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):
May 30, 2008

Eagle Materials Inc.

(Exact name of registrant as specified in its charter)

Delaware	**1-12984**	**75-2520779**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas	**75219**
(Address of principal executive offices)	(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:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Information responsive to Item 5.02(b), (c) and (e):

On May 30, 2008, Eagle Materials Inc. (the "Company") and Mark V. Dendle agreed to the terms of Mr. Dendle's appointment as the Company's Executive Vice President — Finance and Administration and Chief Financial Officer, such appointment to be effective June 10, 2008. Upon his appointment, Mr. Dendle, 40, will be the Company's principal financial officer. Mr. Dendle will hold his office at the pleasure of the Company's Board of Directors without a specified term of office. Mr. Dendle was most recently Vice President, Finance and Administration & Chief Financial Officer of Rexel, Inc. from June 2003 through December 2007. Prior to his employment by Rexel, Mr. Dendle held several senior financial leadership positions with Essilor of America, Inc. from June 1997 until June 2003, including as its Vice President — Finance and Administration from September 2001 until June 2003. Mr. Dendle began his career in 1990 at Coopers & Lybrand in the Audit Practice and holds an MBA from the Southern Methodist University Cox School of Business.

Mr. Dendle will receive a base salary for fiscal 2009 of $400,000 (annualized). The Compensation Committee has approved a stock option grant to Mr. Dendle (such grant to be effective on Mr. Dendle's first day of employment with the Company) of 100,000 stock option shares. The terms of Mr. Dendle's stock option grant are substantially similar to the terms of the stock options disclosed in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 26, 2007, except that the option term is six years instead of seven years. In accordance with the terms of the Company's Incentive Plan, as amended (the "Incentive Plan"), the exercise price of such stock option will be the average of the high and low price of the Company's Common Stock on the date of grant. Additionally, the Compensation Committee has approved a restricted stock grant to Mr. Dendle (such grant to be effective on Mr. Dendle's first date of employment with the Company) of 15,000 shares of the Company's Common Stock. Such restricted stock grant was made pursuant to the Incentive Plan, and the restrictions will lapse ratably over seven years. Upon his employment with the Company, Mr. Dendle will also participate in the Eagle Materials Inc. Salaried Incentive Compensation Program for Fiscal Year 2009 (the "Eagle Plan") (see below), the Company's Salary Continuation Plan and the Company's Profit Sharing and Retirement Plan and related Supplemental Executive Retirement Program. Mr. Dendle does not have any direct or indirect interest in any transaction with the Company that requires disclosure under Item 404(a) of Regulation S-K, nor is there an existing family relationship between Mr. Dendle and any director or executive officer of the Company.

Arthur R. Zunker, Jr., the Company's current Senior Vice President — Finance, Chief Financial Officer and Treasurer, will retire from the Company, effective December 31, 2008, after over 37 years of service. Effective upon Mr. Dendle's first day of employment with the Company, Mr. Zunker will cease to be the Company's principal financial officer, and his title will be Senior Vice President and Treasurer. Mr. Zunker will assist with Mr. Dendle's integration into the Company.

On May 30, 2008, the Compensation Committee approved the Eagle Plan, a copy of which is attached to this Report as Exhibit 10.1 and incorporated herein by reference. Under the terms of the Eagle Plan, a pool of 1.2% of the Company's earnings before interest and taxes for fiscal 2009 is available to pay annual bonuses to participating officers, subject to reduction based on individual performance in fiscal 2009. The Compensation Committee also determined the applicable percentage of the bonus pool available for payment of the annual incentive bonus to the CEO and the other named executive officers participating in the Eagle Plan (Mr. Steven R. Rowley, President and Chief Executive Officer — 40%; Mr. Mark V. Dendle, Executive Vice President — Finance and Administration and Chief Financial Officer — 20%; and Mr. James H. Graass, Executive Vice President and General Counsel — 15%). Mr. Dendle's participation in the Eagle Plan is conditioned upon his beginning employment with the Company.

