



Record Year

Centex Construction Products, Inc.



Centex Construction Products, Inc. (NYSE: CXP) produces and distributes building materials used to construct the nation's homes, commercial and industrial buildings, and infrastructure. CXP is one of two publicly held companies operating in the Cement, Gypsum Wallboard, and Concrete and Aggregates industries. At March 31, 2000, CXP was 64.4%-owned by Centex Corporation.

Stock Prices and Dividends

Quarter	Fiscal Year Ended March 31, 2000			Fiscal Year Ended March 31, 1999		
	Price		Dividends	Price		Dividends
	High	Low		High	Low	
First	\$39½	\$33	\$0.05	\$42¾	\$35¾	\$0.05
Second	\$41 13⁄16	\$34 11⁄16	\$0.05	\$45 1⁄8	\$34¾	\$0.05
Third	\$39	\$33 1⁄16	\$0.05	\$41	\$31 1⁄4	\$0.05
Fourth	\$39	\$22 5⁄8	\$0.05	\$40 15⁄16	\$33 15⁄16	\$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 31, 2000 was 305. The closing price of CXP's common stock on the New York Stock Exchange on May 31, 2000 was \$30.00.

Cement

CXP's four manufacturing plants and 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' interests, is approximately 2.1 million tons, or about 2.3% of the nation's total capacity. CXP is the fourth largest domestically owned Cement manufacturer and the twelfth largest Cement producer in the U.S.

Gypsum Wallboard

CXP's Gypsum Wallboard operation, which includes three facilities located in New Mexico and Colorado, is the nation's fifth largest Wallboard producer. Together, the plants have a total annual production capacity of approximately 1.5 billion square feet, representing about 4.7% of total U.S. capacity. During fiscal 2000, CXP's Gypsum Wallboard production was shipped by rail and by truck to a total of 39 states throughout the continental United States.

Concrete and Aggregates

CXP's Concrete and Aggregates operations consist of 10 Readymix Concrete batch plants, approximately 114 Readymix trucks and three Aggregates production facilities, all of which are located in northern California and central Texas. CXP's northern California Aggregates deposit is believed to be the largest single permitted Aggregates deposit in that area. CXP's Aggregates operation's total annual single shift production capacity is approximately 3.7 million tons.

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Financial Highlights

(amounts in thousands, except per share data)

	For the Years Ended March 31,				
	2000	1999	1998	1997	1996
Revenues	\$418,695	\$ 336,073	\$ 297,322	\$239,380	\$222,594
Earnings Before Income Taxes	\$ 170,177	\$ 121,127	\$ 88,333	\$ 64,406	\$ 52,304
Net Earnings	\$108,232	\$ 77,289	\$ 56,533	\$ 41,799	\$ 33,944
Diluted Earnings Per Share	\$ 5.63	\$ 3.71	\$ 2.56	\$ 1.89	\$ 1.47
Cash Dividends Per Share ⁽¹⁾	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.05
Debt	\$ 400	\$ 480	\$ 560	\$ 2,640	\$ 720
Stockholders' Equity	\$340,472	\$ 279,920	\$274,803	\$239,436	\$ 216,462
Average Diluted Shares Outstanding	19,211	20,832	22,063	22,174	23,023
Book Value Per Share At Year End	\$ 18.33	\$ 14.18	\$ 12.77	\$ 10.89	\$9.42

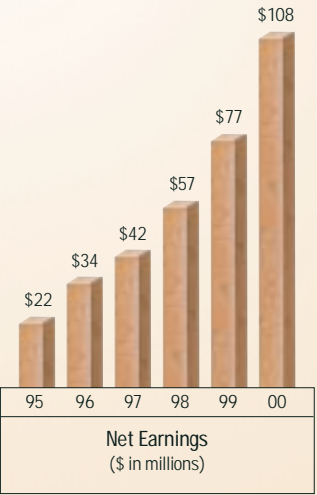
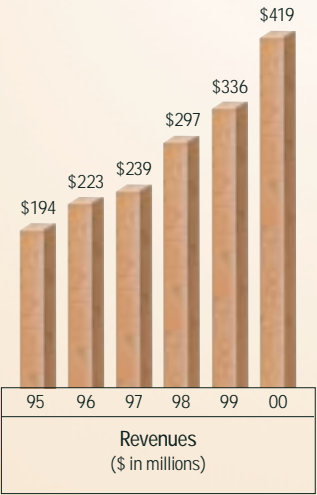
(1) Declared initial quarterly cash dividend of five cents per share on March 12, 1996.

To Our Shareholders

Fiscal 2000, CXP's sixth consecutive year of stellar financial results, was also a period of significant operational and strategic achievement for the Company – establishing a firm foundation for our future growth.

- Net earnings, earnings per share, operating earnings and revenues for fiscal 2000 all reached record levels.
- CXP's gross operating margin rose to 41% in fiscal 2000 from 36% in fiscal 1999.
- For fiscal 2000, CXP's annualized rate of return on beginning stockholders' equity was 38.7% versus 28.1% for fiscal 1999.
- At March 31, 2000, CXP had \$96 million in cash and \$340 million of equity.
- Record production was reported by CXP's Gypsum Wallboard operations, three of our four Cement plants and both Aggregates facilities.
- During fiscal 2000, we completed three major expansion and renovation projects.
- In preparation for the next phase of CXP's growth, we added a mergers and acquisitions team.

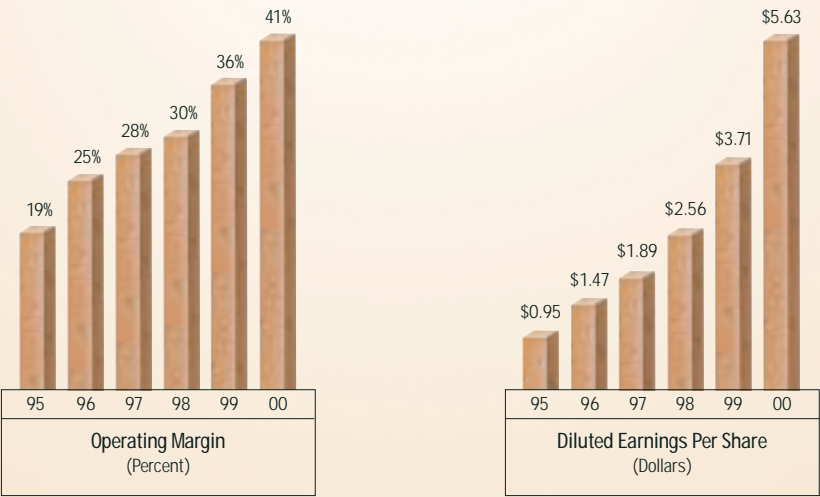
CXP's fiscal 2000 net earnings reached an all-time high \$108.2 million or \$5.63 per diluted share, 40% and 52% higher, respectively, than fiscal 1999's record earnings of \$77.3 million or \$3.71 per diluted share. Fiscal 2000 revenues were also a record, increasing 25% to \$418.7 million from \$336.1 million a year ago.



The key to this year’s outstanding performance was CXP’s Gypsum Wallboard segment, which posted all-time-high operating earnings of \$107.6 million – a 90% gain over last year. Fueled by favorable market conditions, wallboard pricing reached record levels. This pricing, coupled with a 30% expansion in our Gypsum Wallboard manufacturing capacity, lifted operating margins to 51% in fiscal 2000 compared to 40% in the prior year.

Although CXP’s Cement operations achieved a 3% sales volume gain, operating earnings of \$53.0 million for fiscal 2000 were 7% less than last year’s record results. Sales volume and slightly higher pricing was more than offset by a 10% decline in operating margins, due mostly to maintenance and downtime at the Wyoming facility and an increase in lower-margin purchased cement sales. Our Texas, Illinois and Nevada plants each reported all-time-high production, and in the fourth quarter our Cement operations collectively produced at a rate that, annualized, would have exceeded fiscal 1999’s record. The Wyoming kiln was upgraded and a new finish mill at the Illinois plant came on line early in the fiscal year. Both projects have been performing above design capacities.

CXP’s Concrete and Aggregates businesses reported operating earnings of \$9.3 million for fiscal 2000, 26% higher than in fiscal 1999. Robust conditions in our northern California and Texas markets necessitated extended hours of operation at both of our Aggregates quarries. Fiscal 2000 Aggregates production rose 26% over last year and product pricing increased 7%. To take advantage of the expanding Austin, Texas economy, CXP brought on line a new quarry north of Austin that will initially serve the road construction market. In addition, we continued to add Concrete delivery trucks to our Readymix fleets at both our Austin and northern California operations to enable us to keep pace with demand.



During fiscal 2000, CXP continued to cultivate its Aggregates growth strategy.



