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, 1998

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 17, 1998:

Common Stock	21,254,122 shares

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) 1998 Annual Report to Stockholders of Centex Construction Products, Inc. for the fiscal year ended March 31, 1998.

(b) Proxy statement for the annual meeting of stockholders of Centex Construction Products, Inc. to be held on July 16, 1998.

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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 17, 1998, 21,254,122 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 three million shares of CXP Common Stock as management determines advisable. As a result of repurchases during fiscal years 1998 and 1997 by CXP of its common stock from the public and purchases of CXP Common Stock by Centex, Centex now owns approximately 56.3% of the outstanding shares of CXP Common Stock.

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 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 a portion of 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. On February 26, 1997 the Company purchased the equity interest of a company that owned a gypsum quarry, a gypsum wallboard plant and an associated cogeneration power facility, all located at Gypsum, Colorado. 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 expense (income) 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, 1998 (the "1998 CXP Annual Report").

	For The Fiscal Years Ended March 31,				
	1998	1997	1996	1995	1994
	(In Millions)				
Contribution to Revenues:					
Cement	$140.4	$133.3	$125.7	$109.9	$101.7
Gypsum Wallboard	118.7	72.2	58.3	51.7	32.8
Concrete and Aggregates	42.0	36.8	39.9	35.2	35.1
Other, net	1.9	1.8	2.8	1.6	1.2
	303.0	244.1	226.7	198.4	170.8
Less Intersegment Sales	(5.7)	(4.7)	(4.1)	(4.1)	(4.0)
Total Net Revenues	$297.3	$239.4	$222.6	$194.3	$166.8
Contribution to Operating Earnings (Loss):					
Cement	$ 48.1	$ 39.8	$ 35.3	$ 26.0	$ 15.9
Gypsum Wallboard	35.8	20.5	11.9	7.2	(0.1)
Concrete and Aggregates	4.5	4.8	5.6	2.6	1.7
Other, net	1.9	1.8	2.8	1.6	1.2
	90.3	66.9	55.6	37.4	18.7
Corporate Overhead	(3.8)	(3.9)	(2.5)	(2.3)	(1.8)
Total Earnings Before Interest and Income Taxes	$ 86.5	$ 63.0	$ 53.1	$ 35.1	$ 16.9

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:

	Percentage of Total Consolidated Net Revenues		
Segment:	1998	1997	1996
Cement	45.4%	53.8%	54.8%
Gypsum Wallboard	39.9	30.2	26.2
Concrete/Aggregates:			
Readymix Concrete	10.7	11.8	12.9
Aggregates	3.3	3.4	4.8
	14.0	15.2	17.7
Other, net	0.7	0.8	1.3
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 85% of the Company's clinker capacity is from preheater or preheater/precalciner kilns, compared to approximately one-half of U.S. cement capacity manufactured from such kilns. 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.

Location	Rated Annual Clinker Capacity (Thousand short tons)(1)	Manufacturing Process	Number of Kilns	Dedication Date	Estimated Minimum Limestone Reserves (Years)
Buda, Texas (2)	1,080	Dry - 4 Stage Preheater	1	1978	60
		Flash Calciner		1983	
LaSalle, Illinois (2)	575	Dry - 4 Stage Preheater	1	1974	50
Laramie, Wyoming	630	Dry - 2 Stage Preheater	1	1988	30
		Dry - Long Dry Kiln	1	1996	
Fernley, Nevada	480	Dry - Long Dry Kiln	1	1964	18
		Dry - 1 Stage Preheater	1	1969	
Total - Gross(3)	2,765				
- Net(3)	1,938				

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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 joint ventures in 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 2.0 million tons in fiscal 1998 and 1.9 million tons in fiscal 1997. Total net cement sales were 2.1 million tons both in fiscal 1998 and in fiscal 1997, as all four cement plants sold all of the product they produced. 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 1998, 6.0% of the cement sold by the Company was acquired from outside sources, compared to 8.8% in fiscal 1997. In fiscal 1998, the Company approved a capital project to expand the annual clinker capacity of the LaSalle, Illinois plant by approximately 100,000 tons and add a new finish mill. Planned completion of the project is the fall of 1999.

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 by mining and extracting from 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 18 years. The Company expects that additional limestone reserves for its Nevada plant will be available when needed on an economically feasible basis, although they 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, which 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%, 17% and 23%, respectively, of U.S. cement consumption in 1996, the most recent period for which such data are available. 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. 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, which 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 (DFW), TX Waco, TX
LaSalle, Illinois	Illinois and southern Wisconsin	Hartland, WI
Laramie, Wyoming	Wyoming, Utah, northern Colorado, western Nebraska and eastern Nevada	Rock Springs, WY Salt Lake City, UT Denver, CO North Platte, NE
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 1998.

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, beginning in the 1980's, the importation of foreign cement through various terminal operations. Despite price inelasticity of 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 seven, eight, four and six, respectively, operating in these regional areas.

The United States cement industry comprises approximately 50 companies which own 107 gray cement plants with approximately 83.5 million tons of clinker manufacturing capacity (approximately 87.7 million tons of cement manufacturing capacity assuming a 105% conversion ratio). The PCA estimates that cement demand totaled approximately 106 million tons in 1997, with approximately 18% of such demand being satisfied by imported cement. Based on the level of demand, the Company estimates that the cement industry as a whole operated in excess of 95% of its aggregate manufacturing capacity during 1997. During 1997, several companies announced or began capital projects to enhance the productivity and incrementally expand the capacity of existing cement manufacturing facilities.

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, which will be administered by the newly created 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. New 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.

Capital Expenditures. Capital expenditures during fiscal 1998, amounted to $3.5 million for the cement segment compared with $2.9 million and $13.1 million in fiscal 1997 and 1996, respectively. Capital outlays in fiscal 1999, have been budgeted at approximately $11.7 million. Approximately 6% of the budgeted fiscal 1999 total is related to compliance with environmental regulations. Approximately $9.0 million of the fiscal 1999 budget total is for the LaSalle, Illinois plant clinker capacity increase and 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 which 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 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. 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. 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.

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 is 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 a specific quarry over the life of the 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 at 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.

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 discontinue 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 on February 26, 1997. The plant originally commenced production in early 1990 and had been operated by an independent producer until the 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)
Albuquerque, New Mexico	270	80 (2)
Bernalillo, New Mexico	445	80 (2)
Gypsum, Colorado	380	17 (3)
Total	1,095	

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(1) Million Square Feet ("MMSF")

(2) The same reserves serve both plants.

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

The Company's net gypsum wallboard production totaled 1,090 MMSF in fiscal 1998 and 715 MMSF in fiscal 1997. Total gypsum wallboard sales were 1,089 MMSF in fiscal 1998 and 726 MMSF in fiscal 1997.

In fiscal 1998, the Company commenced a major capital project to modernize, upgrade and expand its Albuquerque, New Mexico plant which will increase the plant's annual productive capacity by 60 MMSF, allow for the production of 54" gypsum wallboard and significantly reduce fuel cost. Completion of the project is estimated for the fall of 1998. The Company also initiated a major capital project during fiscal 1998 to expand the annual productive capacity of the Gypsum, Colorado plant by approximately 60% or 240 MMSF. Completion of the project is estimated for the fall of 1999.

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 10 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 and 17 years, respectively.

The Colorado plant controls 99 unpatented placer mining claims on 1,980 acres of land under the jurisdiction of the U.S. Bureau of Land Management. The land, which is adjacent to the present quarry, has not been drilled, and therefore the reserves cannot be classified as proven or probable. Management believes that these claims contain substantial quantities of gypsum rock.

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 a twelve-month notice provision for termination. 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 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 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%, 37% and 18%, respectively, of historical 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 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 is 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 the homeowner, 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 15% of the Company's total gypsum wallboard sales during fiscal 1998.

During fiscal 1998, 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 area 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 1998, approximately 28% of the Company's sales volume of gypsum wallboard was transported by rail.

Competition. There are nine principal 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 over 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 27.5 billion square feet per year. The Gypsum Association, an industry trade group, estimates that total 1997 gypsum wallboard shipments were approximately 26.5 billion square feet, resulting in industry capacity utilization of over 95%. Imports are not a major factor in the gypsum wallboard industry.

