

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported):
January 25, 2006

Eagle Materials Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-12984
(Commission File Number)

75-2520779
(IRS Employer
Identification No.)

3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas
(Address of principal executive offices)

75219
(Zip code)

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

Not Applicable
(Former name or former address if changed from last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On January 25, 2006, Eagle Materials Inc., a Delaware corporation (“Eagle”), announced its results of operations for the quarter ended December 31, 2005. A copy of Eagle’s earnings press release announcing these results is being furnished as Exhibit 99.1 hereto and is hereby incorporated in this Item 2.02 in its entirety by reference.

Item 7.01. Regulation FD Disclosure.

On January 25, 2006, Eagle issued a press release (the “Press Release”) announcing plans to expand and modernize two of its cement plants. The Press Release also announced several corporate initiatives, including the following items approved by Eagle’s Board of Directors: (i) a proposal to amend Eagle’s Restated Certificate of Incorporation to eliminate Eagle’s dual class common stock structure (which amendment will require stockholder approval); (ii) a 3-for-1 stock split in the form of a 200% stock dividend, payable on February 24, 2006 to holders of record of Eagle’s Common Stock and Class B Common Stock on February 10, 2006; (iii) an increase in Eagle’s regular quarterly cash dividend from \$1.20 to \$2.10 per share (on a pre-split basis), commencing with the dividend payable on April 21, 2006; and (iv) an increase in Eagle’s stock repurchase authorization of up to 1 million shares of stock (inclusive of approximately 80,000 shares remaining under the current authorization). A copy of the Press Release announcing these matters is being furnished as Exhibit 99.2 hereto and is hereby incorporated in this Item 7.01 in its entirety by reference.

Item 8.01. Other Events.

On January 25, 2006, Eagle issued the Press Release, announcing, among other matters, that the Eagle Board of Directors has approved a proposal to amend Eagle’s Restated Certificate of Incorporation to eliminate Eagle’s dual class common stock structure (which amendment will require stockholder approval). The portion of the Press Release under the heading “Combination of Two Classes of Stock” and the related legend at the end of the Press Release is filed pursuant to, and incorporated by reference in, this Item 8.01 as soliciting material pursuant to Rule 14a-12 of the Securities Exchange Act of 1934, as amended.

Item 9.01. Financial Statements and Exhibits.

Exhibit Number	Description
99.1	Earnings Press Release dated January 25, 2006 issued by Eagle Materials Inc. (announcing quarterly operating results)
99.2	Press Release dated January 25, 2006 issued by Eagle Materials Inc. (announcing plant expansions and other initiatives)

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 hereunto duly authorized.

EAGLE MATERIALS INC.

By: /s/ Arthur R. Zunker, Jr.

Name: Arthur R. Zunker, Jr.

Title: Senior Vice President–Finance and Treasurer

Date: January 25, 2006

EXHIBIT INDEX

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Contact at 214/432-2000

Steven R. Rowley
President & CEO

Arthur R. Zunker, Jr.
Senior Vice President & CFO

News For Immediate Release

**EAGLE MATERIALS INC. REPORTS
HIGHEST THIRD QUARTER NET EARNINGS (UP 51%) AND DILUTED
EPS (UP 57%) IN COMPANY HISTORY AND
RAISES ANNUAL EARNINGS GUIDANCE**

(Dallas, TX January 25, 2006): Eagle Materials Inc. (NYSE: **EXP and EXP.B**) today reported financial results for the third quarter of fiscal 2006 ended December 31, 2005 and raised its fiscal 2006 earnings guidance. Eagle produces and distributes Gypsum Wallboard, Cement, Recycled Paperboard and Concrete and Aggregates. The following are highlights of our third quarter results:

- **HIGHEST THIRD QUARTER OPERATING EARNINGS IN WALLBOARD AND CEMENT IN OUR HISTORY**
- **RECORD HIGH THIRD QUARTER SALES VOLUME IN WALLBOARD**
- **WALLBOARD AVERAGE NET SALES PRICE INCREASED 32% FROM LAST YEAR'S THIRD QUARTER**
- **RECORD HIGH THIRD QUARTER SALES VOLUME IN CEMENT**
- **HIGHEST QUARTERLY CEMENT AVERAGE NET SALES PRICE IN OUR HISTORY — INCREASED 16% FROM LAST YEAR'S THIRD QUARTER**
- **REPURCHASED NEARLY 1.0 MILLION SHARES OF OUR STOCK (5%) IN THE THIRD QUARTER**

For the quarter ended December 31, 2005, revenues and net earnings were \$211.5 million and \$39.0 million, respectively. Revenues increased 41% over the prior year third quarter and net earnings increased 51% over the same period last year. Diluted earnings per share for the third quarter of fiscal 2006 were \$2.20 compared with \$1.40 in the same period a year ago, a 57% increase.

