

SCHEDULE 14A  
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14a INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (AMENDMENT NO. )

Filed by the Registrant  [X]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

- [ ] Preliminary Proxy Statement
- [ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- [X] Definitive Proxy Statement
- [ ] Definitive Additional Materials
- [ ] Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Centex Construction Products, Inc.

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(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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CENTEX CONSTRUCTION PRODUCTS, INC.  
3710 RAWLINS, SUITE 1600, LB 78  
DALLAS, TEXAS 75219

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD JULY 16, 1998

To The Stockholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Centex Construction Products, Inc., a Delaware corporation (the "Company"), will be held in the Red Oak Room of the Sheraton Suites Hotel, 2101 Stemmons Freeway, in the City of Dallas, Texas, on Thursday, July 16, 1998, at 10:00 A.M. (C.D.T.) for the following purposes:

1. To elect five directors, each to hold office until the annual meeting of stockholders in 1999 or until his successor shall have been elected and qualified.
2. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on June 10, 1998 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting or any adjournment thereof. Only stockholders of record at the close of business on the record date are entitled to notice of and to vote at the meeting. The transfer books will not be closed.

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

By Order of the Board of Directors

RAYMOND G. SMERGE  
Secretary

Dallas, Texas  
June 18, 1998

## CENTEX CONSTRUCTION PRODUCTS, INC.

## PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD JULY 16, 1998

## INTRODUCTION

The accompanying proxy, mailed together with this proxy statement, is solicited by and on behalf of the Board of Directors of Centex Construction Products, Inc., a Delaware corporation (the "Company"), for use at the Annual Meeting of Stockholders of the Company to be held on July 16, 1998, and at any adjournment thereof. The mailing address of the executive offices of the Company is 3710 Rawlins, Suite 1600, LB 78, Dallas, Texas 75219. The approximate date on which this proxy statement and accompanying proxy were first sent to stockholders is June 18, 1998.

## PURPOSES OF THE MEETING

At the meeting, action will be taken upon the following matters:

(1) Election of five directors, each to hold office until the next annual meeting of stockholders in 1999 or until his successor shall have been elected and qualified.

(2) Such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors of the Company does not know of any matters that may be acted upon at the meeting other than the matter set forth in item (1) above.

## RECOMMENDATION OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS OF THE COMPANY RECOMMENDS A VOTE FOR ELECTION OF THE FIVE NOMINEES FOR DIRECTOR OF THE COMPANY NAMED IN THE ACCOMPANYING COMPANY PROXY.

## RECORD DATE AND VOTING

The record date for the determination of stockholders entitled to notice of and to vote at the meeting is the close of business on June 10, 1998. On the record date, the issued and outstanding capital stock of the Company entitled to vote at the meeting consisted of 21,304,122 shares of Company Common Stock.

The holders of Company Common Stock will be entitled to one vote per share upon the election of directors, and each other matter that may be properly brought before the meeting or any adjournment thereof. Neither the Certificate of Incorporation nor the By-laws of the Company provide for cumulative voting rights. The presence at the meeting, in person or by proxy, of a majority of the outstanding shares of Company Common Stock is necessary to constitute a quorum; abstentions and, by definition, broker non-votes will be counted as present for the purpose of establishing a quorum.

Shares represented by valid proxies will be voted at the meeting in accordance with the directions given. If the proxy card is signed and returned without any direction given, the shares will be voted for election of the five nominees for director named in the proxy. The Board of Directors does not intend to present, and has no information that others will present, any business at the annual meeting other than as set forth in the attached Notice of Annual Meeting of Stockholders of the Company. However, if other matters requiring the vote of stockholders come before the meeting, it is the intention of the persons named in the accompanying form of the Company proxy to vote the proxies held by them in accordance with their best judgment in such matters. Any stockholder of the Company has the unconditional right to revoke his Company proxy at any time prior to the voting thereof by submitting a later-dated proxy, by attending the meeting and voting in person, or by written notice to the Company addressed to Raymond G. Smerge, Secretary, Centex Construction Products, Inc., 3710 Rawlins, Suite 1600, LB 78, Dallas, Texas 75219; however, no such revocation shall be effective until received by the Company at or prior to the meeting.

