
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED MARCH 31, 1999

COMMISSION FILE NO. 1-12984

CENTEX CONSTRUCTION PRODUCTS, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OF INCORPORATION)

75-2520779
(I.R.S. EMPLOYER IDENTIFICATION NO.)

3710 RAWLINS, SUITE 1600, LB 78, DALLAS, TEXAS 75219
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(214) 559-6514
(REGISTRANT'S TELEPHONE NUMBER)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK (PAR VALUE $.01 PER SHARE)	NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934, during the preceding 12 months (or for such shorter period that such registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

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

Indicate the number of shares of the registrant's classes of common stock (or other similar equity securities) outstanding as of the close of business on June 8, 1999:

Common Stock	19,454,308 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference in Parts I, II, and III, of this Report:

(a) 1999 Annual Report to Stockholders of Centex Construction Products, Inc. for the fiscal year ended March 31, 1999.

(b) Proxy statement for the annual meeting of stockholders of Centex Construction Products, Inc. to be held on July 15, 1999.

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PART I

ITEM 1. BUSINESS

GENERAL

Centex Construction Products, Inc. ("CXP" or the "Company") is a producer of a variety of basic construction products used in residential, industrial, commercial and infrastructure applications. The Company produces and sells cement, gypsum wallboard, aggregates and readymix concrete. The Company is incorporated in the state of Delaware. Prior to April 19, 1994, the Company was a wholly-owned subsidiary of Centex Corporation ("Centex"). On April 19, 1994, the Company completed an Initial Public Offering ("IPO") of 51% of its common stock. As a result of the IPO, Centex's ownership of the Company was reduced to 49%. Unless the context indicates to the contrary, the terms "CXP" and the "Company" as used herein, should be understood to include subsidiaries of CXP and predecessor corporations. The Company's common stock, par value $0.01 per share ("CXP Common Stock"), began trading publicly on April 19, 1994. As of June 8, 1999, 19,454,308 shares of CXP Common Stock, which are traded on the New York Stock Exchange, were outstanding.

As previously disclosed, CXP's Board of Directors authorized CXP management to repurchase up to five million shares of CXP Common Stock as management determines advisable. As a result of repurchases during fiscal years 1999, 1998 and 1997 by CXP of its common stock from the public, and certain purchases of CXP common stock by Centex from the public, Centex now owns approximately 60.6% of the outstanding shares of CXP Common Stock at March 31, 1999.

CXP's involvement in the construction products business dates to 1963, when it began construction of its first cement plant. Since that time, the Company's operations have been expanded to include additional cement production and distribution facilities and the production, distribution and sale of aggregates, readymix concrete and gypsum wallboard. The Company's production facilities are located principally in the western half of the U.S. and in certain key southwestern states.

The Company operates four quarrying and manufacturing facilities and a network of 11 terminals for the production and distribution of portland and masonry cement. These facilities are located primarily in Texas, northern Illinois, the Rocky Mountain area, Nevada and northern California. The Company is also vertically integrated, to a limited extent, with readymix concrete operations in the Austin, Texas area and in northern California. The Company extracts and produces aggregates from its deposits near Sacramento, California (the largest single permitted sand and gravel deposit in northern California) and Austin, Texas. The Company operates two quarries in close proximity to its gypsum wallboard manufacturing facilities which are located in Albuquerque and nearby Bernalillo, New Mexico and Gypsum (near Vail), Colorado. The Company has an associated cogeneration power facility, located at the Gypsum, Colorado wallboard plant. The Company's wallboard production is shipped by rail and truck to markets throughout the continental United States. The Company's corporate office is in Dallas, Texas.

INDUSTRY SEGMENT INFORMATION

The following table presents revenues and earnings before interest and income taxes contributed by each of the Company's industry segments during the periods indicated. Identifiable assets, depreciation, depletion and amortization, and capital expenditures by segment are presented in Note E of the Notes to the Consolidated Financial Statements of CXP on page 23 of CXP's Annual Report to Stockholders for the fiscal year ended March 31, 1999 (the "1999 CXP Annual Report").

	For The Fiscal Years Ended March 31, 1999	1998	1997	1996	1995
Contribution to Revenues:					
Cement	$ 152.4	$ 140.4	$ 133.3	$ 125.7	$ 109.9
Gypsum Wallboard	141.6	118.7	72.2	58.3	51.7
Concrete and Aggregates	46.9	42.0	36.8	39.9	35.2
Other, net	1.7	1.9	1.8	2.8	1.6
	342.6	303.0	244.1	226.7	198.4
Less Intersegment Sales	(6.5)	(5.7)	(4.7)	(4.1)	(4.1)
Total Net Revenues	$ 336.1	$ 297.3	$ 239.4	$ 222.6	$ 194.3
Contribution to Operating Earnings:					
Cement	$ 56.8	$ 48.1	$ 39.8	$ 35.3	$ 26.0
Gypsum Wallboard	56.6	35.8	20.5	11.9	7.2
Concrete and Aggregates	7.4	4.5	4.8	5.6	2.6
Other, net	1.7	1.9	1.8	2.8	1.6
	122.5	90.3	66.9	55.6	37.4
Corporate Overhead	(4.4)	(3.8)	(3.9)	(2.5)	(2.3)
Total Earnings Before Interest and Income Taxes	$ 118.1	$ 86.5	$ 63.0	$ 53.1	$ 35.1

Revenues for the past three years from each of the Company's industry segments, expressed as a percentage of total consolidated net revenues, were as follows:

Segment:	Percentage of Total Consolidated Net Revenues 1999	1998	1997
Cement	43.5%	45.4%	53.8%
Gypsum Wallboard	42.1	39.9	30.2
Concrete/Aggregates:			
Readymix Concrete	10.5	10.7	11.8
Aggregates	3.4	3.3	3.4
	13.9	14.0	15.2
Other, net	0.5	0.7	0.8
Total Consolidated Net Revenues	100.0%	100.0%	100.0%

CEMENT OPERATIONS

Company Operations. The Company's cement production facilities are located in or near Buda, Texas; LaSalle, Illinois; Laramie, Wyoming; and Fernley, Nevada. The Laramie, Wyoming and Fernley, Nevada facilities are wholly-owned. The Buda, Texas plant is owned by Texas-Lehigh Cement Company, a joint venture owned 50% by the Company and 50% by Lehigh Portland Cement Company, a subsidiary of Heidelberger Zement AG. The LaSalle, Illinois plant is owned by Illinois Cement Company, a joint venture owned 50% by CXP and 50% by RAAM Limited Partnership, a partnership controlled by members of the Pritzker family. The Company receives a management fee of $150,000 per year to manage the Illinois joint venture. The Company's Laramie, Wyoming plant operates under the name of Mountain Cement Company and the Fernley, Nevada plant under the name of Nevada Cement Company.

Cement is the basic binding agent for concrete, a primary construction material. The manufacture of portland cement primarily involves the extracting, crushing, grinding and blending of limestone and other raw materials into a chemically proportioned mixture which is then burned in a rotary kiln at extremely high temperatures to produce an intermediate product known as clinker. The clinker is cooled and interground with a small amount of gypsum to the consistency of face powder to produce finished cement. Clinker can be produced utilizing either of two basic methods, a "wet" or a "dry" process. In the wet process, the raw materials are mixed with water to the advantage of greater ease in the handling and mixing of the raw materials. However, additional heat, and therefore fuel, is required to evaporate the moisture before the raw materials can react to form clinker. The dry process, a more fuel efficient technology, excludes the addition of water into the process. Dry process plants are either preheater plants, in which hot air is recycled from the rotary kiln to preheat materials, or are precalciner plants, in which separate burners are added to accomplish a significant portion of the chemical reaction prior to the introduction of the raw materials into the kiln. As fuel is a major component in the cost of producing clinker, most modern cement plants, including all four of the plants operated by the Company, incorporate the more fuel efficient dry process technology. At present, approximately 80% of the Company's net clinker capacity is from preheater or preheater/precalciner kilns, compared to approximately one-half of U.S. cement capacity manufactured from such kilns.

Location	Rated Annual Clinker Capacity (Thousand short tons)(1)	Manufacturing Process	Number of Kilns	Dedication Date	Estimated Minimum Limestone Reserves (Years)
Buda, Texas (2)	1,200	Dry - 4 Stage Preheater	1	1978	60
		Flash Calciner		1983	
LaSalle, Illinois (2)	610	Dry - 4 Stage Preheater	1	1974	50
Laramie, Wyoming	580	Dry - 2 Stage Preheater	1	1988	30
		Dry - Long Dry Kiln	1	1996	
Fernley, Nevada	500	Dry - Long Dry Kiln	1	1964	17
		Dry - 1 Stage Preheater	1	1969	
Total - Gross (3)	2,890				
- Net (3	1,985				

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(1) One short ton equals 2,000 pounds.

(2) The amounts shown represent 100% of plant capacity and production. These plants are owned by separate joint ventures, in each of which the Company has a 50% interest.

(3) Generally, a plant's cement grinding production capacity is greater than its clinker production capacity.

The Company's net cement production, excluding the joint venture partners' 50% interest in the Buda and LaSalle plants, totaled 2.05 million tons in fiscal 1999 and 2.03 million tons in fiscal 1998. Total net cement sales were 2.22 million tons in fiscal 1999 and 2.15 million tons in fiscal 1998, as all plants, except for the Illinois plant which produced more clinker than it could grind into cement, sold all of the product they produced. Cement production is capital-intensive and involves high fixed costs. As a result, plant capacity utilization levels are an important measure of a plant's profitability, since incremental sales volumes tend to generate increasing profit margins. As a result of high uptime and demand, the ratio of CXP's actual clinker production to rated kiln capacity exceeded 98% in fiscal 1999 and 97% in fiscal 1998. During the past two years, the Company purchased minimal amounts of cement from others to be resold. Purchased cement sales typically occur at lower gross profit margins. In fiscal 1999, 6.9% of the cement sold by the Company was acquired from outside sources, compared to 6.0% in fiscal 1998. In fiscal 1998, the Company approved a capital project to expand the annual clinker capacity of the LaSalle, Illinois plant by approximately 75,000 tons and add a new finish mill. The Company anticipates that this project will be completed during the second quarter of fiscal 2000.

Raw Materials and Fuel Supplies. The principal raw material used in the production of portland cement is calcium carbonate in the form of limestone. Limestone is obtained principally through the mining and extraction operations conducted at quarries owned or leased by the Company (including its joint ventures) and located in close proximity to its plants. The Company believes that the estimated recoverable limestone reserves owned or leased by it (or its joint ventures) will permit each of its plants to operate at its present production capacity for at least 30 years or, in the case of the Company's Nevada plant, at least 17 years. The Company expects that additional limestone reserves for its Nevada plant will be available when needed on an economically feasible basis, although such reserves may be more distant and more expensive to transport than the Company's existing reserves. Other raw materials used in substantially smaller quantities than limestone are sand, clay, iron ore and gypsum, that are either obtained from Company-owned or leased reserves or are purchased from outside suppliers.

The Company's cement plants use coal and coke as their primary fuel, but are equipped to burn natural gas as an alternative. The Company has not used hazardous waste-derived fuels in its plants. The Company's LaSalle, Illinois and Buda, Texas plants have been permitted to burn scrap tires as a partial fuel alternative. Electric power is also a major cost component in the manufacture of cement. The Company has sought to diminish overall power costs by adopting interruptible power supply agreements which may expose the Company to some production interruptions during periods of power curtailment.

Sales and Distribution. Demand for cement is highly cyclical and derived from the demand for concrete products which, in turn, is derived from demand for construction. According to estimates of the Portland Cement Association (the "PCA"), the industry's primary trade organization, the three construction sectors that are the major components of cement consumption are (i) public works construction, including public buildings, (ii) commercial and industrial construction and (iii) residential construction, which comprised 54%, 18% and 22%, respectively, of U.S. cement consumption in 1997, the most recent period for which such data is available. Public works construction was favorably impacted when the U.S. Congress passed legislation in 1998 known as the Transportation Equity Act for the 21st Century. This legislation authorized $218 billion in federal expenditures on highways, bridges and mass transit projects over the next six years. This represents a 44% increase over the previous six-year period, which ended in 1997. Construction spending and cement consumption have historically fluctuated widely. The construction sector is affected by the general condition of the economy and can exhibit substantial variations across the country as a result of the differing structures of the regional economies. Regional cement markets experience peaks and valleys correlated with regional construction cycles. Also, demand for cement is seasonal, particularly in northern states where inclement weather affects construction activity. Sales are generally greater from spring through the middle of autumn than during the remaining part of the year. While the impact on the Company of construction cycles in individual regions may be mitigated to some degree by the geographic diversification of the Company, profitability is very sensitive to shifts in the balance between supply and demand. As a consequence, the Company's cement segment sales and earnings follow a similar cyclical pattern.

The following table sets forth certain information regarding the geographic area served by each of the Company's cement plants and the location of the Company's distribution terminals in each area. The Company has a total of 11 cement storage and distribution terminals that are strategically located to extend the sales areas of its plants.

Plant Location	Principal Geographic Areas	Distribution Terminals
Buda, Texas	Texas and western Louisiana	Corpus Christi, TX Houston, TX Orange, TX Roanoke (Fort Worth), TX Waco, TX
LaSalle, Illinois	Illinois and southern Wisconsin	Hartland, WI

Plant Location	Principal Geographic Areas	Distribution Terminals
Laramie, Wyoming	Wyoming, Utah, northern Colorado, western Nebraska and eastern Nevada North Platte, NE	Rock Springs, WY Salt Lake City, UT Denver, CO
Fernley, Nevada	Nevada (except Las Vegas) and northern California	Sacramento, CA

Cement is distributed directly to customers principally by common carriers, customer pick-up and, to a lesser extent, trucks owned by the Company. The Company transports cement principally by rail to its storage and distribution terminals. Cement is distributed primarily in bulk, but also in paper bags. No single customer accounted for as much as 10% of the Company's cement sales during fiscal 1999.

Sales are made on the basis of competitive prices in each area. As is customary in the industry, the Company does not typically enter into long-term sales contracts, except with respect to major construction projects.

Competition. The cement industry is extremely competitive as a result of multiple domestic suppliers and the importation of foreign cement through various terminal operations. Despite the price inelasticity with overall cement demand, competition among producers and suppliers of cement is based primarily on price, with consistency of quality and service to customers being important but of lesser significance. Price competition among individual producers and suppliers of cement within a geographic area is intense because of the fungible nature of the product. The U.S. cement industry is fragmented into regional geographic areas rather than a single national selling area. Because of cement's low value-to-weight ratio, the relative cost of transporting cement is high and limits the geographic area in which each company can market its products economically. No one cement company has a distribution of plants extensive enough to serve all geographic areas. The number of principal competitors of the Company's Texas, Illinois, Wyoming and Nevada plants are six, six, five and five, respectively, operating in these regional areas.

The United States cement industry comprises approximately 44 companies which own 107 gray cement plants with approximately 84 million tons of clinker manufacturing capacity (approximately 89 million tons of cement manufacturing capacity, assuming a 105% conversion ratio). The PCA estimates that cement demand totaled approximately 114 million tons in 1998, with approximately 23% of such demand being satisfied by imported cement. Continued strength in all three construction sectors in 1998 resulted in the fifth consecutive year of record setting cement consumption in the U.S. Based on the level of demand, the Company estimates that the cement industry as a whole operated in excess of 98% of its aggregate manufacturing capacity during 1998. The PCA reports that, as of February 1999, approximately 30 plant modernizations and expansion projects, including four new cement plants, have been announced or are underway. These projects, if completed, could add almost 20 million tons of new domestic cement manufacturing capacity and increase existing capacity by 25%. The announced expansions represent a significant change for the industry, but market forces and other factors may intervene on producers' plans. The Company does not anticipate that all of the industry's announced expansions will actually be constructed and because of the long lead times associated with adding additional capacity, any increased production capability is expected to be gradual over the next several years. The PCA has predicted U.S. cement use will grow to 120 million tons by 2003, compared with an estimated 114 million tons of cement consumption in 1998. The Company, however, can offer no guarantee regarding this predicted increase in near-term demand. In addition, the Company does not know how much, if any, old, inefficient cement production capacity may be retired during this period.

Cement imports into the United States occur primarily to supplement domestic cement production during peak demand periods. Throughout most of the 1980's, however, competition from low-priced imported cement in most coastal and border areas of the U.S. grew significantly, which included the company's Fernley, Nevada and Buda, Texas plants' markets. According to the PCA, the 1980's was a period of relatively high cement imports. This high level of imports depressed cement prices during a period of strong U.S. cement demand. As a result of antidumping petitions filed by a group of domestic cement producers, significant antidumping duty cash deposit requirements have been imposed on cement imported from Mexico since 1990 and from Japan since 1991. Venezuela signed a suspension agreement requiring it not to export to the U.S. at dumped prices. The existing antidumping orders and suspension agreement have contributed substantially to an improvement in the condition of the U.S. cement industry.