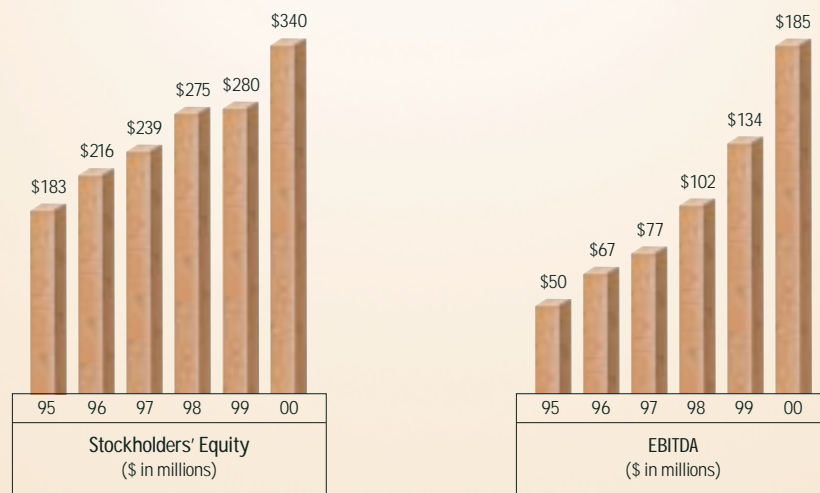
CXP's focus during the past six years has been to maximize the operational opportunities and profitability of our existing base of assets. Having surpassed the goals we originally set, we are focusing our energies in a new direction: actively seeking acquisitions in other major construction markets and adding greenfield or expansion operations in our existing markets. Our strong balance sheet leaves CXP well-positioned to make significant acquisitions or expansions without overleveraging the Company.

CXP will actively continue to seek growth opportunities in its core Cement and Gypsum Wallboard businesses, while maintaining its long standing philosophy of investing capital in existing assets in order to improve efficiencies and remain a low-cost producer.

To accelerate its development, CXP will focus on growing Aggregates into a significant third line of business. This makes sense strategically because the aggregates industry is dominated by hundreds of small- to medium-sized companies, so there are many acquisition candidates and the transaction sizes are well matched with CXP's financial capabilities. In addition, publicly traded aggregates businesses are more highly valued by investors than are cement or wallboard businesses.

To help CXP meet the challenges of growing our businesses, and, as appropriate, downstream value-added products, we have added two Business Development personnel and a senior Aggregates operating executive to CXP's corporate staff. We also have retained seasoned investment consultants to assist the growth of CXP's Aggregates business.

During fiscal 2000, CXP's Board of Directors authorized the repurchase of a total of 1,688,630 shares of stock. CXP purchased 1,224,600 shares of its stock during the year, leaving approximately 594,800 shares remaining at March 31, 2000 under the Company's current authorization.



Larry Hirsch and Dick Jones at CXP's Aggregates operation in Buda, Texas.

We want to recognize an exceptional individual, CXP's former Chairman and Chief Executive Officer Greg Dagnan, whose leadership positioned CXP to achieve its current level of success. After guiding CXP since 1990, including during the Company's Initial Public Offering in 1994, Greg announced his retirement at CXP's annual shareholders' meeting last July. Greg had an extremely successful and productive career at CXP and, under his guidance, CXP's financial performance reached the highest level in the industry. We salute Greg for his extraordinary contributions to the CXP organization.

Dick Jones, who joined CXP as Executive Vice President and Chief Operating Officer in 1990 and became President in fiscal 1998, was elected Chief Executive Officer when Greg retired. Larry Hirsch, Chairman and CEO of Centex Corporation, which is CXP's majority shareholder, became CXP's Chairman.

Many other people continue to demonstrate their dedication to helping CXP achieve its goals. We are especially grateful to all of our employees whose efforts have been instrumental in CXP's success. In addition, we appreciate our relationships with our many long-time customers.

CXP enters the new millennium with seasoned management, excellent low-cost facilities, and exciting prospects for growth. Although we face near-term challenges, including the expansion of gypsum wallboard and cement capacity and cement imports, we believe CXP is well-positioned to continue to grow and prosper in fiscal 2001 and beyond.

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

Laurence E. Hirsch
Chairman

May 31, 2000

A Cross Section of Opportunities

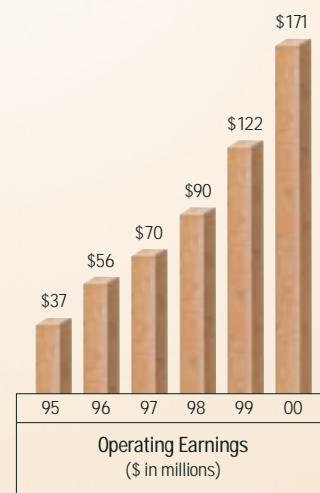
Sustained, profitable growth. It's the standard by which all successful companies are measured. At Centex Construction Products, the growth of our operations is a dynamic process – the successful result of solid core competencies complemented by the addition of new resources as we adapt to the ever-changing business environment.

CXP has grown in careful, strategic steps. Our Cement operations, which provided a solid business foundation for many years, remain at the heart of the Company. Our Gypsum Wallboard operations, which were added in response to an expanding construction market, in recent years have provided valuable growth for CXP.

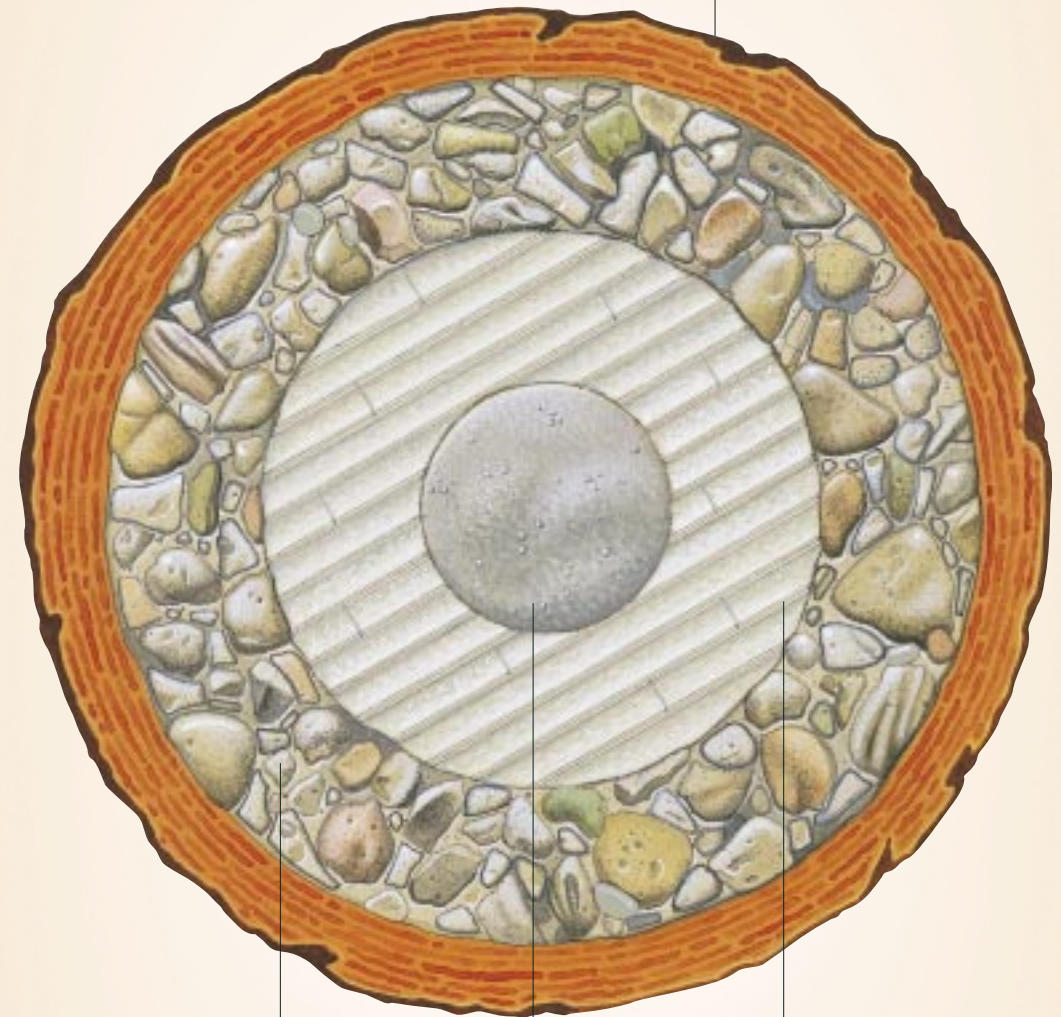
As our Cement and Gypsum Wallboard operations mature, we continue to seek new opportunities for expansion, the most promising of which are in the Aggregates business. Dominated by small regional companies, this segment of the construction market remains fragmented, creating significant opportunities for targeted acquisitions.

Whatever the business climate, CXP's balanced mix of businesses and our continued careful approach to sustainable growth leave our operations well-positioned to flourish, both now and in the years to come.

Our balanced mix of businesses has produced impressive growth during the past six years.



CXP's growth is the result of solid core competencies complemented by the addition of new resources.



