

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended

June 30, 2020

Commission File Number 1-12984



EAGLE MATERIALS INC.

(Exact name of registrant as specified in its charter)

Delaware (State of Incorporation)

75-2520779 (I.R.S. Employer Identification No.)

5960 Berkshire Lane, Suite 900, Dallas, Texas 75225 (Address of principal executive offices)

(214) 432-2000 (Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (par value \$.01 per share)	EXP	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.)

Yes No

As of July 27, 2020, the number of outstanding shares of common stock was:

Class	Outstanding Shares
Common Stock, \$.01 Par Value	41,756,684

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION (unaudited)

	Page	
Item 1.	Consolidated Financial Statements	
	Consolidated Statements of Earnings for the Three Months Ended June 30, 2020 and 2019	1
	Consolidated Statements of Comprehensive Earnings for the Three Months Ended June 30, 2020 and 2019	2
	Consolidated Balance Sheets as of June 30, 2020, and March 31, 2020	3
	Consolidated Statements of Cash Flows for the Three Months Ended June 30, 2020 and 2019	4
	Consolidated Statements of Stockholders' Equity for the Three Months Ended June 30, 2020 and 2019	5
	Notes to Unaudited Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	26
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	39
Item 4.	Controls and Procedures	39

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	40
Item 1a.	Risk Factors	40
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	41
Item 4.	Mine Safety Information	41
Item 6.	Exhibits	42
	SIGNATURES	43

EAGLE MATERIALS INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF EARNINGS (unaudited)

	For the Three Months Ended June 30,	
	2020	2019
	(dollars in thousands, except share and per share data)	
Revenue	\$ 428,020	\$ 370,597
Cost of Goods Sold	327,041	295,268
Gross Profit	100,979	75,329
Equity in Earnings of Unconsolidated Joint Venture	7,796	9,432
Corporate General and Administrative Expense	(17,789)	(21,254)
Gain on Sale of Businesses	51,973	—
Other Non-Operating Income (Loss)	(127)	200
Interest Expense, Net	(14,041)	(8,846)
Earnings before Income Taxes	128,791	54,861
Income Taxes	(32,585)	(13,557)
Net Earnings	\$ 96,206	\$ 41,304
EARNINGS PER SHARE		
Basic	\$ 2.32	\$ 0.94
Diluted	\$ 2.31	\$ 0.94
AVERAGE SHARES OUTSTANDING		
Basic	41,410,794	43,870,222
Diluted	41,563,268	44,150,211
CASH DIVIDENDS PER SHARE	\$ 0.10	\$ 0.10

See notes to unaudited consolidated financial statements.

EAGLE MATERIALS INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (unaudited)

	For the Three Months Ended June 30,	
	2020	2019
	(dollars in thousands)	
Net Earnings	\$ 96,206	\$ 41,304
Net Actuarial Change in Defined Benefit Plans:		
Amortization of net actuarial loss	33	43
Tax expense	(8)	(10)
Comprehensive Earnings	\$ 96,231	\$ 41,337

See notes to unaudited consolidated financial statements.

EAGLE MATERIALS INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (unaudited)

	June 30, 2020	March 31, 2020
	(dollars in thousands)	
ASSETS		
Current Assets -		
Cash and Cash Equivalents	\$ 199,441	\$ 118,648
Accounts and Notes Receivable, net	194,564	151,786
Inventories	243,125	272,508
Income Tax Receivable	123,709	128,413
Prepaid and Other Assets	10,754	6,862
Total Current Assets	771,593	678,217
Property, Plant, and Equipment, net	1,726,363	1,762,109
Notes Receivable	9,068	9,139
Investment in Joint Venture	72,254	73,958
Operating Lease Right-of-Use Assets	29,904	30,530
Goodwill and Intangible Assets, net	395,673	396,463
Other Assets	10,309	10,604
	\$ 3,015,164	\$ 2,961,020
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities -		
Accounts Payable	\$ 81,985	\$ 86,197
Accrued Liabilities	75,482	73,293
Income Taxes Payable	32,130	—
Operating Lease Liabilities	10,436	10,207
Total Current Liabilities	200,033	169,697
Long-term Debt	1,492,088	1,567,315
Noncurrent Operating Lease Liabilities	47,478	49,809
Other Long-term Liabilities	44,667	39,689
Deferred Income Taxes	162,940	166,667
Total Liabilities	1,947,206	1,993,177
Stockholders' Equity -		
Preferred Stock, Par Value \$0.01; Authorized 5,000,000 Shares; None Issued	—	—
Common Stock, Par Value \$0.01; Authorized 100,000,000 Shares; Issued and Outstanding 41,756,684 and 41,649,041 Shares, respectively	418	416
Capital in Excess of Par Value	14,571	10,943
Accumulated Other Comprehensive Losses	(3,302)	(3,581)
Retained Earnings	1,056,271	960,065
Total Stockholders' Equity	1,067,958	967,843
	\$ 3,015,164	\$ 2,961,020

See notes to the unaudited consolidated financial statements.

EAGLE MATERIALS INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	For the Three Months Ended June 30,	
	2020	2019
	(dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Earnings	\$ 96,206	\$ 41,304
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities, Net of Effect of Non-Cash Activity -		
Depreciation, Depletion and Amortization	31,937	27,960
Deferred Income Tax Provision	(3,736)	3,687
Stock Compensation Expense	4,760	8,219
Gain on Sale of Subsidiaries	(51,973)	—
Equity in Earnings of Unconsolidated Joint Venture	(7,796)	(9,432)
Distributions from Joint Venture	9,500	3,000
Changes in Operating Assets and Liabilities:		
Accounts and Notes Receivable	(45,878)	(45,431)
Inventories	23,091	11,582
Accounts Payable and Accrued Liabilities	4,398	(6,071)
Other Assets	(2,030)	6,486
Income Taxes Payable (Receivable)	36,834	9,394
Net Cash Provided by Operating Activities	95,313	50,698
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property, Plant, and Equipment	(25,991)	(21,813)
Proceeds from Sale of Businesses	93,482	—
Net Cash Provided by (Used in) Investing Activities	67,491	(21,813)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in Credit Facility	(75,000)	185,000
Dividends Paid to Stockholders	(4,163)	(4,499)
Purchase and Retirement of Common Stock	—	(198,355)
Proceeds from Stock Option Exercises	—	396
Payment of Debt Issuance Costs	(1,718)	—
Shares Redeemed to Settle Employee Taxes on Stock Compensation	(1,130)	(866)
Net Cash Used in Financing Activities	(82,011)	(18,324)
NET INCREASE IN CASH AND CASH EQUIVALENTS	80,793	10,561
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	118,648	8,601
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 199,441	\$ 19,162

See notes to the unaudited consolidated financial statements.

EAGLE MATERIALS INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (unaudited)

	Common Stock	Capital in Excess of Par Value	Retained Earnings <small>(dollars in thousands)</small>	Accumulated Other Comprehensive Losses	Total
Balance at March 31, 2019	\$ 451	\$ —	\$ 1,212,352	\$ (3,316)	\$ 1,209,487
Net Earnings	—	—	41,304	—	41,304
Stock Option Exercises and Restricted Share Vesting	—	396	—	—	396
Purchase and Retirement of Common Stock	(23)	(7,748)	(190,584)	—	(198,355)
Dividends to Stockholders	—	—	(4,316)	—	(4,316)
Stock Compensation Expense	1	8,218	—	—	8,219
Shares Redeemed to Settle Employee Taxes	—	(866)	—	—	(866)
Cumulative Effect of Change in Accounting for Leases	—	—	(636)	—	(636)
Unfunded Pension Liability, net of tax	—	—	—	33	33
Balance at June 30, 2019	\$ 429	\$ —	\$ 1,058,120	\$ (3,283)	\$ 1,055,266

	Common Stock	Capital in Excess of Par Value	Retained Earnings <small>(dollars in thousands)</small>	Accumulated Other Comprehensive Losses	Total
Balance at March 31, 2020	\$ 416	\$ 10,943	\$ 960,065	\$ (3,581)	\$ 967,843
Net Earnings	—	—	96,206	—	96,206
Stock Compensation Expense	2	4,758	—	—	4,760
Shares Redeemed to Settle Employee Taxes	—	(1,130)	—	—	(1,130)
Sale of Business with Unfunded Pension Liability	—	—	—	254	254
Unfunded Pension Liability, net of tax	—	—	—	25	25
Balance at June 30, 2020	\$ 418	\$ 14,571	\$ 1,056,271	\$ (3,302)	\$ 1,067,958

See notes to the unaudited consolidated financial statements.

Eagle Materials Inc. and Subsidiaries
Notes to Consolidated Financial Statements

(A) BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements as of and for the three-month period ended June 30, 2020 include the accounts of Eagle Materials Inc. and its majority-owned subsidiaries (collectively, the Company, us, or we) and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 22, 2020.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading. In our opinion, all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the information in the following unaudited consolidated financial statements of the Company have been included. The results of operations for interim periods are not necessarily indicative of the results for the full year.

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

We have been deemed an essential business with respect to the COVID-19 pandemic. While we have not yet experienced a material impact on our operations or financial position from this pandemic, there may be future effects on our business, both directly and indirectly, including with respect to customers, manufacturing operations, employees, suppliers, and the building materials and construction markets in general.

Recent Accounting Pronouncements

RECENTLY ADOPTED

In June 2016, the FASB issued ASU 2016-13, which is an update on the measurement of credit losses on financial instruments, which requires entities to use a forward-looking approach based on expected losses rather than the current model of incurred losses to estimate credit losses on certain types of financial instruments, including Accounts and Notes Receivable. The application of the forward-looking model may result in earlier recognition of allowances for losses than the current method. The adoption of this standard on April 1, 2020, did not have a material effect on our consolidated financial statements and disclosures.

PENDING ADOPTION

In December 2019, the FASB issued ASU 2019-12 which simplifies the accounting for income taxes, eliminates certain exceptions within existing income tax guidance, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. The updated standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. We do not expect the adoption of this standard will have a material impact to our consolidated financial statements.

(B) SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information is as follows:

	For the Three Months Ended June 30,	
	2020	2019
	(dollars in thousands)	
Cash Payments:		
Interest	\$ 9,562	\$ 5,241
Income Taxes	—	90
Operating Cash Flows used for Operating Leases	3,195	3,961
Non-Cash Financing Activities:		
Property and Equipment Purchases Included in Accrued Liabilities	\$ —	\$ 3,675

(C) ACQUISITION**Kosmos Acquisition**

On March 6, 2020, we acquired the assets of Kosmos Cement Company (Kosmos), a joint venture between CEMEX S.A.B. de C.V. and Buzzi Unicem S.p.A. (the Kosmos Acquisition). The Kosmos Acquisition included (i) a cement plant located in Louisville, Kentucky, (ii) a limestone quarry located in Battletown, Kentucky, (iii) cement distribution terminals located in Indianapolis, Indiana; Cincinnati, Ohio; Pittsburgh, Pennsylvania; Charleston, West Virginia; Ceredo, West Virginia; Mt. Vernon, Indiana; and Lexington, Kentucky, and (iv) certain other properties and assets used by Kosmos in connection with the foregoing (collectively, the Kosmos Business). We assumed certain liabilities and obligations of Kosmos relating to the Kosmos Business, including contractual obligations, reclamation obligations and various other liabilities arising out of or relating to the Kosmos Business. The Kosmos Business is included in our Heavy Materials Sector, in the Cement segment.

Purchase Price: The purchase price of the Kosmos Acquisition was approximately \$669 million. We funded the payment of the Kosmos Acquisition primarily through a Term Loan borrowing with the remainder paid using cash on hand. See Footnote (N) for a description of the loan terms.

Recording of Assets Acquired and Liabilities Assumed: The transaction was accounted for using the acquisition method of accounting which requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The Company engaged a third party to perform appraisal valuation services to support the Company's preliminary estimate of the fair value of certain assets acquired in the Kosmos Acquisition.

The preparation of the valuation of the assets acquired and liabilities assumed in the Kosmos Acquisition requires the use of significant assumptions and estimates. Critical estimates with respect to the valuation of property, plant, and equipment include, but are not limited to, replacement cost, condition, and estimated remaining useful lives of property and equipment. Critical estimates related to intangible and other assets include future expected cash flows, including projected revenues and expenses, customer attrition, and applicable discount rates. These estimates are based on assumptions that we believe to be reasonable. However, actual results may differ from these estimates.

The Company has determined preliminary fair values of the assets acquired and liabilities assumed in the Kosmos Acquisition. These values are subject to change during the measurement period as we perform additional reviews of the property and equipment, and the asset retirement obligation.

The following table summarizes the provisional allocation of the purchase price to assets acquired and liabilities assumed as of June 30, 2020:

		(dollars in thousands)
Inventories	\$	28,568
Property, Plant, and Equipment		476,942
Intangible Assets		38,300
Lease Right-of-Use Assets		4,478
Lease Obligations		(4,478)
Long-term Liabilities		(4,000)
Total Net Assets		539,810
Goodwill		129,127
Total Estimated Purchase Price	\$	668,937

During the quarter ended June 30, 2020, we completed the valuation of inventories, intangible assets, lease right-of-use assets, and lease obligations. These final values, which are disclosed in the above table, resulted in increases of \$0.2 million, \$2.8 million, \$0.6 million and \$0.6 million, respectively, from the amounts disclosed in our fiscal 2020 Form 10-K. We also revised our estimates for property, plant and equipment, which resulted in a reduction of \$0.5 million; however, this value is still preliminary.

Goodwill represents the excess purchase price over the fair values of assets acquired and liabilities assumed. The Goodwill was generated by the availability of co-product sales and the opportunity associated with the expansion of our Cement business to the eastern region of the United States. All of the goodwill generated by the transaction will be deductible for income tax purposes.

The following table is a summary of the fair value estimates of the identifiable intangible assets (dollars in thousands) and their weighted-average useful lives:

	Weighted-Average Life	Estimated Fair Value
Permits	20	1,500
Customer Relationships	15	35,300
Trade Name and Technology	10	1,500
Total Intangible Assets		\$ 38,300

Actual and pro forma impact of Kosmos Acquisition: The following table presents the net sales and Operating Earnings related to the Kosmos Acquisition that has been included in our Consolidated Statement of Earnings for the three months ended June 30, 2020:

	For the Three Months Ended June 30, 2020	
		(dollars in thousands)
Revenue	\$	47,555
Operating Earnings	\$	10,552

Operating Earnings shown above for the three months ended June 30, 2020 was affected by approximately \$5.3 million related to depreciation and amortization and \$3.7 million related to the recording of acquired inventory at fair value.

The unaudited pro forma results presented below include the effects of the Kosmos Acquisition as if it had been consummated as of April 1, 2019. The pro forma results include estimates for depreciation from the fair value adjustments to acquired Property and Equipment, amortization for acquired Intangible Assets, the Inventory step-up to fair value, and interest expense associated with debt used to fund the Kosmos Acquisition. To better reflect the combined operating results, approximately \$5.6 million of material nonrecurring charges directly related to the Kosmos Acquisition have been excluded from pro forma Net Income.

	For the Three Months Ended June 30, 2019	
	Unaudited	
	(dollars in thousands, except per share data)	
Revenue	\$	399,766
Net Income	\$	36,569
Earnings per share – basic	\$	0.83
Earnings per share – diluted	\$	0.83

The pro forma results do not include any anticipated synergies or other expected benefits of the Kosmos Acquisition. Accordingly, the unaudited pro forma results are not necessarily indicative of either future results of operations or results that might have been achieved had the Kosmos Acquisition been consummated as of April 1, 2019.

(D) SALE OF BUSINESSES

On April 17, 2020, we sold our Western Aggregates LLC (Western) and Mathews Readymix LLC (Mathews) businesses to Teichert, Inc. for an aggregate purchase price of approximately \$93.5 million, subject to certain post-closing adjustments. This sale resulted in a gain of approximately \$52.0 million. Western and Mathews were part of our Concrete and Aggregates operating segment, and their results of operations were included in our financial statements for the period from April 1, 2020 through April 17, 2020.

At the date of sale, assets and liabilities included on our balance sheet related to Western and Mathews were approximately \$43.8 million and \$2.3 million, respectively. Revenue and Operating Earnings from Western and Mathews, collectively, were approximately \$1.7 million and \$0.1 million, respectively, for the three months ended June 30, 2020, and \$7.8 million and \$1.0 million, respectively, for the three months ended June 30, 2019.

(E) REVENUE

We earn Revenue primarily from the sale of products, which include cement, concrete, aggregates, gypsum wallboard, recycled paperboard, and frac sand. The vast majority of Revenue from the sale of cement, concrete, aggregates, and gypsum wallboard are originated by purchase orders from our customers, who are primarily third-party contractors and suppliers. Revenue from our Recycled Paperboard and Oil and Gas Proppants segments is generated primarily through long-term supply agreements that mature between 2020 and 2025. We invoice customers upon shipment, and our collection terms range from 30-65 days. Revenue from the sale of cement, concrete, aggregates, and gypsum wallboard that is not related to long-term supply agreements is recognized upon shipment of the related products to customers, which is when title and ownership are transferred, and the customer is obligated to pay.

Revenue from sales under our long-term supply agreements is also recognized upon transfer of control to the customer, which generally occurs at the time the product is shipped from the production facility or terminal location. Our long-term supply agreements with customers define, among other commitments, the volume of product that we must provide and the volume that the customer must purchase by the end of the defined periods. Pricing structures under our agreements are generally market-based but are subject to certain contractual adjustments. Historically, the pricing and volume requirements under certain of these contracts have been renegotiated during volatile market conditions. Shortfall amounts, if applicable under these arrangements, are

constrained and not recognized as Revenue until an agreement is reached with the customer and, therefore, are not subject to the risk of reversal.

The Company offers certain of its customers, including those with long-term supply agreements, rebates and incentives, which we treat as variable consideration. We adjust the amount of Revenue recognized for the variable consideration using the most likely amount method based on past history and projected volumes in the rebate and incentive period. Any amounts billed to customers for taxes are excluded from Revenue.

The Company has elected to treat freight and delivery charges we pay for the delivery of goods to our customers as a fulfillment activity rather than a separate performance obligation. When we arrange for a third party to deliver products to customers, fees for shipping and handling that are billed to the customer are recorded as Revenue, while costs we incur for shipping and handling are recorded as expenses and included in Cost of Goods Sold.

Other Non-Operating Income includes lease and rental income, asset sale income, non-inventoried aggregates sales income, distribution center income, and trucking income, as well as other miscellaneous revenue items and costs that have not been allocated to a business segment.

See Footnote (O) to the Unaudited Consolidated Financial Statements for disaggregation of revenue by segment.

(F) ACCOUNTS AND NOTES RECEIVABLE

Accounts and Notes Receivable have been shown net of the allowance for doubtful accounts of \$9.9 million and \$12.4 million at June 30, 2020 and March 31, 2020, respectively. We perform ongoing credit evaluations of our customers' financial condition and generally require no collateral from our customers. The allowance for non-collection of receivables is based upon analysis of economic trends in the construction industry, detailed analysis of the expected collectability of accounts receivable that are past due, and the expected collectability of overall receivables. We have no significant credit risk concentration among our diversified customer base.

We had Notes Receivable totaling approximately \$9.7 million at June 30, 2020, of which approximately \$0.7 million has been classified as current and presented with Accounts Receivable on the balance sheet. We lend funds to certain companies in the ordinary course of business, and the notes bear interest, on average, at 3.6%. Remaining unpaid amounts, plus accrued interest, mature in fiscal 2025 and 2026. The notes are collateralized by certain assets of the borrowers, namely property and equipment, and are generally payable monthly. We monitor the credit risk of each borrower by assessing the timeliness of payments, credit history, credit metrics, and our ongoing interactions with each borrower.

(G) INVENTORIES

Inventories are stated at the lower of average cost (including applicable material, labor, depreciation, and plant overhead) or net realizable value. Raw Materials and Materials-in-Progress include clinker, which is an intermediary product before it is ground into cement powder. Quantities of Raw Materials and Materials-in-Progress, Aggregates and coal inventories, are based on measured volumes, subject to estimation based on the size and location of the inventory piles, and converted to tonnage using standard inventory density factors. Inventories consist of the following:

	June 30, 2020	March 31, 2020
	(dollars in thousands)	
Raw Materials and Materials-in-Progress	\$ 96,084	\$ 110,558
Finished Cement	33,590	43,538
Aggregates	3,562	8,416
Gypsum Wallboard	4,088	4,211
Paperboard	5,424	5,715
Frac Sand	467	386
Repair Parts and Supplies	87,791	88,095
Fuel and Coal	12,119	11,589
	\$ 243,125	\$ 272,508

(H) ACCRUED EXPENSES

Accrued Expenses consist of the following:

	June 30, 2020	March 31, 2020
	(dollars in thousands)	
Payroll and Incentive Compensation	\$ 16,376	\$ 25,584
Benefits	14,281	12,521
Interest	7,353	4,080
Property Taxes	9,002	6,676
Power and Fuel	1,365	1,353
Legal and Professional	16,110	16,096
Sales and use Tax	1,442	1,085
Other	9,553	5,898
	\$ 75,482	\$ 73,293

(I) LEASES

We lease certain real estate, buildings, and equipment. Certain of these leases contain escalations of rent over the term of the lease, as well as options for us to extend the term of the lease at the end of the original term. These extensions range from periods of one year to twenty years. Our lease agreements do not contain material residual value guarantees or material restrictive covenants. In calculating the present value of future minimum lease payments, we use the rate implicit in the lease if it can be determined. Otherwise we use our incremental borrowing rate in effect at the commencement of the lease to determine the present value of the future minimum lease payments. Additionally, we lease certain equipment under short-term leases with initial terms of less than twelve months, which are not recorded on the balance sheet.