In the case of Mexico, margins to calculate cash deposit rates and the resulting antidumping duties are subject to annual review by the Department of Commerce and appeal to the U.S. Court of International Trade and the U.S. Court of Appeals for the Federal Circuit or to binational dispute panels under the North American Free Trade Agreement ("NAFTA").

Pursuant to the Uruguay Round Agreement, the General Agreement on Tariffs and Trade ("GATT") and the GATT Antidumping Code were superseded on January 1, 1995, by a new GATT that will be administered by the World Trade Organization. The antidumping orders outstanding against cement and clinker from Mexico and Japan and the suspension agreement on cement and clinker from Venezuela will remain in force. Legislation passed by Congress in December 1994, however, requires the initiation of "sunset" reviews of the antidumping orders against Mexico and Japan and the suspension agreement with Venezuela prior to January 2000 to determine whether these antidumping orders and the suspension agreement should terminate or remain in effect.

NAFTA thus far has had no material adverse effect on the antidumping duty cash deposit rates imposed on gray portland cement and clinker imported from Mexico. The Company does not believe that NAFTA will have a material, adverse effect on the foregoing antidumping duty cash deposit rates in the near future. A substantial reduction or elimination of the existing antidumping duties as a result of GATT, NAFTA or any other reason could adversely affect the Company's results of operations.

U.S. imports of foreign cement began to increase in the mid-1990's as the use of cement in the U.S. began to recover. The PCA has estimated that imports represented approximately 23% of cement used in the U.S. during 1998 as compared with approximately 18% in 1997 and 16% in 1996. Unlike the imports during the 1980's, however, most of the recent imports have provided an additional source of supply rather than disrupting the market with unfair prices. During most of the recent period of strong demand, the prices of cement imports rose. The increase was attributable, at least in part, to the influence of the outstanding antidumping orders and suspension agreements. While the average cost of imported cement rose during 1998, the cost of cement imports from some countries, particularly those from Southeast Asia, has declined. Moreover, independently owned cement operators could undertake to construct new import facilities and begin to purchase large quantities of low-priced cement from countries not yet subject to antidumping orders, such as those in Asia, which could compete with domestic producers. The introduction of low-priced imported cement from such sources could have a negative impact on the Company's result of operations.

Capital Expenditures. Capital expenditures during fiscal 1999 amounted to $7.5 million for the Company's cement segment compared with $3.5 million and $2.9 million in fiscal 1998 and 1997, respectively. Capital outlays in fiscal 2000 have been budgeted at approximately $5.9 million. Approximately 5.5% of the budgeted fiscal 2000 total is related to compliance with environmental regulations. Approximately $6.0 million of the fiscal 1999 total was for the LaSalle, Illinois plant clinker capacity increase and the new finish mill project.

Environmental Matters. The cement manufacturing industry, including the operations of the Company, is regulated by federal, state and local laws and regulations pertaining to several areas including human health and safety and environmental compliance. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986, as well as analogous laws in certain states, create joint and several liability for the cost of cleaning up or correcting releases to the environment of designated hazardous substances. Among those who may be held jointly and severally liable are those who generated the waste, those who arranged for disposal, those who owned or operated the disposal site or facility at the time of disposal, and current owners. In general, this liability is imposed in a series of governmental proceedings initiated by the identification of a site for initial listing as a "Superfund site" on the National Priorities List or a similar state list and the identification of potentially responsible parties who may be liable for cleanup costs. None of the Company's sites are listed as a "Superfund site."

The Company's operations are also potentially affected by the Resource Conservation and Recovery Act ("RCRA"), which is the primary federal statute governing the management of solid waste and which includes stringent regulation of solid waste that is considered hazardous waste. The Company's operations generate nonhazardous solid waste that may include cement kiln dust ("CKD"). Because of a RCRA exemption, known as the Bevill Amendment, CKD generated in the Company's operations is currently not considered a hazardous waste under RCRA, pending completion of a study and recommendations to Congress by the U.S. Environmental Protection Agency ("U.S. EPA"). Nevertheless, such CKD is still considered a solid waste and is regulated primarily under state environmental laws and regulations. The U.S. EPA has completed its review of CKD and has decided to promulgate regulations to govern the handling and disposal of CKD which will supersede the Bevill Amendment. The Bevill Amendment will remain in effect until those regulations are in place.

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

Another issue of potential significance to the Company is global warming and the international accord on carbon dioxide stabilization/reduction. Carbon dioxide is a green house gas many scientists and others believe contributes to a warming of the Earth's atmosphere. In December 1997, the United Nations held an international convention in Kyoto, Japan to take further international action to ensure greenhouse gas stabilization and/or reduction after the turn of the century. The conference agreed to a protocol to the United Nations Framework Convention on Climate Change originally adopted in May 1992. The protocol establishes quantified emission reduction commitments for certain developed countries, including the U.S., and certain countries that are undergoing the process of transition to a market economy. These reductions are to be obtained by 2008-2012. The protocol was made available for signature by member countries starting in the spring of 1998. The protocol will require Senate ratification and enactment of implementing legislation before it becomes effective in the United States.

The consequences of greenhouse gas reduction measures for cement producers are potentially significant because carbon dioxide is generated from combustion of fuels such as coal and coke in order to generate the high temperatures necessary to manufacture cement clinker (which is then ground with gypsum to make cement). In addition, carbon dioxide is generated in the calcining of limestone to make cement clinker. Any imposition of raw material or production limitations or fuel-use or carbon taxes could have a significant impact on the cement manufacturing industry. It will not be possible to determine the impact on the Company, if any, until governmental requirements are defined and/or the Company can determine whether emission offsets and/or credits are obtainable, and whether alternative cementitious products or alternative fuel can be substituted.

The Company's cement kilns utilize coal, coke, natural gas, minimal amounts of self-generated waste oil, and scrap tires in the Illinois and Texas plants, as fuel.

In April 1992, one of the Company's subsidiaries, Nevada Cement Company ("NCC"), was identified as a potentially responsible party under CERCLA by the U.S. EPA at the North American Environmental, Inc. storage facility in Clearfield, Utah ("North American Environmental Site") because of allegations that NCC arranged for the disposal of hazardous substances at that site. The Company has records indicating that all of the hazardous substances originating from NCC that were temporarily stored at the North American Environmental Site were removed from the storage facility and destroyed in accordance with applicable laws.

The Company is aware of no current estimates of the total remediation costs or the total volume of waste associated with this site. The U.S. EPA has identified the NCC cement plant site in Fernley, Nevada, as a potential hazardous waste site and entered it into the Comprehensive Environmental Response, Compensation, and Liability Information System ("CERCLIS") data base in January 1992. U.S. EPA performed an assessment in 1992 under CERCLA at the NCC plant because of concerns over an unlined disposal pond and a citizen complaint about disposal of wastes. NCC cleaned up the contaminated soil in the vicinity of this pond under the jurisdiction of the Nevada Department of Conservation and Natural Resources, Division of Environmental Protection at an immaterial cost to NCC. There can be no assurance that the Company will not incur material liability in connection with the North American Environmental Site or the contamination concerns at the Fernley, Nevada plant site.

Another RCRA concern in the cement industry involves the historical disposal of refractory brick containing chromium. Such refractory brick was formerly widely used in the cement industry to line cement kilns. The Company currently crushes spent refractory brick and uses it as raw feed, but such brick does not contain chromium.

The Clean Air Act Amendments of 1990 (the "Amendments") provided comprehensive federal regulation of all sources of air pollution and established a new federal operating permit and fee program for virtually all manufacturing operations. The Amendments will likely result in increased capital and operational expenses for the Company in the future, the amounts of which are not presently determinable. The Company's U.S. operations have submitted detailed permit applications and will pay increased recurring permit fees. In addition, the U.S. EPA is developing regulations for toxic air pollutants under these Amendments for a broad spectrum of industrial sectors, including portland cement manufacturing. The U.S. EPA has indicated that the new maximum available control technology standards could require significant reduction of air pollutants below existing levels prevalent in the industry. Management has no reason to believe, however, that these new standards would place the Company at a competitive disadvantage.

The Federal Water Pollution Control Act, commonly known as the Clean Water Act ("Clean Water Act"), provides comprehensive federal regulation of all sources of water pollution. In September 1992, the Company filed a number of applications under the Clean Water Act for National Pollutant Discharge Elimination System ("NPDES") stormwater permits.

Management believes that the Company's current procedures and practices in its operations, including those for handling and managing materials, are consistent with industry standards. Nevertheless, because of the complexity of operations and compliance with environmental laws, there can be no assurance that past or future operations will not result in operational errors, violations, remediation or other liabilities or claims. Moreover, the Company cannot predict what environmental laws will be enacted or adopted in the future or how such future environmental laws will be administered or interpreted. Compliance with more stringent environmental laws, as well as potentially more vigorous enforcement policies of regulatory agencies or stricter interpretation of existing environmental laws, could necessitate significant capital outlays.

With respect to some of the Company's quarries used for the extraction of raw materials for its cement and gypsum wallboard operations and for the mining of aggregates for its aggregate operations, the Company is obligated under certain of its permits and certain regulations to engage in reclamation of land within the quarries upon completion of extraction and mining. The Company generally accrues the reclamation costs for each specific quarry.

GYPSUM WALLBOARD OPERATIONS

Company Operations. The Company owns and operates three gypsum wallboard manufacturing facilities, two located in Albuquerque and nearby Bernalillo, New Mexico and one located in Gypsum, Colorado. The Company mines and extracts gypsum and then manufactures gypsum wallboard by first pulverizing quarried gypsum, then placing it in a calciner for conversion into plaster. The plaster is mixed with various chemicals and water to produce a mixture known as slurry, which is inserted between two continuous sheets of recycled paperboard on a high-speed production line and allowed to harden. The resulting sheets of gypsum wallboard are then cut to appropriate lengths, dried and bundled for sale. Gypsum wallboard is used to finish the interior walls and ceilings in residential, commercial and institutional construction. These panel products provide aesthetic as well as sound-dampening and fire-retarding value.

The Albuquerque plant was acquired in 1985, and was operated until early 1991. Following the start-up of the new Bernalillo plant in the spring of 1990, the Company elected to suspend operations at the Albuquerque plant due to weak market conditions. Operations at the Albuquerque plant were recommenced in May 1993, due to improvements in wallboard demand and prices. The Gypsum, Colorado gypsum wallboard plant and accompanying electric power cogeneration facility were purchased in February 1997. The plant originally commenced production in early 1990 and had been operated by an independent producer until its acquisition by CXP.

The following table sets forth certain information regarding these plants:

Location	Rated Annual Gypsum Wallboard Capacity (MMSF)(1)	Estimated Minimum Gypsum Rock Reserves (years)(3)
Albuquerque, New Mexico	320(2)	80(4)
Bernalillo, New Mexico	470	80(4)
Gypsum, Colorado	650(2)	35
Total	1,440	

(1) Million Square Feet ("MMSF")

(2) Expanded capacity.

(3) Proven reserves only. See Raw Materials and Fuel Supplies section for additional reserves.

(4) The same reserves serve both plants.

The Company's net gypsum wallboard production totaled 1,151 MMSF in fiscal 1999 and 1,090 MMSF in fiscal 1998. Total gypsum wallboard sales were 1,155 MMSF in fiscal 1999 and 1,089 MMSF in fiscal 1998.

During the third quarter of fiscal 1999, the Company completed a major capital project to modernize, upgrade and expand its Albuquerque, New Mexico plant that increased the plant's annual productive capacity by 60 MMSF, allowed for the production of 54" gypsum wallboard and significantly reduced fuel cost. The Company also initiated a major capital project during fiscal 1999 to expand the annual productive capacity of the Gypsum, Colorado plant by approximately 60% or 240 MMSF. The project was completed in the first quarter of fiscal 2000.

Raw Materials and Fuel Supplies. The Company mines and extracts gypsum rock, the principal raw material used in the manufacture of gypsum wallboard, from mines and quarries owned, leased or subject to claims owned by the Company and located near its plants. The New Mexico and Colorado mines and quarries are estimated to contain approximately 50 million tons and 21 million tons of proven and probable gypsum reserves, respectively. Based on its current production capacity, the Company estimates that the life of its existing gypsum rock reserves is approximately 80 years in New Mexico and 35 years Colorado.

Paper used in manufacturing gypsum wallboard is purchased by the Company from third-party suppliers. Approximately 65% of the Company's paper requirements are under two evergreen paper contracts, with one contract having a six-month notice provision for termination and the other expiring on December 31, 1999. The remainder of the Company's paper requirements are purchased on the open market from various suppliers. The Company does not believe that the loss of a supplier would have a material, adverse effect on its business.

The Company's gypsum wallboard manufacturing operations use large quantities of natural gas and electrical power. Substantially all of the Company's natural gas requirements for its gypsum wallboard plants are currently provided by two gas producers under gas supply agreements expiring in May 1999 for both the

New Mexico and Colorado plants. If the agreements are not renewed, the Company expects to be able to obtain its gas supplies from other local gas producers at competitive prices. Electrical power is supplied to the Company's New Mexico plants at standard industrial rates by a local utility. The Company's Albuquerque plant adopted an interruptible power supply agreement which may expose it to some production interruptions during periods of power curtailment. Power for the Gypsum, Colorado plant is supplied by the cogeneration power facility that was acquired along with the gypsum wallboard plant in February 1997. Currently, the cogeneration power facility supplies only the power needs of the gypsum wallboard plant and does not sell any power to third parties.

Sales and Distribution. The principal sources of demand for gypsum wallboard are (i) residential construction, (ii) repair and remodeling and (iii) non-residential construction, which the Company estimates accounted for approximately 45%, 38% and 17%, respectively, of 1998 industry sales. While the gypsum wallboard industry remains highly cyclical, recent growth in the repair and remodeling segment, together with certain trends in new residential and commercial construction activity, have partially mitigated the impact of fluctuations in overall levels of new construction.

Although the percentage of gypsum wallboard shipments accounted for by new residential construction has declined in recent years, new residential construction remains the largest single source of gypsum wallboard demand. In recent years, demand has been favorably impacted by a shift toward more single-family detached housing within the new residential construction segment and by an increase in the size of the average single-family detached home.

The size of the total residential repair and remodel market grew to an estimated record $121 billion in 1997, up from $46 billion in 1980. Although data on commercial repair and remodel activity are not readily available, the Company believes that this segment has also grown significantly in recent years. The growth of the repair and remodeling market is primarily due to the aging of housing stock, remodeling of existing buildings and tenant turnover in commercial space. In addition, repair and remodeling activity has benefitted from the fact that it has increasingly come to be viewed by homeowners, particularly in recessionary periods, as a low cost alternative to purchasing a new house.

The Company sells gypsum wallboard to numerous building materials dealers, gypsum wallboard specialty distributors, home center chains and other customers located throughout the United States. One customer with multiple shipping locations accounted for approximately 16% of the Company's total gypsum wallboard sales during fiscal 1999. However, the Company does not believe that the loss of that customer would have a material adverse affect on the Company and its subsidiaries taken as a whole.

During fiscal 1999, the principal states in which the Company had gypsum wallboard sales were Colorado, Florida, Texas, New Mexico, Georgia and Illinois. Prior to fiscal 1992, most of the Company's gypsum wallboard sales were made in the western United States, with significant sales in California. However, due to the sharp decline in construction activity in California during the early 1990's, the Company has focused the distribution of its gypsum wallboard in various other areas of the country.

Although gypsum wallboard is distributed principally in regional areas, the Company and certain other producers have the ability to ship gypsum wallboard by rail outside their usual regional distribution areas to take advantage of these other regional increases in demand. The Company owns or leases 168 railcars for transporting gypsum wallboard. In addition, in order to facilitate distribution in certain strategic areas, the Company maintains a distribution center in Albuquerque, New Mexico and four reload yards in Florida, Alabama and Illinois. The Company's rail distribution capabilities permit it to reach customers in all states west of the Mississippi River and many eastern states. During fiscal 1999, approximately 30% of the Company's sales volume of gypsum wallboard was transported by rail.

Competition. There are eleven manufacturers of gypsum wallboard operating a total of 73 plants. The Company estimates that the three largest producers - USG Corporation, National Gypsum Company and Georgia-Pacific Corporation - account for approximately 80% of gypsum wallboard sales in the United States. In 1996 and early 1997, the industry experienced some consolidation, the largest being Georgia-Pacific

Corporation's purchase of the gypsum wallboard business of Domtar, Inc. In general, a number of the Company's competitors in the gypsum wallboard industry have greater financial, manufacturing, marketing and distribution resources than the Company. Furthermore, certain of its competitors have vertically integrated operations consisting of gypsum wallboard manufacturing plants, paper mills and distribution centers, which may provide them with certain cost advantages over the Company.

Competition among gypsum wallboard producers is primarily on a regional basis, with local producers benefitting from lower transportation costs, and to a lesser extent on a national basis. Because of the commodity nature of the product, competition is based principally on price and, to a lesser extent, on product quality and customer service.

Total United States gypsum wallboard production capacity is estimated currently at 28.5 billion square feet per year, a 6% rise from 1997. The Gypsum Association, an industry trade group, estimates that total 1998 gypsum wallboard shipments were approximately 28.0 billion square feet, resulting in industry capacity utilization of over 98%. Imports are not a major factor in the gypsum wallboard industry.

