

CENTEX CONSTRUCTION PRODUCTS INC

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. 2)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

CENTEX CONSTRUCTION PRODUCTS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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Centex Construction Products, Inc.

**2728 N. Harwood
Dallas, Texas 75201**

, 2003

Dear Stockholder:

You are cordially invited to attend a special meeting of stockholders of Centex Construction Products, Inc., which we refer to as CXP, to be held at 9:00 a.m., local time, on _____, 2003, at 2728 N. Harwood, 10th Floor, Dallas, Texas. At the special meeting, you will be asked to consider and vote upon nine proposals. The first of these proposals relates to a reclassification of the common stock of CXP that is necessary to permit the tax-free distribution by Centex Corporation, which we refer to as Centex, of all of the shares of CXP common stock held by Centex to its stockholders. Centex currently holds 11,962,304 shares of common stock, representing approximately 65% of our outstanding common stock. We refer to our currently existing class of common stock as our common stock prior to the reclassification and as Class A common stock after the reclassification.

Given the nature of Centex's ownership of CXP, in order for the reclassification and the distribution to be tax-free to Centex and its stockholders for U.S. federal income tax purposes, among other things, Centex must own, at the time of the distribution, capital stock of CXP having the right to elect at least 85% of the members of our board of directors, and Centex must distribute all of that stock to its stockholders in a single transaction. Accordingly, the proposal provides for the reclassification of 9,220,000 of the 11,962,304 shares of our common stock held by Centex into a new class of common stock, called the Class B common stock, having the right to elect at least 85% of the members of our board of directors. The holders of shares of our Class A common stock will have the right to elect the remaining member or members of our board of directors. In all other respects the rights of the holders of these two classes of stock will be substantially the same. Immediately after the reclassification, all of the Class B common stock and the remaining 2,742,304 shares of our Class A common stock held by Centex will be distributed to the Centex stockholders.

As a technical matter, you will be voting to adopt an agreement and plan of merger, dated as of July 21, 2003, among CXP, Centex and ARG Merger Corporation, a newly formed wholly-owned subsidiary of Centex, as a means to effect the reclassification. The merger agreement provides for certain amendments to our certificate of incorporation that are necessary to effect the reclassification.

If the reclassification is approved and other conditions are satisfied or waived, CXP will declare and pay a special one-time cash dividend to CXP stockholders (including Centex) of \$6.00 per share, or an aggregate of approximately \$112 million, payable to stockholders of record prior to the distribution.

The reclassification, the distribution and related transactions, which are described in detail in the accompanying proxy statement, are expected to provide certain benefits to CXP and its stockholders. The reclassification will allow the public holders of our Class A common stock to elect one director, compared to their current inability to significantly influence the election of any members of our board of directors due to Centex's majority voting control. Apart from the increased influence over the election of one

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director, the reclassification itself will not result in any material benefits to our stockholders. However, the reclassification is a prerequisite to the other proposed transactions, because Centex advised us that it would only be willing to proceed with the distribution and related transactions if the distribution were tax-free to Centex and its stockholders. Accordingly, our board of directors reviewed the proposed transactions in their entirety, and considered the following benefits from the distribution and related transactions:

The proposed transactions will significantly increase the public float and liquidity of our capital stock by increasing the number of shares held by stockholders (other than Centex) from about 6.6 million shares to about 18.6 million shares, which includes shares of the Class A common stock and shares of the Class B common stock. The proposed transactions will also significantly increase the public float and liquidity of our existing class of common stock by increasing the number of shares of that class held by stockholders (other than Centex) from about 6.6 million shares to about 9.4 million shares. In addition, the transactions will result in a broader stockholder base when Centex distributes the shares of Class B common stock and Class A common stock held by it to its stockholders. We estimate that there will be at least 28,000 beneficial owners of our capital stock immediately following the distribution, which represents more than ten times our current number of beneficial owners.

We believe that a broader stockholder base, coupled with increased public float and liquidity of our capital stock may attract additional analyst coverage of us, which we believe would enhance the market's awareness of our capital stock and stimulate interest from new investors.

We expect that an expansion of our stockholder base and broader exposure in the investment community will enhance our ability to use our capital stock as an acquisition currency and as a means of raising capital.

Our stockholders will receive immediate tangible value through the special one-time cash dividend.

As a 65% owned subsidiary of Centex, we currently must compete for capital with Centex's other lines of business. The proposed transactions will permit us to manage our business and seek growth opportunities without regard to considerations or limitations related to Centex's other businesses.

The proposed transactions will permit us to pursue our business interests independent of Centex, particularly with respect to acquisitions, business and asset sales and other corporate opportunities.

Subject to a two-year limitation on mergers and other extraordinary transactions and the effect of the governance proposals described below, the transactions may permit our stockholders to share in any premium associated with a future transfer of control of CXP, if such an event should occur.

These transactions also have certain actual or potential disadvantages to CXP and its stockholders, which you should carefully consider:

After the reclassification, our current public stockholders will hold shares of Class A common stock, which have voting rights that are inferior to those of the Class B common stock with respect to the election of directors. As a result, our current public stockholders will have diminished voting rights in the election of directors inasmuch as our current stockholders will only have the right to elect directors comprising 15% or less of our board of directors.

In order to fund payment of the special dividend to our stockholders, we expect to incur approximately \$112 million of debt under a new bank credit facility. Our debt service obligations with respect to this new debt will have an adverse impact on our earnings and cash flow for as long as the indebtedness is outstanding. This adverse effect on our earnings and cash flow could negatively impact our stock price.

In certain precedent distribution transactions similar in structure to the proposed transactions, the market price of the common stock held by the stockholders of the issuer declined during specified periods after the announcement of such transactions. Numerous factors impact stock price

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performance and we cannot predict the impact the proposed transactions will have on our stock price.

We expect to incur some additional administrative and other costs after the distribution as a public company that operates independently of Centex.

We have agreed with Centex that we will not engage in certain transactions, including mergers, consolidations, liquidations, asset sales and stock repurchases, for a period of two years after the distribution, unless Centex has received satisfactory assurances that these transactions will not affect the tax-free nature of the distribution. These obligations could limit our ability to engage in these types of transactions, even if such transactions would otherwise be in the best interests of our stockholders.

After the distribution, it is likely that some Centex stockholders will sell all or part of the shares of Class A common stock and Class B common stock received by them, which could depress the market price of our Class A common stock and Class B common stock.

You will also be asked to consider and vote upon certain corporate governance and authorized capital proposals which are described in detail in the attached proxy statement. You are also being asked to approve a stockholders' rights plan. We believe that these proposals will help foster our long-term growth as an independent company following the distribution and, in the case of the governance and the stockholders' rights plan proposals, will help protect our stockholders from potentially coercive or abusive takeover tactics and attempts to acquire control of us at a price or on terms that are not in the best interests of our stockholders. In addition, we have agreed to indemnify Centex for tax liabilities under certain circumstances if the distribution becomes subject to tax. The likelihood of the distribution losing its tax-free status and CXP being subject to liability under the tax indemnification provisions of the distribution agreement increase if CXP is acquired. By making a takeover of CXP without approval of our board of directors more difficult, these proposals will also protect CXP from potential liabilities resulting from the loss of the tax-free status of the distribution. The governance and authorized capital proposals would amend our certificate of incorporation to create a classified board of directors consisting of three classes, eliminate the ability of our stockholders to act by written consent, eliminate the ability of our stockholders to call a special meeting of stockholders, require a supermajority vote by our stockholders to amend certain provisions of our certificate of incorporation and increase the amount of our authorized capital stock. The governance proposals and stockholders' rights plan proposal may discourage takeover bids and other transactions that could result in the removal of our board of directors or incumbent management, even if a substantial number of stockholders believe that these actions would be in their best interests.

You will also be asked to consider and vote upon a proposal to change our name to Eagle Materials Inc.

Finally, you will be asked to vote upon a proposal to adopt a new incentive plan combining, amending and restating our two existing stock option plans without increasing the number of shares available for awards.

The accompanying proxy statement provides information about the proposed transactions. Our board encourages you to read the entire proxy statement and the appendices carefully.

The board of directors of CXP, upon the recommendation of its special committee consisting of independent directors, has determined that the distribution and related transactions, including the reclassification, are advisable, fair to and in the best interests of CXP and its stockholders and have unanimously approved the merger agreement and each of the governance, authorized capital increase, name change, stockholders' rights plan and incentive plan proposals. **The board of directors of CXP recommends that you vote For the adoption of the merger agreement and the governance, authorized capital increase, name change, stockholders' rights plan and incentive plan proposals and urges you to sign, date and mail the enclosed proxy in the reply envelope at your earliest convenience.**

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Thank you for your continued support as we proceed to consider and implement these important transactions.

Very truly yours,

LAURENCE E. HIRSCH

Chairman of the Board

Your vote is important. Whether or not you plan to attend the special meeting, please fill in, sign and promptly return your proxy in the enclosed postage-paid envelope. You may revoke your proxy at any time before it is voted. Executed but unmarked proxies will be voted for the adoption of the agreement and plan of merger and for the approval of each of the governance, authorized capital increase, name change, stockholders rights plan and incentive plan proposals. There is no need to send any CXP stock certificates to us in your proxy envelope or otherwise.

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Centex Construction Products, Inc.

**2728 N. Harwood
Dallas, Texas 75201**

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held , 2003

To the Stockholders:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Centex Construction Products, Inc., a Delaware corporation (CXP), will be held at 2728 N. Harwood, 10th Floor, Dallas, Texas 75201 at 9:00 a.m., local time, on , 2003, for the following purposes:

(1) *Reclassification Proposal.* You are being asked to approve the adoption of an agreement and plan of merger, dated as of July 21, 2003, among CXP, Centex Corporation (Centex) and ARG Merger Corporation, a newly-formed, wholly-owned subsidiary of Centex. The merger agreement provides for the merger of ARG Merger Corporation with and into CXP in order to reclassify our capital stock to create a new class of common stock, to be called Class B common stock, having the right to elect at least 85% of the members of our board of directors. We refer to our existing class of common stock as common stock prior to the reclassification and as Class A common stock after the reclassification. The reclassification is being proposed to facilitate the tax-free distribution by Centex to its stockholders of its approximately 65% equity ownership interest in CXP. In the reclassification, Centex will exchange 9,220,000 shares of common stock held by it for an equal number of shares of Class B common stock. Immediately following the reclassification, Centex will distribute these shares of Class B common stock and the remaining 2,742,304 shares of Class A common stock held by Centex to its stockholders. The merger agreement provides for certain amendments to our certificate of incorporation that are necessary to create the Class B common stock.

(2) *Governance Proposals.* You are also being asked to approve a number of proposals that would, if approved, amend our certificate of incorporation at the effective time of the merger as follows:

Staggered Board Proposal. To amend our certificate of incorporation to divide our board of directors into three classes, with each director serving for a term of three years.

Written Consent Proposal. To amend our certificate of incorporation to eliminate the ability of our stockholders to act by written consent.

Special Meeting Proposal. To amend our certificate of incorporation to eliminate the ability of our stockholders to call special meetings of the stockholders.

Supermajority Voting Proposal. To amend our certificate of incorporation to require approval of 66 2/3% of the outstanding shares of our common stock entitled to vote, voting together as a

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single class, to alter, amend, rescind or repeal our bylaws by action of our stockholders or to adopt or modify the provisions of our certificate of incorporation relating to:

the division of our board of directors into three classes;

the inability of our stockholders to act by written consent;

the inability of our stockholders to call special meetings of the stockholders;

the ability of our board of directors to adopt, alter, amend and repeal the bylaws;

a special voting provision limiting the voting rights of beneficial owners of 15% or more of the outstanding shares of our Class B common stock; and

the 66 2/3% vote required in order for our stockholders to modify any of the provisions of the certificate of incorporation described above.

These proposals are collectively referred to as the governance proposals. None of the governance proposals will become effective unless the reclassification is completed.

(3) *Authorized Capital Increase Proposal.* To approve an amendment to our certificate of incorporation to increase the authorized number of shares of common stock and preferred stock that we may issue from 50,000,000 shares of common stock and 2,000,000 shares of preferred stock to 100,000,000 shares of common stock (consisting of 50,000,000 shares of Class A common stock and 50,000,000 shares of Class B common stock) and 5,000,000 shares of preferred stock. The authorized capital increase proposal will not become effective unless the reclassification is completed.

(4) *Name Change Proposal.* To approve an amendment to our certificate of incorporation to change our name from Centex Construction Products, Inc. to Eagle Materials Inc. The name change proposal will not become effective unless the reclassification is completed.

(5) *Stockholders Rights Plan Proposal.* To approve a proposal to implement a stockholders rights plan. The stockholders rights plan proposal will not become effective unless the reclassification is completed.

(6) *Incentive Plan Proposal.* To approve a proposal to adopt a new incentive plan combining, amending and restating our two existing stock option plans without increasing the number of shares available for awards. The incentive plan proposal will become effective even if the reclassification is not completed.

(7) *Other Business.* To conduct such other business as may properly come before the special meeting or any adjournment thereof.

Each of the foregoing items of business is more fully described in the proxy statement accompanying this notice. **We urge you to review the proxy statement and appendices thereto in their entirety.**

If the reclassification is approved and other conditions to the proposed transactions are satisfied or waived, CXP will declare and pay a special one-time cash dividend to CXP stockholders (including Centex) of \$6.00 per share, or an aggregate of approximately \$112 million, payable to stockholders of record prior to the distribution.

The Board of Directors of CXP has fixed the close of business on October 24, 2003 as the record date for the determination of stockholders entitled to notice of and to vote at the special meeting or any adjournment thereof. Only stockholders of record at the close of business on the record date are entitled to notice of and to vote at the special meeting. The transfer books will not be closed.

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You are cordially invited to attend the special meeting. Whether or not you expect to attend the special meeting in person, you are urged to sign, date and mail promptly the accompanying form of proxy so that your shares may be represented and voted at the special meeting. Your proxy will be returned to you if you choose to attend the special meeting and request that it be returned.

By Order of the Board of Directors

James H. Graass
Executive Vice President,
General Counsel and Secretary

Dallas, Texas
, 2003

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SUMMARY TERM SHEET

This summary term sheet provides an overview of the material information that is presented in this proxy statement and may not contain all the information that is important to you. You should carefully read this entire proxy statement and the attached appendices for a more complete understanding of the transactions. References in this proxy statement to CXP, we, us, ours or like terms refer to Centex Construction Products, Inc. In this proxy statement we refer to our currently existing class of common stock as our common stock prior to the reclassification described below and as Class A common stock after the reclassification. Additionally, we refer to the new class of common stock created pursuant to the reclassification as Class B common stock. This proxy statement and the accompanying proxy were first sent to our stockholders on or about , 2003.

Centex Construction Products, Inc.

We produce and sell cement, gypsum wallboard, recycled paperboard, aggregates and readymix concrete used in residential, industrial, commercial and infrastructure applications. We are a holding company and the businesses of the consolidated group are conducted through our subsidiaries. Prior to April 19, 1994, CXP was a wholly-owned subsidiary of Centex Corporation which we refer to as Centex. On April 19, 1994, we completed an initial public offering of 51% of our common stock. Our existing common stock, par value \$0.01 per share, began trading publicly on the New York Stock Exchange on April 19, 1994. Centex currently owns approximately 65% of our common stock. Our principal executive offices are located at 2728 N. Harwood, Dallas, Texas 75201, and our telephone number at that location is (214) 981-5000.

Centex Corporation

Centex, through its subsidiaries, is engaged in five principal business segments: home building, financial services, construction products, construction services and investment real estate. Centex's home building operations involve the purchase and development of land or lots and the construction and sale of single-family homes, townhomes and low-rise condominiums. Through its financial services operations, Centex is engaged in the residential mortgage banking business, as well as in other financial services that are in large part related to the residential mortgage market, and include mortgage origination, servicing and other related services. Centex's construction products operations are conducted through its ownership interest in CXP. The construction services operations involve the construction of buildings for both private and government interests, including office, commercial and industrial buildings, hospitals, hotels, correctional facilities, education institutions, museums, libraries, airport facilities and sports facilities. Centex's investment real estate operations involve the acquisition, development and sale of land, primarily for industrial, office, multi-family, retail, residential and mixed-use projects. Centex's principal executive offices are located at 2728 N. Harwood, Dallas, Texas 75201, and its telephone number at that location is (214) 981-5000.