The remaining named executive officers (Mr. Gerry J. Essl, Executive Vice President — Cement and Concrete/Aggregates and Mr. David B. Powers, Executive Vice President — Gypsum), participate in subsidiary incentive compensation plans pursuant to which a percentage of the operating earnings of the applicable subsidiary (or group of subsidiaries) is available for payment of bonuses to the participating employees. Mr. Essl participates in the Eagle Materials Inc. Cement Companies Salaried Incentive Compensation Program for Fiscal Year 2009 (a copy which is attached to this Report as Exhibit 10.2 and incorporated herein by reference) and the Eagle Materials Inc. Concrete and Aggregates Companies Salaried Incentive Compensation Program for Fiscal Year 2009 (a copy of which is attached to this Report as Exhibit 10.3 and incorporated herein by reference). In the plans in which Mr. Essl participates, the Compensation Committee approved the percentage of operating earnings of each of the Company's cement, and concrete/aggregates subsidiaries for fiscal 2009 which is available for payment of bonuses to participating employees (2.25%) and the percentage of such bonus pool available for payment to Mr. Essl at the end of fiscal 2009 (22%), subject to reduction based on Mr. Essl's individual performance. Mr. Powers participates in the Eagle Materials Inc. American Gypsum Company Salaried Incentive Compensation Program for Fiscal Year 2009 (a copy which is attached to this Report as Exhibit 10.4 and incorporated herein by reference). In the case of Mr. Powers, the Compensation Committee approved the percentage of American Gypsum's operating earnings available for payment of annual bonuses to participating American Gypsum employees (2.25%) and the percentage of such bonus pool available for payment to Mr. Powers at the end of fiscal 2009 (22%), subject to reduction based on Mr. Powers' individual performance.

The Compensation Committee also approved the Eagle Materials Inc. Special Situation Program for Fiscal Year 2009 (the "SSP"), a copy of which is attached to this Report as Exhibit 10.5 and incorporated herein by reference. Under the terms of the Eagle Plan, a pool of 0.35% of the Company's earnings before interest and taxes for fiscal 2009, plus any portions of bonus pools available for the Eagle Plan or the subsidiary plans not paid out or earned, is available to pay annual bonuses to participating employees. Awards under the SSP are intended to recognize outstanding individual performance during the fiscal year.

Item 9.01 Financial Statements and Exhibits

Exhibit Number	Description
10.1	Eagle Materials Inc. Salaried Incentive Compensation Program for Fiscal Year 2009
10.2	Eagle Materials Inc. Cement Companies Salaried Incentive Compensation Program for Fiscal Year 2009
10.3	Eagle Materials Inc. Concrete and Aggregates Salaried Incentive Compensation Program for Fiscal Year 2009
10.4	Eagle Materials Inc. American Gypsum Company Salaried Incentive Compensation Program for Fiscal Year 2009
10.5	Eagle Materials Inc. Special Situation Program for Fiscal Year 2009

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.
Arthur R. Zunker, Jr.
Senior Vice President - Finance, Treasurer
and Chief Financial Officer

Date: June 5, 2008

EXHIBIT INDEX

Exhibit Number	Description
10.1	Eagle Materials Inc. Salaried Incentive Compensation Program for Fiscal Year 2009
10.2	Eagle Materials Inc. Cement Companies Salaried Incentive Compensation Program for Fiscal Year 2009
10.3	Eagle Materials Inc. Concrete and Aggregates Salaried Incentive Compensation Program for Fiscal Year 2009
10.4	Eagle Materials Inc. American Gypsum Company Salaried Incentive Compensation Program for Fiscal Year 2009
10.5	Eagle Materials Inc. Special Situation Program for Fiscal Year 2009

EAGLE MATERIALS INC.