During the past two years, a number of the Company's competitors in the gypsum wallboard industry commenced, or announced an intention to commence, capital expansion projects to construct new gypsum wallboard manufacturing facilities or to expand existing facilities. The completion of these projects, if all of them are actually started and carried through to completion, could increase domestic industry capacity over the next two or three years by up to 24%. However, some or all of this additional capacity could be absorbed if there is an increase in domestic demand (over the past 25 years demand for gypsum wallboard in the United States has increased at an average annual rate of 4%) and/or if less efficient plants are shut down. If during the next two or three years there is no corresponding increase in domestic demand for gypsum wallboard and/or no corresponding shut down of inefficient or marginally efficient gypsum wallboard plants, it is possible that gypsum wallboard prices could decline, thus impacting future results in the Company's Gypsum Wallboard group.

Capital Expenditures. Capital expenditures during fiscal 1999 for the gypsum wallboard segment amounted to $24.2 million; $7.9 million in fiscal year 1998; and $52.8 million (including $52 million for the Eagle acquisition) in fiscal year 1997. Capital outlays in fiscal 2000 have been budgeted at approximately $9.6 million with 3% of the expenditures related to compliance with environmental regulation. The majority of the fiscal 1999 expenditures ($22.3 million) were for the Albuquerque and Eagle plant upgrade projects.

Environmental Matters. The gypsum wallboard industry is subject to environmental regulations similar to those governing the Company's cement operations. None of the Company's gypsum wallboard operations are presently the subject of any local, state or federal environmental proceedings or inquiries. The Company does not, and has not used asbestos in any of its gypsum wallboard products.

In the fiscal year ended March 31, 1996, one of the Company's gypsum wallboard subsidiaries entered into a consent order with the U.S. EPA to settle claims of the U.S. EPA against potentially responsible parties with respect to a waste disposal facility in Broomfield, Colorado. The Company's subsidiary contracted with the facility for the disposal of a small amount of liquid waste. The facility was eventually closed by governmental agencies. The Company's subsidiary settled this matter by entering into the consent order and paying approximately $50 into a settlement fund.

CONCRETE AND AGGREGATES OPERATIONS

Company Operations. Readymix concrete, a versatile, low-cost building material used in almost all construction, involves the mixing of cement, sand, gravel, crushed stone and water to form concrete which is then sold and distributed to numerous construction contractors. Concrete is produced in batch plants and transported to the customer's job site in mixer trucks.

The construction aggregates business consists of the mining, extraction, production and sale of crushed stone, sand, gravel and lightweight aggregates such as expanded clays and shales. Construction aggregates of suitable characteristics are employed in virtually all types of construction, including the production of portland and asphaltic cement concrete mixes and in highway construction and maintenance.

As in the cement industry, the demand for readymix concrete and aggregates largely depends on regional levels of construction activity. The construction sector is subject to the vagaries of weather conditions, the availability of financing at reasonable rates and overall fluctuations in regional economies, and therefore tends to be cyclical. Both the concrete and aggregates industries are highly fragmented, with numerous participants operating in local areas. Because the cost of transporting concrete and aggregates is very high relative to product values, producers of concrete and aggregates typically can sell their products only in areas within 100 miles of their production facilities. Barriers to entry in each industry are low, except with respect to environmental permitting requirements for new aggregate production facilities and zoning of land to permit mining and extraction of aggregates.

The Company produces and distributes readymix concrete north of Sacramento, California and in Austin, Texas. The following table sets forth certain information regarding these operations:

Location	Number of Plants	Number of Trucks
Northern California	5	40
Austin, Texas	5	68
Total	10	108

The Company's production of readymix concrete reached a ten-year peak of 992,000 cubic yards in 1986. In response to decreased demand in the northern California and Austin areas, production declined to 430,000 cubic yards in fiscal 1990. Since that date, production has increased each successive year as market conditions continue to improve. The Company believes that it has the capacity to increase its concrete production from existing levels by adding to its fleet of trucks. The Company's net readymix concrete production was 706,000 cubic yards in fiscal 1999 and 672,000 cubic yards in fiscal 1998.

The Company conducts aggregate operations near its concrete facilities in northern California and Austin, Texas. Aggregates are obtained principally by mining and extracting from quarries owned or leased by the Company and located in close proximity to its plants. The following table sets forth certain information regarding these operations:

Location	Types of Aggregates	Estimated Annual Production Capacity (Thousand tons)(1)	Estimated Minimum Reserves (Years)
Northern California	Sand and Gravel	1,400	100
Austin, Texas	Limestone	1,500	70
Total		2,900	

- ------------------------------------
(1) Based on single-shift operation.

The Company's total net aggregate sales were 2.9 million tons in fiscal 1999 and 2.6 million tons in fiscal 1998. Total aggregates production was 3.1 million tons in fiscal 1999 and 2.8 million tons in fiscal 1998. A portion of the Company's total aggregates production is used internally by the Company's readymix concrete operations.

Raw Materials. The Company supplies 100% and 97% of its cement requirements for its Austin and northern California concrete operations, respectively. The Company supplies approximately 38% and 23%, respectively, of its aggregates requirements for its Austin and northern California concrete operations. The Company obtains the balance of its cement and aggregates requirements from multiple sources in each of these areas.

The Company is engaged in negotiations with state and federal government agencies over issues of title to a portion of its principal aggregates deposit in northern California. Even if the negotiations are unsuccessful in resolving adverse claims, the undisputed portion of the Company's California aggregate deposit contains sufficient reserves to serve the Company's needs. See "Item 3, Legal Proceedings."

Sales and Distribution. The Company sells readymix concrete to numerous contractors and other customers in each plant's selling area. The Company's batch plants in Austin and northern California are strategically located to serve each selling area. Concrete is delivered from batch plants by trucks owned by the Company.

The Company sells aggregates to building contractors and other customers engaged in a wide variety of construction activities. Aggregates are delivered from the Company's aggregate plants by common carriers, customer pick-up and, to a lesser extent, trucks owned by the Company. No single customer accounted for more than 10% of the Company's concrete and aggregates sales during fiscal 1999. The Company is attempting to secure a rail link from its principal aggregates deposit north of Sacramento, California to extended markets.

Competition. Competition among concrete producers within the Company's northern California and Austin selling areas is strong. The Company's competitors include five small and four large concrete producers in the northern California area and five large and four small concrete producers in the Austin area.

Both concrete and aggregates are commodity products. Each type of aggregate is sold in competition with other types of aggregates and in competition with other producers of the same type of aggregates. Accordingly, competition in both the concrete and aggregates businesses is based principally on price and, to a lesser extent, on product quality and customer service.

Capital Expenditures. Capital expenditures during fiscal 1999 amounted to $2.1 million for the concrete and aggregates segment compared with $2.0 million and $2.6 million in fiscal 1998 and 1997, respectively. Capital outlays in fiscal 2000, have been budgeted at approximately $2.7 million. Approximately 3% of the budgeted fiscal 2000 total is related to compliance with environmental regulations.

Environmental matters. The concrete and aggregates industry is subject to environmental regulations similar to those governing the Company's cement operations. None of the Company's concrete or aggregates operations are presently the subject of any local, state or federal environmental proceeding or inquiries.

EMPLOYEES

The Company and its subsidiaries had approximately 1,107 employees at March 31, 1999. Approximately 19% of the Employees are represented by collective bargaining units. The number of employees of the Company is 12.

FORWARD-LOOKING STATEMENTS

The Management's Discussion and Analysis of Financial Condition and Results of Operations (incorporated by reference herein from the 1999 CXP Annual Report) and other sections of the 1999 CXP Annual Report and this Annual Report on Form 10-K contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange 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 the Company is discussing its beliefs, estimates or expectations. These statements are not guarantees of future performance and involve a number of risks and uncertainties. Therefore, actual results and outcomes may differ materially from what is expressed or forecasted in such forward-looking statements. The principal risks and uncertainties that may affect the operations, performance, development and results of the Company's business include the following: the cyclical and seasonal nature of the Company's business; public infrastructure expenditures; adverse weather; availability of raw materials; unexpected operational difficulties; governmental regulation and changes in governmental and public policy; changes in economic conditions specific to any one or more of the Company's markets; competition; general economic conditions and interest rates. Other risks and uncertainties could also affect the outcome of the forward-looking statements.

ITEM 2. PROPERTIES

The Company operates cement plants, quarries and related facilities at Buda, Texas; LaSalle, Illinois; Fernley, Nevada and Laramie, Wyoming. The Buda and LaSalle plants are each owned by separate joint ventures in which CXP has a 50% interest. The Company's principal aggregate plants and quarries are located in Austin, Texas and Marysville, California. In addition, the Company operates gypsum wallboard plants in Albuquerque and nearby Bernalillo, New Mexico and Gypsum, Colorado. None of the Company's facilities are pledged as security for any debts.

See "Item 1. Business" on pages 1-14 of this Report for additional information relating to the Company's properties.

ITEM 3. LEGAL PROCEEDINGS

The Company's Western Aggregates, Inc. subsidiary ("WAI") has received notices of possible title claims of the United States and State of California relating to WAI's leasehold interest under a 99-year mineral lease on 10,000 acres of property north of Sacramento, California commonly known as the Yuba Goldfields. WAI is negotiating with the government authorities in an effort to resolve these title claims. The Company cannot predict the outcome of negotiations with the United States or the State of California. However, even if such negotiations are unsuccessful in resolving the adverse title claims to lands in the Yuba Goldfields, the Company believes that the portion of WAI's mineral lease which is not in dispute contains sufficient estimated reserves to meet WAI's current mining requirements for aggregates for a period of more than 100 years. Accordingly, the Company believes that the title claims of the United States and the State of California to lands in the Yuba Goldfields will not have a material, adverse effect on the financial condition or the results of operations of the Company.

In addition to the matters described above, the Company is a party to certain other ordinary legal proceedings incidental to its business. In general, although the outcome of litigation is inherently uncertain, the Company believes that none of the litigation matters in which the Company or any subsidiary is involved, if determined unfavorably to the Company or any subsidiary, would have a material, adverse effect on the consolidated financial condition or operations of the Company.

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

None

EXECUTIVE OFFICERS OF CXP (SEE ITEM 10 OF PART III)

The following is an alphabetical listing of the Company's executive officers, as such term is defined under the rules and regulations of the Securities and Exchange Commission. All of these executive officers, except for Mr. House, have been employed by the Company and/or one or more subsidiaries of the Company for the past five years. All executive officers were elected by the Board of Directors of the Company on July 17, 1997, except for Mr. House and Mr. Rowley who were appointed by the Chairman and Chief Executive Officer, pursuant to the Bylaws of the Company in January 1998, to serve until the next Annual Meeting of Directors or until their respective successors are duly elected and qualified or appointed as the case may be. There is no family relationship between any of these officers.

Name	Age	Positions with CXP
O. G. (Greg) Dagnan	59	Chairman and Chief Executive Officer (Chairman since January 1998; Chief Executive Officer since January 1990; President from January 1990 through December 1997; Senior Vice President - Operations from August 1989 to January 1990).
Richard D. Jones, Jr.	53	President and Chief Operating Officer (President since January 1998; Chief Operating Officer since January 1990; Executive Vice President from January 1990 through December 1997).
Arthur R. Zunker, Jr.	55	Senior Vice President - Finance and Treasurer (Senior Vice President - Finance and Treasurer since January 1994; Senior Vice President - Administration from August 1984 to January 1994).
H. David House	57	Executive Vice President - Gypsum (Executive Vice President - Gypsum since January 1998; President of American Gypsum Company since June 1997; President of James Hardie Gypsum Division from August 1993 through May 1996).
Steven R. Rowley	46	Executive Vice President - Cement (Executive Vice President - Cement since January 1998; Executive V.P. of Illinois Cement Company from June 1995 through December 1997; Plant Manager at Nevada Cement Company from April 1991 through May 1995).

PART II

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

(See Item 7 below.)

ITEM 6. SELECTED FINANCIAL DATA

(See Item 7 below.)

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

The information called for by Items 5, 6 and 7 is incorporated herein by reference to the information set forth under the following captions (on the page or pages indicated) in the 1999 CXP Annual Report:

Items	Caption in the 1999 CXP Annual Report	Pages
5	Stock Prices and Dividends	40
5	Indebtedness (Note C to Consolidated Financial Statements of CXP)	21
6	Summary of Selected Financial Data	36-37

Items	Caption in the 1999 CXP Annual Report	Pages
7	Indebtedness (Note C to Consolidated Financial Statements of CXP)	21
7	Management's Discussion and Analysis of Financial Condition and Results of Operations	30-35

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for in this Item 8 is incorporated herein by reference to the 1999 CXP Annual Report as set forth in the index to consolidated financial statements and schedules on page 17 of this Report (see Item 14).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(See Item 11 below.)

ITEM 11. EXECUTIVE COMPENSATION

Except for the information relating to the executive officers of the Company, which follows Item 4 of Part I of this Report, the information called for by Items 10, 11, 12 and 13 is incorporated herein by reference to the information included and referenced under the following captions (on the page or pages indicated) in the Company's Proxy Statement dated June 18, 1999, for the Company's July 15, 1999 Annual Meeting of Stockholders (the "1999 CXP Proxy Statement"):

Items	Caption in the 1999 CXP Proxy Statement	Pages
10	Election of Directors	2
10	Section 16(a) Compliance	12
11	Executive Compensation	6
12	Security Ownership of Management and Certain Beneficial Owners	4
13	Certain Transactions	12

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(See Item 11 above.)

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

(See Item 11 above.)

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this Report.

(1) and (2) See the Index to Consolidated Financial Statements and Schedules below for a list of the Financial Statements and Financial Statement schedules filed herewith.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULES

Consolidated supporting schedules have been omitted either because the required information is contained in notes to the consolidated financial statements or because such schedules are not required or are not applicable.

(3) Exhibits

The information on exhibits required by this Item 14 is set forth in the CXP Index to Exhibits appearing on page 19 and 20 of this Report.

(b) Reports on Form 8-K:

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

June 18, 1999	/s/ O. G. DAGNAN O. G. Dagnan, Director, Chairman of the Board and Chief Executive Officer (principal executive officer)
June 18, 1999	/s/ ARTHUR R. ZUNKER, JR. Arthur R. Zunker, Jr., Senior Vice President - Finance and Treasurer (principal financial and accounting officer)
June 18, 1999	/s/ ROBERT L. CLARKE Robert L. Clarke, Director
June 18, 1999	/s/ LAURENCE E. HIRSCH Laurence E. Hirsch, Director
June 18, 1999	/s/ DAVID W. QUINN David W. Quinn, Director
June 18, 1999	/s/ HAROLD K. WORK Harold K. Work, Director

INDEX TO EXHIBITS
CENTEX CONSTRUCTION PRODUCTS, INC.
AND SUBSIDIARIES

Exhibit Number	Description of Exhibits
3.1	Restated Certificate of Incorporation of Centex Construction Products, Inc. (the "Company")(filed as Exhibit 3.1 to the Form S-8 Registration Statement of the Company (No. 33-82928)(the "S-8 Registration Statement"), filed on August 16, 1994, and incorporated herein by reference)
3.2	Amended and Restated Bylaws of the Company (filed as Exhibit 3.2 to the S-8 Registration Statement and incorporated herein by reference)
4.1	Form of Certificate evidencing Common Stock (filed as Exhibit 4.1 to Amendment No. 3 to the Form S-1 Registration Statement of the Company (No. 33-74816), filed on April 4, 1994, ("Amendment No. 3"), and incorporated by reference herein)
4.2	Credit Agreement dated as of April 18, 1994, among the Company, The First National Bank of Chicago, individually and as agent, and the other lenders named therein (filed as Exhibit 4.2 to the Annual Report on Form 10-K of the Company (File No. 1-12984) for the fiscal year ended March 31, 1995 (the "Form 10-K") and incorporated herein by reference)
4.3	Amendment No. 1 to the Credit Agreement, dated as of March 20, 1996, among the Company, the First National Bank of Chicago, individually and as agent, and the other lenders named therein (filed as Exhibit 4.3 to the Annual Report on Form 10-K of the Company (File No. 1-12984) for the fiscal year ended March 31, 1996 and incorporated herein by reference)
4.4	Amendment No. 2 to the Credit Agreement, dated as of March 27, 1998, among the Company, the First National Bank of Chicago, individually and as agent, and the other lenders named therein
10.1	Joint Venture Agreement between Ilce, Inc. (f/k/a Illinois Cement Company, Inc.) and RAAM Limited Partnership, dated April 1, 1972, as amended (filed as Exhibit 10.1 to the Form S-1 Registration Statement (No. 33-74816) of the Company, filed on February 4, 1994, (the "S-1 Registration Statement") and incorporated herein by reference)
10.2	Joint Venture Agreement by and among Texas Cement Company, the Company, and Lehigh Portland Cement Company, dated March 25, 1986, as amended (filed as Exhibit 10.2 to the S-1 Registration Statement) and incorporated herein by reference)
10.3	The Centex Construction Products, Inc. amended and restated Stock Option Plan (filed as Exhibit 10.3 to the Annual Report on Form 10-K of the Company (File No. 1-12984) for the fiscal year ended March 31, 1997 and incorporated herein by reference)(1)

10.4	Supplemental Executive Retirement Plan of Centex Construction Products, Inc. (filed as Exhibit 10.4 to the 1995 Form 10-K and incorporated herein by reference)(1)
10.5	Indemnification Agreement dated as of April 19, 1994, between the Company and Centex Corporation ("Centex") (filed as Exhibit 10.5 to the 1995 Form 10-K and incorporated herein by reference)
10.6	Tax Separation Agreement dated as of April 1, 1994, among Centex, the Company and its subsidiaries (filed as Exhibit 10.6 to the 1995 Form 10-K and incorporated herein by reference)
10.7	Administrative Services Agreement dated as of April 1, 1994, between the Company and Centex Service Company (filed as Exhibit 10.7 to the 1995 Form 10-K and incorporated herein by reference)
10.8	Trademark License Agreement dated as of April 19, 1994, between the Company and Centex (filed as Exhibit 10.8 to the 1995 Form 10-K and incorporated herein by reference)
10.9	Form of Indemnification Agreement between the Company and each of its directors (filed as Exhibit 10.9 to Amendment No. 3 and incorporated herein by reference)(1)
10.10	Limited Liability Company Unit Purchase Agreement (EGP), dated as of December 5, 1997, among Centex American Gypsum Company, Centex Eagle Gypsum Company, and Eagle-Gypsum Products (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 1-12984), filed on March 12, 1997, (the "Form 8-K") and incorporated herein by reference)
10.11	Limited Liability Company Unit Purchase Agreement (NES), dated as of December 5, 1997, among Centex American Gypsum Company, CEGC Holding Company, and National Energy Systems, Inc. (filed as Exhibit 2.2 to the Form 8-K and incorporated herein by reference)
13**	Annual Report to Stockholders of the Company for fiscal year ended March 31, 1999 (the "Annual Report to Stockholders")
21*	Subsidiaries of the Company
23*	Consent of Independent Public Accountants
27*	Financial Data Schedule

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* Filed herewith.

