



The **CENTEX** Way



A Guide to Decision Making on Business Conduct Issues

2007

speak^{UP}
It's The Centex Way

We have a **NEW** Hot Line number!

1-877-313-4545

Look on page 40 for your **NEW** Wallet Card.

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Dear Colleague:

There is a right way to be successful.

“The Centex Way” is to be aggressive, imaginative and resourceful and to always conduct our business with a strong sense of business ethics and fairness. Excellence never happens by accident. We have to *make* it happen. And our methods matter every bit as much as our results.

Excellence calls for character...integrity... fairness...honesty...a determination to do what’s right. We like to believe that the Centex culture of “doing the right thing” is ingrained in our DNA. A high caliber organization is, after all, merely a reflection of its people. The ethics you live out as you go about your work provide the foundation for excellence. “The Centex Way” reinforces our fundamental cultural principles and provides support in identifying cultural and ethical traps.

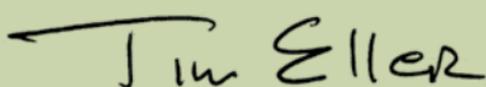
This booklet provides tools for understanding our ethical, cultural and legal responsibilities. “The Centex Way” serves as a road map when we have questions or concerns about these issues.

Three expectations set the foundation for “The Centex Way.” First are the obligations of all Centex employees and the special obligations of Centex leaders. Second are the processes employees are expected to follow for managing business conduct issues. And third is our approach for ensuring the business conduct issues most important to each business receive the attention they require.

There are numerous benefits from following “The Centex Way.” You’ll be able to make faster and better decisions when you have no doubts about the “right thing to do.” It gives all of us a clear aiming point by explaining the standards of commitment we expect each other to adhere to. And our culture will get even stronger when we see behaviors inconsistent with our principles and take the opportunity to say ‘that’s not the way we do things around here.’

A business known for its principled conduct develops better and more profitable relationships with customers, suppliers and community leaders. We need timeless principles to steer by in running our organizations and building our personal careers.

Let’s continue to build our great company by following “The Centex Way.” It’s our path to continued success.

A handwritten signature in black ink that reads "Tim Eller". The signature is written in a cursive, slightly slanted style.

Tim Eller
Chairman and CEO

What “Comes with the Territory”

When you join Centex you accept certain obligations and some of the most important of these relate to business conduct.

“The Centex Way” applies to all Centex directors, officers and employees. A waiver of these obligations for executive officers or directors may be made only by the board or a board committee, and must be promptly disclosed to Centex shareholders.

Obligations We Share as Centex Employees

Centex expects each of us to:

- Read and understand “The Centex Way” (as well as any business conduct policies specific to our business units).
- Behave ethically and in compliance with all laws, regulations and legal requirements.
- Participate in education to ensure we understand the laws, regulations and legal requirements relevant to our jobs.
- Seek guidance in resolving business conduct and ethics issues by following the processes described in this booklet.
- Honestly answer all questions asked in compliance certifications, and fully comply in internal investigations, if asked.
- Deal with departures from “The Centex Way” through the processes described in this booklet.
- Understand that there may be consequences for departures from “The Centex Way,” and, for departures serious enough, consequences up to and including dismissal.

Special Obligations of Centex Leaders

Centex holds each leader accountable to:

- Lead through example, role-modeling, and ethical business conduct.
- Monitor and ensure employees (and third parties acting on our behalf) follow “The Centex Way.” This includes:
 - Arranging for appropriate orientation and training in the relevant laws, requirements and processes.
 - Being open and available to discuss concerns.
- Deal effectively with business conduct issues that arise in their work group, consistent with “The Centex Way.”
- Prohibit harassment or retaliation against any employee for reporting, supplying information or assisting an investigation into a business conduct concern.

When in Doubt We Ask

You should seek advice from your supervisor if you are unable to answer “no” to any of these questions.

1. Is this action inconsistent with “The Centex Way,” our company values or business unit policy?
2. Is the action likely to endanger anyone’s health or safety?
3. Do I have any doubts about whether the action is legal?
4. Even if it is legal, do I have any doubts about whether it also is the “right thing to do”?
5. Would it be hard to defend this action with my supervisor, co-workers, customers or those in the community where we do business? *In other words, would I or could the Company be embarrassed if this action or situation were reported in the newspaper, on TV, or posted on a Centex bulletin board?*
6. Would I regret not having discussed this situation with my supervisor or others within Centex before taking the action?

