

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

December 31, 2020

Commission File Number 1-12984



EAGLE MATERIALS INC.

(Exact name of registrant as specified in its charter)

Delaware (State of Incorporation)

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

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

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.)
Yes No

As of January 25, 2021, the number of outstanding shares of common stock was:

Class	Outstanding Shares
Common Stock, \$.01 Par Value	42,001,634

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

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2020	2019	2020	2019
	(dollars in thousands, except share and per share data)			
Revenue	\$ 404,667	\$ 342,904	\$ 1,279,340	\$ 1,098,838
Cost of Goods Sold	291,288	249,701	940,815	818,521
Gross Profit	113,379	93,203	338,525	280,317
Equity in Earnings of Unconsolidated Joint Venture	10,083	10,700	28,456	32,489
Corporate General and Administrative Expense	(11,327)	(13,794)	(40,225)	(48,506)
Gain on Sale of Businesses	—	—	51,973	—
Impairment Losses	—	(25,131)	—	(25,131)
Other Non-Operating Income	2,297	722	1,898	1,445
Interest Expense, Net	(9,360)	(9,543)	(35,957)	(28,526)
Earnings from Continuing Operations before Income Taxes	105,072	56,157	344,670	212,088
Income Taxes	(23,879)	(12,683)	(76,515)	(50,217)
Earnings from Continuing Operations	81,193	43,474	268,155	161,871
Earnings (Loss) from Discontinued Operations, net of Income Taxes	—	(158,106)	5,278	(163,406)
Net Earnings (Loss)	\$ 81,193	\$ (114,632)	\$ 273,433	\$ (1,535)
BASIC EARNINGS PER SHARE				
Continuing Operations	\$ 1.96	\$ 1.05	\$ 6.47	\$ 3.83
Discontinued Operations	—	(3.82)	0.13	(3.87)
Net Earnings	\$ 1.96	\$ (2.77)	\$ 6.60	\$ (0.04)
DILUTED EARNINGS PER SHARE				
Continuing Operations	\$ 1.94	\$ 1.04	\$ 6.43	\$ 3.81
Discontinued Operations	—	(3.80)	0.13	(3.85)
Net Earnings	\$ 1.94	\$ (2.76)	\$ 6.56	\$ (0.04)
AVERAGE SHARES OUTSTANDING				
Basic	41,494,149	41,314,289	41,451,801	42,246,329
Diluted	41,834,590	41,615,495	41,682,541	42,527,360
CASH DIVIDENDS PER SHARE	\$ —	\$ 0.10	\$ 0.10	\$ 0.30

See notes to unaudited consolidated financial statements.

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

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2020	2019	2020	2019
	(dollars in thousands)			
Net Earnings (Loss)	\$ 81,193	\$ (114,632)	\$ 273,433	\$ (1,535)
Net Actuarial Change in Defined Benefit Plans:				
Amortization of net actuarial loss	34	43	101	131
Tax expense	(9)	(10)	(25)	(30)
Comprehensive Earnings (Loss)	\$ 81,218	\$ (114,599)	\$ 273,509	\$ (1,434)

See notes to unaudited consolidated financial statements.

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

	December 31, 2020	March 31, 2020
	(dollars in thousands)	
ASSETS		
Current Assets -		
Cash and Cash Equivalents	\$ 142,784	\$ 118,648
Restricted Cash	5,000	—
Accounts and Notes Receivable, net	142,467	145,808
Inventories	228,667	272,121
Income Tax Receivable	1,900	128,413
Prepaid and Other Assets	7,740	6,135
Current Assets of Discontinued Operations	—	7,092
Total Current Assets	528,558	678,217
Property, Plant, and Equipment, net	1,680,646	1,756,417
Notes Receivable	8,353	9,139
Investment in Joint Venture	74,914	73,958
Operating Lease Right-of-Use Assets	26,927	29,483
Goodwill and Intangible Assets, net	393,454	396,463
Other Assets	12,186	10,604
Assets of Discontinued Operations	—	6,739
	\$ 2,725,038	\$ 2,961,020
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities -		
Accounts Payable	\$ 71,596	\$ 84,183
Accrued Liabilities	84,914	70,442
Operating Lease Liabilities	6,551	6,585
Current Liabilities of Discontinued Operations	—	8,487
Total Current Liabilities	163,061	169,697
Long-term Debt	1,008,345	1,567,315
Noncurrent Operating Lease Liabilities	35,896	40,239
Other Long-term Liabilities	41,495	33,832
Deferred Income Taxes	215,059	166,667
Liabilities of Discontinued Operations	—	15,427
Total Liabilities	1,463,856	1,993,177
Stockholders' Equity -		
Preferred Stock, Par Value \$0.01; Authorized 5,000,000 Shares; None Issued	—	—
Common Stock, Par Value \$0.01; Authorized 100,000,000 Shares; Issued and Outstanding 41,939,310 and 41,649,041 Shares, respectively	419	416
Capital in Excess of Par Value	30,516	10,943
Accumulated Other Comprehensive Losses	(3,251)	(3,581)
Retained Earnings	1,233,498	960,065
Total Stockholders' Equity	1,261,182	967,843
	\$ 2,725,038	\$ 2,961,020

See notes to the unaudited consolidated financial statements.

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

	For the Nine Months Ended December 31,	
	2020	2019
	(dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Earnings (Loss)	\$ 273,433	\$ (1,535)
Adjustments to Reconcile Net Earnings (Loss) to Net Cash Provided by Operating Activities, Net of Effect of Non-Cash Activity -		
Depreciation, Depletion and Amortization	96,279	84,944
Impairment Losses	—	224,267
Deferred Income Tax Provision	48,392	(40,396)
Stock Compensation Expense	12,057	16,407
Gain on Sale of Subsidiaries	(61,203)	—
Equity in Earnings of Unconsolidated Joint Venture	(28,456)	(32,489)
Distributions from Joint Venture	27,500	25,500
Changes in Operating Assets and Liabilities:		
Accounts and Notes Receivable	6,859	(12,171)
Inventories	37,084	36,595
Accounts Payable and Accrued Liabilities	5,572	(10,006)
Other Assets	(2,013)	4,003
Income Taxes Payable (Receivable)	126,513	25,500
Net Cash Provided by Operating Activities	542,017	320,619
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property, Plant, and Equipment	(45,541)	(84,056)
Acquisition Spending	—	(30,424)
Proceeds from Sale of Businesses	91,022	—
Net Cash Provided by (Used in) Investing Activities	45,481	(114,480)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in Credit Facility	(560,000)	275,000
Repayment of Private Placement Unsecured Notes	—	(36,500)
Dividends Paid to Stockholders	(4,163)	(13,131)
Purchase and Retirement of Common Stock	—	(313,887)
Proceeds from Stock Option Exercises	8,649	2,996
Payment of Debt Issuance Costs	(1,718)	—
Shares Redeemed to Settle Employee Taxes on Stock Compensation	(1,130)	(2,963)
Net Cash Used in Financing Activities	(558,362)	(88,485)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	29,136	117,654
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF PERIOD	118,648	8,601
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	\$ 147,784	\$ 126,255

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 (dollars in thousands)	Accumulated Other Comprehensive Losses	Total
Balance at March 31, 2019	\$ 451	\$ —	\$ 1,212,352	\$ (3,316)	\$ 1,209,487
Net Earnings	—	—	41,304	—	41,304
Stock Option Exercises and Restricted Share Vesting	—	396	—	—	396
Purchase and Retirement of Common Stock	(23)	(7,748)	(190,584)	—	(198,355)
Dividends to Stockholders	—	—	(4,316)	—	(4,316)
Stock Compensation Expense	1	8,218	—	—	8,219
Shares Redeemed to Settle Employee Taxes	—	(866)	—	—	(866)
Cumulative Effect of Change in Accounting for Leases	—	—	(636)	—	(636)
Unfunded Pension Liability, net of tax	—	—	—	33	33
Balance at June 30, 2019	\$ 429	\$ —	\$ 1,058,120	\$ (3,283)	\$ 1,055,266
Net Earnings	—	—	71,793	—	71,793
Stock Option Exercises and Restricted Share Vesting	—	1,371	—	—	1,371
Purchase and Retirement of Common Stock	(13)	(366)	(115,153)	—	(115,532)
Dividends to Stockholders	—	—	(4,163)	—	(4,163)
Stock Compensation Expense	—	3,918	—	—	3,918
Shares Redeemed to Settle Employee Taxes	—	(1,933)	—	—	(1,933)
Unfunded Pension Liability, net of tax	—	—	—	35	35
Balance at September 30, 2019	\$ 416	\$ 2,990	\$ 1,010,597	\$ (3,248)	\$ 1,010,755
Net Loss	—	—	(114,632)	—	(114,632)
Stock Option Exercises and Restricted Share Vesting	—	1,229	—	—	1,229
Dividends to Stockholders	—	—	(4,164)	—	(4,164)
Stock Compensation Expense	—	4,270	—	—	4,270
Shares Redeemed to Settle Employee Taxes	—	(164)	—	—	(164)
Unfunded Pension Liability, net of tax	—	—	—	33	33
Balance at December 31, 2019	\$ 416	\$ 8,325	\$ 891,801	\$ (3,215)	\$ 897,327
	Common Stock	Capital in Excess of Par Value	Retained Earnings (dollars in thousands)	Accumulated Other Comprehensive Losses	Total
Balance at March 31, 2020	\$ 416	\$ 10,943	\$ 960,065	\$ (3,581)	\$ 967,843
Net Earnings	—	—	96,206	—	96,206
Stock Compensation Expense	2	4,758	—	—	4,760
Shares Redeemed to Settle Employee Taxes	—	(1,130)	—	—	(1,130)
Sale of Business with Unfunded Pension Liability	—	—	—	254	254
Unfunded Pension Liability, net of tax	—	—	—	25	25
Balance at June 30, 2020	\$ 418	\$ 14,571	\$ 1,056,271	\$ (3,302)	\$ 1,067,958
Net Earnings	—	—	96,034	—	96,034
Stock Compensation Expense	—	3,515	—	—	3,515
Stock Option Exercises and Restricted Share Vesting	—	498	—	—	498
Unfunded Pension Liability, net of tax	—	—	—	26	26
Balance at September 30, 2020	\$ 418	\$ 18,584	\$ 1,152,305	\$ (3,276)	\$ 1,168,031
Net Earnings	—	—	81,193	—	81,193
Stock Compensation Expense	—	3,782	—	—	3,782
Stock Option Exercises and Restricted Share Vesting	1	8,150	—	—	8,151
Unfunded Pension Liability, net of tax	—	—	—	25	25
Balance at December 31, 2020	\$ 419	\$ 30,516	\$ 1,233,498	\$ (3,251)	\$ 1,261,182

See notes to the unaudited consolidated financial statements.

Eagle Materials Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(A) BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements as of and for the three- and nine-month periods ended December 31, 2020 include the accounts of Eagle Materials Inc. and its majority-owned subsidiaries (collectively, the Company, us, or we) and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 22, 2020.