** With the exception of the information expressly incorporated by reference in this Annual Report on Form 10-K from the Annual Report to Stockholders, the Annual Report to Stockholders is not deemed filed with the Commission as a part of this Annual Report on Form 10-K.

(1) Required to be identified as a management contract or a compensatory plan or arrangement pursuant to Item 14(a)(3) of Form 10-K.

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES

FINANCIAL HIGHLIGHTS

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	FOR THE YEARS ENDED MARCH 31,				
	1999	1998	1997	1996	1995
REVENUES	$336,073	$297,322	$239,380	$222,594	$194,313
EARNINGS BEFORE INCOME TAXES	$121,127	$ 88,333	$ 64,406	$ 52,304	$ 33,829
NET EARNINGS	$ 77,289	$ 56,533	$ 41,799	$ 33,944	$ 21,820
DILUTED EARNINGS PER SHARE	$ 3.71	$ 2.56	$ 1.89	$ 1.47	$ 0.95
CASH DIVIDENDS PER SHARE(1)	$ 0.20	$ 0.20	$ 0.20	$ 0.05	$ --
DEBT	$ 480	$ 560	$ 2,640	$ 720	$ 24,500
STOCKHOLDERS' EQUITY	$279,920	$274,803	$239,436	$216,462	$183,405
AVERAGE DILUTED SHARES OUTSTANDING	20,832	22,063	22,174	23,023	22,988
BOOK VALUE PER SHARE AT YEAR END	$ 14.18	$ 12.77	$ 10.89	$ 9.42	$ 7.99

(1) DECLARED INITIAL QUARTERLY CASH DIVIDEND OF FIVE CENTS PER SHARE ON MARCH 12, 1996.

REVENUES
($ IN MILLIONS)

1995	$194
1996	$223
1997	$239
1998	$297
1999	$336

NET EARNINGS
($ IN MILLIONS)

1995	$22
1996	$34
1997	$42
1998	$57
1999	$77

To Our Shareholders

CXP CELEBRATED FIVE YEARS AS A PUBLICLY HELD COMPANY BY ACHIEVING A FIFTH CONSECUTIVE YEAR OF RECORD OPERATIONAL GROWTH AND FINANCIAL PERFORMANCE. BENEFITTING FROM FISCAL 1999'S ECONOMIC PROSPERITY, CXP'S EXPANDED, EFFICIENT OPERATIONS AGAIN PRODUCED HISTORICALLY HIGH REVENUES, EARNINGS AND RETURNS.

FISCAL 1999 FINANCIAL HIGHLIGHTS

- Bolstered by record earnings in each product line, particularly Gypsum Wallboard, CXP's net earnings reached $77,289,000, 37% higher than $56,533,000 in fiscal 1998.

- Diluted earnings per share for fiscal 1999 increased 45% to $3.71 compared to $2.56 for fiscal 1998.

- Fiscal 1999 revenues totaled $336,073,000, a 13% improvement over $297,322,000 last year.

- CXP's consolidated gross operating margin exceeded 36% in fiscal 1999, rising from 30% in the prior year.

- Fiscal 1999 EBITDA (Earnings Before Income Taxes, Depreciation and Amortization) increased 31% to a record $134,269,000.

- Return on beginning stockholders' equity was over 28% this year versus 24% in fiscal 1998. Return on net assets reached 40% in fiscal 1999 compared to 31% last year.

- At March 31, 1999, CXP was virtually debt-free, had $50 million in cash and $280 million of equity.

CXP's significant financial achievement was recognized in the March 1999 edition of International Cement Review, which showed the Company's 25.2% return on gross assets to be the highest in the industry worldwide.

Fiscal 1999's ideal economic climate - low interest rates coupled with low inflation - energized

OPERATING MARGIN (PERCENT)

1995	19%
1996	25%
1997	28%
1998	30%
1999	36%

DILUTED EARNINGS PER SHARE (DOLLARS)

1995	$0.95
1996	$1.47
1997	$1.89
1998	$2.56
1999	$3.71

both the residential and commercial construction markets, sustaining demand for our Cement, Gypsum Wallboard and Concrete and Aggregates products. All of CXP's manufacturing facilities again operated at capacity. Market consumption in all business segments set new highs and Cement and Gypsum Wallboard demand continued to exceed capacity, further boosting product pricing.

One of CXP's ongoing objectives is prudent reinvestment of our cash flow to expand our businesses. This cash flow is utilized, as appropriate, for capital additions to existing operations, for acquisitions, and for the introduction of new products and stock repurchases. Fiscal 1999 operating cash flow, which totaled about $93 million, was used primarily to upgrade our facilities and to repurchase CXP stock.

During the year, we made three significant plant expansions and continued to lower our operating costs, positioning the Company to reap even more significant benefits for our stockholders. An $18 million expansion of the Eagle Gypsum Wallboard plant in Colorado, which will increase the facility's annual capacity by 60%, or about 240 million square feet (MMSF), beginning in the first quarter of fiscal 2000, was substantially completed ahead of schedule and under budget. Its start-up shortly after fiscal year end exceeded expectations. A $16 million upgrade of the Albuquerque Wallboard facility has increased annual plant capacity by 60 MMSF, or about 23%, facilitates the production of 54" board and other specialty products, and reduces production costs. A $20 million expansion project at our 50%-owned Illinois Cement plant included the expansion of the facility's clinker capacity by 75,000 tons, a 15% gain, as well as a 4,000-horsepower finish mill that is scheduled to be commissioned during the first quarter of fiscal 2000.

Reflecting continuing confidence in CXP's future performance, during the second quarter of fiscal 1999 and again shortly after the end of the fiscal year, CXP's Board of Directors authorized the repurchase of one million shares of stock (a total of two million shares). During fiscal 1999, CXP repurchased 1,954,100 shares of its own stock and has bought another 208,500 shares since March 31, leaving approximately 922,500 shares remaining under the Company's current authorization.

STOCKHOLDERS' EQUITY
($ IN MILLIONS)

1995	$183
1996	$216
1997	$239
1998	$275
1999	$280

EBITDA CASH FLOW
($ IN MILLIONS)

1995	$50
1996	$67
1997	$77
1998	$102
1999	$134

Since CXP became publicly held in April 1994, a total of five million shares has been authorized for repurchase. Approximately 4.1 million (82%) of those shares have been bought back by the Company.

CXP's continuous record of achievement is the result of the combined talents and daily commitment of the 1,107 employees of CXP and its subsidiaries. We are fortunate to have a dedicated, highly experienced cadre of people committed to achieving CXP's goals. We are extremely grateful to all members of our workforce for their ongoing contributions.

OUTLOOK

CXP is well-positioned to sustain its earnings momentum. Our facility enhancements are adding capacity and diversifying our product base, as well as increasing production volume and improving plant efficiency. If current interest rates levels and the robust construction market continue, strong pricing will prevail, increasing CXP's earnings.

CXP is constantly searching for expansion opportunities and the Company's Aggregates business represents the most significant area for potential growth. The recent passage of TEA-21, the Federal Transportation Equity Act for the 21st Century, could increase the nation's infrastructure spending more than 40% during the next several years. CXP's cost-competitive operations are located in high-growth markets in the southern U.S. and acquisition potential in the large, unconsolidated Aggregates industry is significant.

Backed by a strong balance sheet, an experienced management team and a dedicated workforce, CXP remains poised for internal operational expansion, external growth through acquisition and a sixth consecutive year of record financial performance.

CXP's growth has just begun.

/s/ O.G. DAGNAN	/s/ RICHARD D. JONES
O.G. DAGNAN	RICHARD D. JONES, JR.
CHAIRMAN AND	PRESIDENT AND
CHIEF EXECUTIVE OFFICER	CHIEF OPERATING OFFICER

May 24, 1999

ONWARD, UPWARD

ONE OF CXP'S PRIMARY OBJECTIVES IS TO REINVEST OUR CASH FLOW TO GROW OUR BUSINESSES. DURING FISCAL 1999, WE MADE CAPITAL EXPENDITURES TOTALING $33,806,000 TO UPGRADE FACILITIES AND EQUIPMENT AND INCREASE OPERATING EFFICIENCY AT TWO GYPSUM WALLBOARD PLANTS AND ONE CEMENT FACILITY. THESE EXPANSIONS, FEATURED ON THE FOLLOWING PAGES, WILL HELP POSITION THE COMPANY TO REAP EVEN MORE SIGNIFICANT BENEFITS FOR OUR SHAREHOLDERS.

GROWTH OF CEMENT
PLANT CAPACITY

[PHOTO SHOWING CONSTRUCTION
OF NEW ILLINOIS CEMENT
FINISHED GRINDING MILL BUILDING]

CEMENT
OPERATING EARNINGS
($ IN MILLIONS)

1995	$26
1996	$35
1997	$40
1998	$48
1999	$57

This building will house Illinois Cement's new 4,000 horsepower finished Cement grinding mill when the mill is commissioned during the first quarter of fiscal 2000. An expansion of the plant has already increased the facility's clinker capacity by 75,000 tons.

CEMENT

OPERATING PROFITS FROM CEMENT ROSE 18% TO $56.8 MILLION IN FISCAL 1999, DUE TO HIGHER SALES VOLUME, SALES PRICE, AND OPERATING MARGINS THAN THOSE OF A YEAR AGO. CEMENT REVENUES ROSE 9% FROM FISCAL 1998 REVENUES TO $152.5 MILLION THIS YEAR.

ALL OF CXP'S CEMENT PLANTS OPERATED AT CAPACITY AND WERE SOLD OUT FOR THE ELEVENTH CONSECUTIVE YEAR. TOTAL CEMENT SALES VOLUME OF 2,218,000 TONS THIS YEAR WAS 3% HIGHER THAN FISCAL 1998'S SALES VOLUME, PRIMARILY DUE TO FAVORABLE WEATHER AND STRONG SALES AT OUR WESTERN CEMENT FACILITIES. BENEFITTING FROM RECORD U.S. CONSUMPTION, CXP'S AVERAGE CEMENT NET SALES PRICE FOR FISCAL 1999 WAS $68.75 PER TON, A 5.5% IMPROVEMENT OVER LAST YEAR. THIS YEAR'S CEMENT OPERATING MARGIN OF $25.62 PER TON WAS 15% HIGHER THAN A YEAR AGO.

CXP'S PREVIOUSLY ANNOUNCED 4,000 HORSEPOWER FINISHED CEMENT GRINDING MILL PROJECT AT OUR ILLINOIS CEMENT PLANT REMAINED WITHIN BUDGET AND ON SCHEDULE FOR COMPLETION DURING THE FIRST QUARTER OF FISCAL 2000. THE PLANT ACHIEVED A 75,000 TON ANNUAL RATE INCREASE IN CLINKER PRODUCTION DURING THE THIRD QUARTER OF FISCAL 1999. CLINKER INVENTORY IS BUILDING AT THE PLANT AND WILL BE CONVERTED TO CEMENT DURING THE PEAK SHIPPING SEASON AFTER THE NEW MILL IS COMMISSIONED.

GROWTH OF GYPSUM

WALLBOARD PRODUCTION

[PHOTO OF PORTION OF
WALLBOARD DRYER AT
ALBUQUERQUE PLANT]

GYPSUM WALLBOARD
OPERATING EARNINGS
($ IN MILLIONS)

95	$ 7
96	$12
97	$21
98	$36
99	$57

Fiscal 1999's $18 million expansion of the Eagle Wallboard facility and the $16 million expansion at the Albuquerque plant will increase our total production capacity from 1.1 billion to 1.4 billion square feet beginning in the first quarter of fiscal 2000.

GYPSUM WALLBOARD

GYPSUM WALLBOARD OPERATING EARNINGS ROSE 58% TO $56.6 MILLION IN FISCAL 1999, AND REVENUES INCREASED 19% FROM FISCAL 1998 TO $141.6 MILLION. THE GAINS RESULTED FROM A 6% INCREASE IN SALES VOLUME TO 1,155 MMSF, A 12% INCREASE IN THE AVERAGE NET SALES PRICE TO $122.55 PER THOUSAND SQUARE FEET (MSF), AND A 49% INCREASE IN THE UNIT OPERATING MARGIN TO $48.97 PER MSF. ALL THREE CXP WALLBOARD PLANTS AGAIN OPERATED AT CAPACITY, EVEN AS WE CONTINUED TO EXPAND TWO OF THE FACILITIES.

A $16 MILLION UPGRADE OF THE ALBUQUERQUE PLANT HAS ADDED 60 MMSF TO CAPACITY AND REDUCED PRODUCTION COSTS SUBSTANTIALLY. THE PLANT UPGRADE ALSO SHIFTS MOST OF THE MANUFACTURING OF SPECIALTY PRODUCTS TO THE ALBUQUERQUE FACILITY FROM THE HIGH-LINE-SPEED BERNALILLO AND EAGLE PLANTS, ENABLING THOSE TWO PLANTS TO OPTIMIZE THEIR BOARD LINE-SPEEDS AND FURTHER INCREASE THEIR OVERALL PRODUCTION.

AN $18 MILLION EXPANSION OF THE EAGLE PLANT, COMPLETED JUST AFTER FISCAL YEAR END, WILL INCREASE THAT FACILITY'S ANNUAL CAPACITY BY 60% TO 650 MMSF BEGINNING IN THE FIRST QUARTER OF FISCAL 2000. THE COMPLETION OF THE ALBUQUERQUE AND EAGLE EXPANSION PROJECTS SHOULD ENABLE CXP TO SHIP ALMOST 1.4 BILLION SQUARE FEET OF WALLBOARD DURING FISCAL 2000, INCREASING OUR SALES IN HIGH-GROWTH WESTERN MARKETS.

MARKET-DRIVEN GROWTH

OF CONCRETE AND AGGREGATES

[PHOTO OF SIX CONCRETE
TRUCKS PARKED IN LINE
AT A CXP BATCH PLANT]

CONCRETE AND AGGREGATES
OPERATING EARNINGS
($ IN MILLIONS)

95	$2.6
96	$5.6
97	$4.8
98	$4.5
99	$7.4

Fiscal 1999 earnings from both Concrete and Aggregates were positively impacted by robust building and road construction in Austin, Texas. CXP is increasing its Austin fleet of readymix trucks by 10% in order to better serve that market.

CONCRETE AND AGGREGATES

FISCAL 1999 CONCRETE AND AGGREGATES OPERATING EARNINGS OF $7.4 MILLION WERE 63% HIGHER THAN LAST YEAR DUE TO HIGHER SALES VOLUMES, SALES PRICES, AND UNIT OPERATING MARGINS FOR BOTH PRODUCTS. REVENUES FROM THESE OPERATIONS WERE $46.9 MILLION IN FISCAL 1999, 12% HIGHER THAN A YEAR AGO.