Lease expense for our operating and short-term leases is as follows:

	For the Three Months Ended June 30,	
	2020 (dollars in thousands)	2019
Operating Lease Cost	\$ 2,006	\$ 3,947
Short-term Lease Cost	759	584
Total Lease Cost	\$ 2,765	\$ 4,531

The Right-of-Use Assets and Lease Liabilities are reflected on our Balance Sheet as follows:

	June 30,	March 31,
	2020 (dollars in thousands)	2020
Operating Leases:		
Operating Lease Right-of-Use Assets	\$ 29,904	\$ 30,530
Current Operating Lease Liabilities	\$ 10,436	\$ 10,207
Noncurrent Operating Lease Liabilities	47,478	49,809
Total Operating Lease Liabilities	\$ 57,914	\$ 60,016

Future payments for operating leases are as follows (dollars in thousands):

Fiscal Year	Amount
2021 (remaining nine months)	\$ 9,301
2022	10,887
2023	10,062
2024	8,216
2025	6,879
Thereafter	24,624
Total Lease Payments	\$ 69,969
Less: Imputed Interest	(12,055)
Present Value of Lease Liabilities	\$ 57,914
Weighted-Average Remaining Lease Term (in years)	9.1
Weighted-Average Discount Rate	3.78%

(J) SHARE-BASED EMPLOYEE COMPENSATION

On August 7, 2013, our stockholders approved the Eagle Materials Inc. Amended and Restated Incentive Plan (the Plan), which increased the shares we are authorized to issue as awards by 3,000,000 (1,500,000 of which may be stock awards). Under the terms of the Plan, we can issue equity awards, including stock options, restricted stock units (RSUs), restricted stock, and stock appreciation rights to employees of the Company and members of the Board of Directors. Awards that were already outstanding prior to the approval of the Plan on August 7, 2013 remain outstanding. The Compensation Committee of our Board of Directors specifies the terms for grants of equity awards under the Plan.

Long-Term Compensation Plans

OPTIONS

In May 2020, the Compensation Committee of the Board of Directors approved the granting to certain officers and key employees an aggregate of 96,476 performance vesting stock options that will be earned only if certain performance conditions are satisfied (the Fiscal 2021 Employee Performance Stock Option Grant). The performance criteria for the Fiscal 2021 Employee Performance Stock Option Grant is based upon the

achievement of certain levels of return on equity (as defined in the option agreements), ranging from 10.0% to 20.0%, for the fiscal year ending March 31, 2021. All stock options will be earned if the return on equity is 20.0% or greater, and the percentage of shares earned will be reduced proportionately to approximately 66.7% if the return on equity is 10.0%. If the Company does not achieve a return on equity of at least 10.0%, all granted stock options will be forfeited. Following any such reduction, restrictions on the earned stock options will lapse and the earned options will vest ratably over four years, with the initial fourth vesting promptly following the determination date, and the remaining options vesting on March 31, 2022 through 2024. The stock options have a term of ten years from the date of grant. The Compensation Committee also approved the granting of 80,396 time-vesting stock options to the same officers and key employees, which vest ratably over four years (the Fiscal 2021 Employee Time-Vesting Stock Option Grant).

The weighted-average assumptions used in the Black-Scholes model to value the option awards in fiscal 2021 are as follows:

	2020
Dividend Yield	—
Expected Volatility	37.9%
Risk Free Interest Rate	0.5%
Expected Life	6.0 years

Stock option expense for all outstanding stock option awards totaled approximately \$1.7 million and \$1.1 million for the three months ended June 30, 2020 and 2019, respectively. At June 30, 2020, there was approximately \$10.0 million of unrecognized compensation cost related to outstanding stock options, which is expected to be recognized over a weighted-average period of 2.8 years.

The following table represents stock option activity for the three months ended June 30, 2020:

	Number of Shares	Weighted-Average Exercise Price
Outstanding Options at March 31, 2020	1,160,091	\$ 80.36
Granted	178,946	\$ 60.20
Exercised	—	\$ —
Cancelled	(12,094)	\$ 91.58
Outstanding Options at June 30, 2020	1,326,943	
Options Exercisable at June 30, 2020	914,683	
Weighted-Average Fair Value of Options Granted During the Year	\$ 22.04	

The following table summarizes information about stock options outstanding at June 30, 2020:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number of Shares Outstanding	Weighted-Average Remaining Contractual Life (in years)	Weighted-Average Exercise Price	Number of Shares Outstanding	Weighted-Average Exercise Price	
\$23.17 - \$29.84	65,912	1.10	\$ 23.27	65,912	\$ 23.27	
\$33.43 - \$37.34	57,728	1.96	\$ 34.03	57,728	\$ 34.03	
\$53.22 - \$77.67	446,709	6.98	\$ 67.55	255,357	\$ 72.53	
\$79.73 - \$106.24	756,594	6.44	\$ 91.49	535,686	\$ 89.34	
	1,326,943	6.16	\$ 77.54	914,683	\$ 76.39	

At June 30, 2020, the aggregate intrinsic value for both of the outstanding and exercisable options was approximately \$7.4 million and \$5.5 million, respectively. No options were exercised during the three months ended June 30, 2020.

RESTRICTED STOCK

In May 2020, the Compensation Committee approved the granting to certain officers and key employees an aggregate of 82,722 shares of performance vesting restricted stock that will be earned if certain performance conditions are satisfied (the Fiscal 2021 Employee Restricted Stock Performance Award). The performance criteria for the Fiscal 2021 Employee Restricted Stock Performance Award is based upon the achievement of certain levels of return on equity (as defined in the award agreement), ranging from 10.0% to 20.0%, for the fiscal year ending March 31, 2021. All restricted shares will be earned if the return on equity is 20.0% or greater, and the percentage of shares earned will be reduced proportionately to approximately 66.7% if the return on equity is 10.0%. If the Company does not achieve a return on equity of at least 10.0%, all awards will be forfeited. Following any such reduction, restrictions on the earned shares will lapse ratably over four years, with the initial fourth lapsing promptly following the determination date, and the remaining restrictions lapsing on March 31, 2022 through 2024. The Compensation Committee also approved the granting of 68,936 shares of time-vesting restricted stock to the same officers and key employees, which vest ratably over four years (the Fiscal 2021 Employee Restricted Stock Time-Vesting Award). The Fiscal 2020 Employee Restricted Stock Performance Award and the Fiscal 2021 Employee Restricted Stock Time-Vesting Award were valued at the closing price of the stock on the date of grant and are being expensed over a four-year period.

The fair value of restricted stock is based on the stock price at the date of grant. The following table summarizes the activity for nonvested restricted shares during the three months ended June 30, 2020:

	Number of Shares	Weighted-Average Grant Date Fair Value
Nonvested Restricted Stock March 31, 2020	233,120	\$ 78.94
Granted	152,309	\$ 60.21
Vested	(49,727)	\$ 55.50
Forfeited	(6,127)	\$ 91.58
Nonvested Restricted Stock at June 30, 2020	329,575	

During the three months ended June 30, 2020, the weighted-average grant date fair value of restricted shares awarded was \$60.21.

Expense related to restricted shares was approximately \$3.0 million and \$7.1 million for the three months ended June 30, 2020 and 2019, respectively. At June 30, 2020, there was approximately \$17.8 million of unearned compensation from restricted stock, which will be recognized over a weighted-average period of 2.9 years.

The number of shares available for future grants of stock options, restricted stock units, stock appreciation rights, and restricted stock under the Plan was 3,469,927 at June 30, 2020.

(K) COMPUTATION OF EARNINGS PER SHARE

The calculation of basic and diluted common shares outstanding is as follows:

	For the Three Months Ended June 30,	
	2020	2019
Weighted Average Shares of Common Stock Outstanding	41,410,794	43,870,222
Effect of Dilutive Shares:		
Assumed Exercise of Outstanding Dilutive Options	130,687	750,654
Less Shares Repurchased from Proceeds of Assumed Exercised Options	(61,690)	(591,647)
Restricted Stock Units	83,477	120,982
Weighted Average Common Stock and Dilutive Securities Outstanding	41,563,268	44,150,211
Shares Excluded Due to Anti-dilution Effects	1,065,648	327,761

(L) PENSION AND EMPLOYEE BENEFIT PLANS

We sponsor several defined benefit pension plans and defined contribution plans, which together cover substantially all our employees. Benefits paid under the defined benefit plans covering certain hourly employees are based on years of service and the employee's qualifying compensation over the last few years of employment.

The following table shows the components of net periodic (benefit) cost for our plans:

	For the Three Months Ended June 30,	
	2020	2019
	(dollars in thousands)	
Service Cost - Benefits Earned During the Period	\$ —	\$ 85
Interest Cost of Projected Benefit Obligation	304	338
Expected Return on Plan Assets	(355)	(426)
Recognized Net Actuarial Loss	33	43
Net Periodic Pension (Benefit) Cost	\$ (18)	\$ 40

(M) INCOME TAXES

Income Taxes for the interim periods presented have been included in the accompanying financial statements on the basis of an estimated annual effective tax rate. In addition to the amount of tax resulting from applying the estimated annual effective tax rate to pre-tax income, we will include, when appropriate, certain items treated as discrete events to arrive at an estimated overall tax amount. The effective tax rate for the three months ended June 30, 2020 was approximately 25%, which was in line with the tax rate of 25% for the three months ended June 30, 2019. During the three months ended June 30, 2020, the effective tax rate rose above the US Statutory rate of 21% primarily due to state income taxes and a discrete penalty that was recorded related to an uncertain tax position.

(N) LONG-TERM DEBT

Long-term Debt consists of the following:

	June 30,		March 31,	
	2020		2020	
	(dollars in thousands)			
Revolving Credit Facility	\$ 485,000	\$	\$ 560,000	\$
4.500% Senior Unsecured Notes Due 2026	350,000		350,000	
Term Loan	665,000		665,000	
Total Debt	1,500,000		1,575,000	
Less: Debt Origination Costs	(7,912)		(7,685)	
Long-term Debt	\$ 1,492,088	\$	\$ 1,567,315	\$

Credit Facility

We have a revolving credit facility (the Revolving Credit Facility) that terminates on August 2, 2022. The borrowing capacity under the Revolving Credit Facility is \$750.0 million until August 2, 2021, after which the aggregate borrowing capacity under the Revolving Credit Facility will be reduced to \$665.0 million. The Revolving Credit Facility also includes a swingline loan sublimit of \$25.0 million.

Borrowings under the Revolving Credit Facility are guaranteed by all of the Company's material subsidiaries. The debt under the Revolving Credit Facility is not rated by ratings agencies. At the Company's option, principal amounts outstanding under the Revolving Credit Facility bear interest at a variable rate equal to either (i) the Adjusted LIBO Rate (as defined in the Revolving Credit Facility) plus an agreed spread (ranging from 125 to 200 basis points for loans scheduled to mature in 2021 and from 150 to 250 basis points for loans scheduled to mature in 2022), which is established quarterly based on the Company's then Leverage Ratio (as defined in the Revolving Credit Facility); or (ii) an Alternate Base Rate (as defined in the Revolving Credit Facility), which is the

highest of (a) the Prime Rate (as defined in the Revolving Credit Facility), (b) the NYFRB (as defined in the Revolving Credit Facility) plus ½ of 1%, and (c) the Adjusted LIBO Rate for a one-month interest period on such day, plus 1.0%, in each case plus an agreed upon spread (ranging from 25 to 100 basis points for loans scheduled to mature in 2021 and from 50 to 150 basis points for loans scheduled to mature in 2022) which is established quarterly based on the Company's then Leverage Ratio. In the case of loans bearing interest at a rate based on the Alternate Base Rate, interest payments are payable quarterly. In the case of loans bearing interest at a rate based on the Adjusted LIBO Rate, interest is payable at the end of the relevant Interest Period (as defined in the Revolving Credit Facility) for such borrowing unless such Interest Period is for more than three months duration, in which case such interest is payable at intervals of three months duration after the first day of such Interest Period, which can be up to six months at the option of the Company. The Company is also required to pay a commitment fee on unused available borrowings under the Revolving Credit Facility (ranging from 15 to 30 basis points for loans scheduled to mature in 2021 and from 20 to 40 basis points for loans scheduled to mature in 2022) which is established quarterly based on the Company's then Leverage Ratio. The Revolving Credit Facility contains customary covenants that restrict the Company's and its Restricted Subsidiaries' ability to incur additional debt; encumber assets; merge with or transfer or sell assets to other persons; make or enter into certain investments, loans, or guaranties; enter into certain swap agreements; enter into affiliate transactions or restrictive transactions; make restricted payments; prepay subordinated indebtedness; and enter into sale and leaseback arrangements. The Revolving Credit Facility also requires the Company to maintain at the end of each fiscal quarter a Leverage Ratio of 4.50:1.00 or less and an Interest Coverage Ratio (as defined in the Revolving Credit Facility) equal to or greater than 2.50 to 1.00.

We were in compliance with all financial ratios and tests at June 30, 2020. We had \$485.0 million of borrowings outstanding under the Revolving Credit Facility at June 30, 2020. We had \$260.0 million of available borrowings under the Revolving Credit Facility, net of the outstanding letters of credit, at June 30, 2020, all of which was available for future borrowings based on our current Leverage Ratio.

The Revolving Credit Facility has a \$40.0 million letter of credit facility. The Company pays each lender a participation fee with respect to such lender's participations in letters of credit, which fee accrues at the same Applicable Rate (as defined in the Revolving Credit Facility) used to determine the interest rate applicable to Eurodollar Revolving Loans (as defined in the Revolving Credit Facility) plus a one-time letter of credit fee to the issuing bank of such letters of credit in an amount equal to 0.125% of the initial stated amount. At June 30, 2020, we had \$5.0 million of outstanding letters of credit. We previously provided an irrevocable stand-by letter of credit for any borrowings made by our Joint Venture under its credit facility; however, this credit facility was terminated and the letter of credit cancelled in July 2020.

Term Loan

We have a term loan credit agreement (the Term Loan Agreement) establishing a \$665.0 million term loan facility which we used to pay a portion of the purchase price for the Kosmos Acquisition and fees and expenses incurred in connection with the Kosmos Acquisition in March 2020, which matures on August 2, 2022.

Borrowings under the Term Loan Agreement bear interest, at our option, at a variable rate equal to either (i) the Alternate Base Rate (as defined in the Term Loan Agreement and consistent with the Revolving Credit Facility), plus an agreed spread (ranging from 50 to 150 basis points), or (ii) the Adjusted LIBO Rate (as defined in the Term Loan Agreement) plus an agreed spread (ranging from 150 to 250 basis points), which is established quarterly based on the Company's then Leverage Ratio (as defined in the Term Loan Agreement and consistent with the Revolving Credit Facility). The Company must also maintain a Leverage Ratio and Interest Coverage Ratio consistent with the Revolving Credit Facility.

4.500% Senior Unsecured Notes Due 2026

On August 2, 2016, the Company issued \$350.0 million aggregate principal amount of 4.500% senior notes (Senior Unsecured Notes) due August 2026. Interest on the Senior Unsecured Notes is payable semiannually on February 1 and August 1 of each year until all of the outstanding notes are paid. The Senior Unsecured Notes rank equal to existing and future senior indebtedness, including the Credit Facility and the Private Placement Senior Unsecured Notes. Prior to August 1, 2021, we may redeem some or all of the Senior Unsecured Notes at a price equal to 100% of the principal amount, plus a "make-whole" premium. Beginning August 1, 2021, we may redeem some or all of the Senior Unsecured Notes at the redemption prices set forth below (expressed as a percentage of the principal amount being redeemed):

	Percentage
2021	102.25%
2022	101.50%
2023	100.75%
2024 and thereafter	100.00%

The Senior Unsecured Notes contain covenants that limit our ability and/or our guarantor subsidiaries' ability to create or permit to exist certain liens; enter into sale and leaseback transactions; and consolidate, merge, or transfer all or substantially all of our assets. The Company's Senior Unsecured Notes are fully, unconditionally, jointly, and severally guaranteed by each of our subsidiaries that are guarantors under the Revolving Credit Facility and Term Loan Agreement. See Footnote (R) for more information on the guarantors of the Senior Public Notes.

Other Information

We lease one of our cement plants from the city of Sugar Creek, Missouri. The city of Sugar Creek issued industrial revenue bonds to partly finance improvements to the cement plant. The lease payments due to the city of Sugar Creek under the cement plant lease, which was entered into upon the sale of the industrial revenue bonds, are equal in amount to the payments required to be made by the city of Sugar Creek to the holders of the industrial revenue bonds. Because we hold all outstanding industrial revenue bonds, no debt is reflected on our financial statements in connection with our lease of the cement plant. Upon expiration of the lease in fiscal 2021, we have the option to purchase the cement plant for a nominal amount.

(O) SEGMENT INFORMATION

Operating segments are defined as components of an enterprise that engage in business activities that earn revenue, incur expenses, and prepare separate financial information that is evaluated regularly by our chief operating decision maker in order to allocate resources and assess performance.

We are a leading supplier of heavy construction materials and light building materials in the United States. Our primary products are commodities that are essential in commercial and residential construction; public construction projects; and projects to build, expand, and repair roads and highways. Demand for our products is generally cyclical and seasonal, depending on economic and geographic conditions. We distribute our products across many United States markets, which provides us with regional economic diversification. We also produce sand used in hydraulic fracturing as part of our Oil and Gas Proppants segment.

Our business is organized into three sectors within which there are five reportable business segments. The Heavy Materials sector includes the Cement and Concrete and Aggregates segments. The Light Materials sector includes the Gypsum Wallboard and Recycled Paperboard segments. The Oil and Gas Proppants segment produces frac sand used in oil and gas extraction.

Our operations are conducted in the U.S. and include the mining of limestone for the manufacture, production, distribution, and sale of portland cement (a basic construction material which is the essential binding ingredient in concrete); the grinding and sale of slag; the mining of gypsum for the manufacture and sale of gypsum wallboard; the manufacture and sale of recycled paperboard to the gypsum wallboard industry and other paperboard converters; the sale of readymix concrete; the mining and sale of aggregates (crushed stone, sand, and gravel) and the mining and sale of sand used in hydraulic fracturing (frac sand).

We operate eight modern cement plants (one of which is operated through a joint venture located in Buda, Texas), one slag grinding facility, and 29 cement distribution terminals. Our cement companies focus on the U.S. heartland and operate as an integrated network selling product primarily in California, Colorado, Illinois, Indiana, Iowa, Kentucky, Missouri, Nebraska, Nevada, Ohio, Oklahoma, and Texas. We operate 23 readymix concrete batch plants and four aggregates processing plants in markets that are complementary to our cement network. On April 17, 2020 we sold our Concrete and Aggregates companies in northern California. See Footnote (D) for more information about the sale.

We operate five gypsum wallboard plants and a recycled paperboard mill. We distribute gypsum wallboard and recycled paperboard throughout the continental U.S., with the exception of the Northeast.

Our Oil and Gas Proppants business owns two frac sand processing facilities, four frac sand drying facilities, and two frac sand trans-load locations. Frac sand is sold into shale deposits across the United States. During May 2020, we significantly curtailed our operating activities at our frac sand facilities.

We account for intersegment sales at market prices. For segment reporting purposes only, we proportionately consolidate our 50% share of the Joint Venture Revenue and Operating Earnings, consistent with the way management reports the segments within the Company for making operating decisions and assessing performance.

The following table sets forth certain financial information relating to our operations by segment. We do not allocate interest or taxes at the segment level; these costs are disclosed at the consolidated company level.

	For the Three Months Ended June 30,	
	2020 (dollars in thousands)	2019
Revenue -		
Cement	\$ 261,411	\$ 195,313
Concrete and Aggregates	44,190	39,778
Gypsum Wallboard	130,150	126,724
Paperboard	36,744	42,700
Oil and Gas Proppants	1,031	15,232
	473,526	419,747
Less: Intersegment Revenue	(20,206)	(21,645)
Less: Joint Venture Revenue	(25,300)	(27,505)
	\$ 428,020	\$ 370,597

	For the Three Months Ended June 30,	
	2020	2019
	(dollars in thousands)	
Intersegment Revenue -		
Cement	\$ 6,031	\$ 4,253
Concrete and Aggregates	106	377
Paperboard	14,069	17,015
	<u>\$ 20,206</u>	<u>\$ 21,645</u>
Cement Sales Volume (M tons) -		
Wholly Owned	1,866	1,318
Joint Venture	219	232
	<u>2,085</u>	<u>1,550</u>
	For the Three Months Ended June 30,	
	2020	2019
	(dollars in thousands)	
Operating Earnings -		
Cement	\$ 60,455	\$ 36,121
Concrete and Aggregates	5,418	4,434
Gypsum Wallboard	41,325	37,932
Paperboard	2,895	9,944
Oil and Gas Proppants	(1,318)	(3,670)
Sub-Total	108,775	84,761
Corporate General and Administrative Expense	(17,789)	(21,254)
Gain on Sale of Businesses	51,973	—
Other Non-Operating Income (Loss)	(127)	200
Earnings Before Interest and Income Taxes	142,832	63,707
Interest Expense, net	(14,041)	(8,846)
Earnings Before Income Taxes	\$ 128,791	\$ 54,861
Cement Operating Earnings -		
Wholly Owned	\$ 52,659	\$ 26,689
Joint Ventures	7,796	9,432
	<u>\$ 60,455</u>	<u>\$ 36,121</u>
Capital Expenditures -		
Cement	\$ 10,348	\$ 10,537
Concrete and Aggregates	1,261	595
Gypsum Wallboard	6,512	1,931
Paperboard	7,870	12,360
Oil and Gas Proppants	—	65
Other, net	—	—
	<u>\$ 25,991</u>	<u>\$ 25,488</u>
Depreciation, Depletion, and Amortization -		
Cement	\$ 19,243	\$ 14,218
Concrete and Aggregates	2,721	2,191
Gypsum Wallboard	5,200	4,952
Paperboard	3,352	2,163
Oil and Gas Proppants	121	3,839
Corporate and Other	1,300	597
	<u>\$ 31,937</u>	<u>\$ 27,960</u>

	June 30, 2020 (dollars in thousands)	March 31, 2020
Identifiable Assets		
Cement	\$ 1,999,175	\$ 1,980,306
Concrete and Aggregates	99,298	136,041
Gypsum Wallboard	372,628	375,946
Paperboard	187,511	183,288
Oil and Gas Proppants	8,047	14,294
Other, net	348,505	271,145
	\$ 3,015,164	\$ 2,961,020

The capital expenditures for the three months ended June 30, 2019 disclosed above differs from the capital expenditures on the Unaudited Consolidated Statement of Cash Flows as it includes \$3.7 million of capital expenditures that were accrued at June 30, 2019 and therefore not included in the Statement of Cash Flows. See Footnote (B) for more information.

