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, 2019
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 ☒ Accelerated filer ☐
Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

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 26, 2019, the number of outstanding shares of common stock was:

Class	Outstanding Shares
Common Stock, $.01 Par Value	42,022,827

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PART I. FINANCIAL INFORMATION (unaudited)

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

	For the Three Months Ended June 30, 2019	2018
	(dollars in thousands, except share and per share data)	
Revenue	$ 370,597	$ 393,756
Cost of Goods Sold	295,268	302,122
Gross Profit	75,329	91,634
Equity in Earnings of Unconsolidated Joint Venture	9,432	9,251
Corporate General and Administrative Expense	(21,254)	(8,003)
Litigation Settlements and Losses	—	(1,800)
Other Non-Operating Income	200	571
Interest Expense, Net	(8,846)	(6,632)
Earnings before Income Taxes	54,861	85,021
Income Taxes	(13,557)	(18,682)
Net Earnings	41,304	66,339
EARNINGS PER SHARE		
Basic	$ 0.94	$ 1.39
Diluted	$ 0.94	$ 1.38
AVERAGE SHARES OUTSTANDING		
Basic	43,870,222	47,690,351
Diluted	44,150,211	48,144,325
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, 2019	2018
	(dollars in thousands)	
Net Earnings	$ 41,304	$ 66,339
Net Actuarial Change in Defined Benefit Plans:		
Amortization of net actuarial loss	43	73
Tax expense	(10)	(17)
Comprehensive Earnings	**$ 41,337**	**$ 66,395**

See notes to unaudited consolidated financial statements.

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

	June 30, 2019	March 31, 2019
	(dollars in thousands)	
ASSETS		
Current Assets -		
Cash and Cash Equivalents	$ 19,162	$ 8,601
Accounts and Notes Receivable, net	174,279	128,722
Inventories	263,612	275,194
Income Tax Receivable	—	5,480
Prepaid and Other Assets	9,464	9,624
Total Current Assets	466,517	427,621
Property, Plant, and Equipment, net	1,424,703	1,426,939
Notes Receivable	2,772	2,898
Investment in Joint Venture	71,305	64,873
Operating Lease Right of Use Assets	63,344	—
Goodwill and Intangible Assets, net	228,316	229,115
Other Assets	12,121	17,717
	$ 2,269,078	**$ 2,169,163**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities -		
Accounts Payable	$ 83,916	$ 80,884
Accrued Liabilities	56,636	61,949
Income Taxes Payable	3,914	—
Operating Lease Liabilities	11,990	—
Current Portion of Long-term Debt	36,500	36,500
Total Current Liabilities	192,956	179,333
Long-term Debt	840,259	655,092
Noncurrent Operating Lease Liabilities	55,884	—
Other Long-term Liabilities	30,257	34,492
Deferred Income Taxes	94,456	90,759
Total Liabilities	1,213,812	959,676
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 42,924,186 and 45,117,393 Shares, respectively	429	451
Capital in Excess of Par Value	—	—
Accumulated Other Comprehensive Losses	(3,283)	(3,316)
Retained Earnings	1,058,120	1,212,352
Total Stockholders' Equity	1,055,266	1,209,487
	$ 2,269,078	**$ 2,169,163**

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, 2019	2018
	(dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Earnings	$ 41,304	$ 66,339
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities, Net of Effect of Non-Cash Activity -		
Depreciation, Depletion and Amortization	27,960	29,850
Deferred Income Tax Provision	3,687	6,173
Stock Compensation Expense	8,219	3,493
Equity in Earnings of Unconsolidated Joint Venture	(9,432)	(9,251)
Distributions from Joint Venture	3,000	9,500
Changes in Operating Assets and Liabilities:		
Accounts and Notes Receivable	(45,431)	(45,549)
Inventories	11,582	17,159
Accounts Payable and Accrued Liabilities	(6,071)	8,897
Other Assets	6,486	(3,137)
Income Taxes Payable (Receivable)	9,394	(1,565)
Net Cash Provided by Operating Activities	50,698	81,909
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property, Plant, and Equipment	(21,813)	(53,073)
Proceeds from Sale of Property, Plant, and Equipment	—	2,281
Net Cash Used in Investing Activities	(21,813)	(50,792)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Credit Facility	185,000	30,000
Dividends Paid to Stockholders	(4,499)	(4,790)
Purchase and Retirement of Common Stock	(198,355)	(52,344)
Proceeds from Stock Option Exercises	396	1,992
Shares Redeemed to Settle Employee Taxes on Stock Compensation	(866)	(956)
Net Cash Used in Financing Activities	(18,324)	(26,098)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,561	5,019
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	8,601	48,068
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 19,162**	**$ 53,087**

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	Accumulated Other Comprehensive Losses	Total
			(dollars in thousands)		
Balance at March 31, 2018	$ 483	$ 122,379	$ 1,298,840	$ (4,012)	$ 1,417,690
Net Earnings	—	—	66,339	—	66,339
Stock Option Exercises and Restricted Share Vesting	—	1,992	—	—	1,992
Purchase and Retirement of Common Stock	(5)	(52,339)	—	—	(52,344)
Dividends to Stockholders	—	—	(4,791)	—	(4,791)
Stock Compensation Expense	1	3,492	—	—	3,493
Shares Redeemed to Settle Employee Taxes	—	(956)	—	—	(956)
Unfunded Pension Liability, net of tax	—	—	—	56	56
Balance at June 30, 2018	**$ 479**	**$ 74,568**	**$ 1,360,388**	**$ (3,956)**	**$ 1,431,479**

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Losses	Total
			(dollars in thousands)		
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**

See notes to the unaudited consolidated financial statements.

(A) BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements as of and for the three-month period ended June 30, 2019 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 23, 2018.

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.

Recent Accounting Pronouncements

RECENTLY ADOPTED

In February 2016, the FASB issued ASU 2016-02, “Leases,” which supersedes existing lease guidance to require lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by long-term leases and to disclose additional quantitative and qualitative information about leasing arrangements. We adopted the standard on April 1, 2019 using the modified retrospective approach. We also elected the package of practical expedients permitted under the transition guidance which, among other things, allowed us to maintain the historic lease classification for leases in effect at the date of adoption, and to not separate lease components from nonlease components for all leases in effect at the date of adoption. Upon adoption, we recorded a right of use asset of approximately $66.7 million, and operating lease liabilities of approximately $71.1 million. We do not expect the adoption of this standard to materially affect our consolidated statement of earnings or consolidated statement of cash flows. See Footnote (H) for more information.

(B) SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information is as follows:

	For the Three Months Ended June 30, 2019	2018
	(dollars in thousands)	
Cash Payments:		
Interest	$ 5,241	$ 3,765
Income Taxes	90	14,722
Operating Cash Flows used for Operating Leases	3,961	—
Non Cash Financing Activities:		
Property and Equipment Purchases Included in Accrued Liabilities	$ 3,675	$ —

(C) 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 2019 and 2025. We also earn Revenue from transload services and storage; we recognize Revenue from these services when the product is transferred from the rail car to the truck or silo, or from the silo to the railcar or truck. 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 transload 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 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 fulfilment 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 (N) to the Unaudited Consolidated Financial Statements for disaggregation of revenue by segment.

(D) ACCOUNTS AND NOTES RECEIVABLE

Accounts and Notes Receivable have been shown net of the allowance for doubtful accounts of $11.6 million and $9.9 million at June 30, 2019 and March 31, 2019, 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 $3.4 million at June 30, 2019, 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 4.5%. Remaining unpaid amounts, plus accrued interest, mature in fiscal 2025. 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.

(E) STOCKHOLDERS' EQUITY

During the three months ended June 30, 2019, we repurchased 2,239,873 shares at an average price of $88.56. Subsequent to June 30, 2019, we repurchased an additional 881,000 shares at an average price of $87.26. Including the repurchases subsequent to June 30, 2019, we have authorization to purchase an additional 7,758,885 shares.

(F) INVENTORIES

Inventories are stated at the lower of average cost (including applicable material, labor, depreciation, and plant overhead) or net realizable value, and consist of the following:

	June 30, 2019	March 31, 2019
	(dollars in thousands)	
Raw Materials and Materials-in-Progress	$ 119,212	$ 125,828
Finished Cement	27,000	27,826
Aggregates	7,758	7,351
Gypsum Wallboard	6,124	7,124
Paperboard	13,281	15,660
Frac Sand	3,666	2,557
Repair Parts and Supplies	77,735	80,676
Fuel and Coal	8,836	8,172
	$ 263,612	**$ 275,194**

(G) ACCRUED EXPENSES

Accrued Expenses consist of the following:

	June 30, 2019	March 31, 2019
	(dollars in thousands)	
Payroll and Incentive Compensation	$ 14,131	$ 26,225
Benefits	13,082	12,673
Interest	7,197	3,852
Property Taxes	6,711	5,058
Power and Fuel	1,502	1,644
Litigation Settlements	—	1,900
Sales and Use Tax	2,391	2,167
Legal and Professional	5,061	—
Other	6,561	8,430
	$ 56,636	**$ 61,949**

(H) 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, 2019 (dollars in thousands)
Operating Lease Cost	$ 3,947
Short-term Lease Cost	584
Total Lease Cost	$ 4,531

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

	For the Three Months Ended June 30, 2019 (dollars in thousands)
Operating Leases:	
Operating Lease Right of Use Assets	$ 63,344
Current Operating Lease Liabilities	$ 11,990
Noncurrent Operating Lease Liabilities	55,884
Total Operating Lease Liabilities	$ 67,874

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

Fiscal Year	Amount
2020 (remaining nine months)	$ 10,912
2021	11,876
2022	10,398
2023	9,947
2024	8,396
Thereafter	29,497
Total Lease Payments	$ 81,026
Less: Imputed Interest	(13,152)
Present Value of Lease Liabilities	$ 67,874
Weighted Average Remaining Lease Term (in years)	**8.8**
Weighted Average Discount Rate	**3.75%**

As disclosed in our March 31, 2019 Form 10-K, future minimum lease payments were as follows (dollars in thousands):

Fiscal Year	Amount
2020	$ 14,613
2021	11,487
2022	9,979
2023	9,784
2024	8,347
Thereafter	24,793
Total Lease Payments	$ 79,003

(I) 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 2019, the Compensation Committee of the Board of Directors approved the granting to certain officers and key employees an aggregate of 100,849 performance vesting stock options that will be earned only if certain performance conditions are satisfied (the Fiscal 2020 Employee Performance Stock Option Grant). The performance criteria for the Fiscal 2020 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, 2020. 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 stock options granted will be forfeited. Following any such reduction, restrictions on the earned stock options will lapse ratably over four years, with the initial fourth lapsing promptly following the determination date, and the remaining restrictions lapsing on March 31, 2021 through 2023. The stock options have a term of ten years from the date of grant. The Compensation Committee also approved the granting of 84,043 time-vesting stock options to the same officers and key employees, which vest ratably over four years (the Fiscal 2020 Employee Time-Vesting Stock Option Grant).

The weighted average assumptions used in the Black-Scholes model to value the option awards in fiscal 2020 are as follows:

	2019
Dividend Yield	1.3%
Expected Volatility	31.4%
Risk Free Interest Rate	2.32%
Expected Life	6.0 years

Stock option expense for all outstanding stock option awards totaled approximately $1.1 million for both of the three months ended June 30, 2019 and 2018. At June 30, 2019, there was approximately $10.8 million of unrecognized compensation cost related to outstanding stock options, which is expected to be recognized over a weighted average period of 2.9 years.

The following table represents stock option activity for the three months ended June 30, 2019:

	Number of Shares		Weighted Average Exercise Price
Outstanding Options at Beginning of Year	1,042,925	$	76.88
Granted	184,892	$	91.58
Exercised	(5,181)	$	76.53
Cancelled	(7,883)	$	106.24
Outstanding Options at End of Year	**1,214,753**	$	78.95
Options Exercisable at End of Year	**808,899**	$	72.08
Weighted Average Fair Value of Options Granted During the Year		$	27.37

The following table summarizes information about stock options outstanding at June 30, 2019:

	Options Outstanding				Options Exercisable		
Range of Exercise Prices	**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	2.10	$	23.27	65,912	$	23.27
$33.43 - $37.34	81,288	2.96	$	33.99	81,288	$	33.99
$53.22 - $77.67	301,348	5.96	$	71.37	237,176	$	71.13
$79.73 - $106.24	766,205	7.50	$	91.49	424,523	$	87.47
	1,214,753	**6.52**	**$**	**78.95**	**808,899**	**$**	**72.08**

At June 30, 2019, the aggregate intrinsic value for both of the outstanding and exercisable options was approximately $16.7 million. The total intrinsic value of options exercised during the three months ended June 30, 2019 was approximately $0.1 million.

RESTRICTED STOCK

In May 2019, the Compensation Committee approved the granting to certain officers and key employees an aggregate of 51,112 shares of performance vesting restricted stock that will be earned if certain performance conditions are satisfied (the Fiscal 2020 Employee Restricted Stock Performance Award). The performance criteria for the Fiscal 2020 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, 2020. 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, 2021 through 2023. The Compensation Committee also approved the granting of 42,591 shares of time-vesting restricted stock to the same officers and key employees, which vest ratably over four years (the Fiscal 2020 Employee Restricted Stock Time-Vesting Award). The Fiscal 2020 Employee Restricted Stock Performance Award and the Fiscal 2020 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, 2019:

	Number of Shares	Weighted Average Grant Date Fair Value
Restricted Stock Beginning of Year	300,115	$ 78.94
Granted	93,703	$ 91.58
Vested	(25,306)	$ 91.34
Forfeited	(15,940)	$ 106.24
Nonvested Restricted Stock at End of Year	**352,572**	

During the three months ended June 30, 2019, the weighted average grant date fair value of restricted shares awarded was $91.58.

Expense related to restricted shares was approximately $7.1 million and $2.4 million for the three months ended June 30, 2019 and 2018, respectively. At June 30, 2019, there was approximately $19.1 million of unearned compensation from restricted stock, which will be recognized over a weighted average period of 2.5 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 3,760,315 at June 30, 2019.

(J) COMPUTATION OF EARNINGS PER SHARE

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

	For the Three Months Ended June 30,	
	2019	2018
Weighted Average Shares of Common Stock Outstanding	43,870,222	47,690,351
Effect of Dilutive Shares:		
Assumed Exercise of Outstanding Dilutive Options	750,654	829,873
Less Shares Repurchased from Proceeds of Assumed Exercised Options	(591,647)	(571,799)
Restricted Stock Units	120,982	195,900
Weighted Average Common Stock and Dilutive Securities Outstanding	**44,150,211**	**48,144,325**
Shares Excluded Due to Anti-dilution Effects	327,761	145,488

(K) 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 cost for our plans:

	For the Three Months Ended June 30,	
	2019 (dollars in thousands)	2018
Service Cost - Benefits Earned During the Period	$ 85	$ 100
Interest Cost of Projected Benefit Obligation	338	337
Expected Return on Plan Assets	(426)	(463)
Recognized Net Actuarial Loss	43	58
Amortization of Prior-Service Cost	—	15
Net Periodic Pension Cost	**$ 40**	**$ 47**

(L) INCOME TAXES

Income Taxes for the interim period 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, 2019 was approximately 25%, which was higher than the tax rate of 22% for the three months ended June 30, 2018. The increase in the effective tax rate was primarily due to discrete expense related to the change in valuation allowances and the limitation on the deduction for certain officer compensation.

