



**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 26, 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  
(I.R.S. Employer Identification No.)

3811 Turtle Creek Blvd. #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 7.01. Regulation FD Disclosure.**

Eagle Materials Inc. (“Eagle”) has prepared a presentation (the “Investor Presentation”) that will be made to investors on January 26, 2006 and from time to time thereafter. A copy of the presentation is being furnished with to this report as Exhibit 99.1 and is incorporated by reference herein. Pursuant to the rules of the Securities and Exchange Commission, except as expressly provided below in Item 8.01, the information contained in this report (including the exhibit) shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any filing by Eagle under such Act or the Securities Act of 1933, as amended.

### **Item 8.01. Other Events.**

Eagle has prepared the Investor Presentation that will be made to investors on January 26, 2006 and from time to time thereafter. The portion of the Investor Presentation contained on page 69 under the heading “Corporate actions” of Exhibit 99.1 and on page 70 under the heading “Eagle announced that it will combine its two classes of stock” of Exhibit 99.1, as well as the related legend contained in the second paragraph on page 2 of Exhibit 99.1, is filed pursuant to, and incorporated by reference in, this Item 8.01 and shall be deemed filed as soliciting material pursuant to Rule 14a-12 under the Securities Exchange Act of 1934, as amended.

### **Item 9.01. Financial Statements and Exhibits.**

<u>Exhibit Number</u>	<u>Description</u>
99.1	Investor Presentation

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**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.

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Name: Arthur R. Zunker, Jr.

Title: Senior Vice President - Finance and Treasurer

Date: January 26, 2006

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**EXHIBIT INDEX**

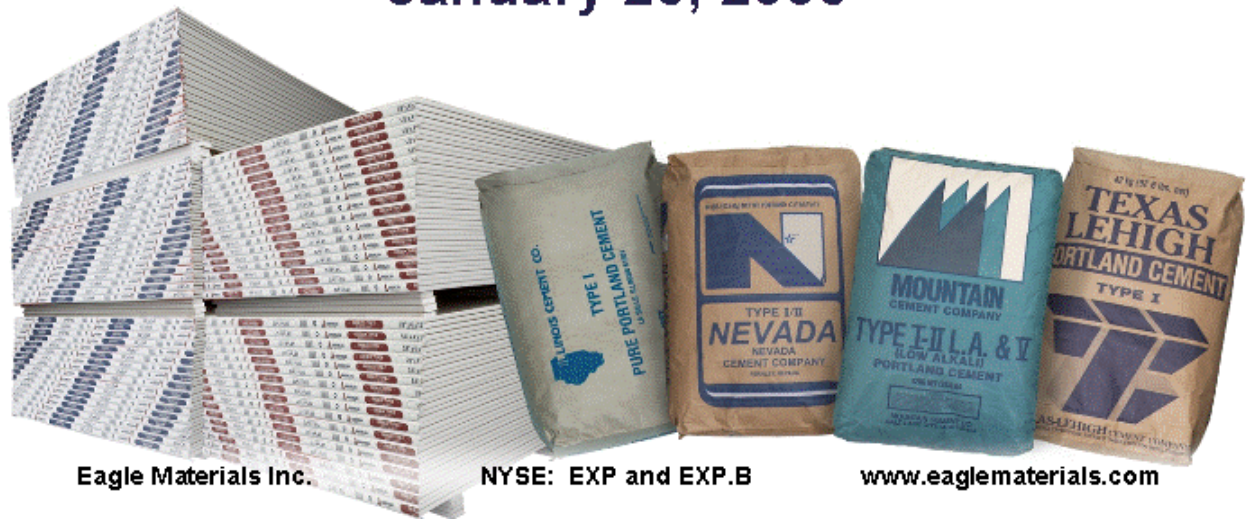
<b>Exhibit Number</b>	<b>Description</b>
99.1	Investor Presentation



# Mapping a Strong Future

## Investor Conference

### January 26, 2006



**Eagle Materials Inc.**

**NYSE: EXP and EXP.B**

**[www.eaglematerials.com](http://www.eaglematerials.com)**

# Forward Looking Statements

*This presentation 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 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 anyone 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) 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 [www.sec.gov](http://www.sec.gov). All forward-looking statements made in this presentation are made as of the date hereof, and the risk that actual results will differ materially from expectations expressed in this presentation 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.*

*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.*



# Eagle Materials Inc.

1. Eagle Materials

2. Third Quarter Results

3. Growth Initiatives

4. Corporate Actions

5. Conclusion



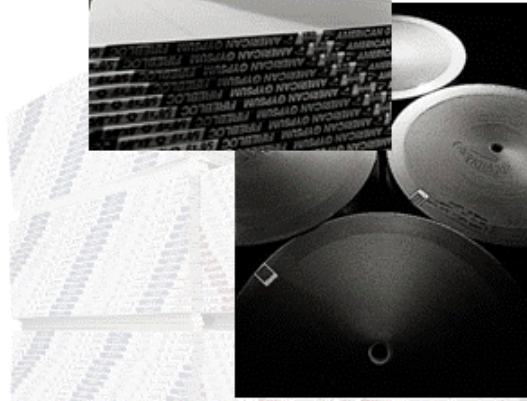
# Eagle Materials Inc.



**Gypsum  
Wallboard**



**Cement**



**Paperboard**



**Concrete &  
Aggregates**

# Eagle Materials

- ▶ Eagle Materials' operations are well positioned
  - Excellent Operators
  - Maintained in excellent condition
  - Operated significantly above rated capacity
  - Low cost producer in all segments

## ▶ American Gypsum Company

- Duke
  - High speed board line
  - Modern dryers
- Eagle
  - High speed board line
  - Modern dryer
- Bernalillo
  - Medium speed board line
  - Modern dryer
- Albuquerque
  - Medium speed board line
  - Modern dryer

## ▶ Republic Paperboard

- High speed (3,000 ft/minute)
- Light-weight paper

## ▶ Cement

- Illinois Cement Company
  - 4 stage preheater
- Texas Lehigh Cement Company
  - 4 stage preheater/precalciner
- Mountain Cement Company
  - 2 stage preheater
  - Long dry kiln
- Nevada Cement Company
  - Single stage preheater
  - long dry kiln

## ▶ Concrete/Aggregate

- Dominant local aggregate position



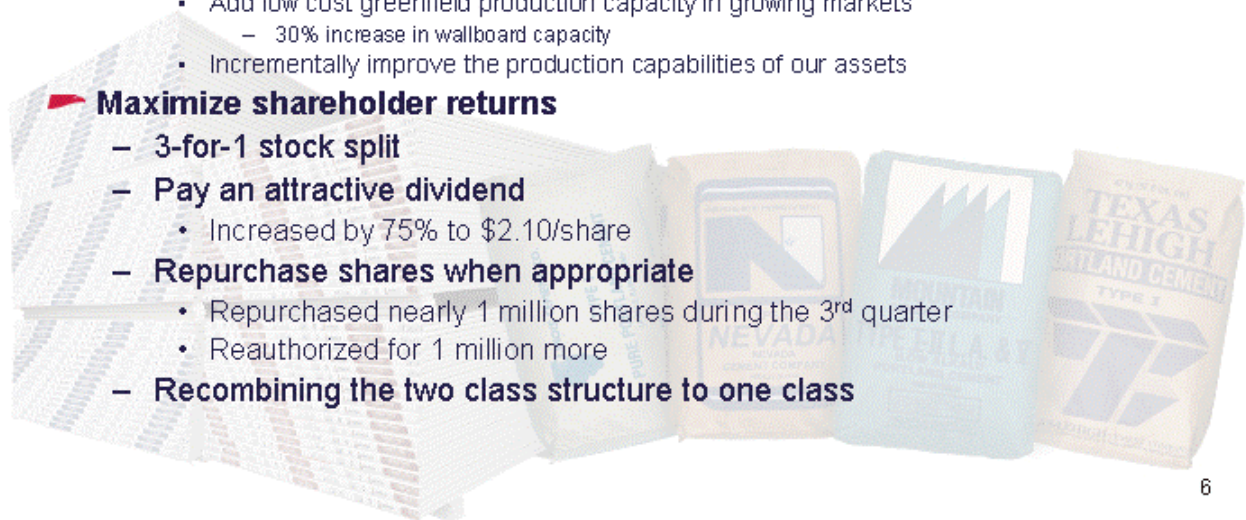
# Eagle Materials

## ▶ A disciplined approach to capital investment

- Eagle's growth strategy is straightforward
  - Invest in high return modernizations of our current plants
    - 50% increase in cement capacity
    - Reduce exposure to rising energy costs
  - Add low cost greenfield production capacity in growing markets
    - 30% increase in wallboard capacity
  - Incrementally improve the production capabilities of our assets

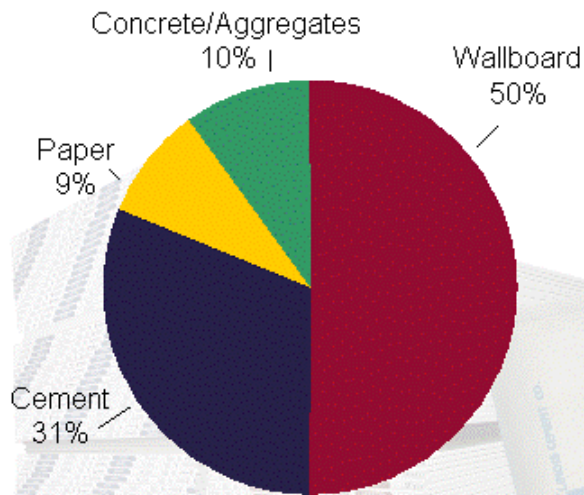
## ▶ Maximize shareholder returns

- 3-for-1 stock split
- Pay an attractive dividend
  - Increased by 75% to \$2.10/share
- Repurchase shares when appropriate
  - Repurchased nearly 1 million shares during the 3<sup>rd</sup> quarter
  - Reauthorized for 1 million more
- Recombining the two class structure to one class

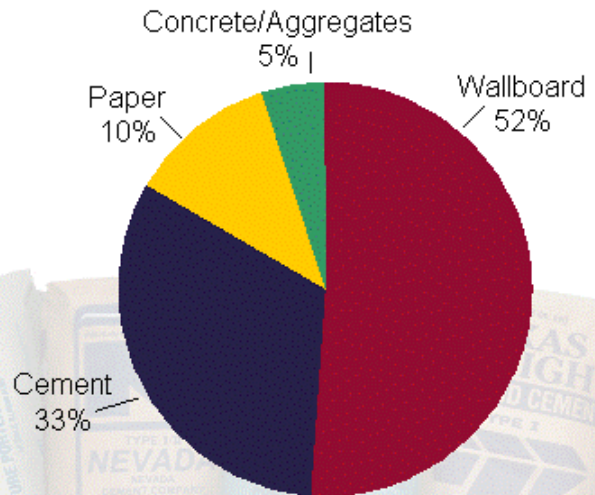


# Eagle's portfolio of building materials and construction products businesses

Revenue by Segment\*



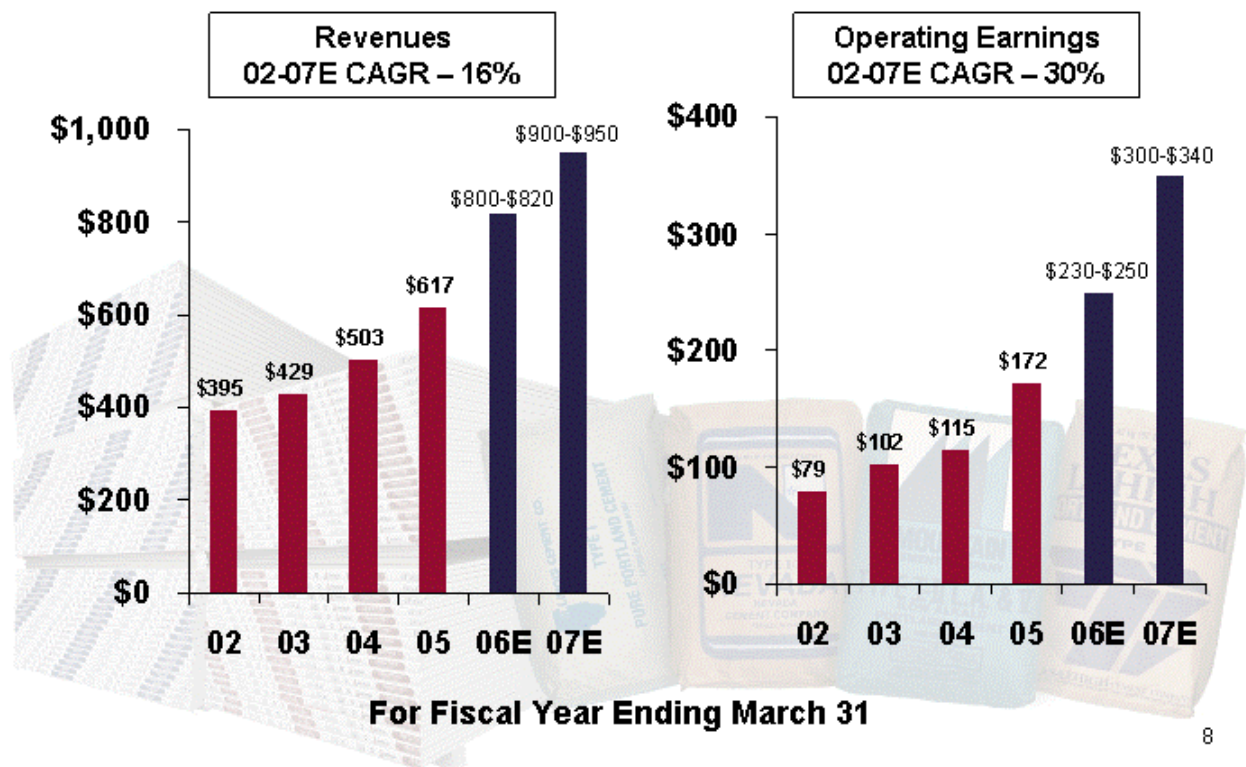
Operating Earnings by Segment\*



\*TTM including Joint Venture revenues, excludes other, net.

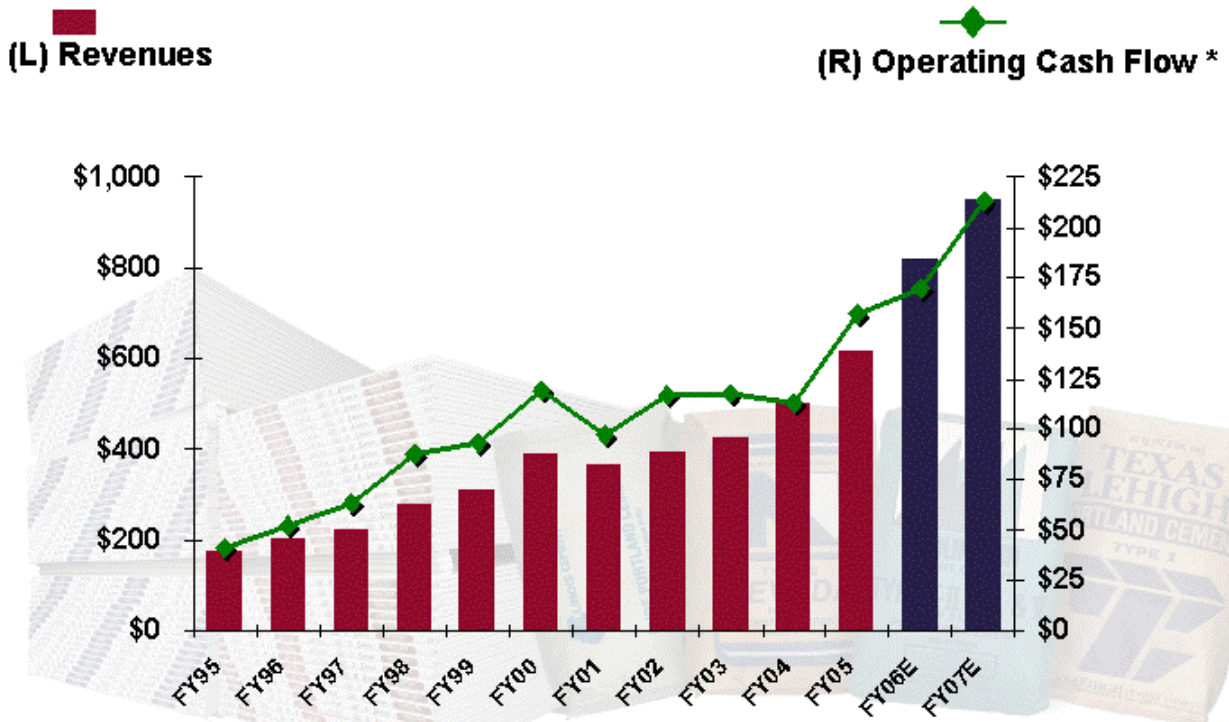
# Steady top and bottom line growth

(\$ in millions)



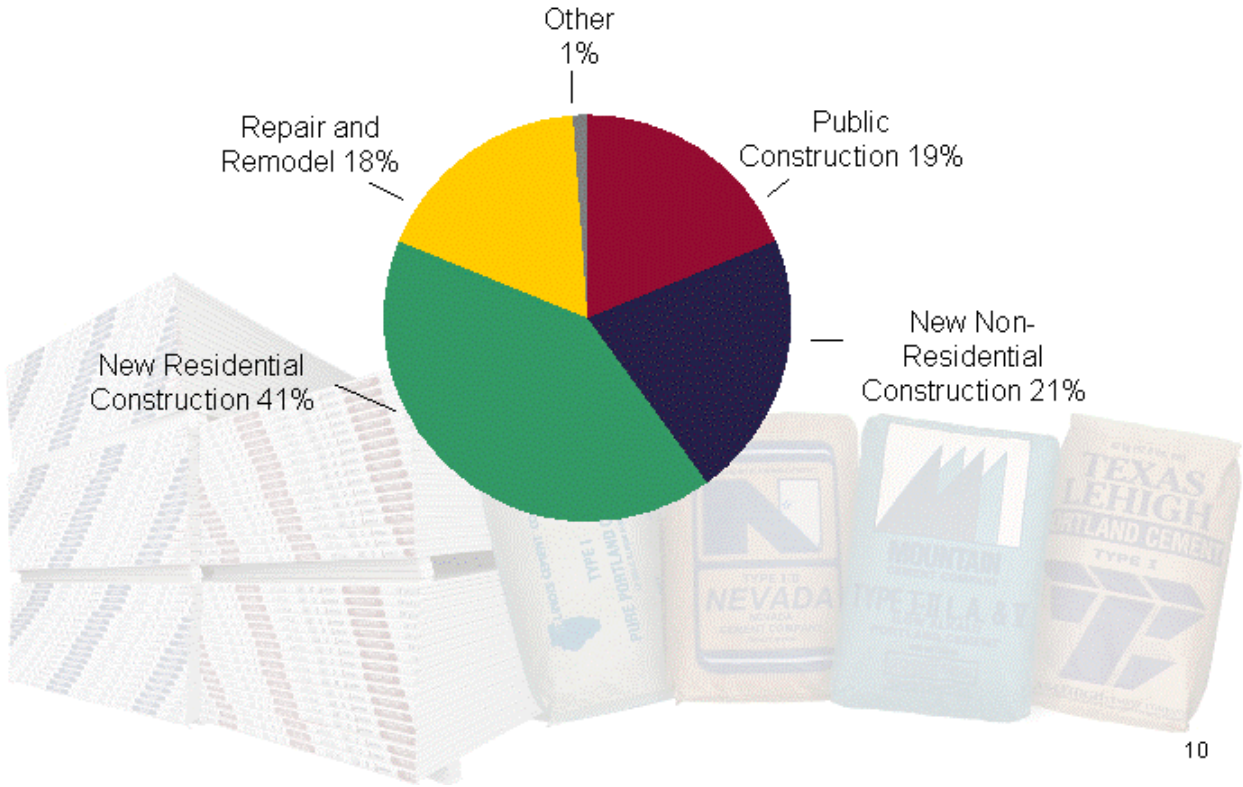
# Eagle generates significant cash flow

(\$ in millions)



