EAGLE MATERIALS INC
Form DEF 14A
June 26, 2009

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

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

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

EAGLE MATERIALS INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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2) Aggregate number of securities to which transaction applies:

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

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4) Proposed maximum aggregate value of transaction:

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5) Total fee paid:

¨ Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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EAGLE MATERIALS INC.

3811 Turtle Creek Blvd, Suite 1100

Dallas, Texas 75219-4487

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held August 6, 2009

To the Stockholders of Eagle Materials Inc.:

The annual meeting of stockholders of Eagle Materials Inc., which we refer to as the Company, will be held at the Sheraton Suites Market Center, located at 2101 North Stemmons Freeway, Dallas, Texas 75207 at 8:00 a.m., local time, on Thursday, August 6, 2009. At the meeting, stockholders will vote on:

(1) *Election of Directors.* Election of the two Class III directors identified in the accompanying proxy statement, each to hold office for three years.

(2) *Re-approval of the Material Terms of the Performance Goals under our Incentive Plan*. Re-approval of the material terms of the performance goals under our Incentive Plan in order to satisfy the requirements of Section 162(m) of the Internal Revenue Code.

(3) *Approval of an Amendment to Increase the Shares Available under our Incentive Plan*. Approval of an amendment to increase the number of shares available for award under our Incentive Plan.

(4) *Approval of the Expected Appointment of Ernst & Young LLP.* Approval of the expected appointment of Ernst & Young LLP as the Company s independent auditors for the fiscal year ending March 31, 2010.

(5) *Other Business.* Any other matters properly brought before the annual meeting, or any adjournment thereof.

The Company s Board of Directors has fixed the close of business on June 10, 2009 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting or any adjournment thereof. Only record holders of the Company s common stock, par value $0.01 per share, which we refer to as our Common Stock, at the close of business on the record date are entitled to notice of and to vote at the annual meeting. A list of holders of Common Stock will be available for examination by any stockholder at the meeting and, during the ten-day period preceding the meeting date, at the executive offices of the Company located at 3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219-4487.

For further information regarding the matters to be acted upon at the annual meeting, I urge you to carefully read the accompanying proxy statement. If you have questions about these proposals or would like additional copies of the proxy statement, please contact: Eagle Materials Inc., Attention: James H. Graass, Secretary, 3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219-4487 (telephone: (214) 432-2000).

You are cordially invited to attend the annual meeting. Your vote is important. Whether or not you expect to attend the annual meeting in person, please vote through the Internet or by telephone or fill in, sign, date and promptly return the accompanying form of proxy in the enclosed postage-paid envelope so that your shares may be represented and voted at the annual meeting. This will not limit your right to attend or vote at the annual meeting. Your proxy will be returned to you if you choose to attend the annual meeting and request that it be returned. Shares will be voted in accordance with the instructions contained in your proxy, but if any proxies that are signed and returned to us do not specify a vote on any proposal, such proxies will be voted for the matters set forth in items (1), (2), (3) and (4) above.

By Order of the Board of Directors

JAMES H. GRAASS

Executive Vice President,

General Counsel and Secretary

Dallas, Texas

June 26, 2009

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR

THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON AUGUST 6, 2009.

Our proxy statement and 2009 annual report to stockholders

are available to you on the Internet at www.proxyvote.com.

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EAGLE MATERIALS INC.

3811 Turtle Creek Blvd., Suite 1100

Dallas, Texas 75219-4487

PROXY STATEMENT

INTRODUCTION

The accompanying proxy, mailed together with this proxy statement, is solicited by and on behalf of the Board of Directors of Eagle Materials Inc., which we refer to as the Company, for use at the annual meeting of stockholders of the Company and at any adjournment or postponement thereof. References in this proxy statement to we, us, our or like terms also refer to the Company. References to our Board of Directors or Boa refer to the Board of Directors of the Company. This proxy statement and accompanying proxy were first mailed to our stockholders on or about June 26, 2009.

Date, Time and Place of the Annual Meeting

The 2009 annual meeting of our stockholders will be held at the Sheraton Suites Market Center, located at 2101 North Stemmons Freeway, Dallas, Texas 75207 at 8:00 a.m., local time, on Thursday, August 6, 2009.

Purposes of the Annual Meeting and Recommendations of our Board of Directors

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

(1) *Election of Directors.* Stockholders will be asked to elect the two Class III directors identified in this proxy statement, each to hold office for a term of three years.

Our Board of Directors recommends that you vote for the election of its two nominees for director named in this proxy statement.

(2) *Re-approval of the Material Terms of the Performance Goals under our Incentive Plan*. We are asking you to re-approve the material terms of the performance goals under the Eagle Materials Inc. Incentive Plan, which we refer to as our Incentive Plan, in order to satisfy the requirements of Section 162(m) of the Internal Revenue Code of 1986, as amended, which we refer to as the Internal Revenue Code.

Our Board of Directors recommends that you vote for the re-approval of the material terms of the performance goals under our Incentive Plan.

(3) *Approval of an Amendment to Increase the Number of Shares Available under our Incentive Plan*. We are asking you to approve an amendment to increase the number of shares available for award under our Incentive Plan.

Our Board of Directors recommends that you vote for the approval of an amendment to increase the number of shares available for award under our Incentive Plan.

(4) *Approval of the Expected Appointment of Ernst & Young LLP.* We are asking you to approve the expected appointment of Ernst & Young LLP as the Company s independent auditors for the fiscal year ending March 31, 2010.

Our Board of Directors recommends that you vote for the approval of the expected appointment of Ernst & Young LLP as the Company s independent auditors for the fiscal year ending March 31, 2010.

(5) *Other Business.* In addition, you may be asked to vote upon such other matters, if any, as properly come before the annual meeting, or any adjournment thereof.

Our Board of Directors does not know of any matters to be acted upon at the meeting other than the matters set forth in items (1), (2), (3) and (4) above.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR

THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON AUGUST 6, 2009.

Our proxy statement and 2009 annual report to stockholders

are available to you on the Internet at www.proxyvote.com.

ABOUT THE MEETING

Who Can Vote

The record date for the determination of holders of the Company s Common Stock, par value $0.01 per share, which we refer to as our Common Stock, entitled to notice of and to vote at the meeting, or any adjournment or postponement of the meeting, is the close of business on June 10, 2009. In this proxy statement, we refer to this date as the record date. As of the record date, there were 43,614,704 shares of our Common Stock issued and outstanding and entitled to vote at the meeting. Our stock transfer books will not be closed in connection with the meeting. Our Common Stock is listed on the New York Stock Exchange, or NYSE, under the symbol EXP.

How Proxies Will be Voted

Shares represented by valid proxies will be voted at the meeting in accordance with the directions given. If the enclosed proxy card is signed and returned without any direction given, the shares will be voted **for** election of the nominees for director named in the proxy, re-approval of the material terms of the performance goals under our Incentive Plan, approval of an amendment to increase the number of shares available for award under our Incentive Plan, and approval of the expected appointment of Ernst & Young LLP as our independent auditors. The Board does not intend to present, and has no information indicating that others will present, any business at the annual meeting other than as set forth in the attached Notice of Annual Meeting of Stockholders. However, if other matters requiring the vote of our stockholders properly come before the meeting, it is the intention of the persons named in the accompanying form of proxy to vote the proxies held by them in accordance with their best judgment in such matters.

How to Revoke Your Proxy

You have the unconditional right to revoke your proxy at any time prior to the voting thereof by submitting a later-dated proxy, by attending the meeting and voting in person, or by written notice to us addressed to: Eagle Materials Inc., Attention: James H. Graass, Secretary, 3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219-4487. No such revocation shall be effective, however, unless and until received by the Company at or prior to the meeting.

Quorum and Required Vote

The presence at the meeting, in person or represented by proxy, of the holders of a majority of the voting power of the shares of our capital stock entitled to vote on any matter shall constitute a quorum for purposes of such matter. The holders of Common Stock will be entitled to one vote per share on each matter that may properly be brought before the meeting or any adjournment thereof. There is no cumulative voting.

Proposal	Required Vote	Effect of Abstentions and Broker Non-Votes
Election of Directors	Plurality of votes cast	No effect on outcome of vote
Re-approval of the Material Terms of the Performance Goals under our Incentive Plan	Affirmative vote of a majority of votes cast	No effect on outcome of vote
Approval of an Amendment to Increase the Number of Shares Available under our Incentive Plan	Affirmative vote of a majority of votes cast; provided, that the votes cast represent over 50% of our outstanding Common Stock entitled to vote on the proposal	Same effect as votes against proposal
Approval of the Expected Appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending March 31, 2010	Affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at the meeting	Same effect as votes against proposal

Expenses of Soliciting Proxies

The cost of soliciting proxies for the meeting will be borne by the Company. Solicitations may be made on behalf of our Board by mail, personal interview, telephone or other electronic means by officers and other employees of the Company, who will receive no additional compensation therefor. To aid in the solicitation of proxies, we have retained the firm of Georgeson Shareholder Communications, Inc., which will receive a fee of approximately $9,500, in addition to the reimbursement of out-of-pocket expenses. We will request banks, brokers, custodians, nominees, fiduciaries and other record holders to forward copies of this proxy statement to persons on whose behalf they hold shares of Common Stock and to request authority for the exercise of proxies by the record holders on behalf of those persons. In compliance with the regulations of the Securities and Exchange Commission, or SEC, and the NYSE, we will reimburse such persons for reasonable expenses incurred by them in forwarding proxy materials to the beneficial owners of our Common Stock.

How You Can Vote

You can vote your shares at the meeting or by telephone, over the Internet or by completing, signing, dating and returning your proxy in the enclosed envelope.

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PROPOSAL NO. 1: ELECTION OF DIRECTORS AND RELATED MATTERS

General

Our Board of Directors is the ultimate decision-making body of the Company except with respect to those matters reserved to our stockholders. The primary responsibilities of our Board include:

- the selection, compensation and evaluation of our Chief Executive Officer and oversight over succession planning;
- oversight of our strategic planning;
- approval of all our material transactions and financings;
- oversight of processes that are in place to promote compliance with law and high standards of business ethics;
- advising management on major issues that may arise; and
- evaluating the performance of the Board and its committees, and making appropriate changes where necessary.

Members of our Board of Directors are divided into three classes based on their term of office (Class I, II and III). The directors in each such class hold office for staggered terms of three years each. At present, we have three Class I directors, three Class II directors and three Class III directors. O.G. Dagnan has not been nominated for re-election as a Class III director, and his term will expire at the 2009 annual meeting. Our Board has determined that effective at the annual meeting (a) Class III shall consist of two directors, and (b) the Board shall consist of eight directors.

The following table shows the composition of our Board after the annual meeting, assuming the election of the proposed slate of director nominees:

Class	Directors
Class I: Term expires at the 2010 annual meeting and every three years thereafter	Robert L. Clarke
	Frank W. Maresh
	Steven R. Rowley
Class II: Term expires at the 2011 annual meeting and every three years thereafter	Laurence E. Hirsch
	Michael R. Nicolais
	Richard R. Stewart
Class III: Term expires at the 2012 annual meeting and every three years thereafter	F. William Barnett
	David W. Quinn

Director Independence

NYSE corporate governance rules require that our Board of Directors be comprised of a majority of independent directors. Our Board of Directors has determined, upon the recommendation of our Corporate Governance and Nominating Committee, which we refer to as our Governance Committee, that all members of our Board of Directors, other than Mr. Rowley, are independent within the meaning of the independence requirements of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and the corporate governance rules of the NYSE.

In determining that seven of our directors are independent, our Board of Directors considered the following facts:

Messrs. F. William Barnett, Robert L. Clarke, Frank W. Maresh and Richard R. Stewart have no relationship with the Company that potentially affects their independence.

From 1987 until his retirement in March 2002, Mr. David W. Quinn was an officer of Centex Corporation, our former parent, which we refer to as Centex. Because it has been over five years since his retirement as an officer of Centex and in light of the absence of any other material relationship with the Company (other than as a director of the Company), our Board of Directors has determined that Mr. Quinn has no material relationship with the Company.

From 1985 until his retirement in March 2004, Mr. Laurence E. Hirsch was an officer of Centex. Mr. Hirsch was also our interim Chief Executive Officer for approximately six months from April 2003 until September 2003 prior to the appointment of Mr. Rowley as Chief Executive Officer in September 2003. In addition, in the fall of 2008, Mr. Hirsch agreed to guarantee a loan that had been previously made to Mr. Rowley by a financial institution in the amount of approximately $1.8 million. Mr. Rowley s loan is currently secured by an aggregate of 280,833 shares of our Common Stock that are owned by him. In considering the possible effect of the guarantee upon the independence of Mr. Hirsch, our Board considered the following factors: (1) the loan and the guarantee are transactions among Mr. Hirsch, Mr. Rowley and the financial institution making the loan, and

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the Company is not a party to and has no other involvement in such transactions; (2) given the fact that the loan is secured by shares of Common Stock held by Mr. Rowley, at the present time there appears to be a relatively small risk that Mr. Hirsch would be called upon to make any material payment in respect of this guarantee; and (3) Mr. Hirsch has advised the Board that the amount of the guarantee is not material to Mr. Hirsch. Based on these considerations and because it has been over five years since Mr. Hirsch retired from Centex or served as an officer of the Company on an interim basis, our Board determined that Mr. Hirsch has no material relationship with the Company (other than as a director of the Company).

Mr. Michael R. Nicolais entered into an employment relationship with a company owned by another member of our Board of Directors, Laurence E. Hirsch, in 2004. In particular, in April 2004, Mr. Nicolais accepted employment as president of Highlander Partners L.P., or Highlander, a private investment partnership of which Mr. Hirsch is the sole equity owner. In view of, among other things: (1) the fact that Mr. Nicolais has never served as an officer or employee of the Company or any of its parents or subsidiaries; (2) the employment relationship between Mr. Nicolais and Highlander commenced after the completion of the spin-off of the Company from Centex and after the date Mr. Hirsch retired as an executive officer and director of Centex; (3) the investment services provided by Mr. Nicolais to Highlander are largely unrelated to the Company (except to the extent that such services involve investment services relating to a portion of the shares of our Common Stock beneficially owned by Mr. Hirsch); and (4) the fact that, as described above, our Board of Directors has determined that Mr. Hirsch himself has no material relationship with the Company, our Board of Directors determined that Mr. Nicolais has no material relationship with the Company.

Nominees

Each of the nominees listed below is currently a member of our Board of Directors. Each of these nominees has been recommended for nomination by our Governance Committee (with Mr. Barnett abstaining as to his own nomination) after considering the criteria described below under the heading Corporate Governance and Nominating Committee. We have no reason to believe that any of the listed nominees will become unavailable for election, but if for any reason that should be the case, proxies may be voted for substitute nominees. A plurality of votes cast by the holders of our Common Stock will be required to elect the nominees for director.

Recommendation of the Board

Our Board of Directors recommends that holders of Common Stock vote for the election of the nominees listed below to serve as Class III directors for a three-year term ending at our 2012 annual meeting of stockholders:

F. William Barnett

David W. Quinn

Set forth below is information about the nominees standing for election at our 2009 annual meeting, as well as our continuing directors whose terms of office do not expire at such annual meeting. The biographical information appearing below regarding the nominees for director and continuing directors has been furnished to us by the respective nominees and directors:

Nominees for Director Whose Terms Expire at our 2009 Annual Meeting

(Class III Directors)

Name	Age	Year First Elected	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
F. William Barnett	62	2003	Mr. Barnett retired in 2003 from his position as a Director in the Dallas office of McKinsey & Company, Inc., an international consulting firm, after 23 years of employment. He led the firm s Strategy Practice. Mr. Barnett also served as a director of Papa Johns International, Inc. from 2003 until March 2009. Mr. Barnett is an Adjunct Professor at the Yale School of Management. Mr. Barnett currently chairs our Governance Committee.
David W. Quinn	67	1994	

Mr. Quinn has been a member of our Board of Directors since 1994. Mr. Quinn is the chairman of the Audit Committee of our Board of Directors. He currently serves as a director of Centex, has previously served as Vice Chairman of the Board of Directors of Centex from May 1996 to March 2002, as Executive Vice President of Centex from February 1987 to May 1996, and Chief Financial Officer of Centex from February 1987 until June 1997 and again from October 1997 until May 2000.