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

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

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

Recent Accounting Pronouncements

RECENTLY ADOPTED

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

PENDING ADOPTION

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

(B) SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information is as follows:

	For the Nine Months Ended December 31,	
	2020	2019
	(dollars in thousands)	
Cash Payments:		
Interest	\$ 30,107	\$ 25,490
Income Taxes	30,816	20,046
Operating Cash Flows used for Operating Leases	8,691	11,562
Non-Cash Financing Activities:		
Property and Equipment Purchases Included in Accrued Liabilities	\$ —	\$ 2,675

(C) DISCONTINUED OPERATIONS AND OTHER DISPOSITIONS

Discontinued Operations

On May 30, 2019, the Company announced it was actively pursuing alternatives for its Oil and Gas Proppants business. On September 18, 2020, we sold our Oil and Gas Proppants business (the "Proppants Business") to Smart Sand, Inc., a Delaware corporation (the "Purchaser"), pursuant to an Equity Purchase and Sale Agreement (the "Purchase Agreement") between the Company and the Purchaser. The sale of this business excluded certain assets, namely real property and equipment in south Texas, real property in Illinois and certain other assets. The purchase price (the "Purchase Price") paid by the Purchaser for the acquisition of the Proppants Business was \$2.0 million paid in shares of common stock of the Purchaser. The shares delivered to the Company by the Purchaser are not registered under federal or state securities laws, and must be held at least six months, and possibly longer, before they can be sold. The shares were valued at the date of sale, and at December 31, 2020, using Level 1 inputs at the quoted market price of the shares, less a discount for the required holding period. The shares are classified as Other Assets in our Consolidated Balance Sheet at December 31, 2020. Shares representing \$0.3 million of the Purchase Price are being held in escrow as a source of recovery for any indemnification claims by the Purchaser.

In connection with the execution of the Purchase Agreement, we also entered into a Loan and Security Agreement, dated September 18, 2020 (the "Loan and Security Agreement"), by and among the Company, as lender; the Purchaser, as borrower; and other parties thereto. Pursuant to the Loan and Security Agreement, the Company will loan the Purchaser up to \$5.0 million for working capital and operating, maintenance, and administrative expenses of the Proppants Business during the one-year period following the closing. The Company has deposited the \$5.0 million into an escrow account. Up to 50% of the amounts outstanding under the Loan and Security Agreement may be repaid by the Purchaser in shares of the Purchaser's common stock. Borrowings under the Loan and Security Agreement will bear interest at a fixed rate of 6.00% per annum during the one-year period following the closing. Any amounts outstanding after the one-year period will bear interest at a fixed rate of 8.00% per annum and will mature on September 18, 2024. There were no outstanding borrowings at December 31, 2020. The \$5.0 million in the escrow account at December 31, 2020 is classified as Restricted Cash on the Consolidated Balance Sheet.

The sale of the Oil and Gas Proppants business, which was previously disclosed as a reportable segment, was determined to meet the discontinued operations accounting criteria. The sale resulted in a gain of approximately \$9.2 million, which is included in Earnings (Loss) from Discontinued Operations on the Unaudited Consolidated Statement of Earnings. Certain expenses, which were previously included in the Oil and Gas Proppants operating segment, do not qualify for classification within Discontinued Operations and have been reclassified from the operating segment to continuing operations. These expenses primarily relate to lease agreements not included in the sale of the Proppants Business.

The following is a summary of operating results included in Earnings (Loss) from Discontinued Operations for the three and nine months ended December 31, 2020 and 2019.

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2020	2019	2020	2019
	(dollars in thousands)			
Revenue	\$ —	\$ 7,345	\$ 1,045	\$ 36,534
Cost of Goods Sold	—	13,034	3,415	49,502
Gross Profit	—	(5,689)	(2,370)	(12,968)
Other Non-Operating Income	—	103	226	522
Gain on Sale of Discontinued Operations	—	—	9,230	—
Impairment Losses	—	(199,136)	—	(199,136)
Earnings (Loss) from Discontinued Operations	—	(204,722)	7,086	(211,582)
Income Tax (Expense) Benefit	—	46,616	(1,808)	48,176
Net Earnings (Loss) from Discontinued Operations	\$ —	\$ (158,106)	\$ 5,278	\$ (163,406)

The significant components of our Consolidated Statements of Cash Flows for discontinued operations for the nine months ended December 31, 2020 and 2019 are as follows:

	For the Nine Months Ended December 31,	
	2020	2019
	(dollars in thousands)	
Depreciation and Amortization	\$ 221	\$ 11,087
Gain on Sale	(9,230)	—
Impairment Losses	—	199,136
Net Change in Inventory	—	2,028
Capital Expenditures	—	151

The following is a summary of assets and liabilities attributable to discontinued operations, which were included in our balance sheet at March 31, 2020:

	March 31,
	2020
	(dollars in thousands)
ASSETS	
Accounts and Notes Receivable	\$ 9,019
Allowance for Doubtful Accounts	(3,041)
Inventories	387
Prepaid and Other Assets	727
Total Current Assets	7,092
Property, Plant, and Equipment, net	5,692
Operating Lease Right-of-Use Assets	1,047
Total Noncurrent Assets	6,739
	\$ 13,831
LIABILITIES	
Accounts Payable	\$ 2,014
Accrued Liabilities	2,851
Operating Lease Liabilities	3,622
Total Current Liabilities	8,487
Noncurrent Operating Lease Liabilities	9,570
Other Long-term Liabilities	5,857
Total Noncurrent Liabilities	15,427
	\$ 23,914

Other Dispositions

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

At the date of sale, assets and liabilities included on our balance sheet related to Western and Mathews were approximately \$43.8 million and \$2.3 million, respectively.

Revenue and Operating Earnings from Western and Mathews, collectively, for the three and nine months ended December 31, 2020 and 2019 were as follows:

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2020	2019	2020	2019
Revenue	\$ —	\$ 7,872	\$ 1,692	\$ 25,248
Operating Earnings	\$ —	\$ 1,167	\$ 142	\$ 3,680

(D) ACQUISITION

Kosmos Acquisition

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

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

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

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

The following table summarizes the allocation of the purchase price to assets acquired and liabilities assumed as of December 31, 2020:

	(dollars in thousands)	
Inventories	\$	28,568
Property, Plant, and Equipment		476,698
Intangible Assets		38,300
Lease Right-of-Use Assets		4,478
Lease Obligations		(4,478)
Long-term Liabilities		(3,756)
Total Net Assets		539,810
Goodwill		129,127
Total Estimated Purchase Price	\$	668,937

During the quarter ended June 30, 2020, we completed the valuation of inventories, intangible assets, lease right-of-use assets, and lease obligations, and during the quarter ended December 31, 2020, we finalized the valuation of our asset retirement obligation. These final values, which are disclosed in the above table, resulted in minor changes from the amounts disclosed in our fiscal 2020 Form 10-K.

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

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

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

Actual and pro forma impact of Kosmos Acquisition: The following table presents the Revenue and Operating Earnings related to the Kosmos Acquisition that has been included in our Consolidated Statement of Earnings for the three and nine months ended December 31, 2020:

	For the Three Months Ended		For the Nine Months Ended	
	December 31, 2020			
	(dollars in thousands)			
Revenue	\$	45,407	\$	142,980
Operating Earnings	\$	13,316	\$	38,286

Operating Earnings shown above for the three and nine months ended December 31, 2020 was affected by approximately \$5.4 million and \$16.1 million, respectively, related to depreciation and amortization. Additionally, Operating Earnings for the nine months ended December 31, 2020 was affected by approximately \$3.7 million, related to the recording of acquired inventory at fair value. There was no effect on the quarter ended December 31, 2020, as all of the acquired inventory was sold in the fiscal first quarter.

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

	For the Three Months Ended December 31, 2019	For the Nine Months Ended December 31, 2019
	Unaudited	
	(dollars in thousands, except per share data)	
Revenue	\$ 393,336	\$ 1,225,314
Net Earnings from Continuing Operations	\$ 49,495	\$ 183,498
Earnings Per Share from Continuing Operations – basic	\$ 1.20	\$ 4.34
Earnings Per Share from Continuing Operations – diluted	\$ 1.20	\$ 4.31

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

(E) REVENUE

We earn Revenue primarily from the sale of products, which include cement, concrete, aggregates, gypsum wallboard, and recycled paperboard. The vast majority of Revenue from the sale of cement, concrete, aggregates, and gypsum wallboard is originated by purchase orders from our customers, who are primarily third-party contractors and suppliers. Revenue from our Recycled Paperboard segment is generated primarily through long-term supply agreements maturing between 2023 and 2025. We invoice customers upon shipment, and our collection terms range from 30-75 days. Revenue from the sale of cement, concrete, aggregates, and gypsum wallboard that is not related to long-term supply agreements is recognized upon shipment of the related products to customers, which is when title and ownership are transferred, and the customer is obligated to pay.

Revenue from sales under our long-term supply agreements is also recognized upon transfer of control to the customer, which generally occurs at the time the product is shipped from the production facility or terminal location. Our long-term supply agreements with customers define, among other commitments, the volume of product we must provide and the volume 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. Shortfall amounts, if applicable under these arrangements, are constrained and not recognized as Revenue until an agreement is reached with the customer and, therefore, are not subject to the risk of reversal.

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

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

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

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

(F) ACCOUNTS AND NOTES RECEIVABLE

Accounts and Notes Receivable have been shown net of the allowance for doubtful accounts of \$8.2 million and \$9.3 million (net of allowance for doubtful accounts related to discontinued operations) at December 31, 2020 and March 31, 2020, respectively. We perform ongoing credit evaluations of our customers' financial condition and generally require no collateral from our customers. The allowance for non-collection of receivables is based upon analysis of economic trends in the construction industry, detailed analysis of the expected collectability of accounts receivable that are past due, and the expected collectability of overall receivables. We have no significant credit risk concentration among our diversified customer base.

We had Notes Receivable totaling approximately \$8.4 million at December 31, 2020, which is classified as long-term on the balance sheet. We lend funds to certain companies in the ordinary course of business, and the notes bear interest, on average, at 3.6%. Remaining unpaid amounts, plus accrued interest, mature in 2026. The notes are collateralized by certain assets of the borrower, namely property and equipment, and are generally payable monthly. We monitor the credit risk of each borrower by assessing the timeliness of payments, credit history, credit metrics, and our ongoing interactions with each borrower.