The most common business conduct issues are addressed from three perspectives in this section.



Guiding Principle

“The Compass”

- For each issue, the principle that should guide our action introduces the business conduct topic. Principles are useful because they can be used to guide actions in many situations and can reduce the need to have rules for each situation.



Policies and Rules

“Boundary Map”

- Rules are also necessary and useful, particularly where there are laws or policies that we must know about.



Decision Considerations

“Navigation Aids”

- Since not all ethical questions are easily answered “yes” or “no,” good judgment is required. If there are special considerations to support your “navigation” through a “maybe” area, they are offered as the third element.

What would you do?

Conflicts of Interest

In his job as a purchasing manager, Joe works with contractors, suppliers and other vendors. A supplier that doesn't currently sell to Centex offers to take Joe and his wife on an expense-paid weekend getaway at one of Joe's favorite vacation spots. Joe has heard that others in his division have taken similar trips without repercussion. How should Joe respond?

- A. Because the supplier doesn't presently sell to Centex, there is no conflict of interest. Joe should accept the trip.
- B. Joe should thank the supplier, but politely decline the invitation.
- C. Joe should accept the trip, but offer to pay his own way on the next trip the group takes.
- D. Joe should only accept the trip with his supervisor's approval.

Answer

- B. Because the trip is of more than nominal value, Joe should not accept the offer to avoid any real or perceived conflict of interest. Although the vendor doesn't work for the Company, accepting the trip might influence Joe's judgment the next time the supplier bids on a job, or appear to Joe's co-worker that it has. Asking a supervisor for approval does not eliminate the conflict.



Guiding Principle

A “conflict of interest” is defined at Centex as any activity, investment or association that interferes *or might appear to interfere* with your judgment or objectivity in performing your job in the best interests of the Company and our shareholders.

At Centex we do not maintain relationships that could be detrimental to Centex’s best interests or that would create the appearance of divided loyalty.

Examples of Potential Conflict of Interest Situations

- An ownership interest in a Centex supplier or contractor.
- A family member with an investment interest in a Centex supplier or contractor.
- Payments or gifts of more than nominal value accepted from a company or given to a company that does or is seeking to do business with Centex.
- Doing work for a Centex competitor.
- Doing work for another employer during the work day, even if there is no direct relationship between the other company and Centex.
- Employment of family members.
- Selling non-Centex products on company property.
- Supervising or making or influencing employment decisions about an employee with whom you have a dating or intimate relationship.



Policies and Rules

Under No Circumstances

- You must never, either directly or indirectly (nor should any member of your family), accept cash, gifts or entertainment of greater than nominal value or preferential treatment from any Centex supplier, contractor, customer or competitor (or any person seeking to become a Centex supplier or contractor).
- You must not make or influence decisions at Centex, including contract terms, whenever a business or person with whom we have a substantial relationship is involved.
- You should never accept work or services on your house from a Centex vendor as a gift.

With the Approval of Both Your Supervisor and the Top Executive of Your Business Unit

Permission must be granted before:

- Obtaining an ownership interest in, or position with, a Centex supplier, contractor, customer or competitor.
 - There is an exception in the case where the interest in the outside company is solely through the ownership of publicly traded securities that constitute less than 1% of the company's outstanding public securities and the investment is not a significant part of your assets.
- Employing any relatives where there is either a direct or indirect reporting relationship or a substantial amount of interaction between the relatives on the job.
 - Excepted are situations where the relative employed is a distant one (more remote than a first cousin).
 - Always follow employment-related hiring policies.

- Engaging in a business relationship between Centex and a company in which you or your relative has an ownership interest or holds a position. This includes your participation (or a relative's) in a company or other business association that agrees to sell land to Centex. If the transaction or relationship has already occurred, you must promptly bring it to the attention of your direct supervisor and the top executive.
 - This could happen because of a recent marriage or because you learn about the actions of a relative after they have occurred.

With the Knowledge of Your Supervisor

- You must inform your supervisor before accepting any outside positions that involve substantial time commitments, and in fulfilling those commitments you must not use Centex time, personnel or assets to carry out the work.



Decision Considerations

The decision about what constitutes “gifts and entertainment of more than nominal value” requires judgment. Is the gift or entertainment valuable enough that it could affect decision making or even appear to do so? If the answer is yes, the gift or entertainment is not nominal. And even something of minimal value that actually compromises good decision making is not nominal regardless of amount.