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Continuing Directors Whose Terms Expire at our 2010 Annual Meeting

(Class I Directors)

Name	Age	Year First Elected	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
Robert L. Clarke	66	1994	Mr. Clarke is a member of the Audit Committee and Compensation Committee of our Board of Directors. He was a partner in the law firm of Bracewell & Giuliani LLP (formerly known as Bracewell & Patterson) from 1971 to December 1985, returned to the firm as a partner in March 1992 and currently is a senior partner in that firm. From December 1985 to February 1992, he was Comptroller of the Currency of the United States. Mr. Clarke is also a director of First Investors Financial Services, Inc., a consumer finance company, and a director of Stewart Information Services Corporation, a land title and property information services company.
Frank W. Maresh	70	2004	Mr. Maresh is a member of the Audit Committee and the Governance Committee of our Board of Directors. Mr. Maresh is a certified public accountant and currently works as a consultant and serves as a board member for several private enterprises. He is also a member of the board of directors of Argonaut Group, Inc., where he serves as chairman of the audit committee, and is a member of the internal audit committee of the University of Texas at Austin. From 1993 to 1999, Mr. Maresh served on the Texas State Board of Public Accountancy, first as Chairman of the Major Case Committee and then as Chairman of the Board. Prior to joining the Texas State Board of Public Accountancy, Mr. Maresh worked for KPMG from 1962 until 1993 in a variety of capacities, including Vice Chairman of the Board of Directors of that firm s U.S. operations, as a member of KPMG s firm-wide management committee, as Managing Partner of the Southwestern United States region and as Managing Partner of KPMG s Houston office. Mr. Maresh graduated from the University of Texas with a masters in professional accounting.
Steven R. Rowley	56	2003	Mr. Rowley has been the Company s President and Chief Executive Officer and a member of our Board of Directors since September 2003. Mr. Rowley is also a member of the Executive Committee of our Board of Directors. Mr. Rowley joined the Company in 1991 as a plant manager at its Nevada cement operations and subsequently became Executive Vice President of the Company s Illinois Cement Company subsidiary in June of 1995. Mr. Rowley was named the Company s Executive Vice President-Cement in 1998. In 2001, Mr. Rowley s operational responsibilities were expanded to include concrete and aggregates. Mr. Rowley was the Company s Chief Operating Officer from October 2002 until September 2003.

Continuing Directors Whose Terms Expire at our 2011 Annual Meeting

(Class II Directors)

Name	Age	Year First Elected	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
Laurence E. Hirsch	63	1985	Mr. Hirsch is chairman of Highlander, an investment partnership. He has served as chairman of our Board of Directors from July 1999 to the present and also served in that capacity from January 1994 through December 1997. He was our interim Chief Executive Officer from April 2003 through September 2003. Mr. Hirsch is a member of the Executive Committee of our Board of Directors. Until his retirement on March 31, 2004, Mr. Hirsch served Centex in various capacities, including as a director beginning in 1985, as Chief Executive Officer beginning in July 1988 and as chairman of its board of directors beginning in July 1991. Mr.

Hirsch served as a director of Belo Corp. from August 1999 through January 2008. Mr. Hirsch currently serves as a director of A. H. Belo Corporation and of the Federal Home Loan Mortgage Corp. (Freddie Mac). Mr. Hirsch is also Chairman of the Center for European Policy Analysis.

Michael R. Nicolais	51	2001	In April 2004, Mr. Nicolais became president of Highlander. From August 2002 until March 2004, Mr. Nicolais served as managing director of Stephens, Inc., an investment banking firm. Prior to joining Stephens, Inc., he was a partner in the private investment firm of Olivhan Investments, L.P. from March 2001 until August 2002. From August 1986 to December 2000, he was employed by Donaldson, Lufkin & Jenrette Securities Corporation s Investment Banking Division, most recently in the position of Managing Director and co-head of that firm s Dallas office. Mr. Nicolais has been a member of our Board of Directors since 2001. He also serves as a member of the Compensation Committee and the Governance Committee.
Richard R. Stewart	59	2006	Mr. Stewart serves as chairman of the Compensation Committee of our Board of Directors. From 1998 until 2006 Mr. Stewart served as President and CEO of GE Aero Energy, a division of GE Power Systems and as an officer of General Electric Company. Mr. Stewart retired from General Electric in 2006. Mr. Stewart s career at General Electric began in 1998 as a result of General Electric s acquisition of the gas turbine business of Stewart & Stevenson Services, Inc. Mr. Stewart began his career at Stewart & Stevenson in 1972 and while at Stewart & Stevenson served in various positions including as Group President and member of the board of directors. Mr. Stewart also served as a director of Plug Power Inc. from July of 2003 to March of 2006. Mr. Stewart became a director of Kirby Corporation in 2008. Mr. Stewart holds a BBA in Finance from the University of Texas.

Board Meetings and Attendance Records

During the Company s fiscal year ended March 31, 2009, our Board of Directors held four regularly scheduled meetings and two special meetings. During such fiscal year, all of the incumbent directors attended at least 75% of the meetings of the Board and committees of the Board on which they served. In accordance with our informal policy, we anticipate that all continuing directors and nominees will attend our 2009 annual stockholders meeting. Eight of our nine directors attended our 2008 annual meeting. We strongly encourage all directors to attend our stockholder meetings. Our non-employee directors (which currently constitute all our directors, except for Mr. Rowley) meet immediately after all Board meetings without management present. Mr. Hirsch presides at all executive sessions of the non-employee directors.

BOARD COMPENSATION

Board compensation is generally set for the next 12 months at our Board of Directors meeting following our annual meeting of stockholders. In August 2008, our Board of Directors approved a director compensation structure in which directors who are not employees of the Company or any of our subsidiaries received compensation for their services during the next 12 months by electing one of the following two compensation package alternatives: (1) total compensation valued at $150,000 per year, of which 50% is in the form of cash and 50% is in the form of an equity grant; or (2) total compensation valued at $170,000, of which 100% is in the form of an equity grant. The equity grant under either alternative is comprised of stock options to purchase Common Stock. In accordance with the terms of our Incentive Plan, the exercise price of the options is set at the average of the high and low price of the Common Stock on the NYSE on the date of grant. The number of option shares is determined by valuing the options on the date of grant using the Black-Scholes method. The options were fully exercisable beginning on the date of grant and have a seven-year term.

Each director (other than Mr. Stewart) holds restricted stock units, which we refer to as RSUs, granted in prior fiscal years as part of the equity component of director compensation. Under the terms of the RSUs, the directors are paid dividend equivalent units at any time we pay a cash dividend on our Common Stock.

For service as a Committee Chair for the period from August 2008 through July 2009, the Governance Committee Chair receives $10,000 per year. The Chair of the Audit Committee and the Chair of the Compensation Committee each receive $15,000 per year for chairing a Committee during such period. In addition, the Chairman of the Board receives $50,000 per year for his service as Chairman of the Board during such period. Each Committee Chair may elect to receive such fees in the form of equity comprised of stock options, in which case a 26.67% premium is added to such fee in valuing the number of options to be received by such Committee Chair. All directors are reimbursed for reasonable expenses of attending meetings. Directors who are employees of the Company or our subsidiaries receive no compensation for service on the Board of Directors.

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Non-Employee Director Compensation for Fiscal Year 2009

The table below summarizes the compensation paid by the Company to our non-employee directors for the fiscal year ended March 31, 2009.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
F. William Barnett(3)		$ 14,661	$ 190,597				$ 205,258
Robert L. Clarke(4)		$ 21,084	$ 186,842				$ 207,926
O.G. Dagnan(4)		$ 33,684	$ 169,998				$ 203,682
Laurence E. Hirsch(5)		$ 18,162	$ 233,331				$ 251,493
Frank W. Maresh(6)	$ 75,000	$ 20,331	$ 74,999				$ 170,330
Michael R. Nicolais(6)	$ 75,000	$ 5,879	$ 91,843				$ 172,722
David W. Quinn(7)		$ 22,162	$ 188,998				$ 211,160
Richard R. Stewart(8)	$ 90,000		$ 74,999				$ 164,999

(1) The amounts in this column reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended March 31, 2009, in accordance with FAS 123(R), of RSUs awards previously made to the director and thus include amounts from awards granted prior to fiscal 2009. Assumptions used in the calculation of these amounts are included in: (1) footnote (I) to the Company s audited financial statements for the fiscal year ended March 31, 2007 included in the Company s Annual Report on Form 10-K filed with the SEC on May 29, 2007, or Fiscal 2007 Form 10-K ; and (2) footnote (K) to the Company s audited financial statements for the fiscal year ended March 31, 2006 included in the Company s Annual Report on Form 10-K filed with the SEC on June 2, 2006, or Fiscal 2006 Form 10-K. No RSU awards were made to any of our directors during the fiscal year ended March 31, 2009. The aggregate number of RSU awards outstanding at fiscal year end for each director is shown below.

(2) The amounts in this column reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended March 31, 2009, in accordance with FAS 123(R), of stock option awards made to the director and thus may include amounts from awards granted prior to fiscal 2009. Assumptions used in the calculation of these amounts are included in: (1) footnote (J) to the Company s audited financial statements for the fiscal year ended March 31, 2009 included in the Company s Annual Report on Form 10-K filed with the SEC on May 27, 2009, or Fiscal 2009 Form 10-K ; (2) footnote (A) to the Company s audited financial statements for the fiscal year ended March 31, 2004 included in the Company s Annual Report on Form 10-K filed with the SEC on June 14, 2004, or Fiscal 2004 Form 10-K ; and (3) footnote (G) to the Company s audited financial statements for the fiscal year ended March 31, 2003 included in the Company s Annual Report on Form 10-K filed with the SEC on June 23, 2003, or Fiscal 2003 Form 10-K. The grant date fair value of each of the stock option awards made to each of non-employee director during the fiscal year ended March 31, 2009 was: Mr. Barnett - $182,665; Mr. Clarke - $169,998; Mr. Dagnan - $169,998, Mr. Hirsch - $233,331; Mr. Maresh - $74,999; Mr. Nicolais - $74,999; Mr. Quinn - $188,998; and Mr. Stewart - $74,999. The aggregate number of stock options outstanding at the end of fiscal 2009 held by each director is shown below.

(3) Mr. Barnett is the Chair of the Governance Committee. He elected to receive 100% of his director compensation fiscal 2009 in the form of equity (including his chairperson fee).

(4) Messrs. Clarke and Dagnan elected to receive 100% of their director compensation for fiscal 2009 in the form of equity.

(5)

Mr. Hirsch elected to receive 100% of his director compensation for fiscal 2009 in the form of equity (including his Chairman of the Board fee).

(6) Messrs. Maresh and Nicolais elected to receive 50% of their director compensation for fiscal 2009 in the form of equity and 50% in cash.

(7) Mr. Quinn is the Chair of the Audit Committee. He elected to receive 100% of his director compensation for fiscal 2009 in the form of equity (including his chairperson fee).

(8) Mr. Stewart is the Chair of the Compensation Committee. He elected to receive 50% of his director compensation for fiscal 2009 in the form of equity and 50% in the form of cash. Mr. Stewart also elected to receive his committee chairperson fee in cash.

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The following chart shows the number of outstanding stock options and RSUs held by each director as of March 31, 2009.

Name	Stock Options(1)	RSUs(2)
F. William Barnett	68,764	8,071
Robert L. Clarke	48,273	8,071
O.G. Dagnan	50,054	6,021
Laurence E. Hirsch	75,008	10,472
Frank W. Maresh	24,677	3,549
Michael R. Nicolais	54,476	3,549
David W. Quinn	52,391	6,021
Richard R. Stewart	14,877	

(1) All of these stock options are fully exercisable.

(2) The RSUs granted to non-employee directors are vested in full on the date of grant but are not payable until the non-employee director s service on the board terminates because of the director s death or the director s retirement in accordance with the Company s director retirement policy, or under such circumstances as are approved by the Compensation Committee. The number of RSUs reflected in this column includes the following aggregate accrued dividend equivalent units, which are paid to holders of our RSUs at any time we pay a cash dividend on our Common Stock: Mr. Barnett 559 RSUs; Mr. Clarke 559 RSUs; Mr. Dagnan 399 RSUs, Mr. Hirsch 729 RSUs; Mr. Maresh 249 RSUs; Mr. Nicolais 249 RSUs; and Mr. Quinn 399 RSUs.

Board Committees

The standing committees of our Board of Directors include the Audit Committee, the Compensation Committee, the Governance Committee and the Executive Committee. The following table lists the chairpersons and members of each committee as of March 31, 2009, and the number of meetings held by each committee during the fiscal year ended March 31, 2009:

Director	Audit	Compensation	Governance	Executive
F. William Barnett			Chair	
Robert L. Clarke	Member	Member		
Laurence E. Hirsch				Chair
Frank W. Maresh	Member		Member	
Michael R. Nicolais		Member	Member	
David W. Quinn	Chair			
Steven R. Rowley				Member
Richard R. Stewart		Chair		
Number of Meetings in Fiscal 2009	9	10(1)	6	2(2)

(1) Includes action by unanimous written consent on one occasion.

(2) All listed meetings represent action by unanimous written consent.

Audit Committee

Our Board has a standing Audit Committee, composed of three independent directors. Our Audit Committee assists the Board in fulfilling its responsibility to oversee the integrity of our financial statements, our compliance with legal and regulatory requirements, the qualifications and independence of our independent auditors and the performance of our internal audit function and independent auditors. Our Audit Committee is governed by an amended and restated Audit Committee charter, a copy of which may be viewed on our website at *www.eaglematerials.com* and will be provided free of charge upon written request to our Secretary at our principal executive office.

Our Board has determined that each member of our Audit Committee is independent within the meaning of applicable (1) corporate governance rules of the NYSE and (2) the requirements set forth in the Exchange Act and the applicable SEC rules. In addition, our Board has determined that each member of our Audit Committee satisfies applicable NYSE standards for financial literacy and that, based on his auditing and financial experience, including over thirty (30) years with KPMG, Mr. Maresh is an audit committee financial expert within the meaning of the rules of the SEC.

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Unless otherwise determined by the Board, no member of our Audit Committee may serve as a member of an audit committee of more than two other public companies.

The following are key functions and responsibilities of our Audit Committee:

- to select, appoint, compensate, evaluate, retain and oversee the independent auditors engaged for purposes of preparing or issuing an audit report or related work or performing other audit, review, or attest services for us;
- to obtain and review, at least annually, a formal written statement from our independent auditors describing all relationships between our auditors and the Company and engage in a dialogue with our auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors and to recommend appropriate action in response to the reports to our Board;
- to pre-approve all audit engagement fees and terms and all permissible non-audit services provided to us by our independent auditors, in accordance with the committee s policies and procedures for pre-approving audit and non-audit services;
- to establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- to discuss our annual audited financial statements, quarterly financial statements and other significant financial disclosures with management and our independent auditors;
- to discuss with management the types of information to be disclosed and the types of presentations to be made in our earnings press releases, as well as the financial information and earnings guidance we provide to analysts and rating agencies;
- to annually review and assess the performance of the Audit Committee and the adequacy of its charter;
- to discuss policies with respect to risk assessment and risk management; and
- to prepare the report that is required to be included in our annual proxy statement regarding review of financial statements and auditor independence.

Our Audit Committee s report on our financial statements for the fiscal year ended March 31, 2009 is presented below under the heading Audit Committee Report.

Our Audit Committee meets separately with our independent auditors and with members of our internal audit staff outside the presence of the Company s management or other employees to discuss matters of concern, to receive recommendations or suggestions for change and to exchange relevant views and information.

Compensation Committee

Our Board s Compensation Committee is composed of independent directors who meet the corporate governance standards of the NYSE, qualify as non-employee directors within the meaning of Rule 16b-3(b)(3) of the Exchange Act and as outside directors within the meaning of the

Internal Revenue Code. Under its amended and restated charter, which you may review on our web site at *www.eaglematerials.com* (and a copy of which will be provided to you free of charge upon written request to our Secretary at our principal executive office), the primary purposes of our Compensation Committee are to assist the Board in discharging its responsibilities relating to compensation of our Chief Executive Officer and other senior executives and to direct the preparation of the reports regarding executive compensation that the rules of the SEC require to be included in our annual proxy statement. The Compensation Committee is authorized to hire outside advisors. For additional information regarding outside advisors engaged by the Compensation Committee, please see Compensation Discussion and Analysis beginning on page 13 of this proxy statement.

The following are key functions and responsibilities of our Compensation Committee:

- to periodically review and make recommendations to our Board as to our general compensation philosophy and structure, including reviewing the compensation programs for senior executives and all of our benefit plans to determine whether they are properly coordinated and achieve their intended purposes;

- to annually review and approve corporate goals and objectives relevant to the compensation of our Chief Executive Officer, evaluate his or her performance as measured against such goals and objectives and to set the salary and other cash and equity compensation for our Chief Executive Officer based on such evaluation;

- to review and, after the end of the fiscal year and in consultation with our Chief Executive Officer, approve the compensation of our senior executive officers who are required to make disclosures under Section 16 of the Exchange Act, who we refer to as our senior executive officers ;

- to administer the Company s compensation plans for which it is named as plan administrator, including our Incentive Plan;

- to report on compensation policies and practices with respect to our executive officers as required by SEC rules; and

- to review and assess the performance of the Compensation Committee and the adequacy of its charter annually and recommend any proposed changes to the Board.

