elegantly placing more homes in a smaller footprint with easy access to shopping and entertainment. Effective mixed-use designs often mean fewer roads, less traffic and lower emissions — locations with transit access even magnify that impact. Overall, this approach contributes to cleaner air and healthier living, as Mr. Strollo attests.

Centex also builds homes that use energy prudently. A tight home is a green home, as the new saying goes. So Centex pays close attention to details that keep the outside air outside.

“The central factor of every green-building initiative is the energy performance of the home,” says Steve Saunders, CEO of TexEnergy Solutions, a Dallas-based Centex trade partner who measures energy consumption of the Company's new homes.

Right: Joe Strollo at home in District A, Addison, Texas.



“In my experience, nobody builds more homes with a better average energy-performance rating than Centex,” Mr. Saunders says. “Centex is a leader in providing decent housing for working families that’s also clean, safe and environmentally sensitive.”

Nationally, Centex has built thousands and thousands of homes that meet the federal government’s exacting ENERGY STAR® standards, consuming less energy than comparable homes and saving their owners several hundred dollars per

‘In my experience ... Centex is a leader in providing decent housing for working families that’s also clean, safe and environmentally sensitive.’

Steve Saunders, CEO of TexEnergy Solutions

year in utility costs.⁴ Many Centex homes in North Carolina, Minnesota, California and Florida qualify for the federal government’s more rigorous New Home Energy Tax Credit for using 50% less energy than the average home. Centex also participates in state or local rating programs in states like California and Washington.

This record is achieved with practices such as premium insulation, low-emissivity windows, tankless water heaters and radiant-barrier roof decking. In some markets, efficiency also focuses on water-saving applications such as xeriscaping, automated drip irrigation and native plants outside, as well as high-efficiency heating and cooling systems, washers, dryers, dishwashers and low-flow toilets inside.

And after Centex delivers a home, the Company offers specific educational tools concerning how to operate the home most efficiently and how to reduce the home’s impact on the environment. This equips homeowners with the information they need to keep the house green over time.

Centex uses trusses, joists and framed wall panels from processes that result in a 10–15% reduction in waste materials. Remnant materials are recycled for other consumer applications or engineered building products. “Smart saws” determine the optimum size and number of boards to cut from each piece of lumber. Building materials and supplies are typically sourced in relative proximity to many of our neighborhoods; this proximity reduces emissions and energy consumption related to transporting materials to construction sites.

Centex builds efficiently and also uses other environmentally friendly products, processes and services. In addition to helping its homeowners maintain their homes with helpful conservation tips, the Company also offers a detailed warranty with performance standards so customers understand which issues are covered in the warranty and how to keep their homes operating efficiently for years to come.

“If we’re building new homes, let’s build them so that we can all breathe easier,” Mr. Saunders says.



About This Report

Report profile. Centex Corporation's first corporate responsibility report is generally guided by the Global Reporting Initiative's sustainability performance criteria. Centex will publish these reports periodically. Unless specified otherwise, information in this year's report covers the nine-month period from April 1 to Dec. 31, 2007. For more information about this report, please direct inquiries to news@centex.com or 214.981.6688.

Process and methodology. Centex understands the importance of reporting and transparency on matters concerning corporate responsibility. Content for this year's report was determined based on a review of GRI's "Sustainability Reporting Guidelines" undertaken by members of the Company's senior management team. That review considered multiple factors for the performance indicators: relevance to the Company or industry, availability of quantified data, completeness of available data and the interests of various internal and external stakeholders, among others.

Scope and boundary. This report covers the Company's activities in the United States pertaining to its primary business segments, homebuilding operations and financial services. In fiscal 2007, Centex sold its commercial-construction unit, Centex Construction Group, to Balfour Beatty PLC, based in the U.K. Additionally, as a result of conditions in the housing industry, the Company has exited or substantially realigned operations in several local markets nationwide. The Company's various home-building joint ventures, suppliers and subcontractors are not considered within the report's scope.