POSITIVELY IMPACTED BY THE STRONG RESIDENTIAL AND COMMERCIAL CONSTRUCTION MARKET IN THE AUSTIN, TEXAS AREA, CONCRETE OPERATING EARNINGS ROSE 45% IN FISCAL 1999 TO $5.0 MILLION. FISCAL 1999'S CONCRETE SALES VOLUME OF 706,000 CUBIC YARDS AND THE AVERAGE CONCRETE NET SALES PRICE OF $49.78 PER CUBIC YARD WERE 5% HIGHER THAN SALES VOLUME AND PRICING IN THE PRIOR YEAR. CONCRETE'S OPERATING MARGIN THIS YEAR WAS $7.08 PER YARD, A 38% INCREASE OVER THE FISCAL 1998 MARGIN. CXP IS INCREASING ITS AUSTIN FLEET OF READYMIX TRUCKS BY 10% IN FISCAL 2000 IN ORDER TO BETTER SERVE THAT MARKET.

FISCAL 1999'S AGGREGATES OPERATING EARNINGS OF $2.4 MILLION WERE MORE THAN DOUBLE LAST YEAR'S EARNINGS. AGGREGATES SALES VOLUME TOTALED 2,916,000 TONS THIS YEAR, A 13% INCREASE OVER SALES VOLUME IN FISCAL 1998, PRIMARILY DUE TO HIGHER SALES OF ROAD CONSTRUCTION AGGREGATES IN AUSTIN. CXP'S AGGREGATES NET SALES PRICE OF $4.02 PER TON THIS YEAR WAS 2% HIGHER THAN THE FISCAL 1998 PRICE. THE AGGREGATES PER TON OPERATING MARGIN OF $.81 THIS YEAR WAS ALMOST DOUBLE LAST YEAR'S MARGIN.

[MAP OF UNITED STATES SHOWING
STATES AND LOCATIONS OF
CXP'S PRODUCTION FACILITIES]

CXP's strategically located facilities in geographically diverse areas reduce our dependence on any one market. Our Cement operation includes four plants, two of which are 50%-owned with joint-venture partners, and 11 Cement distribution terminals. CXP's Gypsum Wallboard operation consists of three Wallboard plants, four Wallboard reload centers and one Wallboard distribution center. Our Concrete and Aggregates group includes 10 Readymix Concrete batch plant locations and two Aggregates processing operations.

The principal markets for CXP's Cement products are Texas, northern Illinois (including Chicago), the Rocky Mountain area, northern Nevada and northern California. Our Gypsum Wallboard is distributed throughout the continental United States. CXP's Concrete and Aggregates are sold to local readymix concrete producers and paving contractors in the Austin, Texas market and in northern California.

MAJOR FACILITIES

CEMENT PLANTS

- Illinois Cement Company - LaSalle, Illinois*
- Mountain Cement Company - Laramie, Wyoming
- Nevada Cement Company - Fernley, Nevada
- Texas-Lehigh Cement Company - Buda, Texas*

* 50%-owned with joint-venture partners

GYPSUM WALLBOARD PLANTS

- American Gypsum Company - Albuquerque and Bernalillo, New Mexico and Gypsum, Colorado

CONCRETE AND AGGREGATES PLANTS

- Centex Materials, Inc. - Buda, Texas
- Mathews Readymix, Inc. - Marysville, California
- Western Aggregates, Inc. - Marysville, California

FINANCIAL INFORMATION

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED EARNINGS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	FOR THE YEARS ENDED MARCH 31,		
	1999	1998	1997
REVENUES			
CEMENT	$ 152,460	$ 140,326	$ 133,348
GYPSUM WALLBOARD	141,571	118,718	72,184
CONCRETE AND AGGREGATES	46,860	42,004	36,809
OTHER, NET	1,717	1,939	1,823
LESS: INTERSEGMENT SALES	(6,535)	(5,665)	(4,784)
	336,073	297,322	239,380
COSTS AND EXPENSES			
CEMENT	95,635	92,245	93,551
GYPSUM WALLBOARD	85,001	82,905	51,619
CONCRETE AND AGGREGATES	39,510	37,501	32,041
LESS: INTERSEGMENT PURCHASES	(6,535)	(5,665)	(4,784)
CORPORATE GENERAL AND ADMINISTRATIVE	4,380	3,825	3,904
INTEREST INCOME, NET	(3,045)	(1,822)	(1,357)
	214,946	208,989	174,974
EARNINGS BEFORE INCOME TAXES	121,127	88,333	64,406
INCOME TAXES	43,838	31,800	22,607
NET EARNINGS	$ 77,289	$ 56,533	$ 41,799
EARNINGS PER SHARE:			
BASIC	$ 3.73	$ 2.58	$ 1.89
DILUTED	$ 3.71	$ 2.56	$ 1.89

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(DOLLARS IN THOUSANDS)

	MARCH 31,	
	1999	1998
ASSETS		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	$ 49,646	$ 62,090
ACCOUNTS AND NOTES RECEIVABLE, NET	43,192	36,669
INVENTORIES	33,030	32,537
TOTAL CURRENT ASSETS	125,868	131,296
PROPERTY, PLANT AND EQUIPMENT	392,302	366,353
LESS: ACCUMULATED DEPRECIATION	(163,745)	(153,444)
PROPERTY, PLANT AND EQUIPMENT, NET	228,557	212,909
NOTES RECEIVABLE, NET	664	935
OTHER ASSETS	9,594	5,972
	$ 364,683	$ 351,112
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	$ 18,276	$ 18,404
ACCRUED LIABILITIES	40,849	35,095
CURRENT PORTION OF LONG-TERM DEBT	80	80
TOTAL CURRENT LIABILITIES	59,205	53,579
LONG-TERM DEBT	400	480
DEFERRED INCOME TAXES	25,158	22,250
STOCKHOLDERS' EQUITY -		
COMMON STOCK, PAR VALUE $0.01; AUTHORIZED 50,000,000 SHARES; ISSUED AND OUTSTANDING 19,744,465 AND 21,525,148 SHARES, RESPECTIVELY	197	215
CAPITAL IN EXCESS OF PAR VALUE	62,376	130,413
RETAINED EARNINGS	217,347	144,175
TOTAL STOCKHOLDERS' EQUITY	279,920	274,803
	$ 364,683	$ 351,112

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED CASH FLOWS

(DOLLARS IN THOUSANDS)

	FOR THE YEARS ENDED MARCH 31,		
	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES			
NET EARNINGS	$ 77,289	$ 56,533	$ 41,799
ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED BY OPERATING ACTIVITIES -			
DEPRECIATION, DEPLETION AND AMORTIZATION	16,187	15,880	13,752
DEFERRED INCOME TAX PROVISION	2,909	3,415	4,491
ASSET DISPOSITION PROVISION	700	2,276	--
(INCREASE) DECREASE IN ACCOUNTS AND NOTES RECEIVABLE	(6,252)	2,503	(1,456)
INCREASE IN INVENTORIES	(493)	(1,055)	(30)
(DECREASE) INCREASE IN ACCOUNTS PAYABLE	(128)	1,956	10
INCREASE IN ACCRUED LIABILITIES	5,754	6,841	5,225
INCREASE IN OTHER ASSETS, NET	(3,219)	(234)	(883)
	92,747	88,115	62,908
CASH FLOWS FROM INVESTING ACTIVITIES			
PROPERTY, PLANT AND EQUIPMENT ADDITIONS, NET	(33,806)	(13,092)	(5,934)
PROCEEDS FROM ASSET DISPOSITIONS	960	5,525	--
ACQUISITION OF CENTEX EAGLE GYPSUM	--	--	(56,006)
	(32,846)	(7,567)	(61,940)
CASH FLOWS FROM FINANCING ACTIVITIES			
ADDITIONS TO NOTES PAYABLE	--	--	7,500
REDUCTIONS IN NOTES PAYABLE	--	(2,000)	(5,500)
DECREASE IN OTHER LONG-TERM DEBT	(80)	(80)	(80)
PROCEEDS FROM STOCK OPTION EXERCISES	3,806	6,727	561
RETIREMENT OF COMMON STOCK	(71,861)	(23,531)	(14,976)
DIVIDENDS PAID TO SHAREHOLDERS	(4,210)	(4,386)	(4,460)
	(72,345)	(23,270)	(16,955)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(12,444)	57,278	(15,987)
CASH AT BEGINNING OF PERIOD	62,090	4,812	20,799
CASH AT END OF PERIOD	$ 49,646	$ 62,090	$ 4,812

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED STOCKHOLDERS' EQUITY

(DOLLARS IN THOUSANDS)

	FOR THE YEARS ENDED MARCH 31,		
	1999	1998	1997
COMMON STOCK			
BALANCE AT BEGINNING OF PERIOD	$ 215	$ 220	$ 230
RETIREMENT OF COMMON STOCK	(18)	(5)	(10)
BALANCE AT END OF PERIOD	197	215	220
CAPITAL IN EXCESS OF PAR VALUE			
BALANCE AT BEGINNING OF PERIOD	130,413	147,212	161,617
RETIREMENT OF COMMON STOCK	(71,843)	(23,526)	(14,966)
STOCK OPTION EXERCISES	3,806	6,727	561
BALANCE AT END OF PERIOD	62,376	130,413	147,212
RETAINED EARNINGS			
BALANCE AT BEGINNING OF PERIOD	144,175	92,004	54,615
DIVIDENDS TO SHAREHOLDERS	(4,117)	(4,362)	(4,410)
NET EARNINGS	77,289	56,533	41,799
BALANCE AT END OF PERIOD	217,347	144,175	92,004
TOTAL STOCKHOLDERS' EQUITY	$ 279,920	$ 274,803	$ 239,436

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

(A) SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Centex Construction Products, Inc. and its majority-owned subsidiaries ("CXP" or the "Company") after the elimination of all significant intercompany balances and transactions. In addition, the Company holds 50% joint venture interests in its cement plants in Illinois and Texas and has proportionately consolidated its pro rata interest in the revenues, expenses, assets and liabilities of those ventures.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash equivalents include short-term, highly liquid investments with original maturities of three months or less, and are recorded at cost, which approximates market value.

ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable have been shown net of the allowance for doubtful accounts of $2.3 million and $2.1 million at March 31, 1999 and 1998, respectively. The Company has no significant credit risk concentration among its diversified customer base.

Notes receivable at March 31, 1999 are collectible primarily over three years. The weighted average interest rate at both March 31, 1999 and 1998 was 8.6%.

INVENTORIES

Inventories are stated at the lower of average cost (including applicable material, labor, depreciation, and plant overhead) or market. Inventories consist of the following:

	MARCH 31,	
	1999	1998
Raw Materials and Materials-in-Progress	$ 9,124	$ 8,478
Finished Cement	5,601	5,169
Aggregates	1,577	1,830
Gypsum Wallboard	1,289	2,020
Repair Parts and Supplies	14,770	14,121
Fuel and Coal	669	919
	$ 33,030	$ 32,537

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Major renewals and improvements are capitalized and depreciated. Repairs and maintenance are expensed as incurred. Depreciation is provided on a straight-line basis over the estimated useful lives of depreciable assets. Raw material deposits are depleted as such deposits are extracted for production utilizing the units-of-production method. Costs and accumulated depreciation applicable to assets retired or sold are eliminated from the accounts and any resulting gains or losses are recognized at such time. The estimated lives of the related assets are as follows:

Plants	20 to 30 years
Buildings	20 to 40 years
Machinery and Equipment	3 to 20 years

INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." That statement requires, among other things, that deferred taxes be provided on differences between the financial reporting basis and tax basis of assets and liabilities using existing tax laws and rates.

STATEMENTS OF CONSOLIDATED EARNINGS - SUPPLEMENTAL DISCLOSURES

Selling, general and administrative expenses of the operating units are included in costs and expenses of each segment. Corporate general and administrative expenses are shown separately in the statements of consolidated earnings. Total selling, general and administrative expenses for each of the periods are summarized below:

	FOR THE YEARS ENDED MARCH 31,		
	1999	1998	1997
Operating Units Selling, General and Administrative	$ 14,425	$ 15,979	$ 12,808
Corporate General and Administrative	4,380	3,825	3,904
	$ 18,805	$ 19,804	$ 16,712

Maintenance and repair expenses are included in each segment's costs and expenses. The Company incurred expenses of $32.0 million, $28.9 million and $26.2 million in the years ended March 31, 1999, 1998 and 1997, respectively, for maintenance and repairs.

Other net revenues include clinker sales income, lease and rental income, asset sale income, non-inventoried aggregates sales income, and trucking income as well as other miscellaneous revenue items and costs which have not been allocated to a business segment.

STATEMENTS OF CONSOLIDATED CASH FLOWS - SUPPLEMENTAL DISCLOSURES

Interest payments made during the years ended March 31, 1999, 1998 and 1997 were $0.1 million, $0.1 million and $0.2 million, respectively.

Net payments made for federal and state income taxes during the years ended March 31, 1999, 1998 and 1997 were $40.8 million, $26.4 million and $17.9 million, respectively. Included in the March 31, 1999 payments was a payment to Centex for $161 made under the tax separation agreement.

POSTRETIREMENT BENEFITS

Statement of Financial Accounting Standards No. 106, "Employers Accounting for Postretirement Benefits Other Than Pensions," specifies certain required methods of accounting for postretirement benefits other than pensions. This pronouncement has no impact on the Company's financial statements as the Company has no other postretirement obligations.

EARNINGS PER SHARE

In March 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS No. 128). This statement established new standards for computing and presenting earnings per share (EPS). SFAS No. 128 replaces the presentation of primary EPS previously prescribed by Accounting Principles Board Opinion No. 15 (APB No. 15) with a presentation of basic EPS which is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. SFAS No. 128 also requires dual presentation of basic and diluted EPS. Diluted EPS is computed similarly to fully diluted EPS pursuant to APB No. 15. The Company adopted SFAS No. 128 in fiscal 1998, and prior year basic and diluted EPS have been restated to facilitate comparison between the years.

Basic earnings per common share is based on the weighted average number of common shares outstanding in 1999, 1998 and 1997 of 20,710,174; 21,895,312 and 22,148,222, respectively. Diluted earnings per common share is based on the weighted average number of common shares outstanding and share equivalents outstanding, assuming dilution from issued and unexercised stock options outstanding, of 20,832,451; 22,062,654 and 22,174,222 in 1999, 1998 and 1997, respectively.

ACCOUNTING FOR STOCK-BASED COMPENSATION

The Company accounts for employee stock options using the intrinsic value method of accounting prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees." Generally, no expense is recognized related to the Company's stock options because the option's exercise price is set at the stock's fair market value on the date the option is granted.

Effective April 1, 1996 the Company adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), by making the required note disclosures (see Note G). Accordingly, adoption of this new standard has no impact on the Company's reported financial position or operating results.

NEW ACCOUNTING STANDARDS

In June 1997, the FASB issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information" (SFAS No. 131), which changes the way public companies report information about segments. SFAS No. 131, which is based on the management approach to segment reporting, requires companies to selectively report quarterly segment information and entity-wide disclosures about products and services, major customers, and the material countries in which the entity holds assets and reports revenues. The Company adopted this statement for the fiscal year ending March 31, 1999 and the adoption of the statement did not have a material effect on the financial statement presentation.

Effective March 31, 1999, the Company adopted Statement of Financial Accounting Standards No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" (SFAS 132). SFAS 132 revises employers' disclosures about pension and other postretirement benefit plans (see Note K). It does not change the measurement or recognition of these plans. Adoption of the new standards had no material effect on the Company's results of operations, financial position, or cash flows.

STOCK REPURCHASES

The Company's Board of Directors has authorized the repurchase of a cumulative total of five million shares of CXP's common stock. The Company repurchased 1,954,100 shares at a cost of $71.9 million in fiscal 1999 and 836,834 shares at a cost of $23.5 million in fiscal 1998. Cumulative shares repurchased at March 31, 1999 were 3,869,000, leaving approximately 1,131,000 shares remaining under the Company's current authorization. Centex Corporation owned 60.6% of CXP's outstanding common stock at March 31, 1999.

(B) PROPERTY, PLANT AND EQUIPMENT

Cost by major category and accumulated depreciation are summarized below:

	MARCH 31, 1999	MARCH 31, 1998
Land and Quarries	$ 33,237	$ 33,363
Plants	316,567	289,886
Buildings, Machinery and Equipment	42,498	43,104
	392,302	366,353
Accumulated Depreciation	(163,745)	(153,444)
	$ 228,557	$ 212,909

The Company recorded asset write down provisions of $700 in connection with the Eagle expansion project in fiscal 1999 and $2.3 million in fiscal 1998 in connection with the Albuquerque plant upgrade project. The Company substantially completed three expansion projects during fiscal 1999: (i) the $16 million upgrade of the Albuquerque gypsum wallboard plant; (ii) an $18 million expansion of the Eagle gypsum wallboard plant; and (iii) a $20 million expansion of the 50% owned LaSalle cement plant.