The Company also raised its earnings guidance for fiscal 2006 to a range of \$8.50 to \$8.70 per diluted share, and expects to report earnings ranging from \$2.00 to \$2.20 per diluted share for the fourth quarter of fiscal 2006 ending March 31, 2006.

Eagle remains well positioned to continue to achieve outstanding financial results given our low cost operations, which supply building materials to a strong construction industry. According to the U.S. Census Bureau, total construction spending during November 2005 was estimated at a seasonally adjusted annual rate of \$1.1 trillion, 8% above the November 2004 estimate. The Gypsum Association reported approximately 36.2 billion square feet of wallboard was shipped by U.S. manufacturers in calendar 2005, a 5.4% increase over the prior record year. For calendar year 2006, we expect Wallboard demand to remain strong and supply to be tight (with 95%+ industry capacity utilization). Wallboard pricing remains strong and an average \$20 per thousand square feet (MSF) price increase was implemented in mid-December 2005 in all of

our wallboard markets. Also, national demand for cement remains at record levels outpacing last year's consumption by approximately 5.7% through October 2005 according to the U.S. Geological Survey with imports projected to fulfill over 25% of the U.S. construction industry demand this year. Low inventories and strong demand continue to put upward pressure on cement pricing. We implemented price increases ranging from \$8 to \$10 per ton on January 1st, in our Wyoming, Utah, Colorado and Texas cement markets. Price increases ranging from \$5 to \$10 per ton have been announced for our Illinois, Nevada and California cement markets for early Spring.

GYP SUM WALLBOARD

Gypsum Wallboard revenues for the third quarter totaled \$122 million, a 40% increase over the \$87 million for the same quarter a year ago. Gypsum Wallboard's third quarter operating earnings were \$39 million, up 93% from the \$20 million for the same quarter last year. The revenue and earnings gain for the quarter resulted from higher sales prices and record third quarter sales volume. The average net sales price for this fiscal year's third quarter was \$144 per MSF, 32% greater than the \$109 per MSF for the same quarter last year. Gypsum Wallboard sales volume of 699 million square feet (MMSF) for the quarter increased 11% from the prior year's third quarter.

CEMENT

Operating earnings from Cement increased 38% to \$20 million for the third quarter this year from \$14 million for the same quarter last year. The earnings gain was due primarily to a record high average net sales price, record third quarter sales volumes and the positive impact of the Illinois Cement acquisition. Cement revenues, including joint venture and intersegment sales, for the third quarter totaled \$67 million, 36% greater than the \$49 million for the same quarter a year ago. Nearly \$8 million of the revenue gain is attributable to the acquisition of our partner's 50% interest in Illinois Cement Company, which closed in the fourth quarter of fiscal 2005. Cement sales volume for the third quarter totaled 746,000 tons, 19% above the 627,000 tons for the same quarter last year. To meet these strong market requirements, Eagle increased its lower margin purchased cement sales volumes for the quarter to approximately 165,000 tons, up 69% over last year's quarter.

PAPERBOARD

Eagle's Paperboard operation reported third quarter revenues (including sales to Eagle's Wallboard operations — see Attachment 4 for a detail of intersegment revenues) of \$31 million which is nearly even with last year's third quarter. Paperboard operating earnings of \$4 million for the third quarter this year were down 29% from last year's third quarter operating earnings due primarily to increased energy costs and sales of lower margin containerboard grade paper. For this year's third quarter, Paperboard sales volume was 67,000 tons, down 3% from last year's sales volume of 69,000 tons. This year's third quarter average net sales price of \$463 per ton was a third quarter record and was 2% above last year's third quarter average net sales price of \$454 per ton.

CONCRETE AND AGGREGATES

Revenues from Concrete and Aggregates were \$22 million for this year's third quarter, 36% greater than the \$16 million for the third quarter a year ago. Concrete and Aggregates reported a \$1.3 million operating profit for this year's third quarter, up 41% from the \$0.9 million operating profit for the same quarter last year, due to increased pricing and volume in both of our markets.