During 1997, some 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 three or four 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 3 1/2%) and/or if less efficient plants are shut down. If during the next three or four 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 1998 for the gypsum wallboard segment amounted to $7.9 million; $52.8 million (including $52 million for the Eagle acquisition) in fiscal year 1997; and $889,000 in fiscal year 1996. Capital outlays in fiscal 1999 have been budgeted at approximately $9.4 million with no expenditures related to compliance with environmental regulation. The majority of the fiscal 1998 and budgeted fiscal 1999 expenditures are 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	57
Total	10	97

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 such 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 672,000 cubic yards is fiscal 1998 and 603,000 cubic yards in fiscal 1997.

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	1,285	100
Austin, Texas	Limestone	1,020	70
Total		2,305	

- -------------------------------------

(1) Based on single-shift operation.

The Company's total net aggregate sales were 2.6 million tons in fiscal 1998 and 2.1 million tons in fiscal 1997. Total aggregates production was 2.8 million tons in fiscal 1998 and 2.3 million tons in fiscal 1997. 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 89% of its cement requirements for its Austin and northern California concrete operations, respectively. The Company supplies approximately 31% and 28%, 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 a dispute with two federal government agencies over title to a portion of its principal aggregates deposit in northern California. Of the property's 10,000 acres and estimated two billion tons of aggregates, approximately 6,500 acres containing reserves which the Company estimates at over one billion tons are not in dispute. 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 as much as 10% of the Company's concrete and aggregates sales during fiscal 1998.

During the past several years, the Company has been engaged in negotiations with U.S. government officials to obtain the rights to build a rail line across Beale Air Force Base that would permit the Company to transport aggregates from its principal deposit north of Sacramento, California to the San Francisco Bay Area. The north Bay Area, in particular, is expected to experience a shortage of sand and gravel within the next ten years. In fiscal 1998, the Company received a letter from the United States Department of the Air Force ("USAF") indicating that the USAF is terminating the lease negotiations for the proposed right-of-way for the rail line due to the changing mission of Beale Air Force Base. The Company is attempting to secure an alternative rail link to its aggregates deposit.

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 and Austin areas, respectively.

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 1998, amounted to $2.0 million for the concrete and aggregates segment compared with $2.6 million and $1.7 million in fiscal 1997 and 1996, respectively. Capital outlays in fiscal 1999, have been budgeted at approximately $506,000. Approximately 19% of the budgeted fiscal 1999 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 1,076 employees at March 31, 1998. Approximately 19% of the Employees are represented by collective bargaining units. The number of employees of the Company as opposed to its subsidiaries is 11.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

The Management's Discussion and Analysis of Financial Condition and Results of Operations (incorporated by reference herein from the 1998 CXP Annual Report) and other sections of the 1998 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 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are based on current expectations, estimates and projections concerning the general state of the economy and the industry and market conditions in certain geographic locations in which the Company operates. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual results and outcomes may differ materially from what is expressed or forecasted in such forward-looking statements. The Company undertakes no obligation to update publicly any forward-looking statements as a result of new information, future events or other factors.

The Company's business is cyclical and seasonal, the effects of which cannot be accurately predicted. Risks and uncertainties include changes in general economic and market conditions such as changes in interest rates, adverse weather, unexpected operational difficulties, changes in governmental and public policy including increased environmental regulation, public infrasture expenditures, competition, and the availability of raw materials. 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 1-13 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 claims against WAI in a title dispute relating to WAI's leasehold interest under a 99-year mineral lease on the aggregates in 10,000 acres of property north of Sacramento, California commonly known as the Yuba Goldfields. WAI is currently negotiating with the State Lands Commission of the State of California to resolve title problems in the Yuba Goldfields involving the historic and current riverbeds of the Yuba River. Additionally, the Company has received preliminary indications that the U.S. Bureau of Land Management and U.S. Army Corps of Engineers will assert claims to property interests affecting the aggregates in approximately 3,500 acres in the Yuba Goldfields. The United States has also indicated that it may have certain other property interests in an additional 1,300 acres in the Yuba Goldfields that may affect WAI's ability to mine aggregates from this property and WAI has requested further clarification from the United States regarding the effect of these other property interests. WAI has also been involved in negotiations with the United States in an attempt to negotiate a land exchange in an effort to resolve the federal claims to lands within the Yuba Goldfields, although the United States indicated in late fiscal 1998 that the United States desired to terminate negotiations with WAI regarding a land exchange.

WAI notified its lessor, Yuba WestGold, Inc. ("Yuba"), and the lessor's successor-in-interest, Western Water Company ("Western Water"), of WAI's claims against both parties for title defects in the Yuba Goldfields. Yuba filed for protection under Chapter 11 of the United States Bankruptcy Code in September 1992, and subsequent to the April 1994 confirmation of Yuba's plan of reorganization, WAI received payments in cash from Yuba's bankruptcy estate amounting to approximately $1.05 million in satisfaction of the claims filed by WAI in such bankruptcy proceedings. In April 1994, WAI completed a transaction with Western Water to settle WAI's claims that Western Water breached its obligations to cure the Yuba Goldfields title defects. As a part of the settlement, Western Water released WAI from its obligation under the mineral lease to pay annual production royalties to Western Water for the remainder of the lease term.

At the time WAI entered into its mineral lease in 1987, WAI obtained a $5.525 million policy of title insurance from Western Title Insurance Company to insure a significant majority of its leasehold estate in the Yuba Goldfields. WAI notified Western Title Insurance Company's successor, Fidelity National Title Insurance Company ("Fidelity"), of possible insured claims of the United States to lands within the Yuba Goldfields and made demands upon Fidelity to take action to cure the title claims of the United States that encumbered WAI's leasehold estate. Because WAI believed that Fidelity breached its obligation under the title policy and acted in bad faith, in October 1996, WAI filed a civil action against Fidelity in Superior Court in Orange County, California seeking compensatory and punitive damages. In March 1998, WAI and Fidelity entered into a settlement agreement and settled the claims of WAI against Fidelity. While the amount of the settlement payment from Fidelity to WAI is confidential pursuant to the terms of the settlement agreement, the Company believes that, after taking into account funds received by WAI from Yuba, Western Water, and Fidelity as described above, the additional funds, if any, required to be paid by WAI to resolve 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.

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 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.

In addition to the proceedings 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 By Laws 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	58	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.	52	President and Chief Operating Officer (President since January 1998; Chief Operating Officer since January 1990; Executive Vice President from January 1990 through December 1997).

Name	Age	Positions with CXP
Arthur R. Zunker, Jr.	54	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	56	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	45	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 1998 CXP Annual Report:

Items	Caption in the 1998 CXP Annual Report	Pages
5	Stock Prices and Dividends	37
5	Indebtedness (Note C to Consolidated Financial Statements of CXP)	21
6	Summary of Selected Financial Data	34-35
7	Short-term Borrowings and Long-term Debt (Note C to Consolidated Financial Statements of CXP)	21
7	Management's Discussion and Analysis of Financial Condition and Results of Operations	29-32

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for in this Item 8 is incorporated herein by reference to the 1998 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, 1998, for the Company's July 16, 1998 Annual Meeting of Stockholders (the "1998 CXP Proxy Statement"):

Items	Caption in the 1998 CXP Proxy Statement	Pages
10	Election of Directors	2
10	Section 16(a) Compliance	11
11	Executive Compensation	6
12	Security Ownership of Management and Certain Beneficial Owners	4
13	Certain Transactions	11

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, 20 and 21 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 19, 1998	/s/ O. G. DAGNAN --------------------------------------- O. G. Dagnan, Director, Chairman of the Board and Chief Executive Officer (principal executive officer)
June 19, 1998	/s/ ARTHUR R. ZUNKER, JR. --------------------------------------- Arthur R. Zunker, Jr., Senior Vice President - Finance and Treasurer (principal financial and accounting officer)
June 19, 1998	/s/ ROBERT L. CLARKE --------------------------------------- Robert L. Clarke, Director
June 19, 1998	/s/ LAURENCE E. HIRSCH --------------------------------------- Laurence E. Hirsch, Director
June 19, 1998	/s/ DAVID W. QUINN --------------------------------------- David W. Quinn, Director
June 19, 1998	/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, 1998 (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.

AMENDMENT NO. 2

This Amendment No. 2 (this "Amendment"), dated as of March 27, 1998, is among Centex Construction Products, Inc. (the "Borrower"), the Lenders party to the Credit Agreement (defined below) and The First National Bank of Chicago, as Agent.