Aggregates

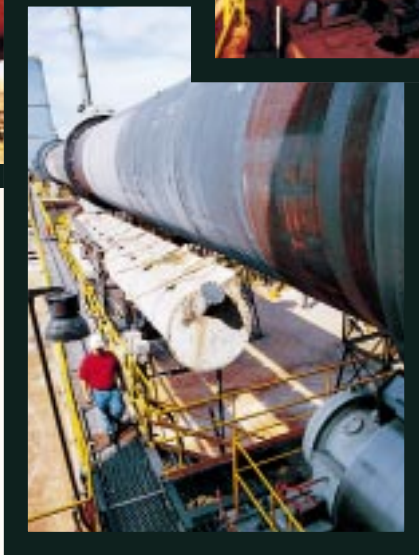
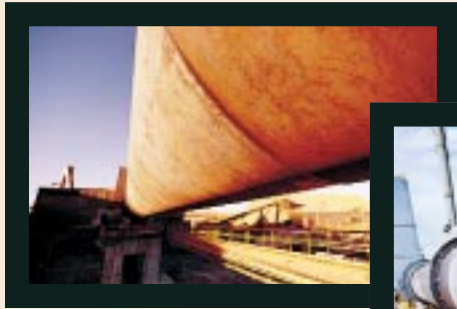
Aggregates will be a source of growth for CXP.

Cement

Cement remains at the core of CXP's businesses.

Gypsum

Wallboard has provided growth for CXP in recent years.



The kiln at the Wyoming cement plant was upgraded.

Cement

CXP's Cement revenues rose 4% to \$159.0 million in fiscal 2000 due to an increase in Cement sales volume and slightly higher Cement pricing. Operating earnings from Cement were \$53.0 million, 7% less than last year's record level. The gains in sales volume and pricing were more than offset by a 10% decline in operating margins due to increased production costs at the Wyoming facility and a greater percentage this year of lower-margin purchased Cement sales to total sales.

CXP's Texas, Illinois and Nevada Cement plants all operated at capacity and were sold out for the twelfth consecutive year. The largest kiln at the Wyoming plant was down 35 days for major renovations, which included upgrading 300 feet of kiln shell.

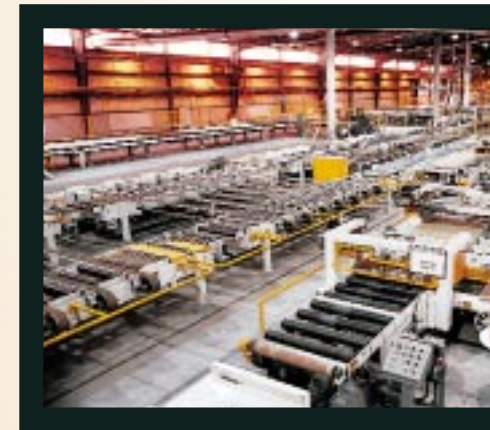
This year's total Cement sales volume of 2.3 million tons was 3% higher than fiscal 1999's sales volume, primarily due to favorable weather and record cement industry consumption. In order to meet increased market demands and replace lost Wyoming manufactured Cement sales, CXP increased its purchased Cement sales by 85% to 281,000 tons.

Although U.S. cement consumption reached a record high, CXP's fiscal 2000 average Cement net sales price rose to only \$69.25 per ton, 1% higher than last year, primarily due to the conservative pricing policies of major producers, the increase in imported cement to 28% of U.S. consumption, and competition for market share.

Early in fiscal 2000, the 4,000-horsepower finished cement grinding mill project at the Illinois plant was completed on schedule and within budget. In addition, we completed an addition to the Illinois plant that already has increased the facility's annual clinker capacity by 12% and will allow for further capacity expansion. During the year, the Illinois plant purchased 73,000 tons of imported clinker and converted it to finished Cement, which helped offset lost production volume at the Wyoming plant.

Gypsum Wallboard

CXP's Gypsum Wallboard revenues increased 48% to \$209.3 million in fiscal 2000 due to increased sales volume and higher net sale prices. Operating earnings rose 90% to a record \$107.6 million in fiscal 2000. The earnings gain resulted from an 18%



The board line and the warehouse area at the Eagle Gypsum Wallboard plant have been expanded.

improvement in sales volume to 1,363 million square feet (MMSF) and a 61% increase in operating margins to \$78.96 per thousand square feet (MSF). All three of CXP's Gypsum Wallboard plants operated at capacity.

The average net sales price of \$153.57 per MSF was 25% higher than fiscal 1999's average price as the industry benefitted from record consumption and a tight demand/supply situation during most of calendar 1999. Gypsum Wallboard prices peaked in October 1999 and pricing began to soften during the fourth quarter of fiscal 2000 as new industry capacity came on line.

The \$18 million expansion of the Eagle plant was completed at the beginning of the fiscal year. The project, which increased the plant's annual capacity by 60% to 640 MMSE, was completed ahead of schedule and within budget. The plant is currently operating at its rated capacity.

Both the Albuquerque and Bernalillo plants recorded all-time-high production volume for fiscal 2000. Taking advantage of last year's upgrade project, the Albuquerque plant increased its production of higher-margin specialty products during fiscal 2000.

Concrete and Aggregates

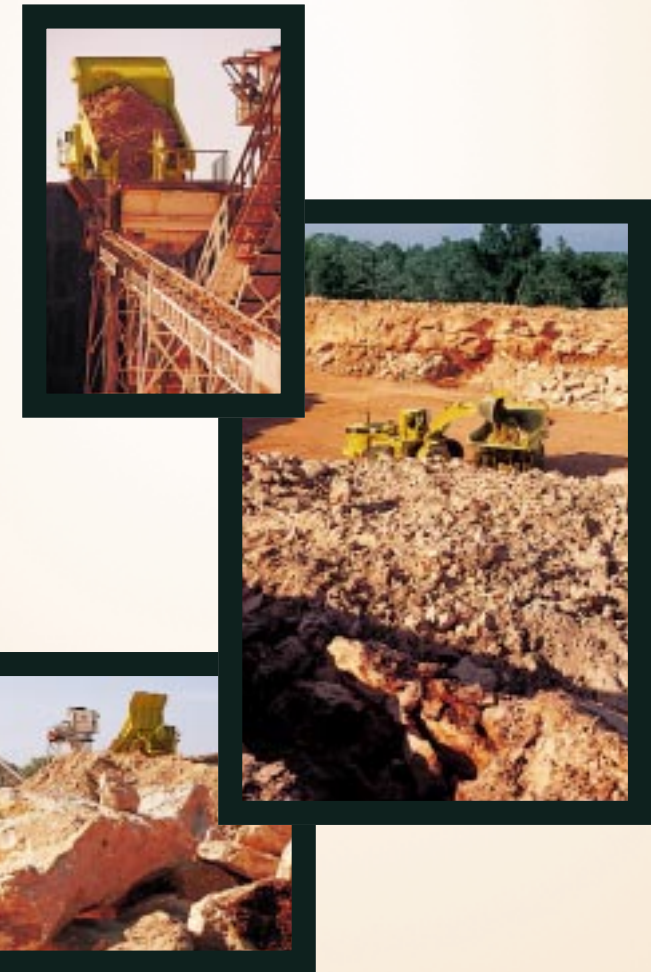
Fiscal 2000 Concrete and Aggregates revenues of \$55.5 million increased 18% due to higher sales volume and sales prices. Operating earnings from these operations rose 26% to an all-time-high \$9.3 million. The gain resulted from increased sales volume and improved operating margins.

Concrete operating earnings of \$5.9 million were 19% above prior year earnings. A strong Austin, Texas construction market helped generate fiscal 2000 sales volume of 788,000 cubic yards, 12% higher than last year. Our average Concrete net sales price of \$52.07 per cubic yard was 5% higher than the sales price in fiscal 1999. During fiscal 2000, CXP increased its fleet of Readymix trucks by 12% in order to meet increased market demands in both Texas and California.

Fiscal 2000's Aggregates operating earnings of \$3.3 million were 41% higher than last year's earnings due to increased sales volume and higher operating margins. Aggregates sales volume of 3.4 million tons was 16% higher than last year, primarily due to a 35% increase in sales volume at the northern California plant. Both facilities recorded all-time-high production volume in fiscal 2000. The Aggregates net sales price of \$4.29 per ton this year was 7% higher than in fiscal 1999, and the Aggregates per-ton operating margin of \$0.99 this year was a 22% improvement over last year's margin.

Late in fiscal 2000, first phase operations commenced at the new Aggregates facility located in Georgetown, north of Austin, Texas. The plant is currently capable of producing road construction aggregates only. Evaluations are under way to add a second processing plant capable of producing concrete aggregates and other products. The full impact of this operation will not be realized until fiscal 2002.

The Georgetown, Texas Aggregates facility began mining, crushing and production operations.



