



EAGLE MATERIALS INC. Audit Committee Charter

1. Purpose

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Eagle Materials Inc. (the "Company") is to assist the Board in fulfilling its responsibility to oversee (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independent auditor's qualifications and independence and (iv) the performance of the Company's internal audit function and its independent auditor.

2. Membership

The Committee shall consist of at least three persons, all of whom shall be members of the Board. Each member of the Committee shall satisfy the independence requirements set forth in the corporate governance and other listing standards of the New York Stock Exchange (the "NYSE Standards"), the applicable requirements set forth in the Securities Exchange Act of 1934, as amended, and the rules adopted by the Securities and Exchange Commission ("SEC") thereunder, as in effect from time to time.

Each member of the Committee shall be "financially literate" within the meaning of the NYSE Standards, as such term is interpreted by the Board in its business judgment (or shall become "financially literate" within a reasonable period of time after appointment to the Committee). In addition, at least one member of the Committee shall have "accounting or related financial management expertise" within the meaning of the NYSE Standards, as such term is interpreted by the Board in its business judgment. Furthermore, unless the Board determines that it is not necessary for an "audit committee financial expert" to serve on the Committee, at least one member of the Committee shall be an "audit committee financial expert" as defined by the SEC.

No member of the Committee shall serve as a member of the audit committee of more than two public companies other than the Company, unless the Board determines that such simultaneous service would not impair the ability of such director to serve effectively on the Committee, and such determination is disclosed in the Company's proxy statement.

The Board shall elect the members of the Committee at the Board meeting ("Annual Board Meeting") that is held immediately after the annual meeting of the stockholders of the Company, after considering the recommendations of the Corporate Governance and Nominating Committee of the Board, and each Committee member shall serve until the date of the next Annual Board Meeting, unless he or she resigns, is removed or replaced or otherwise ceases to be a director or a member of the Committee prior to such date, in which event the Board shall appoint another director of the Company to fill the resulting vacancy for his or her unexpired term. Furthermore, if for any reason the Board does not elect the members to the Committee at an Annual Board Meeting, the directors who then comprise the Committee will continue to serve as members of the Committee until the Board takes action to elect new



members of the Committee. The Board may remove or replace a member of the Committee at any time.

3. Operation

The Board shall elect one member of the Committee to act as chairperson of the Committee (the "Chairperson"). Such member shall act as Chairperson until the next Annual Board Meeting unless he or she resigns, is removed or replaced or otherwise ceases to be a director or a member of the Committee prior to such date, in which event the Board shall appoint another member of the Committee to serve as Chairperson for his or her unexpired term. The Chairperson shall preside over all meetings of the Committee. The Board may remove or replace the Chairperson at any time.

A majority of the members shall constitute a quorum, unless the Committee is comprised of an equal number of members, in which case one-half of the members of the Committee shall constitute a quorum. The Committee shall act only on the affirmative vote of a majority of the members at a meeting at which a quorum is present (which may be in person or by telephone) or by unanimous consent.

The Committee shall meet at least four times annually. The Committee may invite such persons in addition to the members of the Committee that it deems appropriate to attend all or part of any meetings. The Committee shall maintain minutes of its meetings and written records of its actions. The Committee shall be authorized to meet, as frequently as it determines is necessary or appropriate, with the Company's Vice President of Internal Audit, the Company's Chief Financial Officer and the Company's independent auditor in separate executive sessions to discuss any matters that the Chairperson or any other member of the Committee believes should be discussed privately.

To the extent permitted by the NYSE Standards and applicable legal requirements, the Committee may delegate specified duties and responsibilities to a subcommittee created by a vote of a majority of the members of the Committee. Each subcommittee shall have one or more members designated by the Committee and shall be governed by such procedures as the Committee shall determine from time to time.

The Committee may establish such rules as it determines to be necessary or appropriate to conduct its business, so long as such rules do not contravene the express provisions of this Charter.