(G) INVENTORIES

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

	December 31, 2020	March 31, 2020
	(dollars in thousands)	
Raw Materials and Materials-in-Progress	\$ 75,710	\$ 110,558
Finished Cement	34,916	43,538
Aggregates	3,072	8,416
Gypsum Wallboard	4,540	4,211
Paperboard	6,986	5,715
Repair Parts and Supplies	92,119	88,094
Fuel and Coal	11,324	11,589
	<u>\$ 228,667</u>	<u>\$ 272,121</u>

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

Fiscal Year	Amount
2021 (remaining three months)	\$ 2,050
2022	7,556
2023	6,969
2024	6,007
2025	5,651
Thereafter	24,585
Total Lease Payments	\$ 52,818
Less: Imputed Interest	(10,371)
Present Value of Lease Liabilities	\$ 42,447
Weighted-Average Remaining Lease Term (in years)	10.5
Weighted-Average Discount Rate	3.79%

(J) SHARE-BASED EMPLOYEE COMPENSATION

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

Long-Term Compensation Plans

OPTIONS

In May 2020, the Compensation Committee of the Board of Directors approved the granting to certain officers and key employees an aggregate of 96,476 performance vesting stock options that will be earned only if certain performance conditions are satisfied (the Fiscal 2021 Employee Performance Stock Option Grant). The performance criteria for the Fiscal 2021 Employee Performance Stock Option Grant is based upon the achievement of certain levels of return on equity (as defined in the option agreements), ranging from 10.0% to 20.0%, for the fiscal year ending March 31, 2021. All stock options will be earned if the return on equity is 20.0% or greater, and the percentage of shares earned will be reduced proportionately to approximately 66.7% if the return on equity is 10.0%. If the Company does not achieve a return on equity of at least 10.0%, all granted stock options will be forfeited. Following any such reduction, restrictions on the earned stock options will lapse and the earned options will vest ratably over four years, with the initial fourth vesting promptly following the determination date, and the remaining options vesting on March 31, 2022 through 2024. The stock options have a term of ten years from the date of grant. The Compensation Committee also approved the granting of 80,396 time-vesting stock options to the same officers and key employees, which vest ratably over four years (the Fiscal 2021 Employee Time-Vesting Stock Option Grant).

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

	2021
Dividend Yield	—
Expected Volatility	37.9%
Risk Free Interest Rate	0.5%
Expected Life	6.0 years

Stock option expense for all outstanding stock option awards totaled approximately \$1.1 million and \$3.9 million for the three and nine months ended December 31, 2020, respectively, and \$1.2 million and \$3.5 million for the three and nine months ended December 31, 2019, respectively. At December 31, 2020, there was approximately \$7.7 million of unrecognized compensation cost related to outstanding stock options, which is expected to be recognized over a weighted-average period of 2.5 years.

The following table represents stock option activity for the nine months ended December 31, 2020:

	Number of Shares		Weighted- Average Exercise Price
Outstanding Options at March 31, 2020	1,160,091	\$	80.36
Granted	178,946	\$	60.20
Exercised	(166,887)	\$	55.42
Cancelled	(15,094)	\$	92.51
Options Outstanding at December 31, 2020	1,157,056	\$	80.68
Options Exercisable at December 31, 2020	747,796		
Weighted-Average Fair Value of Options Granted During the Year		\$	22.04

The following table summarizes information about stock options outstanding at December 31, 2020:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number of Shares Outstanding	Weighted- Average Remaining Contractual Life (in years)	Weighted- Average Exercise Price	Number of Shares Outstanding	Weighted- Average Exercise Price
\$23.17 - \$29.84	18,931	0.59	\$ 23.21	18,931	\$ 23.21
\$33.43 - \$37.34	37,456	1.45	\$ 34.21	37,456	\$ 34.21
\$53.22 - \$77.67	377,009	6.91	\$ 66.82	185,657	\$ 72.92
\$79.73 - \$106.24	723,660	6.03	\$ 91.81	505,752	\$ 89.71
	1,157,056	6.08	\$ 80.68	747,796	\$ 81.08

At December 31, 2020, the aggregate intrinsic value for both of the outstanding and exercisable options was approximately \$24.5 million and \$15.4 million, respectively. The total intrinsic value of options exercised during the nine months ended December 31, 2020 was approximately \$6.3 million.

RESTRICTED STOCK

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

In August 2020, we granted 26,064 shares of restricted stock to members of the Board of Directors (the Board of Directors Fiscal 2021 Restricted Stock Award). Restrictions on these shares will lapse six months after the date of grant. The Board of Directors Fiscal 2021 Restricted Stock Award was valued at the closing price of the stock at the date of the grant and was expensed over a six-month 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 nine months ended December 31, 2020:

	Number of Shares	Weighted-Average Grant Date Fair Value
Nonvested Restricted Stock March 31, 2020	233,120	\$ 75.35
Granted	178,373	\$ 63.63
Vested	(50,378)	\$ 66.13
Forfeited	(9,127)	\$ 71.46
Nonvested Restricted Stock at December 31, 2020	351,988	\$ 68.73

Expense related to restricted shares was approximately \$2.8 million and \$8.2 million for the three and nine months ended December 31, 2020, respectively, and \$3.1 million and \$12.9 million for the three and nine months ended December 31, 2019, respectively. At December 31, 2020, there was approximately \$14.7 million of unearned compensation from restricted stock, which will be recognized over a weighted-average period of 2.2 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 3,458,865 at December 31, 2020.

(K) COMPUTATION OF EARNINGS PER SHARE

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

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2020	2019	2020	2019
Weighted-Average Shares of Common Stock Outstanding	41,494,149	41,314,289	41,451,801	42,246,329
<i>Effect of Dilutive Shares:</i>				
Assumed Exercise of Outstanding Dilutive Options	807,584	717,028	450,870	705,692
Less Shares Repurchased from Proceeds of Assumed Exercised Options	(650,819)	(548,643)	(344,307)	(549,954)
Restricted Stock Units	183,676	132,821	124,177	125,293
Weighted-Average Common Stock and Dilutive Securities Outstanding	41,834,590	41,615,495	41,682,541	42,527,360
Shares Excluded Due to Anti-dilution Effects	413,656	655,889	757,879	657,964

(L) PENSION AND EMPLOYEE BENEFIT PLANS

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

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

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2020	2019	2020	2019
	(dollars in thousands)			
Service Cost - Benefits Earned During the Period	\$ —	\$ 85	\$ —	\$ 255
Interest Cost of Projected Benefit Obligation	304	338	912	1,013
Expected Return on Plan Assets	(355)	(426)	(1,065)	(1,279)
Recognized Net Actuarial Loss	34	43	101	131
Net Periodic Pension (Benefit) Cost	\$ (17)	\$ 40	\$ (52)	\$ 120

(M) INCOME TAXES

Income Taxes for the interim periods presented have been included in the accompanying financial statements on the basis of an estimated annual effective tax rate. In addition to the amount of tax resulting from applying the estimated annual effective tax rate to pre-tax income, we will include, when appropriate, certain items treated as discrete events to arrive at an estimated overall tax amount. The effective tax rate for the nine months ended December 31, 2020 was approximately 22%, which was lower than the tax rate of 24% for the nine months ended December 31, 2019. The effective tax rate is higher than the U.S. Statutory rate of 21% primarily due to state income taxes, partially offset by a benefit recognized related to the reversal of all of our uncertain tax positions. The reversal of all of our uncertain tax position was the result of new regulations issued by the U.S. Department of Treasury relating to the interest limitation under IRC section 163(j).

(N) LONG-TERM DEBT

Long-term Debt consists of the following:

	December 31,		March 31,	
	2020	2019	2020	2019
	(dollars in thousands)			
Revolving Credit Facility	\$ —	\$ 560,000	\$ —	\$ 560,000
4.500% Senior Unsecured Notes Due 2026	350,000	350,000	350,000	350,000
Term Loan	665,000	665,000	665,000	665,000
Total Debt	1,015,000	1,575,000	1,015,000	1,575,000
Less: Debt Origination Costs	(6,655)	(7,685)	(6,655)	(7,685)
Long-term Debt	\$ 1,008,345	\$ 1,567,315	\$ 1,008,345	\$ 1,567,315

Credit Facility

On January 13, 2021 we amended our revolving credit facility (the Revolving Credit Facility) to extend the maturity date with respect to certain lender commitments thereunder from August 2, 2021 to August 2, 2022. The borrowing capacity under the Revolving Credit Facility is \$750.0 million, and as a result of this amendment, all lender commitments under the Revolving Credit Facility now mature on August 2, 2022. The Revolving Credit Facility also includes a swingline loan sublimit of \$25.0 million.

Borrowings under the Revolving Credit Facility are guaranteed by all of the Company's material subsidiaries. The debt under the Revolving Credit Facility is not rated by ratings agencies. At the Company's option, principal amounts outstanding under the Revolving Credit Facility bear interest at a variable rate equal to either (i) the Adjusted LIBO Rate (as defined in the Revolving Credit Facility) plus an agreed spread ranging from 150 to 250 basis points, which is established quarterly based on the Company's then Leverage Ratio (as defined in the Revolving Credit Facility); or (ii) an Alternate Base Rate (as defined in the Revolving Credit Facility), which is the highest of (a) the Prime Rate (as defined in the Revolving Credit Facility), (b) the NYFRB (as defined in the Revolving Credit Facility) plus ½ of 1%, and (c) the Adjusted LIBO Rate for a one-month interest period on such day, plus 1.0%, in each case plus an agreed upon spread ranging from 50 to 150 basis points, which is established quarterly based on the Company's then Leverage Ratio. In the case of loans bearing interest at a rate based on the Alternate Base Rate, interest payments are payable quarterly. In the case of loans bearing interest at a rate based on the Adjusted LIBO Rate, interest is payable at the end of the relevant Interest Period (as defined in the Revolving Credit Facility) for such borrowing unless such Interest Period is for more than three months duration, in which case such interest is payable at intervals of three months duration after the first day of such Interest Period, which can be up to six months at the option of the Company. The Company is also required to pay a commitment fee on unused available borrowings under the Revolving Credit Facility ranging from 20 to 40 basis points, which is established quarterly based on the Company's then Leverage Ratio. The Revolving Credit Facility contains customary covenants that restrict the Company's and its Restricted Subsidiaries' ability to incur additional debt; encumber assets; merge with or transfer or sell assets to other persons; make or enter into certain investments, loans, or guaranties; enter into certain swap agreements; enter into affiliate transactions or restrictive transactions; make restricted payments; prepay subordinated indebtedness; and enter into sale and leaseback arrangements. The Revolving Credit Facility also requires the Company to maintain at the end of each fiscal quarter a Leverage Ratio of 4.50:1.00 or less and an Interest Coverage Ratio (as defined in the Revolving Credit Facility) equal to or greater than 2.50 to 1.00.

We were in compliance with all financial ratios and tests at December 31, 2020. We did not have any borrowings outstanding under the Revolving Credit Facility at December 31, 2020. We had \$745.0 million of available borrowings under the Revolving Credit Facility, net of the outstanding letters of credit, at December 31, 2020, all of which was available for future borrowings based on our current Leverage Ratio.

The Revolving Credit Facility has a \$40.0 million letter of credit facility. The Company pays each lender a participation fee with respect to such lender's participations in letters of credit, which fee accrues at the same Applicable Rate (as defined in the Revolving Credit Facility) used to determine the interest rate applicable to Eurodollar Revolving Loans (as defined in the Revolving Credit Facility) plus a one-time letter of credit fee to the issuing bank of such letters of credit in an amount equal to 0.125% of the initial stated amount. At December 31, 2020, we had \$5.0 million of outstanding letters of credit. We previously provided an irrevocable stand-by letter of credit for any borrowings made by our Joint Venture under its credit facility; however, this credit facility was terminated and the letter of credit cancelled in July 2020.

Term Loan

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

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

4.500% Senior Unsecured Notes Due 2026

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

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

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

Other Information

We previously leased 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, were 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 held all outstanding industrial revenue bonds, no debt was reflected on our financial statements in connection with our lease of the cement plant. Upon expiration of the lease in December 2020, we exercised our option and purchased the cement plant for a nominal amount.