W I T N E S S E T H:

WHEREAS, the Borrower, the Lenders and the Agent are parties to that certain Credit Agreement dated as of April 18, 1994 (as heretofore amended, the "Credit Agreement") and the other Loan Documents referred to therein; and

WHEREAS, the Borrower, the Lenders and the Agent desire to amend the Credit Agreement in order to amend certain provisions thereof;

NOW, THEREFORE, in consideration of the premises and the undertakings set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to them in the Credit Agreement.

2. Amendment. The Credit Agreement is hereby amended as follows:

(a) Section 7.10 of the Credit Agreement is hereby amended by deleting clause (ii) contained therein and inserting in lieu thereof the following: "(ii) the Borrower may pay dividends or redeem, repurchase or otherwise acquire or retire any of its capital stock if, after giving effect to the proposed dividend, redemption, repurchase, acquisition or retirement, there exists no Default or Unmatured Default hereunder."

(b) Section 7.11 of the Credit Agreement is hereby amended by adding a new subsection (v) as follows:

(v) Additional unsecured Indebtedness in an aggregate amount at any time outstanding not to exceed $20,000,000.

3. Representations and Warranties. In order to induce the Agent and the Lenders to enter into this Amendment, the Borrower hereby represents and warrants to the Agent and the Lenders as of the date of this Amendment that:

(a) There exists no Default or Unmatured Default and the execution of this Amendment shall not create a Default or Unmatured Default.

(b) The representations and warranties contained in Article VI of the Credit Agreement are true and correct as of the date of this Amendment.

4. Legal Expenses. The Borrower agrees to reimburse the Agent for reasonable legal fees and expenses incurred by attorneys for the Agent (who may be employees of the Agent) in connection with the preparation, negotiation and consummation of this Amendment and the transactions contemplated herein.

5. Ratification of Credit Agreement. Except as specifically provided herein, all of the terms

and conditions of the Credit Agreement shall remain in full force and effect and the Credit Agreement as amended hereby is agreed to, ratified and confirmed by the Borrower, the Agent and the Lenders in all respects.

6. Miscellaneous.

(a) This Amendment may be executed in counterparts and by the different parties hereto on separate counterparts each of which, when so executed and delivered, shall be deemed an original, and all of which taken together shall constitute one and the same agreement.

(b) This Agreement shall be effective as of the date first above written; provided, that, the Agent has received executed counterparts of this Amendment from the Borrower, the Agent and the Lenders.

IN WITNESS WHEREOF, the Borrower, the Agent and the Lenders have executed this Amendment as of the date first above written.

CENTEX CONSTRUCTION PRODUCTS, INC.

By: /s/ ARTHUR R. ZUNKER
Title: Senior Vice President

THE FIRST NATIONAL BANK OF CHICAGO, individually and as Agent

By: /s/ [ILLEGIBLE]
Title: Authorized Agent

BANK OF AMERICA TEXAS, N.A.

By: /s/ DANIEL BROWN
Title: Vice President

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

By: /s/ [ILLEGIBLE]
Title: Senior Vice President

BANK ONE, TEXAS, N.A.

By: /s/ FRED POINT
Title: Vice President

CENTEX CONSTRUCTION PRODUCTS, INC.

ROCK
SOLID
RESULTS

1998 ANNUAL REPORT

Centex Construction Products, Inc. (NYSE: CXP) produces and distributes building materials used in the construction of the nation's homes, commercial and industrial buildings, and infrastructure. CXP is one of two publicly held companies that participate in both the Cement and the Gypsum Wallboard industries. As of March 31, 1998, CXP was 55.6%-owned by Centex Corporation.

CEMENT

CXP's four manufacturing plants and a network of 11 distribution terminals produce and market Cement in the western half of the United States. Annual production capacity, net of two joint-venture partners' interest, is approximately 2.0 million tons, or about 3% of the nation's total capacity. CXP is the thirteenth largest Cement producer in the U.S. and the sixth largest domestically owned Cement manufacturer.

GYPSUM WALLBOARD

CXP's Gypsum Wallboard operation, which includes three facilities located in New Mexico and Colorado, is the nation's fifth largest Gypsum Wallboard producer. The operations have a total annual production capacity of approximately 1.1 billion square feet, representing about 4% of total U.S. capacity. In fiscal 1998, CXP's Gypsum Wallboard production was shipped by rail and by truck to a total of 32 states throughout the nation.

CONCRETE AND AGGREGATES

CXP's Concrete and Aggregates operations consist of 10 Readymix Concrete batch plants, approximately 100 Readymix trucks and two Aggregates operations, all located in California and Texas. The Aggregates operation's total annual single shift production capacity is about 2.3 million tons.

TABLE OF CONTENTS

Centex Construction Products, Inc. and Subsidiaries

FINANCIAL HIGHLIGHTS

(Amounts in thousands, except per share data)

	For the Years Ended March 31,				
	1998	1997	1996	1995	1994
Revenues	$297,322	$239,380	$222,594	$194,313	$166,826
Earnings Before Income Taxes	$ 88,333	$ 64,406	$ 52,304	$ 33,829	$ 16,580
Net Earnings	$ 56,533	$ 41,799	$ 33,944	$ 21,820	$ 10,240
Diluted Earnings Per Share (1)	$ 2.56	$ 1.89	$ 1.47	$ 0.95	$ 0.45
Cash Dividends Per Share (2)	$ 0.20	$ 0.20	$ 0.05	$ --	$ --
Debt	$ 560	$ 2,640	$ 720	$ 24,500	$ 16,200
Stockholders' Equity	$274,803	$239,436	$216,462	$183,405	$170,839
Average Diluted Shares Outstanding (1)	22,063	22,174	23,023	22,988	23,000
Book Value Per Share At Year End (1)	$ 12.77	$ 10.89	$ 9.42	$ 7.99	$ 7.43

(1) Prior to April 1994, CXP was a wholly-owned subsidiary of Centex Corporation and accordingly did not report per share information. To facilitate comparability 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.

[REVENUES CHART] [NET EARNINGS CHART]

Revenues ($ in Millions)	
1998	$297
1997	$239
1996	$223
1995	$194
1994	$167

Net Earnings ($ in Millions)	
1998	$56.5
1997	$41.8
1996	$33.9
1995	$21.8
1994	$10.2

TO OUR SHAREHOLDERS

CXP's experienced team effectively utilized our well-positioned, efficient operations to take maximum advantage of fiscal 1998's dynamic economic environment. Benefitting from robust demand fueled by a strong construction market and resurging prices due to capacity constraints, CXP's all-time high Cement and Gypsum Wallboard production volumes led to record financial results. Fiscal 1998 was the Company's fourth consecutive year of increasingly higher revenues, net earnings and earnings per share, stockholders' equity and return on assets since becoming publicly held in April 1994.

FISCAL 1998 HIGHLIGHTS

- Increased sales volume in all segments along with higher Cement and Gypsum Wallboard sales prices resulted in a 24% revenue gain to $297,322,000 from $239,380,000 in fiscal 1997.

- Record results from Cement and Gypsum Wallboard boosted CXP's fiscal 1998 net earnings 35% to $56,533,000 versus $41,799,000 last year. Diluted earnings per share of $2.56 this year were 36% higher than $1.89 last year.

- CXP's consolidated gross operating margin rose to 30% in fiscal 1998 from 28% last year.

- During fiscal 1998, CXP repurchased 836,834 shares of its own stock.

- At March 31, 1998, CXP was virtually debt-free, had $62 million in cash and $275 million of equity.

In addition to the benefits of the vibrant economy, the most significant boost to CXP's fiscal 1998 results was our successful integration of the Eagle Gypsum Wallboard plant acquired by CXP in late fiscal 1997. The plant in Gypsum, Colorado expanded the production capacity of our Gypsum Wallboard operations by 50% in fiscal 1998 to almost 1.1 billion square feet. This additional production, coupled with a 10% price increase in our average Wallboard price, resulted in a 74% rise in segment operating earnings this year.

[OPERATING MARGIN CHART]

Operating Margin (Percent)	
1998	30%
1997	28%
1996	25%
1995	19%
1994	11%

[EARNINGS PER SHARE CHART]

Earnings Per Share (Dollars)	
1998	$2.56
1997	$1.89
1996	$1.47
1995	$0.95
1994	$0.45

CXP's total operating earnings also were boosted by a 21% increase in results from our Cement segment, which benefitted from record clinker production, higher sales volumes, increased sales prices, and reduced production costs.