Frequency enters into the equation too. Occasional meals where the giver is present are generally within the usual boundaries of good business conduct, whereas repeated meals may be perceived as having greater than nominal value or appear compromising.

Here are some of the questions that you might ask yourself if you are unsure whether acceptance of a gift or entertainment is appropriate:

- Is this gift being offered or given because my position enables me to influence a Centex decision in favor of the customer or supplier?
- Will my accepting this gift influence what the Company pays or is paid for its products and services?
- By accepting this gift, will I put myself, or appear to put myself, in a compromised position with my peers or the general public?
- Would providing the same gift in return be outside the boundaries of what is acceptable at Centex and in my business?
- Is the gift personal, or is it something that can be used on the job and shared with co-workers?
- Is the reason I am accepting this gift merely because “it always has been done this way?”
- Will this action set a precedent?

- Is the gift, service or entertainment something I could not afford to buy or provide myself?
- Is any effort being made to conceal the gift or offer?

If your answer is “yes” or even “maybe” to any of these questions you should seek your supervisor’s advice.

There also may be situations not specifically covered here that could involve a conflict of interest. If you believe you may have an outside interest that could conflict with those of Centex, you should seek guidance from your supervisor. Your business unit may also have its own more narrowly-defined policies on conflict of interests. If so, you must comply with both the policy set out here and your business unit policy.

What would you do?

Dealing with Customers, Suppliers and Others

You are a Centex employee buying a home that Centex is building. You happen to know one of the vendors used by the division. The vendor, who is interested in maintaining good relations with the Company, offers to negotiate upgrades on your new home directly with you. He tells you he will invoice you directly at a reduced rate, allowing you to bypass the division's purchasing and sales personnel. What should you do?

- A. Accept the vendor's offer. It's one of the perks of working for Centex.
- B. Accept the vendor's offer, but only after getting your supervisor's approval.
- C. Decline the vendor's offer.

Answer

- C. You must never demand or accept payment or personal favors from suppliers. Further, anything included in a home being built for you by Centex should be arranged for by the Company and included in the sales price in the ordinary course.



Guiding Principle

All of Centex's dealings with outside parties must reflect our commitment to "fair dealing." Fair dealing means that we:

- Honor customer privacy with respect to the information customers provide us and not use the information for purposes other than for which it was intended.
- Buy and sell products and services on the basis of their value, and do so without creating perceptions that bribes, personal incentives or kick-backs are involved, or that competitive bids are "rigged."
- Make honest representations about the Company and its products, without misrepresentation or distortion of facts.
- Do not use our position in the Company to obtain a personal benefit from a supplier.

Examples of Potentially Unfair or Unlawful Dealings

- Selling non-public personal information about customers to others.
- Providing personal gifts or making loans to get business.
- Discussing pricing strategy with competitors.

How We Do Things at Centex

Dealing with Customers, Suppliers and Others



Policies and Rules

Under No Circumstances

We must never:

- Enter into discussions with competitors to fix prices or terms of sale, divide up markets or customers, limit production or rig a competitive bidding process.
- Discuss, agree to, or take any action to boycott a competitor, customer or supplier.
- Give a gift, loan, cash or anything of value to a customer or any other third party that could be viewed as:
 - A bribe or kickback, or
 - An attempt to improperly influence the customer's or other third party's relationship with Centex.
- Provide a gift that knowingly violates the policies of the recipient's employer.
- Use information we receive from companies or individuals for purposes other than for what it was intended, or violate any restrictions we agree to by virtue of receiving the information.
- Demand or accept payment or personal favors from suppliers.

With the Approval of Both Your Supervisor and Top Executive of Your Business Unit

Permission must be granted before:

- Discussing profits, costs, market share, pricing or any other competitive information with any competitor. (There may be narrow circumstances where such discussions could be appropriate, but this is an area where General Counsel should be consulted for confirmation.)
- Serving as a director or an advisor to a competitor organization.

With the Knowledge of Your Supervisor

- All gifts and payments made to third parties on behalf of Centex must be properly recorded.
- Any entertainment receipts must be properly submitted for reimbursement.

What would you do?

Government Affairs

A solid new prospect in our sales office turns out to be one of the city's building inspectors who works in our neighborhoods. We want to stay on her good side and have our houses approved. You want to offer her a deal that she can't refuse – a substantial discount outside of our pricing guidelines and greater than any discount we have offered to any other prospect. What should you do?