\*Cash from operations including changes in working capital

# Macro market dynamics of Eagle as a whole

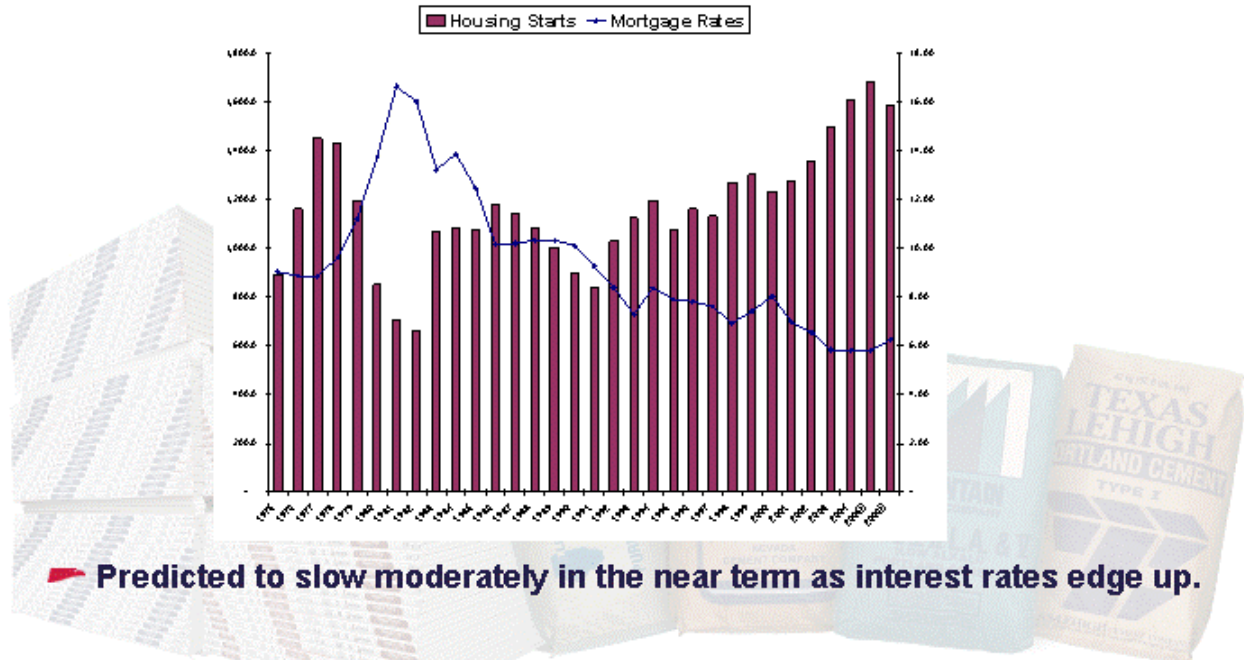




# New residential construction has remained strong

(L) Single Family Starts-000's

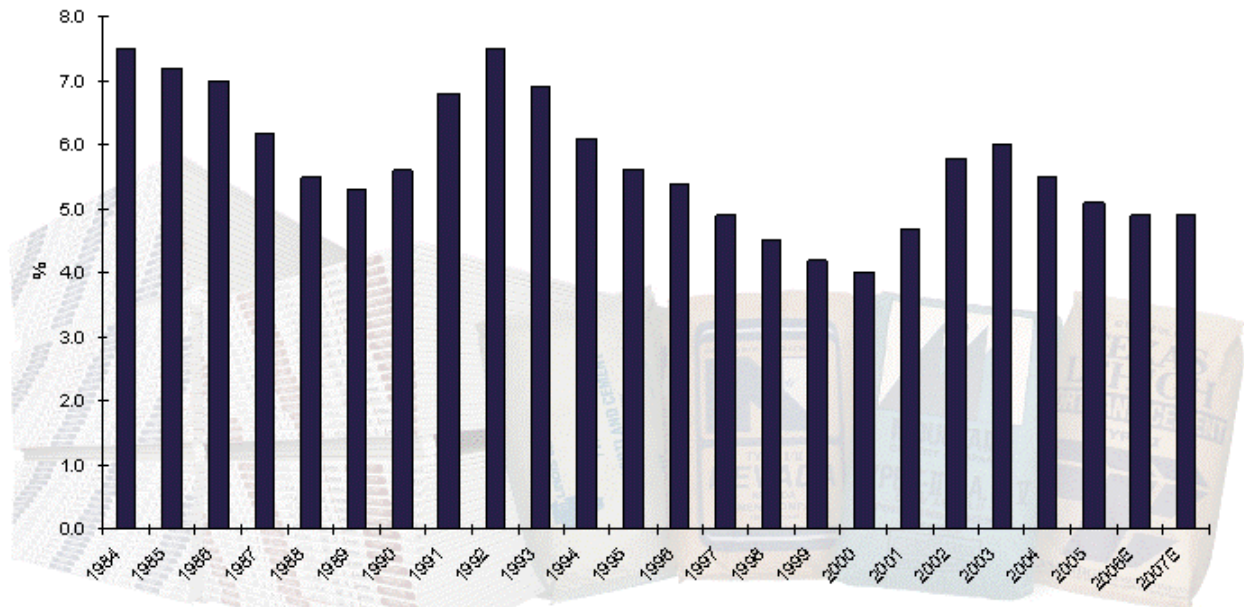
(R) 30 Yr. Rates



Source: U.S. Department of Commerce and NAHB.

# Unemployment rate

When interest rates are not extremely low or extremely high, housing starts are highly correlated with unemployment



Source: U.S. Census and Blue Chip Economic Indicators Projection

# Non-residential recovering from a severe recession

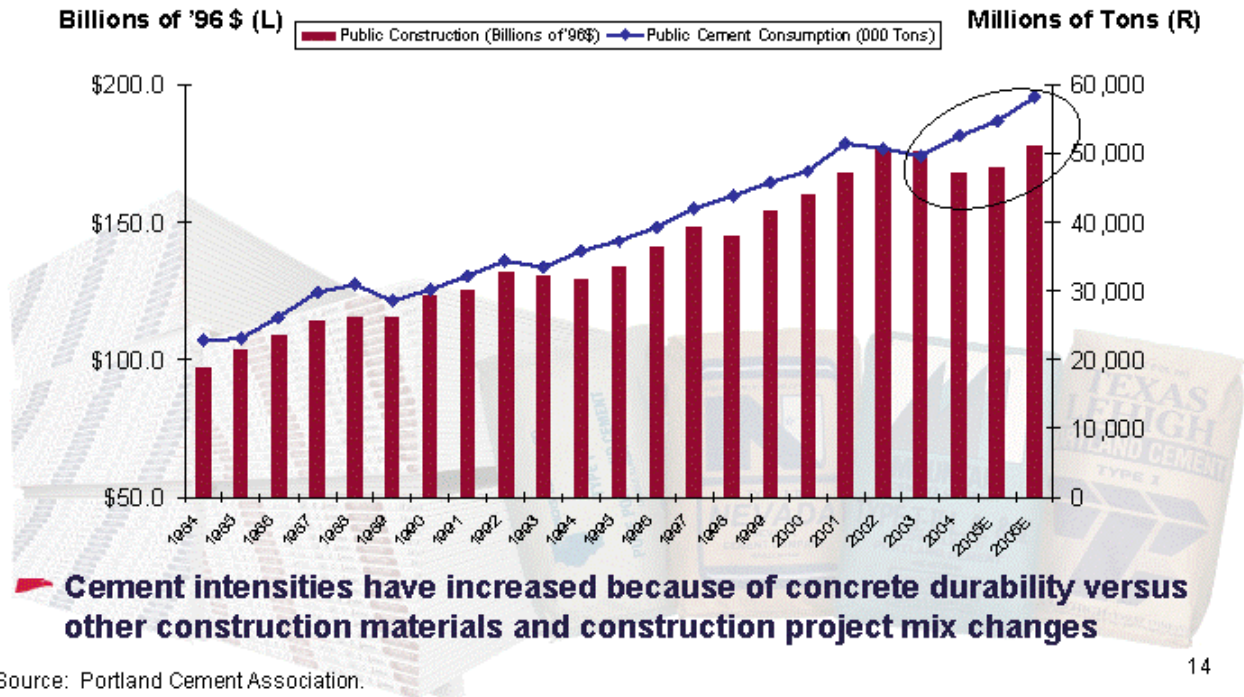
**Private non-residential construction output, 1994 – 2006E (U.S. billions 1996\$)**



Source: PCA

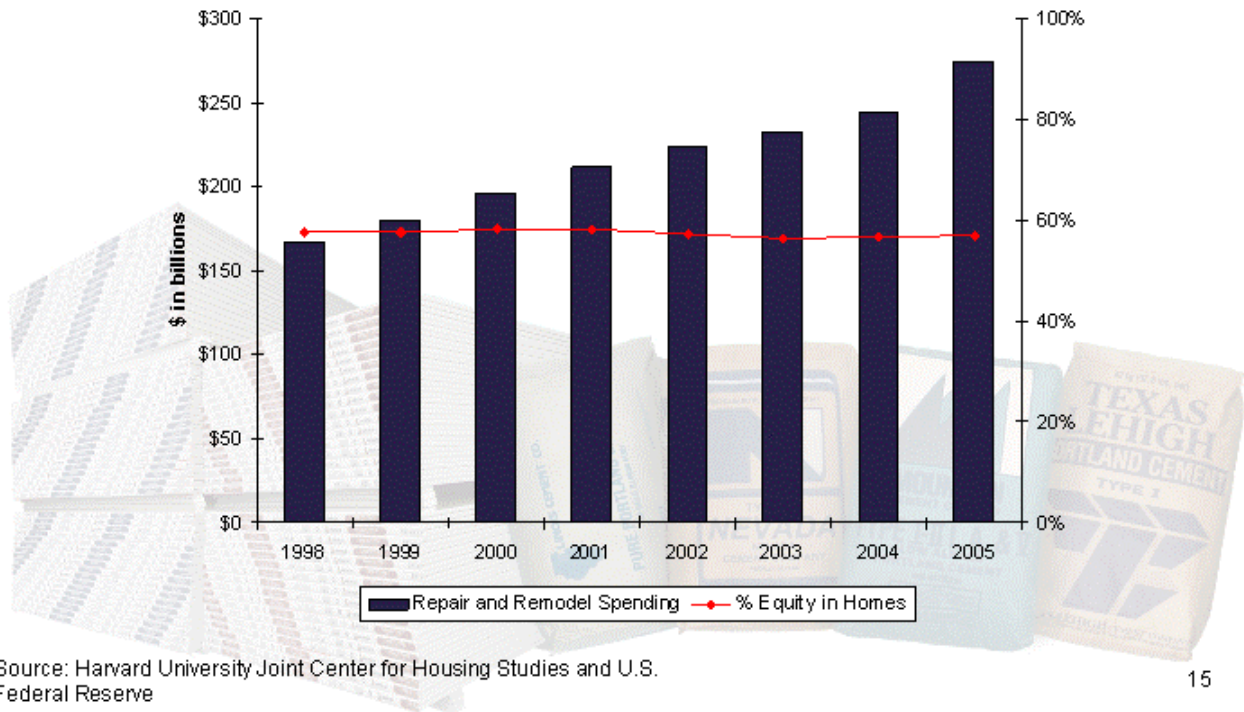
# Public construction is expected to remain strong

## Public Construction put-in-place with cement consumption



# Repair and remodel construction has seen significant growth

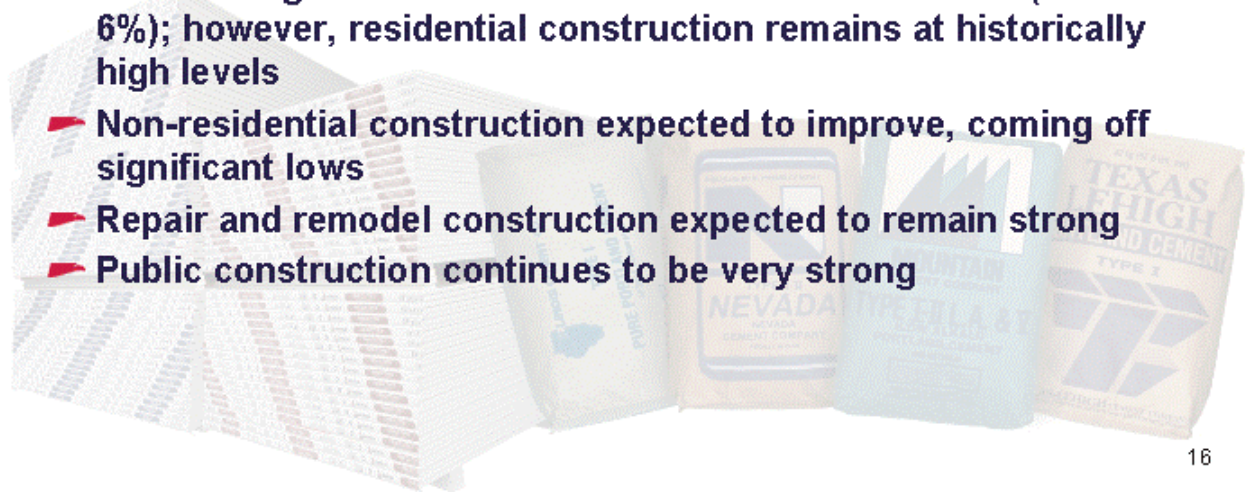
**Repair and Remodel construction 1995 – 2006E**



Source: Harvard University Joint Center for Housing Studies and U.S. Federal Reserve

## Positive fiscal 2007 outlook for Eagle

- For fiscal 2007, we expect high capacity utilization of the U.S. wallboard industry (>95%)
- Eagle Materials will sell out its cement capacity for the 21<sup>st</sup> consecutive year and the U.S. Cement Industry will have another record cement consumption year
- Soft landing scenario for new residential construction (down 6%); however, residential construction remains at historically high levels
- Non-residential construction expected to improve, coming off significant lows
- Repair and remodel construction expected to remain strong
- Public construction continues to be very strong



# Eagle's Wallboard Operations



Wallboard  
52%

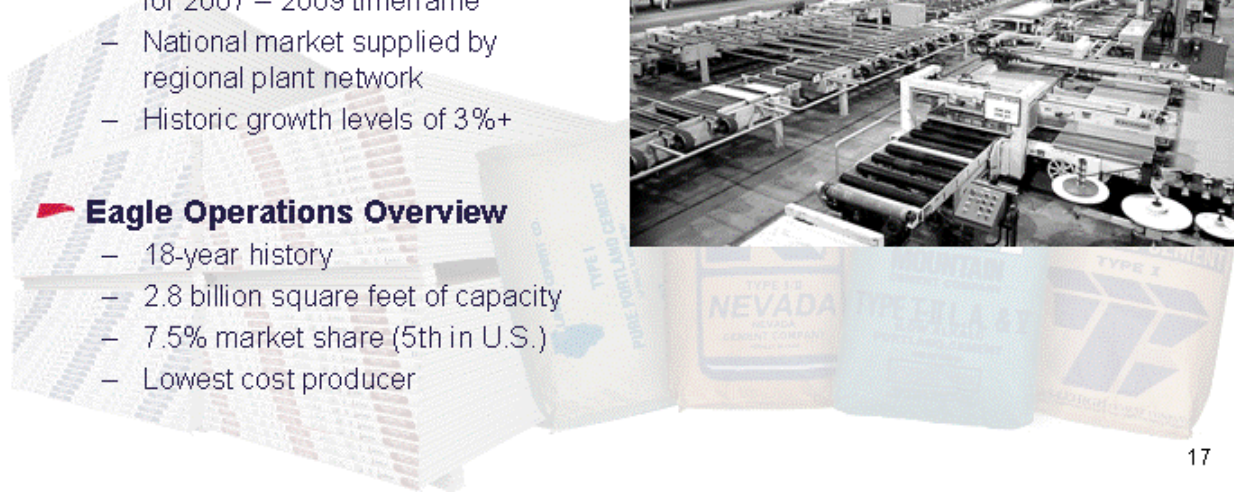
## Wallboard Industry Overview

- 37 BSF of capacity
- Industry operating at 95%+ capacity
- 15% capacity additions announced for 2007 – 2009 timeframe
- National market supplied by regional plant network
- Historic growth levels of 3%+

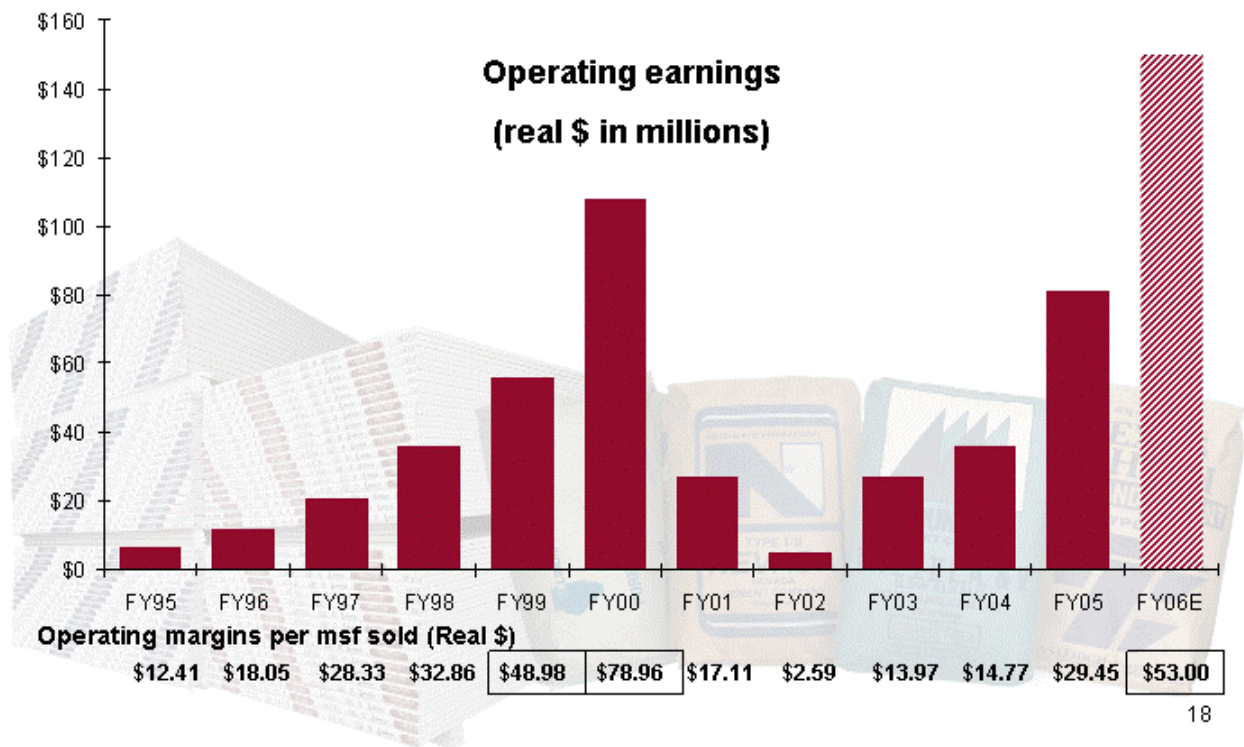


## Eagle Operations Overview

- 18-year history
- 2.8 billion square feet of capacity
- 7.5% market share (5th in U.S.)
- Lowest cost producer