SALARIED INCENTIVE COMPENSATION PROGRAM FOR FISCAL YEAR 2009

1. Purpose

The purpose of the Eagle Materials Inc. Salaried Incentive Compensation Program for Fiscal Year 2009 (the "Plan") is to establish an incentive bonus program which: (i) focuses on the performance of Eagle Materials Inc. (the "Company") as well as individual performance; and (ii) aligns the interest of participants with those of the Company's shareholders. The Plan is adopted by the Compensation Committee of the Board of Directors (the "Committee") under the structure of the Company's Incentive Plan, as amended, (the "Incentive Plan") and is subject to all the terms and conditions of such Incentive Plan, including, without limitation the limits set forth in Section 8 of the Plan. The Plan shall be in effect for the fiscal year ending March 31, 2009.

2. Eligibility

The Company's Chief Executive Officer (the "CEO") and his direct reports are eligible to participate in the Plan. The CEO may also include in the Plan additional exempt salaried employees at the corporate level of the Company.

Participants must be an exempt salaried manager or professional. No hourly or non-exempt employee may participate. Participants in the Plan may not participate in any other Company incentive plan providing for monetary awards, except for the Eagle Materials Long Term Compensation Program and the Eagle Materials Special Situation Program.

3. Bonus Pool

To ensure reasonableness and affordability, available funds for bonus payments under the Plan are to be determined as a percentage of earnings before interest and taxes ("EBIT") of the Company. The actual percentage may vary from year to year as recommend by the CEO and approved by the Committee. For Fiscal Year 2009, 1.2% of the Company's EBIT will fund the corporate bonus pool.

Participants must be employed on March 31, 2009 to be eligible for any bonus award. Awards may be adjusted for partial year participation for participants who enter the program after April 1, 2008.

4. Allocation of Corporate Pool

At the beginning of the fiscal year goals and objectives shall be established for each participant. The actual bonus award paid at the end of the fiscal year shall be based on the individual participant's performance relative to the previously established goals and objectives. Except with respect to the CEO, each participant's allocated percentage of the corporate pool, his/her goals and objectives and his/her individual performance relative to the goals and objectives (and bonus award) shall be recommended by the CEO and approved and certified by the Committee. The CEO's allocated percentage of the corporate pool, his/her goals and objectives and his/her individual performance (and bonus award) shall be approved and certified by the Committee. For each participant, the maximum annual bonus award opportunity is represented by the percentage of the corporate pool assigned to such participant.

5. <u>Goals and Objectives</u>

The goals and objectives to be used for participants in the Plan may be comprised of objective and subjective criteria and should generally have a broader scope than the goals and objectives for subsidiary companies. However, at the same time the goals must also contain specific criteria regarding execution that links subsidiary company performance to corporate performance. By way of example and not limitation, these goals and objectives could focus on operational criteria, the interaction between corporate and subsidiaries as a way of gauging the successful execution of business plans, strategic execution criteria, criteria relating to shareholder alignment and investor relations, interaction and communication with the board, performance relative to the responsibilities associated with being publicly traded company, organizational development and leadership skills.

6. <u>Plan Administration</u>

The Plan shall be administered by the Committee, which shall have full and exclusive power to interpret this Plan and to adopt such rules, regulations and guidelines for carrying out this Plan as it may deem necessary or appropriate in its sole discretion. All decisions of the Committee shall be binding and conclusive on the participants. The Committee shall determine all terms and conditions of the bonus awards.

No member of the Committee shall be liable for anything done or omitted to be done by him or by any member of the Committee in connection with the performance of any duties under this Plan, except for his own willful misconduct or as expressly provided by statute.

7. <u>No Employment Guaranteed</u>

No provision of this Plan hereunder shall confer any right upon any executive officer to continued employment.

8. <u>Governing Law</u>

This Plan and all determinations made and actions taken pursuant hereto, shall be governed by and construed in accordance with the laws of the State of Texas, without reference to any conflicts of law principles thereof that would require the application of the laws of another jurisdiction.

EAGLE MATERIALS INC.
CEMENT COMPANIES

SALARIED INCENTIVE COMPENSATION PROGRAM
FOR FISCAL YEAR 2009

1. Bonus Pool

To insure reasonableness and affordability the available funds for bonus payments are determined as a percent of earnings of the cement companies of Eagle Materials Inc. The actual percentage may vary from year to year.