The cost of solicitation of proxies for the meeting will be borne by the Company. Solicitation may be made by mail, personal interview, telephone and/or telegraph by officers and other employees of the Company, who will receive no additional compensation therefor. To aid in the solicitation of proxies, the Company has retained the firm of ChaseMellon Shareholder Services, L.L.C., which will receive a fee of approximately \$4,500 plus out-of-pocket expenses. The Company will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in forwarding proxy material to beneficial owners.

#### ITEM 1. ELECTION OF DIRECTORS

In accordance with the By-laws of the Company, the Board of Directors has established the number of directors to be elected at the meeting at five, which shall constitute the entire Board of Directors. Unless contrary instructions are indicated on the proxy, it is intended that the shares represented by the accompanying Company proxy will be voted for the election of the five nominees for director named below or, if any such nominees should become unavailable, which is not anticipated, for such substitute nominee as the Board of Directors shall designate. Each director will hold office until the next annual election of directors or until his successor shall have been elected and qualified, subject to removal by the vote of the holders of not less than two-thirds of the outstanding shares of the Company's Common Stock. A plurality of votes cast at the annual meeting, in person or by proxy, is required to elect each nominee. The Board recommends that stockholders vote FOR the election of such nominees.

The five persons named below are the Board's nominees for election as directors at the meeting. All the persons named below are currently directors of the Company. The information appearing in the following table respecting the nominees for director has been furnished to the Company by the respective nominees.

NAME AND AGE -----	POSITIONS AND OFFICES WITH THE COMPANY -----	DIRECTOR SINCE -----	BOARD COMMITTEE MEMBERSHIP -----
O. G. (Greg) Dagnan, 58 . . . . .	Chairman of the Board and Chief Executive Officer(1)	1990	Executive
Laurence E. Hirsch, 52 . . . . .	None (2)	1985	Compensation*, Executive* & Stock Option*
David W. Quinn, 56 . . . . .	None (3)	1994	Executive & Stock Option
Robert L. Clarke, 56 . . . . .	None (4)	1994	Audit* & Compensation
Harold K. Work, 65 . . . . .	None (5)	1994	Audit & Compensation

\* Chairman of the Committee

- (1) Mr. Dagnan has served as Chief Executive Officer of the Company since January 1990, and as Chairman of the Board of the Company since January 1998. Mr. Dagnan served as President of the Company from January 1990 through December 1997, and as Senior Vice President -- Operations of the Company from August 1989 to January 1990. From 1980 until 1989, he was employed by Southwestern Portland Cement, where he served as Vice President from 1982 to 1987 and as Executive Vice President from 1987 to 1989.
- (2) Mr. Hirsch has served as a director of the Company since January 1994 and served as Chairman of the Board of Directors of the Company from January 1994 through December 1997. Mr. Hirsch has served as a director of Centex Corporation since 1985, as Chief Executive Officer of Centex Corporation since July 1988 and as Chairman of the Board of Centex Corporation since July 1991. He also served as President of Centex Corporation from March 1985 until July 1991. Mr. Hirsch is also a director of Commercial Metals Corporation and Envoy Corporation, serves as an advisory director of Heidelberger Zement AG and is a trustee of Blackrock Assets Investors, a registered investment company.
- (3) Mr. Quinn has served as a director of the Company since January 1994. Mr. Quinn has served as a director of Centex Corporation since 1989, was elected Vice Chairman of the Board of Centex Corporation in May 1996, was Executive Vice President of Centex Corporation from February 1987 until May 1996 and Chief Financial Officer of Centex Corporation from February 1987 until June 1997 and October 1997 to the present. Mr. Quinn served as a director and Chairman of the Board of Centex Corporation's former banking subsidiary, Texas Trust Savings Bank, FSB, from December 1988 to December 1994, and as Chief Executive Officer of Texas Trust Savings Bank, FSB from December 1988 to December 1993. Mr. Quinn is also a director of Elcor Corporation.
- (4) Mr. Clarke has served as a director of the Company since July 1994. Mr. Clarke has been a partner in the law firm of Bracewell & Patterson, L.L.P. from 1971 to December 1985 and since March 1992. From December 1985 to February 1992, he was Comptroller of the Currency of the United States. Mr. Clarke is a director of First Investors Financial Services, Inc.
- (5) Mr. Work has served as a director of the Company since July 1994. Mr. Work has served as a Director, President and Chief Executive Officer of Elk Corporation since 1979 and as Chairman of the Board, Chief Executive Officer and President of Elcor Corporation since August 1997. From 1993 until August 1997, Mr. Work served as Executive Vice President of Elcor Corporation, and from 1982 to 1993, Mr. Work served as Vice President of Elcor Corporation.