In accordance with the terms of our Incentive Plan, the Compensation Committee has delegated to the Special Situation Stock Option Committee (whose sole member is our CEO) the authority to grant time-vesting stock options in special circumstances. Under this authorization, the Special Situation Stock Option Committee may grant stock options to newly-hired employees and newly-promoted employees. This authority, which expires on May 31, 2010, is limited to an aggregate of 60,000 option shares, no one individual may receive more than 30,000 option shares, and the CEO may not receive options pursuant to this authority. Stock options granted under this delegation of authority vest 20% per year commencing on the first anniversary of the grant date. During fiscal 2009 no stock options were granted to employees under this authority.

Our Compensation Committee s report for the fiscal year ended March 31, 2009 is presented below under the heading Compensation Committee Report beginning on page 13 of this proxy statement.

Our Compensation Committee meets as often as it deems appropriate, but no less than twice per year.

Governance Committee

Our Board s Governance Committee is composed of independent directors who meet the corporate governance standards of the NYSE. The primary purposes of this committee are: (1) to advise and counsel our Board and management regarding, and oversee our governance, including our Board s selection of directors; (2) to develop and recommend to the Board a set of corporate governance principles for the Company; and (3) to oversee the evaluation of our Board and management. Our Governance Committee has adopted a written charter, which you may review on our web site at *www.eaglematerials.com* and will be provided free of charge upon written request to our Secretary at our principal executive office. Our Board has also adopted Corporate Governance Guidelines, a copy of which may be viewed on our website at *www.eaglematerials.com* and which will be provided free of charge upon written request to our Secretary at our principal executive office.

The following are certain key functions and responsibilities of our Governance Committee:

- to develop, periodically review and recommend a set of corporate governance guidelines for the Company to the Board;

- to periodically review corporate governance matters generally and recommend action to the Board where appropriate;

- to review and assess the adequacy of its charter annually and recommend any proposed changes to our Board for approval;

- to monitor the quality and sufficiency of information furnished by management to our Board;

- to actively seek, recruit, screen, and interview individuals qualified to become members of the Board, and consider management s recommendations for director candidates;

- to evaluate the qualifications and performance of incumbent directors and determine whether to recommend them for re-election to the Board;

- to establish and periodically re-evaluate criteria for Board membership;

- to recommend to the Board the director nominees for each annual stockholders meeting; and

- to recommend to the Board nominees for each committee of the Board.

The Governance Committee initiates and oversees an annual evaluation of the effectiveness of the Board and each committee, as well as the composition, organization (including committee structure, membership and leadership) and practices of the Board. Among the criteria the Governance Committee uses in evaluating the suitability of individual nominees for director (whether such nominations are made by management, a stockholder or otherwise) are their integrity, experience, achievements, judgment, intelligence, personal character, ability to make independent analytical inquiries, willingness to devote adequate time to Board duties and the likelihood that he or she will be able to serve on the Board for a sustained period. In connection with the selection of nominees for director, the Governance Committee gives due consideration to diversity in perspectives, backgrounds, business experiences, professional expertise, gender and ethnic background among the Board members.

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Members of the Governance Committee, other members of the Board or executive officers may, from time to time, identify potential candidates for nomination to our Board. All proposed nominees, including candidates recommended for nomination by stockholders in accordance with the procedures described below, will be evaluated in light of the criteria described above and the projected needs of the Board at the time. As set forth in its charter, the Governance Committee may retain a search firm to assist in identifying potential candidates for nomination to the Board of Directors.

Our Governance Committee will consider candidates recommended by stockholders for election to our Board. A stockholder who wishes to recommend a candidate for evaluation by our Governance Committee should forward the candidate s name, business or residence address, principal occupation or employment and a description of the candidate s qualifications to the Chairman of the Governance Committee at the following address: Eagle Materials Inc., Attention: Secretary, 3811 Turtle Creek Boulevard, Suite 1100, Dallas, Texas 75219-4487.

Our Bylaws provide that, to be considered at the 2010 annual meeting, stockholder nominations for the Board of Directors must be submitted in writing and received by our Secretary at the executive offices of the Company during the period beginning on February 6, 2010 and ending May 7, 2010, and must contain the information specified by and otherwise comply with the terms of our Bylaws. Any stockholder wishing to receive a copy of our Bylaws should direct a written request to our Secretary at the Company s principal executive offices.

No nominees for election to the Board at our 2009 annual meeting of stockholders were submitted by stockholders or groups of stockholders owning more than 5% of our Common Stock.

Executive Committee

The principal function of our Board s Executive Committee is to exercise all of the powers of the Board to direct our business and affairs between meetings of the Board, except that the Executive Committee may not amend our Certificate of Incorporation or Bylaws, adopt an agreement of merger or consolidation under Delaware law, recommend the sale of all or substantially all of our assets or recommend the dissolution of the Company or the revocation of a dissolution. In addition, unless authorized by resolution of our Board of Directors, the Executive Committee may not declare a dividend, authorize the issuance of stock or adopt a certificate of ownership and merger under Delaware law.

Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee had a relationship during the fiscal year ended March 31, 2009 that requires disclosure as a Compensation Committee interlock.

How to Contact Our Board

You can communicate directly with our Board, a committee of our Board, our independent directors as a group, our Chairman of the Board or any other individual member of our Board by sending the communication to Eagle Materials Inc., 3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219-4487, to the attention of the director or directors of your choice (e.g., Attention: Chairman of the Board of Directors or Attention: All Independent Directors, etc.). We will relay communications addressed in this manner as appropriate. Communications addressed to the attention of the entire Board are forwarded to the Chairman of the Board for review and further handling.

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EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS

The following list sets forth the names, ages as of the date of this proxy statement and principal occupations of each person who was an executive officer of the Company during the fiscal year ended March 31, 2009 and who is not also a member of our Board. Except as noted below, all of these persons have been elected to serve until the next annual meeting of our Board or until their earlier resignation or removal.

Name	Age	Title
Mark V. Dendle	41	Executive Vice President Finance and Administration and Chief Financial Officer (Executive Vice President Finance and Administration and Chief Financial Officer from June 2008 until June 12, 2009; Vice President, Finance and Administration & Chief Financial Officer of Rexel, Inc. from June 2003 through December 2007) (resigned effective June 12, 2009).
William R. Devlin	43	Vice President and Controller (Vice President and Controller since October 2005; Director of Internal Audit from September 2004 through September 2005; Senior Manager of PricewaterhouseCoopers LLP from July 1999 through August 2004).
Gerald J. Essl	59	Executive Vice President Cement/Aggregates and Concrete (Executive Vice President Cement/Aggregates and Concrete since January 2003; President of Texas Lehigh Cement Company from 1985 through December 2002).
James H. Graass	51	Executive Vice President, General Counsel and Secretary (Executive Vice President and General Counsel since November 2000; Mr. Graass was named Secretary of the Company in July 2001).
David B. Powers	59	Executive Vice President Gypsum (Executive Vice President Gypsum and President of American Gypsum Company since January 2005; Executive Vice President Marketing, Sales and Distribution of American Gypsum Company from June 2002 through December 2004; Vice President, Customer Service of USG Corporation from 2000 through 2002; Vice President, Specialty Products and Architectural Systems Business of USG Corporation from 1998 through 2000).
Arthur R. Zunker, Jr.	65	Senior Vice President Finance, Chief Financial Officer and Treasurer (retired December 31, 2008).

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COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with management, which has the responsibility for preparing the Compensation Discussion and Analysis. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Compensation Committee

Richard R. Stewart, *Chairman*

Robert L. Clarke

Michael R. Nicolais

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion and Analysis is intended to provide investors with an understanding of our compensation policies and decisions during fiscal 2009 for our Chief Executive Officer, or CEO, our Chief Financial Officer and our three other most highly compensated executive officers, all of whom are identified in the Summary Compensation Table on page 25 of this proxy statement and are referred to herein as Named Executive Officers.

Our executive compensation and benefits programs are designed to create stockholder value by attracting, motivating and retaining senior executives who can make significant contributions to the growth and development of our business. The Compensation Committee has a key role in ensuring that the compensation and benefits we provide to our executives will lay the groundwork for the achievement of our strategic objectives.

During fiscal 2009, the Company experienced difficult economic conditions, which materially affected our business and results of operations. The United States has been in a recession since December 2007, the effects of which were exacerbated by the credit crisis that began in mid-2008. In addition, the U.S. residential housing market has been experiencing a severe downturn since early 2007, which has significantly reduced demand for gypsum wallboard on a national and regional basis. Furthermore, U.S. demand for cement declined during calendar year 2008 as a result of, among other things, reduced residential and commercial construction activity and decreases in funding available for infrastructure projects. These developments negatively impacted our operating results and share price during fiscal 2009.

Compensation Philosophy

Our compensation philosophy is based on the principles that executive compensation should:

- Align the interests of our executives with those of our stockholders,
- Reflect our performance as well as the executive s individual performance,
- Motivate management to achieve our operational and strategic goals,
- Encourage ownership of our Common Stock, and

Maintain the competitiveness of our total compensation so that we are able to attract, retain and motivate highly qualified, energetic and talented executives.

We believe that a significant portion of an executive s compensation should be at risk that is, dependent upon (a) our financial and operational performance, (b) the individual s performance, and (c) with respect to equity grants, the performance of our share price. The key features of our executive compensation program include the following:

(1) We seek to align the interests of executives with those of our stockholders by:

- Creating a direct and substantial link between the executive s annual cash incentive bonus and our annual operating earnings,
- Structuring long-term compensation as equity awards, so that executives have an appropriate incentive to contribute to the creation of long-term stockholder value, and
- Requiring executives to meet stock ownership guidelines that will result in each executive holding a meaningful equity stake in the Company.

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(2) We seek to encourage improved performance by:

- Basing our annual incentive bonus on both earnings and individual performance, and

- Tying the vesting of our equity-based awards to the achievement of such financial and operating goals.

To achieve our compensation objectives for fiscal 2009, our executive compensation program used a combination of short-term and long-term elements: (1) annual salary, (2) annual incentive bonus, and (3) long-term incentive compensation in the form of stock options and restricted stock units, or RSUs. Each element is discussed more fully below under the heading Elements of Executive Compensation.

We do not currently have employment agreements or change-in-control agreements with any Named Executive Officer; however, under the terms of our award agreements, unvested equity awards become fully vested and exercisable in the event of a change in control. See Change of Control Benefits below.

Role of the Compensation Committee and Management in Executive Compensation

Our Compensation Committee has certain duties and responsibilities relating to the compensation of the CEO and the other senior executive officers. See Board Committees Compensation Committee above. The senior executive officers include all of the Named Executive Officers. In particular, the Compensation Committee is charged with the responsibility to:

- Review and make recommendations regarding our general compensation philosophy and structure,

- Annually review and approve corporate goals and objectives relevant to the compensation of our CEO,

- Evaluate our CEO s performance as measured against such goals and objectives,

- Set the salary and other cash and equity compensation for our CEO based on such evaluation,

- With our CEO s advice and input, review and approve the compensation of our other senior executive officers,

- Administer each of our plans for which our Compensation Committee has administrative responsibility,

- Grant cash awards (including annual incentive bonuses) under our annual bonus programs and equity awards (including options, restricted stock and restricted stock units) under our Incentive Plan to our officers and other key employees,

- Review and recommend to the Board the compensation of our non-employee directors, and

- Recommend to the Board stock ownership guidelines for our executive officers.

The Compensation Committee consists solely of directors who are independent under the NYSE listing standards and Section 162(m) of the Internal Revenue Code, and who are non-employee directors under Rule 16b-3 under the Exchange Act. The Compensation Committee s charter may be found in the Investor Relations section of our website *www.eaglematerials.com*.

The Compensation Committee is authorized to hire such outside advisors as it deems appropriate, and during fiscal 2009, it engaged Mercer Human Resource Consulting, which we refer to as Mercer, to advise it on executive compensation matters. Mercer reports directly to the Compensation Committee, and the Compensation Committee is not aware of any relationship between Mercer or its affiliated entities and the Company or our management.

The Compensation Committee sets compensation for the Named Executive Officers on an annual basis. In general, the process for setting compensation involves the following steps:

As early as practicable during each fiscal year, the Compensation Committee determines (1) the salary of each Named Executive Officer for such fiscal year, (2) the size of the annual incentive bonus pools based on operating earnings in which the Named Executive Officers will have the opportunity to participate during such year and the percentage of the pool assigned to each Named Executive Officer, (3) whether the Compensation Committee will make any long-term incentive compensation awards in such fiscal year and what form any such awards will take, (4) the performance or time vesting criteria that will apply to any long-term incentive awards made to the Named Executive Officers during such year, (5) the individual long-term compensation potential for each Named Executive Officer, and (6) the exercise or payment schedules that will apply to such long-term compensation if the performance criteria are satisfied. For fiscal 2009, the Compensation Committee made these determinations at meetings held in May and August 2008.

After the end of the fiscal year, the Compensation Committee (1) approves the calculation of operating earnings used for purposes of determining annual incentive bonuses, (2) determines the amount of the downward adjustment, if any, to be made to the annual incentive bonus payment to each Named Executive Officer based on individual performance, and (3) determines the extent to which the performance criteria for the prior fiscal year applicable to long-term incentive awards were satisfied.

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Our CEO, Mr. Steven R. Rowley, participates to a certain extent in the administration of our compensation program for our Named Executive Officers (other than himself). At the end of each fiscal year, Mr. Rowley provides input on the performance of each of the other Named Executive Officers and recommends compensation adjustments (salary adjustments and annual incentive bonus levels for both the just completed fiscal year as well as for the current fiscal year) and, if applicable, long-term incentive award levels for such Named Executive Officers. Mr. Rowley also provides input on the structure of our long-term incentive awards (if any) for such Named Executive Officers, including the long-term incentive award levels and the performance or other criteria that determine vesting and other terms and conditions applicable to the awards. Mr. Graass assists Mr. Rowley in presentations to the Compensation Committee but does not make recommendations with respect to the compensation paid to the Named Executive Officers. The Compensation Committee considers Mr. Rowley s input, along with other information presented by its compensation consultants or otherwise available to it, in making its final compensation decisions with respect to the Named Executive Officers.

Benchmarking

To ensure that our executive compensation program for fiscal 2009 was competitive, the Compensation Committee engaged Mercer to compare our total compensation (salary, incentive bonus and long-term compensation) to a peer group of companies in the construction materials business, which we refer to as our direct peer group, and a supplemental peer group of manufacturing companies with similar market values, which we refer to as our supplemental peer group.

The direct peer group was selected from companies within the construction materials sector by the Compensation Committee with input from Mercer and our management. Included in the direct peer group were companies from each of our operating segments (wallboard, cement, concrete and aggregates, and paper), but none of the direct peers operates in all of our segments.

Because there are a limited number of publicly-traded direct competitors in the construction materials sector and because most of the companies in the direct peer group have larger revenues than we do, the Compensation Committee, in conjunction with Mercer, also selected a supplemental peer group of manufacturing companies with market values similar to our company. In particular, the supplemental peer group used for the Mercer study includes the companies in the direct peer group as well as publicly-traded companies that conduct a wide range of manufacturing activities in the United States and have market capitalizations ranging from $40 million to $7.8 billion.

The Compensation Committee uses the survey of the direct peer group and the supplemental peer group prepared by Mercer, which we refer to as our benchmarking study, to guide it in establishing the main components of Named Executive Officer compensation: salaries, annual incentive bonus opportunity and long-term compensation awards. The Compensation Committee focused most of its attention on the direct peer group and looked to the supplemental peer group to provide a basis for testing the determinations based on the direct peer group analysis. The benchmarking study was presented by Mercer to the Compensation Committee in May 2008, and was based on the most recent available data at the time, which in many cases consisted of data for the calendar year ended December 31, 2007.

For fiscal 2009 the direct peer group consisted of the following eight companies:

Ameron International Corp.	Texas Industries Inc.
Caraustar Industries Inc.	US Concrete Inc.
Florida Rock Industries Inc.	USG Corp.
Martin Marietta Materials Inc.	Vulcan Materials Co.

The fiscal 2009 direct peer group is the same group utilized in the fiscal 2008 Mercer study.