Segment operating earnings, including the proportionately consolidated 50% interest in the revenue and expenses of the Joint Venture, represent Revenue, less direct operating expenses, segment Depreciation, and segment Selling, General and Administrative expenses. We account for intersegment sales at market prices. Corporate assets consist primarily of cash and cash equivalents, general office assets, and miscellaneous other assets.

The basis used to disclose Identifiable Assets; Capital Expenditures; and Depreciation, Depletion, and Amortization conforms with the equity method, and is similar to how we disclose these accounts in our Unaudited Consolidated Balance Sheets and Unaudited Consolidated Statements of Earnings

The segment breakdown of Goodwill is as follows:

	June 30, 2020 (dollars in thousands)	March 31, 2020
Cement	\$ 203,342	\$ 205,797
Concrete and Aggregates	1,639	1,639
Gypsum Wallboard	116,618	116,618
Paperboard	7,538	7,538
	\$ 329,137	\$ 331,592

Summarized financial information for the Joint Venture that is not consolidated is set out below (this summarized financial information includes the total amount for the Joint Venture and not our 50% interest in those amounts):

	For the Three Months Ended June 30,	
	2020 (dollars in thousands)	2019
Revenue	\$ 50,600	\$ 55,010
Gross Margin	\$ 16,765	\$ 19,866
Earnings Before Income Taxes	\$ 15,727	\$ 19,017

	June 30, 2020 (dollars in thousands)	March 31, 2020
Current Assets	\$ 70,153	\$ 77,331
Non-Current Assets	\$ 99,488	\$ 93,093
Current Liabilities	\$ 18,302	\$ 17,197

(P) INTEREST EXPENSE

The following components are included in Interest Expense, net:

	For the Three Months Ended June 30,	
	2020	2019
	(dollars in thousands)	
Interest Income	\$ —	\$ (4)
Interest Expense	13,019	8,559
Other Expenses	1,022	291
Interest Expense, net	\$ 14,041	\$ 8,846

Interest Income includes interest earned on investments of excess cash. Components of Interest Expense include interest associated with the Revolving Credit Facility, Term Loan, Senior Unsecured Notes, and commitment fees based on the unused portion of the Revolving Credit Facility. Other Expenses include amortization of debt issuance costs and Revolving Credit Facility costs.

(Q) COMMITMENTS AND CONTINGENCIES

We have certain deductible limits under our workers' compensation and liability insurance policies for which reserves are established based on the undiscounted estimated costs of known and anticipated claims. We have entered into standby letter of credit agreements relating to workers' compensation and auto and general liability self-insurance. At June 30, 2020, we had contingent liabilities under these outstanding letters of credit of approximately \$5.0 million.

In the ordinary course of business, we execute contracts involving indemnifications that are standard in the industry and indemnifications specific to a transaction such as the sale of a business. These indemnifications may include claims relating to any of the following: environmental and tax matters; intellectual property rights; governmental regulations and employment-related matters; customer, supplier, and other commercial contractual relationships; construction contracts and financial matters. While the maximum amount to which the Company may be exposed under such agreements cannot be estimated, management believes these indemnifications will not have a material adverse effect on our consolidated financial position, results of operations, or cash flows. We currently have no outstanding guarantees.

We are currently contingently liable for performance under \$29.9 million in performance bonds required by certain states and municipalities and their related agencies. The bonds are principally for certain reclamation obligations and mining permits. We have indemnified the underwriting insurance company against any exposure under the performance bonds. In our past experience, no material claims have been made against these financial instruments.

(R) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of our long-term debt has been estimated based upon our current incremental borrowing rates for similar types of borrowing arrangements. The fair value of our Senior Unsecured Notes at June 30, 2020 is as follows:

	Fair Value (dollars in thousands)
4.500% Senior Unsecured Notes Due 2026	\$ 363,765

The estimated fair value of our long-term debt was based on quoted prices of similar debt instruments with similar terms that are publicly traded (level 2 input). The carrying values of cash and cash equivalents, accounts and notes receivable, accounts payable, and accrued liabilities approximate their fair values at June 30, 2020, due to the short-term maturities of these assets and liabilities. The fair value of our Revolving Credit Facility and Term Loan also approximates their carrying values at June 30, 2020.

(S) FINANCIAL STATEMENTS FOR GUARANTORS OF THE 4.500% SENIOR UNSECURED NOTES

On August 2, 2016, the Company completed a public offering of its Senior Unsecured Notes. The Senior Unsecured Notes are senior unsecured obligations of the Company and were offered under the Company's existing shelf registration statement filed with the Securities and Exchange Commission.

Our Senior Unsecured Notes are guaranteed by all of the Company's wholly-owned subsidiaries, except for those subsidiaries comprising the Oil and Gas Proppants business. The guarantees are full and unconditional, and joint and several. The subsidiaries comprising the Oil and Gas Proppants business were guarantors of the Senior Unsecured Notes at March 31, 2020, but beginning in April 2020 they were removed from the guarantor group.

The following unaudited condensed consolidating financial statements present separately the Earnings and Comprehensive Earnings, financial position, and Cash Flows of the parent issuer (Eagle Materials Inc.), the guarantors (all wholly owned subsidiaries of Eagle Materials Inc., with the exception of the Oil and Gas Proppants businesses beginning April 1, 2020) and the non-guarantors (the Oil and Gas Proppants businesses beginning April 1, 2020) on a combined basis with eliminating entries (dollars in thousands).

Condensed Consolidating Statement of Earnings and Comprehensive Earnings For the Three Months Ended June 30, 2020					
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	\$ —	\$ 426,989	\$ 1,031	\$ —	\$ 428,020
Cost of Goods Sold	—	324,692	2,349	—	327,041
Gross Profit	—	102,297	(1,318)	—	100,979
Equity in Earnings of Unconsolidated Joint Venture	7,796	7,796	—	(7,796)	7,796
Equity in Earnings of Subsidiaries	63,684	—	—	(63,684)	—
Corporate General and Administrative Expenses	(14,411)	(3,260)	(118)	—	(17,789)
Gain on Sale of Businesses	51,973	—	—	—	51,973
Other Non-Operating Income (Loss)	(375)	67	181	—	(127)
Interest Expense, net	(14,028)	(13)	—	—	(14,041)
Earnings before Income Taxes	94,639	106,887	(1,255)	(71,480)	128,791
Income Taxes	1,567	(34,502)	350	—	(32,585)
Net Earnings	\$ 96,206	\$ 72,385	\$ (905)	\$ (71,480)	\$ 96,206
Net Earnings	\$ 96,206	\$ 72,385	\$ (905)	\$ (71,480)	\$ 96,206
Net Actuarial Change in Benefit Plans, net of tax	25	25	—	(25)	25
Comprehensive Earnings	\$ 96,231	\$ 72,410	\$ (905)	\$ (71,505)	\$ 96,231

Condensed Consolidating Statement of Earnings and Comprehensive Earnings For the Three Months Ended June 30, 2019					
	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	\$ —	\$ 370,597	\$ —	\$ —	\$ 370,597
Cost of Goods Sold	—	295,268	—	—	295,268
Gross Profit	—	75,329	—	—	75,329
Equity in Earnings of Unconsolidated Joint Venture	9,432	9,432	—	(9,432)	9,432
Equity in Earnings of Subsidiaries	55,742	—	—	(55,742)	—
Corporate General and Administrative Expenses	(20,968)	(286)	—	—	(21,254)
Other Non-Operating Income	426	(226)	—	—	200
Interest Expense, net	(8,834)	(12)	—	—	(8,846)
Earnings before Income Taxes	35,798	84,237	—	(65,174)	54,861
Income Taxes	5,506	(19,063)	—	—	(13,557)
Net Earnings	\$ 41,304	\$ 65,174	\$ —	\$ (65,174)	\$ 41,304
Net Earnings	\$ 41,304	\$ 65,174	\$ —	\$ (65,174)	\$ 41,304
Net Actuarial Change in Benefit Plans, net of tax	33	33	—	(33)	33
Comprehensive Earnings	\$ 41,337	\$ 65,207	\$ —	\$ (65,207)	\$ 41,337

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current Assets -					
Cash and Cash Equivalents	\$ 196,831	\$ 2,600	\$ 10	\$ —	\$ 199,441
Accounts and Notes Receivable	1,463	192,271	830	—	194,564
Inventories	—	242,658	467	—	243,125
Income Tax Receivable	123,709	—	—	—	123,709
Prepaid and Other Current Assets	1,199	9,415	140	—	10,754
Total Current Assets	323,202	446,944	1,447	—	771,593
Property, Plant, and Equipment, net	6,329	1,714,389	5,645	—	1,726,363
Notes Receivable	—	9,068	—	—	9,068
Investment in Joint Venture	70	72,184	—	—	72,254
Investments in Subsidiaries and Receivables from Affiliates	2,543,210	215,702	468	(2,759,380)	—
Deferred Income Taxes	9,246	—	43,742	(52,988)	—
Operating Lease Right of Use Assets	9,576	19,373	955	—	29,904
Goodwill and Intangible Assets, net	—	395,673	—	—	395,673
Other Assets	5,029	5,280	—	—	10,309
	\$ 2,896,662	\$ 2,878,613	\$ 52,257	\$ (2,812,368)	\$ 3,015,164
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities-					
Accounts Payable	\$ 3,052	\$ 77,371	1,562	\$ —	\$ 81,985
Accrued Liabilities	38,027	34,963	2,492	—	75,482
Income Taxes Payable	32,130	—	—	—	32,130
Operating Lease Liabilities	1,197	5,702	3,537	—	10,436
Total Current Liabilities	74,406	118,036	7,591	—	200,033
Long-term Debt	1,492,088	—	—	—	1,492,088
Noncurrent Lease Liabilities	11,952	26,783	8,743	—	47,478
Other Long-term Liabilities	3,500	35,362	5,805	—	44,667
Payables to Affiliates	246,758	6,813,951	51,727	(7,112,436)	—
Deferred Income Taxes	—	215,928	—	(52,988)	162,940
Total Liabilities	1,828,704	7,210,060	73,866	(7,165,424)	1,947,206
Total Stockholders' Equity	1,067,958	(4,331,447)	(21,609)	4,353,056	1,067,958
	\$ 2,896,662	\$ 2,878,613	\$ 52,257	\$ (2,812,368)	\$ 3,015,164

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current Assets -					
Cash and Cash Equivalents	\$ 116,269	\$ 2,379	\$ —	\$ —	\$ 118,648
Accounts and Notes Receivable	531	151,255	—	—	151,786
Inventories	—	272,508	—	—	272,508
Income Tax Receivables	128,413	—	—	—	128,413
Prepaid and Other Current Assets	953	5,909	—	—	6,862
Total Current Assets	246,166	432,051	—	—	678,217
Property, Plant, and Equipment, net	6,606	1,755,503	—	—	1,762,109
Notes Receivable	—	9,139	—	—	9,139
Investment in Joint Venture	70	73,888	—	—	73,958
Operating Lease Right-of-Use Assets	9,765	20,765	—	—	30,530
Investments in Subsidiaries and Receivables from Affiliates	2,489,326	179,398	—	(2,668,724)	—
Deferred Taxes	11,409	—	—	(11,409)	—
Goodwill and Intangible Assets, net	—	396,463	—	—	396,463
Other Assets	4,417	6,187	—	—	10,604
	\$ 2,767,759	\$ 2,873,394	\$ —	\$ (2,680,133)	\$ 2,961,020
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities-					
Accounts Payable	\$ 6,365	\$ 79,832	—	\$ —	\$ 86,197
Accrued Liabilities	33,409	39,884	—	—	73,293
Operating Lease Liabilities	1,180	9,027	—	—	10,207
Total Current Liabilities	40,954	128,743	—	—	169,697
Long-term Debt	1,567,315	—	—	—	1,567,315
Noncurrent Operating Lease Liabilities	12,249	37,560	—	—	49,809
Other Long-term Liabilities	—	39,689	—	—	39,689
Payables to Affiliates	179,398	6,324,504	—	(6,503,902)	—
Deferred Income Taxes	—	178,076	—	(11,409)	166,667
Total Liabilities	1,799,916	6,708,572	—	(6,515,311)	1,993,177
Total Stockholders' Equity	967,843	(3,835,178)	—	3,835,178	967,843
	\$ 2,767,759	\$ 2,873,394	\$ —	\$ (2,680,133)	\$ 2,961,020

Condensed Consolidating Statement of Cash Flows For the Three Months Ended June 30, 2020

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Cash Provided by (Used in) Operating Activities	\$ 21,481	\$ 70,804	\$ 3,028	\$ —	\$ 95,313
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to Property, Plant, and Equipment	—	(25,991)	—	—	(25,991)
Proceeds from Sale of Businesses	93,482	—	—	—	93,482
Net Cash Used in Investing Activities	93,482	(25,991)	—	—	67,491
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase (Decrease) in Credit Facility	(75,000)	—	—	—	(75,000)
Dividends Paid to Stockholders	(4,163)	—	—	—	(4,163)
Payment of Debt Issuance Costs	(1,718)	—	—	—	(1,718)
Shares Redeemed to Settle Employee Taxes on Stock Compensation	(1,130)	—	—	—	(1,130)
Intra-entity Activity, net	47,610	(44,592)	(3,018)	—	—
Net Cash Provided by (Used in) Financing Activities	(34,401)	(44,592)	(3,018)	—	(82,011)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	80,562	221	10	—	80,793
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	116,269	2,379	—	—	118,648
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	\$ 196,831	\$ 2,600	\$ 10	\$ —	\$ 199,441

Condensed Consolidating Statement of Cash Flows For the Three Months Ended June 30, 2019

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Net Cash Provided by (Used in) Operating Activities	\$ (6,412)	\$ 57,110	\$ —	\$ —	\$ 50,698
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to Property, Plant, and Equipment	—	(21,813)	—	—	(21,813)
Net Cash Used in Investing Activities	—	(21,813)	—	—	(21,813)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in Credit Facility	185,000	—	—	—	185,000
Dividends Paid to Stockholders	(4,499)	—	—	—	(4,499)
Purchase and Retirement of Common Stock	(198,355)	—	—	—	(198,355)
Proceeds from Stock Option Exercises	396	—	—	—	396
Shares Redeemed to Settle Employee Taxes on Stock Compensation	(866)	—	—	—	(866)
Intra-entity Activity, net	35,838	(35,838)	—	—	—
Net Cash Provided by (Used in) Financing Activities	17,514	(35,838)	—	—	(18,324)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	11,102	(541)	—	—	10,561
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	5,779	2,822	—	—	8,601
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	\$ 16,881	\$ 2,281	\$ —	\$ —	\$ 19,162

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

EXECUTIVE SUMMARY

We are a leading supplier of heavy construction materials and light building materials in the United States. Our primary products are commodities that are essential in commercial and residential construction; public construction projects; and projects to build, expand, and repair roads and highways. Demand for our products is generally cyclical and seasonal, depending on economic and geographic conditions. We distribute our products across many United States markets, which provides us with regional economic diversification. We also produce sand used in hydraulic fracturing as part of our Oil and Gas Proppants sector.

Our business is organized into three sectors: Heavy Materials, which includes the Cement and Concrete and Aggregates segments; Light Materials, which includes the Gypsum Wallboard and Recycled Paperboard segments; and Oil and Gas Proppants, which are used in oil and natural gas extraction. Financial results and other information for the three months ended June 30, 2020 and 2019, respectively, are presented on a consolidated basis and by these business segments – Cement, Concrete and Aggregates, Gypsum Wallboard, Recycled Paperboard, and Oil and Gas Proppants.

We conduct one of our cement operations through a joint venture, Texas Lehigh Cement Company LP, which is located in Buda, Texas (the Joint Venture). We own a 50% interest in the Joint Venture and account for our interest under the equity method of accounting. We proportionately consolidate our 50% share of the Joint Venture's Revenue and Operating Earnings in the presentation of our Cement segment, which is the way management organizes the segments within the Company for making operating decisions and assessing performance.

All our business activities are conducted in the United States. These activities include the mining of limestone for the manufacture, production, distribution, and sale of portland cement (a basic construction material that is the essential binding ingredient in concrete); the grinding and sale of slag; the mining of gypsum for the manufacture and sale of gypsum wallboard; the manufacture and sale of recycled paperboard to the gypsum wallboard industry and other paperboard converters; the sale of readymix concrete; the mining and sale of aggregates (crushed stone, sand, and gravel); and the mining and sale of sand used in hydraulic fracturing (frac sand).

Demand for our products is generally cyclical and seasonal, depending on economic and geographic conditions. We distribute our products throughout most of the United States, except the Northeast, which provides us with regional economic diversification. However, general economic downturns or localized downturns in the regions where we have operations may have a material adverse effect on our business, financial condition, and results of operations.

On August 2, 2019, we acquired the assets of a readymix concrete and aggregates business (the ConAgg Acquisition). The purchase price (Purchase Price) of the ConAgg Acquisition was approximately \$30.4 million. The Purchase Price and expenses incurred in connection with the ConAgg Acquisition were funded through operating cash flows and borrowings under our Revolving Credit Facility. The ConAgg Acquisition's assets and operating results are included in our Concrete and Aggregates segment reporting from August 2, 2019 through March 31, 2020, and for the three months ended June 30, 2020.

On March 6, 2020, we acquired the assets of Kosmos Cement Company (Kosmos), a joint venture between CEMEX S.A.B. de C.V. and Buzzi Unicem S.p.A. for approximately \$669 million (the Kosmos Acquisition). The Kosmos Acquisition included (i) a cement plant located in Louisville, Kentucky, (ii) a limestone quarry located in Battletown, Kentucky, (iii) cement distribution terminals located in Indianapolis, Indiana; Cincinnati, Ohio; Pittsburgh, Pennsylvania; Charleston, West Virginia; Ceredo, West Virginia; Mt. Vernon, Indiana; and Lexington, Kentucky, and (iv) certain other properties and assets used by Kosmos in connection with the foregoing (collectively, the Kosmos Business). We also assumed certain liabilities and obligations of Kosmos relating to the Kosmos Business, including contractual obligations, reclamation obligations and various other liabilities and obligations arising out of or relating to the Kosmos Business. We funded the payment of the purchase price and expenses incurred in connection with the transaction through a combination of cash on hand and a syndicated term loan facility. The Kosmos Business' assets and operating results are included in our Cement segment reporting from March 6, 2020 through March 31, 2020, and for the three months ended June 30, 2020.

On April 17, 2020, we sold our Western Aggregates LLC (Western) and Mathews Readymix LLC (Mathews) businesses for an aggregate purchase price of \$93.5 million, resulting in a gain of \$52.0 million. Western and Mathews were part of our Concrete and Aggregates operating segment, and their results of operations were included in our financial statements for the period from April 1, 2020 through April 17, 2020.

As previously announced on May 30, 2019, the Company plans to separate its Heavy Materials and Light Materials businesses into two independent, publicly traded corporations by means of a tax-free spin-off to Eagle shareholders. We remain committed to the separation, although the timing is uncertain. We continue preparations to ensure that the two businesses are well-positioned for the separation when the markets recover from the effects of the COVID-19 pandemic.

MARKET CONDITIONS AND OUTLOOK

During the fourth quarter of fiscal 2020, several macroeconomic factors had a positive impact on the construction sector, including low interest rates, high consumer confidence and robust employment, which led to favorable trends in housing starts, state construction lettings and construction employment. These factors continued to have a positive effect on both our Heavy Materials and Light Materials businesses during the first quarter of fiscal 2021, despite the extraordinary and wide-ranging actions taken by international, federal, state, and local public health and governmental authorities to contain and combat the spread of COVID-19, including quarantines, "shelter-in-place" orders and similar mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations. To date, we have not been materially affected by governmental orders requiring businesses to curtail or cease normal operations. We are continuing to operate as an essential business in virtually all of the markets we serve. However, in light of the continued spread COVID-19, we are closely monitoring the disruptions caused by the pandemic and their possible effects on our business in current and future periods.

Although the COVID-19 pandemic did not have a significant impact on our business in fiscal 2020 or the first quarter of fiscal 2021, we believe it is likely to negatively affect us in subsequent periods. The timing, nature and extent of its impact, however, is highly uncertain. To date, the pandemic and responses designed to contain its spread and mitigate its public health effects have resulted in significant job losses, causing an increase in the U.S. unemployment rate from 3.5% in February 2020 to 11.1% in June 2020, which is among the sharpest increases on record. In addition, consumer confidence has substantially decreased in many of the markets in which we operate. We expect that the new residential housing market, which depends to a significant extent on the amount of funds available to and expended by consumers, likely will be the first of our market segments to be materially affected. In fiscal 2020, approximately 50% of our wallboard business and 25% of our cement business was attributable to new residential construction.

The pandemic is also likely to have a significant effect on state and local government revenues and construction budgets, and may result in delays, cancellations or curtailment of construction projects in the future. We continue to monitor our operations, the operations of our customers and actions taken by the various national, state, and local governments in the areas in which we operate.

The extent to which the spread of COVID-19 will impact the national and local economies in which we operate, and ultimately our business, will depend on numerous factors, which are highly uncertain and difficult to predict. Our integrated cement sales network stretches across the U.S. heartland. The Portland Cement Association is estimating cement consumption will increase in calendar 2020 over 2019 by approximately 2%. In addition to weather, cement and concrete and aggregates markets are affected by infrastructure spending, residential construction, and industrial construction activity. While we anticipate cement demand will remain strong in our markets throughout the remainder of the calendar 2020, the uncertainty around the COVID-19 pandemic and possible "second-wave" cases may cause demand to weaken during the fall. Oil well cement demand has been negatively affected by the reduction in drilling activity; however, oil well cement sales volume represented less than 2% of cement volume in the three months ended June 30, 2020.