Summary of the Transactions

CXP and Centex have agreed, subject to various conditions, to effect a series of transactions that will permit Centex to distribute its entire equity interest in CXP to Centex's stockholders in a transaction that is tax-free to Centex and its stockholders. In order to permit this distribution to be tax-free for U.S. federal income tax purposes, CXP proposes to make the changes to its capital structure described in this proxy statement.

Summary of the Merger and Reclassification Proposal.

On July 21, 2003, CXP, Centex and ARG Merger Corporation, a newly formed wholly-owned subsidiary of Centex that we refer to as Merger Sub, entered into an agreement and plan of merger. We subsequently amended and restated this agreement to make certain minor modifications. This amended and restated agreement and plan of merger, which we refer to as the merger agreement, provides for the merger of Merger Sub with CXP in order to reclassify its common stock to create a new class of our common stock called Class B common stock. The

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reclassification is being proposed to facilitate the tax-free distribution by Centex to its stockholders of its approximate 65% ownership interest in CXP.

Given the nature of Centex's ownership interest in CXP, in order for the distribution by Centex of its entire equity interest in CXP to be tax-free to Centex and its stockholders, among other things, Centex must own, at the time of the distribution, capital stock of CXP having the right to elect at least 85% of the members of CXP's board of directors, and Centex must distribute its entire equity interest in CXP to Centex's stockholders in a single transaction.

The reclassification will be implemented as follows:

Centex will first contribute to Merger Sub 9,220,000 shares of our common stock and will retain its remaining 2,742,304 shares of our common stock.

Merger Sub will then merge with and into CXP and, as a result, the shares of common stock of Merger Sub held by Centex will be converted into 9,220,000 shares of Class B common stock.

The shares of our common stock held by stockholders other than Merger Sub will not be affected by the merger. We refer to these transactions in this proxy statement as the reclassification.

The holders of shares of Class B common stock will be entitled to elect at least 85% of our board of directors. The holders of shares of our Class A common stock will have the right to elect the remaining member or members of our board of directors. The minimum number of directors of our board will be set at seven so that the holders of our Class A common stock will always be entitled to elect at least one director. In all other respects, the rights of the holders of our Class A common stock and the Class B common stock will be substantially the same, including with respect to voting rights on fundamental transactions affecting CXP. See Proposal One: The Reclassification and Related Transactions Description of the Reclassification Proposal and Description of the Merger Agreement and Distribution Agreement The Merger Agreement Reclassification and Merger.

The merger agreement provides for certain amendments to our certificate of incorporation necessary to create the Class B common stock. The amendments also include a special voting provision that limits the voting rights of holders of 15% or more of the Class B common stock as described under Proposal One: The Reclassification and Related Transactions Description of the Reclassification Proposal Limitation on Voting Rights of Class B Common Stock.

We are asking our stockholders to approve the adoption of the merger agreement, which, upon the merger of Merger Sub with CXP, will effect the reclassification. We refer to this proposal in this proxy statement as the reclassification proposal.

Cash Dividend. If the reclassification proposal is approved and the other conditions described in the merger agreement and the distribution agreement, dated as of July 21, 2003, between CXP and Centex are satisfied or waived, then we will declare a special one-time cash dividend to our holders of common stock (including Centex) of \$6.00 per share, payable to stockholders of record as of a date prior to the record date for the distribution. Based on the number of shares of common stock that are outstanding as of October 31, 2003, the total amount of the special dividend will be approximately \$112 million, of which Centex will be entitled to receive approximately \$72 million. All or substantially all of the special dividend will be funded through borrowings by CXP under a new bank credit facility to be established in connection with these transactions. See Proposal One: The Reclassification and Related Transactions Financing; Bank Credit Facility and Description of the Merger Agreement and Distribution Agreement The Distribution Agreement.

Distribution. We also have entered into a distribution agreement, dated as of July 21, 2003, which governs the terms and conditions of the distribution and the special cash dividend. This distribution agreement was subsequently amended and restated to incorporate certain minor technical changes and we refer to the amended and restated distribution agreement as the distribution agreement. If the reclassification proposal is approved and the other conditions described in the merger agreement

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and the distribution agreement are satisfied or waived, then immediately following the payment of the cash dividend and completion of the reclassification, Centex will distribute to its stockholders, in proportion to the number of Centex shares they hold, all of the shares of Class B common stock that Centex receives in the reclassification, together with all of the remaining shares of Class A common stock owned by Centex. Centex estimates that a holder of a share of Centex common stock will receive approximately .19 shares of CXP stock pursuant to the distribution, consisting of approximately .04 shares of Class A common stock and approximately .15 shares of Class B common stock. No fractional CXP shares will be distributed in the distribution. Fractional shares will instead be aggregated and sold in the public market by the distribution agent, and the aggregate net cash proceeds will be distributed ratably to those stockholders who would otherwise receive fractional interests. After the reclassification and distribution, the number of outstanding shares of our Class A common stock and Class B common stock will be substantially equal. See *Proposal One: The Reclassification and Related Transactions* and *Description of the Merger Agreement and Distribution Agreement – The Distribution Agreement*.

Other Proposals

We are asking our stockholders to approve several other proposals relating to the amendment of our certificate of incorporation and other matters in connection with the transactions described above. These proposals, other than the incentive plan proposal, will not be implemented if the reclassification proposal is not approved by the required vote of our stockholders.

Governance Proposals. We are asking our stockholders to approve a number of governance proposals that we believe would, if approved, foster our long-term growth as an independent company following the distribution and protect our stockholders from potentially coercive or abusive takeover tactics and attempts to acquire CXP at a price or on terms that are not in the best interests of CXP stockholders. In addition, by making a takeover or other change of control of CXP without approval of our board of directors more difficult, the proposals will also protect CXP from potential liabilities under the distribution agreement resulting from the loss of the tax free status of the distribution. We are proposing to amend our certificate of incorporation as follows:

Staggered Board Proposal. If this proposal is approved, our certificate of incorporation will be amended to divide our board of directors into three classes, with each director serving for a term of three years.

Written Consent Proposal. If this proposal is approved, our certificate of incorporation will be amended to eliminate the ability of our stockholders to act by written consent.

Special Meeting Proposal. If this proposal is approved, our certificate of incorporation will be amended to eliminate the ability of our stockholders to call special meetings of the stockholders.

Supermajority Voting Proposal. If this proposal is approved, our certificate of incorporation will be amended to require the approval of 66 2/3% of the outstanding shares of our stock entitled to vote, voting together as a single class, to alter, amend, rescind or repeal our bylaws by action of our stockholders or to adopt or modify the provisions of our certificate of incorporation relating to:

the division of our board of directors into three classes;

the inability of our stockholders to act by written consent;

the inability of our stockholders to call special meetings of the stockholders;

the ability of our board of directors to adopt, alter, amend and repeal the bylaws;

the special voting limitation that limits the voting rights of beneficial owners of 15% or more of the outstanding shares of our Class B common stock; and

the 66 2/3% vote required in order for our stockholders to modify any of the provisions of the certificate of incorporation described above.

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See Proposals Two, Three, Four, Five, Six, Seven, Eight and Nine: Governance Proposals, Authorized Capital Increase Proposal, Name Change Proposal, Stockholders Rights Plan Proposal and Incentive Plan Proposal The Governance Proposals, the Authorized Capital Increase Proposal, the Name Change Proposal and the Incentive Plan Proposal.

Authorized Capital Increase Proposal. We are asking our stockholders to approve a proposal that would, if approved, provide us with sufficient authorized capital stock for future issuances. If this proposal is approved, our certificate of incorporation will be amended to increase our authorized common stock from 50,000,000 to 100,000,000 shares of common stock (consisting of 50,000,000 shares of Class A common stock and 50,000,000 shares of Class B common stock). We are also proposing to increase our authorized preferred stock from 2,000,000 to 5,000,000 shares. Our board of directors believes that this increase in our authorized capital will ensure that there remains a sufficient authorized number of shares of common stock and preferred stock after the reclassification in order to provide for potential future stock splits, sales of our securities to raise additional capital, acquisitions of other companies or their businesses or assets, establishing strategic relationships with third parties, and providing options or other stock incentives to our employees, consultants or others. See Proposals Two, Three, Four, Five, Six, Seven, Eight and Nine: Governance Proposals, Authorized Capital Increase Proposal, Name Change Proposal, Stockholders Rights Plan Proposal and Incentive Plan Proposal The Governance Proposals, the Authorized Capital Increase Proposal, the Name Change Proposal and the Incentive Plan Proposal.

Name Change Proposal. We are asking our stockholders to approve an amendment to our certificate of incorporation that would, if approved, change our name to Eagle Materials Inc. See Proposals Two, Three, Four, Five, Six, Seven, Eight and Nine: Governance Proposals, Authorized Capital Increase Proposal, Name Change Proposal, Stockholders Rights Plan Proposal and Incentive Plan Proposal The Governance Proposals, the Authorized Capital Increase Proposal, the Name Change Proposal and the Incentive Plan Proposal.

Stockholders Rights Plan Proposal. Our board of directors has approved a stockholders rights plan to be implemented, subject to approval by our stockholders, upon consummation of the distribution. The purpose of the stockholders rights plan is to enhance the ability of our board of directors to ensure that our stockholders receive full, fair value for their shares of common stock in the event of a hostile takeover attempt. The stockholders rights plan encourages potential acquirors to negotiate with our board of directors and discourages certain coercive takeover tactics. In addition, by making a takeover or other change of control of CXP without approval of our board of directors more difficult, this proposal will also protect CXP from potential liabilities under the distribution agreement resulting from the loss of the tax free status of the distribution. Under the terms of the stockholders rights plan, our board of directors will declare a dividend of one right for each outstanding share of any class of our common stock. Upon the occurrence of certain triggering events, as described in greater detail under Proposals Two, Three, Four, Five, Six, Seven, Eight and Nine: Governance Proposals, Authorized Capital Increase Proposal, Name Change Proposal, Stockholders Rights Plan Proposal and Incentive Plan Proposal Stockholders Rights Plan Proposal, each holder of a right (other than the acquiring person and certain related parties) will generally have the right to receive, upon exercise, capital stock having a value equal to two times the purchase price of the right. The effect of the exercise of the rights is to dilute the ownership position of a person who has acquired percent of our common stock by allowing our stockholders (other than the acquiring stockholder) to buy our capital stock at a lower price. The stockholders rights plan will include a provision requiring a committee comprised of independent directors of CXP to review and evaluate the plan no less frequently than once every three years, with the first review to take place two years after the distribution. See Proposals Two, Three, Four, Five, Six, Seven, Eight and Nine: Governance Proposals, Authorized Capital Increase Proposal, Name Change Proposal, Stockholders Rights Plan Proposal and Incentive Plan Proposal Stockholders Rights Plan Proposal.

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Incentive Plan Proposal. We are asking our stockholders to approve an incentive plan that would combine, amend and restate our existing stock option plans. We are proposing this new plan at this time in order to, among other things, ensure that our equity compensation arrangements are governed by a uniform set of terms and provisions. The number of shares that would be available for issuance under the incentive plan has not increased and is the same as the total number of shares available for issuance under our two existing stock option plans. The purpose of the incentive plan is to further the interests of CXP and our stockholders by providing incentives in the form of awards to key employees and nonemployee directors who can contribute materially to the success and profitability of CXP and our affiliates. See Proposals Two, Three, Four, Five, Six, Seven, Eight and Nine: Governance Proposals, Authorized Capital Increase Proposal, Name Change Proposal, Stockholders Rights Plan Proposal and Incentive Plan Proposal Incentive Plan Proposal.

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Transaction and Ownership Structure

The following chart illustrates CXP's current ownership structure, the effect of the reclassification, dividend and distribution, and the ownership of CXP immediately after the reclassification and the distribution:

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Expected Benefits of the Transactions to CXP and its Stockholders

The reclassification, the distribution and the related transactions described in this proxy statement are expected to result in the benefits set forth below, which are described in greater detail under Proposal One: The Reclassification and Related Transactions CXP's Reasons for the Reclassification and Related Transactions. The reclassification will allow the public holders of our Class A common stock to elect one director, compared to their current inability to significantly influence the election of any members of our board of directors due to Centex's majority voting control. Apart from the increased influence over the election of one director, the reclassification itself will not result in any material benefits to our stockholders. However, the reclassification is a prerequisite to the other proposed transactions, because Centex advised us that it would only be willing to proceed with the distribution and related transactions if the distribution were tax-free to Centex and its stockholders. Accordingly, our board of directors reviewed the proposed transactions in their entirety, and considered the following benefits from the distribution and related transactions:

The proposed transactions will significantly increase the public float and liquidity of our capital stock by increasing the number of shares held by stockholders (other than Centex) from about 6.6 million shares to about 18.6 million shares, which includes shares of the Class A common stock and shares of the Class B common stock. The proposed transactions will also significantly increase the public float and liquidity of our existing class of common stock by increasing the number of shares of that class held by stockholders (other than Centex) from about 6.6 million shares to about 9.4 million shares. In addition, the transactions will result in a broader stockholder base when Centex distributes the shares of Class B common stock and the Class A common stock held by it to its stockholders. We estimate that there will be at least 28,000 beneficial owners of our capital stock immediately following the distribution, which represents more than ten times our current number of beneficial owners.

We believe that a broader stockholder base, coupled with increased public float and liquidity of our capital stock, may attract additional analyst coverage of CXP, which we believe would enhance the market's awareness of our capital stock and stimulate interest from new investors.

We expect that an expansion of our stockholder base and broader exposure in the investment community will enhance our ability to use our capital stock as an acquisition currency and as a means of raising capital.

Our stockholders will receive immediate tangible value through the special one-time cash dividend.

As a 65% owned subsidiary, we currently must compete for capital with Centex's other businesses. The proposed transactions will permit us to manage our business and seek growth opportunities without regard to considerations or restraints related to Centex's other businesses, including capital structure limitations required for Centex to maintain its current credit rating.

The proposed transactions will permit us to pursue our business interests independent of Centex, particularly with respect to acquisitions, business and asset sales and other corporate opportunities, and are designed to enhance the long term value of CXP.

Subject to the two-year limitation on mergers and other extraordinary transactions and the effect of the governance proposals, the transactions may permit our stockholders to share in any premium associated with a future transfer of control of CXP, if such an event should occur.

The proposed transactions are expected to enhance the attractiveness of our equity-based compensation plans due to the increased public float and liquidity of our capital stock, thereby increasing our ability to attract and retain qualified employees.

The governance proposals and stockholders' rights plan proposal will help foster our long-term growth as an independent company following the reclassification and the distribution by protecting our stockholders from potentially coercive or abusive takeover tactics and attempts to acquire control of CXP at a price or on terms that are not in the best interest of all of CXP's stockholders.

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Disadvantages of the Transactions to CXP and its Stockholders

The reclassification, the distribution and related transactions also have certain actual or potential disadvantages to CXP and its stockholders, which you should carefully consider:

After the reclassification, our current public stockholders will hold shares of Class A common stock, which have voting rights that are inferior to those of the Class B common stock with respect to the election of directors. As a result, our current public stockholders will have diminished voting power in the election of directors inasmuch as our current stockholders will only have the right to elect directors comprising 15% or less of our board of directors. The market value of our Class A common stock could be adversely affected by the inferior voting rights of this class.

In order to fund payment of the special dividend to our stockholders, including Centex, we expect to incur approximately \$112 million of new bank debt. Our debt service obligations with respect to this new bank debt will have an adverse impact on our earnings and cash flow for as long as the debt is outstanding. This adverse affect on our earnings and cash flow could negatively impact our stock price.

In certain precedent distribution transactions similar in structure to the proposed transactions, the market price of the common stock held by the stockholders of the issuer declined during specified periods after the announcement of such transactions. Numerous factors impact stock price performance and we cannot predict the impact the proposed transactions will have on our stock price.

We have agreed with Centex that we will not engage in certain transactions, including mergers, consolidations, liquidations, asset sales and stock repurchases, for a period of two years after the distribution, unless Centex has received satisfactory assurances that these transactions will not affect the tax-free nature of the distribution. These obligations could limit our ability to engage in these types of transactions, even if such transactions would otherwise be in the best interests of our stockholders.

After the distribution, some Centex stockholders will sell all or part of the shares of Class A common stock and Class B common stock received by them, which could depress the market price of our Class A common stock and Class B common stock.

Under certain circumstances, including in the event of an acquisition of CXP by a third party within two years after the distribution, we could be obligated to indemnify Centex and its stockholders against significant tax liabilities.