Concrete sales volume increased 21% for the third quarter this year to 210,000 cubic yards from 173,000 cubic yards for the same quarter last year. Our Concrete quarterly average net sales price of \$64.32 per cubic yard for the third quarter of fiscal 2006 was a record and was 18% higher than the \$54.36 per cubic yard for the third quarter a year ago. Our Aggregates operation reported sales volume of 1.4 million tons for the current quarter, 13% greater than the 1.2 million tons reported in the third quarter last year. Our Aggregates quarterly average net sales price was a record high \$5.91 per ton during the third quarter and was 14% above last year's third quarter Aggregates average net sales price.

DETAILS OF FINANCIAL RESULTS

We conduct one of our cement plant operations through a 50/50 joint venture, Texas Lehigh Cement Company LP (the "Joint Venture"). We utilize the equity method of accounting for our 50% interest in the Joint Venture. For segment reporting purposes only, we proportionately consolidate our 50% share of the Joint Venture's revenues and operating earnings, which is consistent with the way management organizes the segments within the Company for making operating decisions and assessing performance.

Our results for the third quarter of fiscal 2006 include 100% of Illinois Cement Company. During the third quarter of fiscal 2005, Illinois Cement Company was a 50% owned joint venture and was accounted for utilizing the equity method of accounting.

In addition, for segment reporting purposes we report intersegment revenues as a part of a segment's total revenues. Intersegment sales are eliminated on the income statement. Refer to Attachment 4 for a reconciliation of the amounts referred to above.

Eagle is holding an investor conference on January 26, 2006 at 8:30 a.m. Eastern Time (7:30 a.m. Central Time). During that investor conference, Eagle's senior management will discuss the financial results, forward looking information and other matters. The investor conference will be webcast simultaneously on the EXP Web site <http://www.eaglematerials.com>. A replay of the webcast and the presentation will be archived on that site for one year. For more information, contact EXP at 214-432-2000.

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Forward-Looking Statements. This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the context of the statement and generally arise when the Company is discussing its beliefs, estimates or expectations. These statements are not historical facts or guarantees of future performance but instead represent only the Company's beliefs at the time the statements were made regarding future events which are subject to significant risks, uncertainties and other factors many of which are outside the Company's control. Actual results and outcomes may differ materially from what is expressed or forecast in such forward-looking statements. The principal risks and uncertainties that may affect the Company's actual performance include the following: the cyclical and seasonal nature of the Company's business; public infrastructure expenditures; adverse weather conditions; availability of raw materials; changes in energy costs including without limitation increases in the cost of natural gas; changes in the cost and availability of transportation; unexpected operational difficulties; governmental regulation and changes in governmental and public policy; changes in economic conditions specific to any one or more of the Company's markets; competition; announced increases in capacity in the gypsum wallboard and cement industries; general economic conditions; and interest rates. For example, increases in interest rates, decreases in demand for construction materials or increases in the cost of energy (including natural gas) or transportation could affect the revenues or operating earnings of our operations. In addition, changes in national and regional economic conditions and levels of infrastructure and construction spending could also adversely affect the Company's results of operations. These and other factors are described in the Annual Report on Form 10-K for the Company for the fiscal year ended March 31, 2005. This report is filed with the Securities and Exchange Commission and may be obtained free of charge through the website maintained by the SEC at <http://www.sec.gov>. All forward-looking statements made in this press release are made as of the date hereof, and the risk that actual results will differ materially from expectations expressed in this press release will increase with the passage of time. The Company undertakes no duty to update any forward-looking statement to reflect future events or changes in the Company's expectations.

For additional information, contact at 214/432-2000.

Steven R. Rowley

President and Chief Executive Officer

Arthur R. Zunker, Jr.