- A. Go ahead and offer the special deal – the Company needs friends in local government.
- B. Offer the special deal but only after your supervisor has approved it.
- C. Only offer the special deal if you can make it look like it wasn't a special favor – you don't want to get caught.
- D. Don't give her a special deal on the house.

Answer

- D. It is improper to give a special discount to a government official because of his or her status. This is true even if the discount was given to get on the official's good side and not to obtain a particular result for the Company. This situation is not just an example of business misconduct; it could give rise to criminal liability for you or the Company. You should refer to "The Centex Way" any time you have a feeling that something might not be right.



Guiding Principle

Government officials and government agencies should be dealt with using the same standards as other third parties; however, political contributions and lobbying are special categories of governmental dealings where specific laws apply.

We must always understand the laws before we make political contributions or engage in lobbying and act in accordance with these laws.

Examples of Potentially Unlawful Dealings

- Making gifts to government officials or their family members.
- Providing resources (money or in-kind value) to political candidates, political parties or committees.
- Hosting political fund-raising events.
- Coercing employees, suppliers or sub-contractors to support candidates or engage in political activity.
- Seeking reimbursement from the Company for political contributions.
- Discussing employment with a government official who has responsibility for a contract the Company is seeking or has obtained.



Policies and Rules

Under No Circumstances

We must never:

- Make payments or offer anything of value (even of nominal value), directly or indirectly, (as an individual or as an employee group) to:
 - Government officials, domestic or foreign, to obtain a particular result for the Company.
 - Any family member or friend of a government official because of the official's status in order to obtain a particular result for the Company.
- Coerce, threaten, intimidate or otherwise improperly induce any Centex employee to make or not make a political contribution or to engage or not engage in political activity.
- Seek or accept reimbursement from the Company, directly or indirectly, for making a political contribution.

With the Approval of Both Your Supervisor and Top Executive of Your Business Unit

- Funds or any other resources of the Company (including "employee time") may be used for federal, state or local political campaign activity only with:
 - Approval of both your supervisor and the top executive of your business unit; and
 - Full confidence about the legality of the action.

Since laws in this area are sometimes complex and vary by jurisdiction, legality must be confirmed in advance by submitting a request form through Centex's Government Affairs Web site to ePACinfo.net, where it will be reviewed for compliance with federal, state and local laws.

- Communications with government officials to promote Centex goods or services or influence legislative or administrative action on behalf of Centex may be done only with:
 - Approval of both your supervisor and the top executive of your business unit;
 - Proper registrations, if required; and
 - Full confidence about the legality of the action.

Legality must be confirmed in advance by either the top legal officer in your business, the Centex Corporate Compliance Officer or the Centex VP of Government Affairs.

Centex has a policy entitled "Political and Government Policies and Procedures" that will guide decision making in this area. Copies are available on www.TeamCentex.com/EmployeeResources/GovernmentAffairs.

What would you do?

Centex Property and Information/ Communication

As part of your job at Centex, you enter customer information that J.D. Power uses for its surveys. A co-worker relates to you a story of a homebuyer who is very difficult to please regardless how attentive Centex has been to her needs. Your co-worker knows this customer will give Centex a low score on the J.D. Power survey. Knowing how important J.D. Power scores are, your co-worker asks you to transpose the customer's address so the customer will not receive the survey. This co-worker feels it is only fair because the customer is so hard to please. In this situation you should:

- A. Transpose the address numbers and, just in case, modify the customer's e-mail address and phone number.
- B. Decline to change the data, but let the co-worker make the modifications while you "step away."
- C. Do not change the data and send the customer data "as is."
- D. Do not change the data. Send the customer data "as is" and tell your supervisor of the situation.

Answer

- D. In this situation you should decline to change the data, noting the importance of maintaining the integrity of customer service data. Also, you should notify your immediate supervisor of the situation. If you are uncomfortable talking directly to your supervisor, you can call the anonymous Centex Hot Line to report the situation.



Guiding Principle

We have access to two kinds of company assets that help us do our jobs. One type is physical (e.g., computers, offices), and the other is intellectual (e.g., trademarks and confidential information and materials).

Each employee is expected to:

- Be an active steward in protecting and preserving the value of both types of assets.
- Understand and abide by laws and Centex policies concerning information assets and the communication of information.