(M) LONG-TERM DEBT

Long-term Debt consists of the following:

	June 30, 2019	March 31, 2019
	(dollars in thousands)	
Bank Credit Facility	$ 495,000	$ 310,000
4.500% Senior Unsecured Notes Due 2026	350,000	350,000
Private Placement Senior Unsecured Notes	36,500	36,500
Total Debt	881,500	696,500
Less: Current Portion of Long-term Debt	(36,500)	(36,500)
Less: Debt Origination Costs	(4,741)	(4,908)
Long-term Debt	**$ 840,259**	**$ 655,092**

Credit Facility

We have a revolving credit facility (the Credit Facility) that terminates on August 2, 2021. During May 2019, we exercised our option to expand the Credit Facility and increased the borrowing capacity from $500.0 million to $750.0 million. The Credit Facility also includes a swingline loan sublimit of $25.0 million, which terminates on August 2, 2021. Borrowings under the Credit Facility are guaranteed by substantially all of the Company's subsidiaries. The debt under the Credit Facility is not rated by ratings agencies.

At our option, outstanding principal amounts on the Credit Facility bear interest at a variable rate equal to (i) the London Interbank Offered Rate (LIBOR) plus an agreed margin (ranging from 100 to 225 basis points), which is to be established quarterly based upon the Company's ratio of consolidated EBITDA, defined as earnings before interest, taxes, depreciation, and amortization, to the Company's consolidated indebtedness (the Leverage Ratio); or (ii) an alternative base rate which is the higher of (a) the prime rate or (b) the federal funds rate plus ½% per annum plus an applicable rate (ranging from 0 to 125 basis points). In the case of loans bearing interest at a rate based on the federal funds rate, interest payments are payable quarterly. In the case of loans bearing interest at a rate based on LIBOR, interest is payable at the end of the LIBOR advance periods, which can be up to nine months at the option of the Company. The Company is also required to pay a commitment fee on unused available borrowings under the Credit Facility ranging from 10 to 35 basis points depending upon the Leverage Ratio. The Credit Facility contains customary covenants that restrict our ability to incur additional debt; encumber our assets; sell assets; make or enter into certain investments, loans, or guaranties; and enter into sale and leaseback arrangements. The Credit Facility also requires us to maintain a consolidated indebtedness ratio (calculated as consolidated indebtedness to consolidated earnings before interest, taxes, depreciation, amortization, certain transaction-related deductions, and other non-cash deductions) of 3.5:1.0 or less and an interest coverage ratio (consolidated earnings before interest, taxes, depreciation, amortization, certain transaction-related deductions, and other non-cash deductions to consolidated interest expense) of at least 2.5:1.0. We were in compliance with all financial ratios and tests at June 30, 2019. We had $495.0 million of borrowings outstanding at June 30, 2019. Based on our Leverage Ratio, we had $248.1 million of available borrowings, net of the outstanding letters of credit, at June 30, 2019.

The Credit Facility has a $40.0 million letter of credit facility. Under the letter of credit facility, the Company pays a fee at a per annum rate equal to the applicable margin for Eurodollar loans in effect from time to time plus a one-time letter of credit fee in an amount equal to 0.125% of the initial stated amount. At June 30, 2019, we had $6.9 million of outstanding letters of credit.

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, 2019, we may redeem with the proceeds of certain equity offerings up to 40% of the original aggregate principal amount of the Senior Unsecured Notes at a redemption price of 104.5% of the principal amount of the notes. On or after August 1, 2019 and 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 Credit Facility and Private Placement Senior Unsecured Notes. See Footnote (R) for more information on the guarantors of the Senior Public Notes.

Private Placement Senior Unsecured Notes

On October 2, 2007, in a private placement transaction, we entered into a Note Purchase Agreement (the 2007 Note Purchase Agreement) in connection with our sale of $200.0 million of senior unsecured notes, designated as Series 2007A Senior Notes (the Series 2007A Senior Unsecured Notes). The Series 2007A Senior Unsecured Notes, which are guaranteed by substantially all of our subsidiaries, were sold at par and issued in four tranches.

At June 30, 2019, the amount outstanding for the remaining tranche is as follows:

	Principal	Maturity Date	Interest Rate
Tranche D	$36.5 million	October 2, 2019	6.48%

Interest for the Series 2007A Senior Unsecured Notes is payable semi-annually April 2 and October 2 of each year until all principal is paid for the respective tranche.

Our obligations under the 2007 Note Purchase Agreement are equal in right of payment with all other senior, unsecured indebtedness of the Company, including our indebtedness under the Credit Facility and Senior Unsecured Notes. The 2007 Note Purchase Agreement contains customary restrictive covenants, including, but not limited to, covenants that place limits on our ability to encumber our assets, to incur additional debt, to sell assets, or to merge or consolidate with third parties.

The 2007 Note Purchase Agreement requires us to maintain a Consolidated Debt to Consolidated EBITDA (calculated as consolidated indebtedness to consolidated earnings before interest, taxes, depreciation, depletion, amortization, certain transaction-related deductions and other non-cash charges) ratio of 3.50:1.00 or less, and to maintain an interest coverage ratio (Consolidated EBITDA to Consolidated Interest Expense [calculated as consolidated EBITDA, as defined above, to consolidated interest expense]) of at least 2.50:1.00. In addition, the 2007 Note Purchase Agreement requires the Company to ensure that at all times either (i) Consolidated Total Assets equal at least 80% of the consolidated total assets of the Company and its subsidiaries, determined in accordance with GAAP, or (ii) Consolidated Total Revenue of the Company and its restricted subsidiaries for the period of four consecutive fiscal quarters most recently ended equals at least 80% of the consolidated total revenue of the Company and its Subsidiaries during such period. We were in compliance with all financial ratios and tests at June 30, 2019.

Pursuant to a Subsidiary Guaranty Agreement, substantially all of our subsidiaries have guaranteed the punctual payment of all principal, interest, and make-whole amounts (as defined in the 2007 Note Purchase Agreement) on the Series 2007A Senior Unsecured Notes and the other payment and performance obligations of the Company contained in the 2007 Note Purchase Agreement. We are permitted, at our option and without penalty, to prepay from time to time at least 10% of the original aggregate principal amount of the Series 2007A Senior Unsecured Notes at 100% of the principal amount to be prepaid, together with interest accrued on such amount to be prepaid to the date of payment, plus a make-whole amount. The make-whole amount is computed by discounting the remaining scheduled principal and interest payments at a discount rate of 50 basis points above the yield to maturity of U.S. Treasury securities having a maturity equal to the remaining average life of the Series 2007A Senior Unsecured Notes being prepaid.

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.

(N) 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, light building materials, and materials used for oil and natural gas extraction in the United States. Our products are commodities that are essential in commercial and residential construction; public construction projects; projects to build, expand, and repair roads and highways; and in oil and natural gas extraction.

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 exploration and 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; and the mining and sale of aggregates (crushed stone, sand, and gravel) and sand used in hydraulic fracturing (frac sand).

We operate seven cement plants, one slag grinding facility, 19 cement distribution terminals, five gypsum wallboard plants, a recycled paperboard mill, 17 readymix concrete batch plants, four aggregates processing plants, two frac sand processing facilities, four frac sand drying facilities, and five frac sand trans-load locations. The principal markets for our cement products are Texas, Illinois, the central plains, Michigan, Iowa, the Rocky Mountains, northern Nevada, southern Ohio, and northern California. Gypsum wallboard and recycled paperboard are distributed throughout the continental U.S., with the exception of the Northeast. Concrete and aggregates are sold to local readymix producers and paving contractors in the Austin, Texas area; north of Sacramento, California; and the greater Kansas City, Missouri area, while frac sand is currently sold into shale deposits across the United States.

We conduct one of our seven cement plant operations, Texas Lehigh Cement Company LP, in Buda, Texas, through a Joint Venture. For segment reporting purposes only, we proportionately consolidate our 50% share of the Joint Venture's Revenue and Operating Earnings, consistent with the way management reports the segments within the Company for making operating decisions and assessing performance.

We account for intersegment sales at market prices. 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,	
	2019	2018
	(dollars in thousands)	
Revenue -		
Cement	$ 195,313	$ 186,788
Concrete and Aggregates	39,778	40,840
Gypsum Wallboard	126,724	142,415
Paperboard	42,700	45,133
Oil and Gas Proppants	15,232	27,700
	419,747	442,876
Less: Intersegment Revenue	(21,645)	(21,856)
Less: Joint Venture Revenue	(27,505)	(27,264)
	$ 370,597	**$ 393,756**

	For the Three Months Ended June 30,	
	2019	2018
	(dollars in thousands)	
Intersegment Revenue -		
Cement	$ 4,253	$ 4,178
Concrete and Aggregates	377	331
Paperboard	17,015	17,347
	$ 21,645	**$ 21,856**
Cement Sales Volume (M tons) -		
Wholly Owned	1,318	1,275
Joint Venture	232	236
	1,550	**1,511**

	For the Three Months Ended June 30, 2019	2018
	(dollars in thousands)	
Operating Earnings -		
Cement	$ 36,121	$ 37,334
Concrete and Aggregates	4,434	5,484
Gypsum Wallboard	37,932	50,480
Paperboard	9,944	9,994
Oil and Gas Proppants	(3,670)	(2,407)
Sub-Total	84,761	100,885
Corporate General and Administrative Expense	(21,254)	(8,003)
Litigation Settlements and Losses	—	(1,800)
Other Non-Operating Income	200	571
Earnings Before Interest and Income Taxes	63,707	91,653
Interest Expense, net	(8,846)	(6,632)
Earnings Before Income Taxes	**$ 54,861**	**$ 85,021**
Cement Operating Earnings -		
Wholly Owned	$ 26,689	$ 28,083
Joint Ventures	9,432	9,251
	$ 36,121	**$ 37,334**
Capital Expenditures -		
Cement	$ 10,537	$ 19,613
Concrete and Aggregates	595	2,064
Gypsum Wallboard	1,931	2,355
Paperboard	12,360	1,065
Oil and Gas Proppants	65	27,636
Other, net	—	340
	$ 25,488	**$ 53,073**
Depreciation, Depletion, and Amortization -		
Cement	$ 14,218	$ 12,921
Concrete and Aggregates	2,191	2,053
Gypsum Wallboard	4,952	4,830
Paperboard	2,163	2,109
Oil and Gas Proppants	3,839	7,595
Corporate and Other	597	342
	$ 27,960	**$ 29,850**

	June 30, 2019	March 31, 2019
	(dollars in thousands)	
Identifiable Assets		
Cement	$ 1,331,042	$ 1,289,468
Concrete and Aggregates	107,127	95,084
Gypsum Wallboard	372,961	372,206
Paperboard	148,148	138,614
Oil and Gas Proppants	265,318	236,357
Other, net	44,482	37,434
	$ 2,269,078	**$ 2,169,163**

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, 2019	March 31, 2019
	(dollars in thousands)	
Cement	$ 74,214	$ 74,214
Gypsum Wallboard	116,618	116,618
Paperboard	7,538	7,538
	$ 198,370	**$ 198,370**

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, 2019	2018
	(dollars in thousands)	
Revenue	$ 55,010	$ 54,528
Gross Margin	$ 19,866	$ 20,141
Earnings Before Income Taxes	$ 19,017	$ 18,658

	June 30, 2019	March 31, 2019
	(dollars in thousands)	
Current Assets	$ 80,834	$ 71,688
Non-Current Assets	$ 84,859	$ 81,007
Current Liabilities	$ 16,569	$ 19,309

(O) INTEREST EXPENSE

The following components are included in Interest Expense, net:

	For the Three Months Ended June 30,			
		2019		2018
	(dollars in thousands)			
Interest Income		(4)	$	(2)
Interest Expense		8,559		6,342
Other Expenses		291		292
Interest Expense, net	**$**	**8,846**	**$**	**6,632**

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

(P) 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, 2019, we had contingent liabilities under these outstanding letters of credit of approximately $6.9 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 $26.2 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.

(Q) 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 and Private Placement Senior Unsecured Notes at June 30, 2019 is as follows:

		Fair Value (dollars in thousands)
Series 2007A Tranche D	$	36,760
4.500% Senior Unsecured Notes Due 2026	$	361,806

The estimated fair values were 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, Restricted Cash, Accounts and Notes Receivable, Accounts Payable, and Accrued Liabilities approximate their fair values at June 30, 2019 due to the short-term maturities of these assets and liabilities. The fair value of our Credit Facility also approximates its carrying value at June 30, 2019.

(R) 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.

The Senior Unsecured Notes are guaranteed by all of the Company's wholly owned subsidiaries, and all guarantees are full and unconditional, and joint and several. 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.) and the guarantors (all wholly owned subsidiaries of Eagle Materials Inc.) 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, 2019	Parent	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**

Condensed Consolidating Statement of Earnings and Comprehensive Earnings For the Three Months Ended June 30, 2018	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$ —	$ 393,756	$ —	$ 393,756
Cost of Goods Sold	—	302,122	—	302,122
Gross Profit	—	91,634	—	91,634
Equity in Earnings of Unconsolidated Joint Venture	9,251	9,251	(9,251)	9,251
Equity in Earnings of Subsidiaries	67,258	—	(67,258)	—
Corporate General and Administrative Expenses	(6,729)	(1,274)	—	(8,003)
Legal Settlements	—	(1,800)	—	(1,800)
Other Non-Operating Income	(93)	664	—	571
Interest Expense, net	(6,619)	(13)	—	(6,632)
Earnings before Income Taxes	63,068	98,462	(76,509)	85,021
Income Taxes	3,271	(21,953)	—	(18,682)
Net Earnings	**$ 66,339**	**$ 76,509**	**$ (76,509)**	**$ 66,339**
Net Earnings	$ 66,339	$ 76,509	$ (76,509)	66,339
Net Actuarial Change in Benefit Plans, net of tax	56	56	(56)	56
Comprehensive Earnings	**$ 66,395**	**$ 76,565**	**$ (76,565)**	**$ 66,395**

Condensed Consolidating Balance Sheet At June 30, 2019	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS				
Current Assets -				
Cash and Cash Equivalents	$ 16,881	$ 2,281	$ —	$ 19,162
Accounts and Notes Receivable	1,165	173,114	—	174,279
Inventories	—	263,612	—	263,612
Prepaid and Other Current Assets	890	8,574	—	9,464
Total Current Assets	18,936	447,581	—	466,517
Property, Plant, and Equipment, net	7,465	1,417,238	—	1,424,703
Notes Receivable	—	2,772	—	2,772
Investment in Joint Venture	70	71,235	—	71,305
Investments in Subsidiaries and Receivables from Affiliates	2,077,332	130,914	(2,208,246)	—
Operating Lease Right of Use Assets	10,415	52,929	—	63,344
Goodwill and Intangible Assets, net	—	228,316	—	228,316
Other Assets	4,525	7,596	—	12,121
	$ 2,118,743	**$ 2,358,581**	**$ (2,208,246)**	**$ 2,269,078**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities-				
Accounts Payable	$ 6,314	$ 77,602	$ —	$ 83,916
Accrued Liabilities	23,046	33,590	—	56,636
Income Taxes Payable	3,914	—	—	3,914
Operating Lease Liabilities	1,129	10,861	—	11,990
Current Portion of Long-term Debt	36,500	—	—	36,500
Total Current Liabilities	70,903	122,053	—	192,956
Long-term Debt	840,259	—	—	840,259
Noncurrent Lease Liabilities	13,109	42,775	—	55,884
Other Long-term Liabilities	—	30,257	—	30,257
Payables to Affiliates	130,914	6,027,256	(6,158,170)	—
Deferred Income Taxes	8,292	86,164	—	94,456
Total Liabilities	1,063,477	6,308,505	(6,158,170)	1,213,812
Total Stockholders' Equity	1,055,266	(3,949,924)	3,949,924	1,055,266
	$ 2,118,743	**$ 2,358,581**	**$ (2,208,246)**	**$ 2,269,078**