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

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



* 50%-owned with joint-venture partners

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Statements of Consolidated Earnings

(dollars in thousands, except per share data)

	For the Years Ended March 31,		
	2000	1999	1998
R E V E N U E S			
Cement	\$158,966	\$152,460	\$140,326
Gypsum Wallboard	209,320	141,571	118,718
Concrete and Aggregates	55,490	46,860	42,004
Other, net	1,231	1,717	1,939
Less: Intersegment Sales	(6,312)	(6,535)	(5,665)
	<u>418,695</u>	<u>336,073</u>	<u>297,322</u>
C O S T S A N D E X P E N S E S			
Cement	105,961	95,635	92,245
Gypsum Wallboard	101,696	85,001	82,905
Concrete and Aggregates	46,227	39,510	37,501
Less: Intersegment Purchases	(6,312)	(6,535)	(5,665)
Corporate General and Administrative	4,683	4,380	3,825
Interest Income, net	(3,737)	(3,045)	(1,822)
	<u>248,518</u>	<u>214,946</u>	<u>208,989</u>
E A R N I N G S B E F O R E I N C O M E T A X E S			
Income Taxes	61,945	43,838	31,800
	<u>\$ 108,232</u>	<u>\$ 77,289</u>	<u>\$ 56,533</u>
N E T E A R N I N G S			
E A R N I N G S P E R S H A R E			
Basic	\$ 5.66	\$ 3.73	\$ 2.58
Diluted	<u>\$ 5.63</u>	<u>\$ 3.71</u>	<u>\$ 2.56</u>

See notes to consolidated financial statements.

Consolidated Balance Sheets

(dollars in thousands)

	March 31,	
	2000	1999
A S S E T S		
Current Assets –		
Cash and Cash Equivalents	\$ 96,170	\$ 49,646
Accounts and Notes Receivable, net	54,459	43,192
Inventories	38,582	33,030
Total Current Assets	<u>189,211</u>	<u>125,868</u>
Property, Plant and Equipment	413,933	392,302
Less: Accumulated Depreciation	(178,033)	(163,745)
Property, Plant and Equipment, net	<u>235,900</u>	<u>228,557</u>
Notes Receivable, net	367	664
Other Assets	12,661	9,594
	<u>\$ 438,139</u>	<u>\$ 364,683</u>
L I A B I L I T I E S A N D S T O C K H O L D E R S ’ E Q U I T Y		
Current Liabilities –		
Accounts Payable	\$ 22,348	\$ 18,276
Accrued Liabilities	49,112	40,849
Income Taxes Payable	1,447	–
Current Portion of Long-term Debt	80	80
Total Current Liabilities	<u>72,987</u>	<u>59,205</u>
Long-term Debt	320	400
Deferred Income Taxes	24,360	25,158
Stockholders’ Equity –		
Common Stock, Par Value \$0.01;		
Authorized 50,000,000 Shares; Issued and Outstanding		
18,571,732 and 19,744,465 Shares, respectively	186	197
Capital in Excess of Par Value	20,302	62,376
Accumulated Other Comprehensive Loss	(1,789)	–
Retained Earnings	321,773	217,347
Total Stockholders’ Equity	<u>340,472</u>	<u>279,920</u>
	<u>\$ 438,139</u>	<u>\$ 364,683</u>

See notes to consolidated financial statements.

Statements of Consolidated Cash Flows

(dollars in thousands)

	For the Years Ended March 31,		
	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Earnings	\$108,232	\$ 77,289	\$ 56,533
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities –			
Depreciation, Depletion and Amortization	18,589	16,187	15,880
Asset Disposition Provision	–	700	2,276
(Increase) Decrease in Accounts and Notes Receivable	(10,970)	(6,252)	2,503
Increase in Inventories	(5,552)	(493)	(1,055)
Increase (Decrease) in Accounts Payable	4,072	(128)	1,956
Increase in Accrued Liabilities	8,263	5,754	6,841
Increase in Income Taxes Payable	1,447	–	–
Change in Deferred Income Tax Liability	166	2,909	3,415
Increase in Other Assets, net	(5,620)	(3,219)	(234)
Net Cash Provided by Operating Activities	118,627	92,747	88,115
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, Plant and Equipment Additions, net	(28,019)	(33,806)	(13,092)
Proceeds from Asset Dispositions	1,946	960	5,525
Net Cash Used in Investing Activities	(26,073)	(32,846)	(7,567)
CASH FLOWS FROM FINANCING ACTIVITIES			
Reductions in Notes Payable	–	–	(2,000)
Decrease in Other Long-term Debt	(80)	(80)	(80)
Proceeds from Stock Option Exercises	1,148	3,806	6,727
Retirement of Common Stock	(43,233)	(71,861)	(23,531)
Dividends Paid to Stockholders	(3,865)	(4,210)	(4,386)
Net Cash Used in Financing Activities	(46,030)	(72,345)	(23,270)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	46,524	(12,444)	57,278
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD			
	49,646	62,090	4,812
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
	\$ 96,170	\$ 49,646	\$ 62,090

See notes to consolidated financial statements.

Statements of Comprehensive Earnings

(dollars in thousands)

	For the Years Ended March 31,		
	2000	1999	1998
NET EARNINGS	\$108,232	\$77,289	\$56,533
OTHER COMPREHENSIVE EARNINGS BEFORE TAX:			
Unrealized (Loss) on Investment in Securities Available-for-Sale, Before Income Taxes	(2,753)	–	–
COMPREHENSIVE EARNINGS, BEFORE INCOME TAXES	105,479	77,289	56,533
INCOME TAX BENEFIT RELATED TO OTHER ITEMS OF COMPREHENSIVE EARNINGS			
	964	–	–
COMPREHENSIVE EARNINGS	\$106,443	\$77,289	\$56,533

See notes to consolidated financial statements.

Statements of Consolidated Stockholders’ Equity

(dollars in thousands)

	For the Years Ended March 31,		
	2000	1999	1998
COMMON STOCK			
Balance at Beginning of Period	\$ 197	\$ 215	\$ 220
Retirement of Common Stock	(11)	(18)	(5)
Balance at End of Period	186	197	215
CAPITAL IN EXCESS OF PAR VALUE			
Balance at Beginning of Period	62,376	130,413	147,212
Retirement of Common Stock	(43,222)	(71,843)	(23,526)
Stock Option Exercises	1,148	3,806	6,727
Balance at End of Period	20,302	62,376	130,413
RETAINED EARNINGS			
Balance at Beginning of Period	217,347	144,175	92,004
Dividends to Stockholders	(3,806)	(4,117)	(4,362)
Net Earnings	108,232	77,289	56,533
Balance at End of Period	321,773	217,347	144,175
ACCUMULATED OTHER COMPREHENSIVE LOSS			
Balance at Beginning of Period	–	–	–
Other Comprehensive Loss	(1,789)	–	–
Balance at End of Period	(1,789)	–	–
TOTAL STOCKHOLDERS’ EQUITY	\$340,472	\$279,920	\$274,803

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(dollars in thousands, except per share data)

(A) SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

CASH AND CASH EQUIVALENTS

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

ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable have been shown net of the allowance for doubtful accounts of \$4.1 million and \$2.3 million at March 31, 2000 and 1999, respectively. The Company has no significant credit risk concentration among its diversified customer base.

Notes receivable at March 31, 2000 are collectible primarily over three years. The weighted average interest rate at March 31, 2000 and 1999 was 8.4% and 8.6%, 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,	
	2000	1999
Raw Materials and Materials-in-Progress	\$13,248	\$ 9,124
Finished Cement	5,523	5,601
Aggregates	2,071	1,577
Gypsum Wallboard	1,913	1,289
Repair Parts and Supplies	15,323	14,770
Fuel and Coal	504	669
	\$38,582	\$33,030

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.

Centex Construction Products, Inc. and Subsidiaries

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.

STOCK REPURCHASES

The Company Board of Directors has authorized the repurchase of a cumulative total of 5,688,630 shares of CXP's common stock. The Company repurchased 1,224,600 shares at a cost of \$43.2 million in fiscal 2000 and 1,954,100 shares at a cost of \$71.9 million in fiscal 1999. Cumulative shares repurchased at March 31, 2000 were 5,093,830, leaving approximately 594,800 shares remaining under the Company's current authorization. Centex Corporation owned 64.4% of CXP's outstanding common stock at March 31, 2000.

COMPREHENSIVE EARNINGS

Comprehensive earnings as presented in the accompanying Consolidated Statements of Comprehensive Earnings is defined as the total of net income and all other non-owner changes in equity. Securities that are classified as available-for-sale are stated at market value as determined by the most recently traded price at the balance sheet date. The unrealized gains and losses, net of deferred tax, are excluded from earnings and reported in a separate component of stockholders' equity as "Accumulated Other Comprehensive Loss."

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,		
	2000	1999	1998
Operating Units Selling, General and Administrative	\$ 17,625	\$14,425	\$15,979
Corporate General & Administrative	4,683	4,380	3,825
	<u>\$22,308</u>	<u>\$18,805</u>	<u>\$19,804</u>

Maintenance and repair expenses are included in each segment's costs and expenses. The Company incurred expenses of \$38.4 million, \$32.0 million and \$28.9 million in the years ended March 31, 2000, 1999 and 1998, 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.