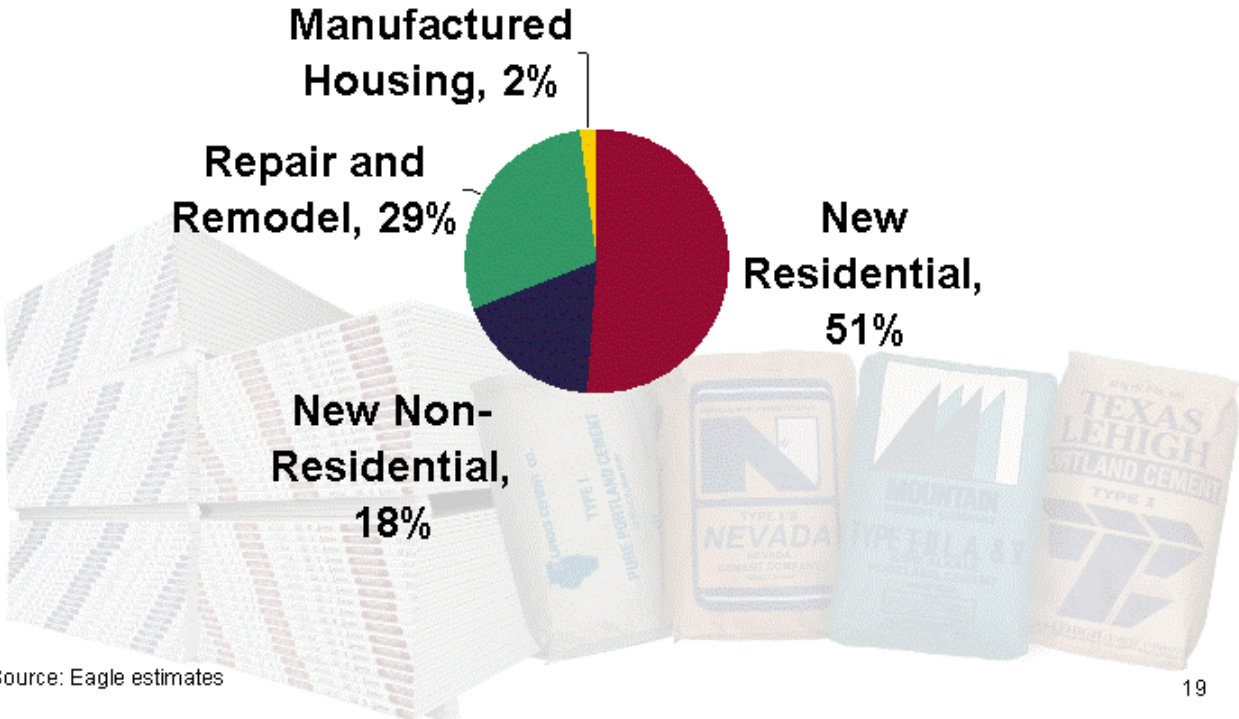


# Eagle's Wallboard Performance





# Wallboard industry market dynamics



Source: Eagle estimates

# Wallboard utilization outlook

(numbers in billion square feet)

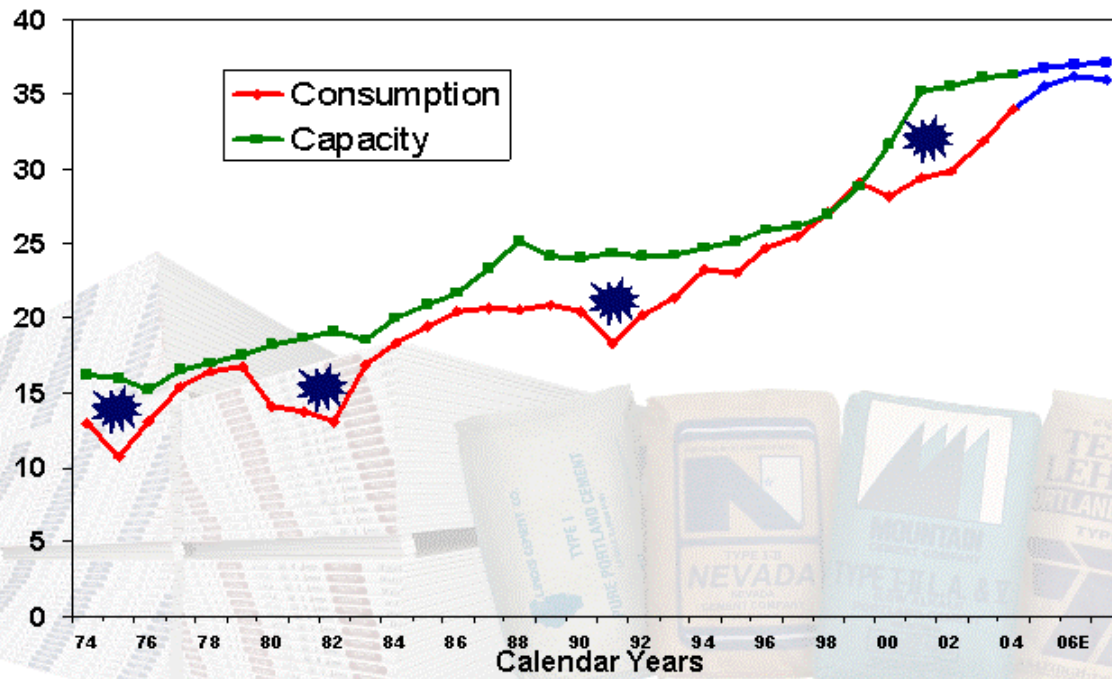
	<u>Calendar 2005</u>	<u>Calendar 2006</u>
<b>Consumption Estimates:</b>		
<b>New Residential (51% of Demand)</b>	18.5	17.4
<b>New Commercial (18% of Demand)</b>	6.5	6.9
<b>Repair &amp; Remodel (29% of Demand)</b>	10.5	10.8
<b>Manufactured Housing (2% of Demand)</b>	0.7	0.7
<b>Total</b>	36.2	35.8
<b>Average annual capacity</b>	37.0	37.3
<b>Average annual industry utilization</b>	<b>98%</b>	<b>96%</b>

Note: Mild-winter increased calendar 2005 shipments

Source: Company estimates.

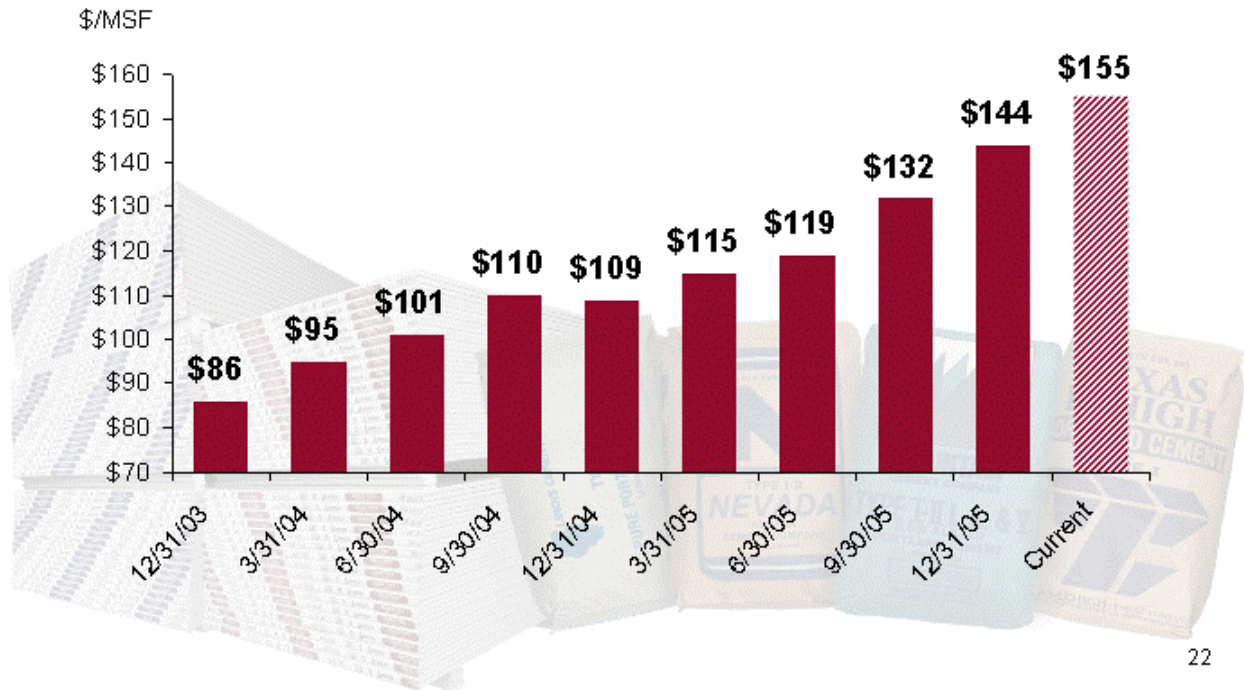
# Wallboard Supply / Demand

(Billions of Square Feet)

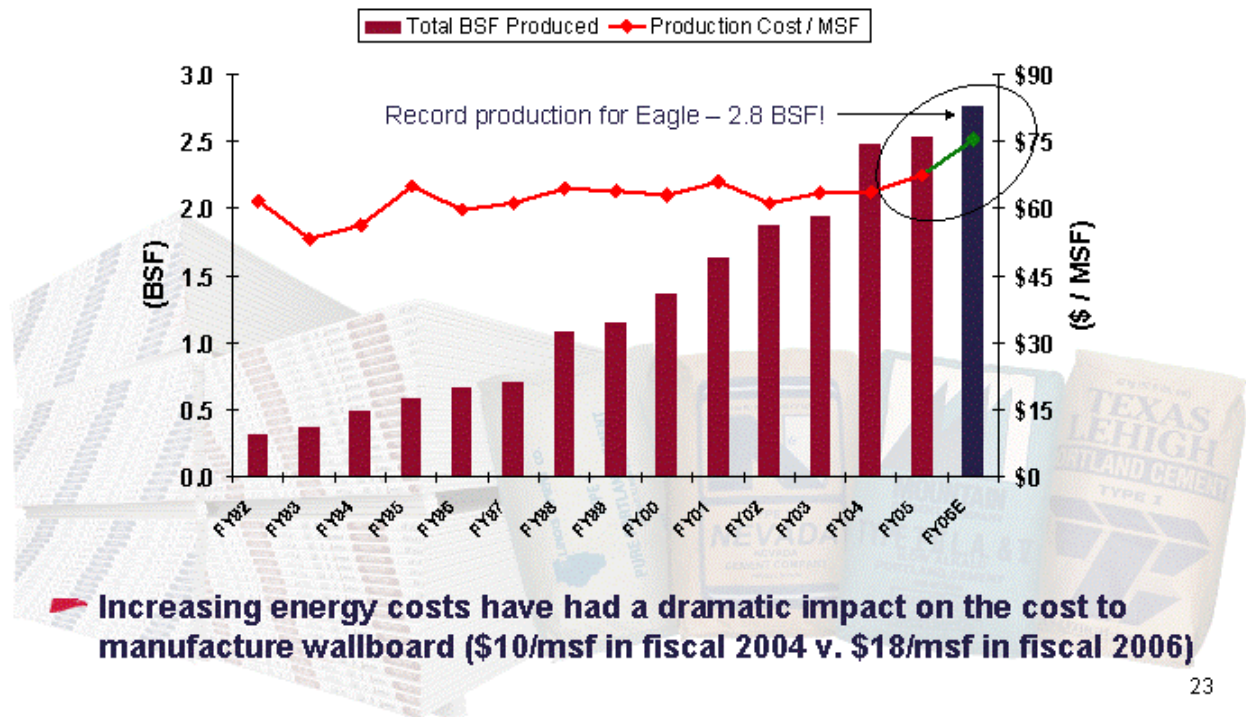


Gypsum Association Historical Data and EXP Projections.

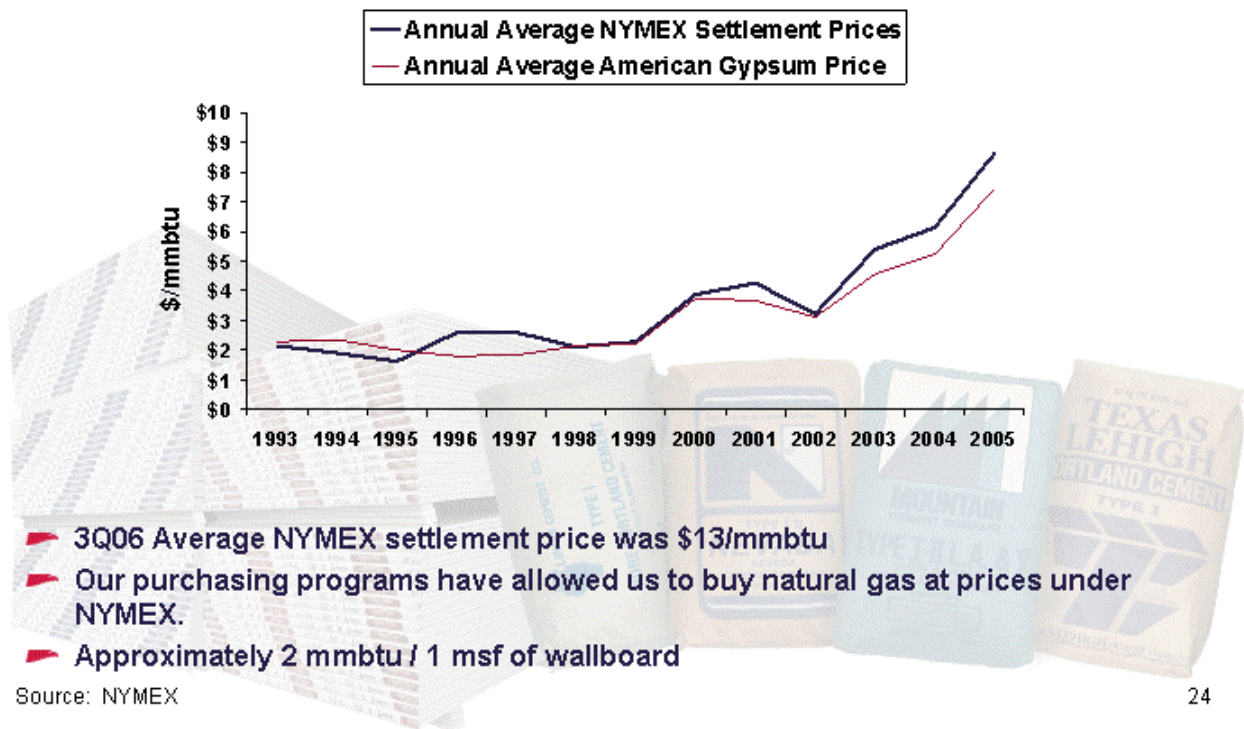
# Eagle's Wallboard Quarterly Net Sales Price Trend



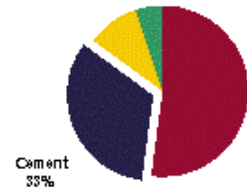
# Eagle's wallboard production and cost



# Rising natural gas rates



# Eagle's Cement Operations



## ➤ Cement Industry Overview

- Capital Intensive with 3-5 year lead-time for greenfield capacity
- 25%+ imports needed to satisfy domestic demand
- Escalating import costs due to Asian economic strength and high ocean freight rates

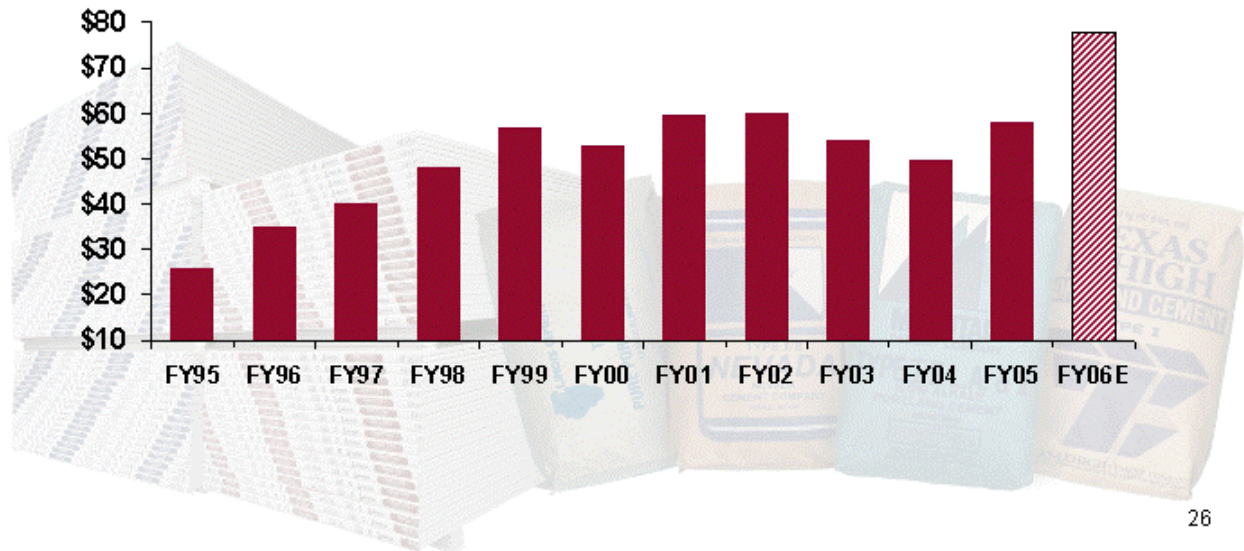
## ➤ Eagle Operations Overview

- Approximately 2.65 million tons of capacity
- 2.6% market share (12th in North America)
- Low costs and solid customer relationships have allowed us to sell out our production for 19 consecutive years



# Cement Performance

## Operating Earnings (\$ in millions)





## Cement import tariffs – agreement between U.S. and Mexico

- The settlement resulted in a reduction of the tariff to \$3 per ton and imposing a limit on Mexican cement exports to the U.S. for 3 years
  - Limited to 3 million tons with regional quotas:

<u>Region</u>	<u>Quota Proposal</u>	<u>2005 Est. imports</u>
• Arizona	1.25	1.10
• NM/El Paso	0.73	0.75
• Texas	0.22	0.15
• New Orleans	0.28	-
• Other	0.52	-
• Total	3.0	approximately 2.0

➤ Mexico imported approximately 2 million tons of cement in 2005

\* In million tons

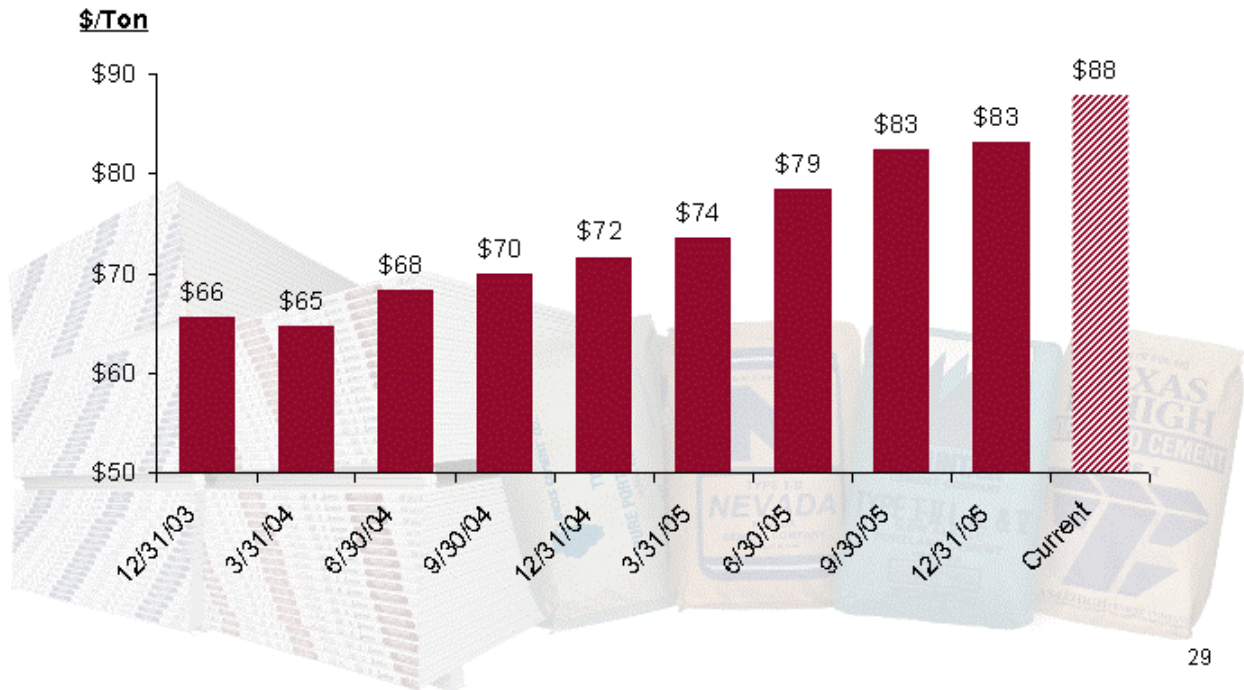
## Settlement implications for Eagle Materials

### Minimal impact to Eagle

- Eagle's sales into South Texas are primarily low-margin imports
  - less than 3% of Eagle's annual cement volumes

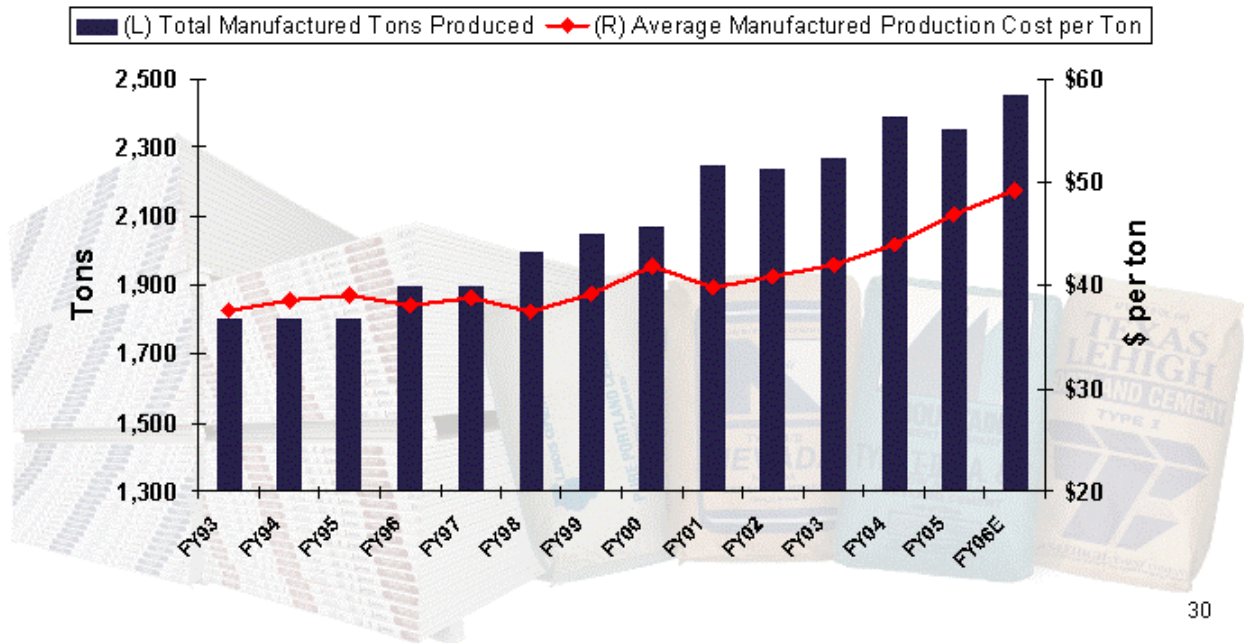


# Eagle's Cement Quarterly Net Sales Price Trend



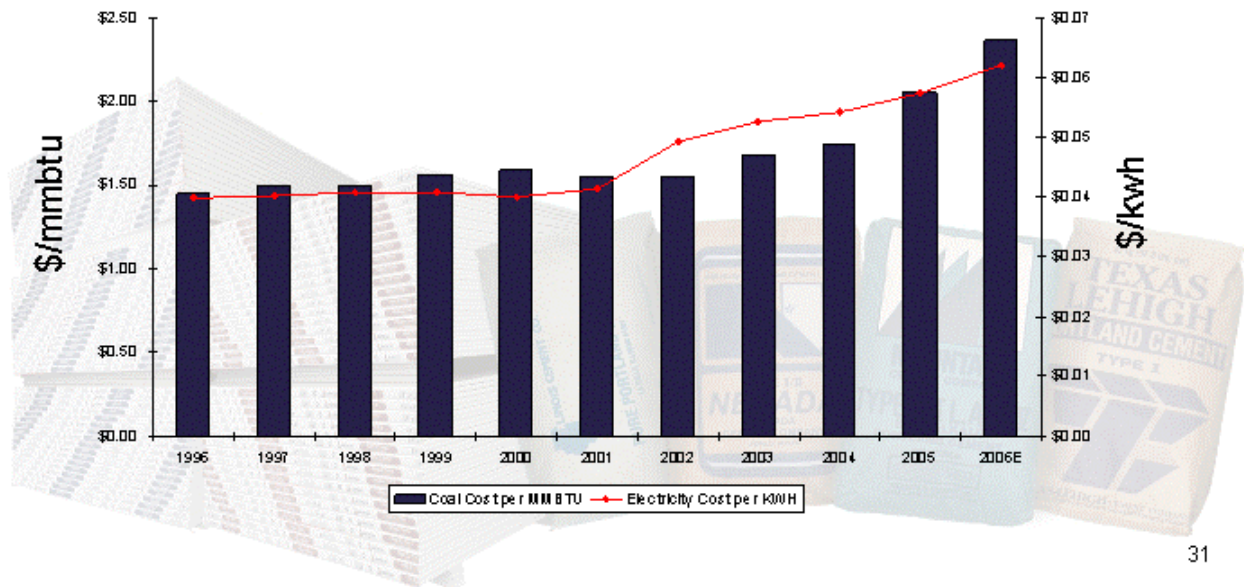
# Eagle's cement production and cost

➤ Power and Energy cost components have recently been hard to control

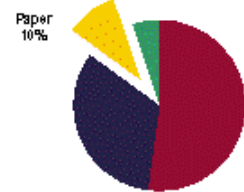


# Rising coal and electricity costs

Our coal and electricity rates have increased nearly 50% each over the past decade



# Eagle's Gypsum Paperboard

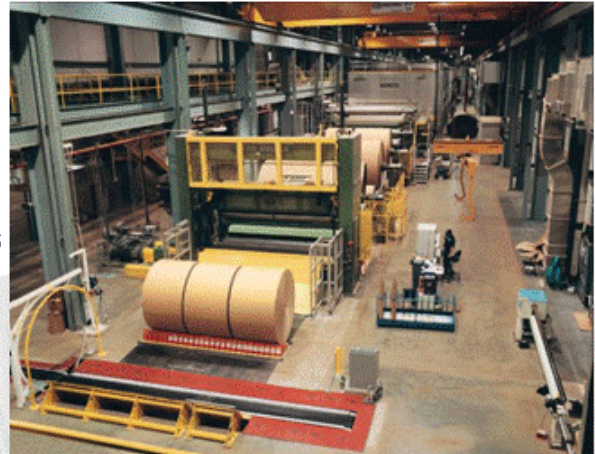


## ➤ Gypsum Paper Industry Overview

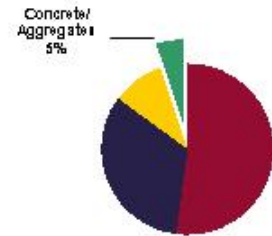
- 7 out of 8 wallboard producers are vertically integrated
- Non-gypsum paper markets are struggling

## ➤ Eagle's Operations Overview

- Original design capacity of 220,000 tons has been increased to 320,000 tons
- Increased paperboard capacity is expected to be absorbed by Eagle's expansion of its wallboard capacity
- 40% of capacity consumed internally, 45% sold through long-term sales contract with wallboard producer, 15% sold in spot market



# Eagle's Concrete and Aggregates Operations



## Concrete/Aggregates Industry Overview

- Both industries are highly fragmented
- Over 7,000 independently operated quarries
- Top 2 aggregates producers control 13% of the market
- 2,700 concrete companies owning 6,000 plants

## Eagle's Operations Overview

- Strong competitive position in local markets
- Capacity
  - Aggregates – 5.5 million tons
  - Concrete – 850,000 cubic yards
- Complementary to Eagle's Cement business
- Organic growth opportunities



# Eagle Materials Inc.

1. The Eagle Story

2. Third Quarter Results

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# Eagle's results \*

(\$ millions, except per share data)

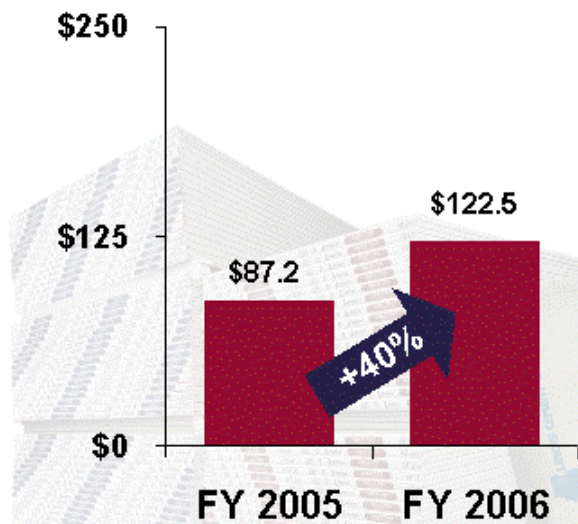
	Third Quarter			Nine Months		
	FY 2005	FY 2006		FY 2005	FY 2006	
<b>Revenues</b>	\$149.8	\$211.5	+41%	\$463.2	\$638.1	+38%
<b>Operating Earnings</b>	\$41.3	\$64.1	+55%	\$128.9	\$189.9	+47%
<b>Earnings Per Share</b>						
<b>Basic</b>	\$1.41	\$2.23	+58%	\$4.29	\$6.59	+54%
<b>Diluted</b>	\$1.40	\$2.20	+57%	\$4.24	\$6.50	+53%

\* Results are pre-split

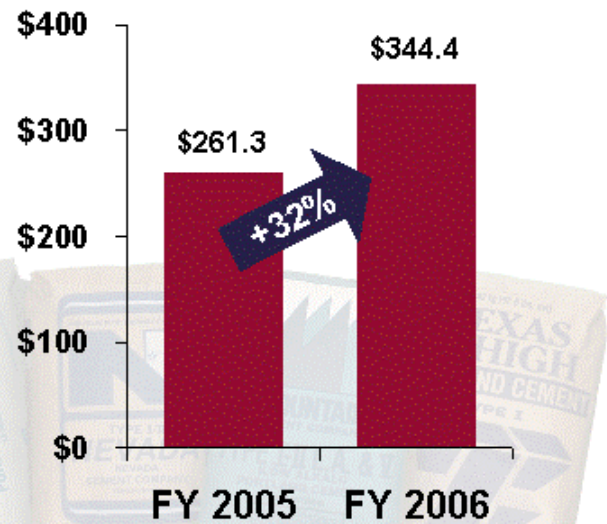
# Wallboard revenues

(\$ Millions)

### Third Quarter

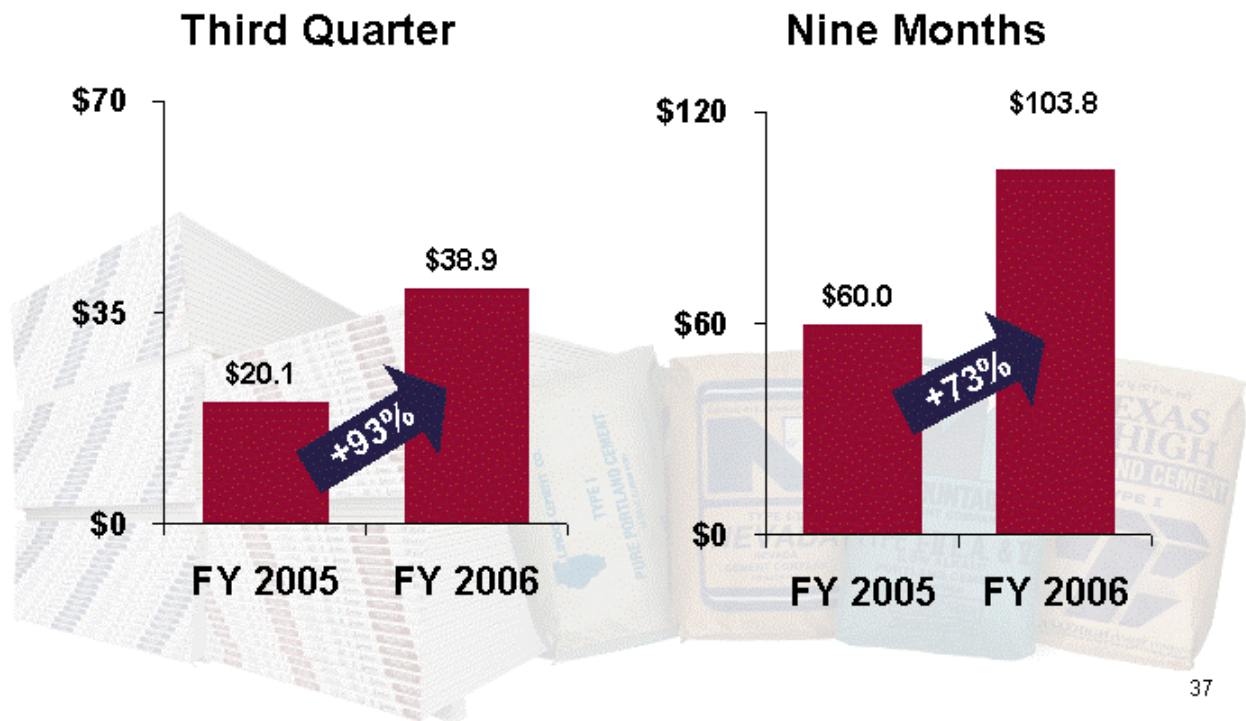


### Nine Months

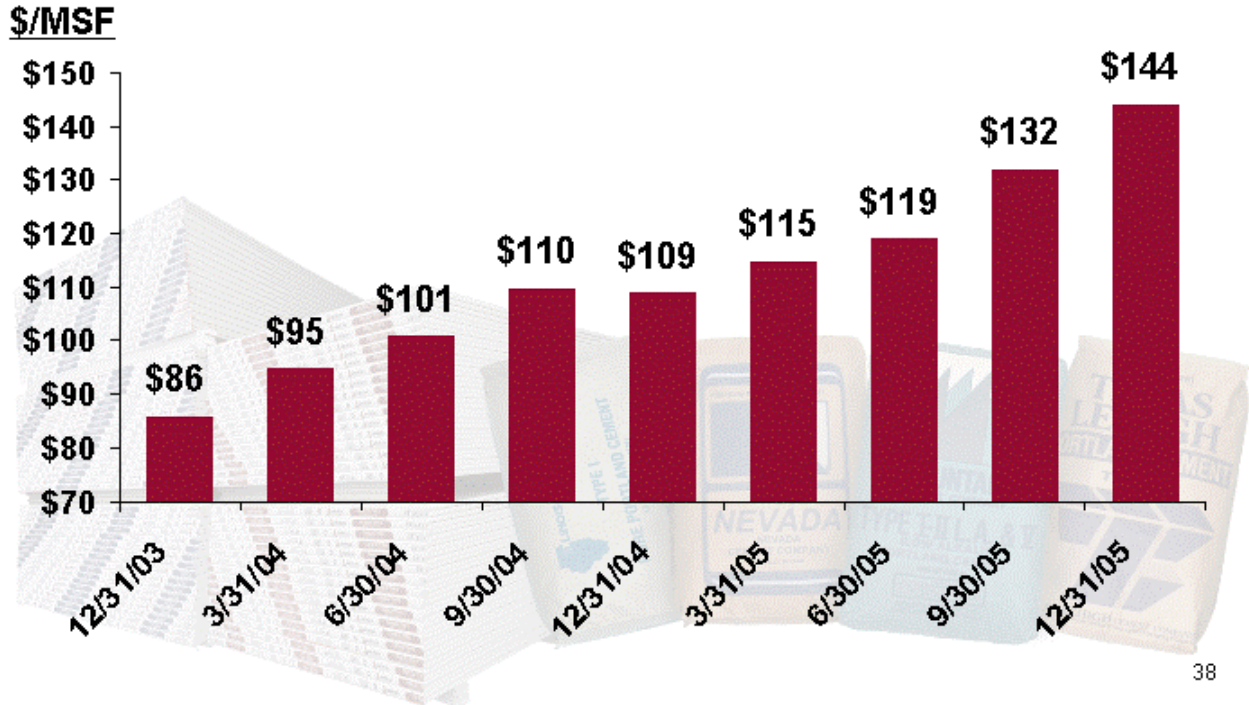


# Wallboard operating earnings

(\$ Millions)