Condensed Consolidating Balance Sheet At March 31, 2019	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS				
Current Assets -				
Cash and Cash Equivalents	$ 5,779	$ 2,822	$ —	$ 8,601
Accounts and Notes Receivable	437	128,285	—	128,722
Inventories	—	275,194	—	275,194
Income Tax Receivables	5,480	—	—	5,480
Prepaid and Other Current Assets	1,472	8,152	—	9,624
Total Current Assets	13,168	414,453	—	427,621
Property, Plant, and Equipment, net	7,756	1,419,183	—	1,426,939
Notes Receivable	—	2,898	—	2,898
Investment in Joint Venture	70	64,803	—	64,873
Investments in Subsidiaries and Receivables from Affiliates	2,322,334	406,726	(2,729,060)	—
Goodwill and Intangible Assets, net	—	229,115	—	229,115
Other Assets	4,571	13,146	—	17,717
	$ 2,347,899	**$ 2,550,324**	**$ (2,729,060)**	**$ 2,169,163**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities-				
Accounts Payable	$ 5,520	$ 75,364	$ —	$ 80,884
Accrued Liabilities	22,470	39,479	—	61,949
Current Portion of Long-term Debt	36,500	—	—	36,500
Total Current Liabilities	64,490	114,843	—	179,333
Long-term Debt	655,092	—	—	655,092
Other Long-term Liabilities	3,303	31,189	—	34,492
Payables to Affiliates	406,726	5,730,093	(6,136,819)	—
Deferred Income Taxes	8,801	81,958	—	90,759
Total Liabilities	1,138,412	5,958,083	(6,136,819)	959,676
Total Stockholders' Equity	1,209,487	(3,407,759)	3,407,759	1,209,487
	$ 2,347,899	**$ 2,550,324**	**$ (2,729,060)**	**$ 2,169,163**

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

Condensed Consolidating Statement of Cash Flows For the Three Months Ended June 30, 2018	Parent	Guarantor Subsidiaries	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Cash Provided by (Used in) Operating Activities	$ (21,444)	$ 103,353	$ —	$ 81,909
CASH FLOWS FROM INVESTING ACTIVITIES				
Property, Plant, and Equipment Additions	(27)	(53,046)	—	(53,073)
Proceeds from Sale of Property, Plant, and Equipment	—	2,281		2,281
Net Cash Used in Investing Activities	(27)	(50,765)	—	(50,792)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Credit Facility	30,000	—	—	30,000
Dividends Paid to Stockholders	(4,790)	—	—	(4,790)
Purchase and Retirement of Common Stock	(52,344)	—	—	(52,344)
Proceeds from Stock Option Exercises	1,992	—	—	1,992
Shares Redeemed to Settle Employee Taxes on Stock Compensation	(956)	—	—	(956)
Intra-entity Activity, net	52,110	(52,110)	—	—
Net Cash Provided by (Used in) Financing Activities	26,012	(52,110)	—	(26,098)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	4,541	478	—	5,019
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	44,537	3,531	—	48,068
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	**$ 49,078**	**$ 4,009**	**$ —**	**$ 53,087**

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

EXECUTIVE SUMMARY

Eagle Materials Inc. is a leading supplier of heavy construction materials, light building materials, and materials used for oil and natural gas extraction in the United States. Our products are used in commercial and residential construction; public construction projects; projects to build, expand, and repair roads and highways; and in oil and natural gas extraction.

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, 2019 and 2018, 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.

Our business activities are all conducted in the U.S. 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.

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. The separation is expected to be completed in the first half of calendar 2020. The Company also previously announced it is actively pursuing alternatives for its Oil and Gas Proppants business.

MARKET CONDITIONS AND OUTLOOK

The outlook for the remainder of calendar 2019 continues to be positive and demand for our products is supported by a number of favorable market dynamics including ongoing growth in jobs and wages, high consumer confidence and low interest rates. We believe these factors should positively affect both our Heavy and Light Materials sectors, comprising the Cement, Concrete and Aggregates, Gypsum Wallboard, and Recycled Paperboard segments.

Our integrated cement sales network stretches across the heartland of America. The Portland Cement Association is estimating cement consumption will increase in calendar 2019 over 2018 by approximately 2%. Demand for cement and concrete and aggregates can be adversely affected by weather, particularly wet conditions. In addition to weather, cement and concrete and aggregates markets are affected by infrastructure spending, residential home building, and industrial construction activity.

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. Our Recycled Paperboard business primarily sells paper into the gypsum wallboard market and demand for paper will generally follow the demand for gypsum wallboard. The primary raw material for the paperboard business is OCC. We are expecting OCC prices in fiscal 2020 to be lower than they were in fiscal 2019. We anticipate that demand for paper products will remain strong in fiscal 2020 based on the projected housing starts and wallboard demand.

Sales volume and sales prices for our frac sand products were negatively affected by industry wide weakness in completion activity, which was greater than anticipated. In addition, pricing pressure resulted from a combination of low demand and increased use of local sand during calendar 2018, and this increased use of local sand has continued into 2019. We are actively pursuing alternative for our Oil and Gas Proppants segment. If this review results in an alternative use or disposition of operating facilities in this segment, further recoverability assessments will be required which may result in future impairment charges.

Freight costs increased for our Cement business during the first quarter of fiscal 2020. Flooding in the Midwest disrupted transportation routes in our markets, causing delays and resulting in more expensive routes. We anticipate some of this disruption will continue into the fall.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2019 COMPARED WITH THREE MONTHS ENDED JUNE 30, 2018

	For the Three Months Ended June 30,		
	2019	2018	Change
	(in thousands, except per share)		
Revenue	$ 370,597	$ 393,756	(6)%
Cost of Goods Sold	(295,268)	(302,122)	(2)%
Gross Profit	75,329	91,634	(18)%
Equity in Earnings of Unconsolidated Joint Venture	9,432	9,251	2%
Corporate General and Administrative	(21,254)	(8,003)	166%
Litigation Settlements and Losses	—	(1,800)	—
Other Non-Operating Income	200	571	(65)%
Interest Expense, net	(8,846)	(6,632)	33%
Earnings Before Income Taxes	54,861	85,021	(35)%
Income Tax Expense	(13,557)	(18,682)	(27)%
Net Earnings	**$ 41,304**	**$ 66,339**	**(38)%**
Diluted Earnings per Share	**$ 0.94**	**$ 1.38**	**(32)%**

REVENUE

Revenue declined by $23.2 million, or 6%, to $370.6 million for the three months ended June 30, 2019. The lower Revenue was due to decreased gross sales prices and Sales Volume, which adversely affected Revenue by approximately $18.9 million and $4.3 million, respectively.

COST OF GOODS SOLD

Cost of Goods Sold decreased by $6.8 million, or 2%, to $295.3 million for the three months ended June 30, 2019. The decrease was primarily related to lower operating costs, which reduced Cost of Goods Sold by approximately $6.8 million. The reduction in operating costs was primarily related to our Recycled Paperboard and Oil and Gas Proppants segments, which are discussed further on pages 30-31.

GROSS PROFIT

Gross Profit decreased 18% to $75.3 million during the three months ended June 30, 2019. The decline in Gross Profit was primarily due to lower gross sales prices and Sales Volume, partially offset by lower operating costs. The gross margin declined to 20% from 23%, primarily because of lower gross sales prices, partially offset by lower operating expenses.

EQUITY IN EARNINGS OF JOINT VENTURE

Equity in Earnings of our Unconsolidated Joint Venture increased $0.1 million, or 2%, for the three months ended June 30, 2019. The increase was primarily due to higher gross sales prices, which increased earnings by approximately $0.8 million. This was partially offset by lower Sales Volume and increased operating costs, which reduced operating earnings by approximately $0.3 million and $0.4 million, respectively. The increase in operating costs was primarily due to freight, which rose by approximately $0.3 million.

CORPORATE GENERAL AND ADMINISTRATIVE

Corporate General and Administrative expenses increased by approximately $13.3 million for the three months ended June 30, 2019. The increase was due primarily to professional costs incurred in connection with our strategic portfolio review and the acceleration of stock compensation costs upon the retirement of our Chief Executive Officer, which contributed approximately $5.9 million and $5.3 million, respectively, to the increase. The acceleration of vesting of all earned but unvested shares of restricted stock held by our Chief Executive Officer was consistent with the terms of the Company's incentive plan documents, and approved by the Board of Directors.

LITIGATION SETTLEMENTS AND LOSSES

Litigation Settlements and Losses relate to third-party property damage which occurred several years ago in our Recycled Paperboard business. This amount was paid during the three months ended June 30, 2019.

OTHER NON-OPERATING INCOME

Other Non-Operating Income 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 $2.2 million, or 33% during the three months ended June 30, 2019. The increase in Interest Expense, net was due primarily to higher interest on borrowings under our Credit Facility. The increase in our Credit Facility was due to the repurchase of approximately 2.2 million shares of our common stock during the quarter. Interest expense related to our other long-term debt remained consistent compared with the first quarter of fiscal 2019.

EARNINGS BEFORE INCOME TAXES

Earnings Before Income Taxes declined to $54.9 million during the three months ended June 30, 2019, primarily as a result of to lower Gross Profit and increased Corporate General and Administrative expense. This was partially offset by lower Litigation Settlements and Losses and higher Equity in Earnings of Unconsolidated Joint Venture.

INCOME TAX EXPENSE

Income Tax Expense decreased 27% to $13.6 million for the three months ended June 30, 2019, primarily related to changes in pre-tax income. In the first quarter of fiscal 2020, the effective tax rate increased to 25% compared with 22% for the first quarter of fiscal 2019. The increase in the effective tax rate was primarily due to discrete income tax expense relating to changes in valuation allowances and the limitation of the deduction for certain officer compensation.

NET EARNINGS AND DILUTED EARNINGS PER SHARE

Net Earnings declined 38% to $41.3 million for the three months ended June 30, 2019. Diluted Earnings per Share declined 32% to $0.94 per share.

THREE MONTHS ENDED JUNE 30, 2019 vs. THREE MONTHS ENDED JUNE 30, 2018 BY SEGMENT

The following presents results within our three business sectors for the three months ended June 30, 2019 and 2018. 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, 2019	2018	Percentage Change
	(in thousands, except per ton information)		
Gross Revenue, including Intersegment and Joint Venture	$ 195,313	$ 186,788	5%
Less Intersegment Revenue	(4,253)	(4,178)	2%
Less Joint Venture Revenue	(27,505)	(27,264)	1%
Gross Revenue, as reported	$ 163,555	$ 155,346	5%
Freight and Delivery Costs billed to Customers	(12,896)	(12,627)	2%
Net Revenue	$ 150,659	$ 142,719	6%
Sales Volume (M Tons)	1,550	1,511	—
Average Net Sales Price, per ton (2)	$ 109.70	$ 108.69	1%
Operating Margin, per ton	$ 23.30	$ 24.71	(6)%
Operating Earnings	$ 36,121	$ 37,334	(3)%

(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 $195.3 million, a 5% increase, for the three months ended June 30, 2018. The increase was primarily due to higher gross sales prices and Sales Volume, which improved Cement Revenue by approximately $3.0 million and $5.5 million, respectively.

Cement Operating Earnings declined by 3% to $36.1 million for the three months ended June 30, 2019. The decline was due primarily to increased operating costs, which reduced Operating Earnings by approximately $5.3 million. This was partially offset by increased gross sales prices, Sales Volume, and Equity in Earnings of Unconsolidated Joint Venture of approximately $3.0 million, $0.9 million, and $0.1 million respectively. The increase in operating costs was due primarily to increased fixed costs and freight of approximately $3.2 million and $1.5 million, respectively. The operating margin fell to 18% from 20%, primarily because of increased operating costs, partially offset by the increase in gross sales prices.

CONCRETE AND AGGREGATES

	For the Three Months Ended June 30, 2019		2018	Percentage Change
	(in thousands, except net sales prices)			
Gross Revenue, including intersegment	$ 39,778		$ 40,840	(3)%
Less intersegment Revenue	(377)		(331)	14%
Gross Revenue, as reported	$ 39,401		$ 40,509	(3)%
Sales Volume -				
M Cubic Yards of Concrete	310		319	(3)%
M Tons of Aggregate	799		856	(7)%
Average Net Sales Price -				
Concrete - Per Cubic Yard	$ 103.52		$ 101.66	2%
Aggregates - Per Ton	$ 9.66		$ 9.75	(1)%
Operating Earnings	$ 4,434		$ 5,484	(19)%

Concrete and Aggregates Revenue decreased 3% to $39.8 million for the three months ended June 30, 2019. The primary reason for the decrease in Revenue was the 3% and 7% decline in Sales Volume for concrete and aggregates, respectively, which adversely affected Revenue by approximately $1.4 million The decline in gross sales prices for aggregates also adversely affected Revenue by approximately $0.2 million. These reductions were partially offset by an increase in gross sales prices for concrete, which positively affected Revenue by approximately $0.6 million.

Operating Earnings declined 19% to approximately $4.4 million. The decline was a result of increased operating costs and lower Sales Volume, which reduced Operating Earnings by approximately $1.2 million and $0.3 million, respectively. This decrease was partially offset by increased gross sales prices of approximately $0.4 million. The increase in operating costs was primarily due to higher cost of materials and delivery expense of approximately $0.7 million and $0.6 million, respectively.

Light Materials

GYPSUM WALLBOARD

	For the Three Months Ended June 30, 2019	2018	Percentage Change
	(in thousands, except per MMSF information)		
Gross Revenue, as reported	$ 126,724	$ 142,415	(11)%
Freight and Delivery Costs billed to Customers	(27,100)	(28,385)	(5)%
Net Revenue	$ 99,624	$ 114,030	(13)%
Sales Volume (MMSF)	660	710	(7)%
Average Net Sales Price, per MMSF (1)	$ 150.96	$ 160.71	(6)%
Freight, per MMSF	$ 41.06	$ 39.98	3%
Operating Margin, per MMSF	$ 57.47	$ 71.10	(19)%
Operating Earnings	$ 37,932	$ 50,480	(25)%

(1) Net of freight per MMSF.

Gypsum Wallboard Revenue decreased 11% to $126.7 million for the three months ended June 30, 2019, primarily related to a 7% and 4% decrease in Sales Volume and gross sales prices, respectively. The decrease in Sales Volume and gross sales prices negatively affected Revenue by approximately $10.0 million and $5.7 million, respectively. Our market share was essentially unchanged during the last year.

Operating Earnings decreased 25% to $37.9 million, primarily due to the decline in Sales Volume and gross sales prices and an increase in operating costs. The decrease in Sales Volume and gross sales prices negatively affected Operating Earnings by approximately $3.6 million and $5.7 million, respectively, while the increase in operating costs reduced Operating Earnings by approximately $3.3 million. The higher operating costs were primarily related to freight, maintenance, and fixed costs which increased operating costs by approximately $1.1 million, $0.8 million, and $0.6 million, respectively. The operating margin declined to 30% for the three months ended June 30, 2019, primarily related to the lower gross sales prices and increased operating costs. 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, 2019	2018	Percentage Change
	(in thousands, except per ton information)		
Gross Revenue, including intersegment	$ 42,700	$ 45,133	(5)%
Less intersegment Revenue	(17,015)	(17,347)	(2)%
Gross Revenue, as reported	$ 25,685	$ 27,786	(8)%
Freight and Delivery Costs billed to Customers	(1,205)	(1,318)	(9)%
Net Revenue	$ 24,480	$ 26,468	(8)%
Sales Volume (M Tons)	81	82	(1)%
Average Net Sales Price, per ton (1)	$ 510.32	$ 531.99	(4)%
Freight, per ton	$ 14.88	$ 16.07	(7)%
Operating Margin, per ton	$ 122.77	$ 121.88	1%
Operating Earnings	$ 9,944	$ 9,994	(1)%

(1) Net of freight per ton.