(O) SEGMENT INFORMATION

Operating segments are defined as components of an enterprise that engage in business activities that earn revenue, incur expenses, and prepare separate financial information that is evaluated regularly by our chief operating decision maker in order to allocate resources and assess performance. On September 18, 2020, we sold our Oil and Gas Proppants business, which had been reported as an operating segment. The Oil and Gas Proppants business was determined to meet the discontinued operations accounting criteria; therefore, this segment is no longer separately reported in our reportable segment footnote for any of the periods presented. Certain expenses of the Oil and Gas Proppants business that related to assets not included in the sale, namely real property and equipment in south Texas, real property in Illinois, and certain other assets, are included in Other when reconciling segment operating earnings to consolidated operating earnings. See Footnote (C) for more information about the sale of the Oil and Gas Proppants business.

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

Our remaining businesses are organized into two sectors within which there are four 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.

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 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; and the mining and sale of aggregates (crushed stone, sand, and gravel).

We operate eight modern cement plants (one of which is operated through a joint venture located in Buda, Texas), one slag grinding facility, and 29 cement distribution terminals. Our cement companies focus on the U.S. heartland and operate as an integrated network selling product primarily in Colorado, Illinois, Indiana, Iowa, Kentucky, Missouri, Nebraska, Nevada, Ohio, Oklahoma, and Texas. We operate 20 readymix concrete batch plants and three aggregates processing plants in markets that are complementary to our cement network. On April 17, 2020 we sold our Concrete and Aggregates companies in northern California. See Footnote (C) for more information about the sale.

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

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

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

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2020	2019	2020	2019
	(dollars in thousands)			
Revenue -				
Cement	\$ 234,092	\$ 183,031	\$ 773,565	\$ 605,357
Concrete and Aggregates	43,530	47,147	134,020	142,896
Gypsum Wallboard	135,658	125,070	397,018	380,454
Paperboard	39,602	37,813	122,417	122,360
	452,882	393,061	1,427,020	1,251,067
Less: Intersegment Revenue	(21,105)	(21,775)	(68,077)	(66,454)
Less: Joint Venture Revenue	(27,110)	(28,382)	(79,603)	(85,775)
	<u>\$ 404,667</u>	<u>\$ 342,904</u>	<u>\$ 1,279,340</u>	<u>\$ 1,098,838</u>

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2020	2019	2020	2019
	(dollars in thousands)			
Intersegment Revenue -				
Cement	\$ 5,241	\$ 6,174	\$ 17,539	\$ 17,130
Concrete and Aggregates	—	350	106	1,134
Paperboard	15,864	15,251	50,432	48,190
	<u>\$ 21,105</u>	<u>\$ 21,775</u>	<u>\$ 68,077</u>	<u>\$ 66,454</u>
Cement Sales Volume (M tons) -				
Wholly Owned	1,616	1,199	5,429	4,046
Joint Venture	226	240	678	721
	<u>1,842</u>	<u>1,439</u>	<u>6,107</u>	<u>4,767</u>

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2020 (dollars in thousands)	2019	2020 (dollars in thousands)	2019
Operating Earnings -				
Cement	\$ 70,434	\$ 54,180	\$ 210,802	\$ 156,827
Concrete and Aggregates	5,075	3,334	15,748	15,023
Gypsum Wallboard	40,792	38,484	119,723	114,872
Paperboard	7,161	9,021	20,708	29,060
Other	—	(1,116)	—	(2,976)
Sub-Total	123,462	103,903	366,981	312,806
Corporate General and Administrative Expense	(11,327)	(13,794)	(40,225)	(48,506)
Gain on Sale of Businesses	—	—	51,973	—
Impairment Losses	—	(25,131)	—	(25,131)
Other Non-Operating Income	2,297	722	1,898	1,445
Earnings Before Interest and Income Taxes	114,432	65,700	380,627	240,614
Interest Expense, net	(9,360)	(9,543)	(35,957)	(28,526)
Earnings from Continuing Operations Before Income Taxes	\$ 105,072	\$ 56,157	\$ 344,670	\$ 212,088
Cement Operating Earnings -				
Wholly Owned	\$ 60,351	\$ 43,480	\$ 182,346	\$ 124,338
Joint Venture	10,083	10,700	28,456	32,489
	\$ 70,434	\$ 54,180	\$ 210,802	\$ 156,827
Capital Expenditures -				
Cement	\$ 2,510	\$ 7,379	\$ 20,767	\$ 26,125
Concrete and Aggregates	1,631	3,233	2,933	9,324
Gypsum Wallboard	491	273	11,073	8,647
Paperboard	233	12,885	10,768	42,484
	\$ 4,865	\$ 23,770	\$ 45,541	\$ 86,580
Depreciation, Depletion, and Amortization -				
Cement	\$ 19,337	\$ 14,189	\$ 57,838	\$ 42,275
Concrete and Aggregates	2,691	3,105	8,110	8,050
Gypsum Wallboard	5,340	5,050	16,201	15,149
Paperboard	3,509	2,244	10,205	6,610
Corporate and Other	1,203	578	3,704	1,773
	\$ 32,080	\$ 25,166	\$ 96,058	\$ 73,857
Discontinued Operations				
Capital Expenditures	\$ —	\$ 86	\$ —	\$ 151
Depreciation, Depletion, and Amortization	\$ —	\$ 3,445	\$ 221	\$ 11,087

	December 31,	March 31,
	2020 (dollars in thousands)	2020
Identifiable Assets		
Cement	\$ 1,907,191	\$ 1,980,306
Concrete and Aggregates	99,495	136,041
Gypsum Wallboard	358,530	375,946
Paperboard	190,024	183,288
Assets of Discontinued Operations	—	13,831
Other, net	169,798	271,608
	\$ 2,725,038	\$ 2,961,020

The Capital Expenditures for the nine months ended December 31, 2019 disclosed above differs from the Capital Expenditures on the Unaudited Consolidated Statement of Cash Flows, as it includes \$2.7 million of capital expenditures that were accrued at December 31, 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:

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

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

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,					
	2020 (dollars in thousands)	2019	2020 (dollars in thousands)	2019				
Revenue	\$	54,220	\$	56,767	\$	159,207	\$	172,385
Gross Margin	\$	22,045	\$	22,749	\$	61,814	\$	68,806
Earnings Before Income Taxes	\$	21,920	\$	21,402	\$	58,665	\$	64,979

	December 31, 2020 (dollars in thousands)		March 31, 2020	
Current Assets	\$	68,449	\$	77,331
Non-Current Assets	\$	107,211	\$	93,093
Current Liabilities	\$	16,883	\$	17,197

(P) INTEREST EXPENSE

The following components are included in Interest Expense, net:

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,					
	2020 (dollars in thousands)	2019	2020 (dollars in thousands)	2019				
Interest Income	\$	(13)	\$	(12)	\$	(53)	\$	(23)
Interest Expense		8,449		9,250		33,141		27,682
Other Expenses		924		305		2,869		867
Interest Expense, net	\$	9,360	\$	9,543	\$	35,957	\$	28,526

Interest Income includes interest earned on investments of excess cash. Components of Interest Expense include interest associated with the Revolving Credit Facility, Term Loan, Senior Unsecured Notes, Private Placement Unsecured Notes (which were repaid in October 2019), and commitment fees based on the unused portion of the Revolving Credit Facility. Other Expenses include amortization of debt issuance costs and Revolving Credit Facility costs.

(Q) COMMITMENTS AND CONTINGENCIES

We have certain deductible limits under our workers' compensation and liability insurance policies for which reserves are established based on the undiscounted estimated costs of known and anticipated claims. We have entered into standby letter of credit agreements relating to workers' compensation, auto, and general liability self-insurance. At December 31, 2020, we had contingent liabilities under these outstanding letters of credit of approximately \$5.0 million.

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

We are currently contingently liable for performance under \$23.6 million in performance bonds required by certain states and municipalities and their related agencies. The bonds are principally for certain reclamation obligations and mining permits. We have indemnified the underwriting insurance company against any exposure under the performance bonds. In our past experience, no material claims have been made against these financial instruments.

(R) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of our long-term debt has been estimated based upon our current incremental borrowing rates for similar types of borrowing arrangements. The fair value of our Senior Unsecured Notes at December 31, 2020 is as follows:

		Fair Value (dollars in thousands)
4.500% Senior Unsecured Notes Due 2026	\$	363,564

The estimated fair value of our long-term debt was based on quoted prices of similar debt instruments with similar terms that are publicly traded (level 2 input). The carrying values of cash, restricted cash, cash equivalents, accounts and notes receivable, accounts payable, and accrued liabilities approximate their fair values at December 31, 2020, due to the short-term maturities of these assets and liabilities. The fair value of our Term Loan also approximates its carrying value at December 31, 2020.

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

EXECUTIVE SUMMARY

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

On September 18, 2020, we sold our Oil and Gas Proppants business, which had been reported as an operating segment, resulting in a gain of approximately \$9.2 million. Because the sale of the Oil and Gas Proppants business was determined to meet the discontinued operations accounting criteria, this segment is no longer separately reported in our reportable segment footnote for any of the periods presented. See Footnote (C) in the Unaudited Consolidated Financial Statements for more information about the sale of the Oil and Gas Proppants business.

Our remaining businesses are organized into two sectors: Heavy Materials, which includes the Cement and Concrete and Aggregates segments; and Light Materials, which includes the Gypsum Wallboard and Recycled Paperboard segments. Financial results and other information for the three and nine months ended December 31, 2020 and 2019, respectively, are presented on a consolidated basis and by these business segments – Cement, Concrete and Aggregates, Gypsum Wallboard, and Recycled Paperboard.

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

All our business activities are conducted in the United States. These activities include the mining of limestone for the manufacture, 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; and the mining and sale of aggregates (crushed stone, sand, and gravel).

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

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

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

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

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

MARKET CONDITIONS AND OUTLOOK

To date, we have not been materially affected by the extraordinary and wide-ranging actions taken by international, federal, state, and local public health and governmental authorities to contain and combat the spread of COVID-19.

Our third quarter results reflected another strong quarter for Eagle. Our end markets have remained resilient despite the COVID-related uncertainty. Our regional construction markets continued to outperform the national average, and sales volume performance in both of our major business lines continued to remain strong – our wallboard shipments were up 9%, and our organic cement sales volume was flat.

For the short term, we are well positioned to manage our cost structure and meet our customer needs. Our substantial raw material reserves support our low-cost producer position and during the early summer, we implemented cement price increases across all of our markets. We also implemented a wallboard price increase in November 2020 and have recently implemented another price increase in early January 2021.

For the intermediate term, we continue to closely monitor the disruptions caused by the COVID-19 pandemic, including the new cases reaching record highs both nationally and in many states in January 2021, new strains of the virus, the timing and effectiveness of the current vaccination campaign, and any responses designed to contain its spread and their possible impact on our business and our customers. While recent economic data has been more constructive than many expected earlier this year, the extent to which the spread of COVID-19 will impact the national and local economies in which we operate, and ultimately our businesses, will depend on numerous factors, which are highly uncertain and difficult to predict; therefore, we continue to prepare for a broad range of economic outcomes.