4. Duties and Responsibilities

To fulfill its purposes as described above, the Committee shall have the following duties and responsibilities:

a. ***Independent Accountants.*** The Committee has the authority and direct responsibility for the selection, appointment, compensation, evaluation, retention and oversight of the work of any independent auditor engaged (including resolution of any disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or



attestation services for the Company, and such independent auditor shall report directly to the Committee. Without limiting the foregoing, the Committee's duties and responsibilities shall include the following:

(i) obtain and review, at least annually, a report by the Company's independent auditor describing (i) the independent auditor's internal quality-control procedures and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues;

(ii) obtain and review, on a periodic basis at least annually, a formal written statement from the independent auditor to the Committee describing all relationships between the auditor and the Company and actively engage in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and recommend that the Board take appropriate action in response to the reports from the auditor to satisfy itself of the auditor's independence;

(iii) review and discuss quarterly reports from the independent auditor on:

- a. all critical accounting policies and practices to be used,
- b. all alternative treatments of financial information within U.S. generally accepted accounting principles (GAAP) that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, and
- c. other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences;

(iv) discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 114 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work; any restrictions on the scope of activities or access to requested information; and any significant disagreements with management;

(v) pre-approve all audit engagement fees and terms and pre-approve all non-audit services provided to the Company by its independent auditor in accordance with the Committee's policies and procedures for pre-approving audit and non-audit services;

(vi) review management's use of non-GAAP measures, and in particular how these measures are used to evaluate performance, whether they are consistently prepared and presented and what the Company's disclosure controls and procedures relating to these are;



(vii) discuss with the independent auditor material issues on which the national office of the independent auditor was consulted by the Company's audit team;

(viii) engage in a dialogue with the independent auditor to understand the nature of each identified critical audit matter, the auditor's basis for identifying a matter as a critical audit matter and how each such identified matter will be described in the auditor's report;

(ix) discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies; and

(x) discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies and internal controls.

b. **Complaints.** The Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by employees of the Company and its subsidiaries of concerns regarding questionable accounting or auditing matters.

c. **Other Responsibilities.** The Committee's duties and responsibilities shall also include the following:

(i) review and discuss the annual audited financial statements and quarterly financial statements of the Company and other significant financial disclosures with management and the independent auditor of the Company, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and any other matters required to be reviewed under applicable legal, regulatory or NYSE requirements;

(ii) discuss with management the Company's earnings press releases, including the use of "*pro forma*" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies.

(iii) as appropriate, obtain advice and seek assistance from outside legal, accounting or other advisors;

(iv) review and discuss with management (including the Vice President of Internal Audit) and the independent auditor the Company's internal controls report and the independent auditor's attestation report prior to the filing of the Company's Form 10-K;

(v) review the Company's compliance and ethics programs, including consideration of legal and regulatory requirements, and review with management its



periodic evaluation of the effectiveness of such programs;

(vi) discuss policies with respect to risk assessment and risk management, including the guidelines and policies which govern the processes by which risk assessment and risk management is undertaken;

(vii) meet separately, periodically, with management, with the Vice President of Internal Audit and with the independent auditor;

(viii) prepare the report that is required to be included in the Company's annual proxy statement in accordance with the rules of the SEC with respect to the Company's audited financial statements;

(ix) set clear policies for the hiring of employees or former employees of the independent auditor;

(x) report regularly to the Board on the Committee's activities;

(xi) review and discuss with management and the independent auditor any major issues as to the adequacy of the Company's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting;

(xii) review with management and the Vice President of Internal Audit the charter, plans, activities, staffing and organizational structure of the internal audit function;

(xiii) understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;

(xiv) ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement or dismissal of the Vice President of Internal Audit;

(xv) review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*; and

(xvi) on a regular basis, meet separately with the Vice President of Internal Audit to discuss any matters that the Committee or Vice President of Internal Audit believes should be discussed privately.

d. **Certain Limitations.** It is the responsibility of the Company's management to prepare the Company's consolidated financial statements. The Company's independent auditor are responsible for auditing those financial statements. The Committee's responsibility in this regard is one of oversight and review. The Committee does not provide any expert or other special assurance as to such financial statements. Consequently, in carrying out its oversight



responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements, or any professional certification as to the independent auditor's work, including with respect to auditor independence. In addition, it is not the responsibility of the Committee to assure compliance with applicable laws or regulations or the Company's policies and procedures. Each member of the Committee shall be entitled to rely on the integrity of people and organizations from whom the Committee receives information and the accuracy of such information, including representations by management and the independent auditor regarding non-audit services provided by the independent auditor.

5. Engagement of Advisers; Funding

The Committee shall have the authority to engage independent counsel and other advisers, as it determines to be necessary to carry out its duties. The Committee shall have the authority to approve and authorize the payment by the Company of appropriate compensation to (i) any independent auditor engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attestation services for the Company and (ii) any counsel or other advisers employed by the Committee as provided above.

6. Annual Performance Evaluation of the Committee

The Committee will annually complete a self-evaluation and will provide a report of that assessment to the Board, including any recommended changes to the Committee's charter.