Our primary Gypsum Wallboard sales network stretches across the southern half of the United States, consistent with our facility network. Wallboard demand is heavily influenced by new residential housing construction, as well as repair and remodeling activity. Demand for housing, and construction of new homes, was strong during three months ended June 30, 2020, in part aided by historically low interest rates. We anticipate demand to remain consistent for the next two quarters; however, the uncertainty around the COVID-19 pandemic and possible "second-wave" cases may cause demand to weaken during the late summer or early fall. Our Recycled Paperboard business primarily sells paper into the gypsum wallboard market, and demand for paper generally follows the demand for gypsum wallboard. The primary raw material used to produce recycled paperboard is recycled fiber, also known as OCC. During the quarter, recycled fiber costs increased a total of \$75 per ton over the course of April and May because of a significant decline in generation as many states issued shelter-in-place orders to combat the COVID-19 pandemic. As economies began to re-open and recycled fiber generation increased, costs declined a total of \$55 per ton over the course of June and July. We expect OCC pricing will remain fairly consistent over the next quarter, but pricing remains sensitive to any changes in economic activity related to COVID-19, which could result in further pricing volatility over the remainder of our fiscal year. Our current gypsum liner customer contracts include price escalators that partially offset and compensate for changes in raw material fiber prices, so the impact of the OCC price increases in the first quarter likely will adversely affect our wallboard operations by increasing the cost of paper during our second fiscal quarter.

During March and April 2020, oil prices declined to all-time lows due to the decrease in demand for oil resulting from the COVID-19 pandemic. At the same time, increases in production of oil by Saudi Arabia and Russia created a significant surplus in supply and resulted in sharp declines in oil and gas prices. These developments have led to substantial decreases in drilling and well-completion activity beginning in March 2020. The reduction in drilling activity has negatively affected demand for our frac sand and oil well cement, and led to a significant reduction or cessation of new orders. In response to these market conditions, we have curtailed our operations and reduced headcount at our frac sand facilities and are focused on preserving the value of our operating assets for future use. As previously disclosed, we are actively pursuing alternatives for our Oil and Gas Proppants business. If this results in an alternative use or disposition of this business, additional impairment or other losses may be incurred.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2020 COMPARED WITH THREE MONTHS ENDED JUNE 30, 2019

	For the Three Months Ended June 30,		Change
	2020	2019	
	(in thousands, except per share)		
Revenue	\$ 428,020	\$ 370,597	15%
Cost of Goods Sold	(327,041)	(295,268)	11%
Gross Profit	100,979	75,329	34%
Equity in Earnings of Unconsolidated Joint Venture	7,796	9,432	(17)%
Corporate General and Administrative	(17,789)	(21,254)	(16)%
Gain on Sale of Businesses	51,973	—	—
Other Non-Operating Income (Loss)	(127)	200	(164)%
Interest Expense, net	(14,041)	(8,846)	59%
Earnings Before Income Taxes	128,791	54,861	135%
Income Tax Expense	(32,585)	(13,557)	140%
Net Earnings	\$ 96,206	\$ 41,304	133%
Diluted Earnings per Share	\$ 2.31	\$ 0.94	146%

REVENUE

Revenue increased by \$57.4 million, or 15%, to \$428.0 million for the three months ended June 30, 2020. The Kosmos and ConAgg Acquisitions contributed \$57.6 million of Revenue for the three months ended June 30, 2020, while Western and Mathews contributed \$7.8 million of Revenue for the three months ended June 30, 2019. Excluding the acquisitions and dispositions, Revenue improved by \$7.6 million, or 2%. The increase in Revenue was due to higher Sales Volume, which positively affected Revenue by approximately \$8.0 million. This was partially offset by lower gross sale prices, which negatively affected Revenue by \$0.4 million.

COST OF GOODS SOLD

Cost of Goods Sold increased by \$31.7 million, or 11%, to \$327.0 million for the three months ended June 30, 2020. The Kosmos and ConAgg Acquisitions contributed \$46.3 million of Cost of Goods Sold for the three months ended June 30, 2020, while Western and Mathews contributed \$6.8 million of Cost of Goods Sold for the three months ended June 30, 2019. Excluding the acquisitions and dispositions, Cost of Goods Sold decreased by \$7.8 million, or 3%. The decline in Cost of Goods Sold was due to the reduction in operating costs of approximately \$18.9 million, partially offset by increased Cost of Goods Sold related to increased Sales Volume of \$11.1 million. The reduction in operating costs was primarily related to our Cement, Gypsum Wallboard and Oil and Gas Proppants segments, which are discussed further on pages 31-35.

GROSS PROFIT

Gross Profit increased 34% to \$101.0 million during the three months ended June 30, 2020. Excluding the acquisitions and dispositions, Gross Profit increased by \$15.3 million, or 21%. The increase in Gross Profit was primarily due to lower operating expenses and increased Sales Volume, partially offset by lower gross sales prices. The gross margin increased to 24% from 21%, primarily because of lower operating expenses, partially offset by lower gross sales prices.

EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURE

Equity in Earnings of our Unconsolidated Joint Venture decreased \$1.6 million, or 17%, for the three months ended June 30, 2020. The decline was primarily due to lower net sales prices and Sales Volume, which adversely affected earnings by approximately \$0.3 million and \$0.5 million, respectively, as well as increased operating costs, which decreased operating earnings by approximately \$0.8 million. The increase in operating costs was primarily due to maintenance, which increased by approximately \$0.7 million.

CORPORATE GENERAL AND ADMINISTRATIVE

Corporate General and Administrative expenses declined by approximately \$3.5 million, or 16%, for the three months ended June 30, 2020. The decrease was primarily because of lower salary and incentive compensation costs and promotion and travel costs of approximately \$4.1 million and \$0.5 million, respectively. This was partially offset by increased professional costs of \$0.7 million incurred in connection with the Kosmos Acquisition and the sale of Mathews and Western. The lower salary and incentive compensation costs were primarily due to the acceleration of stock compensation costs of \$5.3 million upon the retirement of our Chief Executive Officer in the first quarter of fiscal 2020.

GAIN ON SALE OF BUSINESSES

On April 17, 2020 we sold Western and Mathews for approximately \$93.5 million. See Footnote (D) to the Unaudited Consolidated Financial Statements for more information regarding the sale.

OTHER NON-OPERATING INCOME (LOSS)

Other Non-Operating Income (Loss) consists of a variety of items that are unrelated to segment operations and include non-inventoried aggregates income, asset sales, and other miscellaneous income and cost items.

INTEREST EXPENSE, NET

Interest Expense, net increased by approximately \$5.2 million, or 59%, during the three months ended June 30, 2020. The increase in Interest Expense, net was primarily due to higher interest on borrowings under our Revolving Credit Facility, Term Loan, and amortization of related debt issuances costs of approximately \$0.5 million, \$4.5 million, and \$0.8 million, respectively. These increases were partially offset by lower interest on our Unsecured Private Placement Notes of \$0.6 million, which were paid in full in fiscal 2020. The Term Loan was entered into in February 2020 to fund the Kosmos Acquisition. The increase in debt issuance costs was related to the issuance of the Term Loan and the amendment of both the Revolving Credit Facility and the Term Loan in April 2020.

EARNINGS BEFORE INCOME TAXES

Earnings Before Income Taxes increased to \$128.8 million during the three months ended June 30, 2020, primarily as a result of higher Gross Profit and Gain on Sale of Businesses, and lower Corporate General and Administrative Expense. This was partially offset by lower Equity in Earnings of Unconsolidated Joint Venture and increased Interest Expense, net.

INCOME TAX EXPENSE

Income Tax Expense increased 140% to \$32.6 million for the three months ended June 30, 2020, primarily related to changes in pre-tax income. The effective tax rate was constant at 25% year over year. The increase in income tax expense was primarily because of higher pre-tax income for the three months ended June 30, 2020.

NET EARNINGS AND DILUTED EARNINGS PER SHARE

Net Earnings increased 133% to \$96.2 million for the three months ended June 30, 2020. Diluted Earnings per Share increased 146% to \$2.31 per share.

THREE MONTHS ENDED JUNE 30, 2020 vs. THREE MONTHS ENDED JUNE 30, 2019 BY SEGMENT

The following presents results within our three business sectors for the three months ended June 30, 2020 and 2019. Revenue and operating results are organized by sector and discussed by individual business segment within each respective business sector.

Heavy Materials
CEMENT (1)

	For the Three Months Ended June 30,		Percentage Change
	2020 (in thousands, except per ton information)	2019	
Gross Revenue, including Intersegment and Joint Venture	\$ 261,411	\$ 195,313	34%
Less Intersegment Revenue	(6,031)	(4,253)	42%
Less Joint Venture Revenue	(25,300)	(27,505)	(8)%
Gross Revenue, as reported	\$ 230,080	\$ 163,555	41%
Freight and Delivery Costs billed to Customers	(16,969)	(12,896)	32%
Net Revenue	\$ 213,111	\$ 150,659	41%
Sales Volume (M Tons)	2,085	1,550	35%
Average Net Sales Price, per ton (2)	\$ 109.10	\$ 109.70	(1)%
Operating Margin, per ton	\$ 29.00	\$ 23.30	24%
Operating Earnings	\$ 60,455	\$ 36,121	67%

(1) Total of wholly owned subsidiaries and proportionately consolidated 50% interest of the Joint Venture's results.

(2) Net of freight per ton, including Joint Venture.

Cement Revenue was \$261.4 million, a 34% increase, for the three months ended June 30, 2020. Excluding \$47.6 million of Revenue related to the Kosmos Acquisition, Revenue increased \$18.5 million, or 10%. Excluding the Kosmos Acquisition, the increase was primarily due to higher gross sales prices and Sales Volume, which improved Cement Revenue by approximately \$3.8 million and \$14.7 million, respectively.

Cement Operating Earnings increased by 67% to \$60.5 million for the three months ended June 30, 2020. Excluding \$10.5 million of Operating Earnings related to the Kosmos Acquisition, Operating Earnings increased \$13.9 million, or 39%. The increase was due to higher gross sales prices and Sales Volume, and lower operating costs, which positively affected Operating Earnings by approximately \$3.8 million, \$1.8 million, and \$8.2 million, respectively. The decline in operating costs was primarily because of lower maintenance and energy costs of approximately \$8.0 million and \$2.2 million, respectively, partially offset by higher purchased raw materials costs of \$2.5 million. Due to the uncertainty of the impact of the COVID-19 pandemic, we modified the timing and extent of our annual cement maintenance outages. Approximately \$6.0 million of the anticipated maintenance costs have been deferred to the fiscal second and third quarters. The operating margin increased to 23% from 18%, primarily because of lower operating costs and higher gross sales prices.

CONCRETE AND AGGREGATES

	For the Three Months Ended June 30,		Percentage Change
	2020 (in thousands, except net sales prices)	2019	
Gross Revenue, including intersegment	\$ 44,190	\$ 39,778	11%
Less intersegment Revenue	(106)	(377)	(72)%
Gross Revenue, as reported	\$ 44,084	\$ 39,401	12%
Sales Volume -			
M Cubic Yards of Concrete	348	310	12%
M Tons of Aggregate	475	799	(41)%
Average Net Sales Price -			
Concrete - Per Cubic Yard	\$ 113.61	\$ 103.52	10%
Aggregates - Per Ton	\$ 9.77	\$ 9.66	1%
Operating Earnings	\$ 5,418	\$ 4,434	22%

Concrete and Aggregates Revenue increased 11% to \$44.2 million for the three months ended June 30, 2020. Excluding Revenue related to the ConAgg Acquisition in fiscal 2021, and Western and Mathews in fiscal 2021 and 2020, Revenue increased \$0.7 million, or 2%. The primary reason for the increase in Revenue was higher gross sales prices, which increased Revenue by \$1.9 million. This was partially offset by lower Sales Volume, which reduced Revenue by \$1.2 million.

Operating Earnings increased 22% to approximately \$5.4 million. Excluding Operating Earnings related to the ConAgg Acquisition in fiscal 2021, and Western and Mathews in fiscal 2021 and 2020, Operating Earnings increased \$1.1 million, or 32%. The increase was a result of higher gross sales prices, which positively affected Operating Earnings by approximately \$1.9 million. This was partially offset by lower Sales Volume and higher operating costs of approximately \$0.2 million and \$0.6 million, respectively. The operating costs increase was primarily due to higher cost of materials of approximately \$0.6 million.

Light Materials**GYP SUM WALLBOARD**

	For the Three Months Ended June 30,		Percentage Change
	2020 (in thousands, except per MMSF information)	2019	
Gross Revenue, as reported	\$ 130,150	\$ 126,724	3%
Freight and Delivery Costs billed to Customers	(27,122)	(27,100)	—
Net Revenue	\$ 103,028	\$ 99,624	3%
Sales Volume (MMSF)	704	660	7%
Average Net Sales Price, per MMSF (1)	\$ 146.28	\$ 150.96	(3)%
Freight, per MMSF	\$ 38.53	\$ 41.06	(6)%
Operating Margin, per MMSF	\$ 58.70	\$ 57.47	2%
Operating Earnings	\$ 41,325	\$ 37,932	9%

(1) Net of freight per MMSF.

Gypsum Wallboard Revenue increased 3% to \$130.2 million for the three months ended June 30, 2020, primarily related to a 7% increase in Sales Volume. The increase in Sales Volume positively affected Revenue by approximately \$8.5 million, partially offset by lower average gross sales prices, which adversely affected Revenue by \$5.0 million. Our market share increased during the three months ended June 30, 2020, due to the minimal effect of COVID-19 shutdowns in our markets compared to the national average.

Operating Earnings increased 9% to \$41.3 million, primarily due to higher Sales Volume and decrease in operating costs. The increase in Sales Volume and decrease in operating costs positively affected Operating Earnings by approximately \$2.6 million and \$5.9 million, respectively. This was partially offset by lower gross sales prices, which adversely affected Operating Earnings by approximately \$5.0 million. The lower operating costs were primarily related to freight, energy, and paper costs which reduced operating costs by approximately \$1.8 million, \$1.1 million, and \$1.2 million, respectively. The operating margin increased to 32% for the three months ended June 30, 2020, primarily related to lower operating costs, partially offset by lower gross sales prices. Fixed costs are not a significant portion of the overall cost of wallboard; therefore, changes in utilization have a relatively minor impact on our operating cost per unit.

RECYCLED PAPERBOARD

	For the Three Months Ended June 30,		Percentage Change
	2020 (in thousands, except per ton information)	2019	
Gross Revenue, including intersegment	\$ 36,744	\$ 42,700	(14)%
Less intersegment Revenue	(14,069)	(17,015)	(17)%
Gross Revenue, as reported	\$ 22,675	\$ 25,685	(12)%
Freight and Delivery Costs billed to Customers	(1,333)	(1,205)	11%
Net Revenue	\$ 21,342	\$ 24,480	(13)%
Sales Volume (M Tons)	77	81	(5)%
Average Net Sales Price, per ton (1)	\$ 461.87	\$ 510.32	(9)%
Freight, per ton	\$ 17.31	\$ 14.88	16%
Operating Margin, per ton	\$ 37.60	\$ 122.77	(69)%
Operating Earnings	\$ 2,895	\$ 9,944	(71)%

(1) Net of freight per ton.

Recycled Paperboard Revenue declined 14% to \$36.7 million during the three months ended June 30, 2020. The decrease in Revenue was due to lower gross sales prices and Sales Volume, which adversely affected Revenue by \$3.5 million and \$2.5 million, respectively. Lower gross sales prices were due to the pricing provisions in our long-term sales agreements.

Operating Earnings declined 71% to \$2.9 million, primarily because of the decrease in gross sales prices and Sales Volume, and an increase in operating costs, which adversely affected Operating Earnings by approximately \$3.5 million, \$0.5 million, and \$3.0 million, respectively. The increase in operating costs was related to operating inefficiencies in April and May related to start-up of the papermill after the completion of the project to enhance and expand the mill, as well as higher input costs, namely fiber, which lowered Operating Earnings by approximately \$2.1 million and \$1.5 million. The increase in fiber cost was due primarily to the decline in generation of OCC due to the shelter-in-place orders issued to combat the COVID-19 pandemic. This was partially offset by lower energy costs of approximately \$0.5 million. Operating margin decreased to 8% from 23%, primarily because of higher operating costs and lower gross sales prices.

OIL AND GAS PROPPANTS

	For the Three Months Ended June 30,		Percentage Change
	2020 (in thousands, except net sales prices)	2019	
Gross Revenue, as reported	\$ 1,031	\$ 15,232	(93)%
Sales Volume (M Tons)	45	407	(89)%
Average Net Sales Price, per ton (1)	\$ 22.32	\$ 31.80	(30)%
Operating Loss	\$ (1,318)	\$ (3,670)	(64)%

(1) Net of freight per ton.

Revenue from our Oil and Gas Proppants segment declined 93% to approximately \$1.0 million during the three months ended June 30, 2020. The decline in Revenue was due to lower Sales Volume and gross sales prices, which adversely affected Revenue by approximately \$13.5 million and \$0.7 million, respectively. During the quarter we significantly curtailed our operating activities and reduced our headcount at our fac sand facilities, as deteriorating market conditions in the oil and gas industry have resulted in sharp declines in pricing and slowdown in drilling and fracturing activity.

Operating Loss for the quarter decreased 64% to approximately \$1.3 million. The decrease in Operating Loss was primarily related to the curtailment of operating activities and reduced headcount during the quarter, and lower fixed costs due to the impairment loss recognized during the third quarter of fiscal 2020.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to adopt accounting policies and make significant judgments and estimates to develop amounts reflected and disclosed in the financial statements. In many cases, there are alternative policies or estimation techniques that could be used. We maintain a thorough process to review the application of our accounting policies and to evaluate the appropriateness of the many estimates that are required to prepare our financial statements. However, even under optimal circumstances, estimates routinely require adjustment based on changing circumstances and the receipt of new or better information.

Information regarding our Critical Accounting Policies can be found in our Annual Report. The three critical accounting policies that we believe either require the use of the most judgment, or the selection or application of alternative accounting policies, and are material to our financial statements, are those relating to long-lived assets, goodwill, and business combinations. Management has discussed the development and selection of these Critical Accounting Policies and estimates with the Audit Committee of our Board of Directors and with our independent registered public accounting firm. In addition, Note (A) to the financial statements in our Annual Report contains a summary of our significant accounting policies.

Recent Accounting Pronouncements

Refer to Footnote (A) in the Notes to Unaudited Consolidated Financial Statements of this Form 10-Q for information regarding recently issued accounting pronouncements that may affect our financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Notwithstanding the anticipated challenges associated with COVID-19, we believe at this time we have access to sufficient financial resources from our liquidity sources to fund our business and operations, including contractual obligations, capital expenditures and debt service obligations. We will continue to monitor the impact of COVID-19 on the economy, and on our operations and future liquidity needs, as a continued worldwide disruption of economic activity could materially affect our future access to these sources of liquidity. Please see the Debt Financing Activities section for a discussion of our cash position, credit facility and the amount of borrowings available to us in the next twelve-month period.

Cash Flow

The following table provides a summary of our cash flows:

	For the Three Months Ended June 30,	
	2020	2019
	(dollars in thousands)	
Net Cash Provided by Operating Activities	\$ 95,313	\$ 50,698
Investing Activities:		
Additions to Property, Plant, and Equipment	(25,991)	(21,813)
Proceeds from Sale of Property, Plant, and Equipment	93,482	—
Net Cash Provided by (Used in) Investing Activities	67,491	(21,813)
Financing Activities:		
Increase (Decrease) in Credit Facility	(75,000)	185,000
Dividends Paid to Stockholders	(4,160)	(4,499)
Purchase and Retirement of Common Stock	—	(198,355)
Proceeds from Stock Option Exercises	—	396
Payment of Debt Issuance Costs	(1,718)	—
Shares Redeemed to Settle Employee Taxes on Stock Compensation	(1,130)	(866)
Net Cash Used in Financing Activities	(82,008)	(18,324)
Net Increase in Cash, Cash Equivalents, and Restricted Cash	\$ 80,796	\$ 10,561

Net Cash Provided by Operating Activities increased by \$44.6 million to \$95.3 million during the three months ended June 30, 2020. This increase was primarily attributable to higher dividends from our Joint Venture, and a reduction in the change of working capital, which increased cash flows by approximately \$6.5 million and \$40.5 million, respectively.

Working capital increased by \$63.0 million to \$571.6 million at June 30, 2020, primarily due to the increased Cash and Accounts and Notes Receivable of approximately \$80.8 million and \$42.8 million, respectively, and decreased Accounts Payable of approximately \$4.2 million. This was partially offset by increased Accrued Expenses and Income Taxes Payable of approximately \$2.2 million and \$32.1 million, respectively, and decreased Inventory and Income Tax Receivables of approximately \$29.4 million and \$4.7 million, respectively. The reduction in Inventory is due to increased Revenue and lower production resulting from scheduled outages at our cement plants. The decrease in Accrued Liabilities and increase in Income Taxes Payable were both due primarily to timing.

The increase in Accounts and Notes Receivable at June 30, 2020, was primarily related to higher Revenue during the three months ended June 30, 2020, compared with the three months ended March 31, 2020. As a percentage of quarterly sales generated for the respective quarter, Accounts Receivable was approximately 45% at June 30, 2020 and 48% at March 31, 2020. Management measures the change in Accounts Receivable by monitoring the days sales outstanding on a monthly basis to determine if any deterioration has occurred in the collectability of the Accounts Receivable. No significant deterioration in the collectability of our Accounts Receivable was identified at June 30, 2020. Notes Receivable are monitored on an individual basis, and no significant deterioration in the collectability of our Notes Receivable was identified at June 30, 2020. We are closely monitoring the impact of COVID-19 on our customers' ability to pay their outstanding balances.