Recycled Paperboard Revenue declined 5% to $42.7 million during the three months ended June 30, 2019. The decline in Revenue was due to lower gross sales prices and Sales Volume, which adversely affected Revenue by $1.9 million and $0.6 million, respectively. The decrease in gross sales prices was due to the pricing provisions in our long-term sales agreements.

Operating Earnings declined 1% to $9.9 million, primarily due to the decline in gross sales prices and Sales Volume, which adversely affected Operating Earnings by approximately $1.9 million and $0.1 million, respectively. This was partially offset by lower operating costs of approximately $1.9 million. The decrease in operating costs was primarily related to lower input costs, which positively affected Operating Earnings by approximately $2.0 million. Operating margin increased to 23% from 22%, primarily because of lower operating costs, partially offset by lower gross sales prices.

OIL AND GAS PROPPANTS

	For the Three Months Ended June 30, 2019	2018	Percentage Change
	(in thousands, except net sales prices)		
Gross Revenue, as reported	$ 15,232	$ 27,700	(45)%
Sales Volume (M Tons)	407	366	11%
Average Net Sales Price, per ton (1)	$ 31.80	$ 66.66	(52)%
Operating Loss	$ (3,670)	$ (2,407)	(52)%

(1) Net of freight per ton.

Revenue from our Oil and Gas Proppants segment declined 45% to approximately $15.2 million during the three months ended June 30, 2019. The decline in Revenue was due to lower gross sales prices, which adversely affected Revenue by approximately $15.6 million This was partially offset by an increase in Sales Volume that increased Revenue by approximately $3.1 million.

Operating Loss for the quarter increased 52% to approximately $3.7 million. The increase in Operating Loss was primarily due to the decline in gross sales prices which increased Operating Loss by approximately $15.6 million, partially offset by lower operating costs which decreased Operating Loss by approximately $14.3 million. The lower operating costs were primarily related to decreases in contract mining, depreciation and depletion, and freight costs of approximately $3.8 million, $4.6 million, and $1.6 million, respectively.

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 four 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, income taxes, 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 the Form 10-Q for information regarding recently issued accounting pronouncements that may affect our financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

The following table provides a summary of our cash flows:

	For the Three Months Ended June 30, 2019	2018
	(dollars in thousands)	
Net Cash Provided by Operating Activities	**$ 50,698**	**$ 81,909**
Investing Activities:		
Additions to Property, Plant, and Equipment	(21,813)	(53,073)
Proceeds from Sale of Property, Plant, and Equipment	—	2,281
Net Cash Used in Investing Activities	**(21,813)**	**(50,792)**
Financing Activities:		
Increase (Decrease) in Credit Facility	185,000	30,000
Dividends Paid to Stockholders	(4,499)	(4,790)
Purchase and Retirement of Common Stock	(198,355)	(52,344)
Proceeds from Stock Option Exercises	396	1,992
Shares Redeemed to Settle Employee Taxes on Stock Compensation	(866)	(956)
Net Cash Provided by (Used in) Financing Activities	(18,324)	(26,098)
Net Increase in Cash, Cash Equivalents, and Restricted Cash	**$ 10,561**	**$ 5,019**

Cash flows from operating activities decreased by $31.2 million to $50.7 million during the three months ended June 30, 2019. This decrease was primarily attributable to lower earnings and dividends from our Joint Venture, which reduced cash flows by approximately $25.0 million and $6.5 million, respectively. The impact on cash flows from changes in working capital and non-cash activity were relatively flat.

Working capital increased by $25.3 million to $273.6 million at June 30, 2019, primarily due to the increased Cash and Accounts Receivable of approximately $7.6 million and $45.6 million respectively, and decreased Accrued Liabilities of approximately $5.3 million. This was partially offset by increased Accounts Payable and Operating Lease Liabilities of approximately $3.0 million and $12.0 million, respectively, and decreased Inventory and Income Tax Receivables of approximately $11.6 million and $5.5 million, respectively. The increase in Accounts and Notes Receivable was due primarily to higher Revenue during the quarter. The reduction in Inventory is due to increased Revenue and lower production resulting from scheduled outages at our cement plants. The increase in Operating Lease Liabilities was due to the adoption of the new accounting standards requiring the recognition of right of use assets and liabilities related to leases on the balance sheet. The decrease in Accrued Liabilities and decrease in Income Tax Receivables were both due primarily to timing.

The increase in Accounts and Notes Receivable at June 30, 2019, was primarily related to higher Revenue during the three months ended June 30, 2019 as compared with the three months ended March 31, 2019. As a percentage of quarterly sales generated for the respective quarter, Accounts Receivable was approximately 47% at June 30, 2019 and 45% at March 31, 2019. 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, 2019. Notes Receivable are monitored on an individual basis, and no significant deterioration in the collectability of our Notes Receivable was identified at June 30, 2019.

Our Inventory balance at June 30, 2019 declined by approximately $11.6 million from our balance at March 31, 2019. Within Inventory, raw materials and materials-in-progress and repair parts decreased approximately $6.6 million and $3.0 million, respectively. The decline in raw materials and materials-in-progress and repair parts was due primarily to the maintenance outages at all of our cement plants during the quarter. 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 due to our products being basic construction materials.

Net Cash Used in Investing Activities during the three months ended June 30, 2019 was approximately $21.8 million, compared with $50.8 million in fiscal 2019, a decrease of approximately $29.0 million. The decrease was primarily related to reduced capital spending in our Cement and Oil and Gas Proppants businesses of approximately $9.1 million and $27.6 million, respectively, partially offset by increased capital spending of approximately $7.5 million in our Recycled Paperboard segment. The decrease in capital spending in our Oil and Gas Proppants segment was due to the completion of build-out of our Utica, Illinois facility, which was completed in June 2018. The increase in capital spending in our Recycled Paperboard segment was related to upgrading our paper machine, which is expected to improve efficiency. We anticipate spending approximately $45 million more on this project before its expected completion in the spring of 2020.

Net Cash Used in Financing Activities was approximately $18.3 million during the three months ended June 30, 2019, compared with $26.1 million in fiscal 2019. The $7.8 million decrease in Net Cash Used in Financing Activities was primarily due to the $155.0 million increase in net borrowings, partially offset by a $146.1 million increase in the repurchase and retirement of common stock.

Our debt-to-capitalization ratio and net-debt-to-capitalization ratio were 45.4% and 44.8%, respectively, at June 30, 2019, compared with 36.4% and 36.1%, respectively, at March 31, 2019.

Debt Financing Activities

BANK CREDIT FACILITY

We have a revolving credit facility (the Credit Facility) that terminates on August 2, 2021. During May 2019, we exercised our option to expand the Credit Facility and increased the borrowing capacity from $500.0 million to $750.0 million. The Credit Facility also includes a swingline loan sublimit of $25.0 million, which terminates on August 2, 2021. Borrowings under the Credit Facility are guaranteed by substantially all of the Company’s subsidiaries. The debt under the Credit Facility is not rated by ratings agencies.

At our option, outstanding principal amounts on the Credit Facility bear interest at a variable rate equal to (i) The London Interbank Offered Rate (LIBOR) for the selected period, plus an applicable rate (ranging from 100 to 225 basis points), which is to be established quarterly based upon the Company's ratio of consolidated EBITDA, defined as earnings before interest, taxes, depreciation, and amortization, to the Company's consolidated indebtedness (the Leverage Ratio), or (ii) an alternative base rate, which is the higher of (a) the prime rate or (b) the federal funds rate plus 0.5% per annum plus an applicable rate (ranging from 0 to 125 basis points). In the case of loans bearing interest at a rate based on the federal funds rate, interest payments are due quarterly. In the case of loans bearing interest at a rate based on LIBOR, interest payments are due at the end of the applicable interest period. The Company is also required to pay a commitment fee on unused available borrowings under the Credit Facility ranging from 10 to 35 basis points depending upon the Leverage Ratio. The Credit Facility contains customary covenants that restrict our ability to incur additional debt; encumber our assets; sell assets; make or enter into certain investments, loans, or guaranties; and enter into sale and leaseback arrangements. The Credit Facility also requires us to maintain a consolidated indebtedness ratio (calculated as consolidated indebtedness to consolidated earnings before interest, taxes, depreciation, amortization, certain transaction-related deductions, and other non-cash deductions) of 3.5:1.0 or less, and an interest coverage ratio (consolidated earnings before interest, taxes, depreciation, amortization, certain transaction-related deductions, and other non-cash deductions to consolidated interest expense) of at least 2.5:1.0. We were in compliance with all financial ratios and tests at June 30, 2019. We had $495.0 million of borrowings outstanding at June 30, 2019. Based on our Leverage Ratio, we had $248.1 million of available borrowings, net of the outstanding letters of credit, at June 30, 2019.

The Credit Facility has a $40.0 million letter of credit facility. Under the letter of credit facility, the Company pays a fee at a per annum rate equal to the applicable margin for Eurodollar loans in effect from time to time plus a one-time letter of credit fee in an amount equal to 0.125% of the initial stated amount. At June 30, 2019, we had $6.9 million of outstanding letters of credit.

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 semi-annually 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, 2019, we may redeem with the proceeds of certain equity offerings up to 40% of the original aggregate principal amount of the Senior Unsecured Notes at a redemption price of 104.5% of the principal amount of the notes. On or after August 1, 2019, and 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 on 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 and unconditionally, and jointly and severally guaranteed by each of our subsidiaries that is a guarantor under the Credit Facility and Private Placement Senior Unsecured Notes. See Footnote (R) to the Unaudited Consolidated Financial Statements for more information on the guarantors of the Senior Public Notes.

PRIVATE PLACEMENT UNSECURED NOTES

On October 2, 2007, in a private placement transaction, we entered into a Note Purchase Agreement (the 2007 Note Purchase Agreement) in connection with our sale of $200.0 million of senior unsecured notes, designated as Series 2007A Senior Unsecured Notes. The Series 2007A Senior Unsecured Notes, which are guaranteed by substantially all of our subsidiaries, were sold at par and issued in four tranches.

At June 30, 2019, the amount outstanding for the remaining tranche is as follows:

	Principal	Maturity Date	Interest Rate
Tranche D	$36.5 million	October 2, 2019	6.48%

Interest for the Series 2007A Senior Unsecured Notes is payable semi-annually on April 2 and October 2 of each year until all principal is paid for the respective tranche.

Our obligations under the 2007 Note Purchase Agreement are equal in right of payment with all other senior, unsecured indebtedness of the Company, including our indebtedness under the Credit Facility and Senior Unsecured Notes. The 2007 Note Purchase Agreement contains customary restrictive covenants, including, but not limited to, covenants that place limits on our ability to encumber our assets, to incur additional debt, to sell assets, or to merge or consolidate with third parties.

The 2007 Note Purchase Agreement requires us to maintain a Consolidated Debt to Consolidated EBITDA (calculated as consolidated indebtedness to consolidated earnings before interest, taxes, depreciation, depletion, amortization, certain transaction-related deductions, and other non-cash charges) ratio of 3.50:1.00 or less, and to maintain an interest coverage ratio (Consolidated EBITDA to Consolidated Interest Expense [calculated as consolidated EBITDA, as defined above, to consolidated interest expense]) of at least 2.50:1.00. In addition, the 2007 Note Purchase Agreement requires the Company to ensure that at all times either (i) Consolidated Total Assets equal at least 80% of the consolidated total assets of the Company and its subsidiaries, determined in accordance with GAAP, or (ii) Consolidated Total Revenue of the Company and its restricted subsidiaries for the period of four consecutive fiscal quarters most recently ended equals at least 80% of the consolidated total revenue of the Company and its subsidiaries during such period. We were in compliance with all financial ratios and tests at June 30, 2019.

Pursuant to a Subsidiary Guaranty Agreement, substantially all of our subsidiaries have guaranteed the punctual payment of all principal, interest, and make-whole amounts (as defined in the 2007 Note Purchase Agreement) on the Series 2007A Senior Unsecured Notes, and the other payment and performance obligations of the Company contained in the 2007 Note Purchase Agreement. We are permitted, at our option and without penalty, to prepay from time to time at least 10% of the original aggregate principal amount of the Series 2007A Senior Unsecured Notes at 100% of the principal amount to be prepaid, together with interest accrued on such amount to be prepaid to the date of payment, plus a make-whole amount. The make-whole amount is computed by discounting the remaining scheduled payments of interest and principal of the Series 2007A Senior Unsecured Notes being prepaid at a discount rate equal to the sum of 50 basis points, and the yield to maturity of U.S. Treasury securities having a maturity equal to the remaining average life of the Series 2007A Senior Unsecured Notes being prepaid.

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. At the expiration of the lease in fiscal 2021, we have the option to purchase the cement plant for a nominal amount.

We have approximately $67.9 million of lease liabilities at June 30, 2019 that have an average remaining life of approximately 8.8 years. We do not have any off-balance sheet debt, or any outstanding debt guarantees. We have available under the Credit Facility a $40.0 million Letter of Credit Facility. At June 30, 2019, we had $6.9 million of letters of credit outstanding that renew annually. We are contingently liable for performance under $26.2 million in performance bonds relating primarily to our mining operations.

Other than the Credit Facility, we have no other source of committed external financing in place. Should the 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 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 Credit Facility is not rated by the rating agencies.

We believe that our cash flow from operations and available borrowings under our Credit Facility 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 Credit Facility, the level of competition, and general and economic factors beyond our control. 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.

As market conditions warrant, the Company may from time to time seek to purchase or repay its outstanding debt securities or loans, including the Series 2007A Senior Unsecured Notes, 4.500% Senior Unsecured Notes, and borrowings under the 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. Any such purchases of the notes offered hereby may be with respect to a substantial amount of such notes, with an attendant reduction in the trading liquidity of such notes.

Dividends

Dividends paid were $4.5 million and $4.8 million, respectively, for the three months ended June 30, 2019 and 2018. Each quarterly dividend payment is subject to review and approval by our Board of Directors, who will continue to evaluate our dividend payment amount on a quarterly basis.

Share Repurchases

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
April 1 through April 30, 2019	364,200	$ 87.47	364,200	
May 1 through May 31, 2019	965,880	89.28	965,880	
June 1 through June 30, 2019	909,793	88.22	909,793	
Quarter 1 Totals	**2,239,873**	**$ 88.56**	**2,239,873**	**8,639,885**

On April 18, 2019, the Board of Directors authorized us to repurchase an additional 10.0 million shares. After this authorization, our Board of Directors has approved the repurchase in the open market of a cumulative total of 48.4 million shares of our Common Stock since we became publicly held in April 1994. We have repurchased approximately 39.8 million shares from April 1994 through June 30, 2019.