Senior Vice President and Chief Financial Officer

- (1) Summary of Consolidated Earnings
- (2) Revenues and Earnings by Lines of Business (Quarter)
- (3) Revenues and Earnings by Lines of Business (Nine Months)
- (4) Sales Volume, Net Sales Prices and Intersegment and Cement Revenues
- (5) Consolidated Balance Sheets

Eagle Materials Inc.
Summary of Consolidated Earnings
(dollars in thousands, except per share data)
(unaudited)

	Quarter Ended December 31,		
	2005	2004	Change
Revenues	\$ 211,515	\$ 149,802	41%
Earnings Before Income Taxes	\$ 58,866	\$ 37,935	55%
Net Earnings	\$ 38,987	\$ 25,867	51%
Earnings Per Share:			
— Basic	\$ 2.23	\$ 1.41	58%
— Diluted	\$ 2.20	\$ 1.40	57%
Average Shares Outstanding:			
— Basic	17,518,921	18,314,248	-4%
— Diluted	17,746,156	18,529,155	-4%
	Nine Months Ended December 31,		
	2005	2004	Change
Revenues	\$ 638,098	\$ 463,205	38%
Earnings Before Income Taxes	\$ 174,777	\$ 119,346	46%
Net Earnings	\$ 117,217	\$ 79,199	48%
Earnings Per Share:			
— Basic	\$ 6.59	\$ 4.29	54%
— Diluted	\$ 6.50	\$ 4.24	53%
Average Shares Outstanding:			
— Basic	17,789,951	18,450,206	-4%
— Diluted	18,022,828	18,660,612	-3%

Eagle Materials Inc.
Revenues and Earnings by Lines of Business
(dollars in thousands)
(unaudited)

	<u>Quarter Ended December 31,</u>		
	<u>2005</u>	<u>2004</u>	<u>Change</u>
Revenues*			
Gypsum Wallboard	\$ 122,450	\$ 87,199	40%
	58%	58%	
Cement (Wholly Owned) **	50,311	27,891	80%
	24%	19%	
Paperboard	17,156	18,885	-9%
	8%	13%	
Concrete & Aggregates	21,598	15,827	36%
	10%	10%	
Other, net	—	—	—%
	0%	0%	
Total	<u>\$ 211,515</u>	<u>\$ 149,802</u>	41%
	100%	100%	
Operating Earnings			
Gypsum Wallboard	\$ 38,856	\$ 20,121	93%
	61%	49%	
Cement:			
Wholly Owned **	14,005	6,788	106%
Joint Venture **	6,052	7,708	-21%
	<u>20,057</u>	<u>14,496</u>	38%
	31%	35%	
Paperboard	4,195	5,903	-29%
	7%	14%	
Concrete & Aggregates	1,321	937	41%
	2%	2%	
Other, net	(348)	(137)	-154%
	-1%	0%	
Total Operating Earnings	<u>64,081</u>	<u>41,320</u>	55%
	100%	100%	
Corporate General Expenses	(3,835)	(2,810)	
Interest Expense, net	<u>(1,380)</u>	<u>(575)</u>	
Earnings Before Income Taxes	<u>\$ 58,866</u>	<u>\$ 37,935</u>	55%

* Net of Intersegment and Joint Venture Revenues listed on Attachment 4.

** Reflects purchase of the other 50% interest in Illinois Cement Company.

Eagle Materials Inc.
Revenues and Earnings by Lines of Business
(dollars in thousands)
(unaudited)

	<u>Nine Months Ended December 31,</u>		
	<u>2005</u>	<u>2004</u>	<u>Change</u>
Revenues*			
Gypsum Wallboard	\$ 344,394	\$ 261,295	32%
	54%	56%	
Cement (Wholly Owned) **	168,105	92,247	82%
	26%	20%	
Paperboard	55,153	55,753	-1%
	9%	12%	
Concrete & Aggregates	68,167	53,717	27%
	11%	12%	
Other, net	2,279	193	1,081%
	0%	0%	
Total	<u>\$ 638,098</u>	<u>\$ 463,205</u>	38%
	100%	100%	
Operating Earnings			
Gypsum Wallboard	\$ 103,782	\$ 59,983	73%
	55%	47%	
Cement:			
Wholly Owned **	40,266	22,885	76%
Joint Venture **	18,461	21,421	-14%
	58,727	44,306	33%
	31%	34%	
Paperboard	17,447	19,845	-12%
	9%	16%	
Concrete & Aggregates	7,999	5,550	44%
	4%	4%	
Other, net	1,932	(776)	349%
	1%	-1%	
Total Operating Earnings	<u>189,887</u>	<u>128,908</u>	47%
	100%	100%	
Corporate General Expenses	(10,900)	(7,408)	
Interest Expense, net	<u>(4,210)</u>	<u>(2,154)</u>	
Earnings Before Income Taxes	<u>\$ 174,777</u>	<u>\$ 119,346</u>	46%

* Net of Intersegment and Joint Venture Revenues listed on Attachment 4.