For Fiscal Year 2009, the bonus pool for each subsidiary cement company will be equal to 2.25% of each company's operating profit.

Participants must be employed at fiscal year-end to be eligible for any bonus award. Awards may be adjusted for partial year participation for participants added during a year.

Eagle Materials CEO retains the final right of interpretation and administration of the plan and to amend or terminate the plan at any time.

2. Eligibility

The Eagle Materials Cement EVP, the subsidiary cement company Presidents, and his/her direct reports will be participants in the plan. Additional participants who have management responsibilities or are in a professional capacity that can measurably impact earnings may be recommended by subsidiary cement company presidents subject to the approval of the Eagle Materials Cement EVP and the Eagle Materials CEO. The addition of new participants will not affect the total pool available but will in effect dilute the potential bonuses of the original participants.

A participant must be an exempt salaried manager or professional. No hourly or non-exempt employee may participate. Participants in this plan may not participate in any other company incentive plan with monetary awards, except for the Cement Companies Long Term Compensation program, the Eagle Materials Long Term Compensation Program and the Eagle Materials Special Situation Program.

3. Allocation of Pool

The subsidiary cement company Presidents will be eligible for 20% — 30% of the pool funded from their respective subsidiary company. The subsidiary cement company Presidents will recommend the distribution of the remainder of their subsidiary company pool. The participants in the plan and their percentage of the pool will require approval of the Eagle Materials Cement EVP and Eagle Materials CEO at the beginning of the fiscal year for which the bonus is being earned. For example:

Participant	*% of Pool Available*
Company President	27%
Plant Manager	15%
Vice President, Sales	13%
Vice President, Finance	9%
Production Manager	7%
Maintenance Manager	7%
Executive Vice President	22%
Total	100%

The subsidiary cement company President’s bonus opportunity will be 50% specific, objective goals and 50% discretionary as determined by Eagle Materials Cement EVP taking into consideration overall job performance and compliance with Eagle Materials Policies and Code of Ethics. All participants in the plan must have the ability to significantly affect the performance of the subsidiary company by achieving measurable, quantifiable, objectives. The subsidiary cement company Presidents will determine the objective and discretionary balance of bonus opportunities for the participants in their companies, subject to approval by Eagle Materials Cement EVP and Eagle Materials CEO.

4. Objective Criteria

Objective setting is essential to an effective incentive compensation plan and should be measurable and focus on areas that have meaningful impact on our operational performance. Having selected objectives, it is also important to establish a reference point for that objective which indicates expected performance.

In addition to consideration of the budget plan as a reference, we will consider historic performance of a facility, equipment design standards, industry standards, comparable values from other companies or like situations and any other qualified source or established reference points or basis for determining performance.

To illustrate the need for the selection of an objective, the reference point and how performance deviation from the reference point is judged, take safety, for example. Let’s suppose a company plans 0 lost time accidents, which is reasonable to plan. If they have 1 lost time accident, is the performance a total failure, poor, fair or reasonable? If they have 2 lost time accidents, is the performance unacceptable, poor, fair or reasonable? From this information it would be difficult to assess their overall safety performance. We could give consideration to the number of incidents requiring doctor’s treatment. We could include an evaluation of worker’s compensation claims or dollars spent. As an alternative to these, we could use industry statistics available from an authoritative source such as MSHA or PCA which show accident frequency and severity ratio for comparable facilities. We could establish a mean or average as our reference point, based on accident frequency and severity, and agree to a bonus adjustment according to our percentile ranking with comparable industry.

Another example might be the case of a kiln chain system that is allowed to deteriorate. This would tend to lower thermal efficiency and clinker production rate, but could increase kiln available hours because we didn't take the necessary down time to repair the chain system. A plan built on this premise might have TPH clinker production and BTU per ton statistics lower than historical performance but kiln up time shown as higher. Rather than using plan as the reference point for these criteria, we might use historical performance for TPH clinker, BTU/ton and a combination of historical and industry average for kiln up time. The intent would be to cause a focus on the issue of not deferring maintenance.