The supplemental peer group consisted of the eight companies in the direct peer group plus the following twelve companies:

Armstrong Holdings Inc.	Pactiv Corp.
Bowater Inc.	Potlatch Corporation
Century Aluminum Co.	Temple Inland Inc.
Headwaters Incorporated	The Toro Company
Herman Miller, Inc.	Universal Forest Products, Inc.
Lennox International Inc.	Valspar Corp.

The fiscal 2009 supplemental peer group differed from the supplemental peer group used in fiscal 2008 as follows: ElkCorp, Sealed Air Corp. and Sonoco Products Co. were removed and replaced with Herman Miller, Inc., Potlatch Corporation and The Toro Company.

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Chief Financial Officer

On June 10, 2008, Mark V. Dendle joined the Company as Executive Vice President Finance and Administration and Chief Financial Officer, replacing Arthur R. Zunker, Jr. who had served in such capacity since 1994. After the arrival of Mr. Dendle, Mr. Zunker remained with the Company in order to assist with, among other things, transitioning his responsibilities (his title became Senior Vice President and Treasurer on June 10, 2008) until his retirement on December 31, 2008. In designing Mr. Dendle s compensation package, the Compensation Committee s objective was to offer competitive compensation sufficient to attract and retain Mr. Dendle, while at the same time integrating him into the Company s existing executive compensation structure. Mr. Dendle s base salary, annual incentive bonus potential and equity grant were based on the same principles used in setting the compensation levels for the other Named Executive Officers. Mr. Dendle s base salary for fiscal 2009 was set at $400,000. In addition, Mr. Dendle received a grant of stock options to purchase 100,000 shares of our common stock and a grant of 15,000 shares of restricted stock, the terms of which are described in more detail under Long-Term Incentive Compensation below.

Following the arrival of Mr. Dendle, the Compensation Committee on August 5, 2008 approved the extension of Mr. Zunker s rights under his outstanding stock option agreements through the two-year period following Mr. Zunker s retirement date. The Committee believes that the extension of these options was justified by Mr. Zunker s agreement to delay his retirement until a suitable replacement could be located and his over 37 years of loyal service to the Company.

Mr. Dendle resigned from the Company effective June 12, 2009. In connection with Mr. Dendle s resignation and in light of Mr. Dendle s contributions to the Company, the Compensation Committee approved the continued payment of Mr. Dendle s salary for the six (6) month period following the effective date of his resignation (an aggregate of $200,000). See our Current Report on Form 8-K filed with the SEC on May 11, 2009.

Elements of Executive Compensation

In addition to the health benefit plans and programs generally available to all employees, our executive compensation program includes the following elements:

- Base salary
- Annual incentive bonus
- Long-term incentive compensation
- Supplemental Executive Retirement Plan (SERP)
- Salary continuation plan

As noted above, the Compensation Committee determined the compensation levels for each of our Named Executive Officers based in part on a benchmarking analysis of each of the main components of compensation for each position. The Compensation Committee generally considered each component of compensation separately and did not establish specific targets for the allocation of compensation among the various compensation components (for example, by targeting a certain percentage of overall compensation as base salary, a certain percentage as long-term incentive compensation, etc.); however, it did review the total direct compensation paid to each Named Executive Officer in fiscal 2008 against the direct compensation paid to similar executives in our peer groups and considered that overall comparison in setting the fiscal 2009 total direct compensation for each Named Executive Officer. The differences in total compensation levels among our Named Executive Officers generally reflect the differences in pay ranges for executives holding comparable types of positions/responsibilities at our peer companies. The Compensation Committee also reviewed five years of historical pay data for each of our Named Executive Officers (other than Mr. Dendle), including each Named Executive Officer s direct compensation components base salary, annual incentive bonus and long-term incentive compensation (with the value of long-term incentive awards being based on the actual value of the award on the date of grant, but considering only the portion of such awards that has vested since the grant). The Compensation Committee considered these other types of information as relevant background information in evaluating the direct compensation level for each Named Executive Officer that was suggested by the peer group benchmarking.

Base Salary

Salaries of the Named Executive Officers are reviewed annually as well as at the time of a promotion or significant change in responsibilities. As described above, the Compensation Committee engaged Mercer to conduct the benchmarking study at the beginning of fiscal 2009. Consistent with its philosophy that a significant portion of the Named Executive Officer s compensation should be at risk , for fiscal 2009, the Committee set the base salary level for the CEO and the other Named Executive Officers between the 25th percentile and the median of the salary levels for equivalent positions at the companies reviewed in the direct peer group. Other considerations that may influence the salary level for a Named Executive Officer include individual performance, the Named Executive Officer s skills or experience, our operating performance and the nature and responsibilities of the position.

In light of the significant and broad-based recession in the United States and, in particular, the contraction of residential and commercial construction activities and the construction materials business, the Committee has determined not to increase the salaries for the Named Executive Officers for fiscal 2010. See Fiscal 2010 Compensation Decisions below.

Annual Incentive Bonus

The Compensation Committee is also responsible for approving the annual incentive bonus for our CEO and the other Named Executive Officers. Annual incentive bonuses paid to our Named Executive Officers for fiscal 2009 were made under (1) the Eagle Materials Inc. Salaried Incentive Compensation Program for Fiscal Year 2009, which we refer to as the Eagle Annual Incentive Program, (2) annual incentive compensation programs for fiscal 2009 established for a particular operating division of the Company, which we refer to as Divisional Annual Incentive Bonus Programs, and (3) the Eagle Materials Inc. Special Situation Program for Fiscal Year 2009, which we refer to as the Fiscal 2009 Special Situation Program. In general, Named Executive Officers whose responsibilities extend to the Company as a whole (Messrs. Rowley, Dendle and Graass) participate in the Eagle Annual Incentive Program, and Named Executive Officers whose responsibilities relate primarily to a particular operating division (Messrs. Powers and Essl) participate in Divisional Annual Incentive Bonus Programs. All of our Named Executive Officers are eligible to participate in the Fiscal 2009 Special Situation Program. These programs were structured to create financial incentives and rewards that are directly related to corporate performance and the participating Named Executive Officer s individual performance during the fiscal year. Due to his retirement effective December 31, 2008, Mr. Zunker did not participate in an annual incentive program during fiscal 2009.

The Compensation Committee believes these programs are consistent with our compensation philosophy in that they place a significant portion of the executive s compensation at risk. Under these programs, a significant portion of the executive s total compensation is dependent upon the performance of the Company (or our operating divisions) as well as the individual s performance. This compensation structure is designed so that a Named Executive Officer s annual incentive bonus compensation will be between the median and the 75th percentile of the annual bonus levels for equivalent positions in our direct peer group when the operating earnings of the Company (or our operating divisions) are high relative to historical levels and the individual performs well.

Eagle Annual Incentive Program

For fiscal 2009, Messrs. Rowley, Dendle and Graass were participants in the Eagle Annual Incentive Program. Under this program, during the first quarter of each fiscal year, a percentage of our consolidated earnings before interest and taxes, which we refer to as EBIT, is designated by the Compensation Committee as a pool for bonuses, and each participating Named Executive Officer is assigned a percentage of such pool, representing the executive s maximum bonus opportunity. At the end of the fiscal year, the size of the pool is determined based on the amount of EBIT generated during such fiscal year and annual incentive bonuses are paid to each participating executive in the form of a lump sum cash payment in accordance with such percentages, subject to the exercise of negative discretion by the Compensation Committee based on the executive s individual performance during the fiscal year. In general, the amount of the annual incentive bonus paid to an executive is based on the level of our EBIT, the percentage of the pool designated for such executive, and an assessment of such executive s individual performance.

In the first quarter of fiscal 2009, the Compensation Committee approved the designation of 1.2% of EBIT for annual incentive bonuses for all executives participating in the Eagle Annual Incentive Program, including the Named Executive Officers. At the beginning of fiscal 2009, Mr. Rowley recommended to the Compensation Committee the percentages (representing the maximum incentive bonus potential) for each Named Executive Officer (other than himself). Based in part on these recommendations and in part on the benchmarking study, the Compensation Committee then set Mr. Rowley s annual incentive bonus potential at 40%, Mr. Dendle s at 20% (pro-rated for the portion of the fiscal year Mr. Dendle was employed) and Mr. Graass at 15% of the pool. The Compensation Committee has set the percentage of EBIT at 1.2% for several years.

The bonus pool is not subject to a separate cap or maximum, but is merely a function of multiplying the pre-determined percentage by our EBIT for the applicable fiscal year. Based on this calculation, the aggregate amount available for the Eagle Annual Incentive Program for fiscal 2009 was $1,093,233, which includes amounts available for payment to officers and employees other than the Named Executive Officers. For comparison purposes, the aggregate pool available for payment under such program for fiscal 2008 was $1,985,496. The significant reduction in the amount of the pool in fiscal 2009 was due to a 45% decline in our EBIT, which is attributable in large part to the adverse market conditions in which the Company operated as described above. In establishing the percentage of EBIT which would fund the pool for the Eagle Annual Incentive Program and the percentage of the pool assigned to each executive, the Compensation Committee considered several factors, including the following: (i) the anticipated EBIT for fiscal 2009; (ii) the levels of annual incentive compensation for each of the positions at the companies in the direct peer group and the supplemental peer group; (iii) Mr. Rowley s recommended percentages for each executive (other than himself); (iv) the Compensation Committee s assessment of the executive s importance and contribution to the organization; and (v) the executive s level of responsibility.

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Divisional Annual Incentive Bonus Programs

During fiscal 2009, each of Messrs. Essl and Powers participated in a Divisional Annual Incentive Bonus Program. Under these programs, a percentage of the division s operating earnings is allocated to the bonus pool and each participating employee is assigned a percentage of the pool, representing the employee s maximum bonus opportunity. At the end of the fiscal year, the size of the pool is determined and annual bonuses are paid to participating employees in the form of a lump sum cash payment in accordance with their respective percentage, subject to the exercise of negative discretion by our CEO (or, in the case of bonuses paid to Named Executive Officers, the Compensation Committee) based on the employee s individual performance during the fiscal year.

For fiscal 2009, Mr. Powers participated in the Eagle Materials Inc. American Gypsum Company Salaried Incentive Compensation Program for Fiscal Year 2009. Under this plan, the bonus pool equaled 2.25% of American Gypsum s operating earnings for fiscal 2009, which is the same percentage the Compensation Committee has set for several years. At the beginning of fiscal 2009, the Compensation Committee approved Mr. Powers maximum annual incentive bonus potential at 22% of such pool.

Because of his responsibilities for Cement and Concrete and Aggregates, Mr. Essl participated in both the Eagle Materials Inc. Cement Companies Salaried Incentive Compensation Program for Fiscal Year 2009 and the Eagle Materials Inc. Concrete and Aggregate Companies Incentive Compensation Program for Fiscal Year 2009. Under these plans, the bonus pools equaled 2.25% of our concrete and aggregate subsidiaries operating earnings for fiscal 2009 and 2.25% of our cement subsidiaries operating earnings for fiscal 2009 (or, in the case of our 50/50 Texas Lehigh joint venture, 2.25% of our portion of that entity s operating earnings for fiscal 2009), which in each case is also the same percentage the Compensation Committee has set for several years. At the beginning of fiscal 2009, the Compensation Committee approved Mr. Essl s maximum annual incentive bonus potential at 22% of each such bonus pool.

The divisional bonus pools are not subject to a separate cap or maximum, but are merely a function of multiplying the pre-determined percentage by the applicable operating earnings for the applicable fiscal year. The aggregate amounts available for these programs for fiscal 2009 were as follows: $154,804 (American Gypsum); $1,281,993 (Cement); and $113,035 (Concrete/Aggregate), which in each case include amounts available for payment to officers and employees other than the Named Executive Officers. For comparison purposes, the equivalent amounts in fiscal 2008 were $1,101,427 (American Gypsum); $1,828,694 (Cement); and $305,167 (Concrete/Aggregate). The significant reduction in the amount of each pool in fiscal 2009 is attributable to declines in the operating earnings of our subsidiaries. In each case, the declines resulted in large part from the adverse market conditions described above. In establishing the percentage of operating earnings which would fund these bonus pools and the percentage of each pool assigned to each executive, the Compensation Committee considered several factors, including the following: (i) the anticipated divisional operating earnings for fiscal 2009; (ii) the levels of annual incentive compensation for comparable positions at the companies in the direct peer and supplemental peer groups; (iii) Mr. Rowley s recommended percentages for each executive; (iv) the Compensation Committee s assessment of the executive s importance and contribution to the organization; and (v) the executive s level of responsibility.

Fiscal 2009 Special Situation Program

In May 2008, the Compensation Committee approved the Fiscal 2009 Special Situation Program, which is a special annual incentive program intended to recognize outstanding individual performance during the fiscal year. Awards may also be distributed to individuals employed by subsidiaries whose operating profits have been adversely affected by market conditions, but who have made a superior contribution to the business of such subsidiaries in fiscal 2009. Under the terms of the Fiscal 2009 Special Situation Program, a pool equal to 0.35% of our EBIT was set aside to pay annual bonuses to participating employees.

Under the Fiscal 2009 Special Situation Program, awards are made on the recommendation of the presidents of our subsidiaries based on performance during fiscal 2009, except that any awards made to senior executive officers require the approval of our Compensation Committee.

Annual Performance Evaluation

In April 2009, the Compensation Committee approved the fiscal 2009 EBIT calculation for the Company and the operating earnings calculations for each Divisional Annual Incentive Bonus Program. In addition, at the end of fiscal 2009, Mr. Rowley provided performance evaluations of each Named Executive Officer (other than himself) to the Compensation Committee, which evaluations included an assessment (both subjective and objective) of the achievement of their individual goals and objectives, along with his recommendation for the annual incentive bonus for each such Named Executive Officer. With respect to Mr. Rowley himself, the Compensation Committee, with input from the entire Board, performed its own evaluation of his performance and the extent to which the goals and objectives established for him for fiscal 2009 had been achieved. In general, the goals and objectives for Messrs. Rowley, Dendle and Graass related to a mix of objective and subjective criteria in their respective areas of responsibility, and the goals and objectives for Messrs. Powers and Essl were tied to objective financial and operational criteria. Based in part on these performance evaluations and recommendations, the Compensation Committee determined that the Named Executive Officers (other than the CEO, whose performance was reviewed separately, as described below, and Mr. Dendle, who has resigned) had performed well during fiscal 2009 and substantially achieved their goals. Accordingly, the Compensation Committee did not reduce the incentive bonus for such individuals in any material way and approved annual incentive bonuses for such Named Executive Officers under the applicable program without the use of any set formula. The bonuses ranged from 95%-to-100% of the maximum potential bonus payable, and each bonus that was paid is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table located on page 25 of this proxy statement. The Compensation Committee also made a separate cash award to

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Mr. Powers pursuant to the Fiscal 2009 Special Situation Program in recognition of Mr. Powers exceptional performance in leading American Gypsum to superior relative performance under challenging market conditions. This award is also reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table located on page 25 of this proxy statement.

The Compensation Committee conducted its performance evaluation of Mr. Rowley after receiving input from the entire Board. At the Compensation Committee s request, Mr. Rowley also provided input on his achievement of his goals and objectives for fiscal 2009. Based on this evaluation, the Compensation Committee believes Mr. Rowley performed at an exceptional level during fiscal 2009 and met or exceeded his goals and objectives. In particular, the Committee considered the following factors (among others) in assessing Mr. Rowley s performance over the past fiscal year: (i) Mr. Rowley s leadership in maintaining profitability during a challenging economic environment; (ii) Mr. Rowley s leadership in guiding our new Georgetown plant to profitability in its first full year of operation, even in the face of reduced demand; (iii) Mr. Rowley s success in maintaining the focus of the Company s employees on the key areas of operational execution in a challenging environment; (iv) Mr. Rowley s success in driving management s focus on cash and balance sheet management; and (v) Mr. Rowley s effective communication of the Company s long-term goals and opportunities to the Company s shareholders and the investment community. The Compensation Committee approved an annual incentive bonus for Mr. Rowley under the Eagle Annual Incentive Program of $437,293, representing 100% of the maximum potential bonus payable, which is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table located on page 25 of this proxy statement.

Long-Term Incentive Compensation

Consistent with the Compensation Committee s philosophy of linking compensation to our performance, our long-term incentive compensation program has been structured to link the vesting of equity awards to the achievement by the Company of specific performance levels. All of the Named Executive Officers participate in our long-term incentive compensation program.

Fiscal 2008 Program

As disclosed in our 2008 proxy statement, in fiscal 2008, the Compensation Committee implemented a new long-term equity award program, which involved certain substantial stock option awards that we refer to as the fiscal 2008 option grants. These equity awards were made under our Incentive Plan, but were different from the structure of our program from prior years in several ways:

(1) The award was intended to be a single award for a prospective three-year period (except for special circumstances) rather than making annual grants for each of the three years,

(2) The entire award was in the form of stock options (rather than a mix of options and RSUs), and

(3) The stock option awards vest over their full term (a seven-year period) based on the achievement of levels of earnings per share and operating earnings that the Compensation Committee regarded as challenging performance targets.