In the past, Centex has performed certain corporate functions for us, including legal, accounting, benefit program administration, insurance administration and internal audit services. As an independent public company, we will be required, after an interim transition period, to replace these services, which costs will likely exceed the fees we pay to Centex.

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Conditions to the Transactions and Other Proposals

The reclassification and the distribution will occur only if all of the necessary conditions contained in the merger agreement and the distribution agreement are satisfied or waived. These conditions include, among other things, the receipt of a ruling from the Internal Revenue Service, or IRS, and the approval of the reclassification proposal by the votes of our stockholders described below under Required Vote. As of the date of this proxy statement, Centex has not received the required ruling from the IRS. None of the governance proposals, the authorized capital increase proposal, the name change proposal or the stockholders' rights plan proposal will be implemented unless the reclassification is completed. The incentive plan proposal will be implemented even if the reclassification is not completed. For a description of the other conditions contained in the merger agreement and the distribution agreement, see Description of the Merger Agreement and Distribution Agreement, The Merger Agreement, Conditions to the Merger, and The Distribution Agreement, Conditions to the Distribution and the Declaration of the Cash Dividend.

Special Meeting

We have called a special meeting of our stockholders to be held at 9:00 a.m., local time, on _____, 2003, at 2728 N. Harwood, 10th Floor, Dallas, Texas. At the special meeting, you will be asked to consider and vote upon the adoption of the merger agreement and upon the governance proposals, the authorized capital increase proposal, the name change proposal, the stockholders' rights plan proposal and the incentive plan proposal. See The Special Meeting.

Board of Directors Recommendation

Our board of directors, upon the recommendation of the special committee, has unanimously approved the merger agreement and each of the governance proposals, the authorized capital increase proposal, the name change proposal, the stockholders' rights plan proposal and the incentive plan proposal. Our board of directors has determined, based upon the recommendations of the special committee, that the distribution and related transactions, including the reclassification, are advisable, fair to and in the best interests of CXP and its unaffiliated and affiliated stockholders. Our board of directors has also determined, based upon the recommendations of the special committee, that each of the governance proposals, the authorized capital increase proposal, the name change proposal and the stockholders' rights plan proposal are advisable and in the best interests of CXP and our stockholders. **Our board of directors recommends that you vote For the adoption of the merger agreement and each of the governance proposals, the authorized capital increase proposal, the name change proposal, the stockholders' rights plan proposal and the incentive plan proposal.** See Proposal One: The Reclassification and Related Transactions, Recommendation of the CXP Board, and Proposals Two, Three, Four, Five, Six, Seven, Eight and Nine: Governance Proposals, Authorized Capital Increase Proposal, Name Change Proposal, Stockholders' Rights Plan Proposal and Incentive Plan Proposal, Recommendation of the CXP Board.

Required Vote

Each outstanding share of our common stock is entitled to one vote on each proposal. Under Delaware corporate law, adoption of the merger agreement and approval of each of the governance proposals, the authorized capital increase proposal and the name change proposal require the affirmative vote of the holders of a majority of our common stock entitled to vote on such proposal. The approval of the stockholders' rights plan proposal is also being submitted for the affirmative vote of the holders of a majority of our common stock entitled to vote on such proposal. The approval of the incentive plan proposal requires the affirmative vote of the holders of a majority of the shares voting on the proposal. In addition, the reclassification will occur only if the holders of a majority of the shares of our common stock present in person or by proxy at the special meeting and voting on the reclassification proposal, other than Centex, vote to adopt the merger agreement. Throughout this proxy statement, when we refer to the approval of the reclassification proposal by our stockholders, we are referring to both the adoption of the merger agreement by the vote required under Delaware corporate law and the vote described in the

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previous sentence. See Proposal One: The Reclassification and Related Transactions Required Vote and Proposals Two, Three, Four, Five, Six, Seven, Eight and Nine: Governance Proposals, Authorized Capital Increase Proposal, Name Change Proposal, Stockholders Rights Plan Proposal and Incentive Plan Proposal Required Vote.

Centex has informed us that it will vote its shares of our common stock in favor of the reclassification proposal, each of the governance proposals, the authorized capital increase proposal, the name change proposal, the stockholders rights plan proposal and the incentive plan proposal. Since Centex owns approximately 65% of our outstanding shares, the approval of each of the governance proposals, the authorized capital increase proposal, the name change proposal, the stockholders rights plan proposal and the incentive plan proposal is assured. See Proposal One: The Reclassification and Related Transactions Required Vote and Proposals Two, Three, Four, Five, Six, Seven, Eight and Nine: Governance Proposals, Authorized Capital Increase Proposal, Name Change Proposal, Stockholders Rights Plan Proposal and Incentive Plan Proposal Required Vote.

Interests of Our Officers and Directors

Some of our officers and directors may have interests in the reclassification and related transactions that are different from, or in addition to, the interests of our public stockholders. For example, two of our directors, Messrs. Laurence E. Hirsch and Timothy R. Eller, are executive officers and directors of Centex and one of our directors, Mr. Quinn, is a former executive officer and current director of Centex. Centex will receive certain significant benefits in this transaction, including receipt of approximately 65% or approximately \$72 million, of the special dividend, which will be funded through the incurrence of debt by CXP. Centex will also receive the Class B common stock as a result of the reclassification, which will have superior voting rights to the Class A common stock, but Centex will not be required to pay any consideration for its increased voting rights. The members of our management and board of directors also have interests in the governance proposals and stockholders rights plan proposal that differ from the interests of our public stockholders, because these proposals may discourage takeover bids and other transactions that could result in the removal of our board of directors or incumbent management. In addition, in connection with the cash dividend, we will be making certain adjustments to outstanding stock options held by our optionees, including our officers and directors. Also, our directors and officers hold stock options granted under, and will be eligible to receive grants of stock options and restricted stock under, our incentive plan. See Certain Considerations, Proposal One: The Reclassification and Related Transactions Interests of Our Officers and Directors in the Reclassification, Stock Option Adjustment and Proposals Two, Three, Four, Five, Six, Seven, Eight and Nine: Governance Proposals, Authorized Capital Increase Proposal, Name Change Proposal, Stockholders Rights Plan Proposal and Incentive Plan Proposal Incentive Plan Proposal.

Appendices

The merger agreement is attached as Appendix A to this proxy statement.

The distribution agreement is attached as Appendix B.

The proposed restated certificate of incorporation is attached as Appendix C and includes provisions that reflect the reclassification proposal, governance proposals and authorized capital increase proposal, which will become effective if these proposals are approved.

The proposed amended and restated bylaws are attached as Appendix D and include proposals adopted in connection with our board s approval of the reclassification proposal as well as changes to our bylaws relating solely to the governance proposals, which will become effective if the reclassification proposal and the governance proposals are approved.

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The opinion of Bear, Stearns & Co. Inc., the special committee's financial advisor, relating to the financial fairness of the reclassification, the cash dividend and the distribution, taken as a whole, to CXP's public stockholders, is attached as Appendix E.

The proposed incentive plan is attached as Appendix F.

We encourage you to read this proxy statement, the merger agreement, the distribution agreement, the proposed certificate of incorporation and bylaws, the opinion of Bear Stearns and the incentive plan carefully and in their entirety.

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**QUESTIONS AND ANSWERS ABOUT THE RECLASSIFICATION,
THE GOVERNANCE PROPOSALS, THE AUTHORIZED CAPITAL INCREASE PROPOSAL,
THE NAME CHANGE PROPOSAL, THE STOCKHOLDERS RIGHTS PLAN PROPOSAL
AND THE INCENTIVE PLAN PROPOSAL**

Q: What am I being asked to vote upon in the reclassification?

A: You are being asked to adopt a merger agreement providing for the reclassification of our capital stock. If the merger is approved and completed, a new class of common stock of CXP will be created that will be called Class B common stock and will have the right to elect at least 85% of our directors. The holders of shares of our Class A common stock will have the right to elect the remaining members of our board of directors. Centex currently holds 11,962,304 shares of our common stock. Centex will exchange 9,220,000 of these shares for an equal number of shares of Class B common stock in the reclassification. Centex will then distribute all of the 9,220,000 shares of Class B common stock that it receives in the reclassification, together with the remaining 2,742,304 shares of Class A common stock held by it, to its stockholders in the distribution. After the reclassification and distribution, the number of outstanding shares of our Class A common stock and Class B common stock will be substantially equal. If the reclassification is approved and other conditions to the proposed transactions are satisfied or waived, CXP will declare and pay a special one-time cash dividend to CXP stockholders (including Centex) of \$6.00 per share, or an aggregate of approximately \$112 million, payable to stockholders of record prior to the distribution.

Q: Other than the voting rights for the board of directors, is there any difference between a share of our Class A common stock and a share of Class B common stock?

A: No. In general, the rights of the holders of our Class A common stock and Class B common stock will be substantially the same in all other respects. More specifically, the voting rights of our Class A common stock and Class B common stock will be the same in all matters submitted to our stockholders except the election of our directors and certain other limited matters required by Delaware law. Delaware law requires a separate class voting right if an amendment to our certificate of incorporation would alter the aggregate number of authorized shares or par value of either such class or alter the powers, preferences or special rights of either such class so as to affect these rights adversely.

Q: What stockholder approvals are needed for the reclassification proposal?

A: The reclassification requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock. In addition, the reclassification will occur only if approved by the affirmative vote of the holders of a majority of the shares of our common stock, other than Centex, that vote on the reclassification in person or by proxy at the special meeting.

Q: Other than the stockholder approvals discussed above, are there other conditions to the reclassification?

A: Yes. The reclassification will occur only if all of the conditions described under the caption Description of the Merger Agreement and Distribution Agreement The Merger Agreement Conditions to the Merger are satisfied or waived. These conditions include, among other things, the receipt of a ruling from the Internal Revenue Service confirming that the reclassification and distribution will be tax-free transactions.

Q: If the reclassification and distribution occur, will CXP's name be changed?

A: Yes. If the reclassification and distribution occur and the name change proposal is approved, our certificate of incorporation will be amended to change our name to Eagle Materials Inc.

Q: Will the cash dividend be paid if the reclassification proposal is not approved?

A: No. We will declare and pay a special one-time cash dividend of \$6.00 per share to the holders of our existing class of common stock, including Centex, only if the reclassification is approved.

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Q: Why is CXP recommending the governance proposals and stockholders rights plan proposal?

A: We believe that, after the reclassification and distribution, we may be vulnerable to unsolicited attempts to acquire control of our company. We have agreed to indemnify Centex for tax liabilities under certain circumstances if the distribution becomes subject to tax. The likelihood of the distribution losing its tax-free status and CXP being subject to liability under the tax indemnification provisions of the distribution agreement increase if CXP is acquired. By making a takeover of CXP without approval of our board of directors more difficult, these proposals, will protect CXP from potential liabilities resulting from the loss of the tax-free status of the distribution. We also believe that the governance proposals and stockholders rights plan proposal will help foster our long-term growth as an independent company following the reclassification and the distribution and will help protect our stockholders from potentially abusive takeover tactics and attempts to acquire control of CXP at a price or on terms that are not in the best interests of all of our stockholders.

Q: Why is CXP recommending the authorized capital increase proposal?

A: Our board of directors believes that an increase in our authorized capital will ensure that there remains a sufficient authorized number of shares of common stock and preferred stock after the reclassification and distribution in order to provide for potential future stock splits, sales of our securities to raise additional capital, acquisitions of other companies or their businesses or assets, establishing strategic relationships with third parties, and providing options or other stock incentives to our employees, consultants or others.

Q: What stockholder approvals are needed for the governance proposals, authorized capital increase proposal, name change proposal, stockholders rights plan proposal and incentive plan proposal?

A: Each of the governance proposals, authorized capital increase proposal, name change proposal and stockholders rights plan proposal requires the affirmative vote of the holders of a majority of our outstanding shares of common stock. The approval of the incentive plan proposal requires the affirmative vote of the holders of a majority of the shares voting on the proposal. Since Centex has informed us that it will vote its shares of our common stock in favor of each of these proposals, the approval of these proposals is assured.

Q: Will the governance proposals, authorized capital increase proposal, name change proposal, stockholders rights plan proposal or incentive plan proposal be implemented even if the reclassification and distribution do not occur?

A: Other than the incentive plan proposal, we will not implement any of these proposals, if the reclassification and distribution does not occur.

Q: What if I do not vote?

A: The failure to vote your shares will have the same effect as a vote against the reclassification, the governance proposals, authorized capital increase proposal, name change proposal and stockholders rights plan proposal, although it will have no effect with respect to the separate required vote on the reclassification by stockholders other than Centex and with respect to the vote on the incentive plan proposal. If you respond and do not indicate how you want to vote, your proxy will be counted as a vote in favor of the reclassification, the governance proposals, authorized capital increase proposal, name change proposal, stockholders rights plan proposal and incentive plan proposal. If you respond and abstain from voting, your proxy will have the same effect as a vote against the reclassification, the governance proposals, authorized capital increase proposal, name change proposal and stockholders rights plan proposal, although your abstention will have no effect with respect to the separate required vote on the reclassification by stockholders other than Centex and with respect to the vote on the incentive plan proposal.

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Q: Can I change my vote after I have delivered my proxy?

A: Yes. You can change your vote at any time before your proxy is voted at the special meeting. You can do this in one of three ways. First, you can revoke your proxy. Second, you can submit a new proxy. If you choose either of these two methods, you must submit your notice of revocation or your new proxy to the secretary of CXP before the special meeting. If your shares are held in an account at a brokerage firm or bank, you should contact your brokerage firm or bank to change your vote. Third, if you are a holder of record, you can attend the special meeting and vote in person.

Q: Should I send in my stock certificates now?

A: No. Other than Centex, our stockholders will not be exchanging share certificates. Please do not send in your stock certificates with your proxy or otherwise.

Q: Will the shares of our common stock continue to be listed on the New York Stock Exchange?

A: Following the reclassification and distribution, and if the name change proposal is approved, shares of our Class A common stock will be listed on the New York Stock Exchange under the symbol EXP. The Class B common stock is expected to be listed on the New York Stock Exchange under the symbol EXP.b. Our Class A common stock and Class B common stock will trade independently of each other and the trading prices of the shares of such classes of common stock may be different.

Q: When do you expect the reclassification and distribution to be completed?

A: We expect the reclassification and the distribution to be completed promptly following receipt of stockholder approval of the reclassification proposal and the satisfaction or waiver of the applicable conditions to completion of the distribution.

Q: Who can help answer my questions?

A: If you have any questions about the reclassification or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, you should contact:

Georgeson Shareholder Communications Inc.
17 State Street, 28th Floor
New York, New York 10004
(800)

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THE SPECIAL MEETING

This proxy statement is being furnished to our stockholders on or about _____, 2003 in connection with the solicitation of proxies by our board of directors for use at a special meeting of stockholders at which our stockholders are being asked to vote on the adoption of the merger agreement and on the governance proposals, authorized capital increase proposal, name change proposal, stockholders' rights plan proposal and incentive plan proposal. When we refer to the special meeting in this proxy statement, we are also referring to any adjournments or postponements of the special meeting.

Date, Time and Place of the Special Meeting of Stockholders

The special meeting of stockholders will be held at 9:00 a.m., local time, on _____, 2003, at 2728 N. Harwood, 10th Floor, Dallas, Texas 75201.