(C) INDEBTEDNESS

LONG-TERM DEBT

Long-term debt is set forth below:

	MARCH 31, 1999	MARCH 31, 1998
PROPERTY NOTE, INTEREST AT 7%, DUE MARCH 2005, SECURED	$ 480	$ 560
LESS: CURRENT MATURITIES	(80)	(80)
	$ 400	$ 480

CREDIT FACILITY

The Company has a $35 million unsecured long-term revolving credit line (the "Bank Revolver") that expires on March 31, 2001. Borrowings under the Bank Revolver bear interest, at the option of the Company, at (i) a Eurodollar-based rate that varies depending on the Company's ratio of total indebtedness to total capitalization (the "Debt-to-Capital Ratio") or (ii) the greater of the bank's base rate or the federal funds rate plus .5%. Under the Bank Revolver, the Company is obligated to pay certain fees, including an annual commitment fee on the unused portion of the commitment. The Bank Revolver contains certain customary restrictive covenants (including restrictions on the consummation of mergers or asset sales, the payment of dividends, the creation of liens and the incurrence of additional indebtedness) and requires the Company to maintain or meet certain financial ratios or tests. Among other things, the Bank Revolver requires the Company to maintain a minimum ratio of earnings before interest and taxes to interest and not to exceed a maximum Debt-to-Capital Ratio and to meet a minimum tangible net worth test. The Company was in compliance with such financial ratios and tests at March 31, 1999, and throughout the fiscal year then ended. The Company had no borrowings outstanding under the Bank Revolver as of March 31, 1999 or 1998.

(D) INCOME TAXES

The provision for income taxes includes the following components:

	FOR THE YEARS ENDED MARCH 31,		
	1999	1998	1997
CURRENT PROVISION			
FEDERAL	$ 36,547	$ 25,701	$ 16,799
STATE	4,382	2,684	1,317
	40,929	28,385	18,116
DEFERRED PROVISION			
FEDERAL	1,951	2,185	3,038
STATE	958	1,230	1,453
	2,909	3,415	4,491
PROVISION FOR INCOME TAXES	$ 43,838	$ 31,800	$ 22,607

The effective tax rates vary from the federal statutory rates due to the following items:

	FOR THE YEARS ENDED MARCH 31,		
	1999	1998	1997
EARNINGS BEFORE INCOME TAXES	$ 121,127	$ 88,333	$ 64,406
INCOME TAXES AT STATUTORY RATE	$ 42,394	$ 30,917	$ 22,542
INCREASES (DECREASES) IN TAX RESULTING FROM -			
STATE INCOME TAXES, NET	3,469	2,526	1,800
STATUTORY DEPLETION IN EXCESS OF COST	(2,297)	(2,225)	(1,957)
OTHER	272	582	222
PROVISION FOR INCOME TAXES	$ 43,838	$ 31,800	$ 22,607
EFFECTIVE TAX RATE	36%	36%	35%

The deferred income tax provision results from the following temporary differences in the recognition of revenues and expenses for tax and financial reporting purposes:

	FOR THE YEARS ENDED MARCH 31,		
	1999	1998	1997
EXCESS TAX DEPRECIATION AND AMORTIZATION	$ 4,347	$ 6,544	$ 5,048
BAD DEBTS	6	(29)	(162)
UNIFORM CAPITALIZATION	106	36	(151)
ACCRUAL CHANGES	(1,259)	(3,611)	(425)
OTHER	(291)	475	181
	$ 2,909	$ 3,415	$ 4,491

Components of deferred income taxes are as follows:

	MARCH 31, 1999	MARCH 31, 1998
ITEMS GIVING RISE TO DEFERRED TAXES		
EXCESS TAX DEPRECIATION AND AMORTIZATION	$ 29,897	$ 25,550
OTHER	4,145	4,437
	34,042	29,987
ITEMS GIVING RISE TO PREPAID TAXES		
ACCRUAL CHANGES	(8,145)	(6,886)
BAD DEBTS	(717)	(723)
UNIFORM CAPITALIZATION	(22)	(128)
	(8,884)	(7,737)
NET DEFERRED INCOME TAX LIABILITY	$ 25,158	$ 22,250

(E) BUSINESS SEGMENTS

The Company operates in three business segments: Cement, Gypsum Wallboard, and Concrete and Aggregates, with Cement and Gypsum Wallboard being the Company's principal lines of business. These operations are conducted in the United States and include the mining of limestone and the manufacture, production, distribution and sale of Portland cement (a basic construction material which is the essential binding ingredient in concrete), the mining of gypsum and the manufacture and sale of gypsum wallboard, the sale of readymix concrete, and the mining and sale of aggregates (crushed stone, sand and gravel). These products are used primarily in commercial and residential construction, public construction projects and projects to build, expand and repair roads and highways.

Demand for the Company's products are derived primarily from residential construction, commercial and industrial construction and public (infrastructure) construction which are highly cyclical and are influenced by prevailing economic conditions including interest rates and availability of public funds. Due to the low value-to-weight ratio of cement, concrete and aggregates, these industries are largely regional and local with demand tied to local economic factors that may fluctuate more widely than those of the nation as a whole.

The Company operates four cement plants, eleven cement distribution terminals, three gypsum wallboard plants, four gypsum wallboard reload centers, a gypsum wallboard distribution center, ten readymix concrete batch plant locations, and two aggregate processing plant locations. The principal markets for the Company's cement products are Texas, northern Illinois (including Chicago), the Rocky Mountains, northern Nevada, and northern California. Gypsum wallboard is distributed throughout the continental United States. Concrete and aggregates are sold to local readymix producers and paving contractors in the Austin, Texas area and northern California.

The following table sets forth certain financial information relating to the Company's operations by segment:

	FOR THE YEARS ENDED MARCH 31,		
	1999	1998	1997
REVENUES			
CEMENT	$ 152,460	$ 140,326	$ 133,348
GYPSUM WALLBOARD	141,571	118,718	72,184
CONCRETE AND AGGREGATES	46,860	42,004	36,809
OTHER, NET	1,717	1,939	1,823
	342,608	302,987	244,164
LESS: INTERSEGMENT SALES	(6,535)	(5,665)	(4,784)
	$ 336,073	$ 297,322	$ 239,380
SEGMENT OPERATING EARNINGS			
CEMENT	$ 56,825	$ 48,081	$ 39,797
GYPSUM WALLBOARD	56,570	35,813	20,565
CONCRETE AND AGGREGATES	7,350	4,503	4,768
OTHER, NET	1,717	1,939	1,823
	$ 122,462	$ 90,336	$ 66,953
IDENTIFIABLE ASSETS			
CEMENT	$ 139,183	$ 141,462	$ 141,622
GYPSUM WALLBOARD	143,464	123,997	125,490
CONCRETE AND AGGREGATES	23,634	22,922	28,939
CORPORATE AND OTHER	58,402	62,731	9,586
	$ 364,683	$ 351,112	$ 305,637
CAPITAL EXPENDITURES			
CEMENT	$ 7,536	$ 3,513	$ 2,915
GYPSUM WALLBOARD	24,204	7,982	758
CONCRETE AND AGGREGATES	2,050	2,027	2,602
CORPORATE AND OTHER	24	27	40
	$ 33,814	$ 13,549	$ 6,315
DEPRECIATION, DEPLETION AND AMORTIZATION			
CEMENT	$ 7,768	$ 7,860	$ 7,938
GYPSUM WALLBOARD	6,005	5,552	3,331
CONCRETE AND AGGREGATES	2,190	2,194	2,225
CORPORATE AND OTHER	224	274	258
	$ 16,187	$ 15,880	$ 13,752

Segment operating earnings represent revenues less direct operating expenses, segment depreciation, and segment selling, general and administrative expenses. Corporate assets consist primarily of cash and cash equivalents, general office assets and miscellaneous other assets.

(F) COMMITMENTS AND CONTINGENCIES

The Company, in the ordinary course of business, has various litigation, commitments and contingencies. Management believes that none of the litigation in which it or any subsidiary is involved, if finally determined unfavorably to the Company, would have a material adverse effect on the consolidated financial condition or results of operations of the Company.

The Company's operations and properties are subject to extensive and changing federal, state and local laws, regulations and ordinances governing the protection of the environment, as well as laws relating to worker health and workplace safety. The Company carefully considers the requirements mandated by such laws and regulations and has procedures in place at all of its operating units to monitor compliance. Any matters which are identified as potential exposures under these laws and regulations are carefully reviewed by management to determine the Company's potential liability. Although management is not aware of any exposures which would require an accrual under Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies," there can be no assurance that prior or future operations will not ultimately result in violations, claims or other liabilities associated with these regulations.

The Company has certain deductible limits under its workers' compensation and liability insurance policies for which reserves are established based on the estimated costs of known and anticipated claims.

The Company has certain operating leases covering manufacturing, transportation and certain other facilities and equipment. Rental expense for fiscal years 1999, 1998, and 1997 totaled $3.1 million, $3.0 million and $2.3 million, respectively. Minimum annual rental commitments as of March 31, 1999, under noncancelable leases are set forth as follows:

FISCAL YEAR	TOTAL
2000	$2,922
2001	$1,854
2002	$1,132
2003	$1,034
2004	$1,034
Thereafter	$2,530

(G) STOCK OPTION PLAN

The Company has a stock option plan for certain directors, officers and key employees of the Company, the 1994 Stock Option Plan ("1994 Plan"). The 1994 Plan provides for a total of 2,000,000 shares to be reserved for issuance. The exercise price of option grants under the 1994 Plan may not be less than the fair market value at the date of grant. Option periods and exercise dates may vary within a maximum period of 10 years. All outstanding options vest over a 10-year period; however, they can vest earlier if certain predetermined performance criteria are met. The Company records proceeds from the exercise of options as additions to common stock and capital in excess of par value. The federal tax benefit, if any, is considered additional capital in excess of par value. No charges or credits would be made to earnings unless options were to be granted at less than fair market value at the date of grant. A summary of the activity of the 1994 Plan is presented below.

	FOR THE YEARS ENDED MARCH 31,					
	1999		1998		1997	
	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
OUTSTANDING OPTIONS AT BEGINNING OF YEAR	362,699	$12.64	736,950	$12.25	742,600	$12.12
GRANTED	370,000	$36.40	6,300	$24.73	72,500	$14.00
EXERCISED	(173,147)	$12.81	(378,438)	$12.08	(43,410)	$12.93
FORFEITED/EXPIRED	(31,000)	$36.56	(2,113)	$12.00	(34,740)	$12.36
OUTSTANDING OPTIONS AT END OF YEAR	528,552	$27.82	362,699	$12.64	736,950	$12.25
OPTIONS EXERCISABLE AT END OF YEAR	183,252		356,399		552,347	
WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED DURING THE YEAR	$ 19.57		$ 13.58		$ 3.96	

The following table summarizes information about stock options outstanding at March 31, 1999:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING NUMBER OF SHARES OUTSTANDING	WTD. AVG. REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS EXERCISABLE NUMBER OF SHARES OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE
$12.00 TO $14.00	183,252	5.4 YEARS	$12.07	183,252	$12.07
$22.25 TO $29.69	6,300	8.4 YEARS	$24.73	--	--
$33.31 TO $36.56	339,000	9.0 YEARS	$36.39	--	--
	528,552	7.8 YEARS	$27.82	183,252	$12.07

Shares available for future stock option grants were 857,753 at March 31, 1999.

The Company has adopted the disclosure-only provisions of SFAS No. 123 "Accounting for Stock-Based Compensation" and continues to account for stock-based compensation as it has in the past using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, no compensation expense has been recognized for options issued under the 1994 Plan. Had compensation cost for options issued under the 1994 Plan been determined based on the fair value at the grant date for awards consistent with the provisions of SFAS No. 123, proforma net earnings would have been $76,085, $56,462 and $41,754 for the fiscal years ended March 31, 1999, 1998 and 1997, respectively. Basic and diluted earnings per share for fiscal year ended March 31, 1999 would have been $3.67 and $3.65, respectively, and for fiscal years ended March 31, 1998 and 1997 would have remained unchanged.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	FOR THE YEARS ENDED MARCH 31, 1999	1998	1997
EXPECTED VOLATILITY	35.3%	36.1%	39.2%
RISK-FREE INTEREST RATE	5.8%	6.4%	6.7%
DIVIDEND YIELD	.6%	.8%	1.4%
EXPECTED LIFE (YEARS)	10	10	10

(H) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Company's long-term debt is estimated using discounted cash flow analyses based upon the Company's current incremental borrowing rates for similar types of borrowing arrangements. The carrying values of the Company's long-term debt approximates fair value.

All assets and liabilities which are not considered financial instruments have been valued using historical cost accounting. The carrying values of cash and cash equivalents, accounts and notes receivables, accounts payable and accrued liabilities approximate their fair values due to the short-term maturities of these assets and liabilities.

(I) AGREEMENTS WITH CENTEX CORPORATION

On April 19, 1994 ("Closing Date") the Company completed the sale of 11,730,000 shares or 51% of its common stock through an IPO. Prior to that time, the Company was a wholly owned subsidiary of Centex Corporation ("Centex"). On the Closing Date the Company entered into certain agreements with Centex to define the Company's ongoing relationship with Centex.
The major agreements are:

Indemnification Agreement: The Company and Centex entered into an Indemnification Agreement, pursuant to which the Company and Centex agreed generally to indemnify each other against substantially all liabilities relating to the businesses of the Company and its subsidiaries as they had been and will be conducted, including environmental liabilities.

Tax Separation Agreement: The Company and Centex entered into a Tax Separation Agreement (the "Tax Agreement"). The Tax Agreement (i) provides for the termination of any existing tax sharing or allocation arrangements between the Company and Centex, (ii) specifies the manner in which the federal income tax liability and certain state tax liabilities (including any subsequent adjustments to such federal and state liabilities) of the consolidated group of which Centex is the common parent (the "Group") will be allocated for the final year in which the Company is a member of the Group and for any prior tax year of the Group and (iii) specifies the manner in which audits or administrative or judicial proceedings relating to federal income taxes and certain state taxes of the Group will be controlled.

Administrative Services: Centex Service Company ("CSC"), a subsidiary of Centex, will provide the Company with employee benefit administration, legal, public/investor relations and certain other services. The Administrative Services Agreement expired on March 31, 1999. It was renewed for fiscal 2000 and the fee will be determined thereafter on an annual basis. The Company paid CSC a fee of $95 in fiscal 1999 and will pay $198 in fiscal 2000. In addition, the Company reimburses CSC for its out-of-pocket expenses incurred in connection with the performance of such services.

(J) ACQUISITIONS

The Company acquired all of the Common Units of Centex Eagle Gypsum Company, LLC, a limited liability company, owned by Eagle Gypsum Products and National Energy System, Inc. on February 26, 1997 for a total purchase price of $52.0 million plus $4.0 million of net working capital. The operations of Centex Eagle Gypsum Company, LLC consist of a gypsum wallboard manufacturing facility, a gypsum mine, and a cogeneration power facility, all located in Eagle County, Colorado.

The acquisition was accounted for as a purchase, and accordingly, the purchase price was allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair market values at the date of acquisition. The purchase price was allocated as follows: $52.0 million to property and equipment and $4.0 million to various components of net working capital. The results of operations of Centex Eagle Gypsum Company, LLC have been included in the Company's financial statements since the date of acquisition.

(K) PENSION AND PROFIT SHARING PLANS

The Company has several defined benefit and defined contribution retirement plans covering substantially all of its employees. Benefits paid under the defined benefit plans are based on years of service and the employee's qualifying compensation over the last few years of employment. The Company's funding policy is to contribute amounts that are deductible for income tax purposes.

The following table provides a reconciliation of the defined benefit plan obligations and fair value of plan assets over the two year period ending March 31, 1999 and a statement of the funded status as of March 31, 1999 and 1998:

	1999	1998
RECONCILIATION OF BENEFIT OBLIGATIONS:		
BENEFIT OBLIGATION AT APRIL 1	$ 4,274	$ 3,611
SERVICE COST - BENEFITS EARNED DURING THE PERIOD	200	184
INTEREST COST ON PROJECTED BENEFIT OBLIGATION	287	259
ACTUARIAL (GAIN) LOSS	(86)	354
BENEFITS PAID	(136)	(134)
BENEFIT OBLIGATION AT MARCH 31	4,539	4,274
RECONCILIATION OF FAIR VALUE OF PLAN ASSETS:		
FAIR VALUE OF PLAN ASSETS AT APRIL 1	5,279	3,847
ACTUAL RETURN ON PLAN ASSETS	104	1,250
EMPLOYER CONTRIBUTIONS	17	316
BENEFITS PAID	(136)	(134)
FAIR VALUE OF PLANS AT MARCH 31	5,264	5,279
FUNDED STATUS:		
FUNDED STATUS AT MARCH 31	725	1,005
UNRECOGNIZED LOSS (GAIN) FROM PAST EXPERIENCE DIFFERENT THAN THAT ASSUMED AND EFFECTS OF CHANGES IN ASSUMPTIONS	247	(24)
UNRECOGNIZED PRIOR-SERVICE COST	214	271
NET AMOUNT RECOGNIZED (PREPAID PENSION COST INCLUDED IN OTHER ASSETS)	$ 1,186	$ 1,252

Net periodic pension cost for the years ended March 31, 1999, 1998 and 1997, included the following components:

	1999	1998	1997
SERVICE COST - BENEFITS EARNED DURING THE PERIOD	$ 200	$ 184	$ 198
INTEREST COST OF PROJECTED BENEFIT OBLIGATION	287	259	239
EXPECTED RETURN ON PLAN ASSETS	(417)	(338)	(320)
AMORTIZATION OF TRANSITION ASSET	(44)	(9)	--
AMORTIZATION OF PRIOR-SERVICE COST	57	57	110
NET PERIODIC PENSION COST	$ 83	$ 153	$ 227

The following table sets forth the rates used in the actuarial calculations of the present value of benefit obligations and the rate of return on plan assets:

	1999	1998	1997
WEIGHTED AVERAGE DISCOUNT RATE	7.0%	6.75%	7.25%
RATE OF INCREASE IN FUTURE COMPENSATION LEVELS	3.5%	3.5%	3.5%
EXPECTED LONG-TERM RATE OF RETURN ON ASSETS	8.0%	9.0%	9.0%

The Company also provides a profit sharing plan, which covers substantially all salaried and certain hourly employees. The profit sharing plan is a defined contribution plan funded by employer discretionary contributions and also allows employees to contribute on an after tax basis up to 10% of their base annual salary. Employees are fully vested to the extent of their contributions and become fully vested in the Company's contributions over a seven-year period. Costs relating to the employer discretionary contributions for the Company's defined contribution plan totaled $991, $1,224 and $1,053, in 1999, 1998 and 1997, respectively.