Additional Disclosures

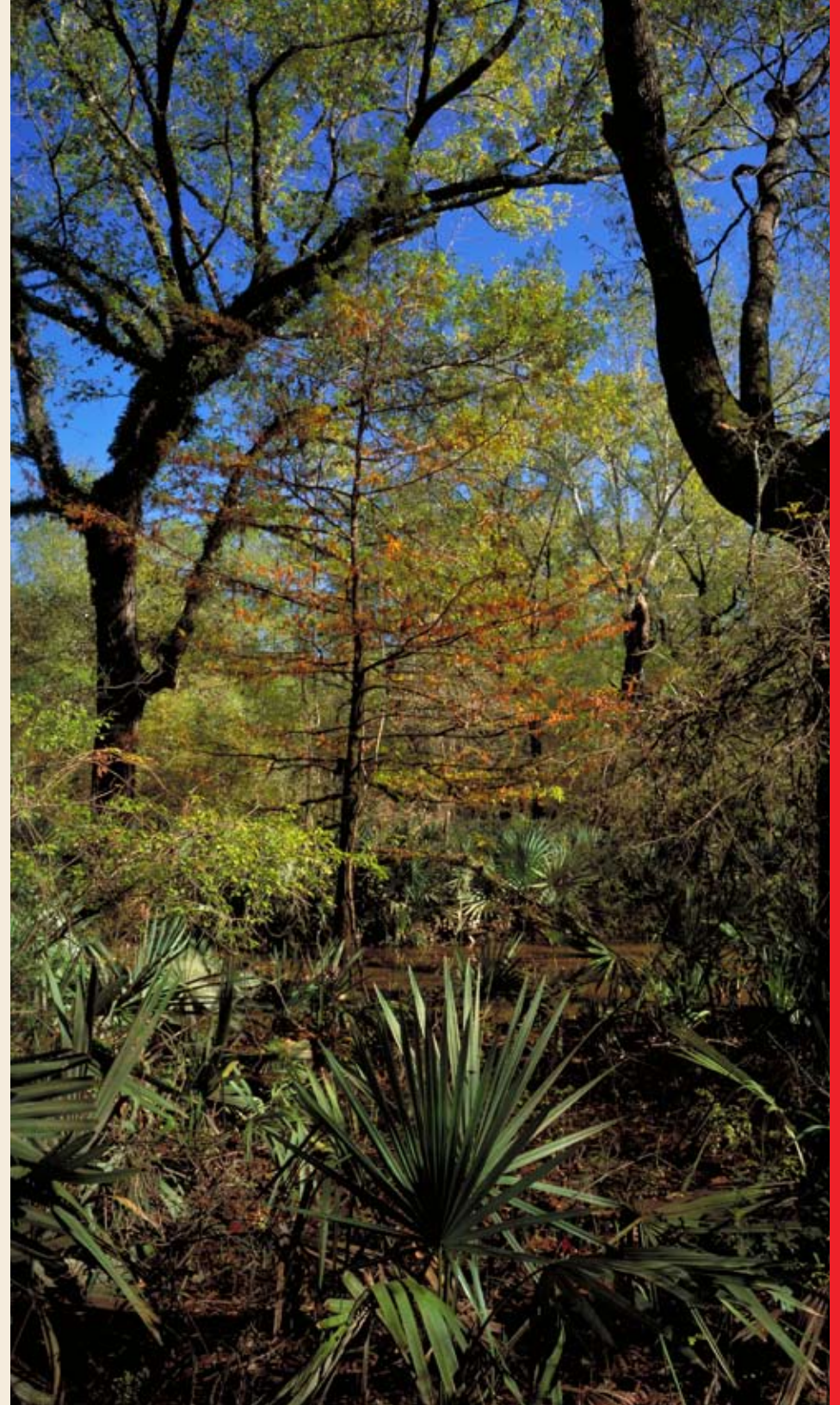
Economic performance criteria. Centex has a defined contribution retirement program and therefore does not have any pension obligations. Centex also does not have any post-retirement healthcare obligations. The Company does not require any significant direct financial assistance from federal, state or local governments. Predominantly, Centex associates are salaried employees. The Company relies extensively on local sources of labor in its individual markets. In the public land-entitlement process, Centex often is asked to provide or facilitate public-use improvements, according to requests by municipalities.

Environmental performance criteria. Concerning air quality, Centex is not a direct source of greenhouse-gas emissions. We remain committed to meeting customers' demands for energy-efficient homes according to local needs and opportunities. We will continue to evaluate local voluntary energy-efficiency programs and participate in response to market demand.

Social performance criteria. Centex complies with local, state and federal rules and regulations concerning its lobbying activities. Contributions to candidates, parties or campaigns made on the Company's behalf or through its political action committee are discussed in more detail on pp. 9-10 of this report. Employees of the Company participate in the legislative process as they choose and in accordance with local, state and federal laws.

Product responsibility criteria. Centex's financial-services businesses — CTX Mortgage, Commerce Title and Centex Insurance — comply with extensive federal regulations for lending through various government agencies. Their practices are examined by federal and state authorities periodically for compliance. The Company carefully tracks its lending record under the Home Mortgage Disclosure Act to assure that customers have equal access to lending services. The Company periodically has these data reviewed by an independent third party to further support fair-lending practices.

Assurance. In a spirit of openness and continuous improvement, Centex invites feedback and dialogue concerning the information presented in this report. This report will be published only online to conserve paper, water and energy resources.



Right: Big Thicket National Wildlife Refuge in Texas

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Footnotes:

1. Based on ConSol projection of energy savings for a typical 2,500-square-foot home meeting these standards in the Austin, Texas, vicinity.
2. Based on Austin Energy projections that include factors such as historical electricity use patterns, a growth rate of 6,400 new homes per year and ConSol estimates of electricity and natural gas savings for a typical 2,500-square-foot home in the Austin vicinity.
3. Austin Energy, based on modeled energy savings from code amendments enacted on Jan. 1, 2008.
4. ENERGY STAR is a registered trademark of the U.S. Environmental Protection Agency. Projection based on the ENERGY STAR Home Report for a typical Centex home compared to a reference home defined by Residential Energy Services Network's "Mortgage Industry National Home Energy Rating System Standards." Energy savings on other Centex homes may vary based on factors such as climate zone, building type, building size, utility rates and occupants' actual use.