In a move that holds great significance for CXP's future, toward fiscal year end we approved and initiated a total of $54 million for three expansion projects - two in our Gypsum Wallboard operation and another at one of our Cement facilities. These enhancements, which should be completed by late calendar 1999, will add capacity, diversify our product base, improve production volume and plant efficiency and ultimately increase earnings.

Since becoming publicly held in April 1994, CXP has repurchased 1,915,130 shares of its own stock and has approximately 1,085,000 shares remaining under its current authorization. From time to time, we may repurchase additional shares.

During the year, CXP President and Chief Executive Officer O.G. Dagnan was elected the Company's Chairman. Executive Vice President and Chief Operating Officer Richard D. Jones, Jr. was named President. Mr. Dagnan replaces Laurence E. Hirsch, CXP Chairman since the Company became publicly held. Mr. Hirsch remains a CXP Director and Chairman of the Company's Executive Committee.

The record-breaking results reported by CXP for fiscal 1998 were achieved by our alliance of 1,076 employees, several of whom are featured in this report. Those pictured and described here represent the many others whose combined talents, dedication and daily commitment enable CXP to produce rock solid returns for our shareholders. We are extremely grateful to all members of our workforce for their contributions.

[STOCKHOLDERS' EQUITY CHART] [EBITDA CASH FLOW CHART]

Stockholders' Equity ($ in Millions)		EBITDA Cash Flow ($ in Millions)	
1998	$275	1998	$102
1997	$239	1997	$ 77
1996	$216	1996	$ 67
1995	$183	1995	$ 50
1994	$171	1994	$ 31

OUTLOOK

The expansion phase of the current cycle, although lengthy by traditional standards, appears to be continuing. Favorable interest rates are positively impacting the housing market, demand for our products is unabated and pricing in the near future should escalate due to ongoing capacity constraints in our industries. With out strong balance sheet and controlled expansion philosophy, CXP is poised for continuing growth and anticipates a fifth consecutive record financial performance in fiscal 1999.

[PHOTOGRAPH OF O.G. DAGNAN AND RICHARD D. JONES, JR.]

/s/ O.G. DAGNAN	/s/ RICHARD D. JONES, JR.
O.G. Dagnan	Richard D. Jones, Jr.
Chairman and	President and
Chief Executive Officer	Chief Operating Officer

May 29, 1998

ROCK
SOLID
PEOPLE

5

[PHOTOGRAPH OF A MAN STANDING AMONG INSULATED CONCRETE FORMS]

Lee Hunter   Since 1995, Texas-Lehigh Cement's Vice President of Marketing has led the cement industry in a state-wide effort to promote an innovative, energy-efficient home construction method utilizing insulated concrete forms (ICF's). Due largely to Lee's endeavors, Texas now leads the nation in ICF projects, and the industry is capitalizing on a new source of revenue.

CEMENT

Cement revenues rose 5% to $140.3 million in fiscal 1998, and operating profits from Cement increased 21% to $48.1 million. All of our plants were sold out for the tenth consecutive year and total Cement sales volume of 2,153,000 tons this year was 3% higher than last year's sales volume. CXP's average Cement net sales price for fiscal 1998 was $65.19 per ton, 2.4% higher than last year. Unit operating margins of $22.34 per ton of Cement were 18% higher than last year's margin.

[PHOTOGRAPH OF A MAN STANDING IN FRONT OF A CEMENT KILN]

[PHOTOGRAPH OF A MAN STANDING AMONG INSULATED CONCRETE FORMS]

In fiscal 1998, the increased sales volume of manufactured Cement versus purchased product reduced cost of sales and raised unit operating margins for CXP's Cement group, particularly at our Mountain Cement plant.

During the year, CXP initiated a $20 million expansion of our Illinois Cement plant will expand the facility's annual clinker capacity by 100,000 tons, add a new finish mill and position the plant to add more capacity in the future.

[PHOTOGRAPH OF A MAN STANDING IN FRONT OF A CEMENT KILN]

Terrance "T" Lyons   From laboratory mix chemist to control room operator, "T" has done it all at Mountain Cement, and that decade of experience makes him an ideal Production Supervisor. The former college football star and his team were a major reason for the operation's record-breaking production results this year for both the cement kilns and the finish grinding mills.

[PHOTOGRAPH OF A MAN STANDING IN A WALLBOARD PLANT]

GYPSUM WALLBOARD

Gypsum Wallboard revenues increased 64% to $118.7 million in fiscal 1998, and operating earnings jumped 74% to $35.8 million. The gains resulted from a 50% increase in sales volume to 1,089 million square feet (MMSF) due to the addition of the Eagle Gypsum plant, a 10% increase in average net sales price to $109.01 per thousand square feet (MSF), and a 16% increase in the operating margin to $32.88 per MSF. All three CXP plants operated at capacity.

The operation currently

[PHOTOGRAPH OF A MAN STANDING IN A GYPSUM MINE]

Jim Holley   Quarry Manager Jim Holley's innovative idea is simplifying the mining process at American Gypsum's White Mesa Mine. A "pavement profiler," normally utilized in highway reconstruction, crushes the gypsum in a single operation, eliminating drilling and blasting. Combined with better use of manpower, the technique will cut mine operating costs 30%.

[PHOTOGRAPH OF A MAN STANDING IN A WALLBOARD PLANT]

Peter Bauer   Plant Manager Peter Bauer established a Safety Committee and a Quality Awards Program at American Gypsum's original Albuquerque facility, resulting in enhanced safety awareness, a better working environment, and higher employee morale. The plant reported an 18% increase in production, less waste and no lost-time injuries for fiscal 1998.

has two expansion projects underway. A $16 million upgrade of the Albuquerque plant will add 60 MMSF to capacity, allow the production of all specialty products, and reduce dryer fuel costs substantially. An $18 million expansion of the Eagle Gypsum plant will add 240 MMSF, a 60% increase, to current annual capacity.

The Albuquerque plant upgrade will shift most of the specialty products to this facility, optimizing board line-speeds and further increasing production.

[PHOTOGRAPH OF A MAN STANDING IN A GYPSUM MINE]

Mark Hill In addition to working as Quality Control Manager for Mathews Readymix, Mark finds time to train new technicians for the American Concrete Institute's certification program. No wonder Mark is recognized by customers, government agencies and industry associations in northern California as a significant educational resource in the concrete and aggregates field.

[PHOTOGRAPH OF A MAN STANDING BESIDE A PICK-UP TRUCK]

CONCRETE AND AGGREGATES

Revenues from our Concrete and Aggregates operations were $42.0 million in fiscal 1998, 14% higher than last year. Operating earnings of $4.5 million were 6% lower than a year ago despite increased Concrete and Aggregates sales volume and higher Concrete sales prices, which were offset by lower Aggregates sales prices and increased Concrete costs.

Concrete sales volume for fiscal 1998 was 672,000 cubic yards, 11% higher than sales volume last year. Sales volume this year was posi-

[PHOTOGRAPH OF A MAN STANIDNG IN AN AGGREGATES QUARRY]

Mark O'Conner In his two years as Manager of Centex Materials' Buda Quarry, Mark's ideas have cut the Aggregates plant's production costs by 16%. Environmental efforts include the ongoing reclamation of old pit areas and recycling wet plant processing water for reuse. The operation also improved its ratio of production tons per man hour without capital improvements.

[PHOTOGRAPH OF A MAN STANDING BESIDE A PICK-UP TRUCK]

tively impacted by a large commercial job in northern California, as well as a strong commercial construction market in Austin, Texas.

Fiscal 1998 Aggregates sales volume totaled 2,592,000 tons, a 25% increase over sales volume in the prior year. Overall Aggregates pricing declined 5% this year from fiscal 1997 pricing due to product mix, particularly the sale of a larger quantity of lower-priced road construction Aggregates in fiscal 1998 versus a year ago.

[PHOTOGRAPH OF A MAN STANDING IN AN AGGREGATES QUARRY]

STRATEGIC LOCATIONS

CXP's strategically located plants in geographically diverse areas reduce our dependence on any one market. CXP's Cement operation includes four plants, two of which are 50%-owned with joint-venture partners, and 11 Cement distribution terminals. Our 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 Mountains, northern Nevada and northern California. Gypsum Wallboard is distributed throughout the continental United States. Our Concrete and Aggregates are sold to local readymix concrete producers and paving contractors in the Austin, Texas area and in northern California.