Our Inventory balance at June 30, 2020 declined by approximately \$29.4 million from our balance at March 31, 2020. Within Inventory, raw materials and materials-in-progress, finished cement, and aggregates decreased approximately \$14.5 million, \$9.9 million, and \$4.8 million, respectively. The decline in raw materials and materials-in-progress was due primarily to the maintenance outages at all of our cement plants during the quarter. The decline in finished cement was due to both maintenance outages, and increased cement Sales Volume during the quarter. The reduction in aggregates inventory was primarily due to the sale of Western, which had approximately \$5.1 million of aggregate inventory at the date of sale. The largest individual balance in our Inventory is our repair parts. These parts are necessary given the size and complexity of our manufacturing plants, as well as the age of certain of our plants, which creates the need to stock a high level of repair parts inventory. We believe all of these repair parts are necessary, and we perform semi-annual analyses to identify obsolete parts. We have less than one year's sales of all product inventories, and our inventories have a low risk of obsolescence because our products are basic construction materials.

Net Cash Provided by Investing Activities during the three months ended June 30, 2020 was approximately \$67.5 million, compared with Net Cash Used in Investing Activities of \$21.8 million during the same period in 2019, an increase of approximately \$89.3 million. The increase was primarily related to sale of Western and Mathews for approximately \$93.5 million, partially offset by an increase of \$4.2 million in capital spending. The increase in capital spending was primarily related to the \$4.6 million increase in our Gypsum Wallboard business. This increase was primarily related to the acquisition of additional gypsum reserves.

Net Cash Used in Financing Activities was approximately \$82.0 million during the three months ended June 30, 2020, compared with \$18.3 million in the first quarter of fiscal 2020. The \$63.7 million increase was primarily due to the \$75.0 million reduction in net borrowings compared with additional borrowings of \$185.0 million in fiscal 2020, as well as a reduction of \$198.4 million in repurchase and retirement of common stock.

Our debt-to-capitalization ratio and net-debt-to-capitalization ratio were 58.3% and 54.8%, respectively, at June 30, 2020, compared with 61.7% and 60.0%, respectively, at March 31, 2020.

Debt Financing Activities

Below is a summary of the Company's debt facilities at June 30, 2020:

	Maturity
Revolving Credit Facility	August 2022
4.500% Senior Unsecured Notes	August 2026
Term Loan	August 2022

See Footnote (N) to the Unaudited Consolidated Financial Statements for further details on the Company's debt facilities, including interest rate, and financial and other covenants and restrictions.

The borrowing capacity of our Revolving Credit Facility is \$750.0 million until August 2, 2021, after which the aggregate borrowing capacity will be reduced to \$665.0 million. The Revolving Credit Facility also includes a swingline loan sublimit of \$25.0 million, and a \$40.0 million letter of credit facility. At June 30, 2020 we had \$5.0 million of outstanding letter of credit. We previously provided an irrevocable stand-by letter of credit for any borrowings made by our Joint Venture under its credit facility; however, this credit facility was terminated and the letter of credit cancelled in July 2020. We are contingently liable for performance under \$29.9 million in performance bonds relating primarily to our mining operations. We do not have any off-balance sheet debt, or any outstanding debt guarantees.

We had \$485.0 million of borrowing outstanding under the Revolving Credit Facility at June 30, 2020. We had \$260.0 million of available borrowings under the Revolving Credit Facility, net of outstanding letters of credit, at June 30, 2020, all of which was available for future borrowings based on our current Leverage Ratio.

In addition to the Revolving Credit Facility, we have \$199.4 million of cash on hand at June 30, 2020, giving us total liquidity of approximately \$459.0 million (cash on hand plus Revolving Credit Facility availability). During July

2020, we received \$103.7 million of the \$123.7 million Income Tax Receivable that was recorded at June 30, 2020. We anticipate using these funds to reduce the outstanding amounts under the Revolving Credit Agreement.

Other than the Revolving Credit Facility, we have no other source of committed external financing in place. Should the Revolving Credit Facility be terminated, no assurance can be given as to our ability to secure a new source of financing. Consequently, if any balance were outstanding on the Revolving Credit Facility at the time of termination, and an alternative source of financing could not be secured, it would have a material adverse impact on our business. Our Revolving Credit Facility is not rated by the rating agencies.

We believe that our cash flow from operations and available borrowings under our Revolving Credit Facility, as well as cash on hand, should be sufficient to meet our currently anticipated operating needs, capital expenditures, and dividend and debt service requirements for at least the next 12 months. However, our future liquidity and capital requirements may vary depending on a number of factors, including market conditions in the construction industry, our ability to maintain compliance with covenants in our Revolving Credit Facility, the level of competition, and general and economic factors beyond our control, such as COVID-19. These and other developments could reduce our cash flow or require that we seek additional sources of funding. We cannot predict what effect these factors will have on our future liquidity. See Market Conditions and Outlook on page 28 for further discussion out the possible effects of COVID-19 on our business.

As market conditions warrant, the Company may from time to time seek to purchase or repay its outstanding debt securities or loans, including the Term Loan, 4.500% Senior Unsecured Notes, and borrowings under the Revolving Credit Facility, in privately negotiated or open market transactions, by tender offer or otherwise. Subject to any applicable limitations contained in the agreements governing our indebtedness, any purchases made by us may be funded by the use of cash on our balance sheet or the incurrence of new debt. The amounts involved in any such purchase transactions, individually or in aggregate, may be material.

We lease one of our cement plants from the city of Sugar Creek, Missouri. The city of Sugar Creek issued industrial revenue bonds to partly finance improvements to the cement plant. The lease payments due to the city of Sugar Creek under the cement plant lease, which was entered into upon the sale of the industrial revenue bonds, are equal in amount to the payments required to be made by the city of Sugar Creek to the holders of the industrial revenue bonds. Because we hold all outstanding industrial revenue bonds, no debt is reflected on our financial statements in connection with our lease of the cement plant. At the expiration of the lease in fiscal 2021, we have the option to purchase the cement plant for a nominal amount. We also have approximately \$57.9 million of lease liabilities at June 30, 2020 that have an average remaining life of approximately 9.1 years.

Dividends

Dividends paid were \$4.2 million and \$4.5 million, respectively, for the three months ended June 30, 2020 and 2019. On April 13, 2020, we announced the suspension of future quarterly dividends.

Share Repurchases

On April 18, 2019, the Board of Directors authorized us to repurchase an additional 10.0 million shares. This authorization brought the cumulative total of Common Stock our Board has approved for repurchase in the open market to 48.4 million shares since we became publicly held in April 1994. Through June 30, 2020, we have repurchased approximately 41.1 million shares.

Share repurchases may be made from time to time in the open market or in privately negotiated transactions. The timing and amount of any share repurchases are determined by management, based on its evaluation of market and economic conditions and other factors. In some cases, repurchases may be made pursuant to plans, programs, or directions established from time to time by the Company's management, including plans intended to comply with the safe-harbor provided by Rule 10b5-1.

During the three months ended June 30, 2020, the Company withheld from employees 23,901 shares of stock upon the vesting of Restricted Shares that were granted under the Plan. We withheld these shares to satisfy the employees' statutory tax withholding requirements, which is required once the Restricted Shares or Restricted Shares Units are vested.

Capital Expenditures

The following table details capital expenditures by category:

	For the Three Months Ended June 30,	
	2020	2019
	(dollars in thousands)	
Land and Quarries	\$ 4,795	\$ 206
Plants	17,216	23,885
Buildings, Machinery, and Equipment	3,980	1,397
Total Capital Expenditures	\$ 25,991	\$ 25,488

Capital expenditures for fiscal 2021 are expected to range from \$60.0 million to \$70.0 million and be allocated across the Heavy and Light Materials sectors. These estimated capital expenditures are limited to critical maintenance and safety and regulatory projects, as we manage our cash flow in response to the COVID-19 pandemic.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks related to fluctuations in interest rates on our Revolving Credit Facility and Term Loan. We have occasionally utilized derivative instruments, including interest rate swaps, in conjunction with our overall strategy to manage the debt outstanding that is subject to changes in interest rates. We have a \$750.0 million Revolving Credit Facility and an outstanding Term Loan at June 30, 2020, under which borrowings bear interest at a variable rate. A hypothetical 100 basis point increase in interest rates on the \$1,150.0 million of borrowings under the Revolving Credit Facility and Term Loan at June 30, 2020 would increase interest expense by approximately \$11.5 million on an annual basis. At present, we do not utilize derivative financial instruments.

We are subject to commodity risk with respect to price changes principally in coal, coke, natural gas, and power. We attempt to limit our exposure to changes in commodity prices by entering into contracts or increasing our use of alternative fuels.

Item 4. Controls and Procedures

We have established a system of disclosure controls and procedures that are designed to ensure that information relating to the Company, which is required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 (Exchange Act), is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, in a timely fashion. An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) was performed as of the end of the period covered by this quarterly report. This evaluation was performed under the supervision and with the participation of management, including our CEO and CFO. Based upon that evaluation, our CEO and CFO have concluded that these disclosure controls and procedures were effective.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Our operations and properties are subject to extensive and changing federal, state, and local laws; regulations and ordinances governing the protection of the environment; as well as laws relating to worker health and workplace safety. We carefully consider the requirements mandated by such laws and regulations and have procedures in place at all of our operating units to monitor compliance. Any matters which are identified as potential exposures under these laws and regulations are carefully reviewed by management to determine our potential liability.

Item 1A. Risk Factors

For additional information regarding factors that could impact our results of operations, financial condition, and liquidity, see Part 1. Item 1A. Risk Factors in our Form 10-K for the fiscal year ended March 31, 2020, filed with the Securities and Exchange Commission on May 22, 2020.

The COVID-19 pandemic has caused severe disruptions in the U.S. and global economies. Although the extent of its impact continues to be highly uncertain, we believe the pandemic and the response to it are likely to negatively affect demand for our products and could have a material adverse effect on our business, operations, financial condition and results of operations.

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, which began spreading globally in late 2019, a global pandemic and recommended containment and mitigation measures worldwide. On March 13, 2020, the United States declared a national emergency arising from the COVID-19 pandemic, and several states and municipalities declared public health emergencies. Along with these declarations, international, federal, state, and local public health and governmental authorities have taken extraordinary and wide-ranging actions to contain and combat the outbreak and spread of COVID-19 in regions across the United States and the world, including quarantines, "shelter-in-place" orders, and mandates for individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations. Despite these actions, COVID-19 has continued to spread in many areas within the United States, and new cases have recently reached record levels in Arizona, California, Florida and Texas.

To date, we have not been materially affected by governmental orders requiring businesses to curtail or cease normal operations. We are continuing to operate as an essential business in virtually all of the markets we serve. There can be no assurance, however, that new restrictions will not be adopted that would limit or restrict the scope of our operations. In addition, the COVID-19 pandemic and responses thereto designed to contain its spread and mitigate its public health effects could have a negative impact on several areas affecting our business, including the following:

- The COVID-19 pandemic has resulted in adverse macroeconomic conditions that have the potential to affect demand for our products in the principal markets in which we operate. For example, the pandemic and responses thereto have resulted in significant job losses and substantial decreases in consumer confidence in many of the markets in which we operate. Consequently, it is likely that the COVID-19 pandemic will negatively affect demand for our products in current or future periods.
- The pandemic is likely to have a significant effect on state and local government revenues and construction budgets, and may result in delays, cancellations or curtailment of construction projects.
- The pandemic could result in delays in collecting on certain of our accounts receivable from our customers.
- The pandemic could result in increased costs associated with compliance with new government regulations or restrictions, such as quarantines or social distancing mandates or new workplace safety measures, which may affect our operations in one or more of the markets in which we operate.

- The pandemic has resulted, and may continue to result, in fluctuations in equity market prices (including that of our Common Stock), interest rates and credit spreads, which may limit our ability to raise or deploy capital and implement our future plans, including our planned separation of our Heavy Materials and Light Materials businesses.
- Finally, the pandemic may have other negative impacts on our operations, supply chain, transportation networks and customers, which we may not be able to anticipate or respond to effectively.

We are continuing to monitor the COVID-19 pandemic and its likely effects. The extent to which the COVID-19 pandemic will ultimately impact our business, operations, financial condition and results of operations will depend on numerous factors, which are highly uncertain, rapidly changing and cannot be predicted. These factors include:

- the duration and scope of the outbreak;
- governmental, business and individual actions that have been and continue to be taken in response to the outbreak;
- the effect of the outbreak on our customers, suppliers, supply chain, and other business partners;
- our ability during the outbreak to continue to carry out our manufacturing operations in an efficient manner, while taking measures to protect the health and well-being of our employees;
- the willingness and ability of our customers to order and pay for our products during and following the outbreak; and
- the impact of the outbreak on the financial markets and economic activity generally.

The above uncertainties surrounding the COVID-19 pandemic also make it more challenging for our management to estimate the future performance of our business and develop strategies to generate growth or achieve our objectives for fiscal 2021 and future periods.

One key area we continue to closely monitor is the effect of the COVID-19 pandemic on our manufacturing operations. Although we are taking precautions to ensure the safety of our employees, in the event we suffer an outbreak at one of our manufacturing facilities, we may be forced to suspend operations at such facility until the health conditions improve. Any such reduction in our production capacity could render us unable to continue to produce our construction products or satisfy order placed by our customers. With respect to our Oil and Gas Proppants sector, demand for oil has significantly deteriorated as a result of the COVID-19 pandemic and responses thereto. At the same time, increases in production of oil by Saudi Arabia and Russia created a significant surplus in supply and resulted in sharp declines in oil and gas prices. These developments have led to significant reductions in drilling and well-completion activity beginning in March 2020. The reduction in drilling activity has negatively affected demand for our frac sand, and led to a significant reduction or cessation of new orders. In response to these market conditions, we have curtailed our operations and reduced headcount at our frac sand facilities and are focused on preserving the value of our operating assets for future use. We are continuing to explore strategic alternatives for our frac sand business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The disclosure required under this Item is included in "Management's Discussion and Analysis of Results of Operations and Financial Condition" of this Quarterly Report on Form 10-Q under the heading "Share Repurchases" and is incorporated herein by reference.

Item 4. Mine Safety Disclosures

The information concerning mine safety violations or other regulatory matters required by Section 1503 (a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Form 10-Q.

Item 6. Exhibits

10.1	Eagle Materials Inc. Salaried Incentive Compensation Program for Fiscal Year 2021 (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission (the Commission) on May 20, 2020 and incorporated herein by reference),⁽¹⁾
10.2	Eagle Materials Inc. Special Situation Program for Fiscal Year 2021 (filed as Exhibit 10.2 to the Current Report on Form 8-K filed with the Commission on May 20, 2020 and incorporated herein by reference),⁽¹⁾
10.3*	Form of Management Non-Qualified Option Agreement (Performance),⁽¹⁾
10.4*	Form of Management Non-Qualified Option Agreement (Time Vest),⁽¹⁾
10.5*	Form of Management Restricted Stock Agreement (Performance),⁽¹⁾
10.6*	Form of Management Restricted Stock Agreement (Time Vest),⁽¹⁾
31.1*	Certification of the Chief Executive Officer of Eagle Materials Inc. pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of the Chief Financial Officer of Eagle Materials Inc. pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934, as amended.
32.1*	Certification of the Chief Executive Officer of Eagle Materials Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Chief Financial Officer of Eagle Materials Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95*	Mine Safety Disclosure
101.INS*	Inline XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File – (formatted as Inline XBRL and Contained in Exhibit 101).

* Filed herewith.

(1) Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	<hr/> <p>EAGLE MATERIALS INC. Registrant</p> <hr/>
July 30, 2020	<hr/> <p>/s/ MICHAEL R. HAACK Michael R. Haack President and Chief Executive Officer (principal executive officer)</p> <hr/>
July 30, 2020	<hr/> <p>/s/ D. CRAIG KESLER D. Craig Kesler Executive Vice President – Finance and Administration and Chief Financial Officer (principal financial officer)</p> <hr/>
July 30, 2020	<hr/> <p>/s/ WILLIAM R. DEVLIN William R. Devlin Senior Vice President – Controller and Chief Accounting Officer (principal accounting officer)</p> <hr/>

EAGLE MATERIALS INC.
AMENDED AND RESTATED INCENTIVE PLAN
NON-QUALIFIED STOCK OPTION AGREEMENT
(Performance Vesting)

This option agreement (the "Option Agreement" or "Agreement") entered into between EAGLE MATERIALS INC., a Delaware corporation (the "Company"), and _____ (the "Optionee"), an employee of the Company or its Affiliates, with respect to a right (the "Option") awarded to the Optionee under the Eagle Materials Inc. Amended and Restated Incentive Plan (the "Plan"), on May 19, 2020 (the "Award Date") to purchase from the Company up to but not exceeding in the aggregate _____ shares of the Company's common stock, par value \$0.01 per share (the "Common Stock"), at a price of \$60.21 per share (the "Exercise Price"), such number of shares and such price per share being subject to adjustment as provided in the Plan, and further subject to the following terms and conditions:

1. Relationship to Plan

This Option is subject to all of the terms, conditions and provisions of the Plan and administrative interpretations thereunder, if any, which have been adopted by the Company's Compensation Committee ("Committee") and are in effect on the date hereof. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan. For purposes of this Option Agreement:

(a) "Disability" shall be determined by the Committee.

(b) "Return on Equity" for any fiscal year shall mean the following calculation (as determined by the Committee): (i) the net earnings of the Company for such fiscal year; divided by (ii) the Company's Average Stockholders' Equity for such fiscal year.

(c) "Average Stockholders' Equity" for any period shall mean: (i) the Company's total stockholders' equity as of the beginning of such period plus the Company's total stockholders' equity at the end of such period; divided by (ii) 2.

(d) "Retirement" shall mean a retirement approved by the Board.

(e) "Service Vesting Date" means the first, second or third anniversary of the end of the Performance Period, as applicable.

(f) "Performance Period" means the period commencing on April 1, 2020 and ending on March 31, 2021.

2. Vesting and Exercise Schedules

(a) Vesting Criteria. The shares of Common Stock covered by this Option ("Option Shares") shall vest in accordance with the vesting schedule set forth below in this Section 2 (each such vesting date, a "Vesting Date") only if the Return on Equity for the fiscal year ending March 31, 2021 is

at least 10.0% (the "Performance Criteria"); provided, that the percentage of Option Shares that will be earned shall be based on the following:

Performance Criteria	Percentage of Options Earned
≥ 20.0%	100.0%
15.0%	83.3%
10.0%	66.7%

; provided, further, that the exact percentage of Option Shares earned shall be calculated based on straight-line interpolation between the points shown above with fractional points rounded up to the nearest tenth of a percent. After the end of the Performance Period, the Compensation Committee shall certify whether and to what extent the Performance Criteria has been satisfied ("Certification Date"). If the Performance Criteria has not been satisfied then the Option Shares shall be immediately and automatically forfeited. Upon the Certification Date, any portion of the Option Shares that are not earned in accordance with the provisions above shall be forfeited.

(b) **Exercisability.** The earned Option Shares shall vest and become exercisable one-fourth promptly following the Certification Date and then ratably on the next three Service Vesting Dates. The Optionee must be in continuous service as an employee of the Company or any of its Affiliates or as a Director from the Award Date through the applicable Vesting Date on which the portion of the Option Shares would otherwise become exercisable in order for the Option to become exercisable with respect to that portion of the Option Shares, otherwise such Option Shares shall be forfeited. Notwithstanding the foregoing, in the event the Optionee's employment and, if applicable, service as a Director terminates by reason of death, Disability or Retirement following the end of the Performance Period and prior to any Vesting Date, any then exercisable Option Shares shall continue to be exercisable for a period of two years following such termination, and any earned but unexercisable Option Shares shall continue to become exercisable as if the Optionee had remained employed or continued to serve as a Director for a period of two years following such termination. In the event Optionee's employment with the Company or any of its affiliates is terminated (other than a termination for "cause") after the end of the Performance Period but before the Certification Date, then notwithstanding the restrictions set forth above in this Section 2, promptly following the Certification Date, one-fourth of any earned Option Shares shall vest and become exercisable for a period of 90 days following the Certification Date (or two years following the Certification Date in the case of the death, Disability or Retirement of the Optionee), and the remainder of the Option Shares shall be forfeited.

To the extent the Option becomes exercisable, such Option may be exercised in whole or in part (at any time or from time to time, except as otherwise provided herein) until expiration of the Option pursuant to the terms of this Agreement or the Plan.

(c) **Calculations and Adjustments.** The Committee shall have the authority to approve the calculations involving the "Return on Equity for the fiscal year ending March 31, 2021" for purposes of vesting, and its approval of such calculations shall be final, conclusive and binding on all parties; provided, that the Performance Criteria and calculation of actual results, in each case, shall be equitably adjusted as determined by the Committee in its discretion, including, without limitation, to account for (i) any business acquisition or disposition (including spin-offs) that occurs after the Award Date, including any related impairments, write-downs, gains or losses; (ii) the impact of litigation (including legal fees, settlements and adjustments); provided that the amount exceeds \$5 million; and (iii) the impact of extraordinary items not related to the Company's current or ongoing business

operations, including impairments, write-downs or other significant non-operational charges. Without limiting the generality of the foregoing, in the event the Company determines to effect a spin-off that will occur prior to the end of the Performance Period, the Committee shall have the discretion to determine the extent to which the Performance Criteria shall be deemed to have been satisfied through the effective date of such spin-off or earlier, as determined by the Committee and such determination date shall constitute the Certification Date hereunder; provided, the earned Option Shares so determined shall vest one-fourth on the first anniversary of the Award Date and then ratably on the next three fiscal year-ends.

(d) Change in Control. This Option shall become fully vested and exercisable, without regard to the limitations set forth in subparagraph (a) above, provided that the Optionee has been in continuous employment with the Company or any of its Affiliates or served as a Director from the Award Date through the occurrence of a Change in Control (as defined in Exhibit A to this Agreement), unless either (i) the Committee determines that the terms of the transaction giving rise to the Change in Control provide that the Option is to be replaced within a reasonable time after the Change in Control with an option of equivalent value to purchase shares of the surviving parent corporation or (ii) the Option is to be settled in cash in accordance with the last sentence of this subparagraph (d). Upon a Change in Control, pursuant to Section 15 of the Plan, the Company may, in its discretion, settle the Option by a cash payment equal to the difference between the Fair Market Value per share of Common Stock on the settlement date and the Exercise Price for the Option, multiplied by the number of shares then subject to the Option.