As with prior equity grants, the terms of the fiscal 2008 option grants provide that the awards will become fully vested and exercisable in the event of a change of control. See Change of Control Benefits below.

At the time the fiscal 2008 option grants were approved in June 2007, the Compensation Committee set vesting criteria at levels that require operating earnings and earnings per share, or EPS, to approximate our record fiscal 2007 levels in order to vest any portion of the award and to nearly double the record fiscal 2007 levels in order to vest 100% of the stock options. Any stock options not vested at the end of the seven-year term will be forfeited. For example, if none of the vesting targets are achieved until fiscal 2013, but we achieve operating earnings of $320 million and EPS of $6.00 in such fiscal year, then 20% of the option grant would vest. If in fiscal 2014 we then achieve operating earnings of $400 million and EPS of $8.00, another 30% of the option grant would vest (the 50% noted on the matrix, less the 20% vested the prior year), and the final 50% of the grant would be forfeited upon expiration of the term. The full matrix of vesting percentages applicable to the fiscal 2008 option grants is included in the Current Report on Form 8-K that we filed with the SEC on June 26, 2007. The vesting criteria for the fiscal 2008 option grants were structured with the goal of strongly motivating and providing incentives to our management to properly execute our growth plans in an environment in which we expected that the Company would have an opportunity to make significant improvements in its profitability.

Each of the Named Executive Officers was granted stock options in fiscal 2008 under this program, except for Mr. Zunker (who received a cash award based upon the achievement of certain individual performance goals) and Mr. Dendle (who had not yet joined the Company).

Grants to New Named Executive Officer

At the time Mr. Dendle joined the Company in June 2008, the Compensation Committee granted him stock options to purchase 100,000 shares of Common Stock. The grant was structured to integrate Mr. Dendle into the Company s long-term compensation program on substantially the same basis as the other Named Executive Officers. The number of option shares was determined by using the Black-Scholes method. The Black-Scholes value for Mr. Dendle s grant was approximately two-thirds of the value that he would have received if he had been serving in his current position at the time the fiscal 2008 option grants were made.

Mr. Dendle s award differs from the fiscal 2008 option grant in that it has a different exercise price ($34.30 per share as compared to $47.53 per share) reflecting a different date of grant, and the term of the option is six years rather than seven years (with the effect that it expires at approximately the same time as the fiscal 2008 option grants). The vesting criteria (matrix based on operating earnings and EPS) for the grant made to Mr. Dendle is the same as the fiscal 2008 grant. Additionally, in connection with Mr. Dendle s hiring, the Compensation Committee granted him 15,000 shares of restricted stock which vest ratably over seven years. Because Mr. Dendle resigned effective June 12, 2009, (i) only 2,143 shares of restricted stock vested, and the remainder was forfeited; and (ii) the entire 100,000 share option grant was forfeited.

Fiscal 2009 Grant

During fiscal 2009 (following the annual compensation review process in May 2008), the Compensation Committee reviewed the difficult economic conditions affecting the Company s businesses, including the deepening recession, the continuing downturn in the residential and commercial construction markets and other adverse market conditions. These conditions were having a significant adverse effect on the Company s businesses and were likely to continue and perhaps worsen over the remainder of the fiscal year. Given the extraordinary nature of the deepening recession and its potential impact on the Company, the Compensation Committee wanted to ensure that the executives were properly focused on the appropriate metrics while at the same time enhance retention incentives. Accordingly, the Compensation Committee determined that an extraordinary grant of equity awards to key executives was appropriate in this challenging environment. With input from Mr. Rowley, the Compensation Committee determined that the vesting of 75% of the award would be subject to attaining levels of EBITDA during the nine-month period ending March 31, 2009 such that 100% vesting would occur only if EBITDA exceeded the Company s budgeted EBITDA level for such period; and the vesting of 25% of the award would be subject to attaining a low level of recordable accidents at the Company s facilities. The Compensation Committee set dollar values for the size of the grant to each key employee, in each case with input from Mr. Rowley (except with respect to the size of his own grant). The Black-Scholes value of the award for each key executive was approximately one-third of the value of the fiscal 2008 grant. The Compensation Committee decided to divide the award to each key employee so as to consist of one-third RSUs and two-thirds stock options. The number of stock options was determined by using the Black-Scholes method.

Following these deliberations in late August 2008, the Compensation Committee approved this grant of performance based equity awards to a group of the Company s officers. Each of the Company s Named Executive Officers participated in these grants, except for Mr. Zunker, who retired from the Company effective December 31, 2008. As noted above, the vesting criteria were based on EBITDA and safety metrics of the Company for the nine-month period ended March 31, 2009, as follows:

75% of the stock options and RSUs granted vest based on the level of the Company s EBITDA for the nine months ended March 31, 2009 in accordance with the following schedule:

EBITDA	Vesting %
≥ $ 117 mm	100%
$ 112 mm	90%
$ 107 mm	80%
$ 102 mm	70%
$ 97 mm	60%
$ 92 mm	50%
Below $92 mm	0%

The exact percentage is calculated based on straight-line interpolation between the levels of EBITDA shown in the table above.

25% of the stock options and RSUs granted vest based on the Company s Accidents Recordable Frequency Rate (ARFR) as defined by OSHA/MSHA during the nine months ended March 31, 2009 in accordance with the following schedule:

ARFR	Vesting %
≤ 3.5%	100%
3.6%	90%
3.7%	80%
3.8%	70%
3.9%	60%
4.0%	50%

Greater than 4.0%	0%

The exact percentage is calculated based on straight-line interpolation between the levels of ARFR shown in the table above.

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The terms and conditions of these stock options were substantially the same as in the case of the fiscal 2008 option grants, except that (1) the vesting criteria were as described above, (2) the options had a single potential vesting date on March 31, 2009, and (3) the options did not continue to vest following the retirement of the option holder. The terms and conditions of the RSUs were substantially the same as the RSUs granted by the Company in fiscal 2007, except that the vesting criteria were as described above and that any vested RSUs will not be paid out as shares of Common Stock until the first anniversary of the grant date. As with prior equity grants, in the event of a change of control, the fiscal 2009 stock options will become fully vested (to the extent not previously forfeited) and exercisable, and any vested fiscal 2009 RSUs will become immediately payable. See Change of Control Benefits below.

The following table shows the stock options and RSUs granted to each of the Named Executive Officers on August 21, 2008:

Name	Number of Stock Options	Number of RSUs
Steven R. Rowley	197,000	31,000
Mark V. Dendle	24,000	3,750
David B. Powers	48,000	7,500
James H. Graass	48,000	7,500
Gerald J. Essl	34,000	5,500
Arthur R. Zunker, Jr.		

In April 2009, the Compensation Committee certified that, based on the vesting criteria described above, 100% of the stock options and RSUs granted on August 21, 2008 (including those to the Named Executive Officers listed above) vested effective March 31, 2009. Because he has resigned, Mr. Dendle s stock options will expire in September 2009. Consistent with the methodology utilized at the time the targets were established in 2008, the Compensation Committee excluded the expense associated with this grant in determining the EBITDA level achieved. The vested options have become immediately exercisable. The vested RSUs will be payable to the recipients (other than Mr. Dendle) in shares of Common Stock on August 21, 2009.

Grant Practice

Prior to fiscal 2008, it had been the practice of the Compensation Committee to make equity awards to employees on an annual basis at a meeting of the Compensation Committee held in the first quarter of the fiscal year (typically within 30 days after our earnings release for the fourth quarter of the prior fiscal year). As discussed above, for fiscal 2008, the Compensation Committee adopted a new approach by approving the fiscal 2008 option grants, which were intended to cover a three-year period (other than for new hires, promotions or other special circumstances). Although the Compensation Committee made an exception for the fiscal 2009 grant for the reasons explained above, consistent with the three-year nature of the fiscal 2008 grant, the Committee has not approved any equity awards during fiscal 2010 and does not anticipate approving any equity awards to the Named Executive Officers during fiscal 2010 (except for new hires, promotions or other special circumstances). The date on which an equity award is granted is the date specified in the resolutions of the Compensation Committee authorizing the grant. The grant date must fall on or after the date on which the resolutions are adopted by the Committee. As provided in the Incentive Plan, for stock options, the exercise price is the average of the high and low price of our Common Stock on the grant date, as reported by the NYSE.

In addition, the Compensation Committee, as provided for in our Incentive Plan, has delegated to the Special Situation Stock Option Committee (whose sole member is our Chief Executive Officer) the authority to grant stock options to newly-hired employees and newly-promoted employees, with terms approved by the Special Situation Stock Option Committee. This authority, which expires on May 31, 2010, is limited to an aggregate of 60,000 option shares, no one individual may receive more than 30,000 option shares in a given year, and the CEO may not receive awards pursuant to this authority. Stock options granted under this delegation of authority vest 20% per year commencing on the first anniversary of the grant date. During fiscal 2009 no stock options were granted to employees under this authority.

Profit Sharing and Retirement Plan

Each of the Named Executive Officers is a participant in our Profit Sharing and Retirement Plan, which we refer to as our PSRP. The PSRP is a qualified defined contribution plan covering substantially all salaried employees of the Company and our subsidiaries. Participants in this plan may elect to make pre-tax contributions of up to 70% of their base salary subject to the limit under Internal Revenue Code Section 402(g) (currently $16,500), employee after-tax contributions of up to 10% of base salary and, if the participant is at least age 50, catch-up contributions up to the statutory limit under Internal Revenue Code Section 414(v) (currently $5,500). In addition, the PSRP provides for a discretionary employer profit sharing contribution that is allocated to a participant based on the ratio that the sum of the participant s total points bears to the total points of all participants. For this purpose, a participant is given one point for each year of vested service and one point for each $100 of base salary for the year. Annual incentive bonuses paid to participants are not included in the definition of base salary for purposes of calculating the amount

of pre-tax, after-tax or profit sharing contributions to the PSRP. Participants are fully vested to the extent of their pre-tax and after-tax contributions and become vested in the employer profit sharing contribution over a six-year period (i.e., 20% per year beginning with the second year of service). Prior to fiscal 2008, employer profit sharing contributions vested over a seven-year period, but changes in tax laws led to the shorter current vesting period. All of the Named Executive Officers have been employed by the Company or our affiliates long enough to be fully vested. Participants are entitled to direct the investment of contributions made to the PSRP on their behalf in various investment funds, including up to 15% in a Common Stock fund. Such amounts are payable upon a participant s termination of employment, disability or death in the form of a lump sum, installments or direct rollover to an eligible retirement plan, as elected by the participant. At the participant s election, amounts invested in the Common Stock fund are distributable in shares of our Common Stock. Employer profit sharing contributions made to the PSRP on behalf of our Named Executive Officers in fiscal 2009 are reflected in the Summary Compensation Table located on page 25 of this proxy statement. A list of the investment funds provided under the PSRP is provided in the footnotes to the Nonqualified Deferred Compensation Table located on page 31 of this proxy statement.

SERP

In fiscal 1995, the Board approved our Supplemental Executive Retirement Program, which we will refer to as our SERP, for certain employees participating in the PSRP. Internal Revenue Code Section 401(a)(17) limits the amount of annual compensation (currently $230,000) that may be considered in determining our contribution to the PSRP for the account of an eligible participant. The SERP was established to eliminate the adverse treatment that higher-salaried employees receive as a result of such limit by making a contribution for each participant in an amount substantially equal to the additional employer profit sharing contribution that he or she would have received under the PSRP had 100% of his or her base salary been eligible for a profit sharing contribution. As in the case of the PSRP, annual incentive bonuses paid to participants are not included when determining the amount of contributions to the SERP. The Compensation Committee believes that the SERP therefore allows us to confer the full intended benefit of the employer profit sharing contribution under the PSRP without the arbitrary limitation of the Internal Revenue Code rules noted above. Contributions accrued under the SERP for the benefit of the higher-salaried employees vest under the same terms and conditions as under the PSRP (i.e., over a six-year period) and may be invested by the participant in several of the same investment options as offered under the PSRP. Benefits under the SERP are payable upon the participant s termination of employment in a lump sum or installments as elected by the participant in accordance with the terms of the SERP, subject to the six month delay in payment for key employees under Internal Revenue Code Section 409A to the extent applicable. As with the PSRP, all of the Named Executive Officers have been employed by the Company or our affiliates long enough to be fully vested. Employer contributions to the SERP of our Named Executive Officers in fiscal 2009 are reflected in the Summary Compensation Table located on page 25 of this proxy statement. A list of the investment funds provided under the PSRP is provided in the footnotes to the Nonqualified Deferred Compensation Table located on page 31 of this proxy statement.

Salary Continuation Plan

The Named Executive Officers, along with other officers and key employees, are participants in our Salary Continuation Plan, which we refer to as the SCP. Under this plan, in the event of the death of a participating employee, we will pay such employee s beneficiaries one full year of base salary in the first year following death and 50% of base salary each year thereafter until the date such employee would have reached 65 years of age, subject to a maximum amount. Payments are made to the employee s beneficiary on a semi-monthly basis. The purpose of the plan is to provide some financial security for the families of the participating employees, which assists the Company in attracting and retaining key employees. Benefit amounts under the plan are intended to provide a basic level of support for beneficiaries.

Amounts potentially payable to the beneficiaries of our Named Executive Officers pursuant to the SCP are described in Potential Payments Upon Termination or Change of Control beginning on page 32 of this proxy statement. To cover these potential obligations, we pay the premiums on life insurance policies covering the life of each participating employee. Such policies are owned by the Company and proceeds from such policies would be initially paid to the Company. Premiums paid on policies covering our Named Executive Officers in fiscal 2009 are reflected in the Summary Compensation Table located on page 25 of this proxy statement.

Fiscal 2010 Compensation Decisions

In light of the difficult market conditions being experienced by the Company, the Compensation Committee has elected to freeze salaries for our executives for fiscal 2010 at fiscal 2009 levels. Similarly, the Compensation Committee has elected to maintain the percentages of Company EBIT and divisional operating earnings used to fund our annual incentive bonus pools at 2009 levels. The Compensation Committee does not expect to make any long-term incentive awards during fiscal 2010, except in the case of new hires, promotions or other special circumstances. Finally, for the above reasons, the Compensation Committee determined that a benchmarking study from Mercer would not be necessary in setting these fiscal 2010 compensation levels.

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Change of Control Benefits

Equity awards under our Incentive Plan are generally subject to accelerated vesting upon the occurrence of a change of control as defined in the applicable award agreement. Under the award agreements, a change of control is defined as (i) the acquisition by any person or entity of 50% or more of the outstanding shares of any single class of our Common Stock or 40% or more of outstanding shares of all classes of our Common Stock; (ii) a change in the composition of our Board such that the current members of the Board cease to constitute a majority of the Board; or (iii) the consummation of a merger, dissolution, asset disposition, consolidation or share exchange, unless (1) more than 50% of the stock following such transaction is owned by persons or entities who were stockholders of the Company prior to such transaction, (2) following such transaction, no person or entity owns 40% or more of the common stock of the corporation resulting from such transaction, and (3) a least a majority of the members of the resulting corporation s board of directors were members of our Board. If a change of control occurs, any unvested outstanding stock options, restricted stock or RSUs would generally become immediately fully vested, and, in the case of stock options, exercisable or, the case of RSUs, payable. See Potential Payments Upon Termination or Change of Control on page 32 of this proxy statement. We believe the provision of these change of control benefits is generally consistent with market practice among our peers, is a valuable executive talent retention incentive and is consistent with the objectives of our overall executive compensation program. For example, the equity vesting provides employees with the same opportunities as stockholders, who are generally free to sell their equity at the time of the change of control event and thereby realize the value created at the time of the transaction.

Stock Ownership Guidelines

In order to align the interest of the Named Executive Officers with our stockholders, and to promote a long-term focus for the officers, the Board of Directors has adopted executive stock ownership guidelines for the officers of the Company and our subsidiaries.

The guidelines for the Named Executive Officers are expressed as a multiple of base salary as set forth below:

Name	**Multiple of Salary Ownership Guidelines**[1]
Steven R. Rowley	5X
Mark V. Dendle	3X
David B. Powers	3X
James H. Graass	3X
Gerald J. Essl	3X

[1] Types of ownership counted toward the guidelines include the following:

Stock holdings in our PSRP;

Direct holdings;

Indirect holdings, such as shares owned by a family member residing in the same household; and

Shares represented by vested RSUs.