Because our basic products are commodities, the level of prices in a given market area is established by supply and demand over which local management has little control. Through price leadership, local management can affect prices in a small range around supply-demand equilibrium. Accordingly, one of the performance criteria might still be pricing, but this does not indicate that an overall bad or good market is itself a performance indicator of local management. For bonus purposes, they should neither be penalized nor rewarded for the general economic conditions.

Fixed assets is another area over which local management exercises limited control. Each manager basically has to work with the fixed assets he is assigned. Local management can exercise considerable control over current assets such as receivables and inventory but, as a heavily capitalized industry with limited transportability, local management essentially has to do the best they can with the PP&E they are assigned.

Typical examples for consideration:

- Sales
  - Volumes, tons
  - Mill nets
- Gross Margins
- Accuracy of monthly reprojections
- Production costs
- Terminal Expenses
- Controlling capital projects
- Safety
- Housekeeping & Appearance
- Production — Efficiency
  - Clinker tons per hour
  - Cement tons per hour
  - BTU's per ton of clinker
  - % utilization on kiln
- Productivity
  - Clinker tons per year
  - Cement tons per year

- Overhead Cost
  - T & E
  - Bad debt expense
- Working capital —
  - Reducing spare parts inventory
  - Receivables — stated as DSO
  - Inventory R&O, raw materials, fuel, payables or process
- Quality —
  - Cement uniformity, specific product application
  - Clinker standard deviation
- Long-term planning
  - Reserves
  - Environmental compliance
  - Maintenance — protection of assets
- Personnel
  - Organization
  - Training
  - Replacement
  - Union relations
- Other profits
  - Sale of surplus assets
  - Lease or rental income

5. <u>Measuring Performance</u>

At the close of the fiscal year, each subsidiary cement company President will review the performance of their subsidiary company versus the objectives submitted at the beginning of the year and recommend to Eagle Materials Cement EVP distribution of the bonus pool to the participants. Distribution of the bonus pool requires approval of both Eagle Materials EVP and CEO.

Any portion of the Company Operating Pool not paid out (unearned) or forfeited will be added to the Special Situation Program (the "SSP") at Corporate.

At any time during the fiscal year each cement company President may also recommend to the Eagle Materials Cement EVP and CEO an SSP award to recognize outstanding individual performances.

EAGLE MATERIALS INC.
CONCRETE AND AGGREGATES COMPANIES

SALARIED INCENTIVE COMPENSATION PROGRAM
FOR FISCAL YEAR 2009

1. Bonus Pool

To insure reasonableness and affordability the available funds for bonus payments are determined as a percent of earnings of Eagle Materials Inc.'s concrete and aggregate companies. The actual percentage may vary from year to year.

For Fiscal Year 2009, the bonus pool for each concrete and aggregate company shall be equal to 2.25% of each company's operating profit.

Participants must be employed at fiscal year-end to be eligible for any bonus award. Awards may be adjusted for partial year participation for participants added during a year.

Eagle Materials CEO retains the final right of interpretation and administration of the plan and to amend or terminate the plan at any time.

2. Eligibility

The Eagle Materials Concrete and Aggregate EVP, the subsidiary concrete/aggregates company Presidents, V.P. Sales and Plant Managers will be in the plan. Additional participants who have management responsibilities or are in a professional capacity that can measurably impact earnings may be recommended by subsidiary company presidents subject to the approval of the Eagle Materials Concrete and Aggregate EVP and Eagle Materials CEO. The addition of new participants will not affect the total pool available but will in effect dilute the potential bonuses of the original participants.

A participant must be an exempt salaried manager or professional. No hourly or non-exempt employee may participate. Participants in this plan may not participate in any other company incentive plan with monetary awards, except for the Concrete and Aggregate Companies' Long-Term Compensation Program, the Eagle Materials Long- Term Compensation Program and the Eagle Materials Special Situation Program.

3. Allocation of Pool

The subsidiary concrete/aggregates company Presidents will each be eligible for 20% — 40% of the pool funded from their respective subsidiary company. The subsidiary concrete/aggregates company Presidents will recommend the distribution of the remainder of their subsidiary company pool. The participants in the plan and their percentage of the pool will require approval of the Eagle Materials Concrete and Aggregate EVP and Eagle Materials CEO at the beginning of the fiscal year for which the bonus is being earned.