** Reflects purchase of the other 50% interest in Illinois Cement Company.

Eagle Materials Inc.
Sales Volume, Net Sales Prices and Intersegment and Joint Venture Revenues
(unaudited)

	Sales Volume					
	Quarter Ended December 31,			Nine Months Ended December 31,		
	2005	2004	Change	2005	2004	Change
Gypsum Wallboard (MMSF's)	699	628	11%	2,108	1,933	9%
Cement (M Tons):						
Wholly Owned	556	340	64%	1,908	1,151	66%
Joint Venture	190	287	-34%	623	976	-36%
	746	627	19%	2,531	2,127	19%
Paperboard (M Tons):						
Internal	28	27	4%	86	83	4%
External	39	42	-7%	123	126	-2%
	67	69	-3%	209	209	0%
Concrete (M Cubic Yards)	210	173	21%	683	590	16%
Aggregates (M Tons)	1,396	1,230	13%	4,584	4,114	11%

	Average Net Sales Price*					
	Quarter Ended December 31,			Nine Months Ended December 31,		
	2005	2004	Change	2005	2004	Change
Gypsum Wallboard (MSF)	\$ 143.98	\$ 108.95	32%	\$ 131.85	\$ 106.68	24%
Cement (Ton)	\$ 83.24	\$ 71.75	16%	\$ 81.34	\$ 69.94	16%
Paperboard (Ton)	\$ 462.95	\$ 453.50	2%	\$ 463.93	\$ 452.64	2%
Concrete (Cubic Yard)	\$ 64.32	\$ 54.36	18%	\$ 61.32	\$ 54.19	13%
Aggregates (Ton)	\$ 5.91	\$ 5.19	14%	\$ 5.83	\$ 5.28	10%

* Net of freight and delivery costs billed to customers.

	Intersegment and Cement Revenues			
	Quarter Ended December 31,		Nine Months Ended December 31,	
	2005	2004	2005	2004
Intersegment Revenues:				
Cement	\$ 1,345	\$ 791	\$ 4,622	\$ 2,569
Paperboard	14,322	13,133	43,722	40,819
Concrete and Aggregates	306	210	1,164	832
	<u>\$ 15,973</u>	<u>\$ 14,134</u>	<u>\$ 49,508</u>	<u>\$ 44,220</u>
Cement Revenues:				
Wholly Owned	\$ 50,311	\$ 27,891	\$ 168,105	\$ 92,247
Joint Venture	14,893	20,147	47,719	66,927
	<u>\$ 65,204</u>	<u>\$ 48,038</u>	<u>\$ 215,824</u>	<u>\$ 159,174</u>

Eagle Materials Inc.
Consolidated Balance Sheets
(dollars in thousands)
(unaudited)

	<u>December 31,</u>		<u>March 31,</u>
	<u>2005</u>	<u>2004</u>	<u>2005*</u>
ASSETS			
Current Assets —			
Cash and Cash Equivalents	\$ 60,174	\$ 18,539	\$ 7,221
Accounts and Notes Receivable, net	80,231	59,164	70,952
Inventories	<u>67,111</u>	<u>46,609</u>	<u>63,482</u>
Total Current Assets	<u>207,516</u>	<u>124,312</u>	<u>141,655</u>
Property, Plant and Equipment —	837,423	725,694	788,447
Less: Accumulated Depreciation	<u>(290,902)</u>	<u>(255,555)</u>	<u>(264,088)</u>
Property, Plant and Equipment, net	546,521	470,139	524,359
Investments in Joint Ventures	25,642	47,323	28,181
Goodwill	68,013	40,290	66,960
Other Assets	<u>15,992</u>	<u>15,599</u>	<u>18,846</u>
	<u>\$ 863,684</u>	<u>\$ 697,663</u>	<u>\$ 780,001</u>
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current Liabilities —			
Note Payable	\$ —	\$ 30,100	\$ 30,800
Accounts Payable and Accrued Liabilities	114,773	86,654	91,069
Current Portion of Long-term Debt	<u>—</u>	<u>80</u>	<u>—</u>
Total Current Liabilities	<u>114,773</u>	<u>116,834</u>	<u>121,869</u>
Long-term Debt	200,000	—	54,000
Deferred Income Taxes	115,828	107,228	118,764
Stockholders' Equity —			
Preferred Stock, Par Value \$0.01; Authorized 5,000,000 Shares None Issued	—	—	—
Common Stock, Par Value \$0.01; Authorized 50,000,000 Shares; Issued and Outstanding 8,686,786, 9,680,124 and 9,726,009 Shares, respectively. Class B Common Stock, Par Value \$0.01; Authorized 50,000,000 Shares; Issued and Outstanding, 8,111,884, 8,655,769 and 8,499,269 Shares, respectively.	168	183	182
Capital in Excess of Par Value	—	143	—
Accumulated Other Comprehensive Losses	(1,842)	(1,877)	(1,842)
Unamortized Restricted Stock	(481)	(565)	(557)
Retained Earnings	<u>435,238</u>	<u>475,717</u>	<u>487,585</u>
Total Stockholders' Equity	<u>433,083</u>	<u>473,601</u>	<u>485,368</u>
	<u>\$ 863,684</u>	<u>\$ 697,663</u>	<u>\$ 780,001</u>