Examples of Asset Misuse or Improper Communication

- Using material non-public information as the basis for buying or selling Centex stock (or stock in another company).
- “Tipping” or disclosing material non-public information that another person might use as a basis for buying or selling stock in Centex (or another company).
- Falsifying vouchers, bills, payments or receipts.
- Maintaining “off-the-books” accounts.
- Withholding pertinent information in company or external audits or investigations.
- Revealing trade secrets at a conference.
- Acting as a spokesperson for the Company on financial matters (other than those persons specially designated in company policy).
- Reviewing or discussing sensitive and proprietary or otherwise confidential information in public places where others could see or overhear (e.g., on commercial airplane flights, elevators).
- Leaving portable computers unsecured.

How We Do Things at Centex

Centex Property and Information/ Communication



Policies and Rules

Under No Circumstances

We must never:

- Destroy or alter any records that may relate to a pending or anticipated litigation, audit or investigation.
- Falsify or misstate, even in a minor way, vouchers, bills, payments or receipts or company accounting records.
- Provide third parties with what might be considered “insider information” (non-public information on Centex operations, financial results or prospects).
- Buy or sell securities of a company, including Centex securities, while in possession of material non-public information.
- Disclose or improperly discard confidential customer or employee information in violation of company policy or legal requirements.

Only With the Approval of the Top Executive of Your Business Unit

- Reveal to third parties valuable internal information (including trade secrets, processes, data, know-how, techniques and strategies).
- Issue press releases referencing Centex. (All press releases must be coordinated through Centex Corporate Communications.)
- Produce and distribute external communications materials that refer to any other Centex business or entity.
- Establish or modify a Centex-related internet site, home page or hyperlink.
- Endorse vendor products or services on behalf of Centex.



Decision Considerations

Property

Treating company assets “as if they were our own” is an expression sometimes used to describe how we should preserve and protect company assets. Keep in mind however, that company assets used at Centex, as well as intellectual property developed at Centex, are Centex property. As such, Centex reserves the right to inspect or search any Centex property at any time, with or without your presence, to ensure workplace safety and compliance with law and policy.

There should be no presumption or expectation of privacy related to any personal property that may be co-mingled with Centex property, such as in office files, e-mails or voice mails.

Communication

Our jobs often require us to discuss company matters with third parties, for example, when we are setting expectations with suppliers or customers, when we are describing the Centex culture to prospective employees or when we are responding to routine inquiries.

There are three questions that should be kept in mind for which the answer always should be “yes” when sharing information about the Company:

Am I providing accurate and credible information?

- Is the information generally known to the public (e.g., not insider information nor a trade secret)?
- Am I the right person to be providing the information? (For example, only certain designated employees are authorized to discuss company financial matters with investors.)

When in doubt about any of these, your business unit communications leader or the VP of Corporate Communications are good resources for advice, especially with respect to press inquiries.

What would you do?

The Workplace

A coworker returns to work from lunch and is acting very oddly. You ask him if he is feeling well and he tells you to mind your own business. You suspect he is under the influence of alcohol or illegal drugs and may be a danger to himself or others. What should you do?

- A. Mind your own business because what he does at lunch, away from the office, is his business.
- B. You don't feel comfortable telling your supervisor, so you tell all your coworkers.
- C. Report the situation to your supervisor or HR representative.
- D. You decide you need more information before you report him. When he leaves his desk, you search the drawers for evidence.

Answer

- C. You should report the situation to your supervisor or your HR representative. If you are uncomfortable discussing it with your supervisor or you do not have a HR representative, you should consult "The Centex Way" and follow the section entitled "What To Do If Issues Arise."



Guiding Principle

Centex must be a place where every employee can do his/her job to the best of his/her abilities. This means each employee has an obligation to do his/her part to maintain a safe and secure work environment free of discrimination, harassment and violence.

Examples Counter to the Principle

- Promotion decisions based on anything other than job qualifications, competence and merit.
- Display of offensive materials.
- Inattention to resolving workplace safety hazards.
- Fighting.
- Being under the influence of alcohol or drugs at work.
- Racially insensitive remarks.