Subsequent to June 30, 2019, we repurchased an additional 881,000 shares through July 26, 2019, at an average price per share of $87.26. Including the share repurchases made subsequent to June 30, 2019, we have authorization to repurchase an additional 7,758,885 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 repurchases of shares will be 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, 2019, the Company withheld from employees 36,278 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 compares capital expenditures:

	For the Three Months Ended June 30, 2019	2018
	(dollars in thousands)	
Land and Quarries	$ 206	$ 232
Plants	23,885	39,749
Buildings, Machinery, and Equipment	1,397	13,092
Total Capital Expenditures	**$ 25,488**	**$ 53,073**

Capital expenditures for fiscal 2020 are expected to range from $140.0 million to $155.0 million and to be allocated across the Heavy and Light Materials sectors. Identified projects include a $70.0 million investment to expand and enhance our papermill, which has been sold out for several years. This project will enable the facility to increase line speeds which in turn increases output, and to replace the high-cost raw materials with a low-cost, more sustainable alternative. We expect the project to be completed by late spring 2020 and to increase our paper capacity by approximately 70,000 tons.

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 are not included in the cash flows statement. See Footnote (B) of the Unaudited Consolidated Financial Statements for more information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks related to fluctuations in interest rates on our Credit Facility. From time to time we have 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. As of June 30, 2019, we have a $750.0 million Credit Facility, under which borrowings bear interest at a variable rate. A hypothetical 100 basis point increase in interest rates on the $495.0 million of borrowings outstanding at June 30, 2019 would increase interest expense by approximately $5.0 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

We are affected by the level of demand in the construction industry.

Demand for our construction products and building materials is directly related to the level of activity in the construction industry, which includes residential, commercial and infrastructure construction. While the most recent downturn in residential and commercial construction, which began in calendar 2007, materially affected our business, certain economic fundamentals began improving in calendar 2012, and have continued to improve; however, the rate and sustainability of such improvement remains uncertain. Infrastructure spending continues to be adversely affected by several factors, including the budget constraints currently being experienced by federal, state and local governments. Any decrease in the amount of government funds available for such projects or any decrease in construction activity in general (including any weakness in residential or commercial construction) could have a material adverse effect on our business, financial condition, and results of operations.

Our business is seasonal in nature, and this causes our quarterly results to vary significantly.

A majority of our business is seasonal with peak revenue and profits occurring primarily in the months of April through November when the weather in our markets is more suitable for construction activity. Quarterly results have varied significantly in the past and are likely to vary significantly in the future. Such variations could have a negative impact on the price of our common stock.

We are subject to the risk of unfavorable weather conditions, particularly during peak construction periods, as well as other unexpected operational difficulties.

Unfavorable weather conditions, such as snow, cold weather, hurricanes, tropical storms, and heavy or sustained rainfall, can reduce construction activity and adversely affect demand for construction products. Such weather conditions can also increase our costs, reduce our production, or impede our ability to transport our products in an efficient and cost-effective manner. Similarly, operational difficulties, such as business interruption due to required maintenance, capital improvement projects, or loss of power, can increase our costs and reduce our production. In particular, the occurrence of unfavorable weather conditions and other unexpected operational difficulties during peak construction periods could adversely affect operating earnings and cash flow and could have a disproportionate impact on our results of operations for the full year.

We and our customers participate in cyclical industries and regional markets, which are subject to industry downturns.

A majority of our revenue is from customers who are in industries and businesses that are cyclical in nature and subject to changes in general economic conditions. For example, many of our customers operate in the construction industry, which is affected by a variety of factors, such as general economic conditions, changes in interest rates, demographic and population shifts, levels of infrastructure spending, and other factors beyond our control. In addition, since our operations are in a variety of geographic markets, our businesses are subject to differing economic conditions in each such geographic market. Economic downturns in the industries to which we sell our products or localized downturns in the regions where we have operations generally have an adverse effect on demand for our products and negatively affect the collectability of our receivables. In general, any downturns in these industries or regions could have a material adverse effect on our business, financial condition, and results of operations.

Many of our products are commodities, which are subject to significant changes in supply and demand and price fluctuations.

Many of the products sold by us are commodities, and competition among manufacturers is based largely on price. Prices are often subject to material changes in response to relatively minor fluctuations in supply and demand, general economic conditions, and other market conditions beyond our control. Increases in the production capacity of industry participants for products such as gypsum wallboard, frac sand, or cement or increases in cement imports tend to create an oversupply of such products leading to an imbalance between supply and demand, which can have a negative impact on product prices. Currently, there continues to be significant excess nameplate capacity in the gypsum wallboard industry in the United States. There can be no assurance that prices for products sold by us will not decline in the future or that such declines will not have a material adverse effect on our business, financial condition, and results of operations.

The proposed separation of our Heavy Materials and Light Materials businesses into two independent, publicly traded corporations is subject to various risks and uncertainties, and may not be completed on the terms or timeline currently contemplated, if at all.

On May 30, 2019, we announced our plan to separate our Heavy Materials and Light Materials businesses into two independent, publicly traded corporations by means of a tax-free spin-off to our shareholders. The separation, which is expected to be completed in the first half of calendar 2020, is subject to final approval of our Board of Directors. In addition, unanticipated developments, including possible delays in obtaining the necessary tax opinion, regulatory approvals or clearances and uncertainty of the financial markets, could delay or prevent the completion of the proposed separation or cause the proposed separation to occur on terms or conditions that are different from those currently expected. As a result, we cannot assure that we will be able to complete the proposed separation on the terms or the timeline that we announced, if at all.

The proposed separation of our Heavy Materials and Light Materials businesses may not achieve some or all of the anticipated benefits.

Executing the proposed separation will require us to incur costs, as well as time and attention from our senior management and key employees, which could distract them from operating our business, disrupt operations, and result in the loss of business opportunities, which could adversely affect our business, financial condition, and results of operations. We may also experience increased difficulties in attracting, retaining and motivating key employees during the pendency of the separation and following its completion, which could harm our businesses.

Even if the proposed separation is completed, we may not realize some or all of the anticipated benefits from the separation and the separation may in fact adversely affect our business. As independent, publicly traded companies, both companies will be smaller, less diversified companies with a narrower business focus and may be more vulnerable to changing market conditions and competitive pressures, which could materially and adversely affect their respective businesses, financial condition and results of operations. There can be no assurance that the combined value of the common stock of the two publicly traded companies following the completion of the proposed separation will be equal to or greater than what the value of our common stock would have been had the proposed separation not occurred.

Our Cement business is capital intensive, resulting in significant fixed and semi-fixed costs. Therefore, our earnings are sensitive to changes in volume.

Due to the high levels of fixed capital required to produce cement, our profitability is susceptible to significant changes in volume. We believe that our current cash balance, along with our projected internal cash flows and our available financing resources will provide sufficient cash to support our currently anticipated operating and capital needs. However, if we are unable to generate sufficient cash to purchase and maintain the property and machinery necessary to operate our cement business, we may be required to reduce or delay planned capital expenditures or incur additional debt. In addition, given the level of fixed and semi-fixed costs within our Cement business and at our cement production facilities, decreases in volume could have an adverse effect on our financial condition, results of operations, and liquidity.

Our Oil and Gas Proppants business and financial performance depends on the level of activity in the oil and natural gas industries.

Our operations that produce frac sand are materially dependent on the levels of activity in oil and natural gas exploration, development, and production. More specifically, the demand for the frac sand we produce is closely related to the number of oil and natural gas wells completed in geological formations where sand-based proppants are used in fracture treatments. These activity levels are affected by both short- and long-term trends in oil and natural gas prices. In recent years, oil and natural gas prices and, therefore, the level of exploration, development, and production activity, have experienced significant fluctuations. Worldwide economic, political and military events, including war, terrorist activity, events in the Middle East, and initiatives by the Organization of the Petroleum Exporting Countries, have contributed, and are likely to continue to contribute, to price volatility. Additionally, warmer than normal winters in North America and other weather patterns may adversely affect the short-term demand for natural gas and, therefore, demand for our products. Reduction in demand for natural gas to generate electricity could also adversely affect the demand for frac sand. A prolonged reduction in oil and natural gas prices would generally depress the level of oil and natural gas exploration, development, production and well completion activity, and would result in a corresponding decline in the demand for the frac sand we produce. In addition, any future decreases in the rate at which oil and natural gas reserves are discovered or developed, whether due to increased governmental regulation, limitations on exploration and drilling activity or other factors, could have material adverse effect on our Oil and Gas Proppants business, even in a stronger oil and natural gas price environment.

Any material nonpayment or nonperformance by any of our key customers could have a material adverse effect on our business and results of operations.

Any material nonpayment or nonperformance by any of our key customers could have a material adverse effect on our revenue and cash flows, in particular with respect to our Oil and Gas Proppants business. Our contracts with our customers provide for different potential remedies to us in the event a customer fails to purchase the minimum contracted amount of product in a given period. If we were to pursue legal remedies in the event that a customer failed to purchase the minimum contracted amount of product under a fixed-volume contract or failed to satisfy the take-or-pay commitment under a take-or-pay contract, we may receive significantly less in a judgment or settlement of any claimed breach than we would have received had the customer fully performed under the contract. In the event of any customer's breach, we may also choose to renegotiate any disputed contract on less favorable terms (including with respect to price and volume) for us to preserve the relationship with that customer.

Volatility and disruption of financial markets could affect access to credit.

Difficult economic conditions can cause a contraction in the availability, and increase the cost, of credit in the marketplace. A number of our customers or suppliers have been and may continue to be adversely affected by unsettled conditions in capital and credit markets, which in some cases have made it more difficult or costly for them to finance their business operations. These unsettled conditions have the potential to reduce the sources of liquidity for the Company and our customers.

Our and our customers' operations are subject to extensive governmental regulation, including environmental laws, which can be costly and burdensome.

Our operations and those of our customers are subject to and affected by federal, state, and local laws and regulations with respect to such matters as land usage, street and highway usage, noise level, and health and safety and environmental matters. In many instances, various certificates, permits, or licenses are required in order for us or our customers to conduct business or carry out construction and related operations. Although we believe that we are in compliance in all material respects with applicable regulatory requirements, there can be no assurance that we will not incur material costs or liabilities in connection with regulatory requirements or that demand for our products will not be adversely affected by regulatory issues affecting our customers. In addition, future developments, such as the discovery of new facts or conditions, the enactment or adoption of new or stricter laws or regulations, or stricter interpretations of existing laws or regulations, may impose new liabilities on us, require additional investment by us, or prevent us from opening, expanding, or modifying plants or facilities, any of which could have a material adverse effect on our financial condition or results of operations.

For example, greenhouse gases (GHGs) currently are regulated as pollutants under the federal Clean Air Act and subject to reporting and permitting requirements. Future consequences of GHG permitting requirements and potential emission reduction measures for our operations may be significant because (1) the cement manufacturing process requires the combustion of large amounts of fuel; (2) in our cement manufacturing process, the production of carbon dioxide is a byproduct of the calcination process, whereby carbon dioxide is removed from calcium carbonate to produce calcium oxide; and (3) our gypsum wallboard manufacturing process combusts a significant amount of fossil fuel, especially natural gas. In addition, the EPA has proposed to regulate GHG emissions from existing fossil fuel-fired power plants as a result of the EPA's promulgation of new source performance standards for the same sources. In the future, the EPA is expected to propose new source performance standards for GHG emissions from cement manufacturing, which similarly will trigger a requirement for the EPA to promulgate regulations relating to GHG emissions from existing cement manufacturing facilities. The timing of such regulation is uncertain.

The EPA finalized National Emissions Standards for Hazardous Air Pollutants, or NESHAP, for portland cement plants (PC NESHAP). The PC NESHAP required a significant reduction in emissions of certain hazardous air pollutants from portland cement kilns, including mercury, total hydrocarbons, particulate matter (as a surrogate for metal pollutants), and acid gases from cement kilns of all sizes. The Clean Air Act requires the EPA to review and revise these standards within eight years based on any residual risk posed by emissions from cement plants, as well as periodically review and revise these standards to account for developments in practices, process or control technologies. EPA determined on July 25, 2018, that no revisions to the PC NESHAP are necessary to address residual risk or technological developments. This determination has been challenged by environmental groups in *Downwinders at Risk v. EPA*, No. 18-1260 (D.C. Cir.). The litigation in the D.C. Circuit is being held in abeyance while EPA considers the environmental groups' administrative petition for reconsideration of the determination. In the future, the EPA may propose to further strengthen the emission limitations applicable under the PC NESHAP to reflect future technological developments. It is not possible at this time to predict whether or when such a rule making may be undertaken or whether it would have a material effect on the Company's operations.

On March 21, 2011, the EPA issued a final rule revising the Standards of Performance for New Sources and Emissions Guidelines for Existing Sources for Commercial/Industrial Solid Waste Incinerators (the CISWI Rule) per Section 129 of the Clean Air Act, which created emission standards for four subcategories of industrial facilities, one of which is "Waste Burning Kilns." The EPA simultaneously stayed the CISWI Rule for further reconsideration. On February 7, 2013, the EPA finalized revisions to the CISWI Rule. For those cement kilns that utilize non-hazardous secondary materials (NHSM) as defined in the rule first finalized on March 21, 2011 (and slightly revised on February 7, 2013), the CISWI Rule requires significant reductions in emissions of certain pollutants from applicable cement kilns. The CISWI Rule sets forth emission standards for mercury, carbon monoxide, acid gases, nitrogen oxides, sulfur dioxide, certain metals (lead and cadmium), particulate matter, and more stringent standards than the PC NESHAP for dioxin/furans. The CISWI Rule required existing CISWI units (i.e., those that began construction before June 4, 2010) to be in compliance with emission limits in their state-submitted plans by the earlier of February 7, 2018 or three years after the effective date of state plan approval by the EPA. The Rule requires new CISWI units (i.e., those that began construction on or after June 4, 2010, or commenced reconstruction or modification after August 7, 2013) to be in compliance with the emission standards for new sources by the later of August 7, 2013, or the date of startup of the source. On January 11, 2017, the EPA published a proposed federal plan that would implement the emission limits for existing CISWI units in states that have not submitted and received approval for a state plan; however, the Agency has yet to finalize the proposed federal plan. On June 23, 2016, the EPA published a final rule reconsidering four provisions of the February 7, 2013 CISWI Rule, including relaxing the particulate matter standard for solid waste-burning kilns and eliminating the affirmative defense to penalties for non-compliance during well-documented malfunction events.

On April 17, 2015, the EPA published its final rule addressing the storage, reuse, and disposal of coal combustion products, which include fly ash and flue gas desulfurization gypsum (synthetic gypsum). We use synthetic gypsum in wallboard manufactured at our Georgetown, South Carolina plant. The rule, which applies only to electric utilities and independent power producers, establishes standards for the management of coal combustion residuals (CCRs) under Subtitle D of the Resource Conservation and Recovery Act (RCRA), which is the Subtitle that regulates non-hazardous wastes. The rule imposes requirements addressing CCR surface impoundments and landfills, including location restrictions, design and operating specifications, groundwater monitoring requirements, corrective action requirements, recordkeeping and reporting obligations, and closure requirements. Beneficial encapsulated uses of CCRs, including synthetic gypsum, are exempt from regulation. The rule became effective on October 19, 2015, with many of the requirements phased in months or years after the effective date. Given the EPA's decision to continue to allow CCR to be used in synthetic gypsum and to regulate CCR under the non-hazardous waste sections of RCRA, we do not expect the rule to materially affect our business, financial condition, and results of operations. Similarly, material effects for our business, financial condition and results of operations are unlikely to result from administrative reconsideration by the EPA of certain aspects of the final CCR rule, because none of these pending actions currently seek to overturn the management of CCR as non-hazardous waste or the regulatory exemption for beneficial encapsulated use of CCR.