* From audited financial statements.

Contact at 214/432-2000:

Steven R. Rowley
President and CEO

Arthur R. Zunker, Jr.
Senior Vice President and CFO



News For Immediate Release

**EAGLE MATERIALS INC. PLANS TO INCREASE
ITS CEMENT CAPACITY BY 50%;
INCREASES ITS ANNUAL DIVIDEND BY 75% AND
ISSUES INITIAL FY 2007 EARNINGS GUIDANCE
30% TO 40% ABOVE FY 2006 GUIDANCE**

OTHER INITIATIVES ALSO ANNOUNCED:

- Combination of its two classes of stock
- 3-for-1 stock split
- Increased share repurchase authorization

Cement Capacity Increase

(Dallas, TX — January 25, 2006): Eagle Materials Inc. (NYSE: EXP and EXP.B) announced today plans to expand and modernize its Mountain Cement plant located in Laramie, Wyoming and its Nevada Cement plant located in Fernley, Nevada. The plans will expand the production capacity of Mountain Cement by 60% and double the production capacity of Nevada Cement (bringing both plants up to 1.1 million tons of cement production) while at the same time dramatically reducing their fuel and electricity consumption. Both the Mountain Cement and Nevada Cement projects are expected to be operational in fall 2008. The total capital investment in these two projects is expected to be approximately \$320 million. These projects, combined with the previously announced expansion at Eagle's cement plant in LaSalle, Illinois, represent an approximate 50% increase in Eagle's production capacity (increasing from 2.65 million tons per year to 4.0 million tons per year). The Illinois Cement project is ahead of schedule and anticipated to be completed in December of this year. As part of Eagle's balanced, strategic plan, the Company previously announced a 30% increase in its wallboard production capacity with a greenfield wallboard plant in Georgetown, South Carolina. The new plant will have an annual design capacity of 750 million square feet and is scheduled to begin operations in late calendar 2007. These substantial investments in high-return projects will solidify Eagle Materials position as a very low-cost producer of building materials and construction products.

Combination of Two Classes of Stock

Eagle's board of directors has approved an amendment to Eagle's certificate of incorporation to combine Eagle's two classes of stock — Common Stock and Class B Common Stock — into one class, subject to stockholder approval. Under this proposal each share of Common Stock and each share of Class B Common Stock would be reclassified on a one-for-one basis into a single share of common stock. The amendment to the certificate of incorporation will be presented to Eagle's stockholders for consideration at a special meeting of stockholders. If approved by the stockholders, all of our new single class of common stock will have identical rights to vote for the election of all our directors. Eagle anticipates filing preliminary proxy materials with the Securities and Exchange Commission in the near future. Once the SEC completes any review process, Eagle will announce a meeting date and will mail out proxy materials to its stockholders.

Stock Split

Reflecting the strength of Eagle's stock performance since the spin-off from Centex Corporation in January 2004, the Board of Directors of Eagle has declared a 3-for-1 stock split in the form of a 200% stock dividend on its Common Stock and on its Class B Common Stock. The stock dividend will be distributed on February 24, 2006, to stockholders of record on February 10, 2006.