#### BOARD MEETINGS, FEES, COMMITTEES AND ATTENDANCE RECORDS

During the Company's fiscal year ended March 31, 1998 the Board of Directors held four regularly scheduled meetings. During such fiscal year, each director attended all of the meetings of the Board and the Board committees on which he served.

Board members who are not employees of the Company, Centex Corporation or any of their respective subsidiaries ("Outside Directors") received an annual retainer of \$22,500 for fiscal year 1998. Outside Directors received an additional annual retainer of \$1,000 for each committee on which they served. In addition, the Company reimburses the directors for reasonable expenses incurred in attending Board and Board committee meetings.

The Board of Directors has an Audit Committee, composed of Outside Directors, which reviews the functions of the Company's management and independent auditors pertaining to the Company's financial statements and performs such other duties and functions as are deemed appropriate by the Audit Committee or the Board. During

the last fiscal year, the Audit Committee held one meeting, which was attended by all members. Audit Committee members are paid a fee of \$1,000 per year.

The Board has a Compensation Committee, composed of directors who are not employees of the Company or any of its subsidiaries, which recommends to the Board the base salaries and incentive bonuses of the officers of the Company. During the last fiscal year, the Compensation Committee held one meeting, which was attended by all members. Compensation Committee members who are Outside Directors are paid a fee of \$1,000 per year.

The Board has a Stock Option Committee, composed of directors who are not employees of the Company or any of its subsidiaries, which administers the Centex Construction Products, Inc. Amended and Restated Stock Option Plan. The Stock Option Committee is authorized to grant options to acquire Centex Construction Products, Inc. Common Stock, and to grant awards of restricted stock. During the last fiscal year, the Stock Option Committee held one meeting, which was attended by all members. Stock Option Committee members who are Outside Directors are paid a fee of \$1,000 per year.

#### SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

##### MANAGEMENT

The following table sets forth information as of June 10, 1998 with respect to the beneficial ownership of shares of the Company Common Stock by each director, nominee for election to the Board of Directors and executive officer named in the Summary Compensation Table under "Executive Compensation", individually itemized, and by all directors and executive officers of the Company as a group. Except as otherwise indicated, all shares are owned directly and the owner has the sole voting and investment power with respect thereto.

NAME ----	COMPANY COMMON STOCK (1)	
	NUMBER OF SHARES -----	PERCENT OF CLASS -----
Robert L. Clarke . . . . .	7,000	*
O. G. (Greg) Dagnan . . . . .	86,387	*
Laurence E. Hirsch. . . . .	10,000	*
H. David House . . . . .	40,000	*
Richard D. Jones, Jr. . . . .	18,848	*
David W. Quinn . . . . .	2,000	*
Steven R. Rowley . . . . .	15,779	*
Harold K. Work . . . . .	5,000	*
Arthur R. Zunker, Jr. . . . .	15,472	*
All directors and executive officers of the Company as a group (9 persons) . . . . .	200,486	*

\* less than 1%

- (1) Shares covered by stock options that are outstanding under the Centex Construction Products, Inc. Stock Option Plan which are exercisable on June 10, 1998, or within 60 days thereafter, are included as "beneficially owned" pursuant to the rules and regulations of the Securities and Exchange Commission. Amounts include the following shares that may be acquired upon exercise of such stock options: Mr. Clarke -- 5,000 shares; Mr. Dagnan -- 65,350 shares; Mr. House -- 40,000 shares; Mr. Jones -- 16,900 shares; Mr. Rowley -- 15,000 shares; Mr. Work -- 5,000 shares; Mr. Zunker -- 10,650 shares; and all directors and executive officers of the Company as a group (9 persons) -- 157,900 shares. In addition, this table includes 2,437, 1,948, 4,822, and 779 shares of Company Common Stock that may be beneficially owned as of March 31, 1998 by Messrs. Dagnan, Jones, Zunker and Rowley, respectively, and 9,986 shares of Company Common Stock that may be beneficially owned as of March 31, 1998 by all directors and executive officers of the Company as a group (9 persons), pursuant to the Company Common Stock Fund of the Profit Sharing and Retirement Plan of Centex Construction Products, Inc., a defined contribution plan (the "Profit Sharing Plan"). Amounts shown for Mr. Hirsch and Mr. Quinn do not include 11,962,304 shares of Company Common Stock owned by Centex Corporation, which shares each of Mr. Hirsch and Mr. Quinn may be deemed to beneficially own indirectly because of each of their positions as a director and an executive officer of Centex Corporation.