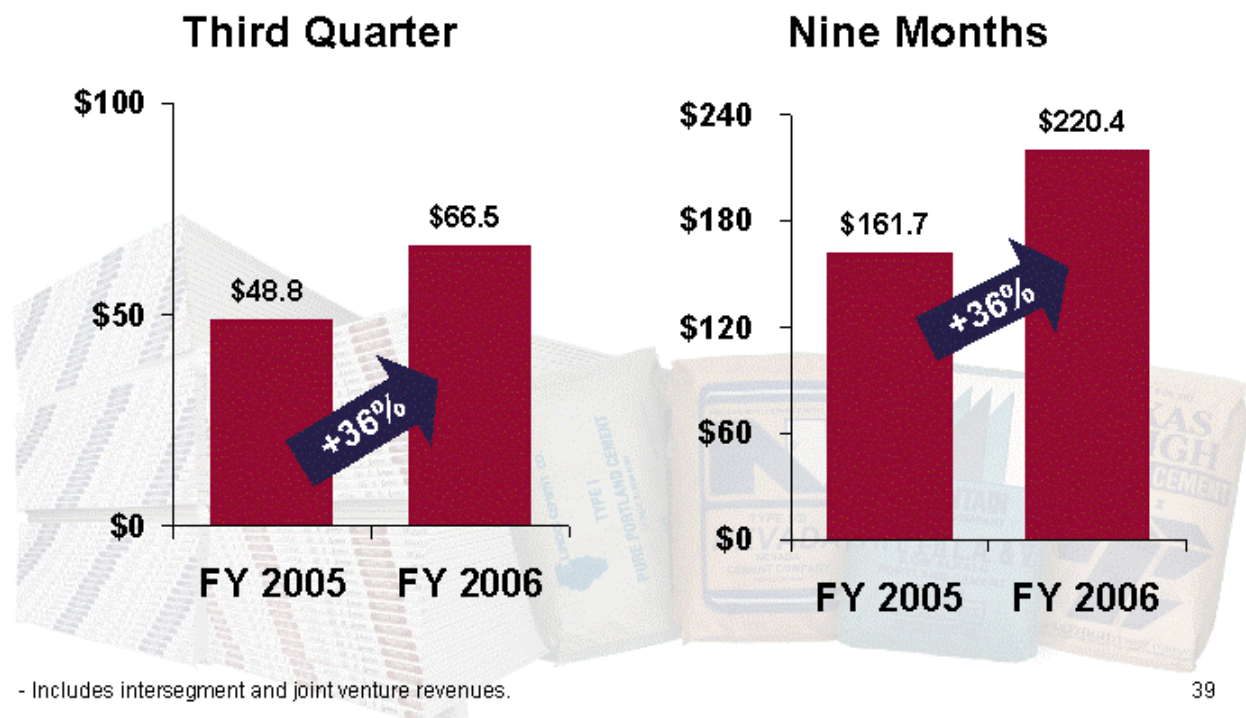


## Wallboard quarterly net sales price trend



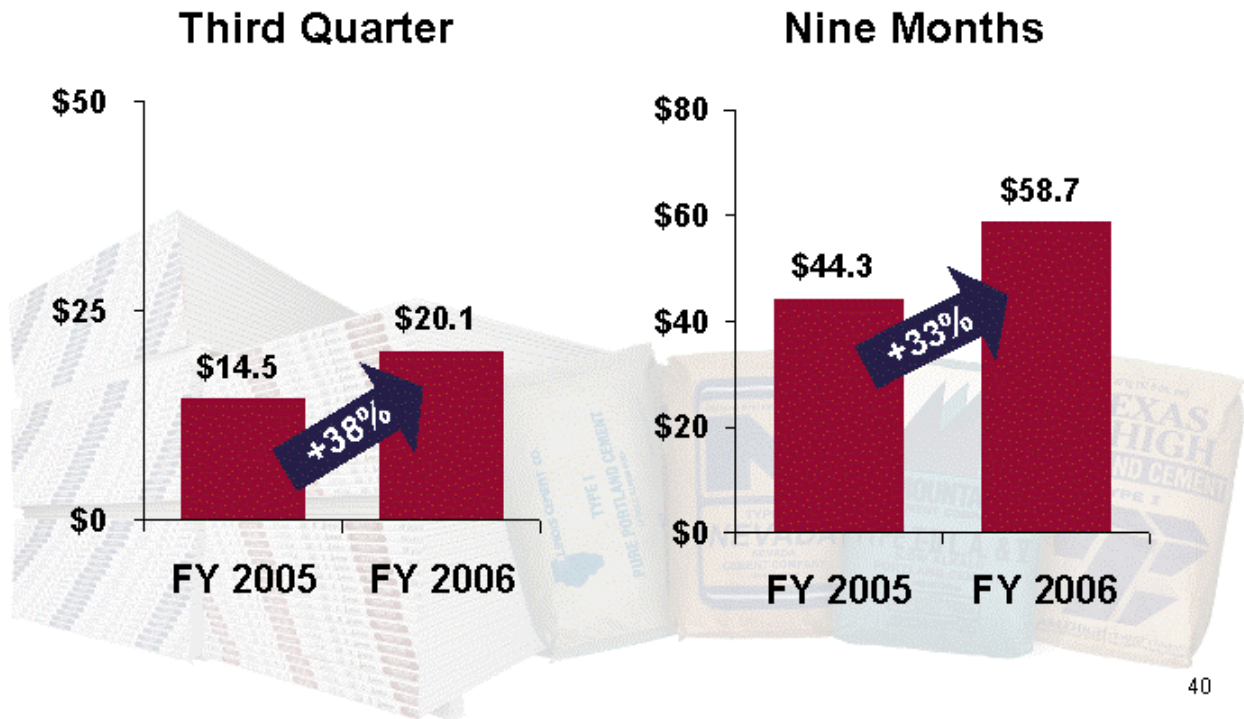
# Cement revenues

(\$ Millions)



# Cement operating earnings

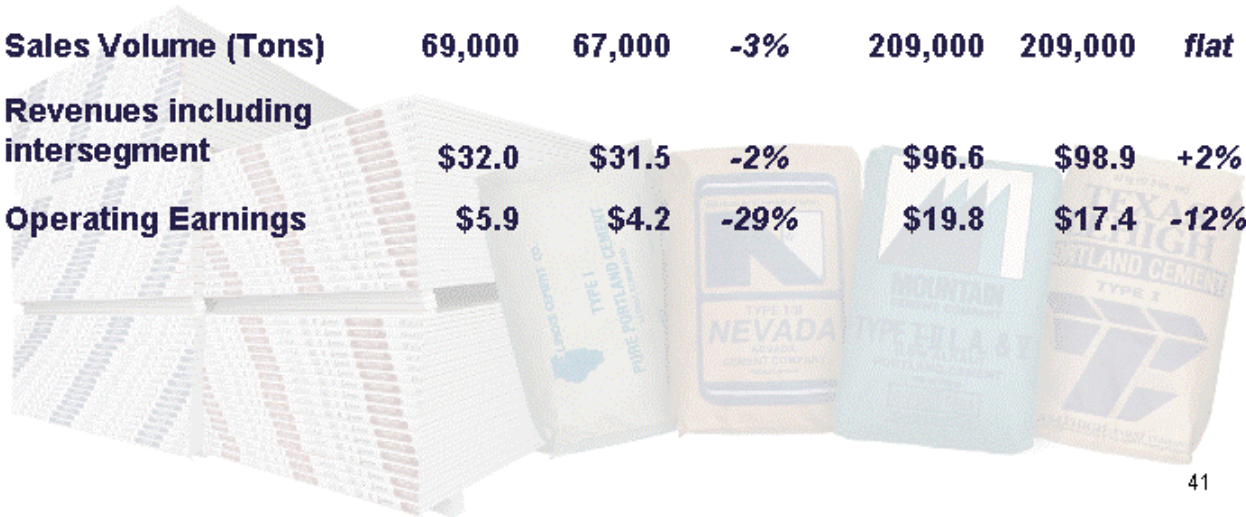
(\$ Millions)



# Paperboard results

(\$ Millions)

	Third Quarter			Nine Months		
	FY 2005	FY 2006		FY 2005	FY 2006	
<b>Sales Volume (Tons)</b>	69,000	67,000	-3%	209,000	209,000	<i>flat</i>
<b>Revenues including intersegment</b>	\$32.0	\$31.5	-2%	\$96.6	\$98.9	+2%
<b>Operating Earnings</b>	\$5.9	\$4.2	-29%	\$19.8	\$17.4	-12%



# Concrete and Aggregates results

(\$ Millions)

	Third Quarter			Nine Months		
	FY 2005	FY 2006		FY 2005	FY 2006	
<b>Sales Volume:</b>						
Concrete (cubic yds)	173,000	210,000	+21%	590,000	683,000	+16%
Aggregates (tons)	1,230,000	1,396,000	+13%	4,114,000	4,584,000	+11%
Revenues including intersegment	\$16.0	\$21.9	+37%	\$54.6	\$69.3	+27%
Operating Earnings	\$0.9	\$1.3	+41%	\$5.6	\$8.0	+44%



## Eagle's cash flow information

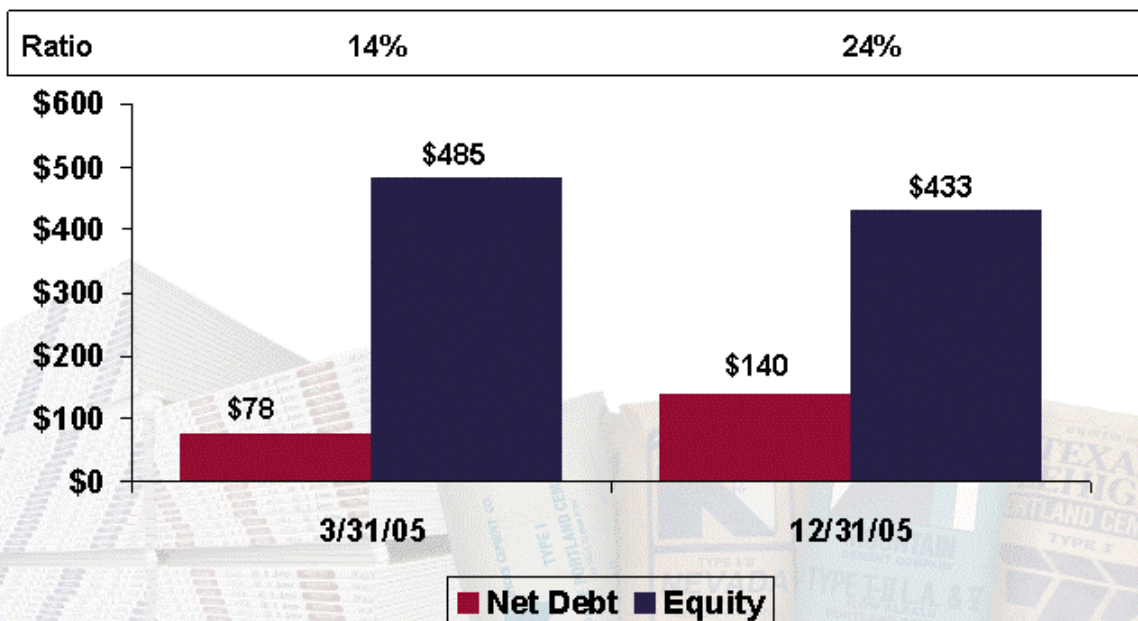
(\$ Millions)

	Nine Months	
	FY 2005	FY 2006
<b>Operating Cash Flow*</b>	\$128.6	\$163.9
<b>Capex, net</b>	(15.1)	(52.0)
<b>Free Cash Flow</b>	113.5	111.9
<b>Dividends Paid</b>	(16.7)	(16.2)
<b>Purchase of Common Stock</b>	(31.2)	(159.6)
<b>(Repayment of) Addition to Debt</b>	(52.7)	115.2
<b>Other</b>	2.1	1.7
<b>Increase in Cash</b>	\$15.0	\$53.0

\*Includes depreciation of \$25.0 million and \$28.8 million in FY 2005 and FY 2006, respectively.

# Eagle's Net Debt vs. Capitalization

(\$ Millions)



- Purchased approximately 950,000 shares of Eagle Materials in the 3rd quarter of Fiscal 2006 and approximately 1.5 million shares year-to-date.
- Issued \$200 million in senior notes during the 3<sup>rd</sup> quarter of FY 2006.

# Eagle Materials Inc.

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## 4. Corporate Actions

## 5. Conclusion

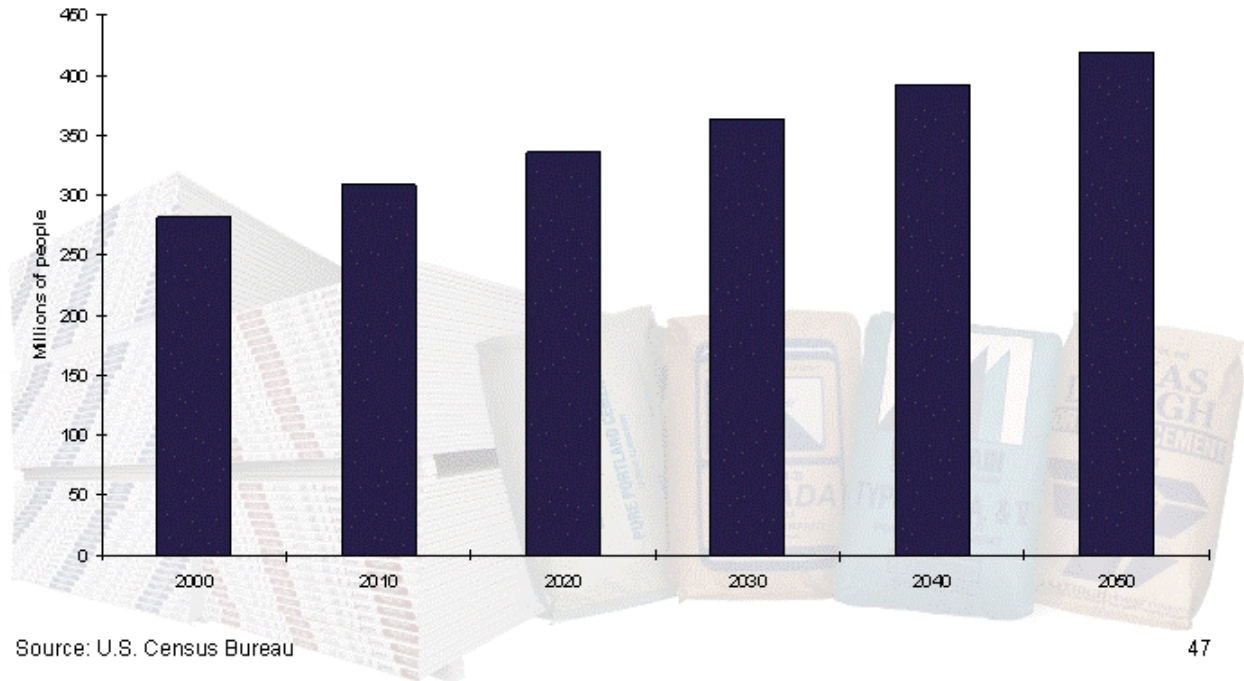


## Favorable long-term outlook

- **The long term fundamentals support building materials and construction products growth**
  - Household formations expected to grow by 13.3 million over the next 10 years (10% more than the previous 10 years)
    - Immigration projections assume 8.5 million additional people between 2005 and 2015
    - Assuming U.S. birth rates over the last 30 years stay constant
  - Percentage home ownership
    - Expected to reach greater than 70% by 2010
    - More sophisticated mortgages and reliable mortgage industry
  - Repair, Remodel and Replace
    - Aging housing stock
    - Improved lifestyle
  - Public infrastructure
    - The 6-year SAFETEA funding level is 42% greater than previous bill
    - State budgets have recovered and focus is on infrastructure projects

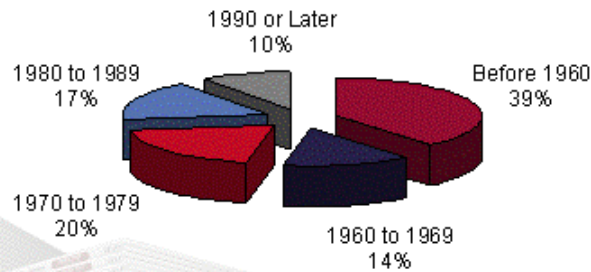
# U.S. population expected to grow

➤ By 2050, the U.S. population is expected to grow by 50%



# Existing homes in need of repair or replacement

## Age of Housing Stock

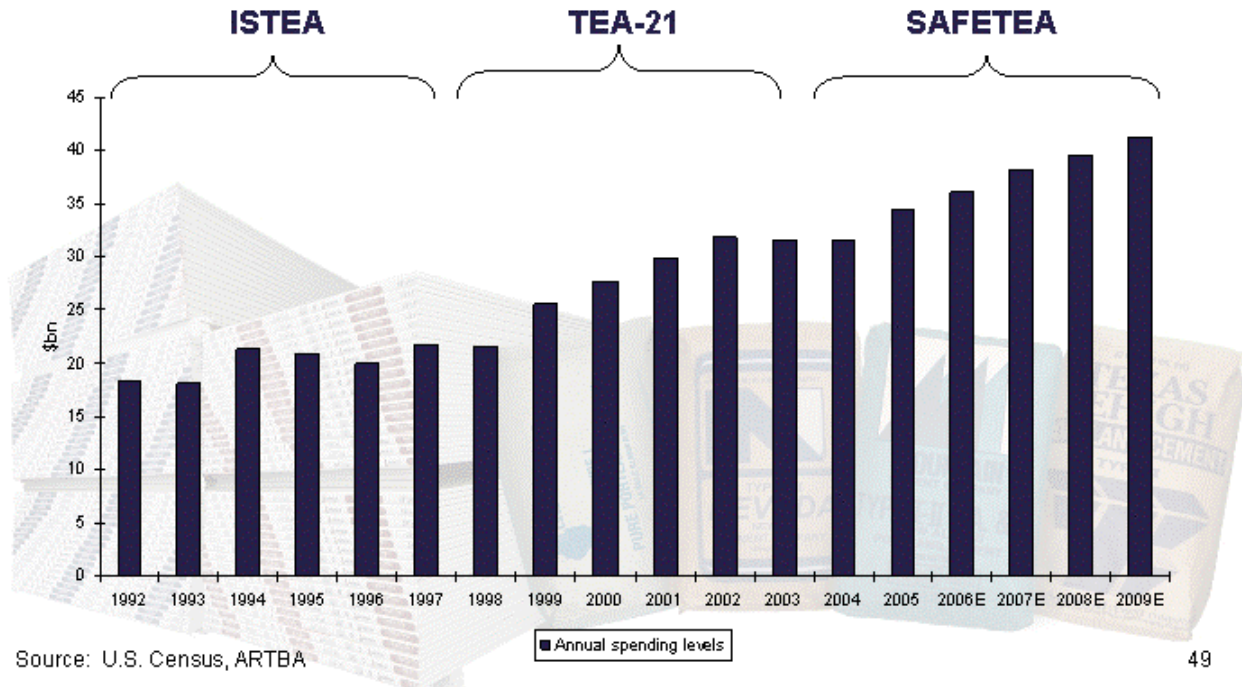


- Approximately 125 million homes exist today
- Over 50% of homes in the United States today were built more than 30 years ago.
- Over the past decade, repair and remodeling spending has increased 5% each year.
- Over the next decade approximately 15% of existing homes are expected to be torn down and rebuilt