Our stock ownership guidelines for executives are expressed as a number of shares of our Common Stock. The number of shares is determined by multiplying the executive s annual base salary on the date the executive becomes subject to the stock ownership guidelines by the applicable multiple and then dividing the product by the closing price of our Common Stock on the NYSE on the date the executive becomes subject to the policy. The amount is then rounded to the nearest 100 shares.

Once established, a participant s ownership requirement generally does not change as a result of changes in his or her compensation or fluctuations in the price of our Common Stock but could change in the event of a promotion. Newly elected officers have five years to meet the applicable ownership requirement. Compliance with the ownership guidelines is reviewed annually by the Compensation Committee. Based on the current holdings of the Named Executive Officers, all of the Named Executive Officers have already achieved, or we anticipate that all such officers (other than Mr. Dendle) will achieve, their stock ownership goal within the five-year time frame.

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Limitations on Tax Deductibility of Compensation

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction for public corporations for compensation over $1,000,000 paid in any fiscal year to the corporation s chief executive officer and four other most highly compensated executive officers. However, this law exempts performance-based compensation from the deduction limit if certain requirements are met.

Our Incentive Plan has been approved by our stockholders and Compensation Committee and otherwise meets the requirements for performance-based compensation under Internal Revenue Code Section 162(m). The Eagle Annual Incentive Program is adopted under the structure of our Incentive Plan and is subject to the terms and conditions of that plan, including the requirements for performance-based compensation. The Compensation Committee generally seeks whenever possible to structure annual incentive and long-term incentive compensation awards, such as stock option grants under our Incentive Plan, in a manner that satisfies the Section 162(m) requirements, but reserves the right to award nondeductible compensation as it deems appropriate. Further, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the related regulations no assurance can be given that compensation intended by the Compensation Committee to satisfy the requirements for deductibility under section 162(m) does in fact do so. All other compensation paid to the CEO and the other Named Executive Officers was below the limit described above.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The following table summarizes all fiscal 2007, 2008 and 2009 compensation earned by or paid to our Named Executive Officers, who consist of our Chief Executive Officer, our Chief Financial Officer and the three most highly compensated executive officers (other than the Chief Executive Officer and Chief Financial Officer) who were serving as executive officers at fiscal year-end.

Name and Principal Position	Fiscal Year Ended March 31,	Salary[(1)] ($)	Bonus ($)	Stock Awards[(2)] ($)	Option Awards[(3)] ($)	Non-Equity Incentive Plan Compensation[(4)] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation[(5)] ($)	Total ($)
Steven R. Rowley, *President and Chief Executive Officer*	2009	$ 800,000		$ 628,353	$ 1,811,647	$ 437,293		$ 116,146	$ 3,793,439
	2008	$ 750,000		$ 266,521	$ 1,269,471	$ 778,314		$ 77,418	$ 3,141,724
	2007	$ 650,000		$ 461,596	$ 548,019	$ 1,456,912		$ 104,453	$ 3,220,980
Mark V. Dendle, [(6)] *Executive Vice President Finance and Administration & CFO*	2009	$ 322,820		$ 118,305	$ 260,700	$ 122,442		$ 23,569	$ 847,836
David B. Powers, *Executive Vice President Gypsum*	2009	$ 325,000		$ 129,273	$ 446,967	$ 127,016		$ 35,361	$ 1,063,617
	2008	$ 315,000		$ 52,687	$ 309,260	$ 377,829		$ 33,377	$ 1,088,153
	2007	$ 300,000		$ 90,519	$ 91,395	$ 1,042,912		$ 35,885	$ 1,560,711
James H. Graass, *Executive Vice President, General Counsel and Secretary*	2009	$ 325,000		$ 127,189	$ 545,590	$ 163,984		$ 38,154	$ 1,199,917
	2008	$ 315,000		$ 37,656	$ 500,695	$ 297,824		$ 33,952	$ 1,185,127
	2007	$ 280,000		$ 85,323	$ 345,855	$ 557,492		$ 35,903	$ 1,304,573
Gerald J. Essl, *Executive Vice President Cement/Aggregates and Concrete*	2009	$ 325,000		$ 96,745	$ 377,676	$ 415,730		$ 73,307	$ 1,288,458
	2008	$ 300,000		$ 52,687	$ 332,760	$ 571,001		$ 31,941	$ 1,288,389
	2007	$ 275,000		$ 115,738	$ 179,935	$ 516,226		$ 34,748	$ 1,121,647
Arthur R. Zunker, Jr., [(7)] *Senior Vice President Finance, CFO and Treasurer*	2009	$ 213,750		$ 5,211	$ 74,218			$ 28,912	$ 322,091
	2008	$ 275,000		$ 37,656	$ 145,896	$ 727,244		$ 27,723	$ 1,213,519
	2007	$ 250,000		$ 89,898	$ 207,484	$ 706,157		$ 26,771	$ 1,280,310

(1) Includes amounts deferred on a pre-tax or after-tax basis at the election of the executive under our PSRP, which is described in greater detail under Profit Sharing and Retirement Plan on page 21 of this proxy statement.

(2) The amounts in this column reflect the dollar amount, recognized for financial statement reporting purposes for the fiscal year ended March 31, 2009; March 31, 2008; and March 31, 2007, as applicable, in accordance with FAS 123(R), of RSU awards and restricted stock awards made to the Named Executive Officer prior to the end of fiscal 2009, fiscal 2008 or fiscal 2007, as applicable. Assumptions used in the calculation of these amounts for fiscal 2009 are included in: (1) footnote (J) to the Company s audited financial statements for the fiscal year ended March 31, 2009 included in the Fiscal 2009 Form 10-K; and (2) footnote (I) to the Company s audited financial statements for the fiscal year ended March 31, 2007 included in the Fiscal 2007 Form 10-K. The fiscal 2009 expense associated with stock awards made

to each of the Named Executive Officers during the fiscal year ended March 31, 2009 was: Mr. Rowley - $504,177, Mr. Dendle - $60,989, Mr. Powers - $121,978, Mr. Graass - $121,978, and Mr. Essl - $89,451.

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(3) The amounts in this column reflect the dollar amount recognized for financial statement reporting purposes for the fiscal year ended March 31, 2009; March 31, 2008; and March 31, 2007, as applicable, in accordance with FAS 123(R), of stock option awards made to the Named Executive Officer prior to the end of fiscal 2009, fiscal 2008 or fiscal 2007, as applicable. Assumptions used in the calculation of these amounts are included in: (1) footnote (J) to the Company s audited financial statements for the fiscal year ended March 31, 2009 included in the Fiscal 2009 Form 10-K; (2) footnote (H) to the Company s audited financial statements for the fiscal year ended March 31, 2008 included in the Company s Annual Report on Form 10-K filed with the SEC on May 29, 2008, or Fiscal 2008 Form 10-K ; (3) footnote (I) to the Company s audited financial statements for the fiscal year ended March 31, 2007 included in the Fiscal 2007 Form 10-K; (4) footnote (A) to the Company s audited financial statements for the fiscal year ended March 31, 2004 included in the Fiscal 2004 Form 10-K; and (5) footnote (G) to the Company s audited financial statements for the fiscal year ended March 31, 2003 included in the Fiscal 2003 Form 10-K. The fiscal 2009 expense associated with stock option awards made to each of the Named Executive Officers during the fiscal year ended March 31, 2009 was: Mr. Rowley - $1,713,900, Mr. Dendle - $208,788, Mr. Powers - $417,576, Mr. Graass - $417,576, and Mr. Essl - $295,783. The entire accounting expense for these fiscal 2009 awards was incurred in fiscal 2009, given that the vesting period and sole vesting date occurred in fiscal 2009. Stock option grants made in prior years often had longer vesting periods, multiple potential vesting dates, and, therefore, expenses spread over multiple years.

(4) The amounts in this column represent payments to the Named Executive Officer under the applicable annual incentive compensation plan for the applicable fiscal year. The amounts do not reflect any dividend equivalent units which are paid to holders of our RSUs at any time we pay a cash dividend on our Common Stock (see footnote 5 below). For Mr. Powers, the amounts include the following payments made pursuant to an American Gypsum Long-Term Incentive Program that Mr. Powers participated in prior to becoming a Named Executive Officer: $52,016 in fiscal 2009; $70,208 in fiscal 2008; and $80,501 in fiscal 2007. These amounts were inadvertently excluded from Mr. Powers compensation in the Summary Compensation Table in the Company s proxy statements for fiscal years 2008 and 2007.

(5) The amounts shown in this column represent: (1) Company profit sharing contributions to the account of the Named Executive Officer under our PSRP; (2) Company contributions to the account of the Named Executive Officer under our SERP; (3) premium costs to the Company of life insurance policies obtained by the Company in connection with our SCP; and (4) wellness awards. The PSRP is described in greater detail under Profit Sharing and Retirement Plan on page 21 of this proxy statement. During fiscal 2009, the Named Executive Officers received the following employer profit sharing contributions with respect to the PSRP: Mr. Rowley - $22,862, Mr. Dendle - $19,735, Mr. Powers - $22,753, Mr. Graass - $22,862, Mr. Essl - $23,009, and Mr. Zunker - $23,059. The SERP is described in greater detail under SERP on page 22 of this proxy statement. During fiscal 2009, the Named Executive Officers received the following employer contributions with respect to the SERP: Mr. Rowley - $55,750, Mr. Powers - $9,250, Mr. Graass - $9,250, Mr. Essl - $8,875, and Mr. Zunker - $5,250. The SCP is described in greater detail under Salary Continuation Plan on page 22 of this proxy statement. During fiscal 2009, the Company paid premium costs in the following amounts for life insurance policies obtained under the SCP with respect to the Named Executive Officers: Mr. Rowley - $5,112, Mr. Dendle - $3,834, Mr. Powers - $2,525, Mr. Graass - $3,657, Mr. Essl - $2,375, and Mr. Zunker - $336. During fiscal 2009, the Company also paid wellness awards with respect to the Named Executive Officers: Mr. Powers - $445, Mr. Graass - $445, and Mr. Essl - $594. During fiscal 2009, Mr. Essl also received $38,066 in moving expenses. For fiscal 2009, the amounts in this column also include the value of dividend equivalent units which are credited to holders of our RSUs at any time we pay a cash dividend on our Common Stock. The value of the dividend equivalent units is not reflected in the Stock Awards column. The Named Executive Officers were paid dividend equivalent units in fiscal 2009 valued as follows: Mr. Rowley - $32,422, Mr. Powers - $388, Mr. Graass - $1,940, Mr. Essl - $388, and Mr. Zunker - $267.

(6) Mr. Dendle joined the Company as Executive Vice President Finance & Administration and Chief Financial Officer on June 10, 2008; however, he resigned from the Company effective June 12, 2009.

(7) Mr. Zunker became Senior Vice President and Treasurer on June 10, 2008 and retired from the Company on December 31, 2008.

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Grants of Plan-Based Awards

The following table sets forth the grants of plan-based awards made during fiscal 2009 to the Named Executive Officers.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards[2]
Name	Grant Date	Threshold ($)	Target ($)[1]	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	($/Sh)	
Steven R. Rowley	5/19/08		$ 437,293						
	8/21/08						197,000 [3]	$ 26.70	$ 1,713,900
	8/21/08						31,000[4]		$ 828,940
Mark V. Dendle	5/19/08		$ 122,442						
	6/10/08						15,000[5]		
	6/10/08						100,000 [6]	$ 34.30	$ 1,082,000
	8/21/08						24,000[3]	$ 26.70	$ 208,788
	8/21/08						3,750[4]		$ 100,275
David B. Powers	5/19/08		$ 75,000[7]						
	8/21/08						48,000[3]	$ 26.70	$ 417,576
	8/21/08						7,500 [4]		$ 200,550
James H. Graass	5/19/08		$ 163,984						
	8/21/08						48,000[3]	$ 26.70	$ 417,576
	8/21/08						7,500 [4]		$ 200,550
Gerald J. Essl	5/19/08		$ 415,730						
	8/21/08						34,000[3]	$ 26.70	$ 295,783
	8/21/08						5,500 [4]		$ 147,070
Arthur R. Zunker, Jr.									

(1) The amounts in this column represent the annual incentive payments paid to the Named Executive Officers pursuant to the Eagle Annual Incentive Program, the Divisional Annual Incentive Bonus Programs or the Special Situation Program, as applicable, for fiscal year 2009. These incentive programs are described in greater detail under Annual Incentive Bonus beginning on page 17 of this proxy statement.

(2)

The amounts included in this column reflect grant date fair value of the award, calculated in accordance with FAS 123(R). Assumptions used in the calculation of these amounts are included in footnote (J) to the Company s audited financial statements for the fiscal year ended March 31, 2009 included in the Fiscal 2009 Form 10-K.

(3) These amounts represent grants of stock options to purchase shares of Common Stock made on August 21, 2008 under our Incentive Plan. The vesting of the stock options was subject to the Company s achievement of certain levels of EBITDA and safety metrics for the nine months ended March 31, 2009 as described in the Current Report on Form 8-K that we filed with the SEC on August 27, 2008. These stock options are described in greater detail under Long-Term Incentive Compensation Fiscal 2009 Grant beginning on page 20 of this proxy statement.

(4) These amounts represent grants of RSUs made on August 21, 2008 under our Incentive Plan. The vesting of the RSUs was subject to the Company s achievement of certain levels of EBITDA and safety metrics for the nine months ended March 31, 2009 as described in the Current Report on Form 8-K that we filed with the SEC on August 27, 2008. These RSUs are described in greater detail under Long-Term Incentive Compensation Fiscal 2009 Grant beginning on page 20 of this proxy statement. Mr. Dendle s RSUs were forfeited upon his resignation from the Company effective June 12, 2009.

(5) This amount represents a restricted stock award of 15,000 shares of Common Stock made to Mr. Dendle on June 10, 2008 under our Incentive Plan. On June 10, 2009, 2,143 of such shares vested. Mr. Dendle resigned from the Company effective June 12, 2009; therefore, the remaining shares have been forfeited.

(6) This amount represents a grant of stock options to purchase shares of Common Stock made to Mr. Dendle on June 10, 2008 under our Incentive Plan. None of this grant vested prior to Mr. Dendle s resignation from the Company effective June 12, 2009; therefore, the entire grant has been forfeited.

(7) Includes $43,466 paid to Mr. Powers pursuant to the Eagle Materials Inc. Special Situation Program for Fiscal Year 2009, which is described in greater detail under Annual Incentive Bonus Annual Performance Evaluation beginning on page 18 of this proxy statement.

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Outstanding Equity Awards at Fiscal Year-End

The following table summarizes stock-based compensation awards outstanding at the end of fiscal 2009 for each of the Named Executive Officers.

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable (#)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(1)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
Steven R. Rowley	82,776			$ 11.763	05/08/2013	12,858 (2)	$ 311,807		
	50,670			$ 23.420	06/26/2011	45,519 (3)	$ 1,126,461		
	20,646			$ 23.300	08/04/2011				
	51,245			$ 29.076	06/09/2012				
	14,755			$ 62.830	05/09/2016				
			500,000	$ 47.530	06/20/2014				
	197,000			$ 26.695	08/21/2015				
Mark V. Dendle	24,000			$ 26.695	08/21/2015(4)	3,750 (6)	$ 90,938		
			100,000	$ 34.300	06/10/2014(5)	15,000 (7)	$ 363,750		
David B. Powers	19,866			$ 9.574	10/24/2012	7,500 (6)	$ 181,875		
	16,305			$ 29.076	06/09/2012				
	4,695			$ 62.830	05/09/2016				
			122,000	$ 47.530	06/20/2014				
	48,000			$ 26.695	08/21/2015				
James H. Graass	92,709			$ 7.267	10/26/2010	7,500 (6)	$ 181,875		
	92,709			$ 8.145	05/10/2011				
	92,709			$ 13.425	05/09/2012				
	49,665			$ 11.763	05/08/2013				
	13,818			$ 23.420	06/26/2011				
	5,634			$ 23.300	08/04/2011				
	11,647			$ 29.076	06/09/2012				
	3,354			$ 62.830	05/09/2016				
			122,000	$ 47.530	06/20/2014				
	48,000			$ 26.695	08/21/2015				
Gerald J. Essl	49,665			$ 11.763	05/08/2013	5,500 (6)	$ 133,375		
	16,890			$ 23.420	06/26/2011				
	6,882			$ 23.300	08/04/2011				
	16,305			$ 29.076	06/09/2012				
	4,695			$ 62.830	05/09/2016				
	1,000	4,000 (8)		$ 49.770	05/04/2014				
			87,000	$ 47.530	06/20/2014				
	34,000			$ 26.695	08/21/2015				
Arthur R. Zunker, Jr.	13,496			$ 11.763	12/31/2010(9)				

16,890	$ 23.420	12/31/2010[9]
6,882	$ 23.300	12/31/2010[9]
11,647	$ 29.076	12/31/2010[9]
3,354	$ 62.830	12/31/2010[9]

(1) Based on the closing price per share of Common Stock on the NYSE on March 31, 2009 ($24.25).