CERTAIN BENEFICIAL OWNERS

The following table sets forth information as of June 10, 1998 with respect to the holders of shares of Company Common Stock who are known to the Company to be beneficial owners of more than five percent of such shares outstanding.

CENTEX CONSTRUCTION PRODUCTS, INC. COMMON STOCK		
NAME AND ADDRESS OF BENEFICIAL HOLDER	Number of Shares	PERCENT OF CLASS
Centex Corporation 2728 N. Harwood Street Dallas, Texas 75201-1516	11,962,304	56.15%
FMR Corp. 82 Devonshire Street Boston, Massachusetts 02109-7000	2,045,100 (1)	9.60%
Wellington Management Co., LLP 75 State Street Boston, Massachusetts 02109	1,375,700 (2)	6.46%

- (1) Based solely upon information contained in the Schedule 13G/A (Amendment No. 4) of FMR Corp. ("FMR") filed with the Securities and Exchange Commission ("SEC") on February 14, 1998 with respect to Company Common Stock owned as of December 31, 1997 (the "FMR 13G"). According to the FMR 13G, FMR may be deemed to own beneficially 2,045,100 shares of Company Common Stock, acquired solely for investment purposes, as a parent holding company with respect to holdings of wholly owned investment adviser subsidiaries of FMR and other entities affiliated with FMR. FMR has sole dispositive power as to all such shares. FMR stated in the FMR 13G that it held 188,500 shares of Company Common Stock with sole voting power and no shares of Company Common Stock with shared voting or dispositive power.
- (2) Based solely upon information contained in the Schedule 13G/A (Amendment No. 4) of Wellington Management Company, LLP ("Wellington") that was filed with the SEC on January 13, 1998 with respect to Company Common Stock owned as of December 31, 1997 (the "Wellington 13G"). The Wellington 13G stated that Wellington, in its capacity as an investment adviser to clients, may be deemed to own beneficially

1,375,700 shares of Company Common Stock (representing 6.20% of the outstanding shares of Company Common Stock). Wellington has shared dispositive power as to all such shares. Also, according to the Wellington 13G, Wellington stated that it held no shares of Company Common Stock with sole voting or dispositive power and 256,000 shares of Company Common Stock with shared voting power.

#### EXECUTIVE COMPENSATION

The following table sets forth the cash and noncash compensation awarded to or earned by the Chief Executive Officer of the Company and the other most highly compensated executive officers of the Company:

#### SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	FISCAL YEAR	ANNUAL COMPENSATION		ALL OTHER COMPENSATION
		SALARY (\$)	BONUS (\$) (1)	
				(2)
O. G. (GREG) DAGNAN, Chairman of the Board and Chief Executive Officer	1998	\$ 282,000	\$ 452,477	\$ 27,819
	1997	265,000	132,500	27,164
	1996	255,500	69,000	25,344
RICHARD D. JONES, JR., President and Chief Operating Officer	1998	\$ 229,375	\$ 316,733	\$ 22,459
	1997	215,000	100,000	22,154
	1996	210,000	50,000	20,794
ARTHUR R. ZUNKER, JR., Senior Vice President -- Finance and Treasurer	1998	\$ 150,000	\$ 206,845	\$ 15,393
	1997	144,000	72,000	15,228
	1996	138,000	41,000	13,802
H. DAVID HOUSE, (3) Executive Vice President -- Gypsum	1998	\$ 159,000	\$ 355,277	\$ 7,984
STEVEN R. ROWLEY, (3) Executive Vice President -- Cement	1998	\$ 108,550	\$ 127,970	\$ 11,008

(1) Cash bonuses for services rendered in fiscal years 1998, 1997 and 1996 have been listed in the year earned, but were actually paid in the following fiscal year.