MAJOR FACILITIES

CEMENT PLANTS

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

GYPSUM WALLBOARD PLANTS

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

CONCRETE AND AGGREGATES PLANTS

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

[MAP OF THE UNITED STATES INDICATING THE LOCATION OF CENTEX CONSTRUCTION PRODUCTS' OPERATIONS]

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,		
	1998	1997	1996
REVENUES			
Cement	$ 140,326	$ 133,348	$ 125,705
Gypsum Wallboard	118,718	72,184	58,343
Concrete and Aggregates	42,004	36,809	39,902
Other, net	1,939	1,823	2,782
Less Intersegment Sales	(5,665)	(4,784)	(4,138)
	297,322	239,380	222,594
COSTS AND EXPENSES			
Cement	92,245	93,551	90,374
Gypsum Wallboard	82,905	51,619	46,409
Concrete and Aggregates	37,501	32,041	34,344
Less Intersegment Purchases	(5,665)	(4,784)	(4,138)
Corporate General and Administrative	3,825	3,904	2,498
Interest (Income) Expense, net	(1,822)	(1,357)	803
	208,989	174,974	170,290
EARNINGS BEFORE INCOME TAXES	88,333	64,406	52,304
Income Taxes	31,800	22,607	18,360
NET EARNINGS	$ 56,533	$ 41,799	$ 33,944
EARNINGS PER SHARE			
Basic	$ 2.58	$ 1.89	$ 1.48
Diluted	$ 2.56	$ 1.89	$ 1.47

See notes to consolidated financial statements.

Centex Construction Products, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	March 31, 1998	March 31, 1997
A S S E T S		
Current Assets-		
Cash and Cash Equivalents	$ 62,090	$ 4,812
Accounts and Notes Receivable, net	36,669	38,700
Inventories	32,537	31,482
Total Current Assets	131,296	74,994
Property, Plant and Equipment	366,353	363,409
Less Accumulated Depreciation	(153,444)	(139,033)
Property, Plant and Equipment, net	212,909	224,376
Notes Receivable, net	935	1,407
Other Assets	5,972	4,860
	$ 351,112	$ 305,637
L I A B I L I T I E S AND S T O C K H O L D E R S ' E Q U I T Y		
Current Liabilities-		
Accounts Payable	$ 18,404	$ 16,472
Accrued Liabilities	35,095	28,254
Notes Payable	--	2,000
Current Portion of Long-term Debt	80	80
Total Current Liabilities	53,579	46,806
Long-term Debt	480	560
Deferred Income Taxes	22,250	18,835
Stockholders' Equity-		
Common Stock, Par Value $0.01; Authorized 50,000,000 Shares; Issued and Outstanding 21,525,148 and 21,983,814 Shares, respectively	215	220
Capital in Excess of Par Value	130,413	147,212
Retained Earnings	144,175	92,004
Total Stockholders' Equity	274,803	239,436
	$ 351,112	$ 305,637

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,		
	1998	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Earnings	$ 56,533	$ 41,799	$ 33,944
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities--			
Depreciation, Depletion and Amortization	15,880	13,752	13,791
Deferred Income Tax Provision	3,415	4,491	7,639
Gain on Sale of Assets	--	--	(783)
Asset Disposition Provision	2,276	--	--
Decrease (Increase) in Accounts and Notes Receivable	2,503	(1,456)	(6,073)
(Increase) Decrease in Inventories	(1,055)	(30)	1,053
Increase in Accounts Payable	1,956	10	424
Increase in Accrued Liabilities	6,841	5,225	859
(Increase) Decrease in Other Assets, net	(234)	(883)	974
	88,115	62,908	51,828
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, Plant and Equipment Additions, net	(13,092)	(5,934)	(15,294)
Proceeds from Asset Dispositions	5,525	--	5,308
Acquisition of Centex Eagle Gypsum	--	(56,006)	--
	(7,567)	(61,940)	(9,986)
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)	(23,860)
Increase in Current Portion of Long-term Debt	--	--	80
Proceeds from Stock Option Exercises	6,727	561	262
Retirement of Common Stock	(23,531)	(14,976)	--
Dividends Paid to Shareholders	(4,386)	(4,460)	--
	(23,270)	(16,955)	(23,518)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,278	(15,987)	18,324
CASH AT BEGINNING OF PERIOD	4,812	20,799	2,475
CASH AT END OF PERIOD	$ 62,090	$ 4,812	$ 20,799

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,		
	1998	1997	1996
COMMON STOCK			
Balance at Beginning of Period	$ 220	$ 230	$ 230
Retirement of Common Stock	(5)	(10)	---
Balance at End of Period	215	220	230
CAPITAL IN EXCESS OF PAR VALUE			
Balance at Beginning of Period	147,212	161,617	161,355
Retirement of Common Stock	(23,526)	(14,966)	---
Stock Option Exercises	6,727	561	262
Balance at End of Period	130,413	147,212	161,617
RETAINED EARNINGS			
Balance at Beginning of Period	92,004	54,615	21,820
Dividends to Shareholders	(4,362)	(4,410)	(1,149)
Net Earnings	56,533	41,799	33,944
Balance at End of Period	144,175	92,004	54,615
TOTAL STOCKHOLDERS' EQUITY	$ 274,803	$ 239,436	$ 216,462

See 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.

ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable have been shown net of the allowance for doubtful accounts of $2.1 million at both March 31, 1998 and 1997. The Company has no significant credit risk concentration among its diversified customer base.

Notes receivable at March 31, 1998 are collectible primarily over three years. The weighted average interest rate at March 31, 1998 and 1997 was 8.6% and 9.1%, respectively.

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	
	1998	1997
Raw Materials and Materials-in-Progress	$ 8,478	$ 8,448
Finished Cement	5,169	5,170
Aggregates	1,830	2,088
Gypsum Wallboard	2,020	1,932
Repair Parts and Supplies	14,121	13,241
Fuel and Coal	919	603
	$32,537	$31,482

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,		
	1998	1997	1996
Operating Units Selling, General and Administrative	$ 15,979	$ 12,808	$ 11,442
Corporate General & Administrative	3,825	3,904	2,498
	$ 19,804	$ 16,712	$ 13,940

Maintenance and repair expenses are included in each segment's costs and expenses. The Company incurred expenses of $28.9 million, $26.2 million and $23.8 million in the years ended March 31, 1998, 1997 and 1996, 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

All cash equivalents have original maturities of three months or less.

Interest payments made during the years ended March 31, 1998, 1997 and 1996 were $0.1 million, $0.2 million and $1.3 million, respectively.

Net payments made for federal and state income taxes during the years ended March 31, 1998, 1997 and 1996 were $26.4 million, $17.9 million and $9.8 million, respectively. Included therein are receipts from the Company's former parent, Centex Corporation, of $2.9 million during the year ended March 31, 1996.

EMPLOYEE BENEFIT PLANS

Certain of the Company's hourly employees are covered by defined benefit plans. At April 1, 1997, the Company's pro rata share of the projected benefit obligation (assuming a 7 1/4% discount rate) was $3.7 million. The market value of assets available to pay these obligations at April 1, 1997, was $3.8 million.

In addition, certain salaried employees are covered by the Company's Profit Sharing and Retirement plan. The expenses for each period were as follows:

	For the Years Ended March 31,		
	1998	1997	1996
Defined Benefit Plans	$ 227	$ 219	$ 176
Defined Contribution Plan	$ 1,224	$ 1,053	$ 1,038

Statement of Financial Accounting Standard 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 establishes 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 1998, 1997 and 1996 of 21,895,312, 22,148,222 and 22,969,643, 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 22,062,654, 22,174,222 and 23,023,323 in 1998, 1997 and 1996, 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.

ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income," which requires that changes in comprehensive income be shown in a financial statement that is displayed with the same prominence as other financial statements. The Company will adopt this statement in its fiscal year ending March 31, 1999 and does not expect adoption of the statement to have a material effect on the presentation of its financial statements.

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 will adopt this statement in its fiscal year ending March 31, 1999 and does not expect adoption of the statement to have a material effect on the presentation of its financial statements.

RECLASSIFICATIONS

Certain prior year balances have been reclassified to be consistent with the 1998 presentation.

(B) PROPERTY, PLANT AND EQUIPMENT

Cost by major category and accumulated depreciation are summarized below:

	March 31, 1998	March 31, 1997
Land and Quarries	$ 33,363	$ 37,420
Plants	289,886	284,158
Buildings, Machinery and Equipment	43,104	41,831
	366,353	363,409
Accumulated Depreciation	(153,444)	(139,033)
	$212,909	$224,376

In December 1997, The Company recorded a $2.3 million asset write down provision resulting from the Albuquerque plant upgrade project.