Recommendation of the CXP Board

Reclassification Proposal. Our board of directors, upon the recommendation of the special committee, has unanimously determined that the distribution and related transactions, including the reclassification, are advisable, fair to and in the best interests of CXP and our unaffiliated and affiliated stockholders. These transactions will give voting control of CXP to public stockholders and are expected to result in certain benefits that are described under Proposal One: Reclassification and Related Transactions CXP's Reasons for the Reclassification and Related Transactions. In addition to the long-term benefits of independence for CXP, the proposed transactions will deliver immediate value to our stockholders by virtue of the cash dividend. **Our board of directors recommends that you vote For the adoption of the merger agreement.**

Governance Proposals. Our board of directors, upon recommendation of the special committee, has unanimously determined that each of the staggered board proposal, the written consent proposal, the special meeting proposal and the supermajority voting proposal is advisable and in the best interests of CXP and our stockholders. Because Centex will no longer own a majority of our capital stock after the distribution, our board of directors believes that the distribution will make it easier for a third party to attempt to acquire CXP. Our board of directors also believes that companies can be and are acquired, and that changes in control of companies can and do occur, at prices below realistically achievable levels when boards do not have measures in place to require an acquiror to negotiate the terms of any acquisition directly with the board. Many companies have put in place provisions that effectively require such negotiations. The governance proposals are intended to make it more difficult for a potential acquiror to seek to acquire control of CXP by means of a proxy contest, merger or tender offer which is not negotiated with our board of directors. In addition, by making a takeover or other change of control of CXP without approval of our board of directors more difficult, these proposals will also protect CXP from potential liabilities under the distribution agreement resulting from the loss of the tax free status of the distribution. **Our board of directors recommends that you vote For approval of each of the governance proposals.**

Authorized Capital Increase Proposal. Our board of directors has unanimously determined that the authorized capital increase proposal is advisable and in the best interests of CXP and our stockholders. Our board of directors believes that the increase in capital stock will ensure that there remains a sufficient authorized number of shares of common stock and preferred stock after the reclassification for potential future stock splits, sales of our securities to raise additional capital, acquisitions of other companies or their businesses or assets, establishing strategic relationships with third parties, or providing options or other stock incentives to our employees, consultants or others. **Our board of directors recommends that you vote For approval of the authorized capital increase proposal.**

Name Change Proposal. Our board of directors has unanimously determined that our name should be changed to Eagle Products Inc. to eliminate the reference to Centex because we will no longer be a majority-owned subsidiary of Centex and in order to establish an independent market presence in the

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construction products industry. **Our board of directors recommends that you vote For approval of the name change proposal.**

Stockholders Rights Plan Proposal. Our board of directors has unanimously determined that the stockholders rights plan proposal is advisable and in the best interests of CXP and its stockholders. Our board of directors believes that implementation of the stockholders rights plan will enhance the ability of our board of directors to ensure that our stockholders receive full, fair value for their shares of common stock in the event of a hostile takeover. The stockholders rights plan encourages potential acquirors to negotiate with our board of directors and discourages certain coercive takeover tactics. In addition, by making a takeover or other change of control of CXP without approval of our board of directors more difficult, this proposal will also protect CXP from potential liabilities under the distribution agreement resulting from the loss of the tax free status of the distribution. **Our board of directors recommends that you vote For approval of the stockholders rights plan proposal.**

Incentive Plan Proposal. Our board of directors, upon the recommendation of the compensation committee, approved the incentive plan and its submission to our stockholders. We are asking our stockholders to approve an incentive plan that would combine, amend and restate our existing stock option plans. We are proposing this new equity incentive compensation plan at this time in order, among other things, to ensure that our equity compensation arrangements are governed by a uniform set of terms and provisions. The number of shares available for issuance under the incentive plan has not increased and is the same as the total number of shares available for issuance under our two existing stock option plans. The purpose of the incentive plan is to further the interests of CXP and our stockholders by providing incentives in the form of awards to key employees and nonemployee directors who can contribute materially to the success and profitability of CXP and our affiliates. See

Proposals Two, Three, Four, Five, Six, Seven, Eight and Nine: Governance Proposals, Authorized Capital Increase Proposal, Name Change Proposal, Stockholders Rights Plan Proposal and Incentive Plan Proposal Incentive Plan Proposal. **Our board of directors recommends that you vote For approval of the incentive plan proposal.**

Record Date and Shares Entitled to Vote

Only holders of record of our common stock as of the close of business on the record date, which is October 24, 2003, will be entitled to notice of, and to vote at, the special meeting or any adjournments or postponements of the special meeting. A list of the stockholders of record will be available for inspection at the special meeting and at our headquarters located at 2728 N. Harwood, Dallas, Texas 75201, during ordinary business hours during the ten-day period prior to the special meeting. As of the close of business on the record date, there were 18,571,032 shares of our common stock outstanding and entitled to vote at the special meeting. A majority of these shares, present in person or represented by proxy, will constitute a quorum for the transaction of business.

Voting of Proxies

The proxy accompanying this proxy statement is solicited on behalf of our board of directors for use at the special meeting. Stockholders are requested to complete, date and sign the accompanying proxy card and promptly return it in the enclosed envelope. So long as they are not revoked, all properly executed proxies received prior to the vote at the special meeting will be voted at the special meeting in accordance with the instructions indicated on the proxies or, if no direction is indicated, to approve the adoption of the merger agreement and each of the governance proposals, the authorized capital increase proposal, the name change proposal, the stockholders rights plan proposal and the incentive plan proposal. You may revoke your proxy at any time before its use by delivering to our secretary at the above address, written notice of revocation or a duly executed proxy bearing a later date, or by attending the special meeting and voting in person.

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Required Vote

Each outstanding share of our common stock is entitled to one vote on each of the proposals described above and any other matter which properly comes before the special meeting.

Reclassification Proposal. Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock. In addition, the reclassification will be implemented only if the holders of a majority of the shares of our common stock voting on the reclassification proposal, in person or by proxy, at the special meeting, other than Centex, vote to adopt the merger agreement.

Staggered Board Proposal. The staggered board proposal requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock.

Written Consent Proposal. The written consent proposal requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock.

Special Meeting Proposal. The special meeting proposal requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock.

Supermajority Voting Proposal. The supermajority voting proposal requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock.

Authorized Capital Increase Proposal. The authorized capital increase proposal requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock.

Name Change Proposal. The name change proposal requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock.

Stockholders' Rights Plan Proposal. The stockholders' rights plan proposal requires the affirmative vote of the holders of a majority of the outstanding shares of our common stock.

Incentive Plan Proposal. The incentive plan proposal requires the affirmative vote of the holders of a majority of the outstanding shares of common stock voting with respect to such proposal; provided that the total vote cast represents at least 50% of all shares of common stock entitled to vote on the proposal.

As of the record date, current executive officers and directors of CXP owned 36,858 shares of our common stock, representing approximately 0.3% of the shares outstanding. CXP has been advised by its executive officers and directors that all of such persons intend to vote in favor of each of the proposals described above at the special meeting.

As of the record date, Centex owned 11,962,304 shares of our common stock, representing approximately 65% of the shares outstanding at that date. Centex has informed us that it intends to vote all of the shares of our common stock owned by it in favor of the adoption of the merger agreement and each of the governance proposals, the authorized capital increase proposal, the name change proposal, the stockholders' rights plan proposal and the incentive plan proposal. Accordingly, approval of the governance proposals, the authorized capital increase proposal, name change proposal, the stockholders' rights plan proposal and the incentive plan proposal is assured.

Quorum, Abstentions and Broker Non-Votes

The required quorum for the transaction of business at the special meeting is the presence in person or by proxy of a majority of the shares of common stock issued and outstanding and entitled to vote at the special meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct them on how to vote your shares. If an executed proxy card is returned by a broker or bank holding shares which indicates that the broker or bank does not have discretionary authority to vote for approval of the reclassification proposal, the governance

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proposals, the authorized capital increase proposal, the name change proposal, the stockholders rights plan proposal and/or the incentive plan proposal, this will be considered to be a broker non-vote. Abstentions and broker non-votes each will be included in determining

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the number of shares present at the special meeting for the purpose of determining the presence of a quorum. Because the adoption of the merger agreement and approval of each of the governance proposals, the authorized capital increase proposal, the name change proposal and the stockholders' rights plan proposal require the affirmative vote of a majority of the outstanding shares of our common stock entitled to vote thereon, abstentions and broker non-votes will have the same effect as votes against each of the proposals. Centex has agreed that the approval of the reclassification proposal will also require the approval of the holders of a majority of the shares of our common stock that are present, in person or by proxy, at the special meeting and vote upon the proposal, other than Centex. Abstentions and broker non-votes will not have any effect on the special approval condition for the reclassification proposal or on the approval of the incentive plan proposal.

The actions proposed in this proxy statement are not matters that can be voted on by brokers holding shares for beneficial owners without the owners' specific instructions. Accordingly, all beneficial owners of common stock are urged to instruct their brokers how to vote.

Other Matters

Only one proxy statement is being delivered to multiple security holders who share an address unless we have received contrary instructions from one or more of the security holders. We will deliver promptly, upon written or oral request, a separate copy of this proxy statement to a security holder of a shared address to which a single copy was delivered. Also, security holders sharing an address may request a single copy of proxy statements if they are currently receiving multiple copies. Such requests can be made by contacting the Secretary at our principal executive offices.

The board of directors is not currently aware of any business to be acted upon at the special meeting, other than as described herein. If, however, other matters are properly brought before the special meeting, the persons appointed as proxies will have discretion to vote or act on these matters according to their best judgment, to the extent permitted by applicable law and unless otherwise indicated on any particular proxy. Notwithstanding the foregoing, shares represented by proxies voting against any proposal described in this proxy statement will not be voted in favor of a proposal to adjourn the special meeting for the purposes of soliciting additional proxies with respect to such proposal.

Representatives of Ernst & Young LLP, our independent auditors for the current fiscal year and the prior fiscal year, are expected to be present at the special meeting and will have the opportunity to make a statement if they desire to do so. Ernst & Young LLP will also be available at the special meeting to respond to appropriate questions from our stockholders.

Solicitation of Proxies and Expenses

We have engaged Georgeson Shareholder Communications Inc. to assist us in soliciting proxies from banks, brokers and nominees in connection with certain proposals. Georgeson will be paid fees of approximately \$8,500 for its services, and will be reimbursed for out-of-pocket expenses. In addition, the directors, officers and employees of CXP may solicit proxies from stockholders by telephone, facsimile or in person. Following the original mailing of this proxy statement, CXP will request banks, brokers, custodians, nominees and other record holders to forward copies of this proxy statement to people on whose behalf they hold shares of common stock and to request authority for the exercise of proxies by the record holders on behalf of those people. In those cases, CXP, upon the request of the record holders, will reimburse those holders for their reasonable expenses incurred in connection with requesting authority to vote.

The matters to be considered at the special meeting are of great importance to the stockholders of CXP. Accordingly, you are urged to read and carefully consider the information presented in this proxy statement and the appendices, and to complete, date, sign and promptly return the enclosed proxy card in the enclosed postage-paid envelope. No physical substitution of stock certificates will be required as a result of the reclassification, and your existing certificates will continue to represent your shares of Class A common stock after the reclassification.

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Who can help answer your questions

If you have questions about the proposals in this proxy statement, you should contact:

Georgeson Shareholder Communications Inc.
17 State Street, 28th Floor
New York, New York 10004
(800)

**STOCKHOLDERS SHOULD NOT SEND
ANY STOCK CERTIFICATES WITH THEIR
PROXY CARDS OR OTHERWISE**

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CERTAIN CONSIDERATIONS

You should carefully consider the factors described below before voting on the proposals set forth in this proxy statement.

The reclassification will increase the voting rights of the shares of common stock held by Centex without the payment of any consideration by Centex.

As a result of the reclassification, 9,220,000 of the 11,962,304 shares of our common stock held by Centex will be converted into shares of Class B common stock having the right to elect at least 85% of the members of our board of directors. As a result, Centex will receive shares having superior voting rights with respect to the election of directors without being required to pay any consideration for its increased voting power. The increase in the voting power of a portion of the shares currently held by Centex is necessary to permit Centex to effect the distribution in a transaction that is tax-free to Centex and its stockholders.

The proposed transactions will reduce our earnings per share.

In order to fund payment of the special dividend to our stockholders, we expect to incur approximately \$112 million of debt under a new bank credit facility. Our debt service obligations with respect to this new debt will have an adverse impact on our earnings and cash flow for as long as the indebtedness is outstanding. In addition, we expect to incur some additional administrative and other costs after the distribution as a public company that operates independently of Centex. We estimate that our debt service obligations in respect of borrowings to fund the special dividend, together with additional costs of operating as a public company independent of Centex, could reduce our earnings per share by approximately 4% during our fiscal year ending March 31, 2005. This adverse effect on our earnings could negatively impact our stock price.

Certain of the reviews and analyses undertaken by Bear Stearns in connection with its fairness opinion indicate that the proposed transactions could have a negative effect on our stock price.

Certain of the reviews and analyses undertaken by Bear Stearns in connection with its fairness opinion indicate that the proposed transactions could have a negative effect on our stock price. For example, as described above, our debt service obligations on borrowings to be made to fund the special dividend, as well as the additional administrative and other costs we are likely to incur when operating as a public company independent of Centex, will reduce our earnings per share, which could have a negative impact on our stock price. Similarly, Bear Stearns' review of a broad group of 26 completed spin-offs of public companies announced since 1998 indicated that, on average, the stock price performance of these spin-offs underperformed the S&P 500 Index. Additionally, an analysis of seven spin-offs completed since 1995 that Bear Stearns considered more directly comparable to the proposed transactions, because they involved a reclassification of capital stock of the subsidiary into high vote stock (with superior voting rights relating solely to the election of directors) and low vote stock in order to permit the parent company to distribute the subsidiary stock to its stockholders on a tax-free basis (which we refer to as "step-up spin-offs"), provided indications of negative price effects. For example, a majority of the step-up spin-offs underperformed the S&P 500 Index over certain of the time periods reviewed. Moreover, the performance of these transactions, on average over certain of the time periods, was heavily affected by the positive stock price performance of one technology company that was spun off in mid-2000, when valuations of technology companies were significantly higher than they are today. See "Proposal One: The Reclassification and Related Transactions" Opinion of the Special Committee's Financial Advisor Summary of Bear Stearns' Reviews and Analyses.

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The tax-free distribution by Centex results in potential limitations on our ability to effect certain transactions and could potentially result in significant liabilities.

In the distribution agreement, we have agreed that, if the reclassification and distribution are completed, for a period of two years after the distribution, we will not:

merge or consolidate with or into any other corporation;

liquidate or partially liquidate;

sell or transfer all or substantially all of our assets in a single transaction or series of transactions;

except as permitted under the IRS procedures applicable to spin-offs, redeem or otherwise repurchase any of our capital stock; or

subject to certain exceptions, take any other actions that would cause or permit one or more persons to acquire stock representing a 50% or greater interest in CXP;

unless, before taking any of these actions, either Centex has obtained a ruling from the IRS (at the expense of CXP) or we have received an opinion of counsel reasonably satisfactory to Centex, that the contemplated actions will not result in the distribution failing to qualify as a tax-free transaction. We have also agreed, in the distribution agreement, to indemnify Centex under certain circumstances for taxes that may become payable by Centex, each member of the consolidated group of companies of which Centex is the common parent corporation and each direct and indirect subsidiary of Centex or its stockholders, whom we refer to collectively as the Centex group, if our actions give rise to the imposition of those taxes. As a result, we may be reluctant to pursue or undertake certain mergers, asset sales and other transactions during the two-year period following the reclassification and distribution. These restrictions and potential liabilities may make CXP less attractive to a potential acquiror and reduce the possibility that an acquiror will propose or seek to effect certain transactions with CXP during this two-year period. See Proposal One: The Reclassification and Related Transactions CXP's Reasons for the Reclassification and Related Transactions and Tax Matters Reclassification and Distribution.

Our borrowings to pay the cash dividend could limit our future operational flexibility.

We expect to incur debt under our new bank credit facility in order to pay all or substantially all of the special one-time cash dividend to our stockholders in the aggregate amount of approximately \$112 million. Based on, among other things, our current stockholders' equity and our expected debt repayments during the next few months, we expect that our debt-to-capitalization ratio immediately after the distribution and the payment of the cash dividend will be approximately 22%. Our ability to make principal and interest payments on debt incurred to finance payment of the cash dividend will depend on our future operating performance, which will depend on a number of factors, many of which are outside our control. These factors include prevailing economic conditions, fluctuations in prices for our products, prices for natural gas and other energy costs and competitive and other factors affecting our business and operations. Although we believe that our cash flow from operations, together with our other sources of liquidity, will be adequate to make required payments on our indebtedness, finance anticipated capital expenditures and fund working capital requirements, we cannot assure you that this will be the case.

In addition, the terms of our indebtedness will impose financial and other covenants on us and will limit the amount of cash or borrowings available to us in the future, and this could adversely affect our operations in various ways, including the following:

our ability to respond to adverse economic and industry conditions could be limited;

we expect to dedicate a substantial portion of our cash flow from operations to the payment of principal and interest on our indebtedness, which will reduce the available cash to pay for future business activities, including acquisitions, significant investments or significant capital expenditures; and

we will have reduced ability to obtain additional financing to fund our future business activities.

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See Proposal One: The Reclassification and Related Transactions Financing; Bank Credit Facility .