RESULTS OF OPERATIONS

THREE MONTHS ENDED DECEMBER 31, 2020 COMPARED WITH THREE MONTHS ENDED DECEMBER 31, 2019

	For the Three Months Ended December 31,		Change
	2020	2019	
	(dollars in thousands, except per share)		
Revenue	\$ 404,667	\$ 342,904	18%
Cost of Goods Sold	(291,288)	(249,701)	17%
Gross Profit	113,379	93,203	22%
Equity in Earnings of Unconsolidated Joint Venture	10,083	10,700	(6)%
Corporate General and Administrative	(11,327)	(13,794)	(18)%
Impairment Losses	—	(25,131)	(100)%
Other Non-Operating Income	2,297	722	218%
Interest Expense, net	(9,360)	(9,543)	(2)%
Earnings from Continuing Operations Before Income Taxes	105,072	56,157	87%
Income Tax Expense	(23,879)	(12,683)	88%
Net Earnings from Continuing Operations	81,193	43,474	87%
Net Earnings (Loss) from Discontinued Operations	\$ —	\$ (158,106)	100%
Net Earnings	\$ 81,193	\$ (114,632)	171%
Diluted Earnings per Share from Continuing Operations	\$ 1.94	\$ 1.04	87%

REVENUE

Revenue increased by \$61.8 million, or 18%, to \$404.7 million for the three months ended December 31, 2020. The Kosmos Acquisition contributed \$45.4 million of Revenue for the three months ended December 31, 2020, while Western and Mathews contributed \$7.9 million of Revenue for the three months ended December 31, 2019. Excluding the acquisition and dispositions, Revenue improved by \$24.3 million, or 7%. The increase was due to higher gross sales prices and Sales Volume, which positively affected Revenue by approximately \$7.7 million and \$16.6 million, respectively.

COST OF GOODS SOLD

Cost of Goods Sold increased by \$41.6 million, or 17%, to \$291.3 million for the three months ended December 31, 2020. The Kosmos Acquisition contributed \$32.1 million to Cost of Goods Sold for the three months ended December 31, 2020, while Western and Mathews contributed \$6.7 million to Cost of Goods Sold for the three months ended December 31, 2019. Excluding the acquisition and dispositions, Cost of Goods Sold increased by \$16.2 million, or 7%. The increase in Cost of Goods Sold was due to Sales Volume and operating costs of approximately \$10.5 million and \$5.7 million, respectively. The increase in operating costs was primarily related to our Cement and Recycled Paperboard segments. See discussion of individual operating segments below.

GROSS PROFIT

Gross Profit increased 22% to \$113.4 million during the three months ended December 31, 2020. Excluding the acquisition and dispositions, Gross Profit rose by \$8.1 million, or 9%. The improvement in Gross Profit was primarily due to higher gross sales prices and Sales Volume, partially offset by increased operating costs. The gross margin percentage increased to 28% from 27%, primarily because of higher gross sales prices, partially offset by increased operating costs.

EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURE

Equity in Earnings of our Unconsolidated Joint Venture decreased \$0.6 million, or 6%, for the three months ended December 31, 2020. The decline was primarily due to lower Sales Volume and increased operating costs, which adversely affected earnings by approximately \$0.7 million and \$0.4 million, respectively, partially offset by higher net sales prices, which increased operating earnings by approximately \$0.5 million.

CORPORATE GENERAL AND ADMINISTRATIVE

Corporate General and Administrative Expense declined by approximately \$2.5 million, or 18%, for the three months ended December 31, 2020. The decrease was primarily because of lower legal and professional expenses of approximately \$3.6 million, partially offset by higher salary and incentive compensation of \$1.0 million. The lower legal and professional fees related to amounts spent in the prior fiscal year in connection with our strategic portfolio review, as well as costs incurred related to the Kosmos Acquisition and the sale of Western and Mathews. The increase in salary and incentive compensation costs were primarily due to higher earnings during the fiscal year.

IMPAIRMENT LOSSES

Impairment Losses for the three months ended December 31, 2019 relate to certain assets of our Oil and Gas Proppants business that were impaired during the quarter ended December 31, 2019, but were not included in the sale of the business in September 2020. These impairment charges primarily relate to real estate and right-of-use assets.

OTHER NON-OPERATING INCOME (LOSS)

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

INTEREST EXPENSE, NET

Interest Expense, net decreased by approximately \$0.1 million, or 2%, during the three months ended December 31, 2020. The decrease in Interest Expense, net was primarily due to lower interest on borrowings under our Revolving Credit Facility of approximately \$4.8 million. This decrease was partially offset by an increase in interest on our Term Loan and amortization of related debt issuances costs of \$4.0 million and \$0.7 million, respectively. The increase in debt issuance costs was related to the issuance of the Term Loan in March 2020 and the amendment of both the Revolving Credit Facility and the Term Loan in April 2020. The lower interest expense on our Revolving Credit Facility was due to our repaying all outstanding amounts during the three months ended December 31, 2020.

EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

Earnings from Continuing Operations Before Income Taxes increased to \$105.1 million during the three months ended December 31, 2020, primarily as a result of higher Gross Profit and Other Non-operating Income, and lower Corporate General and Administrative Expense. This was partially offset by lower Equity in Earnings of Unconsolidated Joint Venture.

INCOME TAX EXPENSE

Income Tax Expense was \$23.9 million for the three months ended December 31, 2020 compared with Income Tax Expense of \$12.7 million for the three months ended December 31, 2019. The effective tax rate was flat from the prior period at 23%.

NET EARNINGS FROM CONTINUING OPERATIONS AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS

Net Earnings from Continuing Operations increased 87% to \$81.2 million for the three months ended December 31, 2020. Diluted Earnings per Share from Continuing Operations also increased 87% to \$1.94 per share.

NET EARNINGS (LOSS) FROM DISCONTINUED OPERATIONS

There was no Net Earnings from Discontinued Operations during the three months ended December 31, 2020, compared with a Net Loss from Discontinued Operations of \$158.1 million for the three months ended December 31, 2019. The Net Loss from Discontinued Operations in fiscal 2020 was primarily related to the impairment of the operating facilities, quarries, and certain lease right-of-use assets.

NET EARNINGS

Net Earnings increased 171% to \$81.2 million for the three months ended December 31, 2020.

NINE MONTHS ENDED DECEMBER 31, 2020 COMPARED WITH NINE MONTHS ENDED DECEMBER 31, 2019

	For the Nine Months Ended December 31,		Change
	2020	2019	
	(dollars in thousands, except per share)		
Revenue	\$ 1,279,340	\$ 1,098,838	16%
Cost of Goods Sold	(940,815)	(818,521)	15%
Gross Profit	338,525	280,317	21%
Equity in Earnings of Unconsolidated Joint Venture	28,456	32,489	(12)%
Corporate General and Administrative	(40,225)	(48,506)	(17)%
Gain on Sale of Businesses	51,973	—	—
Impairment Losses	—	(25,131)	(100)%
Other Non-Operating Income	1,898	1,445	31%
Interest Expense, net	(35,957)	(28,526)	26%
Earnings from Continuing Operations Before Income Taxes	344,670	212,088	63%
Income Tax Expense	(76,515)	(50,217)	52%
Net Earnings from Continuing Operations	268,155	161,871	66%
Net Earnings (Loss) from Discontinued Operations	\$ 5,278	\$ (163,406)	103%
Net Earnings	\$ 273,433	\$ (1,535)	17913%
Diluted Earnings per Share from Continuing Operations	\$ 6.43	\$ 3.81	69%

REVENUE

Revenue increased by \$180.5 million, or 16%, to \$1,279.3 million for the nine months ended December 31, 2020. The Kosmos Acquisition and ConAgg Acquisition contributed \$154.8 million of Revenue for the nine months ended December 31, 2020, while Western and Mathews contributed \$25.2 million of Revenue for the nine months ended December 31, 2019. Excluding the acquisitions and dispositions, Revenue improved by \$50.9 million, or 5%. The increase was due to higher Sales Volume and gross sales prices, which positively affected Revenue by approximately \$36.9 million and \$14.0 million, respectively.

COST OF GOODS SOLD

Cost of Goods Sold increased by \$122.3 million, or 15%, to \$940.8 million for the nine months ended December 31, 2020. The Kosmos and ConAgg Acquisitions contributed \$115.4 million of Cost of Goods Sold for the nine months ended December 31, 2020, while Western and Mathews contributed \$21.5 million of Cost of Goods Sold for the nine months ended December 31, 2019. Excluding the acquisitions and dispositions, Cost of Goods Sold increased by \$28.4 million, or 4%. The increase in Cost of Goods Sold was due to higher Sales Volume and operating costs of \$23.4 million and \$5.0 million. The increase in operating costs were primarily in the Concrete and Recycled Paperboard segments. See discussion of individual operating segments below.

GROSS PROFIT

Gross Profit increased 21% to \$338.5 million during the nine months ended December 31, 2020. Excluding the acquisitions and dispositions, Gross Profit increased by \$22.5 million, or 8%. The increase in Gross Profit was primarily related to higher gross sales prices and increased Sales Volume, partially offset by higher operating expenses. The gross margin percentage increased to 27% from 26%, primarily because of higher gross sales prices, partially offset by higher operating expenses.

EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURE

Equity in Earnings of our Unconsolidated Joint Venture decreased \$4.0 million, or 12%, for the nine months ended December 31, 2020. The decline was primarily due to lower net sales prices and Sales Volume, which adversely affected earnings by approximately \$0.8 million and \$2.3 million, respectively, as well as increased operating costs, which decreased operating earnings by approximately \$1.0 million. The increase in operating costs was primarily related to maintenance, which increased by approximately \$1.1 million.

CORPORATE GENERAL AND ADMINISTRATIVE

Corporate General and Administrative Expense declined by approximately \$8.3 million, or 17%, for the nine months ended December 31, 2020. The decrease was primarily because of lower salary and incentive compensation costs of approximately \$4.2 million and legal and professional costs of \$4.1 million. The lower salary and incentive compensation costs were primarily due to the acceleration of stock compensation costs of \$5.3 million upon the retirement of our Chief Executive Officer in the first quarter of fiscal 2020, while the lower legal and professional fees related to higher amounts spent in the prior year in connection with our strategic portfolio review. The lower fees were partially offset by increased professional costs associated with the Kosmos Acquisition, and the sales of Mathews and Western, and our Oil and Gas Proppants business.

IMPAIRMENT LOSSES

Impairment Losses for the nine months ended December 31, 2019 relate to certain assets of our Oil and Gas Proppants business that were impaired during the quarter ended December 31, 2019, but were not included in the sale of the business in September 2020. These impairment charges primarily relate to real estate and right-of-use assets.

GAIN ON SALE OF BUSINESSES

On April 17, 2020 we sold Western and Mathews for approximately \$93.5 million resulting in a gain on sale of approximately \$52.0 million. See Footnote (C) to the Unaudited Consolidated Financial Statements for more information regarding the sale.