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of Centex Construction Products, Inc.:

We have audited the accompanying consolidated balance sheets of Centex Construction Products, Inc. (a Delaware corporation) and subsidiaries as of March 31, 1999 and 1998, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Centex Construction Products, Inc. and subsidiaries as of March 31, 1999 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 1999, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Dallas, Texas,
May 3, 1999

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

FISCAL YEAR 1999 COMPARED TO FISCAL YEAR 1998

Record earnings in each of its product lines, particularly gypsum wallboard, resulted in Centex Construction Products, Inc. reporting the highest net earnings in its history for fiscal 1999.

Consolidated revenues for fiscal 1999 totaled $336.1 million, a 13% gain over $297.3 million in fiscal 1998. Increased sales volume and higher sales price in all segments generated the revenue gain. Benefitting from increased sales volume and higher operating margins in each of its product lines, operating earnings of $122.5 million improved 36% over fiscal 1998 operating earnings of $90.3 million. Corporate overhead of $4.4 million increased 15% over fiscal 1998 mainly due to higher incentive compensation. Higher invested cash balances resulted in $3.0 million of net interest income in fiscal 1999, increasing $1.2 million over fiscal 1998. The company's effective fiscal 1999 tax rate of 36.2% increased from 36.0% in fiscal 1998 due to higher state income taxes. As a result of the foregoing, fiscal 1999 net earnings of $77.3 million increased 37% over $56.5 million in fiscal 1998, the fifth consecutive year of record net earnings. Diluted fiscal 1999 earnings per share of $3.71 increased 45% from $2.56 for fiscal 1998. Diluted earnings per share for fiscal 1999 increased more than net earnings due to fewer average shares outstanding in fiscal 1999.

The following table compares sales volumes, average unit sales prices and unit operating margins for the Company's operations:

	CEMENT (TON)		GYPSUM WALLBOARD (MSF)		CONCRETE (CUBIC YARD)		AGGREGATES (TON)	
	1999	1998	1999	1998	1999	1998	1999	1998
SALES VOLUME (THOUSANDS)	2,218	2,153	1,155	1,089	706	672	2,916	2,592
AVERAGE NET SALES PRICE	$68.75	$65.19	$ 122.55	$ 109.01	$ 49.78	$ 47.33	$ 4.02	$ 3.93
OPERATING MARGIN	$25.62	$22.34	$ 48.97	$ 32.88	$ 7.08	$ 5.12	$ 0.81	$ 0.41

Cement. Cement revenues of $152.5 million for fiscal 1999 were 9% higher than $140.3 million for the prior fiscal year. Operating earnings increased 18% to $56.8 million from $48.1 million in fiscal 1998 due to a 3% increase in sales volume and a 15% gain in operating margins. Sales volume of 2.22 million tons was 65,000 tons higher than last fiscal year's record high sales volume primarily due to favorable weather and strong sales volume at the western region cement plants. All plants operated at capacity and were again "sold out." The Company purchased 152,000 tons of cement in fiscal 1999, up 23,000 tons from last fiscal year, to supplement its manufactured cement shipments. Record U.S. cement consumption resulted in average net pricing of $68.75 per ton, increasing 5.5% over $65.19 per ton in fiscal 1998.

Gypsum Wallboard. Gypsum wallboard revenues of $141.6 million for fiscal 1999 increased 19% over fiscal 1998 revenues of $118.7 million due to increased sales volume and higher average sales prices.

Segment operating earnings total $56.6 million for fiscal 1999, a 58% increase over $35.8 million for fiscal 1998. The operating earnings gain resulted from higher sales volume and a 49% improvement in operating margins. Gypsum wallboard fiscal 1999 sales volume of 1,155 million square feet ("MMSF") increased 6% over fiscal 1998 due to higher utilization rates at all three plants. The operating margin gain resulted from the combination of higher average sales prices and lower cost of sales. Gypsum wallboard fiscal 1999 average sales prices of $122.55 per thousand square feet ("MSF") increased 12.4% over $109.01 per MSF in fiscal 1998 as a result of record high industry consumption. The Company's plants operated at capacity during the fiscal year and ended the year with lower than normal inventory levels. Although the Albuquerque plant was down for a period of time during the year to tie-in the plant upgrade project, unit cost of sales declined 3% in fiscal 1999 to $73.58 per MSF, primarily due to the $2.3 million asset write down provision in fiscal 1998 relating to the Albuquerque plant upgrade project.

Concrete and Aggregates. Revenues from concrete and aggregates were $46.9 million, up 12% from $42.0 million in fiscal year 1998. The revenue gain resulted from increased sales volume and higher average sales prices. Segment operating earnings of $7.4 million in fiscal 1999 increased 63% from $4.5 million in the prior fiscal year. Increased sales volume and higher operating margins generated the operating earnings gain. Concrete operating earnings of $5.0 million in fiscal 1999 were 45% greater than last fiscal year's earnings due to increased operating margins and higher sales volume. The operating margin gain resulted from the 5% increase in average concrete sale prices being partially offset by higher materials and operating costs. Concrete sales volume of 706,000 cubic yards in fiscal 1999 increased 5% over fiscal 1998 due to a strong Austin, Texas construction market. Aggregates operating earnings of $2.4 million for fiscal 1999 more than doubled the $1.1 million fiscal 1998 operating earnings due to increased sales volume and higher operating margins. Aggregates sales volume of 2.9 million tons increased 12.5% over fiscal 1998 sales volume due to higher Austin, Texas road construction aggregates sales. Operating margins increased 98% to $0.81 per ton due to higher net sales prices and reduced cost of sales, primarily due to a $700,000 decrease in legal costs resulting from the settlement of the Yuba Goldfields title dispute in fiscal 1998.

Corporate Overhead. Corporate Overhead of $4.4 million increased $555,000 over last fiscal year due to additional corporate personnel and higher incentive compensation.

Interest Income. Net interest income of $3.0 million for fiscal year 1999 increased $1.2 million over last fiscal year due to higher average invested cash balances during fiscal 1999.

FISCAL YEAR 1998 COMPARED TO FISCAL YEAR 1997

During fiscal 1998, consolidated revenues increased 24% to $297.3 million from $239.4 million in fiscal 1997. A combination of increased sales volume in all segments along with higher cement and gypsum wallboard sales prices generated the revenue gain. Operating earnings of $90.3 million increased 35% over fiscal 1997 operating earnings of $67.0 million primarily due to increased sales volumes and higher margins in the Cement and Gypsum Wallboard segments. Net interest income was $1.8 million in fiscal 1998 compared to $1.4 million in fiscal 1997 due to higher average investment cash balances this fiscal year. The Company's effective tax rate in fiscal 1998 was 36%, one percent higher than fiscal 1997 due to increased state income taxes. As a result of the foregoing, net earnings increased 35% to $56.5 million in fiscal 1998 from $41.8 million in fiscal 1997. Diluted earnings per share for fiscal 1998 increased 36% to $2.56 compared to $1.89 for fiscal 1997. Diluted earnings per share for fiscal 1998 increased more than net earnings as a result of fewer average shares outstanding in fiscal 1998 compared to fiscal 1997.

The following table compares sales volumes, average unit sales prices and unit operating margins for the Company's operations:

	CEMENT (TON)		GYPSUM WALLBOARD (MSF)		CONCRETE (CUBIC YARD)		AGGREGATES (TON)	
	1998	1997	1998	1997	1998	1997	1998	1997
SALES VOLUME								
(THOUSANDS)	2,153	2,095	1,089	726	672	603	2,592	2,073
AVERAGE NET								
SALES PRICE	$65.19	$63.66	$ 109.01	$99.39	$ 47.33	$ 46.86	$ 3.93	$ 4.13
OPERATING								
MARGIN	$22.34	$19.00	$ 32.88	$28.32	$ 5.12	$ 6.36	$ 0.41	$ 0.45

Cement. Cement revenues for the fiscal year ended March 31, 1998 were $140.3 million, 5% higher than $133.3 million for the prior fiscal year. Segment operating earnings increased 21% to $48.1 million from $39.8 million for fiscal 1997 mainly due to an increase in sales volume and a 18% improvement in fiscal 1998's unit operating margins to $22.34 per ton. Sales volume of 2.15 million tons was 58,000 tons higher than fiscal 1997's high sales volume due to strong sales in the Texas and Illinois markets. All plants operated at capacity and were again "sold out." The Company purchased 129,000 tons of cement during fiscal 1998, down 56,000 tons from fiscal 1997, to supplement its fiscal 1998 manufactured cement shipments. Strong construction activity in the regions served by the Company resulted in price realizations increasing 2.5% to $65.19 per ton. Cement unit costs were 4% lower than in fiscal 1997 primarily due to a reduction in manufacturing cost and the cost impact of replacing 56,000 tons of more expensive purchased cement with lower costing manufactured cement.

Gypsum Wallboard. Gypsum wallboard revenues increased 64% during fiscal 1998 to $118.7 million from $72.2 million in fiscal year 1997. As a result of increased sales volume and improved operating margins, segment operating earnings totaled $35.8 million for fiscal 1998, a 74% improvement over $20.6 million in fiscal 1997. Operating margins increased 16% to $32.88 per MSF over $28.32 per MSF in fiscal 1997 primarily due to higher average sales prices. Gypsum wallboard average sales prices increased $9.62 per MSF or 10% in fiscal 1998 to $109.01 per MSF as a result of high industry consumption. Gypsum wallboard sales volume of 1,089 million square feet ("MMSF") for fiscal 1998 increased 50% over fiscal 1997 primarily due to sales volume from the Eagle Gypsum plant acquired in the fourth quarter of fiscal 1997. The Company's wallboard plants operated at capacity during fiscal 1998. Unit costs increased 7% in fiscal 1998 from $71.07 per MSF in fiscal 1997 due to the combination of higher Eagle plant production cost and the $2.3 million asset write down provision resulting from the Albuquerque plant upgrade project.

Concrete and Aggregates. Concrete and Aggregates revenues of $42.0 million in fiscal year 1998 were 14% higher than fiscal 1997 revenues of $36.8 million. Segment operating earnings of $4.5 million in fiscal 1998 declined 6% from $4.8 million in the prior fiscal year mainly due to a decline in concrete operating earnings. Concrete operating earnings of $3.4 million in fiscal 1998 were 10% below last fiscal year's earnings due to lower operating margins offsetting higher sales volume. Concrete sales volume of 672,000 cubic yards in fiscal 1998 increased 11% over fiscal 1997 due to a large contract job in the northern California market and a strong commercial construction market in Austin, Texas. Higher concrete net sales prices were negated by increased materials and operating costs. Aggregates operating earnings of $1.1 million for fiscal 1998 increased 13% from fiscal 1997 due to higher sales volume being partially offset by lower operating margins. Aggregates sales volume of 2.6 million tons increased 25% from 2.1 million tons in fiscal 1997 mostly due to higher highway road base sales in the Texas and northern California markets. Product mix caused unit costs to decrease 4% in fiscal 1998.

Other Income. Other income of $1.9 million during fiscal 1998 increased $116,000 over fiscal year 1997 primarily due to a $250,000 increase in clinker sales income.

Interest Income. Net interest income of $1.8 million for fiscal year 1998 increased $465,000 over fiscal 1997 due to higher average investment cash balances.

LIQUIDITY AND CAPITAL RESOURCES

Each of the Company's business segments operates in capital-intensive industries. The Company at March 31, 1999 is virtually debt-free, has a cash balance of $50 million, and has a $35 million unsecured revolving credit facility in place to finance its working capital and capital expenditures needs.

Working capital at March 31, 1999 was $66.6 million, a decrease of $11.1 million from March 31, 1998, principally due to a $12.4 million reduction in cash. Fiscal 1999 capital expenditures and stock repurchases exceeded cash flow from operating activities of $92.7 million by $13.0 million. During fiscal year 1999, the Company substantially completed three expansion projects: (i) a $16 million plant upgrade at its Albuquerque gypsum wallboard plant that increases annual plant capacity by 60 MMSF and accommodates 54" board production; (ii) an $18 million expansion of the Company's Eagle gypsum wallboard plant in Gypsum, Colorado that will add 240 MMSF to the plant's current annual capacity; and (iii) a $20 million expansion of the 50% owned LaSalle, Illinois cement plant that will increase its annual clinker capacity by 75,000 tons and add a new 4,000 horsepower finish mill. The Albuquerque expansion project was completed during the third quarter of fiscal 1999. The Eagle project was completed early in the first quarter of fiscal 2000 and the Illinois project is expected to be completed during the first quarter of fiscal 2000. Capital expenditures for fiscal 1999 were $33.8 million compared to $13.1 million in fiscal 1998 as a result of the three expansion projects listed above. Stock repurchases during fiscal 1999 totaled $71.9 million and $23.5 million in fiscal 1998. Based on its financial condition and low debt levels at March 31, 1999, the Company believes that its internally generated cash flow coupled with funds available under its credit facility will enable the Company to provide adequately for its current operations and future growth.

STOCK REPURCHASE PROGRAM

Reflecting the Company's continuing confidence in its future performance, during the second quarter of fiscal 1999, and again on April 8, 1999, CXP's Board of Directors authorized the repurchase of an additional one million shares (two million shares total) of the Company's stock. A cumulative total of five million shares have been authorized for repurchase since the Company became publicly held in April 1994. The Company repurchased 1,954,100 shares from the public during fiscal 1999, bringing total shares repurchased from the public to 3,869,000. Centex Corporation owned 60.6% of the outstanding shares of CXP common stock at March 31, 1999. There are approximately 1,131,000 shares remaining under the Company's current authorization.

INFLATION AND CHANGING PRICES

Inflation has become less of a factor in the U.S. economy as the rate of increase has moderated during the last several years. The Consumer Price Index rose approximately 1.6% in calendar 1998, 1.7% in 1997, and 3.3% in 1996. Prices of materials and services, with the exception of wallboard paper, have remained relatively stable over the three-year period. Strict cost control and improving productivity also minimize the impact of inflation. The impact of inflation on income from operations has been a factor along with increasing sales prices due to full or near full utilization of industry capacity during the three years ended March 31, 1999. These factors have enabled the Company to increase per unit profit margins for its products (other than concrete and aggregates) in each successive year.

YEAR 2000

The Company has a variety of operating systems, computer software program applications and computer hardware equipment, (collectively, "IT Systems") and other equipment with embedded electronic circuits, including applications that the Company uses in its administrative functions and in the operations of its various subsidiaries, (collectively the "Non-IT Systems," and together with the IT Systems, the "Systems"). Because resolution of Year 2000 issues is considered a priority of the Company, the Company, in conjunction with Centex Corporation created a Year 2000 Task Force (the "Task Force") to oversee the Company's Year 2000 compliance. The Task Force, consisting of members of Centex Corporation, the Company's management and accounting, financial planning, legal, and internal audit departments, has oversight of the information systems managers and other administrative personnel charged with implementing the Company's Year 2000 compliance program (collectively, the "Year 2000 Compliance Team").

The Task Force has surveyed the Year 2000 Compliance Team regarding the Year 2000 compliance of the Systems. The surveys indicated that a small number of the Systems are not Year 2000 compliant. Affected Systems are primarily Non-IT Systems that are not critical to the operations of the Company and its subsidiaries. The Company and its subsidiaries have replaced many of these Systems and are in the process of replacing others. All non-compliant Systems should be replaced no later than the second quarter of fiscal 2000 (i.e. the quarter ending September 30, 1999). In substantially all of the cases, the replacement or upgrading of, or other changes to, the non-compliant Systems (i) has occurred or will occur for reasons unrelated to the non-compliance of the Systems and (ii) has not been accelerated as a result of the non-compliance of such Systems. To date, the timetable for addressing non-compliance of Systems has been substantially the same for both IT Systems and Non-IT Systems. The Company anticipates that this will continue to be the case as it sees its Year 2000 program through its completion.