The Class B common stock will control the election of at least 85% of our board of directors, which may make it easier for a third party to acquire a majority of the voting power of our shares.

Following the reclassification, holders of Class B common stock will be entitled to elect at least 85% of the members of our board of directors. Accordingly, if any person or group of persons is able to exercise a majority of the voting power of our outstanding shares of Class B common stock, that person or group will be able to eventually obtain control of CXP by electing a majority of our board of directors. Consequently, the creation and issuance of Class B common stock could render us more susceptible to unsolicited takeover bids from third parties. This risk is partially mitigated by the governance proposals and the stockholders' rights plan proposal and by an additional provision to be included in our certificate of incorporation to the effect that any person who beneficially owns 15% or more of the outstanding shares of Class B common stock may only vote in any election of directors that percentage of the shares of Class B common stock which is equal to the lesser of its percentage ownership of Class B common stock or its percentage ownership of Class A common stock. This provision is intended to protect our public stockholders by ensuring that anyone seeking to accumulate shares of our common stock must acquire a substantial ownership interest in each class of our common stock in order to exercise control over CXP.

Stock sales following the distribution may affect our stock price.

All of the shares of our Class A common stock and Class B common stock distributed by Centex in the distribution, other than shares distributed to our affiliates, will be eligible for immediate resale in the public market. It is likely that some Centex stockholders will sell shares of our Class A common stock and Class B common stock received in the distribution for various reasons, including the fact that our business profile or market capitalization does not fit their investment objectives. Moreover, a substantial number of shares of Centex common stock are held by index funds tied to the Standard & Poor's 500 Index or other indices. These index funds may be required to sell the shares of our capital stock that they receive in the distribution, as our stock may not be included in the underlying indices. Any sales of substantial amounts of our Class A common stock or Class B common stock in the public market, or the perception that such sales might occur, could depress the market price of our Class A common stock or Class B common stock. We are unable to predict whether substantial amounts of our Class A common stock or Class B common stock will be sold in the open market following the distribution.

We are currently dependent on Centex for the performance of certain corporate functions.

In the past, Centex has performed certain significant corporate functions for us, including legal functions, accounting, benefit program administration, insurance administration and internal audit services. Centex will continue to provide some of these services to us during an interim period after the distribution in exchange for a fee payable by us pursuant to an administrative services agreement. For a description of the terms of this agreement, see Proposal One: The Reclassification and Related Transactions Relationship Between Centex and CXP after the Distribution. Once the distribution is completed, we intend to take steps to create our own, or to engage third parties to provide, corporate business functions that will replace many of those currently provided by Centex. As an independent public company, we will be required to bear the costs of replacing these services, which costs will likely exceed the fees we pay to Centex. There can be no assurance that we will be able to perform, or engage third parties to provide, these functions with the same level of expertise and on the same or as favorable terms as they have been provided by Centex.

The governance proposals and stockholders' rights plan proposal could limit another party's ability to acquire us and could deprive you of an opportunity to obtain a takeover premium for your shares of our common stock.

The governance proposals and stockholders' rights plan proposal, together with the Delaware business combination statute, as described under Proposals Two, Three, Four, Five, Six, Seven, Eight and Nine:

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Governance Proposals, Authorized Capital Increase Proposal, Name Change Proposal, Stockholders Rights Plan Proposal and Incentive Plan Proposal Purpose and Effects of the Governance Proposals and Stockholders Rights Plan Proposal, may discourage unsolicited takeover bids from third parties or efforts to remove incumbent management or our board of directors, or make these actions more difficult to accomplish, even if a substantial number of stockholders believe that these actions would be in their best interests. In addition, upon completion of the reclassification and distribution, our certificate of incorporation will contain a special voting provision that may limit the voting rights of holders of 15% or more of the Class B common stock, as described under Proposal One: The Reclassification and Related Transactions Description of the Reclassification Proposal Limitation on Voting Rights of Class B Common Stock , which may have the effect of delaying, deterring or preventing a change in control of CXP.

If the authorized capital increase proposal is approved, we will have a significant number of authorized but unissued shares which, if issued, could dilute the equity interests of our existing stockholders and adversely affect earnings per share.

If a significant number of additional shares of our Class A common stock are issued following the distribution, the equity interests of our existing stockholders would be diluted and our earnings per share could be adversely affected. If the authorized capital increase proposal is approved, immediately following the distribution (and based on the number of outstanding shares as of the record date), we will be authorized to issue up to 31,428,968 additional shares of our Class A common stock, 40,780,000 shares of Class B common stock and 5,000,000 shares of preferred stock. Our board of directors has full discretion to issue additional shares at any time in the future without stockholder approval, subject to applicable legal, stock exchange and other regulatory requirements. At the present time, our board of directors has full discretion to issue up to 31,428,968 additional shares of our common stock.

Forward-looking statements may prove inaccurate.

This proxy statement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the context of the statement and generally arise when we are discussing our beliefs, estimates or expectations. These statements are not guarantees of future performance and involve a number of risks and uncertainties that may cause our actual results to be materially different from planned or expected results. Those risks and uncertainties include, but are not limited to:

- levels of construction spending in major markets;
- price fluctuations and supply and demand for cement, wallboard and our other products;
- significant changes in the cost of natural gas, other energy costs and cost of other raw materials;
- availability of raw materials;
- the cyclical nature of our businesses;
- national and regional economic conditions;
- interest rates;
- seasonality of our operations;
- unfavorable weather conditions during peak construction periods;
- changes in and implementation of environmental and other governmental regulations;
- the ability to successfully identify, complete and efficiently integrate acquisitions;
- the ability to successfully penetrate new markets;
- international events that may disrupt the world economy;

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unexpected operating difficulties; and

competition from new or existing competitors.

In general, we are subject to the risks and uncertainties of the construction industry and of doing business in the U.S. The forward-looking statements are made as of the date of this proxy statement, and we undertake no obligation to update them, whether as a result of new information, future events or otherwise.

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PROPOSAL ONE:

THE RECLASSIFICATION AND RELATED TRANSACTIONS

Background of the Reclassification and the Related Transactions

Centex, through its subsidiaries, is a multi-industry company with five principal business segments: home building, financial services, construction products, construction services and investment real estate. Prior to April 19, 1994, we were a wholly-owned subsidiary of Centex. On April 19, 1994, we completed an initial public offering of 51% of our common stock. As a result of the initial public offering, Centex's percentage ownership interest in CXP was reduced to 49%.

Principally as a result of certain repurchases by CXP of its common stock from the public since fiscal year 1997, Centex's ownership interest in CXP has increased in recent years, and Centex owns approximately 65% of the outstanding shares of our common stock as of the date of this proxy statement.

During April and May 2003, Centex's senior management informally advised certain members of our board of directors and management that, because of the continued strong performance of Centex's core home building and financial services businesses and the likelihood that Centex's capital would continue to be allocated to its homebuilding business, they were considering whether it was still desirable for Centex to maintain its current ownership interest in CXP. In that regard, Centex further indicated that, although it had made no determination to do so, Centex was evaluating the possibility of distributing to its stockholders on a tax-free basis all or a portion of its equity interest in CXP.

In early June 2003, Centex summarized for our board of directors the preliminary terms under which Centex would be willing to discuss a possible distribution by Centex of its interest in CXP to its stockholders. Centex indicated that one of the principal purposes of the distribution would be to eliminate the competition for capital between CXP and Centex's other businesses and permit a sharper focus by Centex's management on its core businesses. Centex also emphasized that it would only consider a distribution of its interest in CXP if the transaction could be accomplished on a tax-free basis. In order for the transaction to be tax-free, Centex indicated that it believed that, among other things, it would be necessary for CXP to reclassify the shares of our common stock held by Centex into a new class of common stock with voting rights that would allow the holders of the new class of stock to elect at least 85% of our directors. The shares of the new class of common stock would then be distributed to Centex's stockholders. Centex also indicated that it believed it would be appropriate to discuss the payment by us to our stockholders of a special cash dividend in the range of \$100 million to \$150 million.

To facilitate a full and fair evaluation of any transactions to be discussed with Centex, in June 2003, our board of directors formed a special committee of its independent directors consisting of Robert L. Clarke (Chairman), Michael R. Nicolais, Harold K. Work and F. William Barnett. Our board of directors discussed and confirmed that each committee member is independent from Centex and its management, and satisfied itself that the committee members could independently evaluate the proposed transactions free of influence from Centex or its management. The special committee was charged with, among other things, reviewing, considering and negotiating the terms, conditions and merits of a possible distribution by Centex of its interest in CXP and any related transactions and determining whether these transactions are advisable, fair to, and in the best interests of, our current stockholders (other than Centex). Due to the amount of time that it was expected members of the special committee would need to devote to the evaluation and consideration of the distribution and related transactions, the board of directors determined that the chairman of the special committee should be paid a one-time fee of \$17,500, each other director should be paid a one-time fee of \$10,000, and each committee member should be paid a fee of \$2,000 for each meeting of the special committee he attended in person or by telephone, plus expenses.

To assist it in evaluating the proposed transactions, the special committee, after interviewing several firms, selected the law firm of Haynes and Boone, LLP to serve as its legal advisors, and the investment banking firm of Bear, Stearns & Co. Inc. to serve as its financial advisors. Haynes and Boone and Bear Stearns provided to the special committee certain advice and assistance with respect to the structuring and

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planning of the distribution and related transactions and advised the special committee with respect to the negotiation of the principal terms and conditions of these transactions and various transaction documents.

Each of Haynes and Boone and Bear Stearns will receive customary fees as the legal advisors and financial advisors, respectively, for the performance of their services to the special committee in connection with the proposed transactions.

On July 1, 2003, Centex provided to counsel for the special committee preliminary drafts of transaction documents that reflected certain of the principal terms it would be willing to discuss with the special committee. On July 2, 2003, at a meeting of the special committee, at which its legal counsel was present, the special committee considered the basic terms of the distribution and related transactions as reflected in such preliminary drafts, including the possible reclassification and cash dividend. The special committee also discussed the proposed terms of the engagement letter to be entered into with Bear Stearns. The special committee discussed possible alternative transactions that it believed Centex might have an interest in pursuing in the event that the special committee was not willing to pursue the distribution and related transactions. Bear Stearns also attended a portion of this meeting to answer questions from the special committee about the distribution and related transactions and alternatives, and to discuss the analysis expected to be performed by Bear Stearns in determining the financial fairness of the transactions to our stockholders (other than Centex). At this meeting, the special committee met with four senior members of our management team on an individual basis to seek their respective input on these transactions, their effect on us, and ideas concerning our possible strategies as a fully independent company.

From July 1, 2003 until July 17, 2003, the special committee and the financial and legal advisors to the special committee evaluated the terms and conditions of the possible distribution and related transactions, considered the nature and scope of the amendments to our certificate of incorporation and bylaws that would be needed in connection with these transactions, considered governance issues that would arise if we became a fully independent company and began formulating proposed changes to each of the draft transaction documents and the charter and bylaw amendments.

On July 17, 2003, the special committee, along with its legal advisors and financial advisors, met to continue the evaluation of the proposed transactions. At this meeting, Bear Stearns made a presentation on the form, structure, terms and financial aspects of the proposed transactions. In its presentation Bear Stearns:

provided a summary description of the proposed transactions and reviewed with the committee the primary terms of the proposed transactions;

provided a financial and capital markets overview of CXP, which presentation included an analysis of CXP's recent stock performance and the stock performance of several comparable publicly-traded companies;

discussed the considerations of a cash dividend as proposed by Centex versus a potential share repurchase by us, including the value received by our stockholders, the tax implications to our stockholders and the likely effect on our earnings per share;

delivered a pro forma financial analysis of the proposed transactions versus several alternatives that the special committee might consider in lieu of or in addition to the distribution and related transactions (including (1) effecting the distribution but not the cash dividend, (2) effecting the distribution, eliminating the cash dividend and then effecting a share repurchase and (3) effecting the distribution, the cash dividend and a share repurchase);

discussed the capital markets considerations of the proposed transactions;

discussed stock float, trading volume and research analyst coverage of several comparable publicly-traded companies;

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discussed in detail an analysis of comparable precedent spin-off transactions including certain stock price performance data; and

discussed in detail an analysis of publicly-traded companies with dual-class stock structures including certain stock price performance data.

Based upon their review and analysis of the terms and financial aspects of the distribution and related transactions being discussed by the parties, Bear Stearns recommended that the special committee consider certain adjustments to the structure of these transactions that they believed would provide greater value to CXP and its minority public stockholders. Bear Stearns also suggested that the special dividend be at the lower end of the range initially discussed by Centex and CXP. Bear Stearns advised that the reclassification and distribution on the terms initially discussed with Centex (under which Centex would convert all of the shares of our common stock held by it into Class B common stock, followed by a distribution of all of the Class B common stock to holders of Centex's common stock) would not enhance the public float and liquidity of our common stock. For that reason, Bear Stearns recommended that the reclassification be structured in such a way that Centex would convert less than all of its shares of our common stock into Class B common stock, and then distribute to its stockholders both its Class B common stock and the remaining shares of our common stock held by it. Specifically, Bear Stearns suggested that the transaction should provide for the conversion of a number of shares equal to approximately one-half of the outstanding shares of our common stock into Class B common stock so that after the reclassification there would be approximately equal numbers of outstanding shares of Class B common stock and Class A common stock. This approach would increase the float and liquidity of our common stock, which Bear Stearns believed would be more advantageous for the minority public stockholders and would have no material adverse consequences to Centex and its stockholders. After extensive discussion and analysis of the approach suggested by Bear Stearns, the special committee determined to request the changes to the reclassification and distribution recommended by Bear Stearns as well as to request that the special one-time cash dividend be at the lower end of the range.

At the July 17, 2003 meeting, the special committee also considered a general overview of the nature and substance of the transaction documents previously provided by Centex and discussed each of the material terms in the transaction documents in greater detail. The special committee also considered potential corporate governance measures that we might consider placing in our certificate of incorporation and bylaws in order to deter hostile takeovers. The special committee also considered the legal issues and financial implications of declaring the cash dividend.

On the morning of July 18, 2003, the special committee, along with its legal advisors and financial advisors met with Mr. Laurence E. Hirsch, Chairman and Chief Executive Officer of Centex, and with Centex's financial advisors, Merrill Lynch, Pierce, Fenner & Smith Incorporated, to discuss their rationale for the distribution and related transactions and the alternatives to these transactions that had been considered by Centex. Mr. Hirsch explained that Centex was considering the distribution because, among other things, it would eliminate the competition for capital between CXP and Centex's other businesses and permit a sharper focus by Centex's management on its core businesses. Mr. Hirsch also explained that Centex had considered alternatives to the distribution, including a possible sale of CXP (or its stake in CXP), maintaining the status quo with CXP continuing as a majority-owned subsidiary of Centex or purchasing the minority interest in CXP, but had determined that these alternatives had significant disadvantages from Centex's viewpoint. Merrill Lynch discussed with the special committee some of the key terms of the distribution and related transactions. The special committee and its advisors questioned Mr. Hirsch and the Merrill Lynch representatives regarding various transaction terms and raised certain key concerns of the special committee. One of the principal concerns expressed by the special committee was that the reclassification as proposed did not directly enhance the float and liquidity of our common stock. In addition, the special committee indicated that while it was comfortable with a special dividend, it preferred to see the aggregate dividend at the lower end of the range initially discussed with Centex.

On the afternoon of July 18, 2003, the special committee met again to continue discussions regarding the terms and provisions contained in the transaction documents and the proposed amendments to our

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certificate of incorporation and bylaws and to further analyze the proposed transactions in light of the special committee's meetings earlier that morning with representatives of Centex and Merrill Lynch. During this meeting, the special committee extensively discussed and evaluated the merits of the proposed transactions and ultimately concluded that they were prepared to commence negotiations with Centex of the terms of the proposed transactions. The special committee met again with Mr. Hirsch to discuss further the special committee's concerns, including their concerns regarding the difference in the float and liquidity that would exist between our common stock and the Class B common stock. In response to the committee's concerns, Mr. Hirsch indicated that, in order to enhance the public float and liquidity of our common stock, Centex would be willing to reclassify only a portion of its shares of our common stock into shares of Class B common stock and distribute the shares of Class B common stock and the balance of its shares of our common stock to Centex stockholders. Further, the parties discussed the amount of the special cash dividend, and agreed on a dividend in the amount of \$6.00 per share. The special committee also expressed concern that if Centex were to abandon the proposed transactions, we would bear significant transaction costs. In response, Mr. Hirsch agreed that Centex would pay all of our expenses if the transaction did not close for certain reasons.