(e) Capital Adjustments and Corporate Events. If, from time to time during the term of the Option prior to its exercise, there is any capital adjustment affecting the outstanding Common Stock as a class without the Company's receipt of consideration, including as a result of a spin-off or business disposition, the Option Shares and other applicable terms of this Option shall be adjusted in accordance with the provisions of Section 15 of the Plan, which adjustment shall include (as may be applicable) without limitation, equitable adjustments to the number of Option Shares, exercise price and type of property or securities to which the Option relates and to the Performance Condition set forth above, in each case as determined by the Committee in its discretion and in accordance with Code Section 409A. Any and all new, substituted or additional securities to which the Optionee may be entitled by reason of this Option because of a capital adjustment shall be immediately subject to the Vesting Period and other terms set forth herein (as may be modified pursuant to this Agreement) and included thereafter as Option Shares for purposes of this Agreement.

3. Termination of Option.

The Option hereby granted shall terminate and be of no force and effect with respect to any Option Shares not previously purchased by the Optionee at the earliest time specified below:

- (a) the tenth anniversary of the Award Date;
- (b) if Optionee's employment with the Company and its Affiliates or service as a Director is terminated by the Company or a Subsidiary for "cause" (as determined by the Committee) at any time after the Award Date, then the Option shall terminate immediately upon such termination of Optionee's employment or service;
- (c) if Optionee's employment with the Company and its Affiliates and, if applicable, service as a Director is terminated for any reason other than death, Disability, Retirement or termination

for "cause," then the Option shall terminate on the first business day following the expiration of the 90-day period beginning on such date of termination; or

(d) if Optionee's employment with the Company and its Affiliates and, if applicable, service as a Director is terminated due to the death, Disability or Retirement of the Optionee, and in any such case such termination is at any time after the Award Date, then the Option shall terminate on the later of (i) the first business day following the expiration of the two-year period following such termination and (ii) with respect to any Option Shares which become exercisable after such termination, the first business day following the expiration of the 90-day period beginning on the date the Options Shares first become exercisable; provided, the Committee in its discretion may extend such expiration date up to the full remaining term of the Option under such circumstances as it deems appropriate.

4. Exercise of Option.

Subject to the limitations set forth herein and in the Plan, this Option may be exercised by notice provided to the Company as set forth in Section 5. The payment of the Exercise Price for the Common Stock being purchased pursuant to the Option shall be made (a) in cash, by check or cash equivalent, (b) by tender to the Company, or attestation to the ownership, of Common Stock owned by the Optionee having a Fair Market Value (as determined by the Company without regard to any restrictions on transferability applicable to such Common Stock by reason of federal or state securities laws or agreements with an underwriter for the Company) not less than the Exercise Price, (c) by delivery of a properly executed notice together with irrevocable instructions to a broker providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System), (d) by withholding Option Shares equal to the Exercise Price multiplied by the number of Options exercised divided by the Fair Market Value at the time of exercise, rounded up to the nearest whole share, (e) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (f) by any combination thereof. Such notice shall be accompanied by cash or Common Stock in the full amount of all federal and state withholding or other employment taxes applicable to the taxable income of such Optionee resulting from such exercise (or instructions to satisfy such withholding obligation by withholding Option Shares in accordance with Section 8). Notwithstanding the foregoing, if the Exercise Price of the outstanding portion of the Option is less than the Fair Market Value of a share of Common Stock on the day the Option would otherwise expire as provided in Section 3(a), then the Option shall be automatically exercised in full pursuant to clause (d) above immediately prior to its expiration.

If the Optionee desires to pay the purchase price for the Option Shares by tendering Common Stock using the method of attestation, the Optionee may, subject to any such conditions and in compliance with any such procedures as the Committee may adopt, do so by attesting to the ownership of Common Stock of the requisite value, in which case the Company shall issue or otherwise deliver to the Optionee upon such exercise a number of Option Shares equal to the result obtained by dividing (a) the excess of the aggregate Fair Market Value of the total number shares of Common Stock subject to the Option for which the Option (or portion thereof) is being exercised over the purchase price payable in respect of such exercise by (b) the Fair Market Value per share of Common Stock subject to the Option, and the Optionee may retain the shares of Common Stock the ownership of which is attested.

Notwithstanding anything to the contrary contained herein, the Optionee agrees that he will not exercise the Option granted pursuant hereto, and the Company will not be obligated to issue any Option Shares pursuant to this Option Agreement, if the exercise of the Option or the issuance of such shares

would constitute a violation by the Optionee or by the Company of any provision of any law or regulation of any governmental authority or any stock exchange or transaction quotation system. The Optionee agrees that, unless the options and shares covered by the Plan have been registered pursuant to the Securities Act of 1933, as amended, the Company may, at its election, require the Optionee to give a representation in writing in form and substance satisfactory to the Company to the effect that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the distribution of such shares or any part thereof.

If any law or regulation requires the Company to take any action with respect to the shares specified in such notice, the time for delivery thereof, which would otherwise be as promptly as reasonably practicable, shall be postponed for the period of time necessary to take such action.

5. **Notices.**

Notice of exercise of the Option must be made in the following manner, using such forms as the Company may from time to time provide:

- Company;
- (a) by electronic means as designated by the Committee, in which case the date of exercise shall be the date when receipt is acknowledged by the Company;
 - (b) by registered or certified United States mail, postage prepaid, to Eagle Materials Inc., Attention: Secretary, 5960 Berkshire Ln., Suite 900, Dallas, Texas 75225, in which case the date of exercise shall be the date of mailing; or
 - (c) by hand delivery or otherwise to Eagle Materials Inc., Attention: Secretary, 5960 Berkshire Ln., Suite 900, Dallas, Texas 75225, in which case the date of exercise shall be the date when receipt is acknowledged by the Company.

Notwithstanding the foregoing, in the event that the address of the Company is changed prior to the date of any exercise of this Option, notice of exercise shall instead be made pursuant to the foregoing provisions at the Company's current address.

Any other notices provided for in this Agreement or in the Plan shall be given in writing or by such electronic means, as permitted by the Committee, and shall be deemed effectively delivered or given upon receipt or, in the case of notices delivered by the Company to the Optionee, five days after deposit in the United States mail, postage prepaid, addressed to the Optionee at the address specified at the end of this Agreement or at such other address as the Optionee hereafter designates by written notice to the Company.

6. **Assignment of Option.**

Except as otherwise permitted by the Committee, the rights of the Optionee under the Plan and this Agreement are personal; no assignment or transfer of the Optionee's rights under and interest in this Option may be made by the Optionee otherwise than by will, by beneficiary designation, by the laws of descent and distribution or by a qualified domestic relations order; and this Option is exercisable during his lifetime only by the Optionee, except as otherwise expressly provided in this Agreement.

After the death of the Optionee, exercise of the Option shall be permitted only by the Optionee's designated beneficiary or, in the absence of a designated beneficiary, the Optionee's executor or the personal representative of the Optionee's estate (or by his assignee, in the event of a permitted

assignment) to the extent that the Option is exercisable on or after the date of the Optionee's death, as set forth in Sections 2(a) and 3(d) hereof.

7. Stock Certificates.

Certificates or other evidences of or representing the Common Stock issued pursuant to the exercise of the Option will bear all legends required by law and necessary or advisable to effectuate the provisions of the Plan and this Option.

8. Withholding.

No certificates representing shares of Common Stock purchased hereunder shall be delivered to or in respect of an Optionee unless the amount of all federal, state and other governmental withholding tax requirements imposed upon the Company with respect to the issuance of such shares of Common Stock has been remitted to the Company or unless provisions to pay such withholding requirements have been made to the satisfaction of the Committee. The Committee may make such provisions as it may deem appropriate for the withholding of any taxes which it determines is required in connection with this Option. The Optionee may pay all or any portion of the taxes required to be withheld by the Company or paid by the Optionee in connection with the exercise of all or any portion of this Option by delivering cash, or, pursuant to Committee-approved procedures, by electing to have the Company withhold shares of Common Stock, or by delivering previously owned shares of Common Stock sufficient to satisfy the tax withholding obligation. The Optionee must make the foregoing election on or before the date that the amount of tax to be withheld is determined.

9. Shareholder Rights.

The Optionee shall have no rights of a shareholder with respect to shares of Common Stock subject to the Option unless and until such time as the Option has been exercised and ownership of such shares of Common Stock has been transferred to the Optionee.

10. Successors and Assigns.

This Agreement shall bind and inure to the benefit of and be enforceable by the Optionee, the Company and their respective permitted successors and assigns (including personal representatives, heirs and legatees), except that the Optionee may not assign any rights or obligations under this Agreement except to the extent and in the manner expressly permitted herein.

11. No Employment Guaranteed.

No provision of this Option Agreement shall confer any right upon the Optionee to continued employment with the Company or any Subsidiary.

12. Governing Law.

This Option Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Texas.

13.

Amendment

This Agreement cannot be modified, altered or amended except by an agreement, in writing, signed by both the Company and the Optionee.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

EAGLE MATERIALS INC.

Dated: May ____, 2020

By: _____
Name: Michael Haack
Its: President and CEO
Address: 5960 Berkshire Ln., Suite 900
Dallas, Texas 75225

The Optionee hereby accepts the foregoing Option Agreement, subject to the terms and provisions of the Plan and administrative interpretations thereof referred to above.

OPTIONEE:

Dated: , 2020

Signed: _____
NAME
Eagle Materials Inc.
5960 Berkshire Ln., Suite 900
Dallas, Texas 75225

EXHIBIT A
CHANGE-IN-CONTROL

For the purpose of this Agreement, a “Change in Control” shall mean the occurrence of any of the following events:

(a) The acquisition by any Person of beneficial ownership of securities of the Company (including any such acquisition of beneficial ownership deemed to have occurred pursuant to Rule 13d-5 under the Exchange Act) if, immediately thereafter, such Person is the beneficial owner of (i) 50% or more of the total number of outstanding shares of any single class of Company Common Stock or (ii) 40% or more of the total number of outstanding shares of all classes of Company Common Stock, unless such acquisition is made (a) directly from the Company in a transaction approved by a majority of the members of the Incumbent Board or (b) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company;

(b) Individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (or who is otherwise designated as a member of the Incumbent Board by such a vote) shall be considered as though such individual were a member of the Incumbent Board, except that any such individual shall not be considered a member of the Incumbent Board if his or her initial assumption of office occurs as a result of either an actual or threatened election contest (as such term is used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) The consummation of a Business Combination, unless, immediately following such Business Combination, (i) more than 50% of both the total number of then outstanding shares of common stock of the parent corporation resulting from such Business Combination and the combined voting power of the then outstanding voting securities of such parent corporation entitled to vote generally in the election of directors will be (or is) then beneficially owned, directly or indirectly, by all or substantially all of the Persons who were the beneficial owners, respectively, of the outstanding shares of Company Common Stock immediately prior to such Business Combination in substantially the same proportions as their ownership immediately prior to such Business Combination of the outstanding shares of Company Common Stock, (ii) no Person (other than any employee benefit plan (or related trust) of the Company or any corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 40% or more of the total number of then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the parent corporation resulting from such Business Combination were members of the Incumbent Board immediately prior to the consummation of such Business Combination; or

(d) Approval by the Board and the shareholders of the Company of (i) a complete liquidation or dissolution of the Company or (ii) a Major Asset Disposition (or, if there is no such approval by shareholders, consummation of such Major Asset Disposition) unless,

(e) immediately following such Major Asset Disposition, (A) Persons that were beneficial owners of the outstanding shares of Company Common Stock immediately prior to such Major Asset Disposition beneficially own, directly or indirectly, more than 50% of the total number of then outstanding shares of common stock and the combined voting power of the then outstanding shares of voting stock of the Company (if it continues to exist) and of the Acquiring Entity in substantially the same proportions as their ownership immediately prior to such Major Asset Disposition of the outstanding shares of Company Common Stock; (B) no Person (other than any employee benefit plan (or related trust) of the Company or such entity) beneficially owns, directly or indirectly, 40% or more of the then outstanding shares of common stock or the combined voting power of the then outstanding voting securities of the Company (if it continues to exist) and of the Acquiring Entity entitled to vote generally in the election of directors and (C) at least a majority of the members of the Board of the Company (if it continues to exist) and of the Acquiring Entity were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Major Asset Disposition.

For purposes of the foregoing,

- (i) the term "Person" means an individual, entity or group;
- (ii) the term "group" is used as it is defined for purposes of Section 13(d)(3) of the Exchange Act;
- (iii) the terms "beneficial owner", "beneficial ownership" and "beneficially own" are used as defined for purposes of Rule 13d-3 under the Exchange Act;
- (iv) the term "Business Combination" means (x) a merger, consolidation or share exchange involving the Company or its stock or (y) an acquisition by the Company, directly or through one or more subsidiaries, of another entity or its stock or assets;
- (v) the term "Company Common Stock" shall mean the Common Stock, par value \$.01 per share, of the Company;
- (vi) the term "Exchange Act" means the Securities Exchange Act of 1934, as amended.
- (vii) the phrase "parent corporation resulting from a Business Combination" means the Company if its stock is not acquired or converted in the Business Combination and otherwise means the entity which as a result of such Business Combination owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries;
- (viii) the term "Major Asset Disposition" means the sale or other disposition in one transaction or a series of related transactions of 50% or more of the assets of the Company and its subsidiaries on a consolidated basis; and any specified percentage or portion of the assets of the Company shall be based on fair market value, as determined by a majority of the members of the Incumbent Board;

- (ix) the term “Acquiring Entity” means the entity that acquires the largest portion of the assets sold or otherwise disposed of in a Major Asset Disposition (or the entity, if any, that owns a majority of the outstanding voting stock of such acquiring entity entitled to vote generally in the election of directors or members of a comparable governing body); and
- (x) the phrase “substantially the same proportions,” when used with reference to ownership interests in the parent corporation resulting from a Business Combination or in an Acquiring Entity, means substantially in proportion to the number of shares of Company Common Stock beneficially owned by the applicable Persons immediately prior to the Business Combination or Major Asset Disposition, but is not to be construed in such a manner as to require that the same ratio or number of shares of such parent corporation or Acquiring Entity be issued, paid or delivered in exchange for or in respect of the shares of each class of Company Common Stock.

EAGLE MATERIALS INC.
AMENDED AND RESTATED INCENTIVE PLAN
NON-QUALIFIED STOCK OPTION AGREEMENT

(Time Vesting)

This option agreement (the "Option Agreement" or "Agreement") entered into between EAGLE MATERIALS INC., a Delaware corporation (the "Company"), and _____ (the "Optionee"), an employee of the Company or its Affiliates, with respect to a right (the "Option") awarded to the Optionee under the Eagle Materials Inc. Amended and Restated Incentive Plan (the "Plan"), on May 19, 2020 (the "Award Date") to purchase from the Company up to but not exceeding in the aggregate _____ shares of the Company's common stock, par value \$0.01 per share (the "Common Stock"), at a price of \$60.21 per share (the "Exercise Price"), such number of shares and such price per share being subject to adjustment as provided in the Plan, and further subject to the following terms and conditions:

1. Relationship to Plan

This Option is subject to all of the terms, conditions and provisions of the Plan and administrative interpretations thereunder, if any, which have been adopted by the Company's Compensation Committee ("Committee") and are in effect on the date hereof. Except as defined herein, capitalized terms shall have the same meanings ascribed to them under the Plan. For purposes of this Option Agreement:

- (a) "Disability" shall be determined by the Committee.
- (b) "Retirement" shall mean a retirement approved by the Board.

2. Vesting and Exercise Schedules

(a) Exercisability. The shares of Common Stock covered by this Option ("Option Shares") shall vest and become exercisable on the date designated (a "Vesting Date") in accordance with the following vesting schedule (the "Vesting Schedule"):

<u>Vesting Date</u>	<u>Option Shares</u>
March 31, 2021	
March 31, 2022	
March 31, 2023	
March 31, 2024	

Total

The Optionee must be in continuous service as an employee of the Company or any of its Affiliates or as a Director from the Award Date through the applicable Vesting Date on which the portion of the Option Shares would otherwise become exercisable in order for the Option to become exercisable with respect

to that portion of the Option Shares, otherwise such Option Shares shall be forfeited. Notwithstanding the foregoing, in the event the Optionee's employment and, if applicable, service as a Director terminates by reason of death, Disability or Retirement, and in any such case such termination follows the Award Date and is prior to any Vesting Date, any then exercisable Option Shares shall continue to be exercisable for a period of two years following such termination, and any unexercisable Option Shares shall continue to become exercisable as if the Optionee had remained employed or continued to serve as a Director for a period of two years following such termination.

To the extent the Option becomes exercisable, such Option may be exercised in whole or in part (at any time or from time to time, except as otherwise provided herein) until expiration of the Option pursuant to the terms of this Agreement or the Plan.

(b) Change in Control. This Option shall become fully vested and exercisable, without regard to the limitations set forth in subparagraph (a) above, provided that the Optionee has been in continuous employment with the Company or any of its Affiliates or served as a Director from the Award Date through the occurrence of a Change in Control (as defined in Exhibit A to this Agreement), unless either (i) the Committee determines that the terms of the transaction giving rise to the Change in Control provide that the Option is to be replaced within a reasonable time after the Change in Control with an option of equivalent value to purchase shares of the surviving parent corporation or (ii) the Option is to be settled in cash in accordance with the last sentence of this subparagraph (b). Upon a Change in Control, pursuant to Section 15 of the Plan, the Company may, in its discretion, settle the Option by a cash payment equal to the difference between the Fair Market Value per share of Common Stock on the settlement date and the Exercise Price for the Option, multiplied by the number of shares then subject to the Option.

(c) Capital Adjustments and Corporate Events. If, from time to time during the term of the Option prior to its exercise, there is any capital adjustment affecting the outstanding Common Stock as a class without the Company's receipt of consideration, including as a result of a spin-off or business disposition, the Option Shares and other applicable terms of this Option shall be adjusted in accordance with the provisions of Section 15 of the Plan, which adjustment shall include (as may be applicable) without limitation, equitable adjustments to the number of Option Shares, exercise price and type of property or securities to which the Option relates, in each case as determined by the Committee in its discretion and in accordance with Code Section 409A. Any and all new, substituted or additional securities to which the Optionee may be entitled by reason of this Option because of a capital adjustment shall be immediately subject to the Vesting Schedule and other terms set forth herein (as may be modified pursuant to this Agreement) and included thereafter as Option Shares for purposes of this Agreement.

3. Termination of Option.

The Option hereby granted shall terminate and be of no force and effect with respect to any Option Shares not previously purchased by the Optionee at the earliest time specified below:

(a) the tenth anniversary of the Award Date;

(b) if Optionee's employment with the Company and its Affiliates or service as a Director is terminated by the Company or a Subsidiary for "cause" (as determined by the Committee) at any time after the Award Date, then the Option shall terminate immediately upon such termination of Optionee's employment or service;

(c) if Optionee's employment with the Company and its Affiliates and, if applicable, service as a Director is terminated for any reason other than death, Disability, Retirement or termination for "cause," then the Option shall terminate on the first business day following the expiration of the 90-day period beginning on such date of termination; or

(d) if Optionee's employment with the Company and its Affiliates and, if applicable, service as a Director is terminated due to the death, Disability or Retirement of the Optionee, and in any such case such termination is at any time after the Award Date, then the Option shall terminate on the later of (i) the first business day following the expiration of the two-year period following such termination and (ii) with respect to any Option Shares which become exercisable after such termination, the first business day following the expiration of the 90-day period beginning on the date the Options Shares first become exercisable; provided, the Committee in its discretion may extend such expiration date up to the full remaining term of the Option under such circumstances as it deems appropriate.

4. Exercise of Option.

Subject to the limitations set forth herein and in the Plan, this Option may be exercised by notice provided to the Company as set forth in Section 5. The payment of the Exercise Price for the Common Stock being purchased pursuant to the Option shall be made (a) in cash, by check or cash equivalent, (b) by tender to the Company, or attestation to the ownership, of Common Stock owned by the Optionee having a Fair Market Value (as determined by the Company without regard to any restrictions on transferability applicable to such Common Stock by reason of federal or state securities laws or agreements with an underwriter for the Company) not less than the Exercise Price, (c) by delivery of a properly executed notice together with irrevocable instructions to a broker providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System), (d) by withholding Option Shares equal to the Exercise Price multiplied by the number of Options exercised divided by the Fair Market Value at the time of exercise, rounded up to the nearest whole share, (e) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (f) by any combination thereof. Such notice shall be accompanied by cash or Common Stock in the full amount of all federal and state withholding or other employment taxes applicable to the taxable income of such Optionee resulting from such exercise (or instructions to satisfy such withholding obligation by withholding Option Shares in accordance with Section 8). Notwithstanding the foregoing, if the Exercise Price of the outstanding portion of the Option is less than the Fair Market Value of a share of Common Stock on the day the Option would otherwise expire as provided in Section 3(a), then the Option shall be automatically exercised in full pursuant to clause (d) above immediately prior to its expiration.

If the Optionee desires to pay the purchase price for the Option Shares by tendering Common Stock using the method of attestation, the Optionee may, subject to any such conditions and in compliance with any such procedures as the Committee may adopt, do so by attesting to the ownership of Common Stock of the requisite value, in which case the Company shall issue or otherwise deliver to the Optionee upon such exercise a number of Option Shares equal to the result obtained by dividing (a) the excess of the aggregate Fair Market Value of the total number shares of Common Stock subject to the Option for which the Option (or portion thereof) is being exercised over the purchase price payable in respect of such exercise by (b) the Fair Market Value per share of Common Stock subject to the Option, and the Optionee may retain the shares of Common Stock the ownership of which is attested.

Notwithstanding anything to the contrary contained herein, the Optionee agrees that he will not exercise the Option granted pursuant hereto, and the Company will not be obligated to issue any Option Shares pursuant to this Option Agreement, if the exercise of the Option or the issuance of such shares would constitute a violation by the Optionee or by the Company of any provision of any law or regulation of any governmental authority or any stock exchange or transaction quotation system. The Optionee agrees that, unless the options and shares covered by the Plan have been registered pursuant to the Securities Act of 1933, as amended, the Company may, at its election, require the Optionee to give a representation in writing in form and substance satisfactory to the Company to the effect that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the distribution of such shares or any part thereof.