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Centex Construction Products, Inc. and Subsidiaries			
STATEMENTS OF CONSOLIDATED CASH FLOWS – SUPPLEMENTAL DISCLOSURES			
Interest payments made during the years ended March 31, 2000, 1999 and 1998 were \$0.1 million, \$0.1 million and \$0.2 million, respectively.			
Net payments made for federal and state income taxes during the years ended March 31, 2000, 1999 and 1998 were \$57.1 million, \$40.8 million and \$26.4 million, respectively. Included in the March 31, 1999 payments was a payment to Centex for \$0.16 million made under the tax separation agreement.			
POSTRETIREMENT BENEFITS			
Statement of Financial Accounting Standards No. 106, “Employers Accounting for Postretirement Benefits Other Than Pensions,” specifies certain required methods of accounting for postretirement benefits other than pensions. This pronouncement has no impact on the Company’s financial statements as the Company has no other postretirement obligations.			
EARNINGS PER SHARE			
The Company computes earnings per share in accordance with Statement of Financial Accounting Standards No. 128, “Earnings Per Share” (SFAS No. 128). This statement established new standards for computing and presenting earnings per share (EPS). SFAS No. 128 replaced 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 2000, 1999 and 1998 of 19,130,084; 20,710,174 and 21,895,312, 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 19,211,324; 20,832,451 and 22,062,656 in 2000, 1999 and 1998, respectively. Anti-dilutive options to purchase shares of common stock that were excluded from the computation of diluted earnings per share were 331,000 shares at an average price of \$36.32 for the year ended March 31, 2000. All anti-dilutive options have expiration dates ranging from April 2008 to January 2010.			
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.			

NEW ACCOUNTING STANDARD

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". This standard is effective for fiscal years beginning after June 15, 2000 and will be adopted effective April 1, 2001. The standard requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of the derivatives are recorded each period in current earnings or other comprehensive income depending on whether a derivative is designated as part of a hedge transaction, and if it is, the type of hedge transaction. The impact on the Company's results of operations, financial position or cash flows will be dependent on the level and types of derivative instruments the Company will have entered into, if any, at the time the standard is implemented. The Company had no derivative instruments at March 31, 2000.

(B) P R O P E R T Y , P L A N T A N D E Q U I P M E N T

Cost by major category and accumulated depreciation are summarized below:

	March 31,	
	2000	1999
Land and Quarries	\$ 32,303	\$ 33,237
Plants	336,729	316,567
Buildings, Machinery and Equipment	44,901	42,498
	413,933	392,302
Accumulated Depreciation	(178,033)	(163,745)
	<u>\$ 235,900</u>	<u>\$228,557</u>

The Company recorded asset write down provisions of \$700 in connection with the Eagle expansion project in fiscal 1999. The Company completed two expansion projects during fiscal 2000: (i) an \$18 million expansion of the Eagle gypsum wallboard plant; and (ii) a \$20 million expansion of the 50% owned LaSalle cement plant.

(C) I N D E B T E D N E S S

LONG-TERM DEBT

Long-term debt is set forth below:

	March 31,	
	2000	1999
Property Note, Interest at 7%, Due March 2005, Secured	\$400	\$480
Less: Current Maturities	(80)	(80)
	<u>\$ 320</u>	<u>\$400</u>

CREDIT FACILITY

The Company has a \$35 million unsecured long-term revolving credit line (the "Bank Revolver") that expires on March 31, 2001. Borrowings under the Bank Revolver bear interest, at the option of the Company, at (i) a Eurodollar-based rate that varies depending on the Company's ratio of total indebtedness to total capitalization (the "Debt-to-Capital Ratio") or (ii) the greater of the bank's base rate of the federal funds rate plus 0.5%. Under the Bank Revolver, the Company is obligated to pay certain fees, including an annual commitment fee on the unused portion of the commitment. The Bank Revolver contains certain customary restrictive covenants (including restrictions on the consummation of mergers or asset sales, the payment of dividends, the creation of liens and the incurrence of additional indebtedness and requires the Company to maintain or meet certain financial ratios or

tests. Among other things, the Bank Revolver requires the Company to maintain a minimum ratio of earnings before interest and taxes to interest and not to exceed the 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, 2000, and throughout the fiscal year then ended. The Company had no borrowings outstanding at any time under the Bank Revolver during fiscal years 2000 and 1999.

(D) I N C O M E T A X E S

The provision for income taxes includes the following components:

	For the Years Ended March 31,		
	2000	1999	1998
Current Provision			
Federal	\$56,034	\$36,547	\$25,701
State	5,745	4,382	2,684
	<u>61,779</u>	<u>40,929</u>	<u>28,385</u>
Deferred Provision (Benefit)			
Federal	(1,045)	1,951	2,185
State	1,211	958	1,230
	<u>166</u>	<u>2,909</u>	<u>3,415</u>
Provision for Income Taxes	<u>\$ 61,945</u>	<u>\$43,838</u>	<u>\$31,800</u>

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

	For the Years Ended March 31,		
	2000	1999	1998
Earnings Before Income Taxes	\$170,177	\$121,127	\$88,333
Income Taxes at Statutory Rate	\$ 59,562	\$42,394	\$30,917
Increases (Decreases) in Tax Resulting from –			
State Income Taxes, net	4,522	3,469	2,526
Statutory Depletion in Excess of Cost	(2,413)	(2,297)	(2,225)
Other	274	272	582
Provision for Income Taxes	<u>\$ 61,945</u>	<u>\$ 43,838</u>	<u>\$31,800</u>
Effective Tax Rate	<u>36%</u>	<u>36%</u>	<u>36%</u>

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,		
	2000	1999	1998
Excess Tax Depreciation and Amortization	\$ 3,391	\$ 4,347	\$ 6,544
Bad Debts	(305)	6	(29)
Uniform Capitalization	10	106	36
Accrual Changes	(2,971)	(1,259)	(3,611)
Other	41	(291)	475
	<u>\$ 166</u>	<u>\$ 2,909</u>	<u>\$ 3,415</u>

Components of deferred income taxes are as follows:

	March 31,	
	2000	1999
Items Giving Rise to Deferred Taxes		
Excess Tax Depreciation and Amortization	\$ 33,288	\$29,897
Other	4,187	4,145
	<u>37,475</u>	<u>34,042</u>
Items Giving Rise to Prepaid Taxes		
Accrual Changes	(12,080)	(8,145)
Bad Debts	(1,023)	(717)
Uniform Capitalization	(12)	(22)
	<u>(13,115)</u>	<u>(8,884)</u>
Net Deferred Income Tax Liability	<u>\$ 24,360</u>	<u>\$25,158</u>

(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 three aggregates 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,		
	2000	1999	1998
Revenues			
Cement	\$158,966	\$152,460	\$140,326
Gypsum Wallboard	209,320	141,571	118,718
Concrete and Aggregates	55,490	46,860	42,004
Other, net	1,231	1,717	1,939
	<u>425,007</u>	<u>342,608</u>	<u>302,987</u>
Less: Intersegment Sales	(6,312)	(6,535)	(5,665)
	<u>\$418,695</u>	<u>\$336,073</u>	<u>\$297,322</u>
Segment Operating Earnings			
Cement	\$ 53,005	\$ 56,825	\$ 48,081
Gypsum Wallboard	107,624	56,570	35,813
Concrete and Aggregates	9,263	7,350	4,503
Other, net	1,231	1,717	1,939
	<u>\$ 171,123</u>	<u>\$122,462</u>	<u>\$ 90,336</u>
Identifiable Assets			
Cement	\$ 147,270	\$ 139,183	\$ 141,462
Gypsum Wallboard	159,780	143,464	123,997
Concrete and Aggregates	30,018	23,634	22,922
Corporate and Other	101,071	58,402	62,731
	<u>\$ 438,139</u>	<u>\$364,683</u>	<u>\$ 351,112</u>
Capital Expenditures			
Cement	\$ 10,306	\$ 7,536	\$ 3,513
Gypsum Wallboard	10,783	24,204	7,982
Concrete and Aggregates	6,890	2,050	2,027
Corporate and Other	40	24	27
	<u>\$ 28,019</u>	<u>\$ 33,814</u>	<u>\$ 13,549</u>
Depreciation, Depletion and Amortization			
Cement	\$ 8,742	\$ 7,768	\$ 7,860
Gypsum Wallboard	7,210	6,005	5,552
Concrete and Aggregates	2,465	2,190	2,194
Corporate and Other	172	224	274
	<u>\$ 18,589</u>	<u>\$ 16,187</u>	<u>\$ 15,880</u>

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) C O M M I T M E N T S A N D C O N T I N G E N C I E S

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 2000, 1999, and 1998 totaled \$3.2 million, \$3.1 million and \$3.0 million, respectively. Minimum annual rental commitments as of March 31, 2000, under noncancelable leases are set forth as follows:

Fiscal Year	Total
2001	\$2,533
2002	\$1,744
2003	\$1,140
2004	\$1,140
2005	\$ 853
Thereafter	\$1,900

(G) S T O C K O P T I O N P L A N

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,					
	2000		1999		1998	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding Options at Beginning of Year	528,552	\$ 27.82	362,699	\$12.64	736,950	\$12.25
Granted	370,000	\$35.34	370,000	\$36.40	6,300	\$24.73
Exercised	(51,867)	\$14.04	(173,147)	\$12.81	(378,438)	\$12.08
Forfeited/Expired	(43,477)	\$36.22	(31,000)	\$36.56	(2,113)	\$12.00
Outstanding Options at End of Year	803,208	\$ 31.72	528,552	\$27.82	362,699	\$12.64
Options Exercisable at End of Year	218,139		183,252		356,399	
Weighted Average Fair Value of Options Granted during the Year	\$18.52		\$19.57		\$13.58	

The following table summarizes information about stock options outstanding at March 31, 2000:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number of Shares Outstanding	Wtd. Avg. Remaining Contractual Life	Weighted Average Exercise Price	Number of Shares Outstanding	Weighted Average Exercise Price
\$12.00 to \$22.25	139,329	4.5 years	\$12.20	139,329	\$12.20
\$33.31 to \$34.91	322,000	9.0 years	\$34.81	—	—
\$35.19 to \$39.53	341,879	8.3 years	\$36.76	78,810	\$36.56
	803,208	7.9 years	\$31.72	218,139	\$21.00

Shares available for future stock option grants were 531,230 at March 31, 2000.