(2) Except as set forth below, the compensation reported in this column includes fully vested Company contributions to, and forfeitures allocated to, the account of the recipient under the Profit Sharing Plan. The compensation reported for fiscal 1998, fiscal 1997 and fiscal 1996 also includes fully vested contributions accrued pursuant to the Supplemental Executive Retirement Plan of Centex Construction Products, Inc. (the "SERP"), an unfunded, non-qualified plan for certain executives of the Company (see "Report of Compensation Committee and Stock Option Committee on Executive Compensation"), in the following amounts: Mr. Dagnan -- \$11,600, \$11,500 and \$10,550, respectively; and Mr. Jones -- \$6,250, \$6,500 and \$6,000, respectively.

(3) Messrs. House and Rowley became executive officers of the Company in fiscal 1998.



## AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION/SAR VALUES

NAME	SHARES		NUMBER OF UNEXERCISED OPTIONS/SARS AT FY-END (#) (1)		VALUE OF OPTIONS/SARS AT FY-END (\$) (3)	
	ACQUIRED ON EXERCISE (#) (1)	VALUE REALIZED (\$) (2)	EXERCISABLE	UNEXERCISABLE	EXERCISABLE (4)	UNEXERCISABLE
O. G. (Greg) Dagnan	84,650	\$1,992,920	65,350	--	\$1,808,228	--
Richard D. Jones, Jr.	83,100	1,298,836	16,900	--	546,673	--
Arthur R. Zunker, Jr.	39,350	808,332	10,650	--	329,275	--
H. David House	--	--	40,000	--	1,199,500	--
Steven R. Rowley	10,000	226,606	15,000	--	398,461	--

(1) Amounts set forth in the table reflect the number and value of shares and options only, as the Company has issued no SARs.

(2) Amounts include the following cash bonuses paid in connection with the exercise of stock options at the time of exercise: Mr. Dagnan -- \$372,295; Mr. Jones -- \$261,342; Mr. Zunker -- \$134,995; and Mr. Rowley -- \$57,856.

(3) Represents the difference between the closing price of the Company Common Stock on March 31, 1998 of \$36.4375 per share and the exercise price of such options, and includes maximum cash bonuses payable in connection with the exercise of such options at the time of exercise described in footnote 4 below.

(4) Amounts include the following maximum cash bonuses payable in connection with the exercise of stock options at the time of exercise: Mr. Dagnan -- \$211,237; Mr. Jones -- \$133,679; Mr. Zunker -- \$69,016; Mr. House -- \$302,000; and Mr. Rowley -- \$31,899.

## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION IN COMPENSATION DECISIONS

None of the Company's directors, officers or employees has any relationship requiring disclosure under Item 402(j) of Regulation S-K.

## REPORT OF COMPENSATION COMMITTEE AND STOCK OPTION COMMITTEE ON EXECUTIVE COMPENSATION

The Compensation Committee provides advice and recommendations to the Board concerning the salaries and bonuses of the officers of the Company. The Board approves those salaries and bonuses. The Stock Option Committee administers the stock option plan and is specifically authorized under such plan to grant options to officers and other key employees of the Company and its subsidiaries, subject to ratification by the Board. The Compensation Committee and the Stock Option Committee are comprised of three and two non-employee directors, respectively. This report describes the policies and principles that shape the structure of the Company's executive compensation program.

The Company's executive compensation program is structured to achieve the following objectives:

- - to attract, retain and motivate highly qualified, energetic and talented executives;
- - to create an incentive to increase stockholder returns by establishing a direct and substantial link between individual compensation and certain financial measures that have a direct effect on stockholder values; and
- - to create substantial long-term compensation opportunities for individual executive officers based not only on long-term corporate performance but also on sustained long-term individual performance.

To achieve its compensation objectives, the Company has structured an executive compensation program using a combination of short-term and long-term elements: (i) annual salary, (ii) annual bonus, and (iii) long-term incentive compensation in the form of stock options. In addition, the executive officers of the Company are eligible to receive other benefits such as medical benefits and profit sharing plan contributions that are generally available to employees of the Company and contributions under the Company's SERP that are accrued for the named executive officers and certain other officers of the Company and its subsidiaries.

In structuring the specific components of executive compensation, the Company is guided by the following principles:

- annual compensation should be set within reasonable ranges of the annual compensation for similar positions with similarly-sized and types of companies that engage in one or more of the businesses in which the Company engages;
- bonus payments should vary with the Company's financial performance; and
- a significant portion of compensation should be in the form of long-term incentive compensation that aligns the interests of executives with those of the stockholders and that creates rewards for long-term sustained Company performance and the achievement of the Company's strategic objectives.