If any law or regulation requires the Company to take any action with respect to the shares specified in such notice, the time for delivery thereof, which would otherwise be as promptly as reasonably practicable, shall be postponed for the period of time necessary to take such action.

5. **Notices.**

Notice of exercise of the Option must be made in the following manner, using such forms as the Company may from time to time provide:

- (a) by electronic means as designated by the Committee, in which case the date of exercise shall be the date when receipt is acknowledged by the Company;
- (b) by registered or certified United States mail, postage prepaid, to Eagle Materials Inc., Attention: Secretary, 5960 Berkshire Ln., Suite 900, Dallas, Texas 75225, in which case the date of exercise shall be the date of mailing; or
- (c) by hand delivery or otherwise to Eagle Materials Inc., Attention: Secretary, 5960 Berkshire Ln., Suite 900, Dallas, Texas 75225, in which case the date of exercise shall be the date when receipt is acknowledged by the Company.

Notwithstanding the foregoing, in the event that the address of the Company is changed prior to the date of any exercise of this Option, notice of exercise shall instead be made pursuant to the foregoing provisions at the Company's current address.

Any other notices provided for in this Agreement or in the Plan shall be given in writing or by such electronic means, as permitted by the Committee, and shall be deemed effectively delivered or given upon receipt or, in the case of notices delivered by the Company to the Optionee, five days after deposit in the United States mail, postage prepaid, addressed to the Optionee at the address specified at the end of this Agreement or at such other address as the Optionee hereafter designates by written notice to the Company.

6. **Assignment of Option.**

Except as otherwise permitted by the Committee, the rights of the Optionee under the Plan and this Agreement are personal; no assignment or transfer of the Optionee's rights under and interest in this Option may be made by the Optionee otherwise than by will, by beneficiary designation, by the laws of descent and distribution or by a qualified domestic relations order; and this Option is exercisable during his lifetime only by the Optionee, except as otherwise expressly provided in this Agreement.

After the death of the Optionee, exercise of the Option shall be permitted only by the Optionee's designated beneficiary or, in the absence of a designated beneficiary, the Optionee's executor or the personal representative of the Optionee's estate (or by his assignee, in the event of a permitted assignment) to the extent that the Option is exercisable on or after the date of the Optionee's death, as set forth in Sections 2(a) and 3(d) hereof.

7. **Stock Certificates.**

Certificates or other evidences of or representing the Common Stock issued pursuant to the exercise of the Option will bear all legends required by law and necessary or advisable to effectuate the provisions of the Plan and this Option.

8. **Withholding.**

No certificates representing shares of Common Stock purchased hereunder shall be delivered to or in respect of an Optionee unless the amount of all federal, state and other governmental withholding tax requirements imposed upon the Company with respect to the issuance of such shares of Common Stock has been remitted to the Company or unless provisions to pay such withholding requirements have been made to the satisfaction of the Committee. The Committee may make such provisions as it may deem appropriate for the withholding of any taxes which it determines is required in connection with this Option. The Optionee may pay all or any portion of the taxes required to be withheld by the Company or paid by the Optionee in connection with the exercise of all or any portion of this Option by delivering cash, or, pursuant to Committee-approved procedures, by electing to have the Company withhold shares of Common Stock, or by delivering previously owned shares of Common Stock sufficient to satisfy the tax withholding obligation. The Optionee must make the foregoing election on or before the date that the amount of tax to be withheld is determined.

9. **Shareholder Rights.**

The Optionee shall have no rights of a shareholder with respect to shares of Common Stock subject to the Option unless and until such time as the Option has been exercised and ownership of such shares of Common Stock has been transferred to the Optionee.

10. **Successors and Assigns.**

This Agreement shall bind and inure to the benefit of and be enforceable by the Optionee, the Company and their respective permitted successors and assigns (including personal representatives, heirs and legatees), except that the Optionee may not assign any rights or obligations under this Agreement except to the extent and in the manner expressly permitted herein.

11. **No Employment Guaranteed.**

No provision of this Option Agreement shall confer any right upon the Optionee to continued employment with the Company or any Subsidiary.

12. **Governing Law.**

This Option Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Texas.

13.

Amendment

This Agreement cannot be modified, altered or amended except by an agreement, in writing, signed by both the Company and the Optionee.

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EAGLE MATERIALS INC.

Dated: May ____, 2020

By: _____
Name: Michael Haack
Its: President and CEO
Address: 5960 Berkshire Ln., Suite 900
Dallas, Texas 75225

The Optionee hereby accepts the foregoing Option Agreement, subject to the terms and provisions of the Plan and administrative interpretations thereof referred to above.

OPTIONEE:

Dated: , 2020

Signed: _____
NAME
Eagle Materials Inc.
5960 Berkshire Ln., Suite 900
Dallas, Texas 75225

EXHIBIT A

Change in Control

For the purpose of this Agreement, a "Change in Control" shall mean the occurrence of any of the following events:

(a) The acquisition by any Person of beneficial ownership of securities of the Company (including any such acquisition of beneficial ownership deemed to have occurred pursuant to Rule 13d-5 under the Exchange Act) if, immediately thereafter, such Person is the beneficial owner of (i) 50% or more of the total number of outstanding shares of any single class of Company Common Stock or (ii) 40% or more of the total number of outstanding shares of all classes of Company Common Stock, unless such acquisition is made (a) directly from the Company in a transaction approved by a majority of the members of the Incumbent Board or (b) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company;

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (or who is otherwise designated as a member of the Incumbent Board by such a vote) shall be considered as though such individual were a member of the Incumbent Board, except that any such individual shall not be considered a member of the Incumbent Board if his or her initial assumption of office occurs as a result of either an actual or threatened election contest (as such term is used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) The consummation of a Business Combination, unless, immediately following such Business Combination, (i) more than 50% of both the total number of then outstanding shares of common stock of the parent corporation resulting from such Business Combination and the combined voting power of the then outstanding voting securities of such parent corporation entitled to vote generally in the election of directors will be (or is) then beneficially owned, directly or indirectly, by all or substantially all of the Persons who were the beneficial owners, respectively, of the outstanding shares of Company Common Stock immediately prior to such Business Combination in substantially the same proportions as their ownership immediately prior to such Business Combination of the outstanding shares of Company Common Stock, (ii) no Person (other than any employee benefit plan (or related trust) of the Company or any corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 40% or more of the total number of then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the parent corporation resulting from such Business Combination were members of the Incumbent Board immediately prior to the consummation of such Business Combination; or

(d) Approval by the Board and the shareholders of the Company of (i) a complete liquidation or dissolution of the Company or (ii) a Major Asset Disposition (or, if there is no such approval by shareholders, consummation of such Major Asset Disposition) unless,

(e) immediately following such Major Asset Disposition, (A) Persons that were beneficial owners of the outstanding shares of Company Common Stock immediately prior to such Major Asset Disposition beneficially own, directly or indirectly, more than 50% of the total number of then outstanding shares of common stock and the combined voting power of the then outstanding shares of voting stock of the Company (if it continues to exist) and of the Acquiring Entity in substantially the same proportions as their ownership immediately prior to such Major Asset Disposition of the outstanding shares of Company Common Stock; (B) no Person (other than any employee benefit plan (or related trust) of the Company or such entity) beneficially owns, directly or indirectly, 40% or more of the then outstanding shares of common stock or the combined voting power of the then outstanding voting securities of the Company (if it continues to exist) and of the Acquiring Entity entitled to vote generally in the election of directors and (C) at least a majority of the members of the Board of the Company (if it continues to exist) and of the Acquiring Entity were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Major Asset Disposition.

For purposes of the foregoing,

- (i) the term "Person" means an individual, entity or group;
- (ii) the term "group" is used as it is defined for purposes of Section 13(d)(3) of the Exchange Act;
- (iii) the terms "beneficial owner", "beneficial ownership" and "beneficially own" are used as defined for purposes of Rule 13d-3 under the Exchange Act;
- (iv) the term "Business Combination" means (x) a merger, consolidation or share exchange involving the Company or its stock or (y) an acquisition by the Company, directly or through one or more subsidiaries, of another entity or its stock or assets;
- (v) the term "Company Common Stock" shall mean the Common Stock, par value \$.01 per share, of the Company;
- (vi) the term "Exchange Act" means the Securities Exchange Act of 1934, as amended.
- (vii) the phrase "parent corporation resulting from a Business Combination" means the Company if its stock is not acquired or converted in the Business Combination and otherwise means the entity which as a result of such Business Combination owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries;
- (viii) the term "Major Asset Disposition" means the sale or other disposition in one transaction or a series of related transactions of 50% or more of the assets of the Company and its subsidiaries on a consolidated basis; and any specified percentage or portion of the assets of the Company shall be based on fair market value, as determined by a majority of the members of the Incumbent Board;

- (ix) the term “Acquiring Entity” means the entity that acquires the largest portion of the assets sold or otherwise disposed of in a Major Asset Disposition (or the entity, if any, that owns a majority of the outstanding voting stock of such acquiring entity entitled to vote generally in the election of directors or members of a comparable governing body); and
- (x) the phrase “substantially the same proportions,” when used with reference to ownership interests in the parent corporation resulting from a Business Combination or in an Acquiring Entity, means substantially in proportion to the number of shares of Company Common Stock beneficially owned by the applicable Persons immediately prior to the Business Combination or Major Asset Disposition, but is not to be construed in such a manner as to require that the same ratio or number of shares of such parent corporation or Acquiring Entity be issued, paid or delivered in exchange for or in respect of the shares of each class of Company Common Stock.

EAGLE MATERIALS INC.AMENDED AND RESTATED INCENTIVE PLAN
RESTRICTED STOCK AGREEMENT

(Performance Vesting)

Eagle Materials Inc., a Delaware corporation (the "Company"), and _____ (the "Grantee") hereby enter into this Restricted Stock Award Agreement (the "Agreement") in order to set forth the terms and conditions of the Company's award (the "Award") to the Grantee of certain shares of Common Stock of the Company granted to the Grantee on May 19, 2020 (the "Award Date").

1. Award. The Company hereby awards to the Grantee _____ shares of Common Stock of the Company (the "Shares").

2. Relationship to the Plan. The Award shall be subject to the terms and conditions of the Eagle Materials Inc. Amended and Restated Incentive Plan (the "Plan"), this Agreement and such administrative interpretations of the Plan, if any, as may be in effect on the date of this Agreement. Except as defined herein, capitalized terms shall have the meanings ascribed to them under the Plan. For purposes of this Agreement:

- (a) "Disability" shall be determined by the Committee.
- (b) "Return on Equity" for any fiscal year shall mean the following calculation (as determined by the Committee): (i) the net earnings of the Company for such fiscal year; divided by (ii) the Company's Average Stockholders' Equity for such fiscal year.
- (c) "Average Stockholders' Equity" for any period shall mean: (i) the Company's total stockholders' equity as of the beginning of such period plus the Company's total stockholders' equity at the end of such period; divided by (ii) 2.
- (d) "Retirement" shall mean a retirement approved by the Board.
- (e) "Service Vesting Date" means the first, second or third anniversary of the end of the Performance Period, as applicable.
- (f) "Performance Period" shall mean the period commencing on April 1, 2020 and ending on March 31, 2021.

3. Vesting.

- (a) Vesting Criteria. The Grantee's interest in the Shares shall vest in accordance with the vesting schedule set forth below in this Section 3(a) (each such vesting date, a "Vesting Date") only if the Return on Equity for the fiscal year ending March 31, 2021 is at least 10.0% (the "Performance Criteria"); provided, that the percentage of Shares that will be earned shall be based on the following:
-

Performance Criteria	Percentage of Shares Earned
≥ 20.0%	100.0%
15.0%	83.3%
10.0%	66.7%

; provided, further, that the exact percentage of Shares earned shall be calculated based on straight-line interpolation between the points shown above with fractional points rounded up to the nearest tenth of a percent. After the end of the Performance Period, the Compensation Committee shall certify whether and to what extent the Performance Criteria has been satisfied ("Certification Date") (such earned Shares shall then be considered "Earned But Unvested Shares" hereunder). Such Earned But Unvested Shares shall vest one-fourth on the seventh business day following the Certification Date and then ratably on the next three Service Vesting Dates. Prior to the Certification Date, all Shares shall be considered "unvested Shares." If the Performance Criteria has not been satisfied then the Shares shall be immediately and automatically forfeited. Upon the Certification Date, any portion of the Shares that are not earned in accordance with the provisions above shall be forfeited.

- (b) Restrictions. The period beginning on the Award Date and ending on the date immediately preceding the Vesting Date for a Share shall be known as the restriction period (the "Restriction Period"). During the Restriction Period, the Grantee may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of any unvested Shares or any right or interest related to such unvested Shares, other than as required by the Grantee's will or beneficiary designation, in accordance with the laws of descent and distribution or by a qualified domestic relations order.
- (c) Cancellation Right. Subject to Section 4, the Grantee must be in continuous service as an employee of the Company or any of its Affiliates or as a Director from the Award Date through the applicable Vesting Date for an unvested Share to become vested. Subject to Section 4, Grantee's termination of employment and, if applicable, service as a Director prior to the Vesting Date shall cause the unvested Shares to be automatically forfeited as of such discontinuation of service date.
- (d) Calculations and Adjustments. The Committee shall have the authority to approve the calculations involving the "Return on Equity for the fiscal year ending March 31, 2021" for purposes of vesting, and its approval of such calculations shall be final, conclusive and binding on all parties; provided, that the Performance Criteria and calculation of actual results, in each case, shall be equitably adjusted as determined by the Committee in its discretion, including, without limitation, to account for (i) any business acquisition or disposition (including spin-offs) that occurs after the Award Date, including any related impairments, write-downs, gains or losses; (ii) the impact of litigation (including legal fees, settlements and adjustments); provided that the amount exceeds \$5 million; and (iii) the impact of extraordinary items not related to the Company's current or ongoing business operations, including impairments, write-downs or other significant non-operational charges. Without limiting the generality of the foregoing, in the event the Company determines to effect a spin-off that will occur

prior to the end of the Performance Period, the Committee shall have the discretion to determine the extent to which the Performance Criteria shall be deemed to have been satisfied through the effective date of such spin-off or earlier, as determined by the Committee and such determination date shall constitute the Certification Date hereunder; provided, the Earned But Unvested Shares so determined shall vest one-fourth on the first anniversary of the Award Date and then ratably on the next three fiscal year-ends.

4. Change-in-Control; Death or Disability; Retirement. The restrictions set forth above in Section 3 shall lapse with respect to any Shares (in the case of a Change in Control) or Earned But Unvested Shares (in the case of termination of employment and, if applicable, discontinuation of service as a Director by reason of death, Disability or Retirement) not previously forfeited and the remaining shares of this Award shall become fully vested without regard to the limitations set forth in Section 3 above, provided that the Grantee has been in continuous employment with the Company or any of its Affiliates or has been in continuous service as a Director from the Award Date through: (A) the occurrence of a Change in Control (as defined in Exhibit A to this Agreement), unless either: (i) the Committee determines that the terms of the transaction giving rise to the Change in Control provide that the Award is to be replaced within a reasonable time after the Change in Control with an award of equivalent value of shares of the surviving parent corporation, or (ii) the Award is to be settled in cash in accordance with the last sentence of this Section 4, or (B) Grantee's termination of employment and, if applicable, discontinuation of service as a Director by reason of death, Disability or Retirement. Upon a Change in Control, pursuant to Section 15 of the Plan, the Company may, in its discretion, settle the Award by a cash payment that the Committee shall determine in its sole discretion is equal to the fair market value of the Award on the date of such event. In the event Grantee's employment with the Company or any of its affiliates is terminated (other than a termination for "cause") after the end of the Performance Period but before the Certification Date, then notwithstanding the restrictions set forth above in Section 3, on the third business day following the Certification Date, one-fourth of the Earned But Unvested Shares shall vest, and the remainder of the Shares shall be forfeited.

5. Stockholder Rights. The Grantee shall have the right to vote the Shares. On the first dividend payment date following the Certification Date, the Grantee shall be entitled to a cash dividend payment equal to: (i) the sum of per share dividends paid with respect to Common Stock during the period from the Award Date to the Certification Date; provided, the record date for such dividend payment is on or after the Award Date; times (ii) the number of Earned But Unvested Shares (once determined). The Grantee shall also have the right to receive any cash dividends paid on Earned But Unvested Shares after the Certification Date at the same time such amounts are paid with respect to all other shares of Common Stock.

6. Capital Adjustments and Corporate Events. If, from time to time during the term of the Restriction Period, there is any capital adjustment affecting the outstanding Common Stock as a class without the Company's receipt of consideration, including as a result of a spin-off or business disposition, the Shares and other applicable terms of this Award shall be adjusted in accordance with the provisions of Section 15 of the Plan, which adjustment shall include (as may be applicable) without limitation, equitable adjustments to the type of property or securities to which the Award relates and to the Performance Criteria set forth above, in each case as determined by the Committee in its discretion. Any and all new, substituted or additional securities to which the Grantee may be entitled by reason of the Grantee's ownership of the Shares hereunder because of a capital adjustment shall be immediately subject to the restrictions set forth herein (as may be modified pursuant to this Agreement) and included thereafter as Shares for purposes of this Agreement.

7. Refusal to Transfer.

The Company shall not be required:

- (a) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or the Plan; or
- (b) to treat such purchaser or other transferee as owner of such Shares, accord such purchaser or other transferee the right to vote; or pay or deliver dividends or other distributions to such purchaser or other transferee with respect to such Shares.

8. Legends. If the Shares are certificated, the certificate or certificates evidencing the Shares, if any, issued hereunder shall be endorsed with the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS AND, ACCORDINGLY, MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED, OR IN ANY MANNER DISPOSED OF EXCEPT IN CONFORMITY WITH THE TERMS OF THAT CERTAIN RESTRICTED STOCK AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES. A COPY OF SUCH AGREEMENT IS MAINTAINED AT THE ISSUER'S PRINCIPAL CORPORATE OFFICES.

9. Tax Consequences. The Grantee has reviewed with the Grantee's own tax advisors the federal, state, and local tax consequences of this investment and the transactions contemplated by this Agreement. The Grantee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Grantee understands that the Grantee (and not the Company) shall be responsible for the Grantee's own tax liability that may arise as a result of the transactions contemplated by this Agreement. The Grantee understands that Section 83 of the Code taxes as ordinary income the difference between the purchase price, if any, for the Shares and the Fair Market Value of the Shares as of the date any restrictions on the Shares lapse. In this context, "restriction" means the restrictions imposed during the Restriction Period. The Grantee understands that the Grantee may elect to be taxed at the time the Shares are awarded rather than when and as the restrictions lapse by filing an election under Section 83(b) of the Code with the Internal Revenue Service within 30 days from the Award Date. THE GRANTEE ACKNOWLEDGES THAT IT IS THE GRANTEE'S SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(B), EVEN IF THE GRANTEE REQUESTS THE COMPANY OR ITS REPRESENTATIVES TO MAKE THIS FILING ON THE GRANTEE'S BEHALF.

10. Withholding of Taxes. At the time and to the extent vested Shares become compensation income to the Grantee for federal or state income tax purposes, the Grantee either shall deliver to the Company such amount of money as required to meet the withholding obligation under applicable tax laws or regulations, or, in lieu of cash, the Grantee, in his or her sole discretion, may elect to surrender, or direct the Company to withhold from the vested Shares, shares of Common Stock in such number as necessary to satisfy the tax withholding obligations. Further, any dividends paid to you pursuant to Section 5 above prior to the end of the Restriction Period will generally be subject to federal, state and local withholding, as appropriate, as additional compensation.

11. Entire Agreement; Governing Law. The Plan and this Agreement constitute the entire agreement of the Company and the Grantee (collectively, the "Parties") with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Parties with

respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Parties. Nothing in the Plan and this Agreement (except as expressly provided therein or herein) is intended to confer any rights or remedies on any person other than the Parties. The Plan and this Agreement are to be construed in accordance with and governed by the internal laws of the State of Texas, without giving effect to any choice-of-law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Texas to the rights and duties of the Parties. Should any provision of the Plan or this Agreement relating to the Shares be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Interpretive Matters. Whenever required by the context, pronouns and any variation thereof shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and vice versa. The term "include" or "including" does not denote or imply any limitation. The term "business day" means any Monday through Friday other than such a day on which banks are authorized to be closed in the State of Texas. The captions and headings used in this Agreement are inserted for convenience and shall not be deemed a part of the Award or this Agreement for construction or interpretation.

13. Notice. Any notice or other communication required or permitted hereunder shall be given in writing and shall be deemed given, effective, and received upon prepaid delivery in person or by courier or upon the earlier of delivery or the third business day after deposit in the United States mail if sent by certified mail, with postage and fees prepaid, addressed to the other Party at its address as shown beneath its signature in this Agreement, or to such other address as such Party may designate in writing from time to time by notice to the other Party.

14. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by the Grantee, the Company and their respective permitted successors and assigns (including personal representatives, heirs and legatees), except that the Grantee may not assign any rights or obligations under this Agreement except to the extent and in the manner expressly permitted herein.

[Signature page follows.]

EAGLE MATERIALS INC.

Dated: May ____, 2020

By: _____

Name: Michael Haack

Its: President and CEO

Address: 5960 Berkshire Ln. Suite 900
Dallas, Texas 75225

The Grantee acknowledges receipt of a copy of the Plan, represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of this Agreement and the Plan. The Grantee further agrees to notify the Company upon any change in the address for notice indicated in this Agreement.