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, pro forma net earnings would have been \$106,917, \$76,085 and \$56,462 for the fiscal years ended March 31, 2000, 1999 and 1998, respectively. Basic and diluted earnings per share for fiscal year ended March 31, 2000 would have been \$5.59 and \$5.57, respectively, and for fiscal year ended March 31, 1999 would have been \$3.67 and \$3.65, respectively, and for fiscal year ended March 31, 1998 would have remained unchanged.

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

	For the Years Ended March 31,		
	2000	1999	1998
Expected Volatility	33.6%	35.3%	36.1%
Risk-free Interest Rate	5.8%	5.8%	6.4%
Dividend Yield	.6%	.6%	.8%
Expected Life (Years)	10	10	10

(H) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Company's long-term debt is estimated using discounted cash flow analyses based upon the Company's current incremental borrowing rates for similar types of borrowing arrangements. The carrying values of the Company's long-term debt approximates fair value. The fair value of available-for-sale securities approximates their carrying value at March 31, 2000 and 1999.

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

(I) AGREEMENTS WITH CENTEX CORPORATION

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

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

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

Administrative Services: Centex Service Company ("CSC"), a subsidiary of Centex, will provide the Company with employee benefit administration, public/investor relations and certain other services. The Administrative Services Agreement is renewable annually with the administrative fee determined on an annual basis. The Company paid CSC an administrative fee of \$198 in fiscal 2000 and \$95 in fiscal 1999 and will pay \$220 per year in fiscal 2001. In addition, the Company reimburses CSC for its out-of-pocket expenses incurred in connection with the performance of such services.

(J) ACQUISITIONS

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

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

(K) PENSION AND PROFIT SHARING PLANS

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

The following table provides a reconciliation of the defined benefit plan obligations and fair value of plan assets over the two year period ended March 31, 2000 and a statement of the funded status as of March 31, 2000 and 1999:

	2000	1999
Reconciliation of Benefit Obligations:		
Benefit Obligation at April 1	\$4,539	\$4,274
Service Cost – Benefits Earned During the Period	192	200
Interest Cost on Projected Benefit Obligation	306	287
Actuarial (Gain) Loss	(661)	(86)
Benefits Paid	(148)	(136)
Benefit Obligation at March 31	4,228	4,539
Reconciliation of Fair Value of Plan Assets:		
Fair Value of Plan Assets at April 1	5,264	5,279
Actual Return on Plan Assets	756	104
Employer Contributions	0	17
Benefits Paid	(148)	(136)
Fair Value of Plans at March 31	5,872	5,264
Funded Status:		
Funded Status at March 31	1,644	725
Unrecognized Loss (Gain) from Past Experience Different than that Assumed and Effects of Changes in Assumptions	(663)	247
Unrecognized Prior-Service Cost	107	214
Net Amount Recognized (Prepaid Pension Cost Included in Other Assets)	\$1,088	\$1,186

Net periodic pension cost for the fiscal years ended March 31, 2000, 1999 and 1998, included the following components:

	2000	1999	1998
Service Cost – Benefits Earned During the Period	\$ 192	\$ 200	\$ 184
Interest Cost of Projected Benefit Obligation	306	287	259
Expected Return on Plan Assets	(401)	(417)	(338)
Amortization of Transition Asset	(53)	(44)	(9)
Amortization of Prior-Service Cost	54	57	57
Net Periodic Pension Cost	<u>\$ 98</u>	<u>\$ 83</u>	<u>\$ 153</u>

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

	2000	1999	1998
Weighted Average Discount Rate	7.8%	7.0%	6.8%
Rate of Increase in Future Compensation Levels	3.5%	3.5%	3.5%
Expected Long-term Rate of Return on Assets	8.0%	8.0%	9.0%

The Company also provides a profit sharing plan, which covers substantially all salaried and certain hourly employees. The profit sharing plan is a defined contribution plan funded by employer discretionary contributions and also allows employees to contribute on an after tax basis up to 10% of their base annual salary. Employees are fully vested to the extent of their contributions and become fully vested in the Company’s contributions over a seven-year period. Costs relating to the employer discretionary contributions for the Company’s defined contribution plan totaled \$1,369, \$991 and \$1,224, in fiscal years 2000, 1999 and 1998, respectively.

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, 2000 and 1999, and the related consolidated statements of earnings, cash flows, stockholders’ equity and comprehensive earnings for each of the three years in the period ended March 31, 2000. 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 auditing standards generally accepted in the United States. 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, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2000, in conformity with accounting principles generally accepted in the United States.

A R T H U R A N D E R S E N L L P

Dallas, Texas,
May 15, 2000

Management's Discussion and Analysis of Results of Operations and Financial Condition

FISCAL YEAR 2000 COMPARED TO FISCAL YEAR 1999

Record results from its gypsum wallboard and concrete and aggregates business segments resulted in Centex Construction Products, Inc. reporting the highest revenues, net earnings and earnings per share in its history for the fiscal year ending March 31, 2000, the sixth consecutive fiscal year of record results.

Consolidated. Consolidated net revenues for fiscal 2000 totaled \$418.7 million, a 25% gain over \$336.1 million in fiscal 1999. Increased sales volume and higher average net sales prices in all business segments generated the revenue gain. Benefitting from increased operating margins in each of its product lines, except cement, operating earnings of \$171.1 million improved 40% over fiscal 1999 operating earnings of \$122.5 million. Corporate overhead of \$4.7 million increased 7% over fiscal 1999 mainly due to additional incentive compensation. Higher invested cash balances resulted in \$3.7 million of net interest income in fiscal 2000 versus \$3.0 million in fiscal 1999. The Company's effective fiscal 2000 tax rate of 36.4% increased from 36.2% in fiscal 1999 due to higher state income taxes. As a result of the foregoing, fiscal 2000 net earnings of \$108.2 million increased 40% over \$77.3 million in fiscal 1999. Diluted fiscal 2000 earnings per share of \$5.63 were 52% greater than \$3.71 for fiscal 1999. Diluted earnings per share for fiscal 2000 increased more than net earnings due to fewer average shares outstanding in fiscal 2000.

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)	
	2000	1999	2000	1999	2000	1999	2000	1999
Sales Volume (Thousands)	2,295	2,218	1,363	1,155	788	706	3,368	2,916
Average Net Sales Price	\$69.25	\$68.75	\$153.57	\$122.55	\$52.07	\$49.78	\$4.29	\$4.02
Operating Margin	\$23.09	\$25.62	\$ 78.96	\$ 48.97	\$ 7.53	\$ 7.08	\$0.99	\$0.81

Cement. Cement revenues of \$159.0 million for fiscal 2000 were 4% higher than \$152.5 million for the prior fiscal year due to increased sales volume and slightly higher average sales price. Operating earnings fell 7% to \$53.0 million from \$56.8 million in fiscal 1999 due to a 3% increase in sales volume that was more than offset by a 7% increase in cost of sales. Sales volume of 2.3 million tons was 77,000 tons higher than last fiscal year's record high sales volume primarily due to favorable weather conditions in all markets and increased purchased cement sales volume. All plants operated at capacity and were again "sold out". The Company purchased 281,000 tons of cement in fiscal 2000, up 85% from last fiscal year, to supplement its manufactured cement shipments. Although U.S. cement consumption was at a record high, average net pricing of \$69.25 per ton increased only \$0.50 per ton over \$68.75 per ton in fiscal 1999. Cement pricing in the Texas and northern California markets softened due to additional cement imports and competitors' efforts to increase market share. Operating margins declined \$2.53 per ton mainly due to increased cost of sales. The cost of sales increase

resulted from the Laramie plant having one of its kilns down 35 days for a major rebuild and the increased percentage this year of higher costing purchased cement sales to total sales.