Source: NAHB, Factset and Brookings Institute

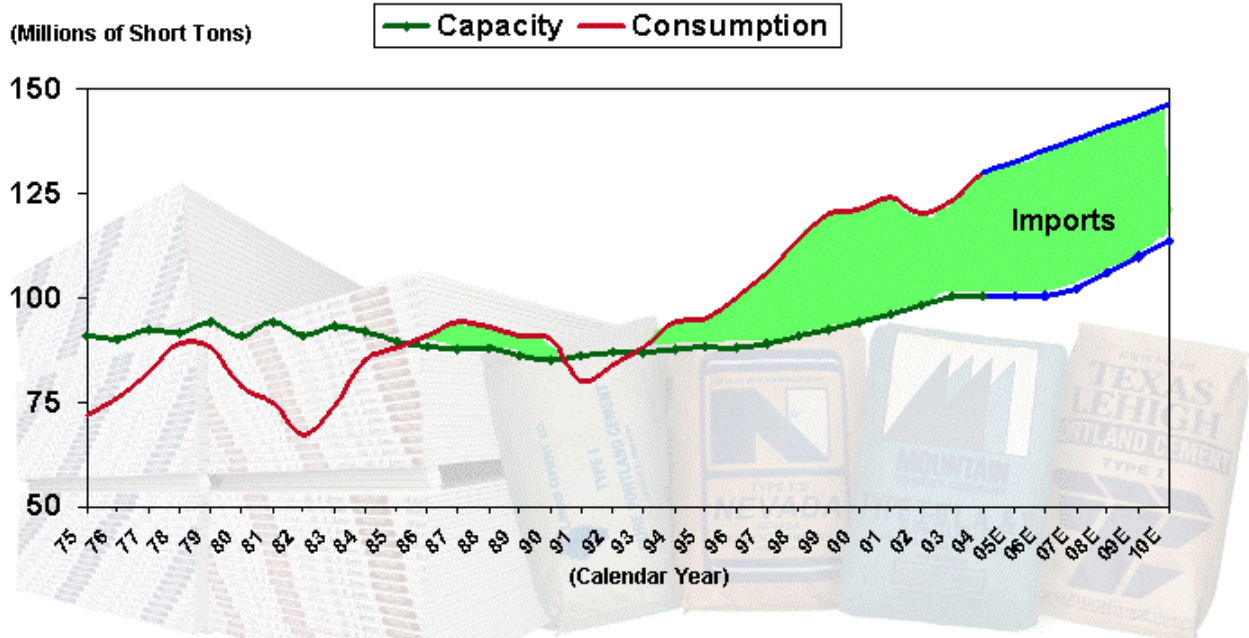
## Improved highway spending

**SAFETEA provides a six-year \$286 billion federal highway bill  
42% greater than previous bill**



# U.S. Cement Industry Overview

## Capacity vs. Consumption

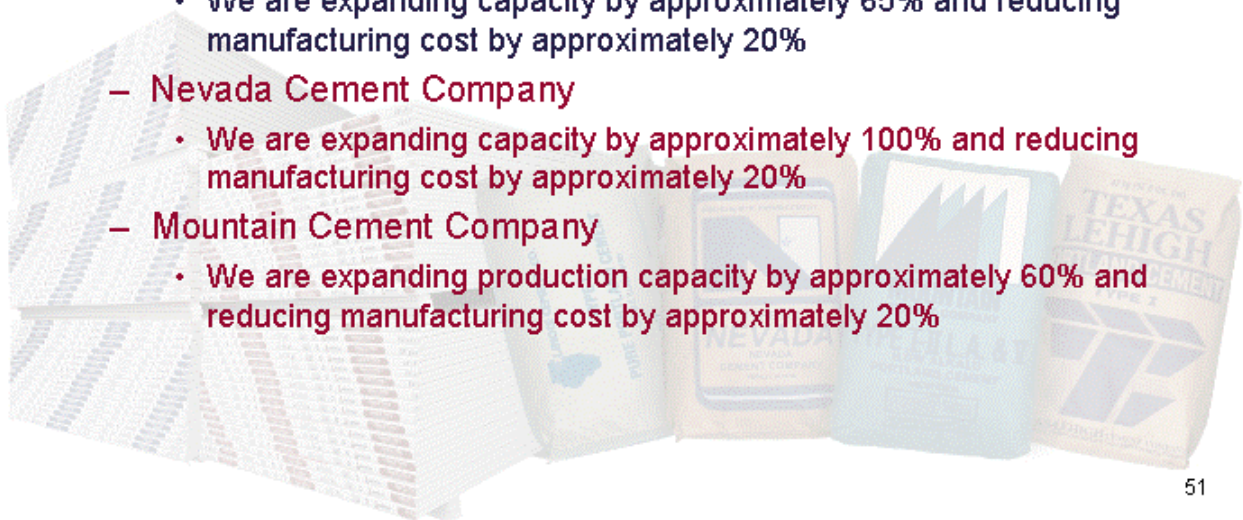


Source: PCA Data and Company estimates



## Growing our cement business

- We are approaching the point of diminishing returns regarding the creep capacity at our current facilities
- With rising fuel and energy costs, maximizing fuel and energy efficiencies are crucial for long-term success
  - Illinois Cement Company
    - We are expanding capacity by approximately 65% and reducing manufacturing cost by approximately 20%
  - Nevada Cement Company
    - We are expanding capacity by approximately 100% and reducing manufacturing cost by approximately 20%
  - Mountain Cement Company
    - We are expanding production capacity by approximately 60% and reducing manufacturing cost by approximately 20%



# Illinois Expansion Update

## ► Project Background

- \$65 million expansion
- Increases capacity by approximately 70% to 1.1 million tons
- Expansion expected to be complete in winter of 2006
- Expected to reduce manufacturing costs by approximately 20%
- Expanded market share has already been established through imports

## ► Project Status

- Project is on schedule and within budget
- Cement dome complete
  - 80,000 tons of storage
  - Dome commissioning complete and now operational
- Pre-calciner project 25% complete
- Start-up of new raw mill and pyro process systems planned for December 2006



## New Dome at Illinois Cement



## Construction of new pre-heat tower



# Nevada Cement Modernization

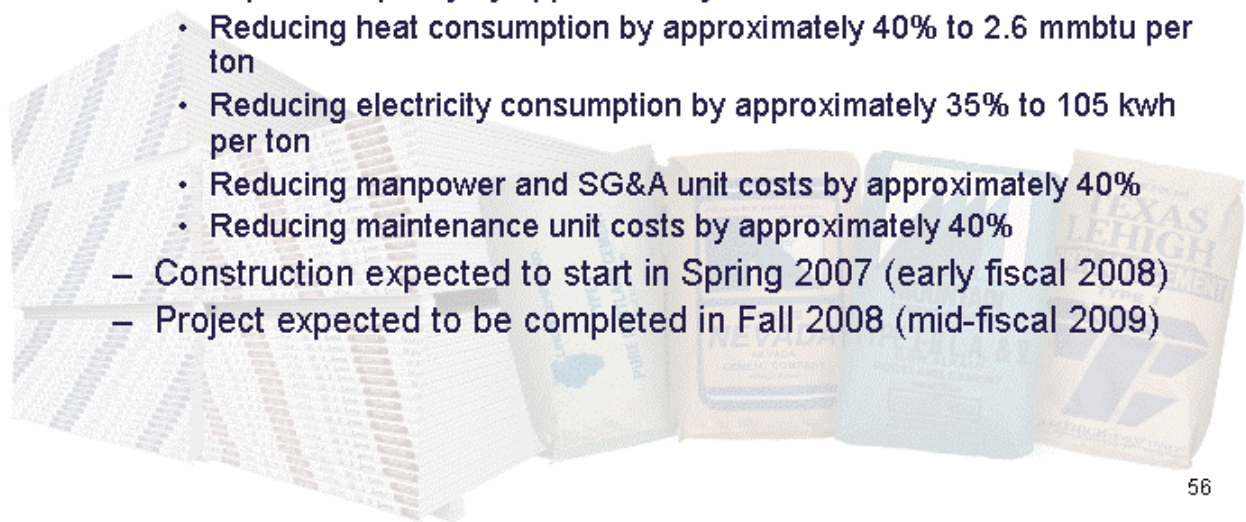
## ► Highlights

- Plant located just west of Reno, Nevada
  - Serves the Northern Nevada and Northern California cement markets
- Eagle's oldest plant (circa early 1960's)
- Approximately \$200 million investment
- Modernization includes:
  - Expands capacity by approximately 100% to 1.1 million tons
  - Reducing heat consumption by approximately 40% to 2.6 mmbtu per ton
  - Reducing electricity consumption by approximately 30% to 105 kwh per ton
  - Reducing manpower and SG&A unit costs by approximately 30%
  - Reducing maintenance unit costs by approximately 40%
- Construction expected to start in Spring 2007 (early fiscal 2008)
- Project expected to be completed in Fall 2008 (mid-fiscal 2009)

# Mountain Cement Modernization

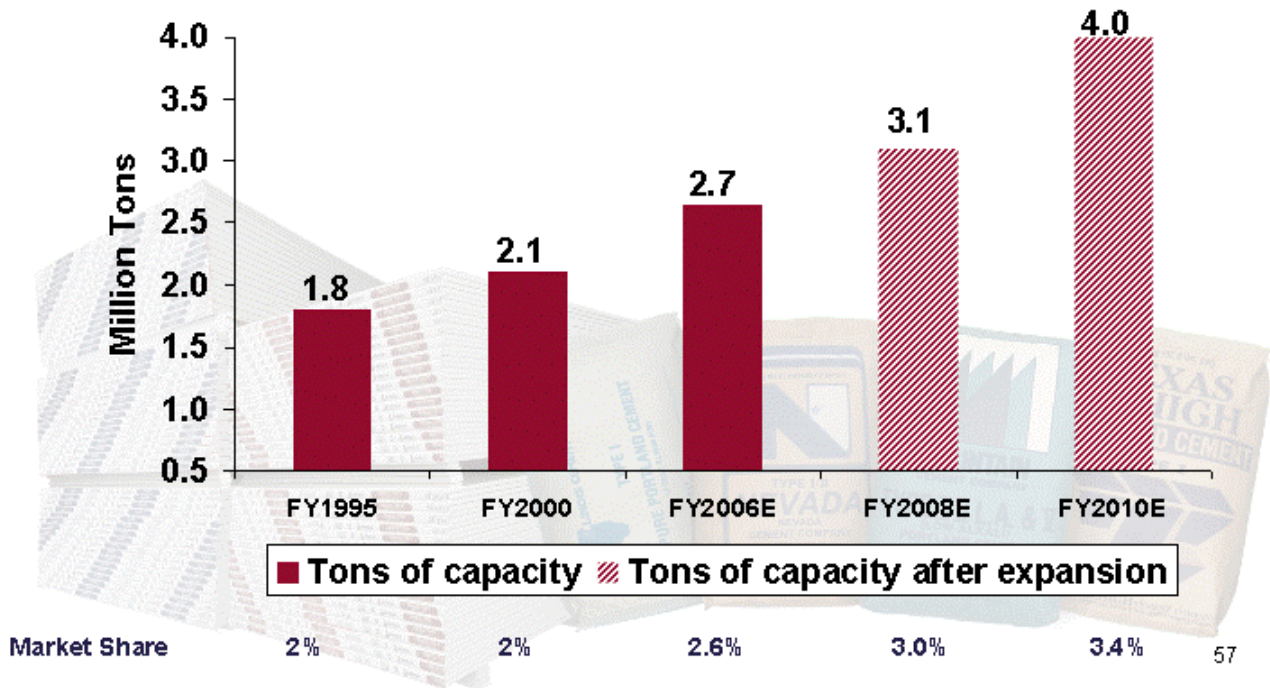
## ► Highlights

- Plant located in Laramie, Wyoming (serves primarily Wyoming and Denver)
- Approximately \$120 million investment
- Modernization includes:
  - Expands capacity by approximately 60% to 1.1 million tons
  - Reducing heat consumption by approximately 40% to 2.6 mmbtu per ton
  - Reducing electricity consumption by approximately 35% to 105 kwh per ton
  - Reducing manpower and SG&A unit costs by approximately 40%
  - Reducing maintenance unit costs by approximately 40%
- Construction expected to start in Spring 2007 (early fiscal 2008)
- Project expected to be completed in Fall 2008 (mid-fiscal 2009)