Dated: , 2020

Signed: _____

Name: _____

Address: Eagle Materials Inc.
5960 Berkshire Ln., Suite 900
Dallas, Texas 75225

EXHIBIT A
CHANGE-IN-CONTROL

For the purpose of this Agreement, a "Change in Control" shall mean the occurrence of any of the following events:

(a) The acquisition by any Person of beneficial ownership of securities of the Company (including any such acquisition of beneficial ownership deemed to have occurred pursuant to Rule 13d-5 under the Exchange Act) if, immediately thereafter, such Person is the beneficial owner of (i) 50% or more of the total number of outstanding shares of any single class of Company Common Stock or (ii) 40% or more of the total number of outstanding shares of all classes of Company Common Stock, unless such acquisition is made (a) directly from the Company in a transaction approved by a majority of the members of the Incumbent Board or (b) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company;

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (or who is otherwise designated as a member of the Incumbent Board by such a vote) shall be considered as though such individual were a member of the Incumbent Board, except that any such individual shall not be considered a member of the Incumbent Board if his or her initial assumption of office occurs as a result of either an actual or threatened election contest (as such term is used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) The consummation of a Business Combination, unless, immediately following such Business Combination, (i) more than 50% of both the total number of then outstanding shares of common stock of the parent corporation resulting from such Business Combination and the combined voting power of the then outstanding voting securities of such parent corporation entitled to vote generally in the election of directors will be (or is) then beneficially owned, directly or indirectly, by all or substantially all of the Persons who were the beneficial owners, respectively, of the outstanding shares of Company Common Stock immediately prior to such Business Combination in substantially the same proportions as their ownership immediately prior to such Business Combination of the outstanding shares of Company Common Stock, (ii) no Person (other than any employee benefit plan (or related trust) of the Company or any corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 40% or more of the total number of then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the parent corporation resulting from such Business Combination were members of the Incumbent Board immediately prior to the consummation of such Business Combination; or

(d) Approval by the Board and the shareholders of the Company of (i) a complete liquidation or dissolution of the Company or (ii) a Major Asset Disposition (or, if there is no such approval by shareholders, consummation of such Major Asset Disposition) unless, immediately following such Major Asset Disposition, (A) Persons that were beneficial owners of the outstanding shares of Company Common Stock immediately prior to such Major Asset Disposition beneficially own, directly or indirectly, more than 50% of the total number of then outstanding shares of common stock and the combined voting power of the then outstanding shares of voting stock of the Company (if it continues to

exist) and of the Acquiring Entity in substantially the same proportions as their ownership immediately prior to such Major Asset Disposition of the outstanding shares of Company Common Stock; (B) no Person (other than any employee benefit plan (or related trust) of the Company or such entity) beneficially owns, directly or indirectly, 40% or more of the then outstanding shares of common stock or the combined voting power of the then outstanding voting securities of the Company (if it continues to exist) and of the Acquiring Entity entitled to vote generally in the election of directors and (C) at least a majority of the members of the Board of the Company (if it continues to exist) and of the Acquiring Entity were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Major Asset Disposition.

For purposes of the foregoing,

- (i) the term "*Person*" means an individual, entity or group;
- (ii) the term "*group*" is used as it is defined for purposes of Section 13(d)(3) of the Exchange Act;
- (iii) the terms "*beneficial owner*", "*beneficial ownership*" and "*beneficially own*" are used as defined for purposes of Rule 13d-3 under the Exchange Act;
- (iv) the term "*Business Combination*" means (x) a merger, consolidation or share exchange involving the Company or its stock or (y) an acquisition by the Company, directly or through one or more subsidiaries, of another entity or its stock or assets;
- (v) the term "*Company Common Stock*" shall mean the Common Stock, par value \$.01 per share, of the Company;
- (vi) the term "*Exchange Act*" means the Securities Exchange Act of 1934, as amended;
- (vii) the phrase "*parent corporation resulting from a Business Combination*" means the Company if its stock is not acquired or converted in the Business Combination and otherwise means the entity which as a result of such Business Combination owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries;
- (viii) the term "*Major Asset Disposition*" means the sale or other disposition in one transaction or a series of related transactions of 50% or more of the assets of the Company and its subsidiaries on a consolidated basis; and any specified percentage or portion of the assets of the Company shall be based on fair market value, as determined by a majority of the members of the Incumbent Board;
- (ix) the term "*Acquiring Entity*" means the entity that acquires the largest portion of the assets sold or otherwise disposed of in a Major Asset Disposition (or the entity, if any, that owns a majority of the outstanding voting stock of such acquiring entity entitled to vote generally in the election of directors or members of a comparable governing body); and
- (x) the phrase "*substantially the same proportions*," when used with reference to ownership interests in the parent corporation resulting from a Business Combination or in an Acquiring Entity, means substantially in proportion to the number of shares of Company Common Stock beneficially owned by the applicable Persons immediately prior to the Business Combination or Major Asset Disposition, but is not to be construed in such a manner as to require that the same ratio or number of shares of such parent corporation or Acquiring Entity be issued, paid or delivered in exchange for or in respect of the shares of each class of Company Common Stock.

EAGLE MATERIALS INC.

**AMENDED AND RESTATED INCENTIVE PLAN
RESTRICTED STOCK AGREEMENT**

(Time Vesting)

EAGLE MATERIALS INC., a Delaware corporation (the "Company"), and _____ (the "Grantee") hereby enter into this Restricted Stock Agreement (the "Agreement") in order to set forth the terms and conditions of the Company's award (the "Award") to the Grantee of certain shares of Common Stock of the Company granted to the Grantee on May 19, 2020 (the "Award Date").

1. Award. The Company hereby awards to the Grantee _____ shares of Common Stock of the Company (the "Shares").

2. Relationship to the Plan. The Award shall be subject to the terms and conditions of the Eagle Materials Inc. Amended and Restated Incentive Plan (the "Plan"), this Agreement and such administrative interpretations of the Plan, if any, as may be in effect on the date of this Agreement. Except as defined herein, capitalized terms shall have the meanings ascribed to them under the Plan. For purposes of this Agreement:

- (a) "Disability" shall be determined by the Committee.
- (b) "Retirement" shall mean a retirement approved by the Board.

3. Vesting.

(a) Vesting Criteria. The Grantee's interest in the Shares shall vest on the date designated (a "Vesting Date") in accordance with the following vesting schedule (the "Vesting Schedule"):

<u>Vesting Date</u>	<u>Shares</u>
March 31, 2021	
March 31, 2022	
March 31, 2023	
March 31, 2024	

Total

(b) Restrictions. The period beginning on the Award Date and ending on the date immediately preceding the Vesting Date for a Share shall be known as the restriction period (the "Restriction Period"). During the Restriction Period, the Grantee may not sell, transfer, pledge, exchange, hypothecate, or otherwise dispose of any unvested Shares or any right or interest related to such unvested Shares, other than as required by the Grantee's will or beneficiary designation, in accordance with the laws of descent and distribution or by a qualified domestic relations order.

- (c) Cancellation Right. The Grantee must be in continuous service as an employee of the Company or any of its Affiliates or as a Director from the Award Date through the applicable Vesting Date for a Share to become vested. Subject to Section 4, Grantee's termination of employment and, if applicable, service as a Director prior to the vesting of any Shares shall cause any unvested Shares to be automatically forfeited.

4. Change-in-Control; Death or Disability; Retirement. The restrictions set forth above in Section 3 shall lapse with respect to any unvested Shares not previously forfeited and the remaining shares of this Award shall become fully vested without regard to the limitations set forth in Section 3 above, provided that the Grantee has been in continuous employment with the Company or any of its Affiliates or has been in continuous service as a Director from the Award Date through: (A) the occurrence of a Change in Control (as defined in Exhibit A to this Agreement), unless either: (i) the Committee determines that the terms of the transaction giving rise to the Change in Control provide that the Award is to be replaced within a reasonable time after the Change in Control with an award of equivalent value of shares of the surviving parent corporation, or (ii) the Award is to be settled in cash in accordance with the last sentence of this Section 4, or (B) Grantee's termination of employment and, if applicable, discontinuation of service as a Director, by reason of death, Disability or Retirement. Upon a Change in Control, pursuant to Section 15 of the Plan, the Company may, in its discretion, settle the Award by a cash payment that the Committee shall determine in its sole discretion is equal to the fair market value of the Award on the date of such event.

5. Stockholder Rights. Until such time as any of the unvested Shares are forfeited, the Grantee shall have the right to vote any Shares, and the Grantee shall have the right to receive any cash dividends declared and paid on unvested Shares after the date hereof at the same time such amounts are paid with respect to all other shares of Common Stock.

6. Capital Adjustments and Corporate Events. If, from time to time during the term of the Restriction Period, there is any capital adjustment affecting the outstanding Common Stock as a class without the Company's receipt of consideration, including as a result of a spin-off or business disposition, the Shares and other applicable terms of this Award shall be adjusted in accordance with the provisions of Section 15 of the Plan, which adjustment shall include (as may be applicable) without limitation, equitable adjustments to the type of property or securities to which the Award relates, in each case as determined by the Committee in its discretion. Any and all new, substituted or additional securities to which the Grantee may be entitled by reason of the Grantee's ownership of the Shares hereunder because of a capital adjustment shall be immediately subject to the restrictions set forth herein (as may be modified pursuant to this Agreement) and included thereafter as Shares for purposes of this Agreement.

7. Refusal to Transfer.

The Company shall not be required:

- (a) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or the Plan; or
- (b) to treat such purchaser or other transferee as owner of such Shares, accord such purchaser or other transferee the right to vote; or pay or deliver dividends or other distributions to such purchaser or other transferee with respect to such Shares.

8. **Legends.** If the Shares are certificated, the certificate or certificates evidencing the Shares, if any, issued hereunder shall be endorsed with the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS AND, ACCORDINGLY, MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED, OR IN ANY MANNER DISPOSED OF EXCEPT IN CONFORMITY WITH THE TERMS OF THAT CERTAIN RESTRICTED STOCK AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES. A COPY OF SUCH AGREEMENT IS MAINTAINED AT THE ISSUER'S PRINCIPAL CORPORATE OFFICES.

9. **Tax Consequences.** The Grantee has reviewed with the Grantee's own tax advisors the federal, state, and local tax consequences of this investment and the transactions contemplated by this Agreement. The Grantee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Grantee understands that the Grantee (and not the Company) shall be responsible for the Grantee's own tax liability that may arise as a result of the transactions contemplated by this Agreement. The Grantee understands that Section 83 of the Code taxes as ordinary income the difference between the purchase price, if any, for the Shares and the Fair Market Value of the Shares as of the date any restrictions on the Shares lapse. In this context, "restriction" means the restrictions imposed during the Restriction Period. The Grantee understands that the Grantee may elect to be taxed at the time the Shares are awarded rather than when and as the restrictions lapse by filing an election under Section 83(b) of the Code with the Internal Revenue Service within 30 days from the Award Date. THE GRANTEE ACKNOWLEDGES THAT IT IS THE GRANTEE'S SOLE RESPONSIBILITY (AND NOT THE COMPANY'S) TO FILE TIMELY THE ELECTION UNDER SECTION 83(B), EVEN IF THE GRANTEE REQUESTS THE COMPANY OR ITS REPRESENTATIVES TO MAKE THIS FILING ON THE GRANTEE'S BEHALF.

10. **Withholding of Taxes.** At the time and to the extent vested Shares become compensation income to the Grantee for federal or state income tax purposes, the Grantee either shall deliver to the Company such amount of money as required to meet the withholding obligation under applicable tax laws or regulations, or, in lieu of cash, the Grantee, in his or her sole discretion, may elect to surrender, or direct the Company to withhold from the vested Shares, shares of Common Stock in such number as necessary to satisfy the tax withholding obligations. Further, any dividends paid to you pursuant to Section 5 above prior to the end of the Restriction Period will generally be subject to federal, state and local withholding, as appropriate, as additional compensation.

11. **Entire Agreement; Governing Law.** The Plan and this Agreement constitute the entire agreement of the Company and the Grantee (collectively, the "Parties") with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Parties with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Parties. Nothing in the Plan and this Agreement (except as expressly provided therein or herein) is intended to confer any rights or remedies on any person other than the Parties. The Plan and this Agreement are to be construed in accordance with and governed by the internal laws of the State of Texas, without giving effect to any choice-of-law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Texas to the rights and duties of the Parties. Should any provision of the Plan or this Agreement relating to the Shares be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Interpretive Matters. Whenever required by the context, pronouns and any variation thereof shall be deemed to refer to the masculine, feminine, or neuter, and the singular shall include the plural, and vice versa. The term "include" or "including" does not denote or imply any limitation. The term "business day" means any Monday through Friday other than such a day on which banks are authorized to be closed in the State of Texas. The captions and headings used in this Agreement are inserted for convenience and shall not be deemed a part of the Award or this Agreement for construction or interpretation.

13. Notice. Any notice or other communication required or permitted hereunder shall be given in writing and shall be deemed given, effective, and received upon prepaid delivery in person or by courier or upon the earlier of delivery or the third business day after deposit in the United States mail if sent by certified mail, with postage and fees prepaid, addressed to the other Party at its address as shown beneath its signature in this Agreement, or to such other address as such Party may designate in writing from time to time by notice to the other Party.

14. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by the Grantee, the Company and their respective permitted successors and assigns (including personal representatives, heirs and legatees), except that the Grantee may not assign any rights or obligations under this Agreement except to the extent and in the manner expressly permitted herein.

[Signature page follows.]

EAGLE MATERIALS INC.

Dated: May __, 2020

By: _____

Name: Michael Haack

Its: President and CEO

Address: 5960 Berkshire Ln., Suite 900
Dallas, Texas 75225

The Grantee acknowledges receipt of a copy of the Plan, represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of this Agreement and the Plan. The Grantee further agrees to notify the Company upon any change in the address for notice indicated in this Agreement.

GRANTEE:

Dated: , 2020

Signed: _____

Name:

Address: Eagle Materials Inc.
5960 Berkshire Ln., Suite 900
Dallas, Texas 75225

EXHIBIT A
CHANGE-IN-CONTROL

For the purpose of this Agreement, a "Change in Control" shall mean the occurrence of any of the following events:

(a) The acquisition by any Person of beneficial ownership of securities of the Company (including any such acquisition of beneficial ownership deemed to have occurred pursuant to Rule 13d-5 under the Exchange Act) if, immediately thereafter, such Person is the beneficial owner of (i) 50% or more of the total number of outstanding shares of any single class of Company Common Stock or (ii) 40% or more of the total number of outstanding shares of all classes of Company Common Stock, unless such acquisition is made (a) directly from the Company in a transaction approved by a majority of the members of the Incumbent Board or (b) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company;

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (or who is otherwise designated as a member of the Incumbent Board by such a vote) shall be considered as though such individual were a member of the Incumbent Board, except that any such individual shall not be considered a member of the Incumbent Board if his or her initial assumption of office occurs as a result of either an actual or threatened election contest (as such term is used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) The consummation of a Business Combination, unless, immediately following such Business Combination, (i) more than 50% of both the total number of then outstanding shares of common stock of the parent corporation resulting from such Business Combination and the combined voting power of the then outstanding voting securities of such parent corporation entitled to vote generally in the election of directors will be (or is) then beneficially owned, directly or indirectly, by all or substantially all of the Persons who were the beneficial owners, respectively, of the outstanding shares of Company Common Stock immediately prior to such Business Combination in substantially the same proportions as their ownership immediately prior to such Business Combination of the outstanding shares of Company Common Stock, (ii) no Person (other than any employee benefit plan (or related trust) of the Company or any corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 40% or more of the total number of then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of directors of the parent corporation resulting from such Business Combination were members of the Incumbent Board immediately prior to the consummation of such Business Combination; or

(d) Approval by the Board and the shareholders of the Company of (i) a complete liquidation or dissolution of the Company or (ii) a Major Asset Disposition (or, if there is no such approval by shareholders, consummation of such Major Asset Disposition) unless, immediately following such Major Asset Disposition, (A) Persons that were beneficial owners of the outstanding shares of Company Common Stock immediately prior to such Major Asset Disposition beneficially own, directly or indirectly, more than 50% of the total number of then outstanding shares of common stock and the combined voting power of the then outstanding shares of voting stock of the Company (if it continues to

exist) and of the Acquiring Entity in substantially the same proportions as their ownership immediately prior to such Major Asset Disposition of the outstanding shares of Company Common Stock; (B) no Person (other than any employee benefit plan (or related trust) of the Company or such entity) beneficially owns, directly or indirectly, 40% or more of the then outstanding shares of common stock or the combined voting power of the then outstanding voting securities of the Company (if it continues to exist) and of the Acquiring Entity entitled to vote generally in the election of directors and (C) at least a majority of the members of the Board of the Company (if it continues to exist) and of the Acquiring Entity were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such Major Asset Disposition.

For purposes of the foregoing,

- (i) the term "*Person*" means an individual, entity or group;
- (ii) the term "*group*" is used as it is defined for purposes of Section 13(d)(3) of the Exchange Act;
- (iii) the terms "*beneficial owner*", "*beneficial ownership*" and "*beneficially own*" are used as defined for purposes of Rule 13d-3 under the Exchange Act;
- (iv) the term "*Business Combination*" means (x) a merger, consolidation or share exchange involving the Company or its stock or (y) an acquisition by the Company, directly or through one or more subsidiaries, of another entity or its stock or assets;
- (v) the term "*Company Common Stock*" shall mean the Common Stock, par value \$.01 per share, of the Company;
- (vi) the term "*Exchange Act*" means the Securities Exchange Act of 1934, as amended;
- (vii) the phrase "*parent corporation resulting from a Business Combination*" means the Company if its stock is not acquired or converted in the Business Combination and otherwise means the entity which as a result of such Business Combination owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries;
- (viii) the term "*Major Asset Disposition*" means the sale or other disposition in one transaction or a series of related transactions of 50% or more of the assets of the Company and its subsidiaries on a consolidated basis; and any specified percentage or portion of the assets of the Company shall be based on fair market value, as determined by a majority of the members of the Incumbent Board;
- (ix) the term "*Acquiring Entity*" means the entity that acquires the largest portion of the assets sold or otherwise disposed of in a Major Asset Disposition (or the entity, if any, that owns a majority of the outstanding voting stock of such acquiring entity entitled to vote generally in the election of directors or members of a comparable governing body); and
- (x) the phrase "*substantially the same proportions*," when used with reference to ownership interests in the parent corporation resulting from a Business Combination or in an Acquiring Entity, means substantially in proportion to the number of shares of Company Common Stock beneficially owned by the applicable Persons immediately prior to the Business Combination or Major Asset Disposition, but is not to be construed in such a manner as to require that the same ratio or number of shares of such parent corporation or Acquiring Entity be issued, paid or delivered in exchange for or in respect of the shares of each class of Company Common Stock.

Certification of Periodic Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael R. Haack, certify that:

1. I have reviewed this report on Form 10-Q of Eagle Materials Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 30, 2020

By: /s/ Michael R. Haack
Michael R. Haack
President and Chief Executive Officer

Certification of Periodic Report Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, D. Craig Kesler, certify that:

1. I have reviewed this report on Form 10-Q of Eagle Materials Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 30, 2020

By: /s/ D. Craig Kesler
D. Craig Kesler
Chief Financial Officer
(Principal Financial Officer)

Certification of Periodic Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Eagle Materials Inc. and subsidiaries (the "Company") on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael R. Haack, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (i) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 30, 2020

By: /s/ Michael R. Haack
Michael R. Haack
President and Chief Executive Officer

Certification of Periodic Report Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Eagle Materials Inc. and subsidiaries (the "Company") on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, D. Craig Kesler, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (i) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 30, 2020

By: /s/ D. Craig Kesler
D. Craig Kesler
Chief Financial Officer
(Principal Financial Officer)

MINE SAFETY DISCLOSURE

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act contains reporting requirements regarding mine safety. The operation of our quarries is subject to regulation by the federal Mine Safety and Health Administration, or MSHA, under the Mine Act. Set forth below is the required information regarding certain mining safety and health matters for the three-month period ended June 30, 2020 for our facilities. In evaluating this information, consideration should be given to factors such as: (i) the number of the quarry, (ii) the number of citations issued will vary from inspector-to-inspector and mine-to-mine, and (iii) citations and orders can be contested and appealed, and in that process, may be reduced in severity and amount, and are sometimes dismissed.

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b) (2) Violations	Section 107(a) Orders	Total Dollar Value of MSHA Assessments Proposed	Total Number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions
3D Concrete LLC Lander, NV (2602434)	0	0	0	0	0	\$0	0	no	no	
3D Concrete LLC Lyon, Nevada (2602412)	4	0	0	0	0	\$492	0	no	no	
American Gypsum Company LLC Albuquerque, NM (2900181)	1	0	0	0	0	\$123	0	no	no	
American Gypsum Company LLC Duke, OK (3400256)	0	0	0	0	0	\$0	0	no	no	
American Gypsum Company LLC Eagle, CO (0503997)	2	0	0	0	0	\$246	0	no	no	
Centex Materials LLC Buda, TX (4102241)	0	0	0	0	0	\$0	0	no	no	
Central Plains Cement Company Sugar Creek, MO (2302171)	0	0	0	0	0	\$0	0	no	no	
Central Plains Cement Company Tulsa, OK (3400026)	10	0	0	0	0	\$12,202	0	no	no	
Fairborn Cement Company LLC Greene County, OH (3300161)	2	0	0	0	0	\$5,190	0	no	no	
Great Northern Sand LLC Barron Co., WI (4703646)	0	0	0	0	0	\$0	0	no	no	
Great Northern Sand LLC Barron Co., WI (4703740)	0	0	0	0	0	\$0	0	no	no	
Illinois Cement Company LaSalle, IL (1100003)	4	0	0	0	0	\$1,357	0	no	no	
Kosmos Cement Company LLC Jefferson, KY (1504469)	29	0	0	0	0	\$0	0	no	no	
Mountain Cement Company LLC Laramie, WY (4800007)	5	0	0	0	0	\$1,193	0	no	no	
Nevada Cement Company LLC Fernley, NV (2600015)	0	0	0	0	0	\$0	0	no	no	
Northern White Sand LLC Utica, IL (1103253)	0	0	0	0	0	\$0	0	no	no	
Western Aggregates LLC (2) Yuba, CA (0404950)	0	0	0	0	0	\$0	0	no	no	

(1) All legal actions were penalty contests.

(2) On April 17, 2020, Eagle Materials Inc. divested Western Aggregates LLC.