#### Base Salary

The Compensation Committee is responsible for recommending at the beginning of each fiscal year the base salary levels for the five named executive officers. In developing salary compensation amounts for fiscal 1998, the Compensation Committee reviewed the salaries for similar positions in similarly-sized companies which engage in one or more of the principal businesses of the Company: the manufacture and sale of cement, gypsum wallboard and readymix concrete and aggregates. Included within the survey were those companies which comprise the peer group in the Comparative Cumulative Total Stockholder Return graph on page 10. The Compensation Committee confirmed that the base salaries of the named executives were consistent with its objective of setting base salaries within reasonable ranges for similar positions in competitive companies. In setting base salary levels, the Compensation Committee also considers the executive's experience level and potential for significant contributions to the Company's profitability. After completing its review and decision-making process, the Compensation Committee submitted its decision as to base salary levels to the entire Board of Directors, which confirmed the Compensation Committee's decision.

#### Incentive Bonus

The Compensation Committee is also responsible for developing recommendations for the incentive bonuses awarded to the named executives at the end of each fiscal year. The annual incentive bonus program for the executive officers has been structured to create financial incentives and rewards that are directly related to corporate performance during the fiscal year. In particular, the Compensation Committee weighs heavily certain financial measurements that are directly related to stockholder returns such as net earnings, earnings growth, return on net assets, return on equity and other factors. In fiscal 1998 the Compensation Committee restructured the annual incentive bonus program of the Company so that a percentage of potential earnings is designated for bonuses and, provided that established targets are achieved in the applicable fiscal year, such pool is divided, and bonuses are

paid, among the employees participating in the plan. The amount of the bonus paid to an employee is based on the earnings of the division in which such employee is employed, the percentage of the pool designated for such employee and an objective assessment of such employee's achievement of his or her established performance goals.

#### Long-term Compensation

Consistent with the Company's effort to increase the proportion of management compensation which is tied to the Company's performance, the Compensation Committee in fiscal 1995 structured certain of its stock option programs to link the vesting of stock option grants to the achievement by the Company of certain specific performance targets during the ten years following the stock option grant. Beginning in fiscal 1999, under the terms of the stock options, the number of shares that "vest" or which become exercisable by the optionee depends upon the achievement of specific financial goals by the Company and, for a portion of such options, the passage of time after the achievement of such goals. These financial goals are tied to the Company's operating earnings and return on average net assets and are structured to reward the optionee for superior long-term operating performance of the Company. Failure to meet the specified goals results in those shares not "vesting or becoming exercisable" until the end of the full ten-year term. The Compensation Committee believes that these programs properly align the interests of the Company's officers and managers with the interests of the stockholders by linking a majority of their long-term compensation with goals that have a direct and positive effect on stockholder value. Except for certain grants of stock options made in fiscal 1995 in connection with the Company's initial public offering, all of the stock options granted by the Company to its officers and key employees were granted under these performance programs.

Commencing with fiscal year 1995, the Company's Board approved the SERP for certain employees participating in the Profit Sharing Plan. Pursuant to the Internal Revenue Code, the Internal Revenue Service sets a limit (currently \$160,000) on the amount of annual compensation which may be considered in determining, for the account of an eligible participant, the Company's contribution to the Profit Sharing Plan. The SERP establishes balances for each participant in an amount equal to the additional contribution which he or she would have received under the Profit Sharing Plan had 100% of his or her annual salary been eligible for a profit sharing contribution. Contributions accrued under the SERP for the benefit of the named executive officers vest under the same terms and conditions as the Profit Sharing Plan. Bonuses paid to participants are not included in making calculations for contributions made or accrued to recipients' accounts under either the Profit Sharing Plan or the SERP.

#### CEO Compensation

The Chief Executive Officer of the Company participates in the same compensation programs as the other executive officers with each component of his compensation determined by the Compensation Committee according to the same criteria. The base salary and incentive bonus of the Chief Executive Officer for fiscal 1998 were consistent with the Compensation Committee's salary range guidelines and objectives for all officers. Because the Company achieved record financial performance targets for fiscal year 1998, and the Chief Executive Officer's performance was deemed superior by the Compensation Committee, the incentive bonus granted to the Chief Executive Officer for fiscal 1998 was higher than the prior fiscal year's incentive bonus, and was determined in accordance with the compensation program initiated in fiscal year 1998.