The subsidiary concrete/aggregates company President's bonus opportunity will be 50% specific, objective goals and 50% discretionary as determined by Eagle Materials Concrete and Aggregate EVP taking into consideration overall job performance and compliance with Eagle Materials Policies and Code of Ethics. All participants in the plan must have the ability to significantly affect the performance of the subsidiary company by achieving measurable, quantifiable, objectives. The subsidiary company Presidents will determine the objective and discretionary balance of bonus opportunities for the participants in their companies subject to approval by Eagle Materials Concrete and Aggregate EVP and Eagle Materials CEO.

4. <u>Objective Criteria</u>

Objective setting is essential to an effective incentive compensation plan and should be measurable and focus on areas that have meaningful impact on our operational performance. Having selected objectives, it is also important to establish a reference point for that objective which indicates expected performance.

In addition to consideration of the budget plan as a reference, we will consider historic performance of a facility, equipment design standards, industry standards, comparable values from other companies or like situations and any other qualified source or established reference points or basis for determining performance.

To illustrate the need for the selection of an objective, the reference point and how performance deviation from the reference is judged, let's look at safety as an example. Let's suppose a company plans 0 lost time accidents, which is reasonable to plan. If they have 1 lost time accidents, is the performance a total failure, poor, fair or reasonable? If they have 2 lost time accidents, is the performance unacceptable, poor, fair or reasonable? From this information it would be difficult to assess their overall safety performance. We could give consideration to the number of incidents requiring doctor's treatment. We could include an evaluation of worker's compensation claims or dollars spent. As an alternative to these, we could use industry statistics available from an authoritative source such as MSHA or OSHA which show accident frequency and severity ratio for comparable facilities. We could establish a mean or average as our reference point, based on accident frequency and severity, and agree to a bonus adjustment according to our percentile ranking with comparable industry.

Because our basic products are commodities the level of prices in a given market area are established by supply and demand over which local management has little control. Through price leadership, local management can affect prices in a small range around supply-demand equilibrium. Accordingly, one of the performance criteria might still be pricing but this does not indicate that an overall bad or good market is itself a performance indicator of local management. For bonus purposes, they should neither be penalized nor rewarded for the general economic conditions.

Fixed assets is another area over which local management exercises limited control. Each manager basically has to work with the fixed assets he is assigned. Local management can exercise considerable control over current assets such as receivable and inventory but, as a heavily capitalized industry with limited transportability, local management essentially has to do the best they can with the PP&E they are assigned.

Typical examples for consideration:

- Sales
  - Volumes — cubic yards, tons
  - Price — cubic yards, tons
- Costs
  - Per yard of dry materials
  - Per ton of aggregates (produced)
  - Maintenance per cubic yard
  - Delivery per cubic yard
- Gross margins
- Accuracy of monthly reprojections
- Safety
- Housekeeping & Appearance Production — Efficiency
  - Concrete yards per truck
  - Concrete yards per batch plant
  - % utilization of dry/wet plants
- Productivity
  - Man hours per concrete yard — plant
  - Man hours per concrete yard — delivery
  - Aggregates — TPH
- Overhead Cost
  - T & E
  - Bad debt expense
- Working capital -
  - Receivables — stated as DSO
  - Inventory R&O, raw materials, fuel, payables or process
- Quality — Uniformity, specific product application
- Long-term planning
  - Reserves
  - Environmental compliance
  - Maintenance — protection of assets
- Personnel
  - Organization
  - Training
  - Union relations
- Other profits
  - Associated business lines
  - Sale of surplus assets
  - Lease or rental income

5. <u>Measuring Performance</u>

At the close of the fiscal year each subsidiary concrete/aggregates company President will review the performance of their respective subsidiary company versus the objectives submitted at the beginning of the year and recommend to Eagle Materials Concrete and

Aggregate EVP distribution of the pool to the participants. Distribution of the pool requires approval of both Eagle Materials Concrete and Aggregate EVP and Eagle Materials CEO.