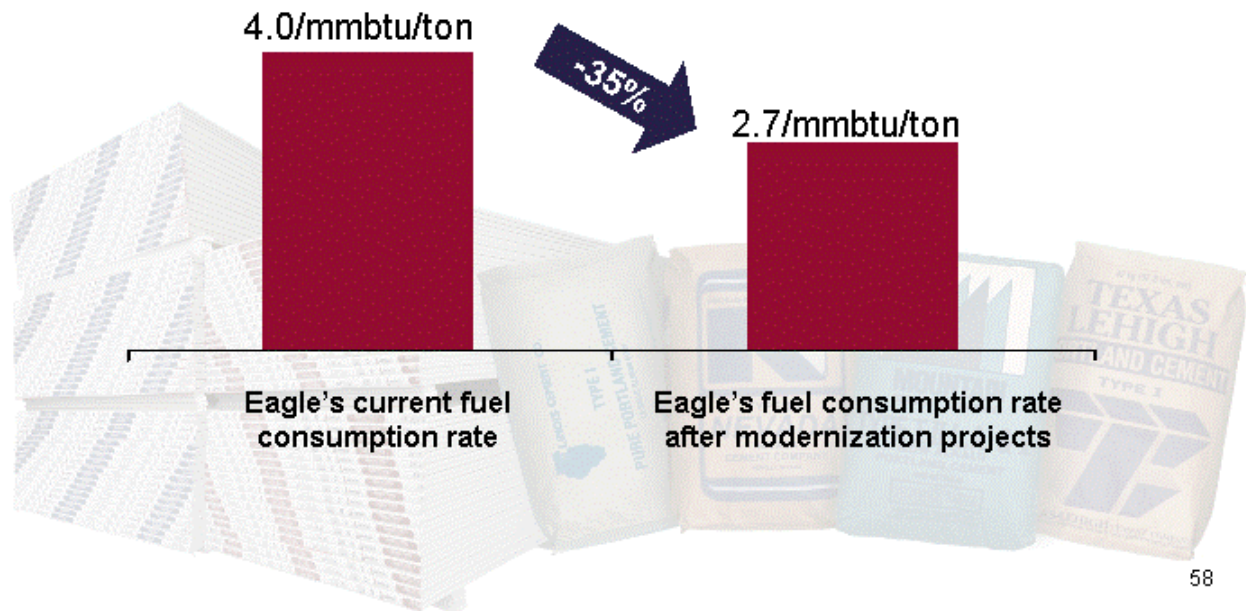


## Growing our Cement Business

Approximately 50% growth in manufactured Cement capacity

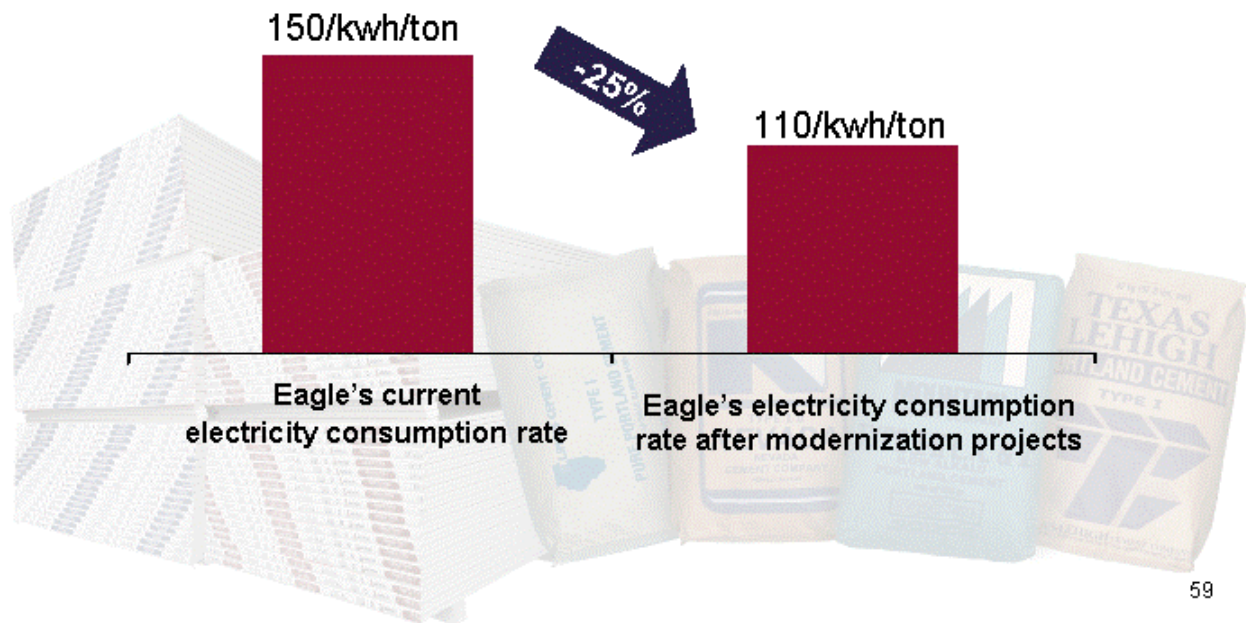


## These three modernization projects will reduce Eagle's Cement plant fuel consumption significantly

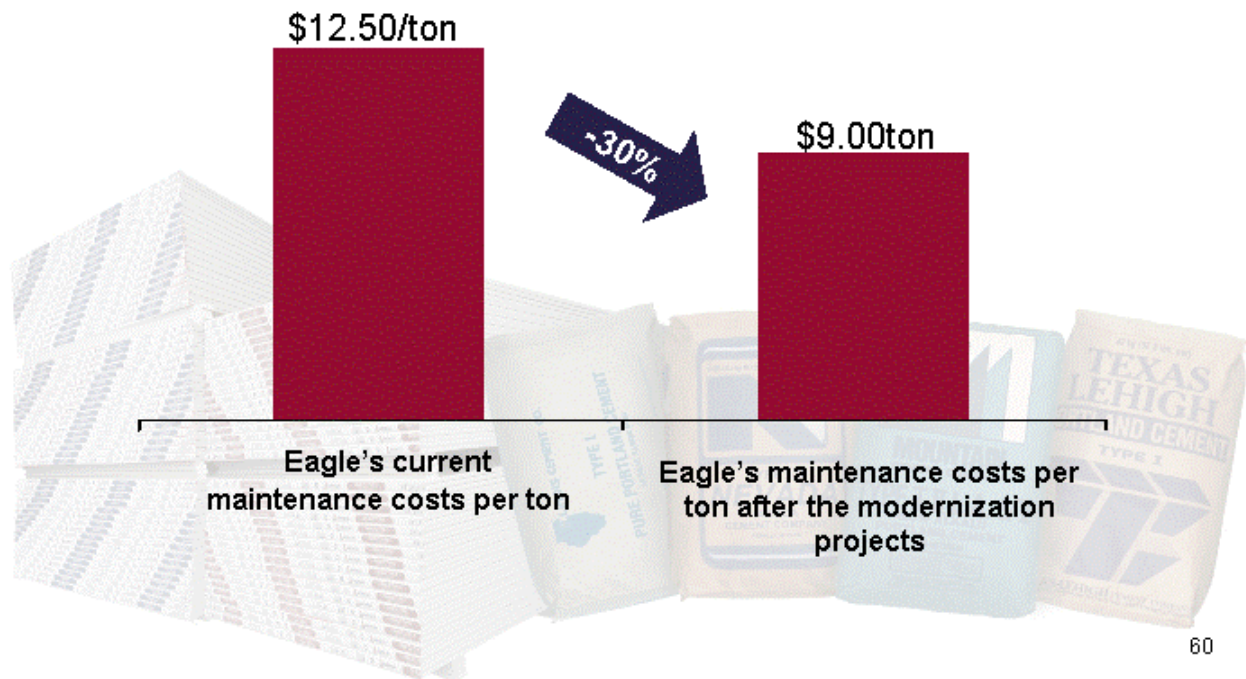




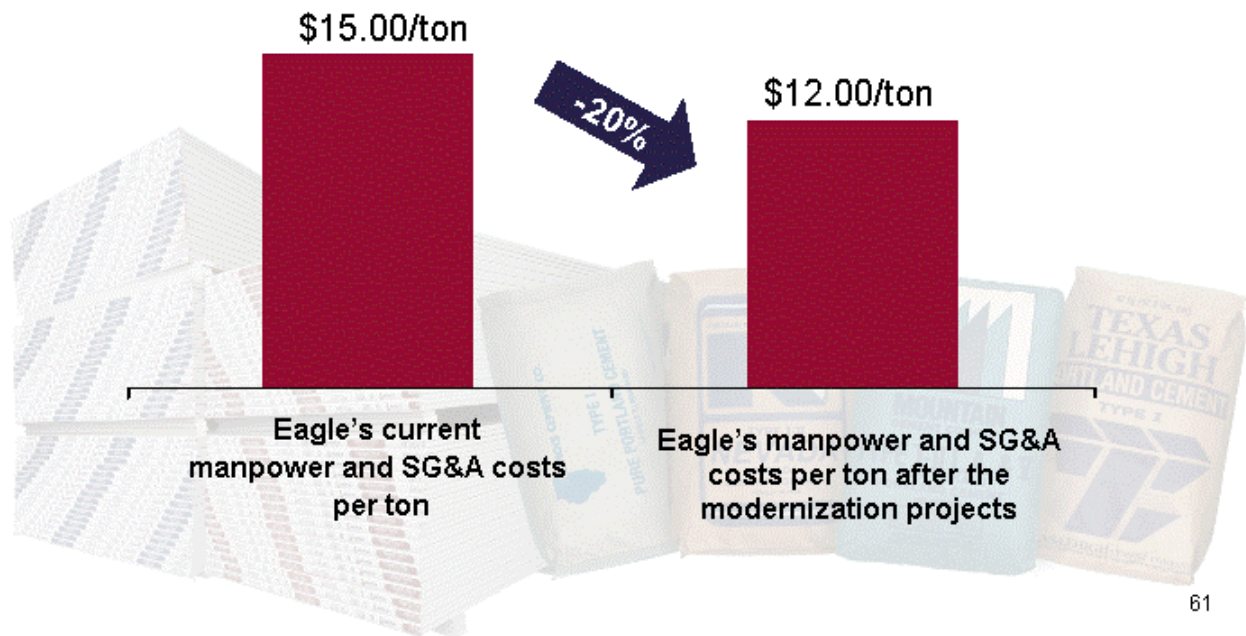
## These three modernization projects will reduce Eagle's Cement plant electricity usage significantly



## These three modernization projects will reduce Eagle's Cement plant maintenance costs significantly



## These three modernization projects will reduce Eagle's Cement plant manpower and SG&A costs significantly



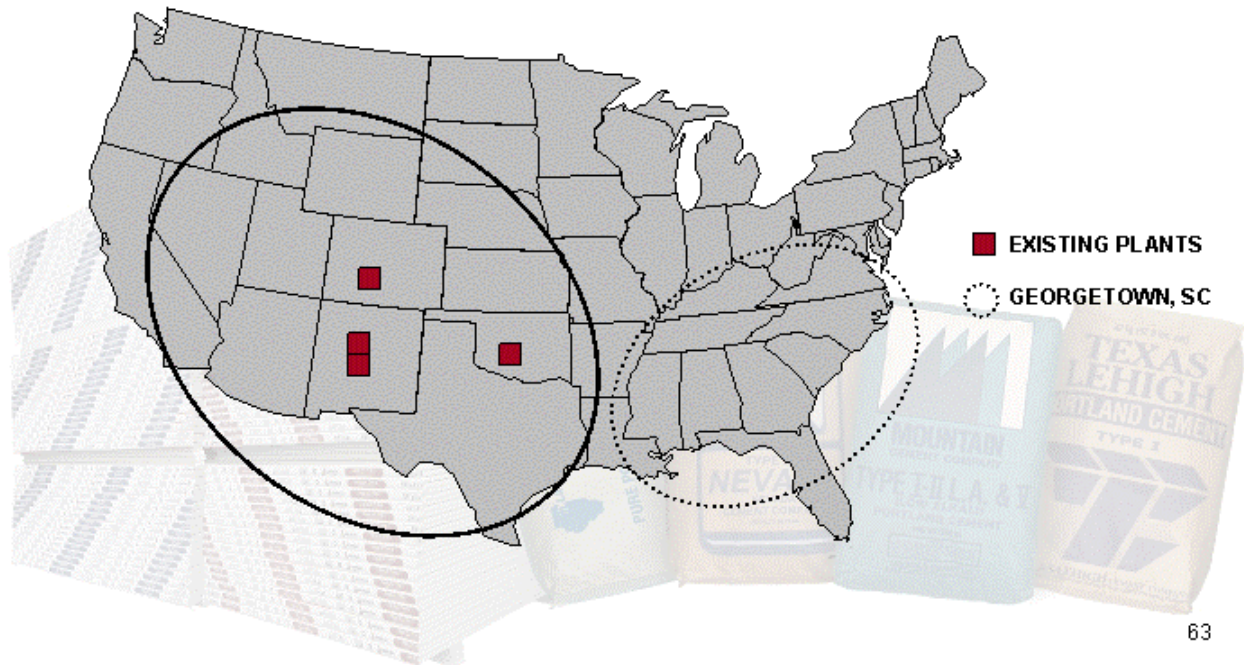
## Modern, Low-cost Cement plants

- ▶ All of Eagle's cement plants will be "state of the art" and "ultra modern"
  - Very low fuel consumption
  - Very low energy consumption
  - Very low annual repair costs
  - Very low manpower costs
  - Lowest cost producer in all of Eagle's markets
  - Put capacity creep potential back into our plants
- ▶ The modernizations are expected to decrease our total cash cement manufacturing costs by \$25,000,000



## Growing the wallboard business

We have announced plans for growth in the Southeast and are in the process of locating additional sources of gypsum for future growth



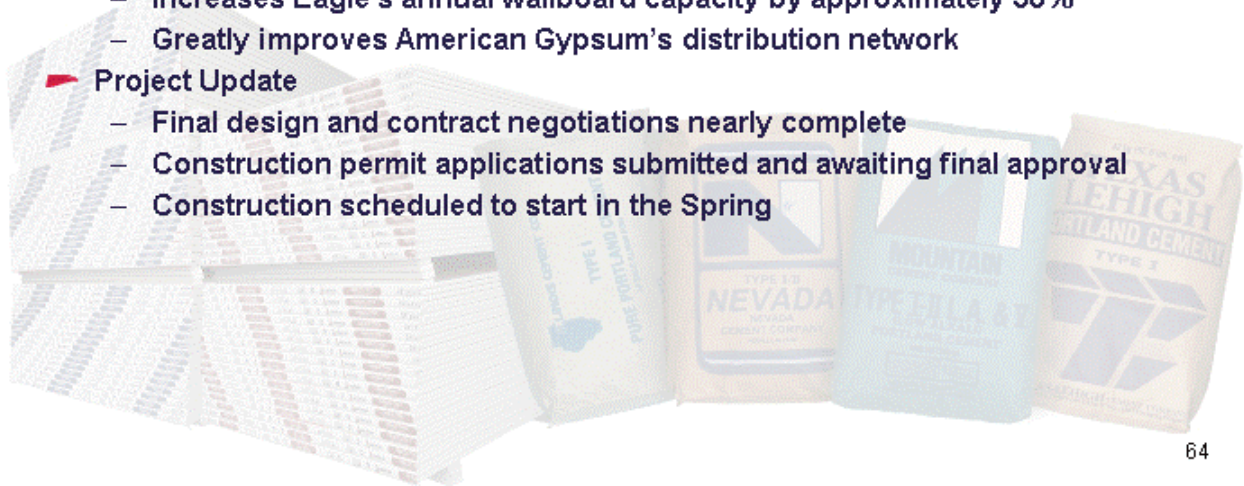
# Georgetown, South Carolina Project Update

## ▶ Project Background

- New gypsum wallboard plant with annual design capacity of 750 mmsf
- Long-term supply agreement for synthetic gypsum with Santee Cooper, a South Carolina service authority
- Construction expected to be completed by late 2007
- Increases Eagle's annual wallboard capacity by approximately 30%
- Greatly improves American Gypsum's distribution network

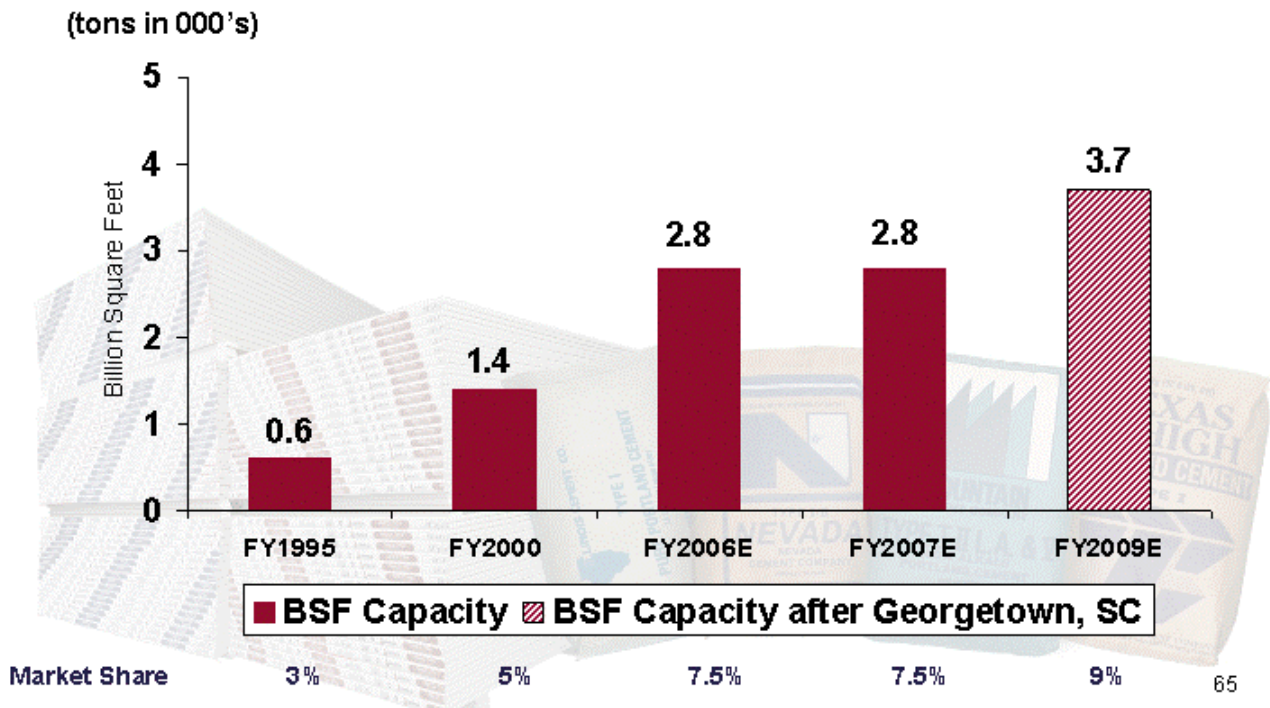
## ▶ Project Update

- Final design and contract negotiations nearly complete
- Construction permit applications submitted and awaiting final approval
- Construction scheduled to start in the Spring



# Growing the Wallboard business

30% growth in Wallboard



# Nothing but 1<sup>st</sup> Class Assets at Eagle Materials

## ➤ American Gypsum Company

- **Georgetown, South Carolina**
  - High speed board line
  - Modern dryer and steam
- **Duke**
  - High speed board line
  - Modern dryers
- **Eagle**
  - High speed board line
  - Modern dryer
- **Bernalillo**
  - Medium speed board line
  - Modern dryer
- **Albuquerque**
  - Medium speed board line
  - Modern dryer

## ➤ Republic Paperboard

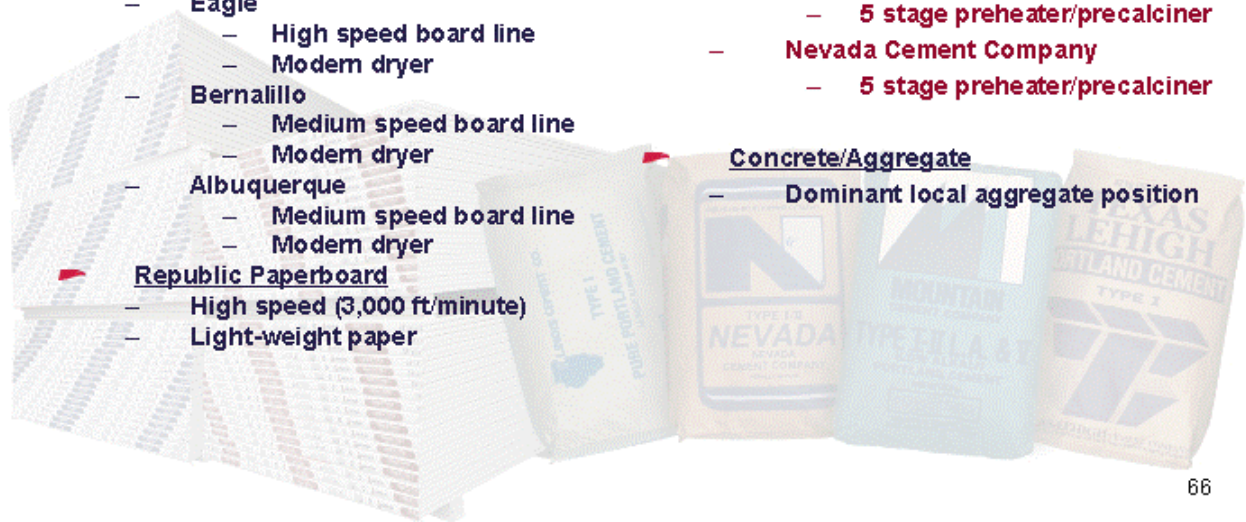
- High speed (3,000 ft/minute)
- Light-weight paper

## ➤ Cement

- **Illinois Cement Company**
  - 5 stage preheater/precalciner
- **Texas Lehigh Cement Company**
  - 4 stage preheater/precalciner
- **Mountain Cement Company**
  - 5 stage preheater/precalciner
- **Nevada Cement Company**
  - 5 stage preheater/precalciner

## ➤ Concrete/Aggregate

- Dominant local aggregate position





## Eagle Materials Total Growth

	<u>FY 2006 Capacity</u>	<u>FY2010E Capacity</u>	<u>Increase</u>
<b>Wallboard (BSF)</b>	2.8	3.7	<b>+30%</b>
<b>Cement (million tons)</b>	2.7	4.0	<b>+50%</b>
<b>Paper (000 tons)</b>	285	340	<b>+20%</b>
<b>Aggregates (million tons)</b>	5.5	7.5	<b>+35%</b>
<b>Concrete (000 cubic yards)</b>	850	1,000	<b>+20%</b>

# Eagle Materials Inc.

1. The Eagle Story
2. Third Quarter Results
3. Growth Initiatives
4. Corporate Actions
5. Conclusion



# Corporate actions

Eagle Materials Board of Directors has approved the following actions:

- ▶ **Combination of its two classes of stock**
- ▶ **3-for-1 stock split in the form of a 200% stock dividend**
- ▶ **75% increase in regular dividend**
- ▶ **Increased share repurchase authorization up to 1 million shares**



# Eagle announced it will combine its two classes of stock

## ➤ Current structure

- 2 class structure created during January 2004 spin-off from Centex
- 8.7 million A shares outstanding at December 31, 2005
- 8.1 million B shares outstanding at December 31, 2005
- B shares have right to elect 85% of the Board of Directors

## ➤ Recombination

- Eagle's Board of Directors has approved recombining share structure into one class
- Reclassification of A shares and B shares into a single class of common stock with the right to elect all directors
- Exchange ratio to be 1 for 1
- Reduces complexity of capital structure
- Requires shareholder approval
- Once SEC completes review process, date of shareholder meeting will be announced

## ➤ Improved liquidity for all holders of our common stock

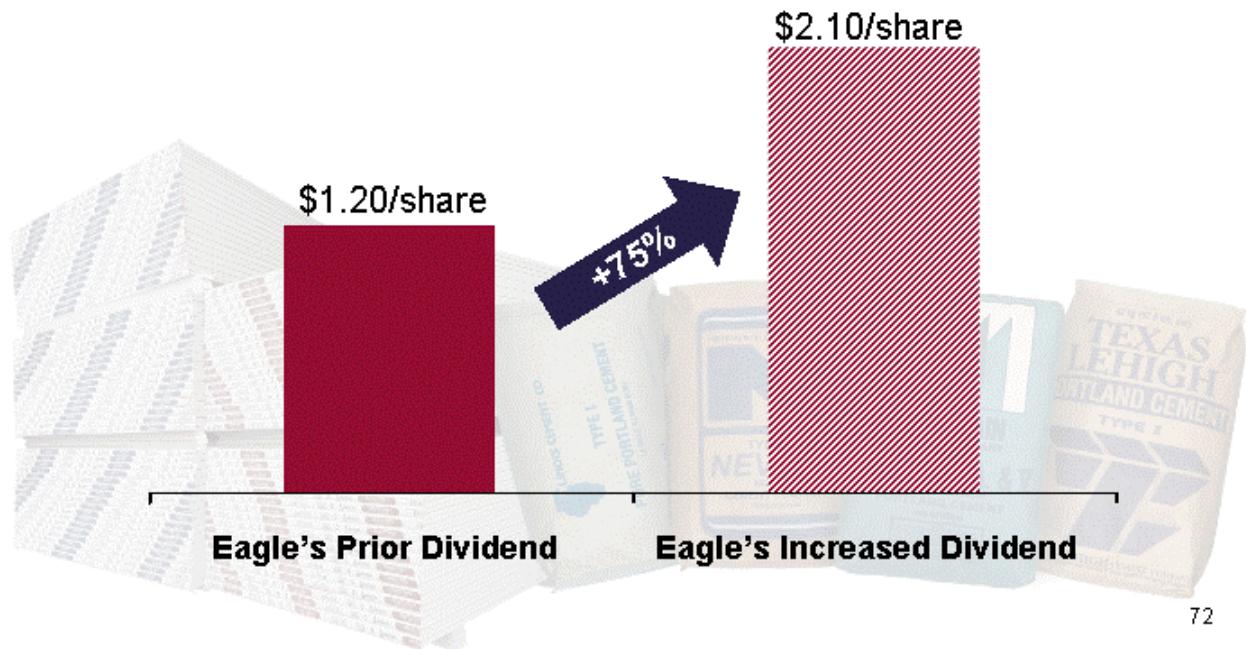
## Eagle announced a 3-for-1 stock split