The Company does not believe (i) that the non-compliant Systems pose a material risk to the financial condition of the Company as a whole, or of the individual operations or subsidiaries that currently have non-compliant Systems or (ii) that the cost of replacing, upgrading or otherwise changing the non-compliant Systems is material to the Company as a whole, or to the individual subsidiaries. The Company has used, and believes that it will be able to continue to use, internally generated cash to fund the correction of Systems that are not compliant. The costs for the consultation and expected future costs are inmaterial.

In order to further confirm the Company's Year 2000 readiness, the Task Force has engaged the services of a third-party consulting firm to evaluate its Year 2000 readiness program. The consulting firm's review was completed during the fourth quarter of fiscal 1999. The firm's conclusions are consistent with the Company's internal determinations of its Year 2000 readiness. The Task Force is implementing the consulting firm's recommendations for achieving Year 2000 compliance.

The Task Force is presently developing its Year 2000 contingency plan. The Task Force has completed many of the preliminary components of the contingency plan and anticipates that the entire contingency plan will be completed no later than September 30, 1999.

As a result of the Company's Year 2000 compliance program, the Company believes that it is highly unlikely that any interruption to its operations resulting from a compliance failure will have a material adverse effect on the Company's operations or financial condition. Achieving Year 2000 compliance is dependent on many factors, however, and some of these factors are not completely within the Company's control. Although the Company and its subsidiaries obtain information, materials and services from numerous sources and provide goods and services to numerous customers, the failure of these third-parties (including U.S. government agencies) to achieve Year 2000 readiness may adversely impact the Company's operations.

The Company believes the most likely Year 2000 worst-case scenario would be the failure of some significant vendors, subcontractors or third parties to achieve compliance, resulting in a slowdown of the Company's operations. The Company is not aware of any such third parties that are not Year 2000 compliant. In order to address the potential non-compliance of third parties affecting the Company's operations, the Company will continue to survey its largest customers, subcontractors, and vendors by sending requests for disclosure of Year 2000 readiness. The Company has surveyed many of its largest customers, subcontractors and vendors during the last year and anticipates completing such survey by September 1999.

YEAR 2000 FORWARD-LOOKING STATEMENTS

Certain statements in this section, other than historical information, are "forward-looking" statements. See "Forward-Looking Statements", below. These statements involve risks and uncertainties relative to the Company's ability to assess and remediate any Year 2000 compliance issues, the ability of third parties to correct material non-compliant systems and the Company's assessment of the Year 2000 issue's impact on its financial results and operations.

FORWARD-LOOKING STATEMENTS

Certain sections of this Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Litigation Reform Act of 1995. Forward-looking statements may be identified by the context of the statement and generally arise when the Company is discussing its beliefs, estimates or expectations. These statements are not guarantees of future performance and involve a number of risks and uncertainties. Therefore, actual results and outcomes may differ materially from what is expressed or forecasted in such forward-looking statements. The principal risks and uncertainties that may affect the operations, performance, development and results of the Company's business include the following: the cyclical and seasonal nature of the Company's business; public infrastructure expenditures; adverse weather; availability of raw materials; unexpected operational difficulties; governmental regulation and changes in governmental and public policy; changes in economic conditions specific to any one or more of the Company's markets; competition; general economic conditions and interest rates. Other risks and uncertainties could also affect the outcome of the forward-looking statements.

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES

SUMMARY OF SELECTED FINANCIAL DATA

(UNAUDITED) (DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	FOR THE YEARS ENDED MARCH 31,				
	1999	1998	1997	1996	1995
REVENUES	$ 336,073	$ 297,322	$ 239,380	$ 222,594	$ 194,313
NET EARNINGS	$ 77,289	$ 56,533	$ 41,799	$ 33,944	$ 21,820
TOTAL ASSETS	$ 364,683	$ 351,112	$ 305,637	$ 269,575	$ 250,103
TOTAL LONG-TERM DEBT	$ 480	$ 560	$ 640	$ 720	$ 24,500
TOTAL DEBT	$ 480	$ 560	$ 2,640	$ 720	$ 24,500
DEFERRED INCOME TAXES	$ 25,158	$ 22,250	$ 18,835	$ 14,344	$ 6,705
STOCKHOLDERS' EQUITY	$ 279,920	$ 274,803	$ 239,436	$ 216,462	$ 183,405
TOTAL DEBT AS A PERCENT OF TOTAL CAPITALIZATION (TOTAL DEBT, DEFERRED INCOME TAXES AND STOCKHOLDERS' EQUITY)	0.2%	0.2%	1.0%	0.3%	11.4%
NET EARNINGS AS A PERCENT OF BEGINNING STOCKHOLDERS' EQUITY	28.1%	23.6%	19.3%	18.5%	12.8%
PER COMMON SHARE -					
DILUTED NET EARNINGS(1)	$ 3.71	$ 2.56	$ 1.89	$ 1.47	$ 0.95
CASH DIVIDENDS(2)	$ 0.20	$ 0.20	$ 0.20	$ 0.05	--
BOOK VALUE BASED ON SHARES OUTSTANDING AT YEAR END(1)	$ 14.18	$ 12.77	$ 10.89	$ 9.42	$ 7.99
STOCK PRICES(1)					
HIGH	$ 45 1/8	$ 39	$ 20	$ 15 1/2	$ 14 3/8
LOW	$ 31 1/4	$ 18	$ 12 1/2	$ 11 3/8	$ 8 7/8

	FOR THE YEARS ENDED MARCH 31,				
	1994	1993	1992	1991	1990
REVENUES	$ 166,826	$ 136,526	$ 129,832	$ 142,188	$ 126,358
NET EARNINGS	$ 10,240	$ 3,112	$ 713	$ 1,118	$ 3,911
TOTAL ASSETS	$ 257,315	$ 258,994	$ 267,303	$ 267,654	$ 238,817
TOTAL LONG-TERM DEBT	$ 15,585	$ 34,519	$ 37,713	$ 47,094	$ 24,085
TOTAL DEBT	$ 16,200	$ 38,943	$ 49,308	$ 52,322	$ 28,521
DEFERRED INCOME TAXES	$ 37,925	$ 36,224	$ 35,881	$ 31,553	$ 31,977
STOCKHOLDERS' EQUITY	$ 170,839	$ 160,599	$ 157,487	$ 156,774	$ 155,656
TOTAL DEBT AS A PERCENT OF TOTAL CAPITALIZATION (TOTAL DEBT, DEFERRED INCOME TAXES AND STOCKHOLDERS' EQUITY)	7.2%	16.5%	20.3%	21.7%	13.2%
NET EARNINGS AS A PERCENT OF BEGINNING STOCKHOLDERS' EQUITY	6.4%	2.0%	0.5%	0.7%	2.6%
PER COMMON SHARE -					
DILUTED NET EARNINGS(1)	$ 0.45	$ 0.14	$ 0.03	$ 0.05	$ 0.17

CASH DIVIDENDS(2)	--	--	--	--	--
BOOK VALUE BASED ON SHARES OUTSTANDING AT YEAR END(1)	$ 7.43	$ 6.98	$ 6.85	$ 6.82	$ 6.77
STOCK PRICES(1)					
HIGH	--	--	--	--	--
LOW	--	--	--	--	--

(1) PRIOR TO APRIL 1994, CXP WAS A WHOLLY-OWNED SUBSIDIARY OF CENTEX CORPORATION AND ACCORDINGLY DID NOT REPORT PER SHARE INFORMATION. TO FACILITATE COMPARISONS BETWEEN PERIODS, PER SHARE DATA FOR 1994 HAS BEEN PRESENTED USING THE 23,000,000 SHARES OUTSTANDING IMMEDIATELY AFTER THE INITIAL PUBLIC OFFERING.

(2) DECLARED INITIAL QUARTERLY CASH DIVIDEND OF FIVE CENTS PER SHARE ON MARCH 12, 1996.

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES

QUARTERLY RESULTS

(UNAUDITED) (DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	MARCH 31,	
	1999	1998
FIRST QUARTER		
REVENUES	$79,846	$77,954
EARNINGS BEFORE INCOME TAXES	$26,961	$23,406
NET EARNINGS	$17,255	$15,097
DILUTED EARNINGS PER SHARE	$ 0.80	$ 0.68
SECOND QUARTER		
REVENUES	$91,776	$83,412
EARNINGS BEFORE INCOME TAXES	$34,968	$27,705
NET EARNINGS	$22,378	$17,770
DILUTED EARNINGS PER SHARE	$ 1.05	$ 0.80
THIRD QUARTER		
REVENUES	$84,863	$70,510
EARNINGS BEFORE INCOME TAXES	$32,037	$20,699
NET EARNINGS	$20,317	$13,235
DILUTED EARNINGS PER SHARE	$ 0.99	$ 0.60
FOURTH QUARTER		
REVENUES	$79,588	$65,446
EARNINGS BEFORE INCOME TAXES	$27,161	$16,523
NET EARNINGS	$17,339	$10,431
DILUTED EARNINGS PER SHARE	$ 0.87	$ 0.48

[PHOTO]

BOARD OF
DIRECTORS

Robert L. Clarke (2, 3)
Partner
Bracewell & Patterson,
L.L.P.

O.G. Dagnan (1)
Chairman and
Chief Executive Officer

Laurence E. Hirsch (1, 2, 4)
Chairman and
Chief Executive Officer,
Centex Corporation

David W. Quinn (1, 4)
Vice Chairman,
Centex Corporation

Harold K. Work (2, 3)
President, Elk
Corporation
Chairman, President,
and CEO,
Elcor Corporation

(Numbers in parentheses indicate Board
Committees)

(1) Executive Committee

(2) Compensation Committee

(3) Audit Committee

(4) Stock Option Committee

CENTEX CONSTRUCTION
PRODUCTS, INC.

O.G. Dagnan
Chairman and
Chief Executive Officer

Richard D. Jones, Jr.
President and
Chief Operating Officer

H.D. House
Executive Vice President-
Gypsum

Steven R. Rowley
Executive Vice President-
Cement

Arthur R. Zunker, Jr.
Senior Vice President-
Finance,
Treasurer and
Chief Financial Officer

Rodney E. Cummickel
Vice President

Walter W. Rowe
Vice President

Hubert L. Smith, Jr.
Vice President

AMERICAN GYPSUM
COMPANY

H.D. House
President

David P. Emanuel
Vice President

Kerry G. Gannaway
Vice President

Geoff W. Gray
Vice President

Board of Directors, from left:
standing - Robert L. Clarke,
Harold K. Work, David W. Quinn;
seated - O.G. Dagnan,
Laurence E. Hirsch

CENTEX MATERIALS,
INC.

James E. Bailey
President

Mark J. Hamilton
Vice President

J. David Loftis
Vice President

ILLINOIS CEMENT
COMPANY

Wayne W. Emmer
President

Thomas F. Clarke
Vice President

Frank P. Koeppel
Vice President

MATHEWS
READYMIX, INC.

Craig J. Callaway
President

James D. Elliott
Vice President

MOUNTAIN CEMENT
COMPANY

W. Jerald Hoyle
President

John R. Bremner
Vice President

George B. Coates
Vice President

NEVADA CEMENT
COMPANY

W. Jerald Hoyle
President

John R. Bremner
Vice President

Ronald L. Gross
Vice President

TEXAS-LEHIGH
CEMENT COMPANY

Gerald J. Essl
President

R. Lee Hunter
Vice President

Larry E. Roberson
Vice President

WESTERN
AGGREGATES, INC.

Craig J. Callaway
President

James D. Elliott
Vice President

Executive Officers, from left:
standing - H.D. House,

Arthur R. Zunker, Jr.,
Steven R. Rowley;
seated - Richard D. Jones, Jr.,
O.G. Dagnan

[PHOTO]

CORPORATE HEADQUARTERS
3710 Rawlins Street
Suite 1600, LB 78
Dallas, Texas 75219
(214) 559-6514 (Telephone)
(214) 559-6554 (Fax)

TRANSFER AGENT AND REGISTRAR

ChaseMellon Shareholder Services, L.L.C.
85 Challenger Road
Overpeck Center
Ridgefield Park, NJ 07660
1-800-635-9270 (Toll-Free)

STOCK LISTINGS

New York Stock Exchange
Ticker Symbol "CXP"

ANNUAL MEETING

The Annual Meeting of Stockholders of Centex Construction Products, Inc. will be held on Thursday, July 15, 1999 at 10:00 a.m. in the Red Oak Room at the Sheraton Suites Market Center, 2101 Stemmons Freeway, Dallas, Texas.

STOCKHOLDER INQUIRIES

Communications concerning transfer requirements, lost certificates, dividends or change of address should be sent to ChaseMellon Shareholder Services, L.L.C. at the address listed above.

FORM 10-K

A copy of the Annual Report on Form 10-K of Centex Construction Products, Inc. is available upon request to the Senior Vice President-Finance at corporate headquarters.

STOCK PRICES AND DIVIDENDS

	FISCAL YEAR ENDED MARCH 31, 1999			FISCAL YEAR ENDED MARCH 31, 1998		
	PRICE			PRICE		
QUARTER	HIGH	LOW	DIVIDENDS	HIGH	LOW	DIVIDENDS
FIRST	$42 3/4	$35 3/8	$0.05	$21 1/2	$18	$0.05
SECOND	$45 1/8	$34 3/4	$0.05	$31 1/2	$20	$0.05
THIRD	$41	$31 1/4	$0.05	$32 5/8	$26 7/8	$0.05
FOURTH	$40 15/16	$33 15/16	$0.05	$39	$29 1/2	$0.05

THE COMMON STOCK OF CENTEX CONSTRUCTION PRODUCTS, INC. IS TRADED ON THE NEW YORK STOCK EXCHANGE (TICKER SYMBOL CXP). THE APPROXIMATE NUMBER OF RECORD HOLDERS OF THE COMMON STOCK OF CXP AS OF MAY 28, 1999 WAS 263. THE CLOSING PRICE OF CXP'S COMMON STOCK ON THE NEW YORK STOCK EXCHANGE ON MAY 28, 1999 WAS $35 7/8.

CENTEX CONSTRUCTION PRODUCTS, INC. EXHIBIT 21

The following is a list of subsidiaries of Centex Construction Products, Inc., wholly-owned unless otherwise stated. This list of subsidiaries includes all of the significant subsidiaries of Centex Construction Products, Inc. as of June 8, 1999.

ENTITY NAME	FORM OF ORGANIZATION	JURISDICTION OF ORGANIZATION
American Gypsum Company	corporation	New Mexico
d/b/a American Gypsum Company, Inc.		
d/b/a Centex American Gypsum Company		
BP Sand & Gravel, Inc.	corporation	Delaware
CCP Cement Company	corporation	Nevada
CCP Concrete/Aggregates Company	corporation	Nevada
CCP Gypsum Company	corporation	Nevada
CCP Land Company	corporation	Nevada
CEGC Holding Company	corporation	Delaware
Centex Cement Corporation	corporation	Nevada
Centex Eagle Gypsum Company	corporation	Delaware
Centex Eagle Gypsum Company, L.L.C.	limited liability company	Delaware
d/b/a American Gypsum Company		
Centex Materials, Inc.	corporation	Nevada
Illinois Cement Company (50%)	corporation	Illinois
Illinois Cement Company, Joint Venture (50%)	joint venture	Texas
d/b/a Rio Grande Drywall Supply Co.		
M & W Drywall Supply Company	corporation	Nevada
d/b/a Rio Grande Drywall Supply Co.		
Mathews Readymix, Inc.	corporation	California
Mountain Cement Company	corporation	Nevada
Nevada Cement Company	corporation	Nevada
Texas Cement Company	corporation	Nevada
d/b/a C & C Properties, Inc.		
d/b/a CP Service Company		
d/b/a Texas-Lehigh Cement Company		
Texas-Lehigh Cement Company (50%)	corporation	Texas
Texas-Lehigh Cement Company, General Partnership (50%)	general partnership	Texas
Western Aggregates, Inc.	corporation	Nevada
d/b/a Centex Western Aggregates, Inc.		
Western Cement Company of California	corporation	California
Wisconsin Cement Company (50%)	corporation	Wisconsin

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Form 10-K of our report dated May 3, 1999, included in the Centex Construction Products, Inc. (the "Company") annual report to stockholders. We also hereby consent to the incorporation by reference of our report dated May 3, 1999, into the Company's previously filed registration statements on Form S-8 (No. 33-82820; No. 33-82928; No. 33-84394) and to all references to our firm included in these registration statements.

/s/ ARTHUR ANDERSEN LLP

Dallas, Texas,
June 18, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CENTEX CONSTRUCTION PRODUCTS, INC.'S MARCH 31, 1999 FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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12-MOS
MAR-31-1999
APR-01-1999
MAR-01-1999
49,646
0
43,192
0
33,030
125,868
392,302
163,745
364,683
59,125
480
0
0
197
279,723
364,683
334,356
339,118
0
213,611
4,380
0
0
121,127
43,838
77,289
0
0
0
77,289
0
3.71