(2) Represents the remaining unvested shares under a restricted stock grant of 45,000 shares made to Mr. Rowley on September 18, 2003 under our Incentive Plan. On September 18, 2008, 6,429 of such shares vested, and the remaining shares will vest as follows: 6,429 on September 18, 2009; and 6,429 on September 18, 2010.

(3) Represents earned RSUs, 31,165 shares of which become payable to Mr. Rowley in shares of Common Stock on August 21, 2009, and 15,452 shares of which become payable in shares of Common Stock on March 31, 2010.

(4) This entire grant vested on March 31, 2009, prior to Mr. Dendle s resignation from the Company effective June 12, 2009; therefore, pursuant to the option agreement between Mr. Dendle and the Company, this option grant will expire 90 days following the effective date of his resignation.

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(5) None of this grant vested prior to Mr. Dendle s resignation from the Company effective June 12, 2009; therefore, pursuant to the option agreement between Mr. Dendle and the Company, this entire option grant was forfeited.

(6) This represents earned RSUs, all of which become payable in shares of Common Stock on August 21, 2009, except for Mr. Dendle s, which were forfeited upon his resignation from the Company effective June 12, 2009 and will not become payable in shares.

(7) Represents the unvested shares (as of March 31, 2009) under a restricted stock grant of 15,000 shares made to Mr. Dendle on June 10, 2008 under our Incentive Plan. On June 10, 2009, 2,143 of such shares vested. Upon Mr. Dendle s resignation from the Company effective June 12, 2009, the remaining shares were forfeited.

(8) Represents options to purchase 5,000 shares of Common Stock granted to Mr. Essl during fiscal 2008 that vest ratably over 5 years.

(9) On August 5, 2008, the Compensation Committee approved the extension of Mr. Zunker s rights under his outstanding stock option agreements through the two-year period following Mr. Zunker s retirement date, which occurred on December 31, 2008. The modifications to Mr. Zunker s stock option agreements are described in greater detail in the Current Report on Form 8-K that we filed with the SEC on August 11, 2008 and under the heading Chief Financial Officer on page 16 of this proxy statement.

Option Exercises and Stock Vested

The following table sets forth information regarding the exercise of stock options and the vesting of restricted stock or restricted stock units during fiscal 2009 for each of our Named Executive Officers.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting[1] (#)	Value Realized on Vesting[2] ($)
Steven R. Rowley			25,932[3]	$ 649,038
Mark V. Dendle				
David B. Powers			333	$ 8,075
James H. Graass			1,407	$ 34,120
Gerald J. Essl			333	$ 8,075
Arthur R. Zunker, Jr.			237	$ 5,747

(1) Except for Mr. Rowley, all of the amounts in this column represent shares of Common Stock received by the Named Executive Officer in connection with the payment of shares in accordance with the terms of previously granted RSUs. A portion of the RSUs were dividend equivalent units which are credited to holders of our RSUs at any time we pay a cash dividend on our Common Stock. Dividend equivalent units reflected in this column are as follows: Mr. Rowley - 1,337, Mr. Powers - 16, Mr. Graass - 80, Mr. Essl - 16, and Mr. Zunker - 11.

(2) The amounts in this column represent the dollar value of the stock award valued at the closing price of our Common Stock on the vesting date of such shares.

(3) This amount includes 6,429 shares of Common Stock for which restrictions lapsed during fiscal 2009 under the terms of Mr. Rowley s restricted stock grant dated September 18, 2003; and 19,503 shares of Common Stock received by Mr. Rowley in connection with the payment of shares in accordance with the terms of previously granted RSUs (including dividend equivalent units noted in footnote 1 above).

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Nonqualified Deferred Compensation

In FY 2009

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY[1] ($)	Aggregate Earnings in Last FY[2] ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE[3] ($)
Steven R. Rowley		$ 55,750	($172,114)		$ 370,987
Mark V. Dendle					
David B. Powers		$ 9,250	($5,402)		$ 23,617
James H. Graass		$ 9,250	($13,884)		$ 52,099
Gerald J. Essl		$ 8,875	$10,861		$ 278,990
Arthur R. Zunker, Jr.		$ 5,250	($71,301)	$ 46,507	$ 422,560

(1) The amounts in this column represent contributions made by the Company for the account of the Named Executive Officers during fiscal 2009 under our SERP. The SERP is an unfunded, non-qualified plan for certain executives of the Company. Under the SERP, the Company makes contributions to the account of the executive in an amount substantially equal to the additional contributions he or she would have received under the PSRP had 100% of his or her annual salary been eligible for a profit sharing contribution. The SERP is described in greater detail under SERP on page 22 of this proxy statement. The amounts in this column are reflected in the All Other Compensation column of the Summary Compensation Table located on page 25 of this proxy statement.

(2) The Company also maintains the Eagle Materials Inc. Deferred Compensation Plan. Under this Deferred Compensation Plan, eligible executives were allowed to defer the receipt of a portion of their salary or annual bonus for fiscal 2001, up to 75% of such amounts. For fiscal years after fiscal 2001, the Deferred Compensation Plan was closed to additional employee deferrals. Amounts under the Deferred Compensation Plan are payable at a date certain or upon the participant s termination of employment, disability or death in the form of a lump sum or installments as elected pursuant to the terms of the plan. Such amounts are not subject to the six month delay applicable to key employees under Internal Revenue Code Section 409A. The earnings in this column reflect earnings or losses on balances in the Named Executive Officer s SERP account and Deferred Compensation Plan account. A Named Executive Officer may designate how his account balances are to be invested by selecting among the investment options available under our PSRP, with the exception of the Common Stock fund. Because these earnings are not above market, they are not included in the Summary Compensation Table on page 25 of this proxy statement. The table below shows the investment options available under our PSRP (other than the Common Stock fund) and the annual rate of return for the 12 month period ended March 31, 2009, as reported to us by the administrator of the plan.

Fund	Rate of Return
ABF Large Cap Value	(41.73%)
Fidelity Dividend Growth Fund	(42.05%)
Fidelity Equity Income II Fund	(43.60%)
Legg Mason Partners Aggressive Growth A	(39.75%)
Spartan U.S. Equity Index Fund	(38.08%)
TCW Select Equity Fund Class N	(27.39%)
Fidelity Growth Strategies	(37.63%)
Fidelity Low Price Stock Fund	(36.34%)
JP Morgan Diversified Midcap Growth Fund Class A	(35.32%)
Spartan Extended Market Index Fund	(38.48%)
ABF Small Cap Value PA	(39.37%)
Baron Small Cap Fund	(36.10%)
Dreyfus Founders Discovery Fund	(37.67%)
Fidelity Diversified International Fund	(46.53%)
Fidelity Freedom 2000 Fund	(13.60%)

Fidelity Freedom 2010 Fund	(25.06%)
Fidelity Freedom 2020 Fund	(31.39%)
Fidelity Freedom 2030 Fund	(36.25%)
Fidelity Freedom 2040 Fund	(38.20%)
Fidelity Freedom Income Fund	(11.97%)
Fidelity Managed Income Portfolio	3.14%
Fidelity Short Term Bond	(2.14%)
Fidelity US Bond Index Fund	2.68%
Fidelity Retirement Money Market	2.28%

(3) The amounts in this column represent the sum of: (i) the balance in the Named Executive Officer s account under the SERP; and (ii) the balance in the Named Executive Officer s account under the Company s Deferred Compensation Plan.

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POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

The following is a summary of the potential payments payable to the Named Executive Officers (other than Mr. Zunker, who retired from the Company on December 31, 2008) upon termination of employment or a change of control of the Company under current compensation programs. Specifically, compensation payable to each Named Executive Officer upon voluntary termination, involuntary termination or in the event of death or disability and change of control is discussed below. The amounts shown in the tables below assume that such termination was effective as of March 31, 2009, and are therefore estimates of the amounts which would be paid out to the executives (or their beneficiaries) upon their termination. Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, any actual amounts paid or distributed may be different. Factors that could affect these amounts include the timing during the year of any such event, the price of our Common Stock and the executive s age.

Payments Made Upon Any Termination

Deferred Compensation. The amounts shown in the table below do not include distribution of plan balances under our Deferred Compensation Plan or SERP. These balances are shown in the Nonqualified Deferred Compensation in FY 2009 Table on page 31 of this proxy statement.

Death and Disability. A termination of employment due to death or disability does not entitle the Named Executive Officer to any payments or benefits that are not available to salaried employees generally, except for benefits payable to the beneficiaries of the Named Executive Officers in the event of termination due to death under our Salary Continuation Plan. A description of our Salary Continuation Plan is set forth under Salary Continuation Plan on page 22 of this proxy statement.

Accrued Pay and Profit Sharing Plan Benefits. The amounts shown in the table below do not include payments and benefits to the extent they are provided on a non-discriminatory basis to salaried employees generally upon termination of employment or relate to equity grants that have already vested. These include:

- accrued salary and vacation pay through the date of termination;
- non-equity incentive compensation earned and payable prior to the date of termination;
- option grants received under the Incentive Plan which have already vested and are exercisable prior to the date of termination (subject to the terms of the applicable Nonqualified Stock Option Agreement);
- restricted stock grants or restricted stock unit grants received under the Incentive Plan which have already vested prior to the date of termination (subject to the terms of the applicable Restricted Stock or Restricted Stock Unit Agreement); and
- unused vacation pay.

Type of Payment	Involuntary Termination or Voluntary Termination (non Change of Control) ($)	Death or Disability ($)	Change of Control[1] ($)
Steven R. Rowley			
Long-Term Incentives			
Stock Options			
Unexercisable and Accelerated Awards			(2)

Restricted Stock Units		
Unvested and Accelerated Awards		$ 1,103,836(3)
Restricted Stock Award		
Unvested and Accelerated Awards		$ 311,807(4)
Benefits		
Salary Continuation Plan Payments	$ 1,500,000(5)	
ROWLEY TOTAL	**$ 1,500,000**	**$ 1,415,643**

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Type of Payment	Involuntary Termination or Voluntary Termination (non Change of Control) ($)	Death or Disability ($)	Change of Control[1] ($)
Mark V. Dendle			
Long-Term Incentives			
Stock Options Unexercisable and Accelerated Awards			(2)
Restricted Stock Units Unvested and Accelerated Awards			$ 90,938(3)
Restricted Stock Award Unvested and Accelerated Awards			$ 363,750(4)
Benefits			
Salary Continuation Plan Payments	(6)	$ 1,500,000(5)	
DENDLE TOTAL		**$ 1,500,000**	**$ 454,688**
David B. Powers			
Long-Term Incentives			
Stock Options Unexercisable and Accelerated Awards			(2)
Restricted Stock Units Unvested and Accelerated Awards			$ 181,875(3)
Benefits			
Salary Continuation Plan Payments		$ 1,137,500(5)	
POWERS TOTAL		**$ 1,137,500**	**$ 181,875**
James H. Graass			
Long-Term Incentives			
Stock Options Unexercisable and Accelerated Awards			(2)
Restricted Stock Units Unvested and Accelerated Awards			$ 181,875(3)
Benefits			
Salary Continuation Plan Payments		$ 1,500,000(5)	
GRAASS TOTAL		**$ 1,500,000**	**$ 181,875**
Gerald J. Essl			
Long-Term Incentives			
Stock Options Unexercisable and Accelerated Awards			(2)
Restricted Stock Units Unvested and Accelerated Awards			$ 133,375(3)
Benefits			
Salary Continuation Plan Payments		$ 1,137,500(5)	
ESSL TOTAL		**$ 1,137,500**	**$ 133,375**
AGGREGATE TOTAL FOR NAMED EXECUTIVE OFFICERS		**$ 6,775,000**	**$ 2,367,456**

(1) The definition of Change of Control is described under Change of Control Benefits on page 23 of this proxy statement.

(2) Represents the dollar value of the unexercisable stock options that are accelerated because of a change of control based on the amount, if any, that the closing price of our Common Stock on March 31, 2009 ($24.25) exceeds the exercise price of the stock option.

(3) Represents the dollar value of the RSUs that are accelerated or paid to the Named Executive Officer in the form of Common Stock because of a change of control, based on the closing price of our Common Stock on March 31, 2009 ($24.25). With respect to Mr. Dendle, upon Mr. Dendle s resignation from the Company effective June 12, 2009, his RSUs were forfeited.

(4) Represents the dollar value of the restricted stock for which restrictions will lapse upon a change of control based on the closing price of our Common Stock on March 31, 2009 ($24.25). With respect to Mr. Dendle, 2,143 of his grant of 15,000 shares of restricted stock vested on June 10, 2009. Upon his resignation from the Company effective June 12, 2009, the remainder of his restricted stock grant was forfeited.

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(5) Under the terms of our SCP, in the event of a Named Executive Officer s death while employed by the Company, such Named Executive Officer s beneficiaries would receive the following payments, which would be paid from the proceeds of a life insurance policy purchased by the Company covering such Named Executive Officer (calculated based on fiscal 2009 salaries):

a. Rowley $800,000 in a lump sum payment plus $400,000 per year until the beneficiaries have received a total of $1,500,000 in payments.

b. Dendle $400,000 in a lump sum payment plus $200,000 per year until the beneficiaries have received a total of $1,500,000 in payments.

c. Powers $325,000 in a lump sum payment plus $162,500 per year until the date Mr. Powers would have reached 65.

d. Graass $325,000 in a lump sum payment plus $162,500 per year until the beneficiaries have received a total of $1,500,000 in payments.

e. Essl $325,000 in a lump sum payment plus $162,500 per year until the date Mr. Essl would have reached 65.

(6) Mr. Dendle resigned from the Company effective June 12, 2009. The Compensation Committee approved the continued payment of Mr. Dendle s salary for the six (6) month period following the effective date of his resignation (an aggregate of $200,000). See Chief Financial Officer on page 16 of this proxy statement.

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STOCK OWNERSHIP

Management

We encourage stock ownership by our directors, officers and employees to align their interests with your interests as stockholders. The following table shows the beneficial ownership of our Common Stock, as of the record date for the annual meeting by: (a) each director, (b) each of our current executive officers and (c) by all directors and executive officers of the Company as a group (13 persons). Except as otherwise indicated, all shares are owned directly, and the owner of such shares has the sole voting and investment power with respect thereto.

Amount and Nature of Beneficial Ownership (1)

	Number of Shares Beneficially Owned(2)	Percentage of Common Stock
F. William Barnett	68,764	*
Robert L. Clarke(3)	102,565	*
O.G. Dagnan	98,615	*
William R. Devlin(4)	25,667	*
Gerald J. Essl	155,880	*
James H. Graass	419,850	*
Laurence E. Hirsch(5)	1,593,517	3.6%
Frank W. Maresh	24,677	*
Michael R. Nicolais(6)	70,410	*
David B. Powers	96,021	*
David W. Quinn	70,652	*
Steven R. Rowley(7)	715,034	1.6%
Richard R. Stewart(8)	20,877	*
All current directors, nominees and executive officers as a group (13 persons)	3,462,529	7.7%

* Less than 1%

(1) For purposes of this table, beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act, pursuant to which a person is deemed to have beneficial ownership of shares of our stock that the person has the right to acquire within 60 days. For purposes of computing the percentage of outstanding shares of Common Stock held by each person or group of persons named in the table, any shares that such person or persons have the right to acquire within 60 days are deemed to be outstanding, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other persons.

(2) Amounts include the following shares of Common Stock that may be acquired upon exercise of stock options awarded under our Incentive Plan: Mr. Barnett 68,764 shares; Mr. Clarke 48,273 shares; Mr. Dagnan 50,054 shares; Mr. Devlin 20,904 shares; Mr. Essl 129,437 shares; Mr. Graass 410,245 shares; Mr. Hirsch 75,008 shares; Mr. Maresh 24,677 shares; Mr. Nicolais 54,476 shares; Mr. Powers 88,866 shares; Mr. Quinn 52,391 shares; Mr. Rowley 417,092 shares; Mr. Stewart 14,877 shares; and all directors and executive officers of the Company as a group (13 persons) 1,479,064 shares. In addition, this table includes shares of Common Stock that are held for the account of participants as of June 10, 2009, pursuant to the Common Stock fund of the PSRP, as follows: Mr. Rowley 4,251 shares; Mr. Graass 751 shares; Mr. Powers 1,490 shares; Mr. Devlin 915 shares; and all directors and executive officers of the Company as a group (13 persons) 7,407 shares. These amounts do not include the RSUs previously granted to the non-employee directors (including dividend equivalent units accrued since the date of grant) disclosed in the table on page 8 of this proxy statement.