In accordance with recently enacted federal income tax legislation, beginning in 1994, the Internal Revenue Service limited the deductibility for federal income tax purposes of certain executive compensation payments in excess of \$1 million. Because the Company's stockholders approved the stock option plan, and therefore option exercises and sales are not included in the computation of compensation under the Internal Revenue Code for these purposes, it is not expected that any individual executive officer's compensation will exceed the \$1 million limit this year or in the foreseeable future. Accordingly, the Compensation Committee has taken no special action to revise its compensation programs or otherwise address this issue except that, at last year's annual meeting the Company's stockholders approved, at the Board's recommendation, the amendment and restatement of the Company's stock option plan in order to satisfy certain of the IRS requirements of the performance-based exception with respect to

executive compensation. The Compensation Committee will continue to review this matter and will take appropriate action in the future as it determines to be advisable.

COMPENSATION COMMITTEE

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Laurence E. Hirsch, Chairman  
Robert L. Clarke  
Harold K. Work

STOCK OPTION COMMITTEE

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Laurence E. Hirsch, Chairman  
David W. Quinn

PERFORMANCE GRAPH

The following graph compares the yearly change in the cumulative total stockholder return on the Company's Common Stock during the fiscal year ended March 31, 1998 with the S&P 500 Index and a peer group composed of companies with businesses in one or more of the Company's primary lines of businesses: cement, gypsum wallboard and concrete/aggregates. The companies comprising the peer group are weighted by their respective market capitalizations and include the following: Lafarge Corporation, Lone Star Industries, Inc., Medusa Corporation, Southdown, Inc. and USG Corporation. The comparison assumes \$100 was invested on April 19, 1994 in the Company's Common Stock and in each of the S&P 500 Index and the peer group, and assumes reinvestment of dividends.

COMPARATIVE CUMULATIVE TOTAL STOCKHOLDER RETURN

	4/19/94	3/31/95	3/31/96	3/31/97	3/31/98
Centex Construction Products, Inc.	\$100	\$ 90	\$ 97	\$131	\$266
S&P 500 Index	\$100	\$116	\$154	\$184	\$272
Peer Group	\$100	\$ 90	\$103	\$131	\$232

## SECTION 16(a) COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company directors and officers, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, to file initial reports of ownership, reports of changes in ownership and annual reports of ownership with the Securities and Exchange Commission (the "SEC") and the New York Stock Exchange. Such persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file with the SEC.

Based solely on its review of the copies of such forms received by it with respect to fiscal 1998, or written representations from certain reporting persons, the Company believes that all filing requirements required by Section 16(a) for fiscal 1998 applicable to its directors, officers and persons who beneficially own more than 10% of a registered class of the Company's equity securities have been complied with, except each of Messrs. Jones and Zunker filed late one Form 4 to report a purchase of Company Common Stock, and each of Messrs. House and Rowley filed late one Form 3.

## CERTAIN TRANSACTIONS

Centex Service Company ("CSC"), a subsidiary of Centex Corporation, provides the Company with employee benefit administration, legal, public/investor relations and certain other services. These services are provided by CSC pursuant to an Administrative Services Agreement which will expire on March 31, 1999, unless earlier terminated at the option of the Company. Commencing April 1, 1997, this agreement was amended to reduce the annual payment for such services rendered for the remainder of the term of the agreement to \$95,000. Messrs. Hirsch and Quinn, who are directors of the Company, are directors and executive officers of CSC.

As a result of the Company's initial public offering, the Company is no longer included in Centex Corporation's consolidated federal tax return. Accordingly, approximately \$34.3 million of deferred income taxes became payable by the Company to Centex Corporation pursuant to a Tax Separation Agreement entered into by the Company and Centex Corporation in connection with the Company's initial public offering in April 1994. During fiscal 1996, Centex refunded to the Company approximately \$2.9 million of the payments made for these deferred taxes because of an overpayment on the returns filed with the applicable taxing authorities.

The Company does not sell any of its products directly to Centex Corporation or to any of its affiliates. Certain of the Company's customers purchase readymix concrete and gypsum wallboard from the Company for resale to subsidiaries of Centex Corporation and others. Although the Company does not track the volume of such indirect sales to subsidiaries of Centex Corporation or to any of its affiliates, the Company believes that such sales account for less than 5% of its total sales volume.