Between July 18, 2003 and July 21, 2003, Centex and its advisors and the special committee and its advisors engaged in negotiations regarding the terms of the definitive agreements to be entered into in connection with the distribution and related transactions, including the merger agreement, the distribution agreement and the necessary amendments to our certificate of incorporation and bylaws. In the course of these negotiations, Centex agreed to various accommodations requested by the special committee and its counsel with respect to the terms of the transaction documents. In particular, Centex agreed to the following changes proposed by the special committee:

to pay our expenses with respect to the proposed transactions in the event that the proposed transactions are not consummated for any reason;

to revise the distribution agreement provisions to limit the circumstances in which we would be obligated to provide indemnification against certain tax liabilities;

to ensure that the conditions to our obligations to pay the cash dividend and to effect the reclassification were substantially equivalent to the obligations of Centex to effect the distribution;

to require that the administrative services and office space currently being provided by Centex to CXP will continue to be so provided upon substantially the same terms for a limited time following completion of the distribution;

to include additional amendments to our certificate of incorporation relating to voting limitations of Class B common stock, the calling of a stockholders' meeting, institution of a super-majority voting provision for amendments to the charter and the increase in our authorized capital stock; and

to cause our board of directors to consider the adoption of a stockholders' rights plan.

During this period, the special committee expressed concern regarding the fact that CXP would be subject to covenants limiting its ability to engage in various types of transactions during the two-year period following the distribution and regarding certain related tax indemnities given by CXP to the Centex group. The special committee indicated that it believed that it was important for the governance proposals and stockholders' rights plan proposal to be submitted to and considered by our stockholders in order, among other things, to reduce the likelihood of liability under these tax indemnification provisions. The special committee was also concerned that CXP could be more susceptible to unsolicited takeover bids from third parties, including offers that our board of directors may regard as being below our intrinsic value or as not being in the best interests of our stockholders. Centex indicated to the special committee that it intended to vote in favor of such proposals.

Also, during this period, the special committee considered certain alternatives to the transaction structure in respect of the special cash dividend. Specifically, consideration was given to (1) effecting the distribution alone without the payment of any special cash dividend, (2) effecting the distribution with a

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special cash dividend and a stock repurchase, or (3) effecting the distribution followed by a stock repurchase without a cash dividend. The special committee discussed the expected repayment of all or substantially all of CXP's current outstanding indebtedness by the time the distribution was effected, CXP's ability to incur additional indebtedness in light of CXP's projected capitalization, and CXP's anticipated cash flow, and its ability to repay any new indebtedness. The special committee concluded that payment of a large special cash dividend in conjunction with the distribution was an action that was beneficial to all of our current stockholders. A stock repurchase prior to completion of the distribution was not possible as this would adversely impact Centex's ability to effect the distribution on a tax-free basis, which was not acceptable to Centex. Effecting a stock repurchase after completion of the distribution might be advantageous to stockholders (including Centex stockholders receiving shares of capital stock in the distribution). Furthermore, certain of Bear Stearns' analyses indicated that the theoretical attendant value per share of Class A common stock of a stock repurchase might be slightly higher than the theoretical attendant value per share of Class A common stock of a cash dividend assuming a constant price to earnings ratio and a constant stock repurchase price. However, the special committee did not consider a stock repurchase to be as advantageous to CXP's current stockholders as a cash dividend because a direct cash payment represents an immediate and tangible benefit to the stockholders and the benefits of a share repurchase would not be realized in the same manner by all stockholders, some of whom would have their shares repurchased and some of whom would benefit from an increase in the value of their shares, which would not be realized until the shares are sold. Furthermore, the special committee had specifically negotiated for and obtained a change in the terms of the proposed transactions whereby the float of the Class A common stock would be increased. A repurchase of Class A common stock would reduce float and liquidity, detracting materially from one of the expected benefits of the distribution. Consequently, the special committee concluded that payment of a large special cash dividend to all our pre-distribution stockholders most directly benefited those stockholders, particularly in light of the changes to the Internal Revenue Code regarding the taxation of dividends recently enacted by Congress.

On the evening of July 20, 2003, the special committee met with its legal advisors to review and discuss the revised transaction documents. On July 21, 2003, the special committee reconvened and continued its review of the transaction documents. Bear Stearns delivered and discussed with the special committee a written report and its opinion that the reclassification, the cash dividend and the distribution, taken as a whole, were fair from a financial point of view to CXP's stockholders, other than Centex. After a careful evaluation of the proposed transactions and their anticipated effects on CXP and its stockholders (other than Centex), on July 21, 2003, the special committee approved and recommended that our board of directors approve the proposed transactions and the merger agreement, the distribution agreement, the proposed amendments to the certificate of incorporation and the proposed amendments to the bylaws.

Subsequently, that evening our board of directors convened a meeting at which the special committee reported to our board of directors the results of their consideration of the proposed transactions and their recommendations. The special committee advised that the proposed transactions were advisable, fair to and in the best interests of CXP and its stockholders (other than Centex) and recommended to our board of directors that it should approve the proposed transactions and each of the merger agreement, the distribution agreement, the certificate of incorporation and the bylaws and that our board of directors should submit such proposals to our stockholders. Bear Stearns also attended this meeting and summarized its report and opinion for the full board. Based upon the recommendation of the special committee, our board of directors determined that the proposed transactions were advisable, fair to and in the best interests of CXP and its stockholders and it approved the proposed transactions and each of the merger agreement, the distribution agreement, and the amendments to the certificate of incorporation and the bylaws. Our board of directors also resolved to submit the proposed transactions to our stockholders for their approval.

By reason of the retirement policy of our board of directors, Mr. Harold K. Work formally retired from our board of directors effective as of our annual stockholders meeting held in the morning of July 21, 2003. However, due to Mr. Work's extensive business experience and long-standing involvement with CXP, the special committee requested that Mr. Work continue to participate in certain portions of the

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committee's deliberations on July 21. While not a formal member of the special committee at the time of its vote to approve the transactions, Mr. Work did state that he supported the special committee's conclusions and final decision.

In the evening of July 21, 2003, Centex and CXP entered into the merger agreement and distribution agreement, and each of them issued a public announcement regarding the distribution and related transactions.

CXP's Reasons for the Reclassification and Related Transactions

Our board of directors, upon the recommendation of the special committee, has unanimously determined that the distribution and related transactions, including the reclassification, are advisable, fair to and in the best interests of CXP and our stockholders. The special committee considered a wide range of positive and negative factors associated with the proposed transactions as more fully discussed below. The special committee ultimately concluded that after weighing all of these factors, from a business and stockholder perspective, the interests of our stockholders (other than Centex) would be enhanced by CXP becoming fully independent from Centex in the manner contemplated by the proposed transactions. In reaching its recommendation, the special committee considered and relied on the market judgment, reviews and analyses and conclusions reached by Bear Stearns in rendering its opinion as to the fairness from a financial point of view of the reclassification, cash dividend and distribution, taken as a whole, to CXP's existing public stockholders.

In reaching its conclusion, our board of directors and the special committee considered a number of factors including the following:

Expected Benefits of the Transactions to CXP and its Stockholders. The special committee and our board of directors considered the expected benefits of the proposed transactions.

The reclassification will allow the public holders of our Class A common stock to elect one director, compared to their current inability to significantly influence the election of any members of our board of directors due to Centex's majority voting control. Apart from the increased influence over the election of one director, the reclassification itself will not result in any material benefits to our stockholders. However, the reclassification is a prerequisite to the other proposed transactions, because Centex advised us that it would only be willing to proceed with the distribution and related transactions if the distribution were tax-free to Centex and its stockholders. Accordingly, our board of directors reviewed the proposed transactions in their entirety, and considered the following benefits from the distribution and related transactions:

The proposed transactions will significantly increase the public float and liquidity of our capital stock by increasing the number of shares held by stockholders (other than Centex) from about 6.6 million shares to about 18.6 million shares, which includes shares of the Class A common stock and shares of the Class B common stock. The proposed transactions will also significantly increase the public float and liquidity of our existing class of common stock by increasing the number of shares of that class held by stockholders (other than Centex) from about 6.6 million shares to about 9.4 million shares. In addition, the transactions will result in a broader stockholder base when Centex distributes the shares of Class B common stock and Class A common stock held by it to its stockholders. We estimate that there will be at least 28,000 beneficial owners of our capital stock immediately following the distribution, which represents more than ten times our current number of beneficial owners.

We expect that a broader stockholder base, coupled with increased public float and liquidity of our capital stock, may attract additional analyst coverage of CXP, which we believe would enhance the market's awareness of our capital stock and stimulate interest from new investors.

We believe that an expansion of our stockholder base and broader exposure in the investment community will enhance our ability to use our capital stock as an acquisition currency and as a means of raising capital.

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Our stockholders will receive immediate tangible value through the special one-time cash dividend.

As a 65% owned subsidiary, we currently must compete for capital with Centex's other businesses. The proposed transactions will permit us to manage our business and growth opportunities without regard to considerations or limitations related to Centex's other businesses, including capital structure limitations required for Centex to maintain its current credit rating.

The proposed transactions will permit us to pursue our business interests independent of Centex, particularly with respect to acquisitions, business and asset sales, and other corporate opportunities, and are designed to enhance the long-term value of CXP.

The transactions may permit our stockholders to share in any premium associated with a transfer of control of CXP, if such an event should occur. However, in the distribution agreement we have agreed that if the reclassification and distribution are completed, for a period of two years after the distribution we will not engage in certain transactions, including mergers, consolidations, liquidations, asset sales and stock repurchases, unless, before taking any such action, either Centex has obtained a ruling from the IRS (at the expense of CXP) or we have received an opinion of counsel reasonably satisfactory to Centex that the contemplated actions will not result in the distribution failing to qualify as a tax-free transaction. For a discussion of these prohibitions, please see Tax Matters Reclassification and Distribution.

The proposed transactions are expected to enhance the attractiveness of our equity-based compensation plans due to the increased public float and liquidity of our capital stock, thereby increasing our ability to attract and retain quality employees.

Economic and Financial Factors. The special committee and our board of directors considered the economic and financial factors associated with the proposed transactions, including the effect of the reclassification, the cash dividend and the distribution on the Class A common stock following the distribution, and the impact on our financial position following the distribution. In this regard the special committee and our board of directors considered the following factors:

The reclassification and the distribution are structured to be tax-free to Centex and its stockholders.

The advice of Bear Stearns that the trading characteristics of our Class A common stock, including trading volume and liquidity, institutional stockholdings and research analyst coverage, are likely to improve over time.

Based on the ability of our businesses to generate significant cash flow, we do not expect that the payment of the cash dividend will materially adversely affect our ability to fund all of our operational needs. We believe that all or substantially all of our current funded indebtedness will be substantially repaid by December 31, 2003. Accordingly, we expect to have considerable borrowing capacity at the time of the payment of the special cash dividend. Based on, among other things, our current stockholders' equity and our expected debt repayments during the next few months, we expect that our debt-to-capitalization ratio immediately after the distribution and the payment of the cash dividend will be approximately 22%. Moreover, we do not believe these borrowings will materially impair our ability to raise additional capital as necessary to fund any growth plans.

Governance Matters. The special committee and our board of directors considered that, as a result of the elimination of Centex's approximate 65% ownership stake through the reclassification and the distribution, we might be more vulnerable to attempts by third parties to acquire control of CXP in a manner not in the best interests of CXP and its stockholders. In that regard they considered the following factors:

The distribution agreement limits our ability to undertake a merger, asset sale or similar transaction for two years following the distribution unless it can be established that such transaction will not impair the tax-free status of the distribution to Centex and its stockholders.

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The governance proposals and stockholders' rights plan proposal, if approved, would give us additional means to ensure that we do not engage in any transactions that could cause the distribution to be taxable, thereby triggering our obligation to indemnify Centex under certain circumstances. The circumstances under which this indemnity obligation would apply are described under Tax Matters, Reclassification and Distribution, and Description of the Merger Agreement and Distribution Agreement. The Distribution Agreement, Other Agreements, and Indemnification Against Tax and Other Liabilities.

If the governance proposals and the stockholders' rights plan proposal are approved, we would be able to invoke these provisions in response to potentially coercive or abusive takeover tactics and efforts to acquire control of us at a price or on terms that are not in the best interests of all CXP stockholders.

The risk that the dual class common stock structure could lead to a person or group gaining control of our board of directors by acquiring a majority of the Class B common stock, and the fact that this risk would be reduced if the governance proposals are approved.

The fact that the ability of the holders of Class B common stock to elect at least 85% of our board of directors will not provide those holders with materially different rights than Centex currently possesses because, as the holder of approximately 65% of our common stock, Centex currently has the ability to control the election of our entire board of directors.

Negative Factors. In addition, the special committee and our board of directors considered and balanced against the potential benefits of the reclassification and related transactions a number of potentially negative factors, including the following:

After the reclassification, our current public stockholders will hold shares of Class A common stock, which have voting rights that are inferior to those of the Class B common stock with respect to the election of directors. As a result, our current public stockholders will have diminished voting power in the election of directors inasmuch as our current public stockholders will only have the right to elect directors comprising 15% or less of our board of directors. The market value of our Class A common stock could be adversely affected by the inferior voting rights of this class, as suggested by some, but not all, of the dual-class trading analyses conducted by Bear Stearns, including a review of the historical trading prices of 54 companies that have high vote and low vote classes of stock. See Opinion of the Special Committee's Financial Advisor, Summary of Bear Stearns Reviews and Analyses.

In order to fund payment of the special dividend to our stockholders, including Centex, we expect to incur approximately \$112 million of debt under a new bank credit facility. Our debt service obligations with respect to this new debt will have an adverse impact on our earnings for as long as the indebtedness is outstanding. In addition, we expect to incur some additional costs after the distribution as a public company that operates independently of Centex. The pro forma financial analysis performed by Bear Stearns of the additional interest costs from the increased debt as a result of the special cash dividend combined with the anticipated higher administrative costs expected to be incurred by us following completion of the transaction suggested that the effect of these costs on CXP's earnings per share for fiscal 2004 and fiscal 2005 would be a reduction of 4.2% (or \$0.14 per share) and 4.0% (or \$0.17 per share), respectively. To the extent that our stock price trades based upon a multiple of our earnings, the adverse affect on our earnings from the incurrence of debt to fund the special one-time cash dividend and the additional administrative costs of being an independent public company could negatively impact our stock price.

Certain of the reviews and analyses undertaken by Bear Stearns in connection with its fairness opinion indicate that the proposed transactions could have a negative effect on our stock price. For example, as described above, our debt service obligations on borrowings to be made to fund the special dividend, as well as the additional administrative and other costs we are likely to incur when operating as a public company independent of Centex, will reduce our earnings per share, which

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could have a negative impact on our stock price. Similarly, Bear Stearns' review of a broad group of 26 completed spin-offs of public companies announced since 1998 indicated that, on average, the stock price performance of these spin-offs underperformed the S&P 500 Index. Additionally, an analysis of the seven step-up spin-offs provided indications of negative price effects. For example, a majority of the step-up spin-offs underperformed the S&P 500 Index over certain of the time periods reviewed. Moreover, the performance of these transactions, on average over certain of the time periods, was heavily affected by the positive stock price performance of one technology company that was spun off in mid-2000, when valuations of technology companies were significantly higher than they are today. Although the special committee considered this negative stock price performance data, it concluded that it is impracticable to separate the effect of a spin-off transaction on a trading price from the numerous other factors (such as financial performance of a company, industry sector factors, and general economic factors and trends) that affect stock price and the Bear Stearns' analyses did not attempt to isolate the effect of a spin-off on stock price performance. Stock price performance was one element of the special committee's analysis, but was not a dispositive or critical factor.

We have agreed with Centex that we will not engage in certain transactions, including mergers, consolidations, liquidations, asset sales and stock repurchases, for a period of two years after the distribution, unless Centex has received satisfactory assurances that these transactions will not affect the tax-free nature of the distribution. These obligations could limit our ability to engage in these types of transactions even if such transactions would otherwise be in the best interests of our stockholders. See Tax Matters Reclassification and Distribution.

After the distribution, it is likely that some Centex stockholders will sell all or part of the shares of Class A common stock and Class B common stock received by them, which could depress the market price of our Class A common stock and Class B common stock. See Certain Considerations.