75% Increase in Cash Dividend

Because of increased confidence in Eagle's ability to generate substantial operating cash flow, the Board of Directors has approved an increase in the annual cash dividend from \$1.20 to \$2.10 per share on a pre-split basis, representing a 75% increase. Commencing with the cash dividend to be paid in April 2006, Eagle will pay an annual cash dividend of \$0.70 per share of common stock on a post-split basis, or \$0.175 per share per quarter. Reflecting this new dividend rate, the Board of Directors has declared a quarterly cash dividend of \$0.175 (on a post-split basis) payable on April 21, 2006 to stockholders of record on March 22, 2006.

Increase in Repurchase Authorization

Eagle's Board of Directors also announced today that it has increased the current stock repurchase authorization by up to 1,000,000 pre-split shares (including approximately 80,000 shares remaining under the current authorization) or approximately 6% of its outstanding stock. Since the Eagle Materials spin-off from Centex Corporation on January 30, 2004 approximately 2.2 million shares (or 12% of Eagle Materials stock) have been repurchased. The number of Eagle shares currently outstanding is approximately 16.8 million (on a pre-split basis). Share repurchases

may be made from time to time in the open market or in privately negotiated transactions. The timing and amount of any repurchases of shares will be determined by the Company's management, based on its evaluation of market and economic conditions and other factors. Eagle's share repurchase program remains an important part of Eagle's long-term balanced and disciplined approach in making sound investment decisions focused on increasing shareholder value.

Debt Issuance

As previously disclosed in November 2005, Eagle issued \$200 million of senior unsecured notes in a private placement. The senior notes were issued with an average maturity of approximately 10 years at an average interest rate of approximately 5.39%. The new long-term debt coincides with the long-term nature of the growth projects in both wallboard and cement. At December 31, 2005, Eagle had no other debt and a cash balance of \$60 million.

Fiscal 2007 Earnings Guidance

Eagle announced its initial earnings guidance for fiscal 2007. Eagle expects to report earnings within the range of \$11.00 to \$12.00 per diluted share for fiscal 2007 (on a pre-split basis). This represents an approximate 30% to 40% increase above fiscal 2006 guidance.

Eagle Materials Inc. is a Dallas-based company that manufactures and distributes Cement, Gypsum Wallboard, Recycled Paperboard, Concrete and Aggregates.

Forward-Looking Statements. This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the context of the statement and generally arise when the Company is discussing its beliefs, estimates or expectations. These statements are not guarantees of future performance and involve a number of risks and uncertainties. Actual results and outcomes may differ materially from what is expressed or forecast in such forward-looking statements. The principal risks and uncertainties that may affect the plant expansions announced herein include obtaining the necessary permits from the applicable authorities including environmental permits and the risks and uncertainties associated with the design and construction of the expansion. The principal risks and uncertainties that may affect the proposed recombination include the fact that the recombination will be subject to obtaining stockholder approval and other customary conditions. Other risks and uncertainties that may affect the Company's actual performance include the following: the cyclical and seasonal nature of the Company's business; public infrastructure expenditures; adverse weather; availability and cost of raw materials; unexpected operational difficulties; governmental regulation and changes in governmental and public policy; changes in economic conditions specific to any one or more of the Company's markets; competition; announced increases in capacity in the gypsum wallboard and cement industries; general economic conditions; interest rates; and cost of fuel and energy. These and other factors are described in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2005 and in its Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2005. These reports are filed with the Securities and Exchange Commission.

Additional Information and Where to Find It. In connection with the proposal to eliminate Eagle's dual class structure (the "Reclassification Proposal"), Eagle will be filing a proxy statement with the Securities and Exchange Commission. INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ SUCH PROXY STATEMENT WHEN IT BECOMES AVAILABLE BECAUSE IT WILL CONTAIN IMPORTANT INFORMATION. Investors and other security holders can obtain copies of the proxy statement free of charge when it becomes available and may also obtain other documents filed by Eagle with the SEC by directing a request to Eagle Materials Inc., Investor Relations, 3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219, Telephone: (214) 432-2000. You may also obtain free copies of the proxy statement when it becomes available and other documents filed by Eagle with the SEC by accessing the SEC's website at <http://www.sec.gov>. Eagle, its directors, certain executive officers, and certain other employees may be deemed under the rules of the SEC to be "participants in the solicitation" of proxies from the security holders of Eagle in favor of the Reclassification Proposal. Eagle's directors and executive officers beneficially own, in the aggregate, less than 3% of the outstanding shares of Eagle common stock. Security holders of Eagle may obtain additional information regarding the interests of the "participants in the solicitation" by reading the proxy statement relating to the Reclassification Proposal when it becomes available.