Gypsum Wallboard. Gypsum wallboard revenues of \$209.3 million for fiscal 2000 increased 48% over fiscal 1999 revenues of \$141.6 million due to increased sales volume and higher average sales prices. Segment operating earnings totaled \$107.6 million for fiscal 2000, a 90% increase over \$56.6 million for fiscal 1999. The operating earnings gain resulted from higher sales volume and a 61% improvement in operating margins. Gypsum wallboard fiscal 2000 sales volume of 1,363 million square feet ("MMSF") increased 18% over fiscal 1999 due to higher utilization rates at all three plants and increased production capacity at the Albuquerque and Eagle plants. The Company's plants operated at capacity during the fiscal year. The operating margin gain resulted from higher average sales prices being partially offset by increased cost of sales. Gypsum wallboard fiscal 2000 average sales price of \$153.57 per thousand square feet ("MSF") increased 25% over \$122.55 per MSF in fiscal 1999 as a result of record high industry consumption. Although gypsum wallboard prices peaked during October 1999, demand softened during December 1999 and January 2000. This, along with new industry capacity coming on line, lowered the Company's average gypsum wallboard sales prices to \$145.00 per MSF for the March 2000 quarter. Although the Eagle plant was down for a period of time early in the fiscal year to tie-in the plant upgrade project, unit cost of sales increased only one percent in fiscal 2000 to \$74.61 per MSF.

Concrete and Aggregates. Revenues from concrete and aggregates were \$55.5 million, up 18% from \$46.9 million in fiscal year 1999. The revenue gain resulted from increased sales volume and higher average sales prices. Segment operating earnings of \$9.3 million in fiscal 2000 increased 26% from \$7.4 million in the prior fiscal year. Increased sales volume and higher operating margins generated the operating earnings gain. Concrete operating earnings of \$5.9 million in fiscal 2000 were 19% greater than last fiscal year's earnings due to increased operating margins and higher sales volume. The operating margin gain resulted from a 5% increase in average concrete sale prices being partially offset by higher materials and operating costs. Concrete sales volume of 788,000 cubic yards in fiscal 2000 increased 12% over fiscal 1999 due to strong demand in the Austin, Texas market. Aggregates operating earnings of \$3.3 million for fiscal 2000 increased 41% over fiscal 1999 operating earnings of \$2.4 million due to increased sales volume and higher operating margins. Aggregates sales volume of 3.4 million tons increased 16% over fiscal 1999 sales volume mainly due to strong California sales volume. Product mix and higher net sales prices raised the aggregates net sale price to \$4.29 per ton, an increase of 7% over \$4.02 per ton for last year. Operating margins increased 22% over the prior fiscal year to \$0.99 per ton due to higher net sales prices being partially offset by increased cost of sales, primarily from product mix and higher related administrative expenses.

Corporate Overhead. Corporate Overhead of \$4.7 million increased \$303,000 over last fiscal year due to additional corporate personnel and higher incentive compensation.

Interest Income. Net interest income of \$3.7 million for fiscal year 2000 increased \$692,000 over last fiscal year due to higher average invested cash balances during fiscal 2000.

FISCAL YEAR 1999 COMPARED TO FISCAL YEAR 1998

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

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

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

	Cement (Ton)		Gypsum Wallboard (MSF)		Concrete (Cubic Yard)		Aggregates (Ton)	
	1999	1998	1999	1998	1999	1998	1999	1998
Sales Volume (Thousands)	2,218	2,153	1,155	1,089	706	672	2,916	2,592
Average Net Sales Price	\$68.75	\$65.19	\$122.55	\$109.01	\$49.78	\$47.33	\$4.02	\$3.93
Operating Margin	\$25.62	\$22.34	\$48.97	\$32.88	\$7.08	\$5.12	\$0.81	\$0.41

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

Gypsum Wallboard. Gypsum wallboard revenues of \$141.6 million for fiscal 1999 increased 19% over fiscal 1998 revenues of \$118.7 million due to increased sales volume and higher average sales prices. Segment operating earnings totaled \$56.6 million for fiscal 1999, a 58% increase over \$35.8 million for fiscal 1998. The operating earnings gain resulted from higher sales volume and a 49% improvement in operating margins. Gypsum wallboard fiscal 1999 sales volume of 1,155 million square feet (“MMSF”) increased 6% over fiscal 1998 due to higher utilization rates at all three plants. The operating margin gain resulted from the combination of higher average sales prices and lower cost of sales. Gypsum wallboard fiscal 1999 average sales prices of \$122.55 per thousand square feet (“MSF”) increased 12.4% over \$109.01 per MSF in fiscal 1998 as a result of record high industry

consumption. The Company’s plants operated at capacity during fiscal 1999 and ended the year with lower than normal inventory levels. Although the Albuquerque plant was down for a period of time during the year to tie-in the plant upgrade project, unit cost of sales declined 3% in fiscal 1999 to \$73.58 per MSF primarily due to the \$2.3 million asset write down provision in fiscal 1998 relating to the Albuquerque plant upgrade project.

Concrete and Aggregates. Revenues from concrete and aggregates were \$46.9 million for fiscal 1999, up 12% from \$42.0 million in fiscal year 1998. The revenue gain resulted from increased sales volume and higher average sales prices. Segment operating earnings of \$7.4 million in fiscal 1999 increased 63% from \$4.5 million in the prior fiscal year. Increased sales volume and higher operating margins generated the operating earnings gain. Concrete operating earnings of \$5.0 million in fiscal 1999 were 45% greater than last fiscal year’s earnings due to increased operating margins and higher sales volume. The operating margin gain resulted from the 5% increase in average concrete sale prices being partially offset by higher materials and operating costs. Concrete sales volume of 706,000 cubic yards in fiscal 1999 increased 5% over fiscal 1998 due to a strong Austin, Texas construction market. Aggregates operating earnings of \$2.4 million for fiscal 1999 more than doubled the \$1.1 million fiscal 1998 operating earnings due to increased sales volume and higher operating margins. Aggregates sales volume of 2.9 million tons increased 12½% over fiscal 1998 sales volume due to higher Austin, Texas road construction aggregates sales. Operating margins increased 98% to \$0.81 per ton due to higher net sales prices and reduced cost of sales, primarily due to a significant decrease in legal costs resulting from the settlement of the Yuba Goldfields title dispute in fiscal 1998.

Corporate Overhead. Corporate Overhead of \$4.4 million for fiscal 1999 increased \$555,000 over fiscal 1998 due to additional corporate personnel and higher incentive compensation.

Interest Income. Net interest income of \$3.0 million for fiscal year 1999 increased \$1.2 million over fiscal 1998 due to higher average invested cash balances during fiscal 1999.

LIQUIDITY AND CAPITAL RESOURCES

Each of the Company’s business segments operates in capital-intensive industries. The Company at March 31, 2000 is virtually debt-free, has a cash balance of \$96 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, 2000 was \$116.2 million, an increase of \$49.6 million from March 31, 1999, principally due to a \$46.5 million increase in cash. Earnings from operations before interest and taxes (“EBITDA”) was \$185.0 million in fiscal 2000, up \$50.7 million or 38% from fiscal 1999. Fiscal 2000 capital expenditures and stock repurchases totaled \$71.3 million. Capital expenditures for fiscal 2000 were \$28.0 million, down from \$33.8 million in fiscal 1999. During fiscal year 2000, the Company completed the \$2.6 million Georgetown aggregates facility and two expansion projects that commenced during fiscal 1999: (i) an \$18 million expansion of the Company’s Eagle gypsum wallboard plant in Gypsum, Colorado that added 240 MMSF to the plant’s current annual capacity; and (ii) a \$20 million expansion of the 50% owned LaSalle, Illinois cement plant that increased its annual clinker capacity by 75,000 tons and added a new 4,000 horsepower finish mill. The Eagle project was completed early in the first quarter of fiscal 2000, and the Illinois project was completed during the second quarter of fiscal 2000. Stock repurchases during fiscal 2000 totaled \$43.2 million compared to \$71.9 million in fiscal 1999. Based on its financial condition and low debt levels at March 31, 2000, the Company believes that its internally generated cash flow coupled with funds available under its credit facility will enable the Company to provide adequately for its current operations and future growth.

STOCK REPURCHASE PROGRAM

Reflecting the Company’s continuing confidence in its future performance, during fiscal 2000, CXP’s Board of Directors authorized the repurchase of an additional 1,688,630 shares of the Company’s stock. A cumulative total of 5,688,630 shares have been authorized for repurchase since the Company became publicly held in April 1994. The Company repurchased 1,224,600 shares from the public during fiscal 2000, bringing total shares repurchased from the public to 5,093,800. Centex Corporation owned 64.4% of the outstanding shares of CXP common stock at March 31, 2000. There were approximately 594,800 shares remaining under the Company’s current authorization at March 31, 2000.

INFLATION AND CHANGING PRICES

Inflation has become less of a factor in the U.S. economy as the rate of increase has moderated during the last several years. The Consumer Price Index rose approximately 2.7% in calendar 1999, 1.6% in 1998, and 1.7% in 1997. 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, 2000. These factors have enabled the Company to increase per unit profit margins for its products in each successive year.

YEAR 2000

Beginning in fiscal year 1997, the Company evaluated and implemented changes to its systems in order to ensure Year 2000 compliance. As a result of this process, a small number of non-critical systems were identified as not being Year 2000 compliant and were upgraded or replaced accordingly during 1999. The cost of replacing, upgrading or otherwise changing non-compliant systems was not material to the Company as a whole, or to the Company’s individual subsidiaries. The Company used internally generated cash to fund the correction of non-compliant systems. The Company’s Year 2000 compliance preparation included the completion of a contingency plan, the hiring of a third party consultant and the surveying of material vendors and suppliers.