How We Do Things at Centex

The Workplace



Policies and Rules

Under No Circumstances

We must never:

- Discriminate on the basis of age, color, race, religion, disability, gender, sexual orientation or national origin.
- Use hiring tests that are not directly related to job requirements or that have not been specifically validated for the Centex job group.
- Harass or allow our agents, customers or suppliers to harass Centex employees (harassment means verbal or physical abuse, unwelcome contact, advances or propositions, displays of offensive materials or other acts that create a hostile work environment).
- Allow unsafe working conditions or environmental hazards to go unreported to your supervisor.
- Make threats of violence, engage in acts of violence, or otherwise intimidate other employees.
- Use, possess, distribute, manufacture or transport on company property, or on company business, or during working hours, any of the following:
 - Illegal drugs, equipment or paraphernalia related to illegal drugs, or prescription drugs other than by those for whom they were prescribed.
 - Alcoholic beverages, except as specifically authorized for company functions.
- Use or carry any lethal weapons or allow any suppliers, customers, or contractors to use or carry lethal weapons on company property (unless they are police officers, security guards or others with prior written consent from the Company).

Only With the Approval of the Top Executive of Your Business Unit

- Allow family members or guests to visit non-public company facilities unaccompanied by an employee (this rule results from safety and security considerations).



Decision Considerations

What may be offensive, threatening or intimidating to one person may not be to another. The simple rule of thumb is “if any employee thinks my behavior is, then it is,” and hence it should trigger sincere re-examination.

The questions that you should then ask yourself are:

- Is my behavior fully conducive to others doing their best work?
- Is my behavior relevant to meeting workplace goals?
- Is there anything about my behavior that does not imply dignity and respect for the individual, including respect for personal privacy?

If you cannot answer yes to all these questions, then the behavior is probably inappropriate.

What To Do If Issues Arise

It is impossible to conduct business without facing business conduct issues. Most issues are fairly straightforward to resolve, but sometimes the issues are more complicated. *The basic steps for resolving any business conduct issue, whether it is complicated or not, are the same at Centex.* When you confront an issue or have a question, the following sequential steps are advised:

1. First, consult the appropriate section of “The Centex Way” or your business policies as key reference guides.
2. If you still have questions as to what to do, seek your supervisor’s counsel and guidance. Your supervisor may also suggest other people to go to for assistance, such as someone in the legal department or in human resources.
3. If your supervisor is unable to guide you or if you feel your supervisor’s advice is compromised in some way, you have two options.
 - One is to approach your supervisor’s boss with the matter (or even higher levels as required) or the compliance officer for your business unit.
 - The other is to call the Centex Corporate Compliance Office at 214-981-6822. This path also remains available if moving up the business channel proves unsatisfactory.
- 3A. In the special case of questionable accounting or auditing matters, you have two additional avenues for resolving the issue or question.
 - By calling the Centex VP of Internal Audit at 214-981-6336.
 - By calling 877-313-4545 and requesting that your concern go to the Centex Board of Directors Audit Committee Chairperson.
4. If the process breaks down in any way or if you feel a need to raise concerns anonymously, Centex has established a Hot Line as an alternative avenue for raising concerns. It is 877-313-4545.

It is every employee's responsibility to raise concerns and to surface deviations from "The Centex Way," including violations of law by Centex employees (or those who are acting on Centex's behalf).

- **No Retaliation.** It is Centex's policy to ensure that no retaliation occurs as a result of any employee raising a business conduct issue or reporting a violation of the law or of Centex policy.
- **Confidentiality.** Centex will also make every effort to protect the confidentiality of individuals who report violations of the law or company policies, although it may not be possible to do so in every case if, for example, disclosure is required by law.

“The Centex Way” is not just a code of conduct. It is a process for ensuring everyone in the Centex family “knows the way” and “follows the way.” It is part of what distinguishes us as a great organization that consistently operates at the highest standards of business conduct in everything we do.

Our process for keeping on track entails steps in each of our work groups, steps as a company and steps for us individually.

In Our Work Group

Since each business faces distinct challenges, we should expect the key business conduct issues in each business to have a different emphasis.

At least once each year the Company expects you will have the opportunity to:

- Refresh (and deepen) your understanding about how “The Centex Way” applies specifically to your work group.
- Surface business conduct topics most needing “preventive” attention and maintenance.
- Develop action plans appropriate to your business.
- Assess progress made on those action plans.

Each business individually determines how these discussions occur and cascade in the organization, and how action planning and follow-up occur. Commonly, “The Centex Way” is a staff meeting agenda item, assisted by a Leaders Guide.

As a Company

Each year at one of the quarterly reviews of business strategy execution, each top business leader shares with Centex corporate senior management:

- The business conduct issue themes and challenges most important to the business.
- What is occurring in the business to ensure we keep on “The Centex Way.”