(C) INDEBTEDNESS

SHORT-TERM DEBT

Short-term debt is set forth below:

	March 31, 1998	March 31, 1997
Bank Line of Credit, with Interest at Prevailing Rates, Due February 1998, Unsecured	$ 0	$2,000

On August 31, 1997, the $10,000,000 uncommitted unsecured line of credit (the "Line") from a bank was terminated. The Line was utilized for short-term working capital needs. Borrowings under the Line bore interest at prevailing market rates. The weighted average interest rate on outstanding borrowings during fiscal 1998 and 1997 was 6.1% and 5.9%, respectively.

LONG-TERM DEBT

Long-term debt is set forth below:

	March 31, 1998	March 31, 1997
Property Note, Interest at 7%, Due March 2005, Secured	$ 560	$ 640
Less Current Maturities	(80)	(80)
	$ 480	$ 560

CREDIT FACILITY

In April 1994, the Company established a $65 million unsecured long-term revolving credit line (the "Bank Revolver"). 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 1/2%. 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, 1998, and throughout the fiscal year then ended. During fiscal 1996, the Bank Revolver was amended to lower the maximum borrowing capacity to $35 million, reduce the annual commitment fee, create a new lower interest rate bracket, and extend the commitment four years to expire on March 31, 2001. On March 20, 1998, the Bank Revolver was amended to allow additional unsecured indebtedness not to exceed $20 million and removal of the limitation on the amount of repurchases of the Company's capital stock. The Company had no borrowings outstanding under the Bank Revolver as of March 31, 1998 or 1997.

(D) INCOME TAXES

The provision for income taxes includes the following components:

	For the Years Ended March 31,		
	1998	1997	1996
Current Provision (Benefit)			
Federal	$ 25,701	$ 16,799	$ 12,174
State	2,684	1,317	(1,453)
	28,385	18,116	10,721
Deferred Provision			
Federal	2,185	3,038	4,012
State	1,230	1,453	3,627
	3,415	4,491	7,639
Provision for Income Taxes	$ 31,800	$ 22,607	$ 18,360

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

	For the Years Ended March 31,		
	1998	1997	1996
Earnings Before Income Taxes	$ 88,333	$ 64,406	$ 52,304
Income Taxes at Statutory Rate	$ 30,917	$ 22,542	$ 18,306
Increases (Decreases) in Tax Resulting from --			
State Income Taxes, net	2,526	1,800	1,414
Statutory Depletion in Excess of Cost	(2,225)	(1,957)	(1,588)
Other	582	222	228
Provision for Income Taxes	$ 31,800	$ 22,607	$ 18,360
Effective Tax Rate	36%	35%	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,		
	1998	1997	1996
Excess Tax Depreciation and Amortization	$ 6,544	$ 5,048	$ 5,653
Bad Debts	(29)	(162)	269
Uniform Capitalization	36	(151)	76
Accrual Changes	(3,611)	(425)	685
Other	475	181	956
	$ 3,415	$ 4,491	$ 7,639

Components of deferred income taxes are as follows:

	March 31, 1998	March 31, 1997
Items Giving Rise to Deferred Taxes		
Excess Tax Depreciation and Amortization	$25,550	$19,006
Other	4,437	3,962
	29,987	22,968
Items Giving Rise to Prepaid Taxes		
Accrual Changes	(6,886)	(3,275)
Bad Debts	(723)	(694)
Uniform Capitalization	(128)	(164)
	(7,737)	(4,133)
Net Deferred Income Tax Liability	$22,250	$18,835

[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, 1998	1997	1996
Revenues			
Cement	$ 140,326	$ 133,348	$ 125,705
Gypsum Wallboard	118,718	72,184	58,343
Concrete and Aggregates	42,004	36,809	39,902
Other, net	1,939	1,823	2,782
	302,987	244,164	226,732
Less Intersegment Sales	(5,665)	(4,784)	(4,138)
	$ 297,322	$ 239,380	$ 222,594
Segment Operating Earnings			
Cement	$ 48,081	$ 39,797	$ 35,331
Gypsum Wallboard	35,813	20,565	11,934
Concrete and Aggregates	4,503	4,768	5,558
Other, net	1,939	1,823	2,782
	$ 90,336	$ 66,953	$ 55,605
Identifiable Assets			
Cement	$ 141,462	$ 141,622	$ 145,969
Gypsum Wallboard	123,997	125,490	67,516
Concrete and Aggregates	22,922	28,939	28,749
Corporate and Other	62,731	9,586	27,341
	$ 351,112	$ 305,637	$ 269,575
Capital Expenditures			
Cement	$ 3,513	$ 2,915	$ 13,082
Gypsum Wallboard	7,982	758	889
Concrete and Aggregates	2,027	2,602	1,746
Corporate and Other	27	40	43
	$ 13,549	$ 6,315	$ 15,760
Depreciation, Depletion and Amortization			
Cement	$ 7,860	$ 7,938	$ 7,778
Gypsum Wallboard	5,552	3,331	2,908
Concrete and Aggregates	2,194	2,225	2,871
Corporate and Other	274	258	234
	$ 15,880	$ 13,752	$ 13,791

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 the fiscal years 1998, 1997, and 1996 totaled $3.0 million, $2.3 million and $1.9 million, respectively. Minimum annual rental commitments as of March 31, 1998, under noncancelable leases are set forth as follows:

Fiscal Year	Total
1999	$1,542
2000	$1,479
2001	$1,069
2002	$ 853
2003	$ 761
Thereafter	$3,281

(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. The options are performance-based options and will vest on the achievement of specific financial goals of the Company. Failure to meet the specified goals will delay vesting until the end of the 10-year period. 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,					
	1998		1997		1996	
	Number of Shares	Weighted Avg. Exercise Price	Number of Shares	Weighted Avg. Exercise Price	Number of Shares	Weighted Avg. Exercise Price
Outstanding Options at Beginning of Year	736,950	$12.25	742,600	$12.12	768,300	$12.19
Granted	6,300	$24.73	72,500	$14.00	30,000	$13.00
Exercised	(378,438)	$12.08	(43,410)	$12.93	(18,700)	$14.00
Forfeited/Expired	(2,113)	$12.00	(34,740)	$12.36	(37,000)	$13.38
Outstanding Options at End of Year	362,699	$12.64	736,950	$12.25	742,600	$12.12
Options Exercisable at End of Year	356,399		552,347		305,330	
Weighted Average Fair Value of Options Granted during the Year	$ 13.58		$ 3.96		$ 3.56	

The following table summarizes information about stock options outstanding at March 31, 1998:

Range of Exercise Prices	Options Outstanding: Number of Shares Outstanding	Options Outstanding: Wtd. Avg. Remaining Contractual Life	Options Outstanding: Weighted Average Exercise Price	Options Exercisable: Number of Shares Outstanding	Options Exercisable: Weighted Average Exercise Price
$12.00 to $14.00	356,399	6.7 years	$ 12.43	356,399	$ 12.43
$22.25 to $29.69	6,300	9.4 years	$ 24.73	--	--
	362,699	6.8 years	$ 12.64	356,399	$ 12.43

Options available for future grants were 1,196,753 at March 31, 1998.

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 $56,462, $41,754 and $33,934 for the fiscal years ended March 31, 1998, 1997 and 1996, respectively. Basic and diluted earnings per share would remain 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, 1998	1997	1996
Expected Volatility	36.1%	39.2%	39.2%
Risk-Free Interest Rate	6.4%	6.7%	6.1%
Dividend Yield	.8%	1.4%	1.5%
Expected Life (Years)	10	10	10

(H) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Company's notes payable and long-term debt are 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 notes payable and 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) INITIAL PUBLIC OFFERING

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"). The stock sales price was $14.00 per share and net proceeds received, after commissions and offering expenses, were $153.7 million. On the Closing Date, the Company paid a dividend of $162.6 million to its parent, Centex Corporation.

The Company entered into certain agreements with Centex on the Closing Date 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, public/investor relations and certain other services. The Administrative Services Agreement will expire on March 31, 1999, unless terminated earlier at the option of the Company. The Company pays to CSC a fee of $7,916 per month, subject to annual adjustment, for such services. 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.