OTHER NON-OPERATING INCOME (LOSS)

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

INTEREST EXPENSE, NET

Interest Expense, net increased by approximately \$7.5 million, or 26%, during the nine months ended December 31, 2020. The increase in Interest Expense, net was primarily due to higher interest on borrowings under our Term Loan of approximately \$13.6 million and amortization of related debt issuance costs of \$2.0 million. These increases were partially offset by lower interest on our Revolving Credit Facility of approximately \$7.1 million and our Unsecured Private Placement Notes, which were paid in full in fiscal 2020, of \$1.1 million. The higher debt issuance costs were related to the issuance of the Term Loan in March 2020 and the amendment of both the Revolving Credit Facility and the Term Loan in April 2020. The lower interest expense on our Revolving Credit Facility was due to reducing the balance throughout fiscal 2021, before repaying the remaining balance during the current quarter.

EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

Earnings from Continuing Operations Before Income Taxes increased to \$344.7 million during the nine months ended December 31, 2020, primarily as a result of higher Gross Profit and Gain on Sale of Businesses, and lower Corporate General and Administrative Expense. This was partially offset by lower Equity in Earnings of Unconsolidated Joint Venture and increased Interest Expense, net.

INCOME TAX EXPENSE

Income Tax Expense for the nine months ended December 31, 2020 increased to \$76.5 million from \$50.2 million for the nine months ended December 31, 2019. The effective tax rate decreased to 22% from 24% in the prior-year period. The decrease in the effective tax rate was primarily due to a benefit recognized in the current year related to the reversal of all of our uncertain tax positions during the nine months ended December 31, 2020.

NET EARNINGS FROM CONTINUING OPERATIONS AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS

Net Earnings from Continuing Operations increased 66% to \$268.2 million for the nine months ended December 31, 2020. Diluted Earnings per Share increased 69% to \$6.43 per share.

NET EARNINGS (LOSS) FROM DISCONTINUED OPERATIONS

Net Earnings from Discontinued Operations increased to \$5.3 million during the nine months ended December 30, 2020, compared with a Net Loss from Discontinued Operations of \$163.4 million for the nine months ended December 31, 2019. The improvement was due primarily to the impairment of the operating facilities, quarries and certain lease right-of-use assets of the Oil and Gas Proppants business during fiscal 2020, and the recording of a \$9.2 million gain on sale in September 2020.

NET EARNINGS

Net Earnings increased to \$273.4 million for the nine months ended December 31, 2020.

THREE AND NINE MONTHS ENDED DECEMBER 31, 2020 COMPARED WITH THREE AND NINE MONTHS ENDED DECEMBER 31, 2019 BY SEGMENT

The following presents results within our two business sectors for the three and nine months ended December 31, 2020 and 2019. Revenue and operating results are organized by sector and discussed by individual business segment within each respective business sector.

Heavy Materials**CEMENT (1)**

	For the Three Months Ended December 31,			For the Nine Months Ended December 31,		
	2020 (in thousands, except per ton information)	2019 (in thousands, except per ton information)	Percentage Change	2020 (in thousands, except per ton information)	2019 (in thousands, except per ton information)	Percentage Change
Gross Revenue, including Intersegment and Joint Venture	\$ 234,092	\$ 183,031	28%	\$ 773,565	\$ 605,357	28%
Less Intersegment Revenue	(5,241)	(6,174)	(15)%	(17,539)	(17,130)	2%
Less Joint Venture Revenue	(27,110)	(28,382)	(4)%	(79,603)	(85,775)	(7)%
Gross Revenue, as reported	\$ 201,741	\$ 148,475	36%	\$ 676,423	\$ 502,452	35%
Freight and Delivery Costs Billed to Customers	(15,077)	(11,063)	36%	(50,896)	(39,434)	29%
Net Revenue	\$ 186,664	\$ 137,412	36%	\$ 625,527	\$ 463,018	35%
Sales Volume (M Tons)	1,842	1,439	28%	6,107	4,767	28%
Average Net Sales Price, per ton (2)	\$ 111.91	\$ 110.09	2%	\$ 110.84	\$ 109.69	1%
Operating Margin, per ton	\$ 38.24	\$ 37.65	2%	\$ 34.52	\$ 32.90	5%
Operating Earnings	\$ 70,434	\$ 54,180	30%	\$ 210,802	\$ 156,827	34%

(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.

Three months ended December 31, 2020

Cement Revenue was \$234.1 million, a 28% increase, for the three months ended December 31, 2020. Organic Cement Revenue, which excludes the Kosmos Acquisition, increased approximately \$5.7 million, primarily related to higher gross sales prices.

Cement Operating Earnings increased 30% to \$70.4 million for the three months ended December 31, 2020. Excluding \$13.3 million of Operating Earnings related to the Kosmos Acquisition, Operating Earnings increased \$2.9 million, or 5%. The improvement was due to higher gross sales prices, which increased Operating Earnings by \$6.6 million. This was partially offset by higher operating costs, which negatively affected Operating Earnings by approximately \$3.9 million. The increase in operating costs was primarily due to higher maintenance costs of \$1.5 million and raw materials of \$1.5 million. The operating margin remained consistent at 30% during the quarter.

Nine months ended December 31, 2020

Cement Revenue was \$773.6 million, a 28% increase, for the nine months ended December 31, 2020. Organic Cement Revenue increased approximately \$28.0 million, and was primarily due to higher gross sales prices and Sales Volume, which improved Cement Revenue by approximately \$15.9 million and \$12.1 million, respectively.

Cement Operating Earnings increased 34% to \$210.8 million for the nine months ended December 31, 2020. Excluding \$38.3 million of Operating Earnings related to the Kosmos Acquisition, Operating Earnings increased \$15.7 million, or 10%. The increase was due to higher gross sales prices and Sales Volume, which positively affected Operating Earnings by approximately \$15.9 million and \$1.5 million, respectively. This was partially offset by higher operating costs, which reduced Operating Earnings by \$1.5 million. The increase in operating costs was primarily increased maintenance costs of \$6.6 million, partially offset by lower energy costs of \$5.2 million. The operating margin increased to 27% from 26%, primarily because of higher gross sales prices.

CONCRETE AND AGGREGATES

	For the Three Months Ended December 31,		Percentage Change	For the Nine Months Ended December 31,		Percentage Change
	2020 (in thousands, except net sales prices)	2019 (in thousands, except net sales prices)		2020 (in thousands, except net sales prices)	2019 (in thousands, except net sales prices)	
Gross Revenue, including Intersegment	\$ 43,530	\$ 47,147	(8)%	\$ 134,020	\$ 142,896	(6)%
Less Intersegment Revenue	—	(350)	(100)%	(106)	(1,134)	(91)%
Gross Revenue, as reported	\$ 43,530	\$ 46,797	(7)%	\$ 133,914	\$ 141,762	(6)%
Sales Volume:						
M Cubic Yards of Concrete	327	357	(8)%	1,032	1,095	(6)%
M Tons of Aggregate	583	749	(22)%	1,533	2,608	(41)%
Average Net Sales Price:						
Concrete, per cubic yard	\$ 116.88	\$ 112.96	3%	\$ 115.66	\$ 108.17	7%
Aggregates, per ton	\$ 8.96	\$ 9.20	(3)%	\$ 9.54	\$ 9.36	2%
Operating Earnings	\$ 5,075	\$ 3,334	52%	\$ 15,748	\$ 15,023	5%

Three months ended December 31, 2020

Concrete and Aggregates Revenue decreased 8% to \$43.5 million for the three months ended December 31, 2020. Excluding Revenue related to Western and Mathews in fiscal 2020, Revenue increased \$4.3 million, or 11%. The primary reason for the increase in Revenue was higher gross sales prices and Sales Volume, which positively affected Revenue by \$0.5 million and \$3.8 million, respectively.

Operating Earnings increased 52% to approximately \$5.1 million. Excluding Operating Earnings related to Western and Mathews in fiscal 2020, Operating Earnings increased \$2.9 million, or 76%. The increase was a result of higher concrete sales prices and organic Sales Volume, as well as lower operating costs, which positively affected Operating Earnings by \$0.5 million, \$1.2 million, and \$1.3 million, respectively. The decrease in operating costs was primarily due to improved operating efficiencies and lower diesel fuel costs.

Nine months ended December 31, 2020

Concrete and Aggregates Revenue decreased 6% to \$134 million for the nine months ended December 31, 2020. Excluding Revenue related to the ConAgg Acquisition and Western and Mathews for the first quarter of fiscal 2021, as well as Western and Mathews in fiscal 2020, Revenue increased \$5.3 million, or 4%. The increase in Revenue was primarily related to higher gross sales prices, which positively affected Revenue by \$6.4 million. This was partially offset by lower Sales Volume, which reduced Revenue by \$1.1 million.

Operating Earnings increased 5% to approximately \$15.7 million. Excluding Operating Earnings related to the ConAgg Acquisition and Western and Mathews for the first quarter of fiscal 2021, and Western and Mathews in fiscal 2020, Operating Earnings increased \$3.5 million, or 31%. The improvement was due to higher gross sales prices, which positively affected Operating Earnings by \$6.4 million, partially offset by higher operating costs, which negatively impacted Operating Earnings by approximately \$2.9 million. The increase in operating costs was primarily because of higher cost of materials of approximately \$3.0 million, partially offset by lower delivery costs of \$0.9 million.

Light Materials

GYPSUM WALLBOARD

	For the Three Months Ended December 31,		Percentage Change	For the Nine Months Ended December 31,		Percentage Change
	2020 (in thousands, except per MSF information)	2019		2020 (in thousands, except per MSF information)	2019	
Gross Revenue, as reported	\$ 135,658	\$ 125,070	8%	\$ 397,018	\$ 380,454	4%
Freight and Delivery Costs Billed to Customers	(28,235)	(27,030)	4%	(83,334)	(81,941)	2%
Net Revenue	\$ 107,423	\$ 98,040	10%	\$ 313,684	\$ 298,513	5%
Sales Volume (MMSF)	727	669	9%	2,151	2,010	7%
Average Net Sales Price, per MSF (1)	\$ 147.87	\$ 146.46	1%	\$ 145.86	\$ 148.51	(2)%
Freight, per MSF	\$ 38.84	\$ 40.40	(4)%	\$ 38.74	\$ 40.77	(5)%
Operating Margin, per MSF	\$ 56.11	\$ 57.52	(2)%	\$ 55.66	\$ 57.15	(3)%
Operating Earnings	\$ 40,792	\$ 38,484	6%	\$ 119,723	\$ 114,872	4%

(1) Net of freight per MSF.

Three months ended December 31, 2020

Gypsum Wallboard Revenue increased 8% to \$135.7 million for the three months ended December 31, 2020, primarily related to a 9% increase in Sales Volume. The higher Sales Volume positively affected Revenue by approximately \$10.6 million, while gross sales prices were relatively flat. Our market share increased slightly during the three months ended December 31, 2020, due to the strength in our regional markets compared to the national average.

Operating Earnings increased 6% to \$40.8 million, primarily because of higher Sales Volume, which positively affected Operating Earnings by \$3.3 million. The increase was partially offset by higher operating costs that negatively affected Operating Earnings by approximately \$1.1 million. The higher operating costs were primarily due to input costs, which increased operating costs by \$2.0 million. The increase was offset by lower freight expense of \$1.0 million. The operating margin declined 1% to 30% for the three months ended December 31, 2020, primarily because of higher 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.