Under certain circumstances, including in the event of an acquisition of CXP by a third party within two years after the distribution, we could be obligated to indemnify Centex and its stockholders against significant tax liabilities. See Tax Matters Reclassification and Distribution.

In the past, Centex has performed certain corporate functions for us, including legal, accounting, benefit program administration, insurance administration and internal audit services. As an independent public company, we will be required, after an interim transition period, to replace these services, which costs will likely exceed the fees we pay to Centex.

By becoming independent from Centex, CXP would lose any positive perceptions from which it may benefit as a result of being associated with a company of Centex's stature and industry recognition.

Procedural Factors. The special committee and our board of directors also considered the procedural protections that were implemented to ensure a fair and impartial evaluation and negotiation of the proposed transactions and to provide for consideration and approval of any transactions by our minority stockholders, including the following:

Our board of directors formed a special committee composed solely of its outside, independent directors which evaluated, negotiated and ultimately made a recommendation to the board of directors with respect to the proposed transactions.

The special committee hired its own independent financial advisor and legal counsel to assist and advise the special committee.

It is a condition to approval of the merger agreement that holders of a majority of the shares of our common stock, other than Centex, must vote in favor of adopting the merger agreement.

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The factors described above were considered by the special committee and by our board of directors in their assessment of the proposed transactions. Neither the special committee nor our board of directors quantified or attached any particular weight to the various factors that it considered in reaching its determination that the proposed transactions are advisable and fair to and in the best interests of CXP and its stockholders. Different members of our board may have assigned different weights to different factors. In reaching its determination, the special committee and our board of directors took the various factors into account collectively and did not perform a factor-by-factor analysis.

Opinion of the Special Committee s Financial Advisor

Overview of Bear Stearns Fairness Opinion

The special committee of our board of directors engaged Bear Stearns to act as its exclusive financial advisor in connection with the proposed reclassification, cash dividend and distribution, which are collectively referred to in this section as the Transaction, and to assist the special committee in evaluating and negotiating the Transaction. On July 21, 2003, Bear Stearns rendered its written opinion to the special committee that, as of such date, and based upon qualifications, assumptions, limitations and other matters set forth in the written opinion, the Transaction, taken as a whole, is fair from a financial point of view to the holders of shares of our common stock, other than Centex.

The full text of Bear Stearns written opinion dated July 21, 2003, which sets forth the assumptions made, matters considered and qualifications and limitations on the review undertaken by Bear Stearns, is attached as Appendix E to this proxy statement. **You are urged to read the Bear Stearns opinion in its entirety.** In reading the description of the Bear Stearns fairness opinion set forth below, you should be aware that such fairness opinion:

Was provided to the board of directors and the special committee for their benefit and use in connection with their consideration of the Transaction;

Did not constitute a recommendation to the board of directors or the special committee in connection with the Transaction;

Does not constitute a recommendation to any holders of our common stock as to how to vote in connection with the reclassification proposal;

Did not address CXP s underlying business decision to pursue the Transaction, the relative merits of the Transaction as compared to alternative business strategies that might exist for CXP, the financing of the Transaction or the effects of any other transaction in which CXP might engage; and

Did not express an opinion as to the price or range of prices at which the shares of our common stock would trade subsequent to the announcement of the Transaction or as to the price or range of prices at which the shares of our Class A common stock or Class B common stock may trade subsequent to the consummation of the Transaction.

Although Bear Stearns evaluated the financial fairness of the Transaction, the terms and conditions of the Transaction were determined by arm s-length negotiations between the special committee and Centex. Bear Stearns provided advice to the special committee during the course of such negotiations as requested by the special committee. None of Centex, CXP, our board of directors or the special committee provided specific instructions to, imposed any limitations on the scope of investigation by, or put in place any procedures to be followed or factors to be considered by, Bear Stearns in performing its analyses or providing its fairness opinion.

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In connection with rendering its fairness opinion, Bear Stearns, among other things:

Reviewed the final drafts of the merger agreement and the distribution agreement;

Reviewed the final drafts of the restated certificate of incorporation, including the terms of the Class B common stock and Class A common stock as described therein, and the amended and restated bylaws;

Reviewed CXP's Annual Reports to Stockholders and Annual Reports on Form 10-K for the fiscal years ended March 31, 2001 through 2003, its preliminary results for the quarter ended June 30, 2003 and its Current Reports on Form 8-K for the three years ended the date thereof;

Reviewed certain operating and financial information relating to CXP's business and prospects, including projections for the five years ended March 31, 2008, all as prepared and provided by CXP's management;

Met with certain members of CXP's senior management to discuss CXP's business, operations, historical and projected financial results and future prospects both on a status quo basis and giving effect to the Transaction;

Met with certain members of Centex's senior management and with the financial advisors of Centex to discuss Centex's strategic and financial rationale for the Transaction;

Met with the special committee to discuss the Transaction rationale, the Transaction structure and its impact on the public holders of our common stock and alternatives for enhancing the stock float of our common stock;

Reviewed the historical prices, trading multiples, trading volumes and stock float of our common stock;

Reviewed publicly available financial data, stock market performance data, trading multiples and stock float of companies which Bear Stearns deemed generally comparable to CXP;

Reviewed the terms, stock price performance and stock float characteristics of selected spin-off transactions and step-up spin-off transactions which Bear Stearns deemed generally comparable to the Transaction;

Reviewed the trading performance of companies with dual-class stock structures that Bear Stearns deemed generally comparable to the dual-class stock structure that CXP will maintain after consummation of the Transaction;

Reviewed the pro forma financial results, financial condition and capitalization of CXP giving effect to the Transaction; and

Conducted such other studies, analyses, inquiries and investigations as Bear Stearns deemed appropriate.

In preparing its opinion, Bear Stearns relied upon and assumed, without independent verification, the accuracy and completeness of the financial and other information provided by CXP, including, without limitation, the projections. With respect to CXP's projected financial results, Bear Stearns relied on representations that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the senior management of CXP as to the expected future performance of CXP. Bear Stearns did not, and does not, assume any responsibility for the independent verification of any such information or of the projections provided to it, and Bear Stearns further relied upon the assurances of the senior management of CXP that they were unaware of any facts that would make the information and projections provided to Bear Stearns incomplete or misleading.

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In arriving at its opinion, Bear Stearns did not perform or obtain any independent appraisal of the assets or liabilities (contingent or otherwise) of CXP, nor was Bear Stearns furnished with any such appraisals. Bear Stearns assumed, with the consent of the special committee, that:

The reclassification and the merger will qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

The distribution will qualify as a tax-free transaction within the meaning of Section 355 of the Internal Revenue Code;

The cash dividend will be a taxable dividend to CXP's stockholders;

The administrative services agreement, the intellectual property agreement and the sublease agreement, when executed, will provide that the transactions and services contemplated by such agreements will be effected on terms substantially equivalent to the current arrangements between Centex and CXP with respect thereto; and

The Transaction will be consummated in a timely manner and in accordance with the terms of the merger agreement and distribution agreement without any limitations, restrictions, conditions, amendments, waivers or modifications, regulatory or otherwise, that collectively would have a material effect on CXP or the stockholders of CXP (other than Centex).

Summary of Bear Stearns' Reviews and Analyses

The following is a summary of the principal reviews and financial and valuation analyses presented by Bear Stearns to the special committee at its meeting held on July 21, 2003. In order to understand fully the reviews and financial and valuation analyses used by Bear Stearns, any information presented in tabular format must be read together with the accompanying text. The tables alone do not represent a complete description of any such reviews or financial and valuation analyses. This summary does not purport to be a complete description of the analyses underlying the Bear Stearns fairness opinion. All such reviews and financial and valuation analyses were based on information available to Bear Stearns on July 21, 2003, and Bear Stearns has assumed no responsibility for updating or revising its opinion based on circumstances or events occurring after such date, except as may be requested by the special committee in accordance with the terms of its engagement letter with Bear Stearns.

The principal reviews and financial and valuation analyses, upon which the fairness opinion rendered by Bear Stearns was based, included the following:

An equity market analysis, which included a review of (i) the stock price performance and trading characteristics of publicly traded subsidiaries that were the subject of recent spin-offs, including seven spin-offs in which the publicly traded subsidiary effected a recapitalization of its capital stock into high vote (with superior voting rights relating solely to the election of directors) and low vote stock in order to permit the parent company to distribute the subsidiary stock to its stockholders on a tax-free basis (which we refer to as "step-up spin-offs") and (ii) the historical trading prices of high vote and low vote stock of certain public companies with dual classes of common stock, including six of the publicly traded subsidiaries that were the subject of the step-up spin-offs.

An analysis of the financial effects of the Transaction on certain historical and projected credit statistics and earnings estimates for CXP.

A stock market performance analysis involving a review and evaluation of the historical stock price performance, trading multiples and stock float of the shares of CXP common stock as compared to similar data for other publicly traded companies that Bear Stearns regarded as comparable.

In connection with its equity market analysis, Bear Stearns noted the following:

It could not predict how shares of CXP's common stock would perform after the Transaction or what trading differences, if any, would likely arise between the Class B common stock and the Class A common stock or whether any such differences would be material.

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Certain of its analyses suggested that the Transaction could have a negative effect on the price of CXP's existing class of common stock. Specifically, Bear Stearns noted that the stock price performance of the step-up spin-offs underperformed the S&P 500 Index over certain of the time periods reviewed and, on average, the stock price performance of a broader group of 26 completed spin-offs of public companies announced since 1998 underperformed the S&P 500 Index.

The Transaction would directly and significantly increase the total public stock float of CXP's capital stock, comprised of the Class A common stock and the Class B common stock.

More specifically, the Transaction would materially increase the float of CXP's existing common stock creating substantially the same number of shares of both the Class A common stock and the Class B common stock. In particular, the public float of CXP's existing class of common stock would increase by 44% from approximately 6.5 million shares to approximately 9.2 million shares as a result of the Transaction. The increase in public float, in Bear Stearns' market judgment, would tend to have a positive effect on the valuation and liquidity of CXP's existing class of common stock, all other factors being equal, and would also tend to have a positive effect on institutional investor interest and equity research coverage.

In the case of the dual-class stock structures of the step-up spin-offs that it reviewed, where the only difference between the classes of stock related to voting rights for the election of directors, higher relative average daily trading volume tended to be a positive factor mitigating any trading differences that may be attributable to the difference in voting rights between the classes.

In connection with its analysis of the financial effects of the Transaction, Bear Stearns noted that the holders of CXP's existing class of common stock would receive a substantial one-time cash dividend of \$6.00 per share. Bear Stearns further noted that the effect on CXP of the dividend would be the incurrence of additional debt and a reduction in future expected earnings per share. Bear Stearns reviewed projections provided by CXP for the fiscal years ending March 31, 2004 and 2005 and noted that these projections indicated that CXP expects to generate substantial cash flows that would be available to service the additional debt. Bear Stearns' analysis showed that CXP's pro forma ratio of debt to EBITDA for the twelve months ended June 30, 2003 would be below the median ratio of its peer group.

In connection with its stock market performance analysis, Bear Stearns noted that, although CXP's common stock has performed reasonably well as compared to its peer group and the S&P 500 Index, it has tended to trade at a lower price/earnings ratio than CXP's peer group. Bear Stearns also indicated that one factor that likely affected the price/earnings ratio of CXP's stock was the fact that it has a much lower public float than its peer group. In this regard, Bear Stearns again noted that CXP's public float would improve as a result of the Transaction.

Based on Bear Stearns' market judgments, the reviews and analyses performed taken as a whole, and the specific industry, business and stock market dynamics surrounding CXP as well as the unique structural features of the proposed Transaction, it was Bear Stearns' opinion that the Transaction, taken as a whole, is fair from a financial point of view to the holders of shares of CXP's common stock, other than Centex.

Equity Market Analysis. In its equity market analysis, Bear Stearns reviewed and evaluated (i) the stock price performance and trading characteristics of publicly traded subsidiaries that were the subject of recent spin-offs, including seven step-up spin-offs, and (ii) the historical trading prices of high vote and low vote stock of certain public companies with dual classes of common stock, including six public companies that were the subject of the step-up spin-offs.

Selected Precedent Spin-Off Analysis. Bear Stearns reviewed and analyzed 26 completed spin-offs of publicly traded subsidiaries that were announced since 1998 and also reviewed and analyzed seven step-up spin-offs completed since 1995.

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The following table identifies the seven step-up spin-offs reviewed by Bear Stearns:

Precedent Step-Up Spin-Offs

Announce Date	Effective Date	Parent Co.	Spin Co.	Spin Co. Low Vote Ticker
11/06/00	11/29/01	Unitrin	Curtiss-Wright	CW
05/17/00	06/20/00	Silicon Graphics	MIPS Technologies	MIPS
10/27/99	10/10/00	St. Joe Paper	Florida East Coast Industries	FLA
05/17/99	10/22/99	Harcourt General	Neiman-Marcus	NMG
11/12/98	07/27/99	IMS Health	Gartner	IT
03/31/95	10/02/95	Peter Kiewit Sons	MFS Communications	MFST
05/03/94	07/28/95	Freeport McMoRan	Freeport McMoRan Copper & Gold	FCXA

Each of these step-up spin-offs involved a publicly traded subsidiary that underwent a recapitalization prior to the spin-off in which all or a part of the parent company's shares were exchanged for, or converted into, high vote stock in order to permit the parent company to effect a tax-free distribution of the subsidiary shares to the parent company's stockholders. In each of these step-up spin-offs, the only difference between the high vote and low vote stock was that the high vote class was afforded superior voting rights in the election of directors. Bear Stearns noted that the step-up spin-offs were more comparable to the Transaction than the broader group of 26 spin-offs that it also reviewed and analyzed.

In connection with its analysis, Bear Stearns evaluated the stock price performance of the seven step-up spin-offs as compared to the S&P 500 Index over specified time periods. Bear Stearns observed that the stock price performance of these step-up spin-offs varied materially from transaction to transaction and depending on the time period over which performance was measured. Additionally, Bear Stearns noted that the negative or positive stock price performance of each step-up spin-off was potentially affected by a number of factors specific to each transaction, such as the industry, business and stock market dynamics at the time the transaction was announced and consummated and the unique structural and other terms and provisions of each transaction. The following table summarizes the stock price performance, adjusted for dividends paid, of the seven step-up spin-offs relative to the S&P 500 Index, both on an individual basis and using the statistical mean and median, over the specified time periods.

Precedent Step-Up Spin-Offs Low Vote Stock**Price Performance Relative to S&P 500 Index**

Spin Co. Low Vote Ticker	One Day Prior to Announce vs. + 5 Days	One Day Prior to Announce vs. Effective Date	Effective Date vs. Effective Date + 5 Days	Effective Date vs. Effective Date + 30 Days	One Day Prior to Announce vs. Effective Date + 30 Days
CW	(0.1)%	5.0%	(3.3)%	7.2%	11.1%
MIPS	(30.9)	28.2	7.1	31.8	68.9
FLA	5.9	5.0	(7.7)	(10.6)	(7.1)
NMG	(1.5)	(21.9)	(0.6)	12.7	(14.5)
IT	(13.9)	(15.5)	2.7	0.9	(14.4)
MFST	(1.1)	7.4	(1.7)	(5.3)	1.0
FCXA	(5.2)	(14.3)	(5.2)	(13.1)	(28.9)
Mean	(6.7)	(0.9)	(1.2)	3.4	2.3
Median	(1.5)	5.0	(1.7)	0.9	(7.1)

The above analysis showed that a majority of the step-up spin-offs underperformed the S&P 500 Index over certain of the time periods reviewed. Moreover, the average performance of these transactions was heavily affected by the positive stock performance of one technology company, MIPS Technologies,

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that was spun off in mid-2000, when valuations of technology companies were significantly higher than they are today. Bear Stearns also noted that one of the seven step-up spin-offs reviewed by it, IMS Health/Gartner, involved the payment of a special one-time cash dividend to the stockholders of the subsidiary prior to the spin-off. The Gartner stock price performance in the above analysis has been adjusted by adding the dividend back to the stock price for all periods on or subsequent to the effective date.

Additionally, Bear Stearns compared the trading characteristics of the low vote stock for the 60 days prior to the announcement of each step-up spin-off to the trading characteristics for the 60 days after the effective date. Bear Stearns noted that the mean and median increase in the average daily trading volume of the low vote shares as a result of the step-up spin-off was 129.0% and 46.3%, respectively.