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, 1998 and 1997, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 1998. 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, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 1998, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Dallas, Texas,
May 4, 1998

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

FISCAL YEAR 1998 COMPARED TO FISCAL YEAR 1997

Benefitting from increased sales volume in each of its product lines and higher cement and gypsum wallboard operating margins, Centex Construction Products, Inc. reported the highest net earnings in its history for fiscal 1998.

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.

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 last fiscal year mainly due to an increase in sales volume and unit operating margins to $22.34 per ton, an 18% improvement over last year's margin of $19.00 per ton. Sales volume of 2.15 million tons was 58,000 tons higher than last fiscal year's record 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 this year, down 56,000 tons from last year, to supplement its fiscal 1998 manufactured cement shipments. Strong construction activity in the regions served by the Company resulted in price realizations increasing 2 1/2% to $65.19 per ton. Cement unit costs were 4% lower than the prior year 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 thousand square feet ("MSF") over $28.32 per MSF last year 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 record 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 the fiscal year. Unit costs increased 7% in fiscal 1998 from $71.07 per MSF last fiscal year 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 last fiscal year due to higher average investment cash balances this year.

FISCAL YEAR 1997 COMPARED TO FISCAL YEAR 1996

Increased gypsum wallboard shipments and higher net pricing in all product segments resulted in Centex Construction Products, Inc. reporting the highest net earnings in its history in fiscal 1997.

During fiscal 1997, consolidated revenues increased 8% to $239.4 million from $222.6 million in fiscal 1996. A combination of increased gypsum wallboard sales volume along with higher cement and gypsum wallboard sales prices generated the majority of the revenue gain. Operating earnings of $67.0 million increased 20% over fiscal 1996 operating earnings of $55.6 million primarily due to improved margins in the Cement and Gypsum Wallboard segments. Corporate general and administrative expenses were $1.4 million higher than prior year's expenses of $2.5 million mainly due to additional performance incentive accruals. Net interest income was $1.4 million in fiscal 1997 compared to $803,000 of net interest expense in fiscal 1996 due to the pay down of the Company's revolving credit line last fiscal year. The Company's effective tax rate in fiscal 1997 was 35%, the same as fiscal 1996. As a result of the foregoing, net earnings increased 23% to $41.8 million in fiscal 1997 from $33.9 million in fiscal 1996. Diluted earnings per share for fiscal 1997 increased 29% to $1.89 compared to $1.47 for fiscal 1996. Diluted earnings per share for fiscal 1997 increased more than net earnings due to fewer average shares outstanding in 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)	
	1997	1996	1997	1996	1997	1996	1997	1996
Sales Volume (Thousands)	2,095	2,092	726	661	603	629	2,073	2,801
Average Net Sales Price	$ 63.66	$ 60.99	$ 99.39	$ 88.21	$ 46.86	$ 45.62	$ 4.13	$ 4.01
Operating Margin	$ 19.00	$ 16.89	$ 28.32	$ 18.04	$ 6.36	$ 7.01	$ 0.45	$ 0.41

Cement. Cement revenues for the fiscal year ended March 31, 1997 were $133.3 million, 6% higher than $125.7 million for the prior fiscal year. Segment operating earnings increased 13% to $39.8 million from $35.3 million last fiscal year due to unit operating margins increasing 13% over last year's margin of $16.89 per ton. Strong construction activity in the regions served by the Company resulted in a 6% increase in price realizations. Sales volume of 2.1 million tons was 3,000 tons higher than last fiscal year's sales volume. All plants operated at capacity and were again "sold out". The Company purchased 185,000 tons of cement, the same as last year, to supplement its fiscal 1997 manufactured cement shipments. Cement unit costs were 3% higher than the prior year primarily due to increased maintenance cost.

Gypsum Wallboard. Gypsum Wallboard revenues increased 24% during fiscal 1997 to $72.2 million from $58.3 million in fiscal year 1996. Segment operating earnings totaled $20.6 million for fiscal year 1997, a 72% improvement over $11.9 million in fiscal 1996. Unit operating margins increased 57% to $28.32 per thousand square feet ("MSF") over $18.04 per MSF last year primarily due to increased sales prices. Gypsum wallboard average sales prices increased $11.18 per MSF in fiscal 1997 to $99.39 per MSF as a result of record high industry consumption. Gypsum wallboard sales volume of 726 million square feet ("MMSF") for fiscal year 1997 increased 10% over fiscal 1996 primarily due to one month of sales volume from the recently acquired Eagle Gypsum plant. Both of the Company's existing wallboard plants operated at capacity during the fiscal year. Unit costs increased one percent from $70.17 per MSF in fiscal 1996 as a result of increased maintenance cost at the Albuquerque plant and higher overhead costs being partially offset by a 15% decrease in paper cost.

Concrete and Aggregates. Concrete and Aggregates revenues of $36.8 million in fiscal year 1997 were 8% lower than fiscal 1996 revenues of $39.9 million. Segment operating earnings of $4.8 million in fiscal 1997 decreased 14% from $5.6 million in the prior fiscal year. Concrete operating earnings of $3.8 million in fiscal 1997 were 13% lower than last fiscal year's earnings due to decreased sales volume and lower operating margins. Concrete sales volume of 603,000 cubic yards in fiscal 1997 decreased 4% over fiscal 1996 due to a 6% decline in sales in the Texas market. Increased concrete net sales prices were negated by higher production and materials costs. Aggregates operating earnings of $933,000 for fiscal 1997 declined 19% from fiscal 1996 due to lower sales volume being partially offset by higher operating margins. Aggregates sales volume of 2.1 million tons decreased 26% from 2.8 million tons in fiscal 1996 mostly due from the sale in fiscal 1996 of a north Texas sand and gravel operation. Unit costs increased 5% in fiscal 1997 as a result of increased production cost.

Other Income. Other income of $1.8 million during fiscal 1997 decreased $959,000 from fiscal year 1996 primarily due to a $783,000 gain realized on two asset sales last year along with less trucking and clinker sales income this year.

LIQUIDITY AND CAPITAL RESOURCES

Each of the Company's business segments operates in capital-intensive industries. The Company at March 31, 1998 is virtually debt-free, has a cash balance of $62 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, 1998 was $77.7 million, an increase of $49.5 million from March 31, 1997, principally due to a $57.3 million increase in cash. During fiscal year 1998 the Company approved three expansion projects; a $16 million plant upgrade at its Albuquerque gypsum wallboard plant that increases annual plant capacity by 60 MMSF and accommodates 54" board production; an $18 million expansion of the Company's recently acquired Eagle gypsum wallboard plant in Gypsum, Colorado that will add 240 MMSF to the plant's current annual capacity; and a $20 million expansion of the 50% owned LaSalle, Illinois cement plant that will increase its annual clinker capacity by 100,000 tons and add a new 4,000 horsepower finish mill. The projects will be completed at various times between late calendar 1998 and late calendar 1999. Capital expenditures for fiscal 1998 were $13.1 million compared to $5.9 million in fiscal 1997. The higher capital spending in fiscal 1998 was primarily due to the commencement of the Albuquerque plant upgrade project. Based on its financial condition and low debt levels at March 31, 1998, 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

The Company's Board of Directors has approved the repurchase of up to three million shares of the Company's common stock. The Company repurchased a total of 836,834 shares during fiscal 1998, 1,038,100 shares in fiscal 1997, zero shares in fiscal 1996, and 40,196 shares in fiscal 1995. Since the fiscal 1998 and 1997 stock repurchases did not include purchasing a proportionate amount of stock from its former parent, Centex Corporation, Centex's ownership interest in the Company at March 31, 1998 has increased to approximately 55.6%.

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 1.7% in calendar 1997, 3.3% in 1996, and 2.9% in 1995. 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, 1998 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 conducted an assessment of the potential impact of the Year 2000 problem on its computer applications, operating software and hardware. Based upon the results of this assessment, management believes the Company does not have a Year 2000 problem with its financial and management information processing systems. The Company is continuing on an ongoing basis to examine other equipment that could be affected by the Year 2000 problem to determine any noncompliance and to effect changes to such equipment to make it compliant. Costs of these efforts are not significant and will be expensed. The Company does not anticipate any material disruption in its operations as a result of any failure by the Company to be in compliance. However, the Company does not currently have any information concerning the Year 2000 compliance status of its suppliers and customers. In the event that any of the Company's significant suppliers or customers does not successfully and timely achieve Year 2000 compliance, the Company's business or operations could be adversely affected.