Nine months ended December 31, 2020

Gypsum Wallboard Revenue increased 4% to \$397.0 million for the nine months ended December 31, 2020, primarily related to a 7% increase in Sales Volume. The higher Sales Volume positively affected Revenue by approximately \$26.7 million, partially offset by lower gross sales prices, which adversely affected Revenue by \$10.0 million. Our market share increased slightly during the nine months ended December 31, 2020, due to the strength in our regional markets compared to the national average.

Operating Earnings increased 4% to \$119.7 million, primarily due to higher Sales Volume and lower operating costs, which positively affected Operating Earnings by \$8.1 million and \$6.7 million, respectively. This was partially offset by lower gross sales prices that negatively affected Operating Earnings by approximately \$10.0 million. The lower operating costs were primarily related to freight, energy, and maintenance, which reduced operating costs by approximately \$4.4 million, \$1.2 million, and \$1.3 million, respectively. The operating margin remained consistent at 30% for the nine months ended December 31, 2020, with lower gross sales prices being offset by lower 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 December 31,		Percentage Change	For the Nine Months Ended December 31,		Percentage Change
	2020 (in thousands, except per ton information)	2019 (in thousands, except per ton information)		2020 (in thousands, except per ton information)	2019 (in thousands, except per ton information)	
Gross Revenue, including Intersegment	\$ 39,602	\$ 37,813	5%	\$ 122,417	\$ 122,360	—
Less Intersegment Revenue	(15,864)	(15,251)	4%	(50,432)	(48,190)	5%
Gross Revenue, as reported	\$ 23,738	\$ 22,562	5%	\$ 71,985	\$ 74,170	(3)%
Freight and Delivery Costs Billed to Customers	(1,361)	(1,073)	27%	(4,046)	(3,407)	19%
Net Revenue	\$ 22,377	\$ 21,489	4%	\$ 67,939	\$ 70,763	(4)%
Sales Volume (M Tons)	79	80	(1)%	243	247	(2)%
Average Net Sales Price, per ton ⁽¹⁾	\$ 484.92	\$ 460.65	5%	\$ 487.76	\$ 482.34	1%
Freight, per ton	\$ 17.23	\$ 13.41	28%	\$ 16.65	\$ 13.79	21%
Operating Margin, per ton	\$ 90.65	\$ 112.76	(20)%	\$ 85.22	\$ 117.65	(28)%
Operating Earnings	\$ 7,161	\$ 9,021	(21)%	\$ 20,708	\$ 29,060	(29)%

(1) Net of freight per ton.

Three months ended December 31, 2020

Recycled Paperboard Revenue increased 5% to \$39.6 million during the three months ended December 31, 2020. The increase in Revenue was due to higher gross sales prices, which positively affected Revenue by \$2.2 million, partially offset by decreased Sales Volume, which lowered Revenue by \$0.4 million. Higher gross sales prices were due to the pricing provisions in our long-term sales agreements.

Operating Earnings decreased 21% to \$7.2 million, primarily because of the higher operating expenses, which negatively affected Operating Earnings by \$4.0 million, partially offset by higher gross sales prices of \$2.2 million. The increase in operating costs was primarily due to input costs and depreciation, which increased approximately \$2.9 million and \$1.3 million, respectively, partially offset by lower energy costs of \$0.3 million. Operating margin decreased to 18% from 24%, primarily because of higher operating costs, partially offset by higher gross sales prices.

Nine months ended December 31, 2020

Recycled Paperboard Revenue was flat at \$122.4 million during the nine months ended December 31, 2020, with higher gross sales prices increasing Revenue by \$2.0 million and lower Sales Volume reducing Revenue by the same amount. Higher gross sales prices were due to the pricing provisions in our long-term sales agreements.

Operating Earnings declined 29% to \$20.7 million, primarily related to an increase in operating costs and a decrease in Sales Volume, which adversely affected Operating Earnings by approximately \$9.9 million and \$0.5 million, respectively. This was partially offset by increased gross sales prices of \$2.0 million. The increase in operating costs was primarily due to operating inefficiencies in April and May related to the start-up of the paper mill after the completion of the project to enhance and expand the mill, as well as higher input costs, namely fiber and depreciation, which lowered Operating Earnings by approximately \$2.1 million, \$6.0 million and \$3.7, respectively. This was partially offset by lower energy costs of approximately \$1.7 million. Operating margin decreased to 17% from 24%, primarily because of higher operating costs and lower gross sales prices.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

Recent Accounting Pronouncements

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

LIQUIDITY AND CAPITAL RESOURCES

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

Cash Flow

The following table provides a summary of our cash flows:

	For the Nine Months Ended December 31,	
	2020	2019
	(dollars in thousands)	
Net Cash Provided by Operating Activities	\$ 542,017	\$ 320,619
Investing Activities:		
Additions to Property, Plant, and Equipment	(45,541)	(84,056)
Acquisition Spending	—	(30,424)
Proceeds from Sale of Businesses	91,022	—
Net Cash Provided by (Used in) Investing Activities	45,481	(114,480)
Financing Activities:		
Increase (Decrease) in Credit Facility	(560,000)	275,000
Repayment of Private Placement Senior Unsecured Notes	—	(36,500)
Dividends Paid to Stockholders	(4,163)	(13,131)
Purchase and Retirement of Common Stock	—	(313,887)
Proceeds from Stock Option Exercises	8,649	2,996
Payment of Debt Issuance Costs	(1,718)	—
Shares Redeemed to Settle Employee Taxes on Stock Compensation	(1,130)	(2,963)
Net Cash Provided by (Used in) Financing Activities	(558,362)	(88,485)
Net Increase in Cash, Cash Equivalents, and Restricted Cash	\$ 29,136	\$ 117,654

Net Cash Provided by Operating Activities increased by \$221.4 million to \$542.0 million during the nine months ended December 31, 2020. This increase was primarily attributable to higher Net Earnings after adjustments for non-cash charges and Gain on Sale of Businesses, higher dividends from our Joint Venture, and a reduction in the change of working capital, which increased cash flows by approximately \$89.3 million, \$2.0 million, and \$130.1 million, respectively. The change in working capital was primarily due to receiving income tax refunds of approximately \$126.5 million that were included in receivables at March 31, 2020. Net Cash Provided by Operating Activities was also positively affected by \$45.0 million from the reduction of deferred tax liabilities related to the sale of the Oil and Gas Proppants business.

Working capital declined by \$143.0 million to \$365.5 million at December 31, 2020, primarily because of lower Accounts and Notes Receivable, Inventories, and Income Tax Receivables of approximately \$3.3 million, \$43.4 million and \$126.5 million, respectively. This was partially offset by higher Cash and Restricted Cash of approximately \$24.5 million and \$5.0 million, respectively. The reduction in Inventory was due to increased Revenue and the seasonal nature of our business. The decrease in Income Tax Receivables and increase in Cash was due primarily to receiving our income tax refund during July 2020.

The decrease in Accounts and Notes Receivable at December 31, 2020, was primarily due to improved collection efforts that reduced our overall days sales outstanding. As a percentage of quarterly sales generated for the respective quarter, Accounts Receivable was approximately 35% at December 31, 2020 and 48% at March 31, 2020. Management measures the change in Accounts Receivable by monitoring the days sales outstanding on a monthly basis to determine if any deterioration has occurred in the collectability of the Accounts Receivable. No significant deterioration in the collectability of our Accounts Receivable was identified at December 31, 2020. Notes Receivable are monitored on an individual basis, and no significant deterioration in the collectability of our Notes Receivable was identified at December 31, 2020. We are closely monitoring the impact of COVID-19 on our customers' ability to pay their outstanding balances.

Our Inventory balance at December 31, 2020 declined by approximately \$43.4 million from our balance at March 31, 2020. Within Inventory, raw materials and materials-in-progress, finished cement, and aggregates decreased approximately \$34.8 million, \$8.6 million, and \$5.1 million, respectively. The decline in raw materials and materials-in-progress and cement is consistent with our business cycle: we generally build up clinker inventory over the winter months to meet the demand in the spring and summer. The reduction in aggregates inventory was primarily due to the sale of Western, which had approximately \$5.1 million of aggregate inventory at the date of sale. This was partially offset by an increase of \$4.0 million in repair parts. The increase in repair parts is primarily due to the build-up of inventory necessary for our scheduled outages over the next several months. The largest individual balance in our Inventory is our repair parts. These parts are necessary given the size and complexity of our manufacturing plants, as well as the age of certain of our plants, which creates the need to stock a high level of repair parts inventory. We believe all of these repair parts are necessary, and we perform semi-annual analyses to identify obsolete parts. We have less than one year's sales of all product inventories, and our inventories have a low risk of obsolescence because our products are basic construction materials.

Net Cash Provided by Investing Activities during the nine months ended December 31, 2020 was approximately \$45.5 million, compared with Net Cash Used in Investing Activities of \$114.5 million during the same period in 2019, an increase of approximately \$160.0 million. The increase was primarily due to the \$91.0 million of cash received for the sale of businesses, and reductions in capital spending and acquisition spending of \$38.6 million and \$30.4 million, respectively. The decrease in capital spending was due to our focus on limiting capital expenditures to critical maintenance and safety and regulatory projects as we manage our cash flow in response to COVID-19.

Net Cash Used in Financing Activities was approximately \$558.4 million during the nine months ended December 31, 2020, compared with \$88.5 million in the similar period in fiscal 2020. The \$469.9 million increase was primarily due to the \$560.0 million reduction in net borrowings compared with the \$238.5 million increase in net borrowings in fiscal 2020, as well as a \$313.9 million reduction in repurchase and retirement of common stock.

Our debt-to-capitalization ratio and net-debt-to-capitalization ratio were 44.6% and 40.9%, respectively, at December 31, 2020, compared with 61.7% and 60.0%, respectively, at March 31, 2020.

Debt Financing Activities

Below is a summary of the Company's debt facilities at December 31, 2020:

	Maturity
<u>Revolving Credit Facility</u>	August 2022
<u>4.500% Senior Unsecured Notes</u>	August 2026
<u>Term Loan</u>	August 2022

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

The borrowing capacity of our Revolving Credit Facility is \$750.0 million. The Revolving Credit Facility also includes a swingline loan sublimit of \$25.0 million, and a \$40.0 million letter of credit facility. At December 31, 2020 we had \$5.0 million of outstanding letters of credit. We previously provided an irrevocable stand-by letter of credit for any borrowings made by our Joint Venture under its credit facility; however, this credit facility was terminated and the letter of credit cancelled in July 2020. We are contingently liable for performance under \$23.6 million in performance bonds relating primarily to our mining operations. We do not have any off-balance-sheet debt, or any outstanding debt guarantees.

We did not have any borrowings outstanding under the Revolving Credit Facility at December 31, 2020. We had \$745.0 million of available borrowings under the Revolving Credit Facility, net of outstanding letters of credit, at December 31, 2020, all of which was available for future borrowings based on our current Leverage Ratio.