Any portion of the Company Operating Pool not paid out (unearned) or forfeited will be added to the Special Situation Program (the "SSP") at Corporate.

At anytime during the fiscal year each concrete and aggregate company President may also recommend to the Eagle Materials Concrete and Aggregate EVP and CEO an SSP award to recognize outstanding individual performances.

EAGLE MATERIALS INC.
AMERICAN GYPSUM COMPANY

SALARIED INCENTIVE COMPENSATION PROGRAM
FOR FISCAL YEAR 2009

1. Bonus Pool

To insure reasonableness and affordability the available funds for bonus payments are determined as a percent of earnings of American Gypsum Company (the "Company"). The actual percentage may vary from year to year.

For Fiscal Year 2009, the bonus pool will be equal to 2.25% of American Gypsum Company's operating profit.

Participants must be employed at fiscal year-end to be eligible for any bonus award. Awards may be adjusted for partial year participation for participants added during a year.

Eagle Materials CEO retains the final right of interpretation and administration of the plan and to amend or terminate the plan at any time.

2. Eligibility

The American Gypsum Company President, Vice Presidents and Plant Managers will be participants in the plan. Additional participants who have management responsibilities or are in a professional capacity that can measurably impact earnings may be recommended by American Gypsum Company President subject to the approval of the Eagle Materials CEO. The addition of new plan participants will not affect the total pool available but will in effect dilute the potential bonuses of the original participants.

A participant must be an exempt salaried manager or professional. No hourly or non-exempt employee may participate. Participants in this plan may not participate in any other company incentive plan with monetary awards, except for American Gypsum Company's Long-Term Compensation Program, the Eagle Materials Long-Term Compensation Program and the Eagle Materials Special Situation Program.

3. Allocation of Pool

The American Gypsum Company President will be eligible for 20% — 25% of the pool. The American Gypsum Company President will recommend the distribution of the remainder of the company pool. The participants in the plan and their percentage of the pool will be approved by the Eagle Materials CEO at the beginning of the fiscal year for which the bonus is being earned. For example:

Participant%	*of Pool Available*
Company President	22%
Vice Presidents	34%
Plant Managers	20%
Other Participants (Directors, Superintendents)	24%
Total	100%

The American Gypsum Company President's bonus opportunity will be 50% objective goals and 50% discretionary as determined by Eagle Materials CEO taking into consideration overall job performance and compliance with Eagle Materials Policies and Code of Ethics. All participants in the plan must have the ability to significantly affect the performance of the subsidiary company by achieving measurable, quantifiable objectives. The American Gypsum Company President will determine the objective and discretionary balance of bonus opportunities for the other participants in this program, subject to approval by the Eagle Materials CEO.

4. <u>Objective Criteria</u>

Objective setting is essential to an effective incentive compensation plan. Objectives should be measurable and focus on areas that have meaningful impact on our operational performance. Having selected objectives, it is also important to establish a reference point for that objective which indicates expected performance.

In addition to consideration of the budget plan as a reference, we will consider historic performance of a facility, equipment design standards, industry standards, comparable values from other companies or like situations and any other qualified source or establishing reference points or basis for determining performance.

To illustrate the need for the selection of an objective, the reference point and how performance deviation from the reference is judged, let's look at safety as an example. Let's suppose a company plans 0 lost time accidents, which is reasonable to plan. If they have 1 lost time accident, is the performance a total failure, poor, fair or reasonable? If they have 2 lost time accidents, is the performance unacceptable, poor, fair or reasonable? From this information it would be difficult to assess their overall safety performance. We could give consideration to the number of incidents requiring doctor's treatment. We could include an evaluation of worker's compensation claims or dollars spent. As an alternative to these, we could use industry statistics available from an authoritative source such as OSHA or GA which show accident frequency and severity ratio for comparable facilities. We could establish a mean or average as our reference point, based on accident frequency and severity, and agree to a bonus adjustment according to our percentile ranking with comparable industry.