DISCLOSURE REGARDING 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 and Section 21E of the Securities Exchange Act of 1934. These statements are based on current expectations, estimates and projections concerning the general state of the economy and the industry and market conditions in certain geographic locations in which the Company operates. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no guarantees of future performance and they involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual results and outcomes may differ materially from what is expressed or forecasted in such forward-looking statements.

The Company's business is cyclical and seasonal, the effects of which cannot be accurately predicted. The risks and uncertainties that may affect the operations, performance, development and results of the Company's business include the following: general economic conditions, interest rates, changes in economic conditions specific to any one or more of the Company's markets, adverse weather, unexpected operational difficulties, changes in governmental and public policy including increased environmental regulations, public infrastructure expenditures, competition, and the availability of raw materials. Other risks and uncertainties could also affect the outcome of the forward-looking statements.

Centex Construction Products, Inc. and Subsidiaries

QUARTERLY RESULTS

(Dollars in thousands, except per share data) (Unaudited)

	March 31, 1998	March 31, 1997
F I R S T Q U A R T E R		
Revenues	$77,954	$61,058
Earnings Before Income Taxes	$23,406	$15,198
Net Earnings	$15,097	$ 9,863
Diluted Earnings Per Share	$ 0.68	$ 0.44
S E C O N D Q U A R T E R		
Revenues	$83,412	$65,538
Earnings Before Income Taxes	$27,705	$20,052
Net Earnings	$17,770	$13,014
Diluted Earnings Per Share	$ 0.80	$ 0.59
T H I R D Q U A R T E R		
Revenues	$70,510	$59,117
Earnings Before Income Taxes	$20,699	$17,291
Net Earnings	$13,235	$11,222
Diluted Earnings Per Share	$ 0.60	$ 0.51
F O U R T H Q U A R T E R		
Revenues	$65,446	$53,667
Earnings Before Income Taxes	$16,523	$11,865
Net Earnings	$10,431	$ 7,700
Diluted Earnings Per Share	$ 0.48	$ 0.35

Centex Construction Products, Inc. and Subsidiaries

SUMMARY OF SELECTED FINANCIAL DATA

(Dollars in thousands, except per share data)(Unaudited)

	For the Years Ended March 31,			
	1998	1997	1996	1995
Revenues	$297,322	$239,380	$222,594	$194,313
Net Earnings	$ 56,533	$ 41,799	$ 33,944	$ 21,820
Total Assets	$351,112	$305,637	$269,575	$250,103
Total Long-term Debt	$ 560	$ 640	$ 720	$ 24,500
Total Debt	$ 560	$ 2,640	$ 720	$ 24,500
Deferred Income Taxes	$ 22,250	$ 18,835	$ 14,344	$ 6,705
Stockholders' Equity	$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%	1.0%	0.3%	11.4%
Net Earnings as a Percent of Beginning Stockholders' Equity	23.6%	19.3%	18.5%	12.8%
Per Common Share -				
Diluted Net Earnings(1)	$ 2.56	$ 1.89	$ 1.47	$ 0.95
Cash Dividends(2)	$ 0.20	$ 0.20	$ 0.05	--
Book Value Based on Shares Outstanding at Year End(1)	$ 12.77	$ 10.89	$ 9.42	$ 7.99
Stock Prices(1)				
High	$ 39	$ 20	$ 15 1/2	$ 14 3/8
Low	$ 18	$ 12 1/2	$ 11 3/8	$ 8 7/8

(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 prior years 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

SUMMARY OF SELECTED FINANCIAL DATA

(Dollars in thousands, except per share data)(Unaudited)

	For the Years Ended March 31,					
	1994	1993	1992	1991	1990	1989
Revenues	$166,826	$136,526	$129,832	$142,188	$126,358	$121,211
Net Earnings	$ 10,240	$ 3,112	$ 713	$ 1,118	$ 3,911	$ 5,015
Total Assets	$257,315	$258,994	$267,303	$267,654	$238,817	$225,797
Total Long-term Debt	$ 15,585	$ 34,519	$ 37,713	$ 47,094	$ 24,085	$ 24,937
Total Debt	$ 16,200	$ 38,943	$ 49,308	$ 52,322	$ 28,521	$ 28,086
Deferred Income Taxes	$ 37,925	$ 36,224	$ 35,881	$ 31,553	$ 31,977	$ 29,326
Stockholders' Equity	$170,839	$160,599	$157,487	$156,774	$155,656	$151,745
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%	13.4%
Net Earnings as a Percent of Beginning Stockholders' Equity	6.4%	2.0%	0.5%	0.7%	2.6%	3.4%
Per Common Share -						
Diluted Net Earnings(1)	$ 0.45	$ 0.14	$ 0.03	$ 0.05	$ 0.17	$ 0.22
Cash Dividends(2)	--	--	--	--	--	--
Book Value Based on Shares Outstanding at Year End(1)	$ 7.43	$ 6.98	$ 6.85	$ 6.82	$ 6.77	$ 6.60
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 prior years 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.

[PHOTOGRAPH OF THREE MEN STANDING]

Corporate officers, from left:
Steve Rowley, Art Zunker, Dave House

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

CENTEX MATERIALS, INC

James E. Bailey
President

Mark J. Hamilton
Vice President

J. David Loftis
Vice President

ILLINOIS CEMENT
COMPANY

Joseph L. Baker
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

Alan J. Steagall
President

W. Jerald Hoyle
Executive Vice President

John R. Bremner
Vice President

George B. Coates
Vice President

NEVADA CEMENT
COMPANY

Alan J. Steagall
President

W. Jerald Hoyle
Executive Vice 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

[PHOTOGRAPH OF FIVE MEN STANDING AND TWO MEN SEATED]

Operational management, from left: seated -- Joe Baker, Jim Bailey; standing -- Jerry Hoyle, Al Steagall, Gerry Essl, Craig Callaway, Dave House

CORPORATE HEADQUARTERS

3710 Rawlins Street
Suite 1600, LB 78
Dallas, Texas 75219
(214) 559-6514 (Phone)
(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 16, 1998 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, 1998			Fiscal Year Ended March 31, 1997		
	Price			Price		
Quarter	High	Low	Dividends	High	Low	Dividends
First	$ 21 1/2	$ 18	$ 0.05	$ 15 1/4	$ 13 5/8	$ 0.05
Second	$ 31 1/2	$ 20	$ 0.05	$ 16	$ 12 1/2	$ 0.05
Third	$ 32 5/8	$ 26 7/8	$ 0.05	$ 18 1/2	$ 14 3/8	$ 0.05
Fourth	$ 39	$ 29 1/2	$ 0.05	$ 20	$ 16 1/4	$ 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 29, 1998 was 218. The closing price of CXP's common stock on the New York Stock Exchange on May 29, 1998 was $38 1/4.

[LOGO]

EXHIBIT 21

SUBSIDIARIES OF THE COMPANY

NAME OF SUBSIDIARY	FORM OF ORGANIZATION	STATE OF ORGANIZATION
American Gypsum Company	corporation	New Mexico
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 Company	corporation	Nevada
Centex Eagle Gypsum Company	corporation	Delaware
Centex Eagle Gypsum Company, L.L.C.	limited liability company	Delaware
Centex Materials, Inc.	corporation	Nevada
Illinois Cement Company	corporation	Illinois
Illinois Cement Company	joint venture	Texas
M & W Drywall Supply Company	corporation	Nevada
Mathews Readymix, Inc.	corporation	California
Mountain Cement Company	corporation	Nevada
Nevada Cement Company	corporation	Nevada
Texas Cement Company	corporation	Nevada

NAME OF SUBSIDIARY	FORM OF ORGANIZATION	STATE OF ORGANIZATION
Texas-Lehigh Cement Company	corporation	Texas
Texas-Lehigh Cement Company	joint venture	Texas
Western Aggregates, Inc.	corporation	Nevada
Western Cement Company of California	corporation	California
Wisconsin Cement Company	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 4, 1998, 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 4, 1998, 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 19, 1998

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CENTEX CONSTRUCTION PRODUCTS, INC.'S MARCH 31, 1998 FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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12-MOS
MAR-31-1998
APR-01-1997
MAR-31-1998
62,090
0
36,669
0
32,537
131,296
366,353
153,444
351,112
53,499
560
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0
215
274,588
351,112
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206,986
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0
88,333
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56,533
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2.56