This enables the Company to:

- Ensure proper focus is maintained.
- Communicate the importance placed on business conduct.
- Make good decisions about priority setting.
- Have a well-informed basis for reporting to the Centex Board of Directors on this key governance accountability.

Each of Us Individually

As a Centex employee you are required to promptly and honestly reply to a letter that is sent personally to you each year, that asks important questions about your business conduct and the business conduct you have observed in the Company over the past year. One of these questions is whether you have had an opportunity over the past year to discuss “The Centex Way” in your work group. The answers to this question are tabulated and status is provided to business leaders.

The purpose of this step is to ensure the key business conduct issues in “The Centex Way” are kept top of mind for veteran employees and are properly introduced during orientations for new employees.

There is also a “compliance” benefit to this step that is in keeping with “good governance best practices,” but the primary purposes at Centex are communication, process control, diagnosis and improvement.

Frequently Asked Questions

For Employees

For Employees

When will the questionnaire be available?

This year supervisors will conduct their Centex Way meetings beginning August 1, 2007. After you have attended a meeting, you should take “The Centex Way” annual questionnaire. The questionnaire will be available on a staggered schedule as follows: August 1 - HomeTeam Pest Defense and Centex Title and Insurance; August 2 - CTX Mortgage; August 3, 6 and 7 - Centex Homes; August 7 - Centex Corporate. The questionnaire will close on September 28, 2007. **Unlike in years past, the questionnaire will not be re-opened this year.**

How do I access and complete the electronic version of “The Centex Way” annual questionnaire?

This year the process will work the same as last year. You will:

- Go to www.centexbenefits.com and select **Continue to Login Page**.
- Enter your social security number (no hyphens between the numbers) and password (just as you would to view your benefits information) and then hit **Go**.
- You should now be at “The Centex Way” annual questionnaire page. Click on the button that will allow you to access the questionnaire. You will have the option to complete “The Centex Way” annual questionnaire in English or Spanish.
- Upon your initial login to the system, you will be asked to verify certain personal information (i.e., address, birth date, etc.). This information will only be used to update your record in the HR/ Payroll system.

If you have forgotten your password or need help logging in, please contact the Centex Employee Services Center at 888-441-9500.

If I have questions about accessing the questionnaire, whom should I call?

For technical questions: If you cannot access www.centexbenefits.com (*i.e.*, you are unable to get to the login page), please contact your IT department for assistance.

For user names and/or passwords: If you cannot complete the information on the login page because your social security number isn't accepted or you have forgotten your password, please contact the Centex Employee Services Center at 888-441-9500.

What if I have accessed the questionnaire online but I don't have a work e-mail address?

If you do not have an assigned work e-mail address, please leave that field blank and fully complete the remainder of the questionnaire.

I have more than one supervisor. Which one do I name in the field for "name of supervisor"?

You should name your immediate supervisor who is in charge of your section/group. For example, if you are an administrative assistant working with a number of people, insert the name of the supervisor who is in charge of your group if he/she is one of the people to whom you directly report. If you aren't sure whom to name as your supervisor, ask one of them to make that decision for you.

I've completed some of the questionnaire and find some questions I'm not sure how to answer. What should I do?

After logging on to www.centexbenefits.com and accessing "The Centex Way" annual questionnaire, you have one opportunity to fully complete and submit it. Please allow ample uninterrupted time to complete the questionnaire. *If you are disconnected (intentionally or unintentionally) before completing the questionnaire and clicking the FINISH button, you will have to start the questionnaire again from the beginning.*

Frequently Asked Questions

For Employees

If you have questions that you are unable to get readily answered while completing the questionnaire, you may have to disconnect and come back to it at a later time, but if you leave the questionnaire without completing it, you must start at the beginning.

I'm not comfortable discussing my questions and/or answers with my immediate supervisor. What should I do?

If speaking with your immediate supervisor is not an option for you, you may contact:

- your supervisor's boss
- Anna Tomek, at the Centex Corporate Compliance Office, 214-981-6822 or atomek@centex.com.

What proof do I have that I completed the questionnaire?

After you click the FINISH button at the end of the questionnaire (and you must click the FINISH button to submit it and receive credit for your answers), you will be given the option to print the next page for your records evidencing your completion of the questionnaire.

I've completed the questionnaire and now remember something I should have included but didn't. What should I do?

Please contact your supervisor or the Centex Corporate Compliance Office at 214-981-6822 or atomek@centex.com.