On October 1, 2015, the EPA lowered the primary (health-based) and secondary (welfare-based) ozone standards from the prior 8-hour standard of 75 parts per billion (ppb) to 70 ppb. An “area” (typically on the county level) will meet the ozone standards if the fourth-highest maximum daily 8-hour ozone concentration per year, averaged over three years, is equal to or less than 70 ppb. The EPA completed its area designations for all areas in the United States in July 2018. Areas with ozone levels above the standards were designated as “nonattainment” (with classifications ranging from marginal to extreme nonattainment), areas with ozone levels at or below the standards were designated as “attainment/unclassifiable,” and areas with insufficient data for EPA to make an attainment determination were designated as “unclassifiable.” In states with major emitting sources located in or near nonattainment areas, states are required to impose new and costly regulatory requirements. For areas that were determined to be in nonattainment, states are required to develop plans to bring the areas into attainment by as early as 2020 (depending on when the nonattainment designation was made and what the nonattainment classification is, e.g., marginal, moderate, severe, or extreme). Out of the 16 states where we have operations, 10 states contain at least one area that was designated as being in nonattainment for the 2015 ozone NAAQS (California, Colorado, Illinois, Missouri, Nevada, New Mexico, Ohio, Texas, Utah, and Wisconsin). We may be required to meet new control requirements requiring significant capital expenditures for compliance.

Our cement plant located in Fernley, Nevada is subject to certain obligations under a consent decree with the United States requiring the establishment of facility-specific emissions limitations for certain air pollutants. Limitations that significantly restrict emissions levels beyond current operating levels may require additional investments by us or place limitations on operations, any of which could have a material adverse effect on our financial condition or results of operations.

Our cement plant in Tulsa, Oklahoma is subject to a NESHAP for hazardous waste combustors (the HWC NESHAP), which imposes emission limitations and operating limits on cement kilns that are fueled by hazardous wastes. Compliance with the HWC NESHAP could impose additional liabilities on us or require additional investment by us, which could have a material adverse effect on our financial condition or results of operations. In addition, new developments, such as new laws or regulations, may impose new liabilities on us, require additional investment by us, or prevent us from operating or expanding plants or facilities, any of which could have a material adverse effect on our financial condition or results of operations. For example, while the HWC NESHAP has not been updated since 2008, 73 Fed. Reg. 64068 (Oct. 28, 2008), future revisions to the HWC NESHAP regulations would apply to both of the cement kilns used at the cement plant in Tulsa, Oklahoma. Such revision could require new control requirements and significant capital expenditure for compliance.

Climate change and climate change legislation or regulations may adversely affect our business.

A number of governmental bodies have finalized, proposed, or are contemplating legislative and regulatory changes in response to the potential effects of climate change. Such legislation or regulation has and potentially could include provisions for a “cap and trade” system of allowances and credits or a carbon tax, among other provisions. Any future laws or regulations addressing GHG emissions would likely have a negative impact on our business or results of operations, whether through the imposition of raw material or production limitations, fuel-use, or carbon taxes emission limitations or reductions, or otherwise.

Other potential effects of climate change include physical effects such as disruption in production and product distribution as a result of major storm events and shifts in regional weather patterns and intensities. Production and shipment levels for our businesses correlate with general construction activity, most of which occurs outdoors and, as a result, is affected by erratic weather patterns, seasonal changes, and other unusual or unexpected weather-related conditions, which can significantly affect our businesses. There is also a potential for climate change legislation and regulation to adversely affect the cost of purchased energy and electricity.

The effects of climate change on our operations are highly uncertain and difficult to estimate. However, because a chemical reaction inherent to the manufacture of portland cement releases carbon dioxide, a GHG, cement kiln operations may be disproportionately affected by future regulation of GHGs. Climate change and legislation and regulation concerning GHGs could have a material adverse effect on our financial condition, results of operations, and liquidity.

Silica-related legislation, health issues and litigation could have a material adverse effect on our business, reputation or results of operations.

The inhalation of respirable crystalline silica is associated with the lung disease silicosis. There is evidence of an association between crystalline silica exposure or silicosis and lung cancer and a possible association with other diseases, including immune system disorders such as scleroderma. These health risks have been, and may continue to be, a significant issue confronting the frac sand industry and related transloading operations. Concerns over silicosis and other potential adverse health effects, as well as concerns regarding potential liability from the use or handling of frac sand, may have the effect of discouraging our customers' use of our frac sand. The actual or perceived health risks of mining, processing, and handling frac sand could materially and adversely affect frac sand producers and those who transload frac sand, including us, through reduced use of frac sand, the threat of product liability or employee lawsuits, increased scrutiny by federal, state and local regulatory authorities of us and our customers. We are currently subject to laws and regulations relating to human exposure to crystalline silica. Several federal and state regulatory authorities, including MSHA and OSHA, may continue to propose and implement changes in their regulations regarding workplace exposure to crystalline silica, such as permissible exposure limits and required controls and personal protective equipment. We may not be able to comply with any new laws and regulations that are adopted and required modifications or cessation of operations at our affected operations could have a material adverse effect on those businesses.

We may incur significant costs in connection with pending and future litigation.

We are, or may become, party to various lawsuits, claims, investigations, and proceedings, including but not limited to personal injury, environmental, antitrust, tax, asbestos, property entitlements and land use, intellectual property, commercial, contract, product liability, health and safety, and employment matters. The outcome of pending or future lawsuits, claims, investigations, or proceedings is often difficult to predict and could be adverse and material in amount. Development in these proceedings can lead to changes in management's estimates of liabilities associated with these proceedings including the judge's rulings or judgments, settlements, or changes in applicable law. A future adverse ruling, settlement, or unfavorable development could result in charges that could have a material adverse effect on our results of operations and cash flows in a particular period. In addition, the defense of these lawsuits, claims, investigations, and proceedings may divert our management's attention, and we may incur significant costs in defending these matters. See Part II Item 1. Legal Proceedings of this report.

Our results of operations are subject to significant changes in the cost and availability of fuel, energy and other raw materials.

Major cost components in each of our businesses are the costs of fuel, energy, and raw materials. Significant increases in the costs of fuel, energy, or raw materials, or substantial decreases in their availability could materially and adversely affect our sales and operating profits. Prices for fuel, energy, or raw materials used in connection with our businesses could change significantly in a short period of time for reasons outside our control. Prices for fuel and electrical power, which are significant components of the costs associated with our Gypsum Wallboard and Cement businesses, have fluctuated significantly in recent years and may increase in the future. In the event of large or rapid increases in prices, we may not be able to pass the increases through to our customers in full, which would reduce our operating margin.

Changes in the cost or availability of raw materials supplied by third parties may adversely affect our operating and financial performance.

We generally maintain our own reserves of limestone, gypsum, aggregates, and other materials that we use to manufacture our products. However, we obtain certain raw materials used to manufacture our products, such as synthetic gypsum and slag granules, from third parties who produce such materials as by-products of industrial processes. While we try to secure our needed supply of such materials through long-term contracts, those contracts may not be sufficient to meet our needs, or we may be unable to renew or replace existing contracts when they expire or are terminated in the future. Should our existing suppliers cease operations or reduce or eliminate production of these by-products, our costs to procure these materials may increase significantly, or we may be obliged to procure alternatives to replace these materials, which may not be available on commercially reasonable terms or at all. Any such development may adversely affect our operations and financial condition.

We may become subject to significant cleanup, remediation, and other liabilities under applicable environmental laws.

Our operations are subject to state, federal, and local environmental laws and regulations, which impose liability for cleanup or remediation of environmental pollution and hazardous waste arising from past acts. These laws and regulations also require pollution control and prevention, site restoration and operating permits, and/or approvals to conduct certain of our operations or expand or modify our facilities. Certain of our operations may from time to time involve the use of substances that are classified as toxic or hazardous substances within the meaning of these laws and regulations. We are unable to estimate accurately the impact on our business or results of operations of any such law or regulation at this time. Risk of environmental liability (including the incurrence of fines, penalties, other sanctions, or litigation liability) is inherent in the operation of our businesses. As a result, it is possible that environmental liabilities and compliance with environmental regulations could have a material adverse effect on our operations in the future.

Significant changes in the cost and availability of transportation could adversely affect our business, financial condition, and results of operations.

Some of the raw materials used in our manufacturing processes, such as coal or coke, are transported to our facilities by truck or rail. In addition, transportation logistics play an important part in allowing us to supply products to our customers, whether by truck, rail, or barge. For example, we deliver gypsum wallboard to many areas of the United States, and the transportation costs associated with the delivery of our wallboard products represent a significant portion of the variable cost of our Gypsum Wallboard segment. Significant increases in the cost of fuel or energy can result in material increases in the cost of transportation, which could materially and adversely affect our operating profits. In addition, reductions in the availability of certain modes of transportation, such as rail or trucking, could limit our ability to deliver product and therefore materially and adversely affect our operating profits.

Our debt agreements contain restrictive covenants and require us to meet certain financial ratios and tests, which limit our flexibility and could give rise to a default if we are unable to remain in compliance.

Our Credit Facility, Senior Unsecured Notes, and Series 2007A Senior Unsecured Notes contain, among other things, covenants that limit our ability to finance future operations or capital needs or to engage in other business activities, including but not limited to our ability to:

- incur additional indebtedness;
- sell assets or make other fundamental changes;
- engage in mergers and acquisitions;
- pay dividends and make other restricted payments;
- make investments, loans, advances or guarantees;
- encumber our assets or those of our restricted subsidiaries;
- enter into transactions with our affiliates.

In addition, these agreements require us to meet and maintain certain financial ratios and tests, which may require that we take action to reduce our debt or to act in a manner contrary to our business objectives. Events beyond our control, including the changes in general business and economic conditions, may impair our ability to comply with these covenants or meet those financial ratios and tests. A breach of any of these covenants or failure to maintain the required ratios and meet the required tests may result in an event of default under these agreements. This may allow the lenders under these agreements to declare all amounts outstanding to be immediately due and payable, terminate any commitments to extend further credit to us, and pursue other remedies available to them under the applicable agreements. If this occurs, our indebtedness may be accelerated, and we may not be able to refinance the accelerated indebtedness on favorable terms, or at all, or repay the accelerated indebtedness. In general, the occurrence of any event of default under these agreements could have a material adverse effect on our financial condition or results of operations.

We have incurred substantial indebtedness, which could adversely affect our business, limit our ability to plan for or respond to changes in our business, and reduce our profitability.

Our future ability to satisfy our debt obligations is subject, to some extent, to financial, market, competitive, legislative, regulatory, and other factors that are beyond our control. Our substantial debt obligations could have negative consequences to our business, and, in particular, could impede, restrict, or delay the implementation of our business strategy or prevent us from entering into transactions that would otherwise benefit our business. For example:

- we may be required to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness, thereby reducing the availability of our cash flow for other purposes, including business development efforts, capital expenditures, or strategic acquisitions;
- we may not be able to generate sufficient cash flow to meet our substantial debt service obligations or to fund our other liquidity needs. If this occurs, we may have to take actions such as selling assets, selling equity, or reducing or delaying capital expenditures, strategic acquisitions, investments and joint ventures, or restructuring our debt;
- as a result of the amount of our outstanding indebtedness and the restrictive covenants to which we are subject, if we determine that we require additional financing to fund future working capital, capital investments, or other business activities, we may not be able to obtain such financing on commercially reasonable terms, or at all; and
- our flexibility in planning for, or reacting to, changes in our business and industry may be limited, thereby placing us at a competitive disadvantage compared with our competitors that have less indebtedness.

Our production facilities may experience unexpected equipment failures, catastrophic events, and scheduled maintenance.

Interruptions in our production capabilities may cause our productivity and results of operations to decline significantly during the affected period. Our manufacturing processes are dependent upon critical pieces of equipment. Such equipment may, on occasion, be out of service as a result of unanticipated events such as fires, explosions, violent weather conditions, or unexpected operational difficulties. We also have periodically scheduled shut-downs to perform maintenance on our facilities. Any significant interruption in production capability may require us to make significant capital expenditures to remedy problems or damage as well as cause us to lose revenue and profits due to lost production time, which could have a material adverse effect on our results of operations and financial condition.

Increases in interest rates and inflation could adversely affect our business and demand for our products, which would have a negative effect on our results of operations.

Our business is significantly affected by the movement of interest rates. Interest rates have a direct impact on the level of residential, commercial, and infrastructure construction activity by impacting the cost of borrowed funds to builders. Higher interest rates could result in decreased demand for our products, which would have a material adverse effect on our business and results of operations. In addition, increases in interest rates could result in higher interest expense related to borrowings under our Credit Facility. Inflation can result in higher interest rates. With inflation, the costs of capital increase, and the purchasing power of our cash resources can decline. Current or future efforts by the government to stimulate the economy may increase the risk of significant inflation, which could have a direct and indirect adverse impact on our business and results of operations.

Any new business opportunities we may elect to pursue will be subject to the risks typically associated with the early stages of business development or product line expansion.

We are continuing to pursue opportunities which are natural extensions of our existing core businesses and which allow us to leverage our core competencies, existing infrastructure, and customer relationships. See "Management's Discussion and Analysis of Financial Conditions and Results of Operations – Executive Summary." Our likelihood of success in pursuing and realizing these opportunities must be considered in light of the expenses, difficulties, and delays frequently encountered in connection with the early phases of business development or product line expansion, including the difficulties involved in obtaining permits; planning and constructing new facilities; transporting and storing products; establishing, maintaining, or expanding customer relationships; as well as navigating the regulatory environment in which we operate. There can be no assurance that we will be successful in the pursuit and realization of these opportunities.

We may be adversely affected by decreases or shifts in demand for frac sand or the development of either effective alternative proppants or new processes to replace hydraulic fracturing.

Frac sand is a proppant used in the completion and re-completion of oil and natural gas wells through hydraulic fracturing. Frac sand is the most commonly used proppant and is less expensive than ceramic proppant, which is also used in hydraulic fracturing to stimulate and maintain oil and natural gas production. A significant shift in demand from frac sand to other proppants, such as ceramic proppants, or a shift in demand from higher-margin frac sand to lower-margin frac sand, could have a material adverse effect on our Oil and Gas Proppants business. The development and use of new technology for effective alternative proppants, or new technologies allowing for improved placement of proppants at reduced volumes, or the development of new processes to replace hydraulic fracturing altogether could also cause a decline in demand for the frac sand we produce and could have a material adverse effect on our Oil and Gas Proppants business. Similarly, the continued presence of lower cost in-basin frac sand in the Permian and Eagle Ford basins, could continue to adversely affect our Oil and Gas Proppants business.

Our operations are dependent on our rights and ability to mine our properties and on our having renewed or received the required permits and approvals from governmental authorities and other third parties.

We hold numerous governmental, environmental, mining, and other permits, water rights, and approvals authorizing operations at many of our facilities. A decision by a governmental agency or other third parties to deny or delay issuing a new or renewed permit or approval, or to revoke or substantially modify an existing permit or approval, could have a material adverse effect on our ability to continue operations at the affected facility. Expansion of our existing operations is also predicated on securing the necessary environmental or other permits, water rights, or approvals, which we may not receive in a timely manner or at all.

Title to, and the area of, mineral properties and water rights may also be disputed. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that we do not have title to one or more of our properties or lack appropriate water rights could cause us to lose any rights to explore, develop, and extract any minerals on that property, without compensation for our prior expenditures relating to such property. Our business may suffer a material adverse effect in the event one or more of our properties are determined to have title deficiencies.

In some instances, we have received access rights or easements from third parties, which allow for a more efficient operation than would exist without the access or easement. A third party could take action to suspend the access or easement, and any such action could be materially adverse to our results of operations or financial conditions.

A cyber-attack or data security breach affecting our information technology systems may negatively affect our businesses, financial condition, and operating results.