Bear Stearns also examined the pre- and post-spin stock float in each of the seven step-up spin-offs. Bear Stearns observed that the Peter Kiewit Sons/ MFS Communications transaction was the only step-up spin-off in which the float of the low vote stock increased significantly and directly, with the publicly-held low vote shares in that transaction increasing by approximately 2.88x. In the other six step-up spin-offs, there was no immediate increase in the stock float for the low vote class of stock. In the Transaction as contemplated, Bear Stearns noted that the float of CXP's existing class of common stock would increase by approximately 1.44x, thereby creating a significantly larger pool of shares available for public trading.

Although Bear Stearns viewed the above step-up spin-offs as being more comparable to the Transaction, Bear Stearns also reviewed a broader group of 26 spin-offs of publicly traded subsidiaries announced since 1998. Bear Stearns examined the stock price performance of these spin-offs which, on average, underperformed the S&P 500 Index by (7.9%) from the respective announcement date of each spin-off to its effective date plus 30 days. The following table summarizes the mean and median stock price performance of the stock of these spin-offs relative to the S&P 500 Index over specified periods:

Precedent Spin-Offs Since 1998 Mean and Median Stock**Price Performance Relative to S&P 500 Index**

	One Day Prior to Announce vs. Announce + 5 Days	One Day Prior to Announce vs. Effective Date	Effective Date vs. Effective Date + 5 Days	Effective Date vs. Effective Date + 30 Days	One Day Prior to Announce vs. Effective Date + 30 Days
Mean	(3.8)%	(9.3)%	(4.1)%	0.6%	(7.9)%
Median	(2.9)	(10.8)	(4.4)	(3.0)	(8.0)

Additionally, Bear Stearns compared the trading characteristics of the stock of each of the broader group of precedent spin-offs for the 60 days prior to the spin-off announcement to the trading characteristics for the 60 days after the effective date. Bear Stearns noted that the mean and median increase in the average daily trading volume of the stocks as a result of the spin-off was 479.7% and 282.6%, respectively.

Based on the precedent spin-off analysis described above, Bear Stearns stated that it could not predict how CXP's common stock would perform after the Transaction. However, Bear Stearns noted that, in the case of the step-up spin-offs, on average, the average daily trading volume of the low vote stock increased significantly and, in the case of the broader group of spin-offs, on average, both float and the average daily trading volume of the stock that was spun off increased significantly. Furthermore, Bear Stearns noted that the Transaction would directly and significantly increase the total public float of CXP's capital stock and specifically, unlike all but one of the precedent step-up spin-offs, of CXP's existing class of common stock, which would increase by 44% from approximately 6.5 million to approximately 9.2 million shares. Bear Stearns expressed its belief that this increase in public float would tend to have a positive effect on the valuation and liquidity of CXP's existing class of common stock, all other factors being equal, and would also tend to have a positive effect on institutional investor interest and equity research coverage.

Dual-Class Structure Trading Price Analysis. Upon consummation of the Transaction, CXP will have a dual-class stock structure with CXP's existing public stockholders holding Class A common stock

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or low vote stock which will have inferior voting rights only in relation to the election of directors. In order to analyze the trading disparity between such high vote and low vote common stock structures, Bear Stearns examined the historical trading prices of 60 public companies with dual classes of common stock. Out of this broad group of companies with dual-class share structures, Bear Stearns segmented its analysis into two groups: (i) six companies where the high vote stock had superior voting rights only in relation to the election of directors (all of which participated in step-up spin-off transactions similar to the Transaction) and (ii) 54 other companies with differential voting structures (*i.e.*, vote/no-vote or high vote/low vote structures).

For each of the six step-up spin-offs (excluding the Peter Kiewit Sons/MFS Communications transaction, which was not comparable due to the fact that there was only one publicly traded class of MFS Communications common stock after the transaction), Bear Stearns analyzed the trading disparity between high vote and low vote common stock for certain periods after the effective date. During the periods reviewed immediately after the effective date, the high vote shares of the step-up spin-offs may have experienced selling pressure depressing the market price of the high vote shares. This analysis showed that in the case of the step-up spin-offs, the high vote common stock traded on average at a discount to the low vote common stock:

Step-Up Spin-Offs High Vote Stock Price Premium (Discount)

Spin Co. Low Vote Ticker	Immediately After Effective Date		
	Effective Date		
	+ 20 Trading Days	+ 60 Trading Days	+ 240 Trading Days
CW	(4.7)%	(4.1)%	(2.8)%
MIPS	(6.7)	(8.3)	(8.6)
FLA	(4.7)	(3.3)	(3.6)
NMG	(6.7)	(6.9)	(5.0)
IT	(1.7)	(0.4)	(10.7)
FCXA	0.8	0.4	1.6
Mean	(3.9)	(3.8)	(4.9)

Additionally, Bear Stearns analyzed the same six step-up spin-offs based on the average trading price disparity between high vote and low vote common stock immediately after the effective date segmented into two groups: (i) a group in which the low vote common stock was the more liquid stock class (as defined as the stock class with the higher average daily trading volume for the 120 trading days after the effective date) and (ii) a group in which the high vote common stock was the more liquid stock class (as defined in the same manner). This analysis showed that in the case of the step-up spin-offs the high vote common stock traded on average at a greater discount when it was the less liquid of the two classes of common stock:

Step-Up Spin-Offs Mean High Vote Stock Price (Discount)**versus Liquidity Immediately After Effective Date**

Liquidity of Classes	Effective Date		
	+ 20 Trading Days	+ 60 Trading Days	+ 240 Trading Days
	Low Vote More Liquid	(5.0)%	(4.9)%
High Vote More Liquid	(1.9)	(1.4)	(1.1)

Bear Stearns also analyzed the average trading disparity between high vote and low vote common stock for the step-up spin-offs for certain trading periods prior to June 30, 2003. Of the six step-up spin-offs examined above, five had dual-class share structures as of June 30, 2003. Freeport McMoRan Copper & Gold was excluded since its dual-class shares were collapsed into one share class in 2002. In all five cases, the low vote class was the more liquid share class. The analysis showed that in the case of the

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step-up spin-offs the high vote common stock traded on average at a discount to the low vote common stock:

Step-Up Spin-Offs High Vote Stock**Price Premium (Discount) at 6/30/03**

Spin Co. Low Vote Ticker	Trading Days Prior to 6/30/03		
	20 Trading Days	60 Trading Days	240 Trading Days
CW	(1.6)%	(2.1)%	(2.4)%
MIPS	(3.7)	(5.7)	(7.7)
FLA	(1.0)	(1.0)	(4.7)
NMG	(6.5)	(6.8)	(7.9)
IT	0.2	(0.5)	0.0
Mean	(2.5)	(3.2)	(4.5)

Although Bear Stearns viewed the dual-class structures of the step-up spin-offs as being more comparable to the Transaction, Bear Stearns also examined the historical trading prices of 54 other public companies with dual-classes of common stock. In particular, Bear Stearns analyzed the average trading price disparity between high vote and low vote common stock for certain trading periods prior to June 30, 2003. This analysis showed that in these 54 dual-class structures, the high vote common stock traded on average at a premium to the low vote common stock:

Other Dual-Class Structures Mean High Vote Stock**Price Premium at 6/30/03****Trading Days Prior to 6/30/03**

20 Trading Days	60 Trading Days	240 Trading Days
3.5%	4.7%	5.2%

For these same 54 companies, Bear Stearns analyzed the trading price disparity between low vote and high vote common stock prior to June 30, 2003 segmented into two groups: (i) the low vote common stock was the more liquid stock class (as defined as the stock class with the higher average daily trading volume for the 120 trading days prior to June 30, 2003) and (ii) the high vote common stock was the more liquid stock class (as defined in the same manner). This analysis showed that in these 54 dual-class structures, the high vote common stock traded on average at a premium when it was both the more liquid and the less liquid share class:

Other Dual-Class Structures Mean High Vote Stock Price Premium**versus Liquidity at 6/30/03****Trading Days Prior to 6/30/03**

Liquidity of Classes	20 Trading Days	60 Trading Days	240 Trading Days
Low Vote More Liquid	4.0%	5.4%	6.1%
High Vote More Liquid	0.8	0.8	0.9

Bear Stearns noted that it did not regard the dual-class structures of these 54 companies as being as comparable to the Transaction as the dual-class structures of the step-up spin-offs, given that (i) the nature of the superior voting rights of the high vote stock issued by these companies was not necessarily the same as the Class B common stock to be created in the Transaction, which has superior voting rights only as to the election of directors and (ii) in some cases there were economic and other differences between the classes of stock issued by these companies that did not relate solely to their voting rights.

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Based on the dual-class structure trading price analysis described above, Bear Stearns stated that it could not predict what trading differences, if any, would likely arise between the Class B common stock and the Class A common stock after consummation of the Transaction or whether any such differences would be material. However, Bear Stearns noted that after the Transaction (i) the float of the Class A common stock and of the Class B common stock would be substantially equal, which should tend to mitigate any typical differences in trading volume due to the difference in float between the two classes, (ii) the only difference in voting rights between the Class B common stock and the Class A common stock would be with regard to the election of directors and (iii) the stock float of the Class A common stock would be significantly and directly increased, and such increase would tend to have a positive effect on the valuation and liquidity of the shares of CXP's existing class of common stock, all other factors being equal. Bear Stearns indicated that these factors would tend to mitigate any typical trading differences between high vote and low vote shares.

Pro Forma Financial Analysis. Bear Stearns reviewed and analyzed certain financial effects of the Transaction on CXP. Bear Stearns noted that the Transaction would involve the payment of a substantial one-time cash dividend to the holders of CXP's common stock and that this dividend would be funded through the incurrence of additional debt. Specifically, Bear Stearns analyzed the effect of the Transaction (including the cash dividend and additional administrative and other costs CXP is likely to incur when operating as a public company independent of Centex) on CXP's (i) credit statistics for the last twelve months ended June 30, 2003 and for the projected fiscal year ended March 31, 2004 and (ii) estimated earnings per share for the projected fiscal years ending March 31, 2004 and March 31, 2005. Bear Stearns' analysis compared actual or projected credit statistics and earnings estimates on a pro forma basis (*i.e.*, giving effect to the Transaction, including incurrence of the debt required to fund payment of the dividend) to actual or projected credit statistics and earnings estimates on a status quo basis (*i.e.*, without giving effect to the Transaction). Based on this analysis:

CXP's pro forma total debt/ EBITDA for the twelve months ended June 30, 2003 was 1.4x as compared to a status quo ratio of 0.5x, and its pro forma total debt/ EBITDA for the projected fiscal year ending March 31, 2004 would be 0.8x versus a status quo projected ratio of 0.0x. Bear Stearns noted that CXP's pro forma ratio of total debt/ EBITDA for the twelve months ended June 30, 2003 of 1.4x was below the median ratio of total debt/ EBITDA for the twelve months ended June 30, 2003 of its peers of 3.0x. Bear Stearns noted that projections provided to it by CXP indicated that CXP expects to generate substantial cash flows that would be available to service the additional debt that would be incurred to fund payment of the cash dividend. Based upon these projections, the ratio of pro forma total debt/ EBITDA is expected to decline from 1.4x for the twelve months ended June 30, 2003 to 0.8x for the twelve months ended March 31, 2004.

Additionally, after factoring in the estimated costs of CXP's operating independently from Centex and additional interest costs from increased debt as a result of the cash dividend, Bear Stearns' analysis suggested that the effect of these costs on CXP's earnings per share for the fiscal years ending March 31, 2004 and March 31, 2005 would be a reduction of (4.2%) (or \$0.14 per share) and (4.0%) (or \$0.17 per share), respectively.

CXP Stock Market Performance. Bear Stearns also reviewed and analyzed the historical stock price performance, trading multiples, trading volumes and stock float of the shares of our common stock and compared such data to various publicly traded companies deemed by Bear Stearns to be comparable to CXP. Among other things, Bear Stearns noted that CXP's common stock had traded up since the beginning of 2003 and closed at \$37.90 on July 18, 2003 (versus a high price during the past year of \$43.99 and a low price during the past year of \$31.25). Bear Stearns noted that the shares of CXP's common stock had performed reasonably well versus its peer group and the S&P 500 Index, but that CXP's common stock tended to trade at a lower price/ earnings ratio than its peer group. Bear Stearns also noted that, primarily by virtue of Centex's majority ownership of approximately 65% of CXP's common stock, CXP had much lower stock float than most of its peer group, and that the Transaction would result in an overall increase in CXP's stock float.

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Other Considerations

The preparation of a fairness opinion is a complex process that involves various judgments and determinations as to the most appropriate and relevant methods of financial and valuation analysis and the application of those methods to the particular circumstances. The opinion is, therefore, not necessarily susceptible to partial analysis or summary description. Bear Stearns believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered, without considering all of the analyses and factors, would create a misleading and incomplete view of the processes underlying its opinions. Bear Stearns did not form an opinion as to whether any individual analysis or factor, whether positive or negative, considered in isolation, supported or failed to support its opinion. In arriving at its opinion, Bear Stearns did not assign any particular weight to any analysis or factor considered by it, but rather made qualitative judgments based upon its experience in providing such opinions and on then-existing economic, monetary, financial, capital markets, general business and other conditions as to the significance of each analysis and factor. In performing its analyses, Bear Stearns, at CXP's direction and with the special committee's consent, made numerous assumptions with respect to industry performance, general business conditions and other matters, many of which are beyond the control of Centex, CXP and Bear Stearns. Any assumed estimates implicitly contained in Bear Stearns' opinion or relied upon by Bear Stearns in rendering its opinion do not necessarily reflect actual values or predict future results or values. Any estimates relating to the value of the business or securities do not purport to be appraisals or to necessarily reflect the prices at which companies or securities may actually be sold or traded.

The special committee retained Bear Stearns based upon Bear Stearns' qualifications, experience and expertise. Bear Stearns is an internationally recognized investment banking firm which, as part of its investment banking business, is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, spin-offs and split-offs, recapitalizations, restructurings, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. In the ordinary course of business, Bear Stearns and its affiliates may actively trade the equity and debt securities and/or bank debt of Centex and CXP for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or bank debt.

Pursuant to an engagement letter, CXP agreed to pay Bear Stearns a total fee of \$1.2 million for its services as financial advisor to the special committee. In addition, CXP agreed to reimburse Bear Stearns, upon request from Bear Stearns from time to time, for all out-of-pocket expenses, including the reasonable fees and expenses of its legal counsel, incurred by Bear Stearns in connection with its engagement. CXP has also agreed to indemnify Bear Stearns against specific liabilities in connection with its engagement, including liabilities under the federal securities laws. Except in connection with the Transaction, neither Centex nor CXP has paid Bear Stearns any fees for investment banking or other advisory services within the past five years.

Certain Financial Projections

We have summarized below the financial projections utilized by Bear Stearns in connection with its engagement as financial advisor for purposes of the transactions. These financial projections were used by Bear Stearns in performing its financial analyses described under Summary of Bear Stearns' Reviews and Analyses above.

The projections in the table below are not facts and should not be relied upon as representing predictions of future results. The estimates and assumptions underlying these projections are inherently uncertain, since they are based upon events that have not taken place, are subject to economic, competitive and other uncertainties and contingencies beyond our control and involve judgments based upon past performance and industry conditions and trends, which may not necessarily be indicative of future performance, conditions or trends. The projections were prepared by our management in March 2003 and revised in June and July 2003 and have not been updated to reflect changes in facts or

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circumstances since the time they were prepared, and we do not intend to update any of the projections in connection with the transactions. Although we believe that the assumptions upon which the projections are based were reasonable in light of the information that was available to management at the time they were prepared, there can be no assurance that the projected results can be realized, and actual results may be higher or lower than those projected. The projections were not prepared with a view towards compliance with the published guidelines of the SEC or the American Institute of Certified Public Accountants regarding projections or forecasts. Our independent auditors have not examined, reviewed or compiled the projections and, consequently, do not express an opinion or any other form of assurance with respect thereto.

The projections are prepared on a status quo basis, and do not give effect to the transactions or any of their components, including the incurrence of debt required to fund payment of the special one-time cash dividend or any additional administrative and other expenses expected to be incurred when we become an independent public company as a result of the distribution. The projections should be read together with the pro forma financial information presented in this proxy statement under **Unaudited Pro Forma Financial Information** and the financial statements and other financial information included in the documents incorporated by reference into this proxy statement.

	Year Ending March 31,		
	2004	2005	2006
		(In millions)	
Revenue	\$527.4	\$563.0	