Robert L. Clarke, a director of the Company, is a partner in the law firm of Bracewell & Patterson, L.L.P., which law firm provides legal services to certain subsidiaries of the Company.

## RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS

Arthur Andersen LLP acted as the Company's independent public accountants for the fiscal year ended March 31, 1998. The Company's independent public accountants are selected annually by the Board of Directors at its meeting held immediately following the annual meeting of stockholders. It is anticipated that the Board of Directors will select Arthur Andersen LLP as the Company's independent public accountants for the current year.

Representatives of Arthur Andersen LLP are expected to be present at the meeting, with the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions from stockholders.

## STOCKHOLDER PROPOSALS

The Company's 1999 annual meeting of stockholders is scheduled to be held on July 15, 1999. In order to be considered for inclusion in the Company's proxy material for that meeting, stockholder proposals must be received at the Company's executive offices, addressed to the attention of the Secretary, not later than February 18, 1999.

## FORM 10-K

STOCKHOLDERS ENTITLED TO VOTE AT THE MEETING MAY OBTAIN A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED MARCH 31, 1998, INCLUDING THE FINANCIAL STATEMENTS, REQUIRED TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, WITHOUT CHARGE, UPON REQUEST TO CENTEX CONSTRUCTION PRODUCTS, INC., ATTENTION: RAYMOND G. SMERGE, SECRETARY, 3710 RAWLINS, SUITE 1600, LB 78, DALLAS, TEXAS 75219.

By Order of the Board of Directors

RAYMOND G. SMERGE  
Secretary

Dallas, Texas  
June 18, 1998

CENTEX CONSTRUCTION PRODUCTS, INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

ANNUAL MEETING OF STOCKHOLDERS-JULY 16, 1998

The undersigned hereby appoints O.G. (Greg) Dagnan and Richard D. Jones, Jr., (acting unanimously or, if only one be present, by that one alone), and each of them, proxies, with full power of substitution to each, to vote, as specified on the reverse side, at the Annual Meeting of Stockholders of Centex Construction Products, Inc. to be held July 16, 1998, or any adjournment thereof, all shares of Common Stock of Centex Construction Products, Inc. registered in the name of the undersigned at the close of business on June 10, 1998.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS SPECIFIED ON THE BALLOT ON THE REVERSE SIDE, BUT IF NO INSTRUCTIONS ARE INDICATED, THEN THIS PROXY WILL BE VOTED FOR ITEM 1. THE PROXIES WILL USE THEIR DISCRETION WITH RESPECT TO ANY MATTER REFERRED TO IN ITEM 2.

By execution of this proxy, you hereby acknowledge receipt herewith of Notice of Meeting and Proxy Statement dated June 18, 1998.

READ, EXECUTE AND DATE REVERSE SIDE AND MAIL IN THE ENCLOSED ENVELOPE.

FOLD AND DETACH HERE

PLEASE MARK  
YOUR VOTE AS  
INDICATED IN [X]  
THIS EXAMPLE

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF ALL THE NOMINEES IN ITEM 1.

1. Election of directors listed to the right.

FOR all nominees listed to the right (except as marked to the contrary).	WITHHOLD AUTHORITY to vote for all nominees listed to the right.
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[ ] [ ]

(INSTRUCTION: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE, WRITE THE NOMINEE'S NAME IN THE SPACE PROVIDED BELOW.)

Robert L. Clarke, O.G. (Greg) Dagnan, Laurence E. Hirsch, David W. Quinn, Harold K. Work

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THIS PROXY MAY BE REVOKED AT ANY TIME BEFORE IT IS VOTED AT THE ANNUAL MEETING.

2. In their discretion, on such other business as may properly be brought before the meeting or any adjournment thereof.

UNLESS OTHERWISE SPECIFIED, THIS PROXY WILL BE VOTED FOR ITEM 1 AND, IN THE DISCRETION OF THE NAMED PROXIES, UPON SUCH OTHER BUSINESS AS MAY PROPERLY BE BROUGHT BEFORE THE MEETING OR ANY ADJOURNMENT THEREOF. BY EXECUTING THIS PROXY, THE UNDERSIGNED HEREBY REVOKES PRIOR PROXIES RELATING TO THE MEETING.

Dated \_\_\_\_\_, 1998

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Signature

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Signature

NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title.

FOLD AND DETACH HERE