Another example might be the case of a dryer system that is allowed to deteriorate. This would tend to lower thermal efficiency and line speed, but could increase available hours because we didn't take the necessary down time to repair the dryer system. A plan built on this premise might have production and BTU per MSF statistics lower than historical performance but up time shown as higher. Rather than using plan as the reference point for these criteria, we might use historical performance for line speed, BTU/msf and a combination of historical and industry average for up time. The intent would be to cause a focus on the issue of not deferring maintenance.

Because our basic products are commodities the level of prices in a given market area are established by supply and demand over which local management has little control. Through price leadership, local management can affect prices in a small range around supply-demand equilibrium. Accordingly, one of the performance criteria might still be pricing but this does not indicate that an overall bad or good market is itself a performance indicator of local management. For bonus purposes, they should neither be penalized nor rewarded for the general economic conditions.

Fixed assets is another area over which local management exercises limited control. Each manager basically has to work with the fixed assets he is assigned. Local management can exercise considerable control over current assets such as receivable and inventory but, as a heavily capitalized industry with limited transportability, local management essentially has to do the best they can with the PP&E they are assigned.

Typical objectives that impact earnings include:

- Sales
    - Volume (total or specific product)
    - Price
    - Market share
- Plant Efficiencies
    - Waste
    - Speed
    - Delay
    - Fuel usage/msf
    - Contribution/machine hour
- Production
    - Volume
    - Cost (total or specific component)
- Quality Rating
- Environmental Compliance
- Managing Capital Projects
- Overhead Reduction
- Working Capital
    - Inventory turns
    - Receivables
- Long Term Planning
    - Gypsum reserves
    - Maintenance — protection of assets
- Personnel
    - Training and development
    - Turnover rate
    - Union relations

5. Measuring Performance

At the close of the fiscal year the American Gypsum Company President will review the performance of the company versus the objectives submitted at the beginning of the year and recommend the distribution of the pool to the participants. Distribution of the pool requires approval of the Eagle Materials CEO.

Any portion of the Company Operating Pool not paid out (unearned) or forfeited will be added to the Special Situation Program (the "SSP") at Corporate.

At anytime during the fiscal year the American Gypsum Company President may also recommend to the Eagle Materials CEO an SSP award to recognize outstanding individual performances that dramatically improved the Company's profitability or long term value.

EAGLE MATERIALS INC.
SPECIAL SITUATION PROGRAM
FOR FISCAL YEAR 2009

0.35% of Eagle Material Inc.'s earnings before interest and taxes and the portions of subsidiary company and corporate bonus pools not paid out (not earned) will fund the Special Situation Pool (the "SSP") to be administered at the corporate level. All full-time employees of Eagle Materials Inc. or a subsidiary company will be eligible to receive an award.

1. **A SSP award is intended to recognize outstanding individual performances during the current fiscal year based on contributions that dramatically improve the Company's profitability or worth.**

2. **SSP funds may also be distributed to individual companies whose operating profit has been adversely affected by market conditions in order to recognize superior performance of the participants at those companies.**

3. **SSP funds may be retained by the Company for use in future fiscal years.**

The SSP will be distributed on the recommendation of subsidiary company Presidents, Eagle Materials EVP and/or Eagle Materials Chief Executive Officer ("CEO"). The approval of the Eagle Materials EVP and the CEO are required. For senior executive officers who are required to make disclosures under Section 16 of the Securities and Exchange Act of 1934, as amended, an SSP award shall be approved by the Compensation Committee of the Eagle Materials Board of Directors.

The SSP shall be administered by the CEO, who shall have full and exclusive power to interpret this Plan and to adopt such rules, regulations and guidelines for carrying out this Plan as it may deem necessary or appropriate in its sole discretion. All decisions of the CEO shall be binding and conclusive on the participants.

This Plan and all determinations made and actions taken pursuant hereto, shall be governed by and construed in accordance with the laws of the State of Texas, without reference to any conflicts of law principles thereof that would require the application of the laws of another jurisdiction.