(3) Includes 54,292 shares pledged as collateral for a loan.

(4) Includes 1,200 shares of Common Stock held in Mr. Devlin s IRA.

(5) Includes 845,546 shares of Common Stock owned by Highlander. Also includes 5,173 shares of Common Stock owned by Hirsch Family Partnership No. 1, Ltd.; and 5,173 shares of Common Stock owned by Hirsch Family Partnership No. 2, Ltd., with respect to which Mr. Hirsch disclaims beneficial ownership.

(6) Includes (a) 1,386 shares of Common Stock owned by Mr. Nicolais wife; (b) 1,550 shares of Common Stock owned by the profit sharing plan of Mr. Nicolais employer; (c) 3,500 shares of Common Stock held in Mr. Nicolais IRA; (d) 555 shares of Common Stock held in trust (Mr. Nicolais wife is trustee) for their daughter; and (e) 555 shares of Common Stock held in trust (Mr. Nicolais wife is trustee) for their son. Mr. Nicolais has disclaimed beneficial ownership of the shares of Common Stock held in trust.

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(7) Includes (a) 12,858 shares of Common Stock representing the remaining unvested shares under a restricted stock award originally made to Mr. Rowley on September 18, 2003; and (b) 280,833 shares pledged as collateral for a loan.

(8) Includes 6,000 shares owned by Stewart Family Trust.

Certain Beneficial Owners

The table below provides information regarding the only persons we know of who are the beneficial owners of more than five percent of our Common Stock. The number of shares of Common Stock shown in the table as beneficially owned by each person as of the most recent practicable date, which is generally the date as of which information is provided in the most recent beneficial ownership report filed by such person with the SEC. The percentage of our Common Stock shown in the table as owned by each person is calculated in accordance with applicable SEC rules based on the number of outstanding shares of Common Stock as of June 10, 2009, the record date for our annual meeting of stockholders.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Common Stock
Adage Capital Partners, L.P.[1] 200 Clarendon Street, 52nd Floor Boston, MA 02116	4,130,419	9.5%
Iridian Asset Management LLC[2] 276 Post Road West Westport, CT 06880-4704	3,563,460	8.2%
Samana Capital, L.P. [3] 283 Greenwich Avenue Greenwich, CT 06830	3,291,461	7.5%
Morgan Stanley[4] 1585 Broadway New York, NY 10036	2,392,504	5.5%
Ash Grove Cement Company[5] 11011 Cody Overland Park, KS 66210	2,194,298	5.0%

(1) Based solely on the information contained in a Schedule 13G/A filed with the SEC on February 17, 2009. Also included in the Schedule 13G/A as having shared voting and dispositive power with Adage Capital Partners, L.P. (ACP) with respect to the reported shares are the following: (i) Adage Capital Partners, GP, L.L.C. (ACPGP); (ii) Adage Capital Advisors, L.L.C. (ACA); Robert Atchinson (Mr. Atchinson); and Phillip Gross (Mr. Gross). Mr. Atchinson, Mr. Gross and ACA are managing members of ACPGP; and ACPGP, Mr. Atchinson, Mr. Gross and ACA are general partners of ACP.

(2)

Based solely on the information contained in a Schedule 13G/A filed with the SEC on February 4, 2009. Also included in the Schedule 13G/A as having shared voting and dispositive power with Iridian Asset Management LLC (Iridian) with respect to the reported shares are the following: (i) BIAM (US) Inc. (BIAM); (ii) BancIreland (US) Holdings, Inc. (BancIreland); (iii) BIAM Holdings (Holdings); and (iv) The Governor and Company of the Bank of Ireland (Bank of Ireland). Iridian serves as investment advisor with respect to the reported shares. Bank of Ireland is the sole shareholder of Holdings, which is the sole shareholder of BancIreland, which is the sole shareholder of BIAM, which is the controlling member of Iridian. The address of Bank of Ireland and Holdings is Head Office, Lower Baggot Street, Dublin 2, Ireland. The address of BancIreland and BIAM is Liberty Park #15, 282 Route 101, Amherst, NH 03110.

(3) Based solely on the information contained in a Schedule 13G/A filed with the SEC on February 17, 2009. Of the shares reported in the Schedule 13G/A, (i) Samana Capital, L.P. (SC) has shared voting and dispositive power with respect to 2,854,927 shares; and (ii) Morton Holdings, Inc. (MH) and Philip B. Korsant have shared voting and dispositive power with respect to 3,291,461 shares. MH is the general partner of SC.

(4) Based solely on the information contained in a Schedule 13G/A filed with the SEC on February 17, 2009. Of the shares reported in the Schedule 13G/A, (i) Morgan Stanley (MS) has sole voting power with respect to 2,201,116 shares; (ii) MS has sole dispositive power with respect to 2,392,504 shares; (iii) Morgan Stanley Investment Management Inc. (MSIM) has sole voting power with respect to 2,150,323 shares; and (iv) MSIM has sole dispositive power with respect to 2,246,538 shares. The address of MSIM is 522 Fifth Avenue, New York, NY 10036.

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(5) Based solely on the information contained in a Schedule 13D filed with the SEC on August 19, 2008. Of the shares reported in the Schedule 13D, (i) Ash Grove Cement Company (Ash Grove) has sole voting power with respect to 2,194,298 shares; (ii) Ash Grove has sole dispositive power with respect to 2,194,298 shares; and (iii) Robert Sunderland, James P. Sunderland, Charles T. Sunderland, and Kenton W. Sunderland have shared voting and dispositive power with respect to 2,194,298. Ash Grove is a private company controlled by various family trusts and partnerships for the benefit of Paul Sunderland and his descendants (collectively, the Sunderland Family Trusts). Each of Robert Sunderland, James P. Sunderland, Charles T. Sunderland, and Kenton W. Sunderland is a beneficiary of certain Sunderland Family Trusts and a trustee of certain Sunderland Family Trusts.

Related Party Transactions

Our code of conduct adopted by the Board, which we refer to as Eagle Ethics, includes provisions addressing conflicts of interest which arise when a director, officer, or employee has an interest in a transaction in which the Company is a participant. Eagle Ethics defines a conflict of interest as an activity, investment or association that interferes or might appear to interfere with the judgment or objectivity of an officer or employee in performing his or her job in the best interests of the Company and our shareholders.

Under Eagle Ethics, officers or employees are encouraged to consult with their supervisors regarding any matter that may involve a conflict of interest. In addition, Eagle Ethics requires that prior approval of both the supervisor of an officer or employee and the president of the Eagle business unit in which such officer or employee is employed before: (1) obtaining an ownership interest in, or position with, an Eagle supplier, contractor, customer or competitor, subject to certain exceptions relating to the ownership of publicly traded securities; (2) employing any relatives where there is either a direct or indirect reporting relationship or a substantial amount of interaction between the relatives on the job; or (3) establishing a business relationship between Eagle and a company in which the officer or employee or his or her relative has an ownership interest or holds a position.

In addition to the above policies included in Eagle Ethics, we have implemented certain informal processes in connection with transactions with related persons. For example, the Company s legal staff is primarily responsible for the development of processes to obtain information from the directors and executive officers with respect to related person transactions and for determining, based on the facts and circumstances, whether the related person has a direct or indirect material interest in the transaction. In addition, all of our employees, executive officers and directors are required to disclose any conflicts of interest in an annual certification reviewed by our Legal Department. After disclosure, some conflicts of interest may be resolved through implementing appropriate controls for our protection. Depending on the identity of the officer or employee involved in a transaction creating a potential conflict of interest, the conflict of interest may be resolved by the Company s legal staff or may be referred to the Audit Committee. Where an appropriately disclosed conflict of interest is minor and not likely to adversely impact us, we may consent to the activity. Such consent may be subject to appropriate controls intended to ensure that transaction as implemented is not adverse to the Company. In other cases where appropriate controls are not feasible, the person involved will be requested not to enter into, or to discontinue, the relevant transaction or relationship. If a potential conflict arises concerning a director or officer of the Company, the potential conflict is disclosed to the Chair of the Audit Committee of the Board for review and disposition. As required under SEC rules, transactions that are determined to be directly or indirectly material to the Company or a related person are disclosed in the annual proxy statements.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company s directors and executive officers, and persons who beneficially own more than 10% of a registered class of the Company s equity securities, to file initial reports of ownership, reports of changes in ownership and annual reports of ownership with the SEC and the NYSE. These persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms that they file with the SEC.

Based solely on our review of the copies of such forms we received with respect to fiscal 2009 or written representations from certain reporting persons, the Company believes that its directors and executive officers, and persons who beneficially own more than 10% of a registered class of the Company s equity securities, have complied with all filing requirements of Section 16(a) for fiscal 2009 applicable to such persons.

Code of Conduct

The Company s code of conduct, Eagle Ethics, applies to all of the Company s employees, including the Company s officers. Eagle Ethics also applies to the Board of Directors. The Company s code of conduct is designed to deter wrongdoing and to promote:

honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

compliance with applicable governmental laws, rules and regulations;

the prompt internal reporting of violations of the code of conduct to an appropriate person or persons identified in the code of conduct; and

accountability for adherence to the code of conduct.

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All of the Company s employees and directors are required to certify to the Company, on an annual basis, that they have complied with the Company s code of conduct without exception or, if they have not so complied, to list the exceptions.

The Company has posted the text of its code of conduct on its Internet website at *www.eaglematerials.com* (click on Investor Relations , then on Corporate Governance , then on Eagle Ethics under the heading Code of Ethics). Additionally, the Company will provide without charge a copy of the code of conduct to any person upon written request to our Secretary at our principal executive office.

RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS

Ernst & Young LLP, which we refer to as Ernst & Young, audited the Company s financial statements for the fiscal years ended March 31, 2007, 2008 and 2009.

Ernst & Young reports directly to our Audit Committee. The Audit Committee has adopted policies and procedures for pre-approving all audit and permissible non-audit services performed by Ernst & Young. Under these policies, the Audit Committee pre-approves the use of audit and specific permissible audit-related and non-audit services up to certain dollar limits. Other audit and permissible non-audit services that exceed a $50,000 threshold must be pre-approved separately by the Audit Committee, or, for such services that do not exceed $50,000, by a member of the Audit Committee. Any such member must report the pre-approval at the next Audit Committee meeting. In determining whether or not to pre-approve services, the Audit Committee determines whether the service is a permissible service under the SEC s rules, and, if permissible, the potential effect of such services on the independence of Ernst & Young.

The following table sets forth the various fees for services provided to the Company by Ernst & Young in the fiscal years ended March 31, 2009 and 2008, all of which services have been approved by the Audit Committee:

Fiscal Year Ended March 31,	Audit Fees(1)	Audit Related Fees(2)	Tax Fees	All Other Fees	Total
2009	$ 714,587	$ 74,000	$ 85,000		$ 873,587
2008	$ 672,000	$ 74,000			$ 746,000

(1) Includes fees for the annual audit and quarterly reviews, accounting and financial reporting consultations regarding generally accepted accounting principles.

(2) Includes fees for benefit plan audits.

AUDIT COMMITTEE REPORT

To the Board of Directors of Eagle Materials Inc.:

We have reviewed and discussed with management the audited financial statements of Eagle Materials Inc. as of and for the fiscal year ended March 31, 2009.

We have discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended by Statement on Auditing Standards No. 90, Audit Committee Communications, by the Auditing Standards Board of the American Institute of Certified Public Accountants.

We have received and reviewed the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as amended by the Independence Standards Board, and have discussed with the auditors the auditors independence. We have also considered whether the auditors provision of non-audit services to Eagle Materials Inc. and its affiliates is compatible with the auditors independence.

Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the financial statements referred to above be included in the Annual Report of Eagle Materials Inc. on Form 10-K for the fiscal year ended March 31, 2009.

Audit Committee

David W. Quinn, *Chairman*

Robert L. Clarke

Frank W. Maresh

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PROPOSAL NO. 2: RE-APPROVAL OF THE MATERIAL TERMS OF

THE PERFORMANCE GOALS UNDER OUR INCENTIVE PLAN

Introduction

Our Incentive Plan was initially adopted by the stockholders of the Company on January 8, 2004, and was subsequently amended as of July 27, 2004 and February 25, 2006. In addition, on May 19, 2009, our Board of Directors adopted certain additional amendments to the Incentive Plan to address regulatory changes and other matters of a largely administrative nature, including the revisions described below in Material Terms of the Performance Goals Business Criteria. None of these prior amendments required stockholder approval under the terms of the Incentive Plan or the rules of the NYSE.

On May 19, 2009, the Board of Directors also approved certain other amendments to the Incentive Plan relating to a proposed increase in the number of shares available under the Incentive Plan, which are further described in Proposal No. 3: Approval of Amendment to Increase Shares Available Under our Incentive Plan beginning on page 42 below. These amendments will take effect if stockholder approval of Proposal No. 3 is obtained at the Annual Meeting.

The Incentive Plan provides us with the means to further the interest of the Company and our stockholders by providing incentives to key employees and directors who contribute materially to the success and profitability of the Company. Under the Incentive Plan, we are able to grant cash and equity incentive compensation to the Company s employees and directors to recognize and reward outstanding performance and individual contribution in a manner that links the compensation of the individual to the performance of both the individual and the Company. The Compensation Committee may, at its discretion, award stock options, stock appreciation rights, stock awards, or cash awards under the Incentive Plan. In addition, any of these awards may be made in the form of a performance award, where the award is subject to the attainment of one or more pre-established, objective performance goals.

Section 162(m), which we refer to as Section 162(m), of the Internal Revenue Code places a limit of $1,000,000 on our federal income tax deduction for compensation paid in a taxable year to our Chief Executive Officer and our three other most highly-compensated officers (other than our Chief Financial Officer). There is an exception, however, that excludes from this limitation certain performance-based compensation. In particular, qualified performance-based compensation is not subject to the deduction limit, and is therefore fully deductible if several conditions are met. One of these conditions under Section 162(m) is that the stockholders must approve the material terms of the performance goals no later than the first stockholder meeting that occurs in the fifth year following the year in which stockholders previously approved those terms. In order for the awards made pursuant to the Incentive Plan to continue to meet the exception to the deduction limit, the material terms of the performance goals under the Incentive Plan must be approved at this Annual Meeting.

Purpose of the Proposal

As discussed in Proposal No. 3: Approval of Amendment to Increase Shares Available Under our Incentive Plan Limitations on Tax Deductibility of Compensation on page 48 of this proxy statement, the Compensation Committee generally seeks whenever possible to structure annual incentive and long-term incentive compensation awards paid to executives in a manner that satisfies the Section 162(m) requirements, but reserves the right to award nondeductible compensation as it deems appropriate.

The material terms of the performance goals of the Incentive Plan were approved by our stockholders when the Incentive Plan was first adopted in 2004. As noted above, on May 19, 2009, our Board of Directors adopted certain amendments to the Incentive Plan, including certain minor changes to the performance goals of the Incentive Plan. These amendments were intended simply to clarify the language of the performance goals, and the material terms of the performance goals have not been amended since adoption by the stockholders in 2004. As discussed above, in order for certain awards under the Incentive Plan to continue to qualify under Section 162(m), we are seeking re-approval of the material terms of the performance goals. This approval will allow the Company to continue to deduct for federal income tax purposes the compensation paid to our Chief Executive Officer and our three other most highly compensated executive officers (other than the Chief Financial Officer) under the Incentive Plan based on these performance goals. The Company is not seeking to make any changes with respect to the material terms of the performance goals at this time.

Material Terms of the Performance Goals

Under Section 162(m), the material terms of the performance goals under the Incentive Plan that must be re-approved are (1) the class of employees eligible to receive compensation upon achievement of performance goals applicable to awards under the plan; (2) the business criteria on which such performance goals may be based; and (3) the maximum amount that may be paid to any employee subject to

Section 162(m) upon achievement of the performance goals applicable to an award under the plan.

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Eligible Class

Persons eligible to be considered for awards under the Incentive Plan are our directors and all employees of the Company and certain of our subsidiaries and joint ventures who hold positions of responsibility and whose performance, in the judgment of our Compensation Committee, can have a significant effect on the Company and the success of our affiliates. The Compensation Committee selects the participants in the Incentive Plan from time to time as evidenced by awards under the Incentive Plan.

Business Criteria

The business criteria that may be used to establish the Incentive Plan s performance goals are:

- stock price measures (including but not limited to growth measures and total shareholder return);
- earnings per share (actual or targeted growth);