We use information technology systems to collect, store, and transmit the data needed to operate our businesses, including our confidential and proprietary information. Although we have implemented industry-standard security safeguards and policies to prevent unauthorized access or disclosure of such information, we cannot prevent all cyber-attacks or data security breaches. If such an attack or breach occurs, our businesses could be negatively affected, and we could incur additional costs in remediating the attack or breach and suffer reputational harm due to the theft or disclosure of our confidential information.

We may pursue acquisitions, joint ventures and other transactions that are intended to complement or expand our businesses. We may not be able to complete proposed transactions, and even if completed, the transactions may involve a number of risks that may result in a material adverse effect on our business, financial condition, operating results, and cash flows.

As business conditions warrant and our financial resources permit, we may pursue opportunities to acquire businesses or technologies and to form joint ventures that we believe could complement, enhance, or expand our current businesses or product lines or that might otherwise offer us growth opportunities. We may have difficulty identifying appropriate opportunities, or if we do identify opportunities, we may not be successful in completing transactions for a number of reasons. Any transactions that we are able to identify and complete may involve one or more of a number of risks, including:

- the diversion of management’s attention from our existing businesses to integrate the operations and personnel of the acquired business or joint venture;
- possible adverse effects on our operating results during the integration process;
- failure of the acquired business or joint venture to achieve expected operational, profitability, and investment return objectives;
- the incurrence of significant charges, such as impairment of goodwill or intangible assets, asset devaluation, or restructuring charges;
- the assumption of unanticipated liabilities and costs for which indemnification is unavailable or inadequate;
- unforeseen difficulties encountered in operating in new geographic areas; and
- the inability to achieve other intended objectives of the transaction.

In addition, we may not be able to successfully or profitably integrate, operate, maintain, and manage our newly acquired operations or their employees. We may not be able to maintain uniform standards, controls, procedures, and policies, which may lead to operational inefficiencies. In addition, future acquisitions may result in dilutive issuances of equity securities or the incurrence of additional indebtedness.

Our bylaws include a forum selection clause, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any internal corporate claims within the meaning of the Delaware General Corporation Law (DGCL), (ii) any derivative action or proceeding brought on our behalf, (iii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or employees to us or to our stockholders, or (iv) any action asserting a claim arising pursuant to any provision of the DGCL, will be a state or federal court located within the State of Delaware in all cases subject to the court’s having personal jurisdiction over the indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the foregoing provisions. This forum selection provision in our bylaws may limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us. It is also possible that, notwithstanding the forum selection clause included in our bylaws, a court could rule that such a provision is inapplicable or unenforceable.

This report includes various forward-looking statements, which are not facts or guarantees of future performance and which are subject to significant risks and uncertainties.

This report and other materials we have filed or will file with the SEC, as well as information included in oral statements or other written statements made or to be made by us contain or may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate to matters of a strictly factual or historical nature and generally discuss or relate to forecasts, estimates, or other expectations regarding future events. Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “may,” “can,” “could,” “might,” “will,” and similar expressions identify forward-looking statements, including statements related to expected operating and performing results, planned transactions, plans, and objectives of management, future developments, or conditions in the industries in which we participate, including future prices for our products, audits, and legal proceedings to which we are a party, and other trends, developments, and uncertainties that may affect our business in the future.

Forward-looking statements are not historical facts or guarantees of future performance but instead represent only our beliefs at the time the statements were made regarding future events, which are subject to significant risks, uncertainties, and other factors, many of which are outside of our control. Any or all of the forward-looking statements made by us may turn out to be materially inaccurate. This can occur as a result of incorrect assumptions, changes in facts and circumstances, or the effects of known risks and uncertainties. Many of the risks and uncertainties mentioned in this report or other reports filed by us with the SEC, including those discussed in the risk factor section of this report, will be important in determining whether these forward-looking statements prove to be accurate. Consequently, neither our stockholders nor any other person should place undue reliance on our forward-looking statements and should recognize that actual results may differ materially from those that may be anticipated by us.

All forward-looking statements made in this report are made as of the date hereof, and the risk that actual results will differ materially from expectations expressed in this report will increase with the passage of time. We undertake no obligation, and disclaim any duty, to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changes in our expectations, or otherwise.

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 2019 (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission (the Commission) on May 17, 2019 and incorporated herein by reference). (1)
10.2	Eagle Materials Inc. Special Situation Program for Fiscal Year 2020 (filed as Exhibit 10.2 to the Current Report on Form 8-K filed with the Commission on May 17, 2019 and incorporated herein by reference. (1)
10.3	Change in Control Continuity Agreement, dated as of June 20, 2019, by and between Eagle Materials Inc. and Michael R. Haack (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the Commission on June 25, 2019, and incorporated herein by reference). (1)
10.4	Change in Control Continuity Agreement, dated as of June 20, 2019, by and between Eagle Materials Inc. and D. Craig Kesler (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the Commission on June 25, 2019, and incorporated herein by reference). (1)
10.5	Change in Control Continuity Agreement, dated as of June 20, 2019, by and between Eagle Materials Inc. and Robert S. Stewart (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the Commission on June 25, 2019, and incorporated herein by reference). (1)
10.6	Change in Control Continuity Agreement, dated as of June 20, 2019, by and between Eagle Materials Inc. and James H. Graass (filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the Commission on June 25, 2019, and incorporated herein by reference). (1)
10.7	Advisory Agreement, dated as of June 20, 2019, by and between Eagle Materials Inc. and David B. Powers (filed as Exhibit 10.5 to the Current Report on Form 8-K filed with the Commission on June 25, 2019, and incorporated herein by reference). (1)
10.8*	Form of Management Non-Qualified Option Agreement (Performance). (1)
10.9*	Form of Management Non-Qualified Option Agreement (Time Vest). (1)
10.10*	Form of Management Restricted Stock Agreement (Performance). (1)
10.11*	Form of Management Restricted Stock Agreement (Time Vest). (1)
10.12*	Eagle Materials Inc. Employee Severance Plan and Summary Plan Description. (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*	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*	XBRL Taxonomy Extension Schema Document.

101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* 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.

	EAGLE MATERIALS INC. Registrant
July 31, 2019	/s/ MICHAEL R. HAACK Michael R. Haack President and Chief Executive Officer (principal executive officer)
July 31, 2019	/s/ D. CRAIG KESLER D. Craig Kesler Executive Vice President – Finance and Administration and Chief Financial Officer (principal financial officer)
July 31, 2019	/s/ WILLIAM R. DEVLIN William R. Devlin Senior Vice President – Controller and Chief Accounting Officer (principal accounting officer)

EXHIBIT 10.8

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 16, 2019 (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 $91.58 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, 2019 and ending on March 31, 2020.

***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, 2020 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, 2020" 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.

(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.

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: , 2019

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: , 2019

Signed: ______________________

NAME

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

<u>EXHIBIT A</u>

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.

EXHIBIT 10.9

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 16, 2019 (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 $91.58 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"):

Vesting Date	**Option Shares**
March 31, 2020	
March 31, 2021	
March 31, 2022	
March 31, 2023	
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.

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. ***<u>Notices</u>***.

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. ***<u>Assignment of Option</u>***.

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.

Date:	____________________	By:	____________________
		Name:	Michael Haack
		Title:	President and CEO

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:

Date: ____________________

____

[Address]

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 16, 2019 (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, 2019 and ending on March 31, 2020.

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, 2020 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, 2020" 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.

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: , 2019	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: , 2019	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.

EXHIBIT 10.11

<u>EAGLE MATERIALS INC</u>.

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 16, 2019 (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"):

Vesting Date	**Shares**
March 31, 2020	
March 31, 2021	
March 31, 2022	
March 31, 2023	
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: , 2019	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: , 2019	Signed:	________________________
	Name:	
	Address:	Eagle Materials Inc. 5960 Berkshire Ln., Suite 900 Dallas, Texas 75225

<u>EXHIBIT A</u>

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.

EXHIBIT 10.12

EAGLE MATERIALS INC.

Employee Severance Plan and Summary Plan Description

1. Purpose. The purpose of this Eagle Materials Inc. Employee Severance Plan (this "Plan") is to provide severance protection to designated employees of the Company in the event of a termination of their employment in certain specified circumstances. This Plan is an "employee benefit plan," as defined in Section 3(3) of ERISA. This Plan is governed by ERISA and, to the extent applicable, the laws of the State of Texas. This document constitutes both the written instrument under which this Plan is maintained and the required summary plan description for this Plan.

2. Definitions. The following definitions are applicable for purposes of this Plan, in addition to the terms defined in Section 1 above:

(a) "Accrued Obligations" means, for an Eligible Employee, the Eligible Employee's (i) base salary otherwise payable through the Date of Termination; (ii) any annual, short-term cash bonus earned by the Eligible Employee for the most recently completed fiscal year but not paid to the Eligible Employee as of the Date of Termination; (iii) unreimbursed business expenses reimbursable under Company policies then in effect; and (iv) earned and accrued vacation pay, if applicable, to the extent not theretofore paid.

(b) "Administrator" means the Company, whether or not acting through the Committee or another duly constituted committee of members of the Board, or any officer of the Company to whom the Administrator has delegated any authority or responsibility with respect to this Plan; provided that with respect to each Eligible Employee who is an executive officer of the Company, the Administrator shall be the Compensation Committee of the Board.

(c) "Affiliate" means any entity controlled by, controlling or under common control with the Company.

(d) "Board" means the Board of Directors of the Company.

(e) "Cause" means an Eligible Employee's (i) commission of, or plea of guilty or nolo contendere to, a felony under federal law or the law of the state in which such action occurred; (ii) an Eligible Employee's malfeasance or gross neglect in the performance of his or her duties; (iii) an Eligible Employee's failure in the performance of his or her employment duties, including his or her refusal to follow or implement a clear and reasonable directive of an officer of the Company or the manager to whom the Eligible Employee reports; (iv) an Eligible Employee's dishonesty in the course of fulfilling his or her employment duties; or (v) an Eligible Employee's violation of the ethics and compliance program, code of conduct or other material policy of the Company or its Affiliates.

(f) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and all regulations, interpretations, and administrative guidance issued thereunder.

(g) "Committee" means the Compensation Committee of the Board, or its designee.

(h) "Company" means Eagle Materials Inc., a Delaware corporation and any successor that assumes the obligations of the Company under this Plan, by way of merger, acquisition, consolidation or other transaction.

(i) "Date of Termination" means, for an Eligible Employee, the Eligible Employee's "separation from service" as defined in Treasury Regulations § 1.409A-1(h).

(j) "Eligible Employee" means an employee of the Company or its Subsidiaries who is (i) primarily employed in the United States; (ii) a permanent full-time salaried employee of the Company, and not a temporary, part-time or hourly employee or an independent contractor; (iii) not a party to an individual agreement with the Company or any of its Subsidiaries that provides severance, separation, termination or similar benefits to the Eligible Employee with respect to a termination of employment prior to a change in control of the Company; and (iv) not an "executive officer" (within the meaning Rule 3b-7 promulgated under the Securities Exchange Act of 1934) of the Company unless specifically designated by the Compensation Committee of the Board.

(k) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(l) "Qualifying Termination" means a termination of an Eligible Employee's employment with the Company or any of its Subsidiaries that is initiated by the Company without Cause. Termination due to death or disability shall not be treated as a Qualifying Termination.

(m) "Release" has the meaning specified in Section 6.

(n) "Severance Factor" means the quotient of (i) the Eligible Employee's annual base salary (as reflected in the Company's records) as of the Date of Termination, *divided by* (ii) $15,000, rounded up to the next whole number.

(o) "Severance Payment" has the meaning specified in Section 6.

(p) "Subsidiary" means any corporation, partnership, joint venture, limited liability company or other entity during any period more than a 50% voting or profits interest is owned, directly or indirectly, by the Company or any successor to the Company.

(q) "Week of Pay" means the quotient of (i) the Eligible Employee's annual base salary (as reflected in the Company's records) as of the Date of Termination, *divided by* (ii) fifty-two (52).

(r) "Years of Service" means the total number of full and partial years from the Eligible Employee's adjusted date of hire (as reflected in the Company's records for purposes of benefits generally) to the Eligible Employee's Date of Termination, rounded up to the next higher whole number.

3. Eligibility. An Eligible Employee shall be eligible for the Severance Payment, subject to the terms and conditions described herein, only if he or she experiences a Qualifying Termination and is an Eligible Employee on his or her Date of Termination.

4. Administration. This Plan shall be interpreted, administered and operated by the Administrator, which shall have complete authority, subject to the express provisions of this Plan, to interpret this Plan, to prescribe, amend, and rescind rules and regulations relating to this Plan, and to make all other determinations necessary or advisable for the administration of this Plan. Such authority shall include the powers to resolve ambiguities, inconsistencies, and omissions, and to correct any scrivener's error. The Administrator may delegate any of its duties hereunder to a subcommittee, or to such other person or persons from time to time as it may designate. All decisions, interpretations and other actions of the Administrator shall be final, conclusive, and binding on all parties who have an interest in this Plan.

5. Termination of Employment for any Reason. Subject to the terms and conditions hereof, in the event of an Eligible Employee's Qualifying Termination:

(a) The Company shall pay the Eligible Employee the Accrued Obligations, payable on the dates such amounts would have been payable under the Company's policies if the Eligible Employee's employment had not terminated.

(b) The Eligible Employee's benefits and rights under the Company's benefit plans shall be determined in accordance with the applicable provisions of such plans, in each case as in effect and amended from time to time.

6. Qualifying Termination. In addition to the payments and benefits set forth in Section 5, if an Eligible Employee's termination of employment with the Company is a Qualifying Termination, the Eligible Employee shall also be entitled to receive a cash severance payment determined in accordance with Appendix A (as applicable) (the "Severance Payment"), which shall be payable in a lump sum as soon as reasonably practicable, and in no event later than sixty (60) days, following the Date of Termination, subject to the Eligible Employee's execution and nonrevocation of the release of claims in the form customarily used by the Company (the "Release") within the time period specified therein; provided, however, to the extent the Eligible Employee's right to receive the Severance Payment replaces the Eligible Employee's right to receive other cash severance that constitutes non-exempt deferred compensation for purposes of Section 409A of the Code under another plan, arrangement or agreement of the Company, the Severance Payment shall be paid on the payment date(s) applicable to such other cash severance to the extent necessary to avoid the imposition of an additional tax under Section 409A of the Code. If a Subsidiary or an Affiliate ceases to be a Subsidiary or Affiliate for any reason (including as a result of a public offering, or a spinoff or sale by the Company, of the stock of the Subsidiary or Affiliate) or a sale of a division of the Company and its Affiliates, an Eligible Employee shall not be considered to have experienced a Qualifying Termination, unless otherwise determined by the Administrator, in its sole discretion.

7. Other Provisions Applicable to the Severance Payment.

(a) Deferrals Included in Salary. All references in this Plan to annual base salary mean such amount before reduction pursuant to any plan or other arrangement for deferral of compensation.

(b) Transfers of Employment. Anything in this Plan to the contrary notwithstanding, a transfer of employment from the Company to an Affiliate or vice versa shall not be considered a termination of employment for purposes of this Plan.

8. Non-Duplication of Payments or Benefits. If an Eligible Employee has a right to payments or benefits that duplicate the Severance Payment, including any notice pay required to be paid under Worker Adjustment and Retraining Notification Act of 1988 (or any successor or similar law), the Severance Payment shall be reduced, dollar for dollar, by the amount of the duplicate payment(s) and benefit(s).