What if I don't have Internet access?

We strongly encourage you to complete the questionnaire online. It is easily accessed at www.centexbenefits.com, using the same login that you use to access your benefits information. If completing the questionnaire online is difficult or simply not possible, please contact your supervisor for a paper copy of the questionnaire.

If I complete a paper copy of the questionnaire because I didn't have access to the Internet, what do I do with it?

If you complete a paper copy of the questionnaire, retain a copy for your records and mail it to the Centex Employee Services Center at P.O. Box 199118, Dallas, Texas 75219-9118.

What if my supervisor has been told that I haven't completed the questionnaire and I have?

If you completed the questionnaire online, you should have printed the last page at the end of the questionnaire as evidence that you completed it, which you can then provide your supervisor. If you completed a printed copy of the questionnaire and retained a copy of what you submitted, you can provide that to your supervisor. Otherwise, you will have to complete the questionnaire again.

Where can I obtain "The Centex Way" materials?

"The Centex Way" materials are available online at www.Teamcentex.com under The Centex Way tab. Professionally printed copies of "The Centex Way" can be acquired through the Centex Store.

Frequently Asked Questions

For Supervisors

For Supervisors

What if I have part-time or contract employees I don't use on a regular basis – just a couple of times a year?

All employees – hourly, part-time, interns, contract and consulting– employed as of July 16, 2007 must complete the questionnaire. If you have questions about this, you should contact the Centex Corporate Compliance Office at 214-981-6822 or atomek@centex.com.

What if I have employees on active military leave or on short-term disability?

Employees on active military leave are exempt from completing the questionnaire. Employees on short-term disability must complete either the online questionnaire or a paper copy of the questionnaire.

We hired a new employee after July 16, 2007. Does he/she need to complete the questionnaire?

We have developed an abbreviated version of the questionnaire for new hires and potential hires – the New/Potential Hire Questionnaire. Please use it going forward **before** an employee receives an offer. This will allow any potential conflicts of interest to surface **before** an offer is made. Any employees hired after July 16, 2007, as well as any potential hires, should complete this version of the questionnaire. Next year, these employees will complete the full version. The New/Potential Hire Questionnaire is for your use and should be kept with your personnel files.

How do I know which of my employees have not completed the questionnaire?

Unlike in years past, the questionnaire will not be re-opened this year. Weekly reports will be issued that identify those employees who have not yet completed the questionnaire. Each business unit will be responsible for following up with employees listed on the weekly reports to ensure that we reach the 100 percent participation goal established by the Board of Directors.

Contact the Centex Corporate Compliance Office at 214-981-6822 or atomek@centex.com if:

- You have an employee on leave of absence (military, disability, maternity).
- An employee is no longer with the company and appears on your list.
- An employee on your list does not work for you.
- You have any other questions.

Please carry your **NEW** Centex Way Hot Line card in your wallet or purse.



Please note the **NEW** Hot Line number.

Obligations We Share as Centex Employees

When You Join Centex You Accept Certain Obligations And Some Of The Most Important Of These Relate To Business Conduct.

- 1 Read and understand “The Centex Way” (as well as any business conduct policies specific to our business units).
- 2 Behave ethically and in compliance with all laws, regulations and legal requirements.
- 3 Participate in education to ensure you understand the laws, regulations and legal requirements relevant to your job.
- 4 Seek guidance in resolving business conduct and ethics issues by following the processes described in “The Centex Way.”
- 5 Honestly answer all questions asked in compliance certifications or if asked in internal investigations.
- 6 Deal with departures from “The Centex Way” through the processes described in the guide.
- 7 Understand that there may be consequences for departures from “The Centex Way,” and, for departures serious enough, consequences up to and including dismissal.

About Our Company

Established in 1950 in Dallas, Texas, Centex Corporation is one of the nation's premier companies in homebuilding and related service industries. These service industries include mortgage lending, title and settlement services, insurance and home pest defense systems.

With annual revenues of \$12 billion, Centex is a Fortune 200 company traded on the New York Stock Exchange under the symbol "CTX."

At Centex our growth path has an internal emphasis. Simply stated this means we choose to emphasize growth "with our own people, in our own way." This path enables us to maintain a cohesive Centex culture, which is key to effective strategy execution, and to pursue uncommon standards of performance excellence.

"The Centex Way" articulates what it means to be a Centex employee with respect to exemplary business conduct, a critical dimension of how we measure success.

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