In addition to the Revolving Credit Facility, we have \$142.8 million of cash on hand at December 31, 2020, giving us total liquidity of approximately \$887.8 million (cash on hand plus Revolving Credit Facility availability).

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

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

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

During December 2020 we exercised our option and purchased the cement plant at Sugar Creek for a nominal amount. We also have approximately \$42.4 million of lease liabilities at December 31, 2020 that have an average remaining life of approximately 10.5 years.

Dividends

Dividends paid were \$4.2 million and \$13.1 million, respectively, for the nine months ended December 31, 2020 and 2019. On April 13, 2020, we announced the suspension of future quarterly dividends.

Share Repurchases

On April 18, 2019, the Board of Directors authorized us to repurchase an additional 10.0 million shares. This authorization brought the cumulative total of Common Stock our Board has approved for repurchase in the open market to 48.4 million shares since we became publicly held in April 1994. Through December 31, 2020, we have repurchased approximately 41.1 million shares.

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

During the nine months ended December 31, 2020, the Company withheld from employees 36,099 shares of stock upon the vesting of Restricted Shares that were granted under the Plan. We withheld these shares to satisfy the employees' statutory tax withholding requirements, which is required once the Restricted Shares or Restricted Shares Units are vested.

Capital Expenditures

The following table details capital expenditures by category:

	For the Nine Months Ended December 31,	
	2020	2019
	(dollars in thousands)	
Land and Quarries	\$ 5,306	\$ 4,507
Plants	30,026	71,688
Buildings, Machinery, and Equipment	10,209	10,536
Total Capital Expenditures	\$ 45,541	\$ 86,731

Capital expenditures for fiscal 2021 are expected to range from \$55.0 million to \$65.0 million and will be allocated across the Heavy and Light Materials sectors. These estimated capital expenditures are limited to critical maintenance and safety and regulatory projects as we manage our cash flow in response to the COVID-19 pandemic.

The capital expenditures for the nine months ended December 31, 2019 disclosed above differs from the capital expenditures on the Unaudited Consolidated Statement of Cash Flows. It includes \$2.7 million of capital expenditures that were accrued at September 30, 2019 and therefore not included in the Statement of Cash Flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks related to fluctuations in interest rates on our Revolving Credit Facility and Term Loan. We have occasionally utilized derivative instruments, including interest rate swaps, in conjunction with our overall strategy to manage the debt outstanding that is subject to changes in interest rates. We have a \$750.0 million Revolving Credit Facility and an outstanding Term Loan at December 31, 2020, under which borrowings bear interest at a variable rate. A hypothetical 100 basis point increase in interest rates on the \$665.0 million of borrowings under the Revolving Credit Facility and Term Loan at December 31, 2020 would increase interest expense by approximately \$6.7 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

We are party to certain legal actions arising from the ordinary course of business. In addition, 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 these potential liabilities and the requirements mandated by such laws and regulations and have procedures in place at all of our operating units to monitor compliance. Any matters which are identified as potential exposures under these laws and regulations are carefully reviewed by management to determine our potential liability.

Item 1A. Risk Factors

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

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

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 to be a global pandemic and recommended containment and mitigation measures worldwide. On March 13, 2020, the United States declared a national emergency arising from the COVID-19 pandemic, and several states and municipalities declared public health emergencies. Since the time of these initial declarations, international, federal, state, and local public health and governmental authorities have taken extraordinary and wide-ranging measures to contain and combat the outbreak and spread of COVID-19, including quarantines, “shelter-in-place” orders, and mandates and recommendations for individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations. Some of these measures have now been lifted or modified, but others have been extended or remain in place. In addition, it is possible that the election of a new President and the resulting change of administrations in January 2021 may result in the implementation of new measures to combat the pandemic, the nature and effects of which are difficult to predict at the present time. Despite all of the measures implemented so far, COVID-19 has continued to spread, with the number of new cases reaching new highs both on a nationwide basis and in many states during January 2021.

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

- The COVID-19 pandemic has resulted in adverse macroeconomic conditions that have the potential to affect demand for our products in the principal markets in which we operate. For example, the pandemic and responses thereto have resulted in significant job losses and substantial decreases in consumer confidence in many of the markets in which we operate. Consequently, it is likely that the COVID-19 pandemic will negatively affect demand for our products in current or future periods.
- The pandemic is likely to have a significant effect on state and local government revenues and construction budgets, and may result in delays, cancellations or curtailment of construction projects.
- The pandemic could result in delays in collecting on certain of our accounts receivable from our customers.

- The pandemic could result in increased costs associated with compliance with new government regulations or restrictions, such as quarantines or social distancing mandates or new workplace safety measures, which may affect our operations in one or more of the markets in which we operate.
- The pandemic has resulted, and may continue to result, in fluctuations in equity market prices (including that of our Common Stock), interest rates and credit spreads, which may limit our ability to raise or deploy capital and implement our future plans, including our planned separation of our Heavy Materials and Light Materials businesses.
- Finally, the pandemic may have other negative impacts on our operations, supply chain, transportation networks and customers, which we may not be able to anticipate or respond to effectively.

We are continuing to monitor the COVID-19 pandemic and its likely effects. The timing of these effects is not expected to be uniform, with some effects having a short-term impact and others likely to be felt for a number of years. In general, the extent to which the COVID-19 pandemic will ultimately impact our business, operations, financial condition and results of operations will depend on numerous factors, which are highly uncertain, rapidly changing and cannot be predicted. These factors include:

- the duration and scope of the outbreak;
- the timing of, and progress made in the current vaccination campaign, including the effectiveness of the campaign in limiting the spread of the virus;
- governmental, business and individual actions that have been and may be taken in response to the outbreak, including any new measures that may be implemented by the new administration;
- the effect of the outbreak on our customers, suppliers, supply chain, and other business partners;
- our ability during the outbreak to continue to carry out our manufacturing operations in an efficient manner, while taking measures to protect the health and well-being of our employees;
- the willingness and ability of our customers to order and pay for our products during and following the outbreak; and
- the impact of the outbreak on the financial markets and economic activity generally.

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

One key area we continue to closely monitor is the effect of the COVID-19 pandemic on our manufacturing operations. Although we are taking precautions to ensure the safety of our employees, in the event we suffer an outbreak at one of our manufacturing facilities, we may be forced to suspend operations at such facility until the health conditions improve. Any such reduction in our production capacity could render us unable to continue to produce our construction products or satisfy order placed by our customers.

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 [Amendment No. 5 to Third Amended and Restated Credit Agreement, dated as of January 13, 2021, by and among Eagle Materials Inc., as the Borrower, the Lenders party thereto and JPMorgan Chase Bank, N.A., as the Administrative Agent, Issuing Bank and Swingline Lender thereunder, as consented to by the subsidiary guarantors listed on the signature pages thereto \(filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission \(“the Commission”\) on January 13, 2021, and incorporated herein by reference\).](#)
- 10.2* [Amended and Restated 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* Inline XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH* Inline XBRL Taxonomy Extension Schema Document.
- 101.CAL* Inline XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF* Inline XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB* Inline XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE* Inline XBRL Taxonomy Extension Presentation Linkbase Document.
- 104 Cover Page Interactive Data File – (formatted as Inline XBRL and Contained in Exhibit 101).

* Filed herewith.

(1) Management contract or compensatory plan or arrangement.

SIGNATURES

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

EAGLE MATERIALS INC.

Registrant

January 28, 2021

/s/ MICHAEL R. HAACK

Michael R. Haack
President and Chief Executive Officer
(principal executive officer)

January 28, 2021

/s/ D. CRAIG KESLER

D. Craig Kesler
Executive Vice President – Finance and
Administration and Chief Financial Officer
(principal financial officer)

January 28, 2021

/s/ WILLIAM R. DEVLIN

William R. Devlin
Senior Vice President – Controller and
Chief Accounting Officer
(principal accounting officer)

EAGLE MATERIALS INC.

Employee Severance Plan and Summary Plan Description

(Amended and Restated Effective as of December 18, 2020)

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; or (vi) prior to a Change in Control (as defined in the Company’s

Amended and Restated Incentive Plan (or any successor thereto), an Eligible Employee's poor performance, as determined by the Administrator in its sole discretion.

(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

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

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.

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: January 28, 2021

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

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

I, D. Craig Kesler, certify that:

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

Dated: January 28, 2021

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

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

In connection with the Quarterly Report of Eagle Materials Inc. and subsidiaries (the "Company") on Form 10-Q for the period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael R. Haack, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

Dated: January 28, 2021

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

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

In connection with the Quarterly Report of Eagle Materials Inc. and subsidiaries (the "Company") on Form 10-Q for the period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, D. Craig Kesler, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

Dated: January 28, 2021

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

MINE SAFETY DISCLOSURE

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act contains reporting requirements regarding mine safety. The operation of our quarries is subject to regulation by the federal Mine Safety and Health Administration, or MSHA, under the Federal Mine Safety and Health Act of 1977, or the Mine Act. Set forth below is the required information regarding certain mining safety and health matters for the three-month period ended December 31, 2020 for our facilities. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the quarry, (ii) the number of citations issued will vary from inspector-to-inspector and mine-to-mine, and (iii) citations and orders can be contested and appealed, and in that process, may be reduced in severity and amount, and are sometimes dismissed.

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b) (2) Violations	Section 107(a) Orders	Total Dollar Value of MSHA Assessments Proposed	Total Number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period	Legal Actions Initiated During Period	Legal Actions Resolved During Period
3D Concrete LLC Lander, NV (2602434)	0	0	0	0	0	\$ 0	0	no	no	0	0	0
3D Concrete LLC Lyon, Nevada (2602412)	0	0	0	0	0	\$ 0	0	no	no	0	0	0
American Gypsum Company LLC Albuquerque, NM (2900181)	1	0	0	0	0	\$ 123	0	no	no	0	0	0
American Gypsum Company LLC Duke, OK (3400256)	0	0	0	0	0	\$ 0	0	no	no	0	0	0
American Gypsum Company LLC Eagle, CO (0503997)	0	0	0	0	0	\$ 0	0	no	no	0	0	0
Centex Materials LLC Buda, TX (4102241)	1	0	0	0	0	\$ 0	0	no	no	0	0	0
Central Plains Cement Company Sugar Creek, MO (2302171)	24	0	0	0	1	\$ 22,119	0	no	no	0	0	0
Central Plains Cement Company Tulsa, OK (3400026)	0	0	0	0	0	\$ 0	0	no	no	1(1)	1(1)	1(1)
Fairborn Cement Company LLC Greene County, OH (3300161)	13	0	0	0	0	\$ 2,635	0	no	no	0	0	0
Illinois Cement Company LaSalle, IL (1100003)	0	0	0	0	0	\$ 0	0	no	no	0	0	0
Kosmos Cement Company LLC Jefferson, KY (1504469)	0	0	0	0	0	\$ 0	0	no	no	0	0	0
Mountain Cement Company LLC Laramie, WY (4800007)	0	0	2	0	0	\$ 0	0	no	no	0	0	0
Nevada Cement Company LLC Fernley, NV (2600015)	0	0	0	0	0	\$ 0	0	no	no	0	0	0

(1) All legal actions were penalty contests.