9. Special Rules for Compliance with Section 409A of the Code. This Section 9 serves to ensure compliance with applicable requirements of Section 409A of the Code. If the terms of this Section 9 conflict with other terms of this Plan, the terms of this Section 9 shall control.

(a) General Compliance. All payments that may be made and benefits that may be provided pursuant to this Plan are intended to comply with or be exempt from the requirements of Section 409A of the Code and this Plan shall be interpreted accordingly. In addition to the foregoing provisions, the terms of this Plan, including any authority of the Company and rights of the Eligible Employee that constitute a deferral of compensation subject to Section 409A of the Code, shall be limited to those terms permitted under Section 409A of the Code without resulting in a tax penalty to Eligible Employee, and any terms not so permitted under Section 409A of the Code shall be modified and limited to the extent necessary to avoid tax under Section 409A of the Code but only to the extent that such modification or limitation is permitted under Section 409A of the Code. The Company and its employees and agents make no representation and are providing no advice regarding the taxation of the payments and benefits under this Plan, including with respect to taxes, interest, and penalties under Section 409A of the Code and similar liabilities under state and local tax laws. No indemnification or gross-up is payable under this Plan with respect to any such tax, interest, or penalty under Section 409A of the Code or similar liability under state or local tax laws applicable to any Eligible Employee.

(b) Six (6)-Month Delay Rule. If an Eligible Employee is a "specified employee" (as determined by the Administrator or its designee in accordance with Treasury Regulations § 1.409A-1(i)) as of his or her Date of Termination, then the Severance Payment shall be subject to the six (6)-month delay rule of Section 409A of the Code(a)(2)(B)(i) to the extent required by Section 409A of the Code (determined after taking into account the "short-term deferral" rule in Treasury Regulations § 1.409A-1(b)(4), the "two-year, two-time" rule described in Treasury Regulations § 1.409A-1(b)(9), and any other available exception from such requirements). Each payment that is subject to such six (6)-month delay rule shall be made, without interest, on the later of (i) the Company's first payroll date that is at least six (6) months after the Eligible Employee's Date of Termination (or, if earlier, as soon as practicable after the Eligible Employee's death) or (ii) the date when such payment would otherwise be due under the terms of the Plan. Each installment in a series of payments or benefits shall be deemed a separate payment for purposes of Section 409A of the Code.

10. Claims Procedures.

(a) Initial Claims. An Eligible Employee who believes he or she is entitled to a payment under this Plan that has not been received may submit a written claim for benefits under this Plan within sixty (60) days after the Eligible Employee's Date of Termination. Claims shall be addressed and sent to:

Director of Human Resources
Eagle Materials Inc
5960 Berkshire Lane
Dallas TX 75225

If the Eligible Employee's claim is denied, in whole or in part, the Eligible Employee will be furnished with written notice of the denial within ninety (90) days after the Administrator's receipt of the Eligible Employee's written claim, unless special circumstances require an extension of time for processing the claim, in which case the decision period may be extended by up to an additional ninety (90) days. If such an extension of time is necessary, written notice of the extension will be furnished to the Eligible Employee before the termination of the initial ninety (90)-day period and will describe the circumstances requiring the extension and the date by which a decision is expected to be rendered. Written notice of the denial of the Eligible Employee's claim will contain the following information:

(i) the reason or reasons for the denial of the Eligible Employee's claim;

(ii) references to the Plan provisions on which the denial of the Eligible Employee's claim was based;

(iii) a description of any additional information or material required by the Administrator to reconsider the Eligible Employee's claim (to the extent applicable) and an explanation of why such material or information is necessary; and

(iv) a description of this Plan's review procedures and time limits applicable to such procedures, including a statement of the Eligible Employee's right to bring a civil action under Section 502(a) of ERISA following a benefit claim denial on review.

(b) Appeal of Denied Claims. If the Eligible Employee's claim is denied, the Eligible Employee (or his or her authorized representative) may file a request for review of the claim in writing with the Administrator. This request for review must be filed no later than sixty (60) days after the Eligible Employee has received written notification of the denial.

(i) Such request for review may include any comments, documents, records and other information relating to his or her claim for benefits.

(ii) The Eligible Employee has the right to be provided with, upon request and free of charge, reasonable access to and copies of all pertinent documents, records and other information that is relevant to his or her claim for benefits.

(iii) The review of the denied claim will take into account all comments, documents, records and other information that the Eligible Employee submitted relating to his or her claim, without regard to whether such information was submitted or considered in the initial denial of his or her claim.

(c) Administrator's Response to Appeal. The Administrator will notify the Eligible Employee of its decision within sixty (60) days after the Administrator's receipt of the Eligible Employee's written claim for review; provided that the Administrator may extend the review period by up to sixty (60) additional days, if the Administrator notifies the Eligible Employee in writing of the need for an extension (and the reason therefor) before the end of the initial sixty (60)-day period. If the Administrator makes an adverse decision on appeal, the Administrator shall communicate its decision in a writing that includes:

(i) the reason or reasons for the denial of the Eligible Employee's appeal;

(ii) reference to the Plan provisions on which the denial of the Eligible Employee's appeal is based;

(iii) a statement that the Eligible Employee is entitled to receive, upon request and free of charge, reasonable access to, and copies of, this Plan and all documents, records and other information relevant to his or her claim for benefits; and

(iv) a statement describing the Eligible Employee's right to bring an action under Section 502(a) of ERISA.

(d) Exhaustion of Administrative Remedies. The exhaustion of these claims procedures is mandatory for resolving every claim and dispute arising under this Plan. As to such claims and disputes:

(i) no claimant shall be permitted to commence any arbitration or legal action to recover benefits or to enforce or clarify rights under this Plan or under any provision of law until these claims procedures have been exhausted in their entirety;

(ii) failure to submit a claim, appeal, or any required information by the applicable deadline under these claims procedures shall result in forfeiture of the benefits being claimed;

(iii) in any arbitration or legal action, all explicit and implicit determinations by the Administrator (including, but not limited to, determinations as to whether the claim, or a request for a review of a denied claim, was timely filed) shall be afforded the maximum deference permitted by law; and

(iv) no legal action or arbitration may be commenced by the Eligible Employee later than one hundred eighty (180) days subsequent to the date of the written response of the Administrator to an Eligible Employee's request for review pursuant to Section 11(c).

11. Statement of ERISA Rights.

(a) Eligible Employees are entitled to certain rights and protections under ERISA. ERISA provides that all Eligible Employees shall be entitled to:

(i) Receive Information about This Plan and Benefits Hereunder.

- Examine, without charge, at the Administrator's office and at other specified locations, such as worksites, all documents governing the Plan and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

- Obtain, upon written request to the Administrator, copies of documents governing the operation of the Plan and copies of the latest annual report (Form 5500 Series) and any updated summary plan description. The Administrator may make a reasonable charge for the copies.

- Receive a summary of the Plan's annual financial report, if any. The Administrator is required by law to furnish each Eligible Employee with a copy of this summary annual report.

(ii) Prudent Actions by Plan Fiduciaries. In addition to creating rights for Eligible Employees, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of the Eligible Employees and their beneficiaries. No one, including any employer, may fire an Eligible Employee or otherwise discriminate against an Eligible Employee in any way to prevent the Eligible Employee from obtaining a benefit under this Plan or exercising the Eligible Employee's rights under ERISA.

(iii) Enforce Rights. If an Eligible Employee's claim for a benefit under this Plan is denied or ignored, in whole or in part, the Eligible Employee has a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps the Eligible Employee can take to enforce the above rights. For instance, if the Eligible Employee requests a copy of plan documents or the latest annual report from the Plan and do not receive them within thirty (30) days, the Eligible Employee may file suit in a federal court. In such a case, the court may require the Administrator to provide the materials and pay the Eligible Employee up to $110 a day until the Eligible Employee receives the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If the Eligible Employee has a claim for benefits that is denied or ignored, in whole or in part, the Eligible Employee may file suit in a state or federal court. In addition, if the Eligible Employee disagrees with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, the Eligible Employee may file suit in federal court. If it should happen that plan fiduciaries misuse the Plan's money, or if the Eligible Employee is discriminated against for asserting the Eligible Employee's rights, the Eligible Employee may seek assistance from the U.S. Department of Labor, or the Eligible Employee may file suit in a federal court. The court will decide who should pay court costs and legal fees. If the Eligible Employee is successful the court may order the individual or entity the Eligible Employee has sued to pay these costs and fees. If the Eligible Employee loses, the court may order the Eligible Employee to pay these costs and fees, for example, if it finds the Eligible Employee's claim is frivolous.

(iv) Assistance with Questions. If an Eligible Employee has any questions about the Plan, the Eligible Employee should contact the Administrator. If an Eligible Employee has any questions about this statement or about the Eligible Employee's rights under ERISA, or if an Eligible Employee needs assistance in obtaining documents from the Administrator, the Eligible Employee should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in the Eligible Employee's telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. The Eligible Employee may also obtain certain publications about the Eligible Employee's rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

12. Miscellaneous.

(a) Assignment; Non-transferability. No right of an Eligible Employee to any payment or benefit under this Plan shall be subject to assignment, anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of the Eligible Employee or of any beneficiary of the Eligible Employee. The terms and conditions of this Plan shall be binding on the successors and assigns of the Company.

(b) Withholding. The Company shall have the right to deduct from all payments hereunder all taxes that the Company determines are required by law to be withheld therefrom. Regardless of the amount withheld, the recipient of payments, benefits, or other income (including imputed income) under the Plan shall be solely responsible for all taxes owed with respect to such payments, benefits, and other income.

(c) No Right to Employment. Nothing in this Plan shall be construed as giving any individual the right to be retained in the employment of the Company, nor shall it affect the right of the Company to dismiss an Eligible Employee without any liability except as required by this Plan.

(d) Amendment and Termination. The Company, by action of the Administrator, reserves the right to amend or terminate this Plan at any time, without advance notice to any Eligible Employee and without regard to the effect of the amendment or termination on any Eligible Employee or on any other individual. Any amendment or termination of this Plan will be in writing. Notwithstanding the foregoing, the Company may not, without an Eligible Employee's written consent, terminate this Plan, or amend this Plan in any way that adversely affects the rights of any Eligible Employee who has previously experienced a Qualifying Termination. Any action of the Company in amending or terminating this Plan will be taken in a non-fiduciary capacity.

(e) Governing Law. THE VALIDITY, CONSTRUCTION, AND EFFECT OF THIS PLAN AND ANY RULES AND REGULATIONS RELATING TO THIS PLAN SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS (INCLUDING THOSE GOVERNING CONTRACTS) OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS, AND APPLICABLE FEDERAL LAW. If any provision hereof shall be held by a court or arbitrator of competent jurisdiction to be invalid and unenforceable, the remaining provisions shall continue to be fully effective.

(f) Arbitration. To the fullest extent permitted by law, any and all disputes, claims, and causes of action, in law or equity, arising from or relating to this Plan (including the Release, except as specifically provided in the Release) or its enforcement, performance, breach or interpretation, shall be resolved by final, binding, and confidential arbitration held in the state and county where the Eligible Employee principally worked immediately prior to the Eligible Employee's termination and conducted through Judicial Arbitration & Mediation Services ("JAMS") in accordance with the then-current JAMS Employment Arbitration Rules & Procedures (and no other JAMS rules). Judgment may be entered on the arbitrator's award in any court having jurisdiction. Nothing in this Section 12(f) is intended to prevent either the Eligible Employee or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. For purposes of settling any dispute or controversy arising hereunder or for the purpose of entering any judgment upon an award rendered by the arbitrator, the Company and the Eligible Employee hereby consent to the jurisdiction of any or all of the following courts: (i) the United States District Court for the Northern District of Texas or (ii) any of the courts of the State of Texas. The Company and the Eligible Employee hereby waive, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to such courts' jurisdiction and any defense of inconvenient forum with respect to such courts. The Company and the Eligible Employee hereby agree that a judgment upon an award rendered by the arbitrator may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. This Section 12(f) shall not apply to any claims of violation of any federal or state employment discrimination laws.

(g) No Duty to Mitigate. No employee shall be required to mitigate, by seeking employment or otherwise, the amount of any payment that the Company becomes obligated to make under this Plan, and, except as expressly provided in this Plan, amounts or other benefits to be paid or provided to an Eligible Employee pursuant to this Plan shall not be reduced by reason of the Eligible Employee's obtaining other employment or receiving similar payments or benefits from another employer.

(h) Employment at Will. Nothing contained in this Plan shall give any employee the right to be retained in the employment of the Company or shall otherwise modify the employee's at will employment relationship with the Company. This Plan is not a contract of employment between the Company and any employee.

(i) Complete Statement of Plan. This Plan document (which incorporates the applicable Appendix(ces) by reference) contains a complete statement of the Plan's terms and supersedes all prior statements with respect to the Plan's terms. No other evidence, whether written or oral, shall be taken into account in interpreting the provisions of the Plan. In the event of a conflict between a provision in this Plan document and any booklet, brochure, presentation, or other communication (whether written or oral), the provision of this Plan document shall control.

ADMINISTRATIVE INFORMATION REQUIRED BY ERISA	
Plan Sponsor and Administrator, including address and telephone:	Eagle Materials Inc. 5960 Berkshire Lane Suite 900 Dallas TX 75225-6068 214-432-2000
Name and address of person designated as agent for service of process:	Secretary Eagle Materials Inc. 5960 Berkshire Lane Dallas TX 75225
Basis on which Plan records are kept:	Calendar year: January 1 to December 31
Type of Plan:	Unfunded welfare benefit severance plan
Plan Number:	[●]
EIN:	[●]

Appendix A

Severance Payment Formula

$$Severance\ Payment = Week\ of\ Pay\ \times (Years\ of\ Service + Severance\ Factor)$$

The Severance Payment shall be equal to the product of (a) the Eligible Employee’s Week of Pay, *multiplied by* (b) the sum of (i) the Eligible Employee’s Years of Service *plus* (ii) the Eligible Employee’s Severance Factor.

Notwithstanding the foregoing, the minimum Severance Payment shall be ten (10) Weeks of Pay and the maximum Severance Payment shall be fifty (50) Weeks of Pay.

Exhibit 31.1

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 31, 2019

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

Exhibit 31.2

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 31, 2019

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

Exhibit 32.1

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, 2019 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 31, 2019

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

Exhibit 32.2

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, 2019 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 31, 2019

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 th Mine Act. Set forth below is the required information regarding certain mining safety and health matters for the fiscal year ended March 31, 2019 for our facilities. In evaluating this information, consideration should be given to factors such as: (i) the number of citat 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 Actio Last Da
American Gypsum Company LLC Albuquerque, NM (2900181)	0	0	0	0	0	$242	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)	0	0	0	0	0	$0	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)	19	0	2	0	0	$33,614	0	no	no	
Central Plains Cement Company Tulsa, OK (3400026)	3	0	0	0	1	$135	0	no	no	
Fairborn Cement Company LLC Greene County, OH (3300161)	2	0	0	0	0	$ 0	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)	2	0	0	0	0	$0	0	no	no	
Mountain Cement Company LLC Laramie, WY (4800007)	0	0	0	0	0	$ 0	0	no	no	
Mountain Cement Company LLC Laramie, WY (4800529)	0	0	0	0	0	$0	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	$121	0	no	no	
Northern White Sand LLC Corpus Christi, TX (4105013)	0	0	0	0	0	$0	0	no	no	
Talon Concrete and Aggregates LLC Sugar Creek, MO (2302211)	0	0	0	0	0	$0	0	no	no	
Western Aggregates LLC Yuba, CA (0404950)	0	0	0	0	0	$0	0	no	no	

(1) All legal actions were penalty contests.