To date, the Company has not experienced an adverse effect on the Company’s operations or financial condition or the operations or financial condition of any of its individual subsidiaries, either directly or indirectly through its vendors or subcontractors, related to Year 2000 compliance issues.

Although the Company has not been affected to date by the change from December 31, 1999 to January 1, 2000, Year 2000 issues could arise subsequent to the filing of this report. The Company believes that such circumstances are highly unlikely to occur and that, even if they were to occur, it is highly unlikely that the Company’s operations or financial condition would be materially adversely affected. Nevertheless, the Company intends to continue to monitor Year 2000 related issues and immediately address any effects that may arise.

YEAR 2000 FORWARD-LOOKING STATEMENTS

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

GENERAL OUTLOOK

The general outlook for the Company’s Cement, Concrete and Aggregates segments in fiscal 2001 is favorable. TEA-21, the federal program authorizing \$217 billion of highway and mass transit money over a six-year period, is expected to have an increasing positive impact on these businesses. Several issues that held back activity in calendar 1999, the programs’ first full year, apparently are being resolved at the state level and infrastructure-related construction should steadily ramp up from this point forward. Although rising mortgage rates could slow residential building activity in calendar 2000, increased public works construction should offset an expected modest slowdown in housing. However, cement pricing in the company’s Texas and northern California markets are expected to continue “under pressure” due to additional cement imports and competitors’ efforts to increase market share.

The outlook for the Company’s Gypsum Wallboard operation is mixed. Escalating interest rates may slow housing sales, which, combined with new production capacity, could increase competitive pressures on pricing. Repair and remodel activity, however, increased approximately 10% in calendar 1999 and should be healthy over the next several years.

Despite these concerns, fiscal 2001 should be another excellent year for the Company.

FORWARD-LOOKING STATEMENTS

Certain sections of this Management’s Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Litigation Reform Act of 1995. Forward-looking statements may be identified by the context of the statement and generally arise when the Company is discussing its beliefs, estimates or expectations. These statements involve known and unknown risks and uncertainties that may cause the Company’s actual results to be materially different from planned or expected results. Those risks and uncertainties include, but are not limited to, the cyclical and seasonal nature of the Company’s business, public infrastructure expenditures, adverse weather, availability of raw materials, unexpected operational difficulties, governmental regulation and changes in governmental and public policy, changes in economic conditions specific to any one or more of the Company’s markets, competition, announced increases in capacity in the gypsum wallboard and cement industries, general economic conditions, interest rates and the Year 2000 compliance readiness of the Company’s suppliers and service producers. Investors should take such risks and uncertainties into account when making investment decisions.

Summary of Selected Financial Data

(dollars in thousands, except per share data)
(unaudited)

	For the Years Ended March 31,									
	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Revenues	\$418,695	\$336,073	\$297,322	\$239,380	\$222,594	\$194,313	\$166,826	\$136,526	\$129,832	\$142,188
Net Earnings	\$108,232	\$77,289	\$56,533	\$41,799	\$33,944	\$21,820	\$10,240	\$3,112	\$713	\$1,118
Total Assets	\$438,139	\$364,683	\$351,112	\$305,637	\$269,575	\$250,103	\$257,315	\$258,994	\$267,303	\$267,654
Total Long-term Debt	\$400	\$480	\$560	\$640	\$720	\$24,500	\$15,585	\$34,519	\$37,713	\$47,094
Total Debt	\$400	\$480	\$560	\$2,640	\$720	\$24,500	\$16,200	\$38,943	\$49,308	\$52,322
Deferred Income Taxes	\$24,360	\$25,158	\$22,250	\$18,835	\$14,344	\$6,705	\$37,925	\$36,224	\$35,881	\$31,553
Stockholders' Equity	\$340,472	\$279,920	\$274,803	\$239,436	\$216,462	\$183,405	\$170,839	\$160,599	\$157,487	\$156,774
Total Debt as a Percent of Total Capitalization (Total Debt, Deferred Income Taxes and Stockholders' Equity)	0.1%	0.2%	0.2%	1.0%	0.3%	11.4%	7.2%	16.5%	20.3%	21.7%
Net Earnings as a Percent of Beginning Stockholders' Equity	38.7%	28.1%	23.6%	19.3%	18.5%	12.8%	6.4%	2.0%	0.5%	0.7%
Per Common Share –										
Diluted Net Earnings ⁽¹⁾	\$5.63	\$3.71	\$2.56	\$1.89	\$1.47	\$0.95	\$0.45	\$0.14	\$0.03	\$0.05
Cash Dividends ⁽²⁾	\$0.20	\$0.20	\$0.20	\$0.20	\$0.05	–	–	–	–	–
Book Value Based on Shares Outstanding at Year End ⁽¹⁾	\$18.33	\$14.18	\$12.77	\$10.89	\$9.42	\$7.99	\$7.43	\$6.98	\$6.85	\$6.82
Stock Prices ⁽¹⁾ –										
High	\$41 ¹³ / ₁₆	\$45 ¹ / ₈	\$39	\$20	\$15 ¹ / ₂	\$14 ³ / ₈	–	–	–	–
Low	\$22 ⁵ / ₈	\$31 ¹ / ₄	\$18	\$12 ¹ / ₂	\$11 ³ / ₈	\$8 ¹ / ₈	–	–	–	–

(1) Prior to April 1994, CXP was a wholly-owned subsidiary of Centex Corporation and accordingly did not report per share information.
outstanding immediately after the Initial Public Offering.

(2) Declared initial quarterly cash dividend of five cents per share on March 12, 1996.

To facilitate comparisons between periods, per share data for 1994 has been presented using the 23,000,000 shares

Quarterly Results

(dollars in thousands, except per share data)
(unaudited)

	March 31,	
	2000	1999
FIRST QUARTER		
Revenues	\$ 97,180	\$79,846
Earnings Before Income Taxes	\$ 35,669	\$26,961
Net Earnings	\$ 22,757	\$ 17,255
Diluted Earnings Per Share	\$ 1.16	\$ 0.80
SECOND QUARTER		
Revenues	\$ 117,842	\$91,776
Earnings Before Income Taxes	\$ 52,288	\$34,968
Net Earnings	\$ 33,184	\$22,378
Diluted Earnings Per Share	\$ 1.71	\$ 1.05
THIRD QUARTER		
Revenues	\$108,370	\$84,863
Earnings Before Income Taxes	\$ 45,745	\$32,037
Net Earnings	\$ 29,094	\$20,317
Diluted Earnings Per Share	\$ 1.52	\$ 0.99
FOURTH QUARTER		
Revenues	\$ 95,303	\$79,588
Earnings Before Income Taxes	\$ 36,475	\$ 27,161
Net Earnings	\$ 23,197	\$ 17,339
Diluted Earnings Per Share	\$ 1.24	\$ 0.87

BOARD OF
DIRECTORS
Robert L. Clarke^(2,3)
Partner
Bracewell & Patterson,
L.L.P.

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

Richard D. Jones, Jr.⁽¹⁾
President and
Chief Executive Officer

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

H.D. House
Executive Vice President-
Gypsum

Steven R. Rowley
Executive Vice President-
Cement

Robert A. Sells
Executive Vice President-
Concrete and Aggregates

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

David A. Greenblatt
Senior Vice President-
Mergers and Acquisitions

Rodney E. Cummickel
Vice President

Hubert L. Smith, Jr.
Vice President

Walter W. Rowe
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
Wayne W. Emmer
President

Thomas F. Clarke
Vice President

Frank P. Koepfel
Vice President

MATHEWS
READYMIX, INC.
Craig J. Callaway
President

James D. Elliott
Vice President

MOUNTAIN
CEMENT
COMPANY
Bruce E. Ballinger
President

George B. Coates
Vice President

NEVADA
CEMENT
COMPANY
John R. Bremner
Vice President

Gary J. Roma
Vice President

TEXAS-LEHIGH
CEMENT
COMPANY
Gerald J. Essl
President

R. Lee Hunter
Vice President

Larry E. Roberson
Vice President

WESTERN
AGGREGATES,
INC.
Craig J. Callaway
President

James D. Elliott
Vice President



Executive Officers, from left: standing –
Steven R. Rowley, Robert A. Sells, H.D. House;
seated – Arthur R. Zunker, Jr., Richard D. Jones, Jr.

Board of Directors, from left: standing –
Robert L. Clarke, Harold K. Work, David W. Quinn;
seated – Laurence E. Hirsch, Richard D. Jones, Jr.



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(After September 1, 2000)
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T R A N S F E R A G E N T A N D R E G I S T R A R

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

S T O C K L I S T I N G S

New York Stock Exchange
Ticker Symbol "CXP"

A N N U A L M E E T I N G

The Annual Meeting of Stockholders of Centex Construction Products, Inc. will be held on Thursday, July 20, 2000 at 10:00 a.m. in the Red Oak Room at the Sheraton Suites Market Center, 2101 Stemmons Freeway, Dallas, Texas.

S T O C K H O L D E R I N Q U I R I E S

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.

F O R M 1 0 - 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.