- Eagle's Board of Directors approved a 3-for-1 stock split in the form of a 200% stock dividend
- To be distributed on February 24, 2006 to stockholders of record on February 10, 2006

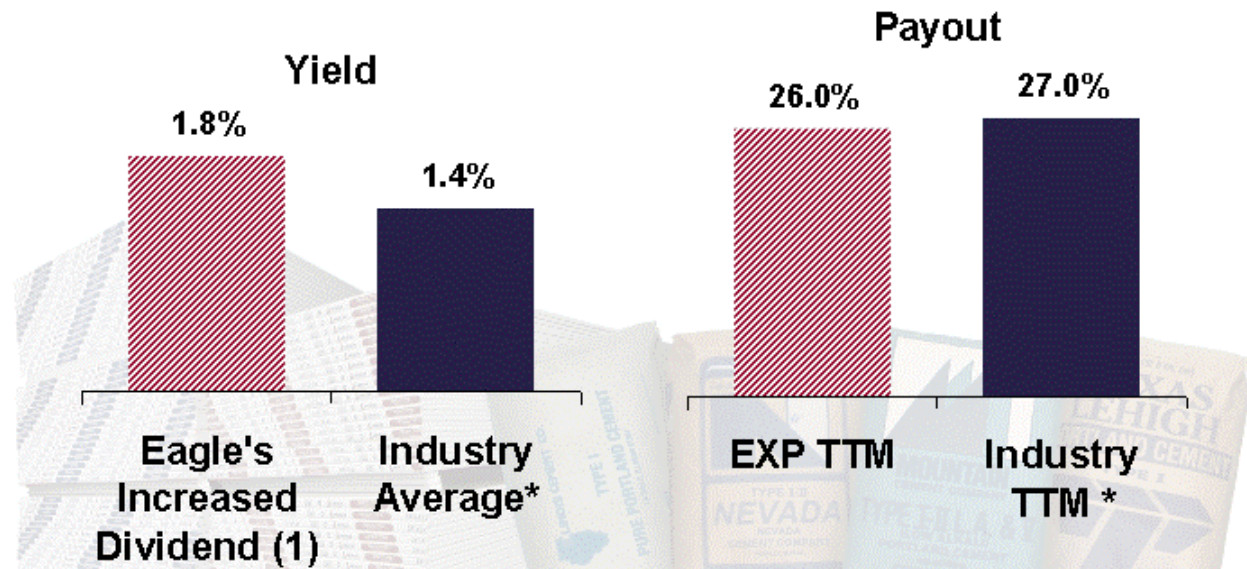


## Eagle announced it will increase its annual dividend by 75%

Eagle has announced it will increase its annual dividend from \$1.20 per share to \$2.10 per share (pre-split) with the dividend that will be paid in April 2006



## Dividend yield and payout ratio

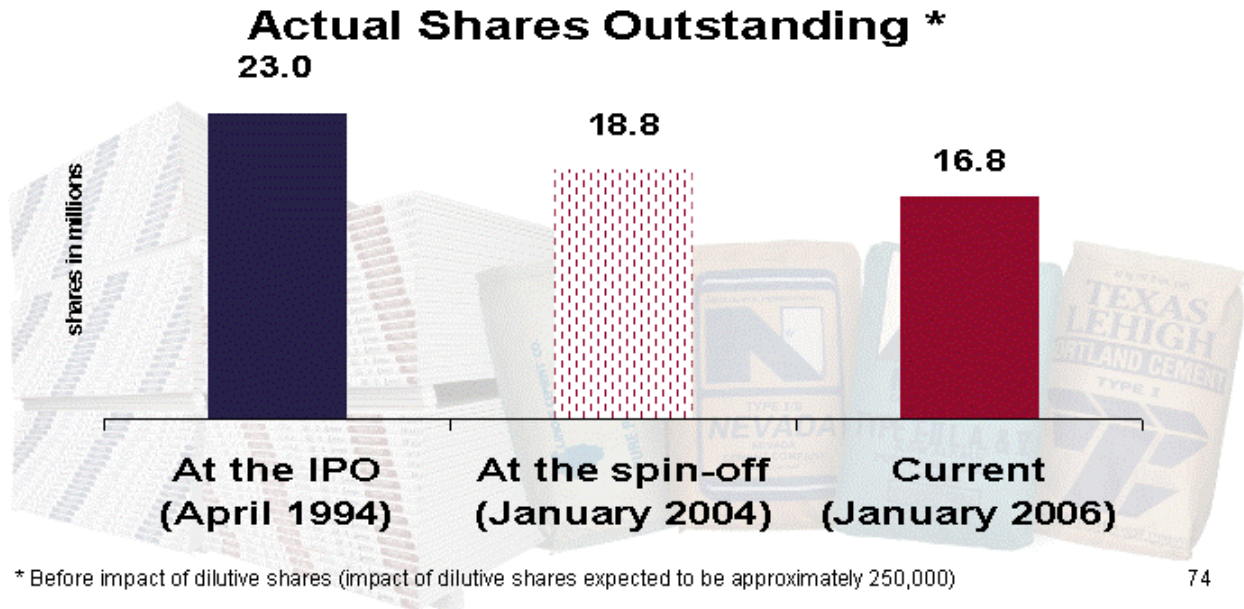


(1) Based on \$120 per share stock price (pre-split)

\*Industry average includes Vulcan Materials, Rinker Group, Florida Rock, Martin Marietta, LaFarge NA and TXI.

# Eagle announced an increase in its share repurchase authorization up to 1 million shares

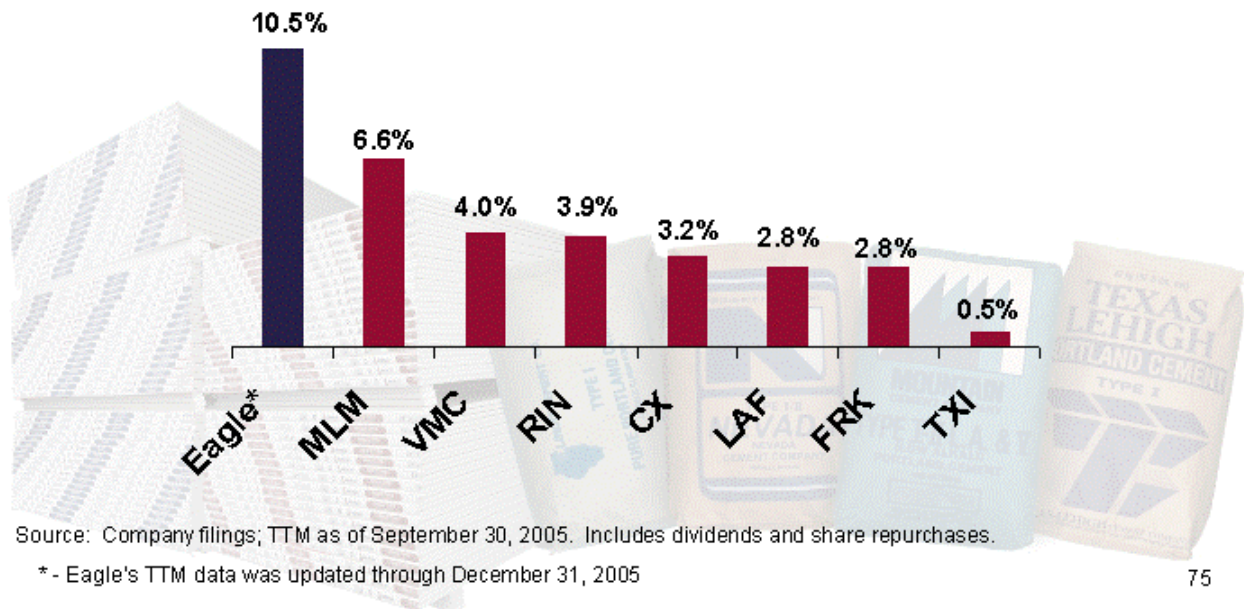
➤ Eagle's has repurchased 12% of its stock since the spin-off in January 2004





# Total capital returned to shareholders

Total capital returned as a percentage of average market capitalization



# Eagle Materials Inc.

1. The Eagle Story
2. Third Quarter Results
3. Growth Initiatives
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# Eagle Materials Growth

## ➤ Clear line of sight

- Sensible and well-defined plans

## ➤ Balance and discipline

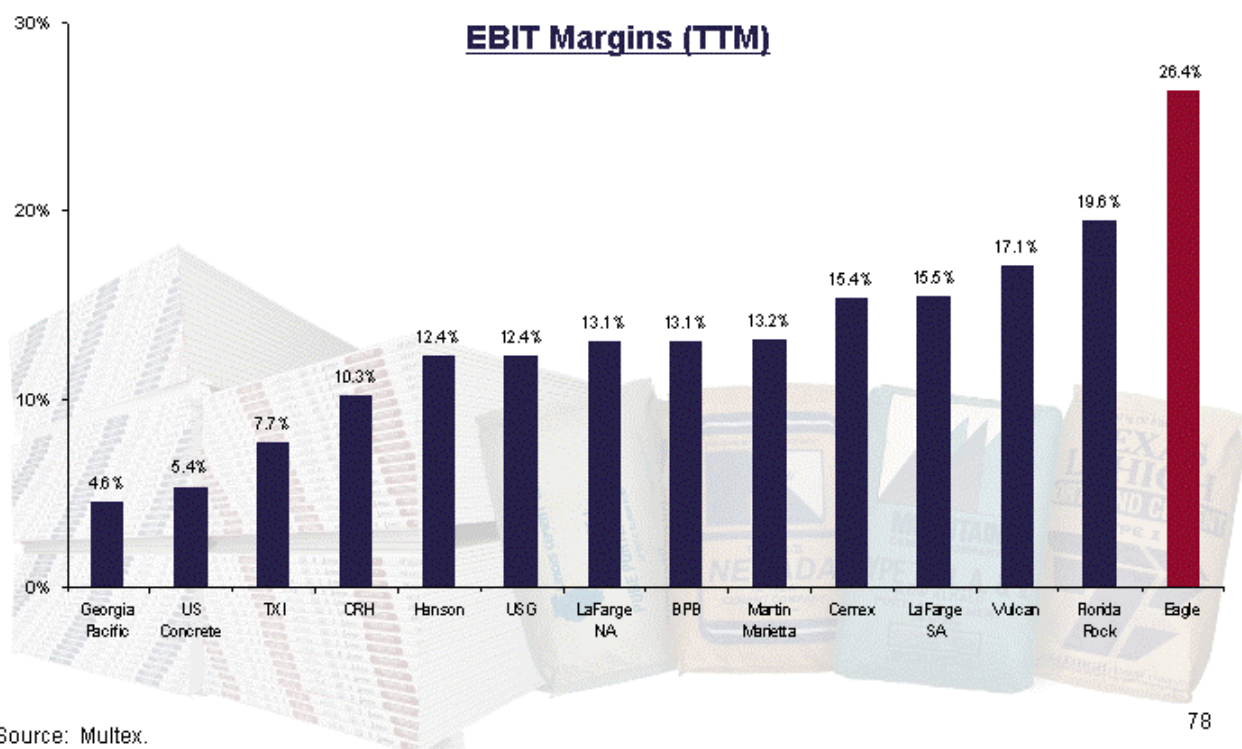
- “Smart sized” cement plants
  - Energy efficient
- Modern and efficient wallboard plants
  - Improved logistics

## ➤ Improved operational excellence

- Simple operations
  - Lower costs to operate
    - Very low energy costs
    - Very low manpower costs
    - Very low raw material costs
    - Very low maintenance costs
    - Very low overhead costs



## Currently, Eagle has the highest operating margins of the group



# Next Year

(\$ in Millions, except per share data)

	<u>4<sup>th</sup> Qtr FY 2006</u>	<u>FY 2006</u>	<u>FY 2007</u>
<b>Revenues</b>	<b>\$187 - \$197</b>	<b>\$825 - \$835</b>	<b>\$900 - \$950</b>
<b>Net Earnings</b>	<b>\$34.0 - \$37.5</b>	<b>\$151 - \$155</b>	<b>\$180 - \$200</b>
<b>Diluted EPS</b>	<b>\$2.00 - \$2.20</b>	<b>\$8.50 - \$8.70</b>	<b>\$11.00 - \$12.00</b>



# Eagle Materials Inc.

## Question

&

## Answer



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Eagle Materials Inc.

NYSE: EXP and EXP.B

[www.eaglematerials.com](http://www.eaglematerials.com)

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**Eagle Materials Inc.**

**Thank you for participating  
in today's**

**investor conference.**

**An archive of this webcast will be available at  
<http://www.eaglematerials.com> later today.**

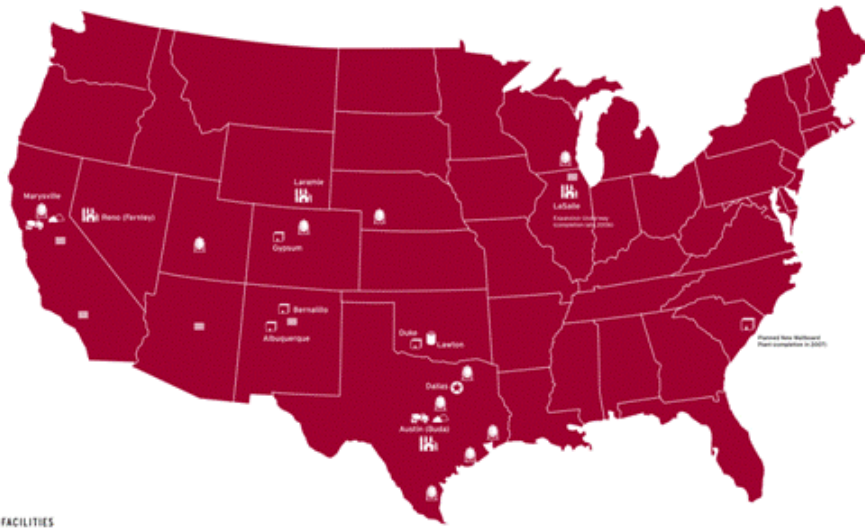




# Exhibits



MAPPING A STRONG FUTURE



MAJOR FACILITIES

**CEMENT PLANTS**

- ILLINOIS CEMENT COMPANY LLC - LaSalle, Illinois
- MOUNTAIN CEMENT COMPANY - Laramie, Wyoming
- NEVADA CEMENT COMPANY - Primm, Nevada
- TEXAS-LEHIGH CEMENT COMPANY LP\* - Buda, Texas (50% joint venture)

**GYPSUM WALLBOARD PLANTS**

- AMERICAN GYPSUM COMPANY - Albuquerque and Bernalillo, New Mexico; Ogden, Colorado; and Dallas, Oklahoma (Corporate Office in Dallas, Texas)

**CONCRETE AND AGGREGATES PLANTS**

- CENTER MATERIALS LLC - Austin and Buda, Texas
- MATHEWS READYMIK LLC - Marysville, California
- WESTERN AGGREGATES LLC - Marysville, California

**PAPERBOARD PLANT**

- REPUBLIC PAPERBOARD COMPANY LLC - Lawton, Oklahoma

**CEMENT PLANTS**

CEMENT TERMINALS

WALLBOARD PLANTS

WALLBOARD DISTRIBUTION YARDS

**CONCRETE OPERATION**

AGGREGATES OPERATIONS

PAPERBOARD MILL

DALLAS HEADQUARTERS

# Wallboard – Capacity Announcements

## ► New Capacity Announcements

- 5 greenfield plants and 3 modernization projects have been announced for the 2007-2009 timeframe:

### Greenfield Plants -

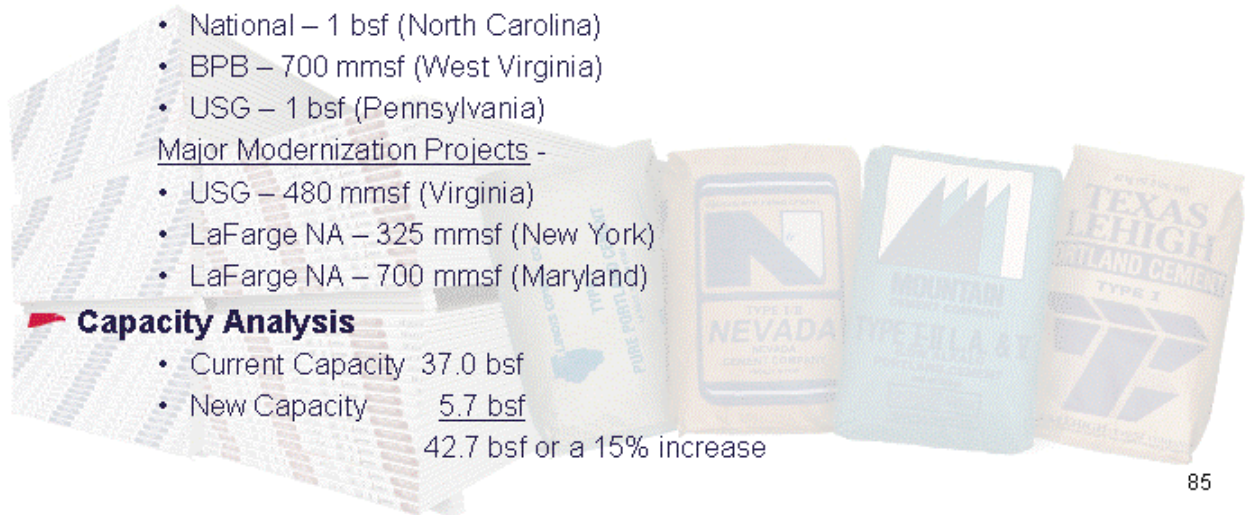
- American Gypsum – 750 mmsf (South Carolina)
- BPB – 700 mmsf (North Carolina)
- National – 1 bsf (North Carolina)
- BPB – 700 mmsf (West Virginia)
- USG – 1 bsf (Pennsylvania)

### Major Modernization Projects -

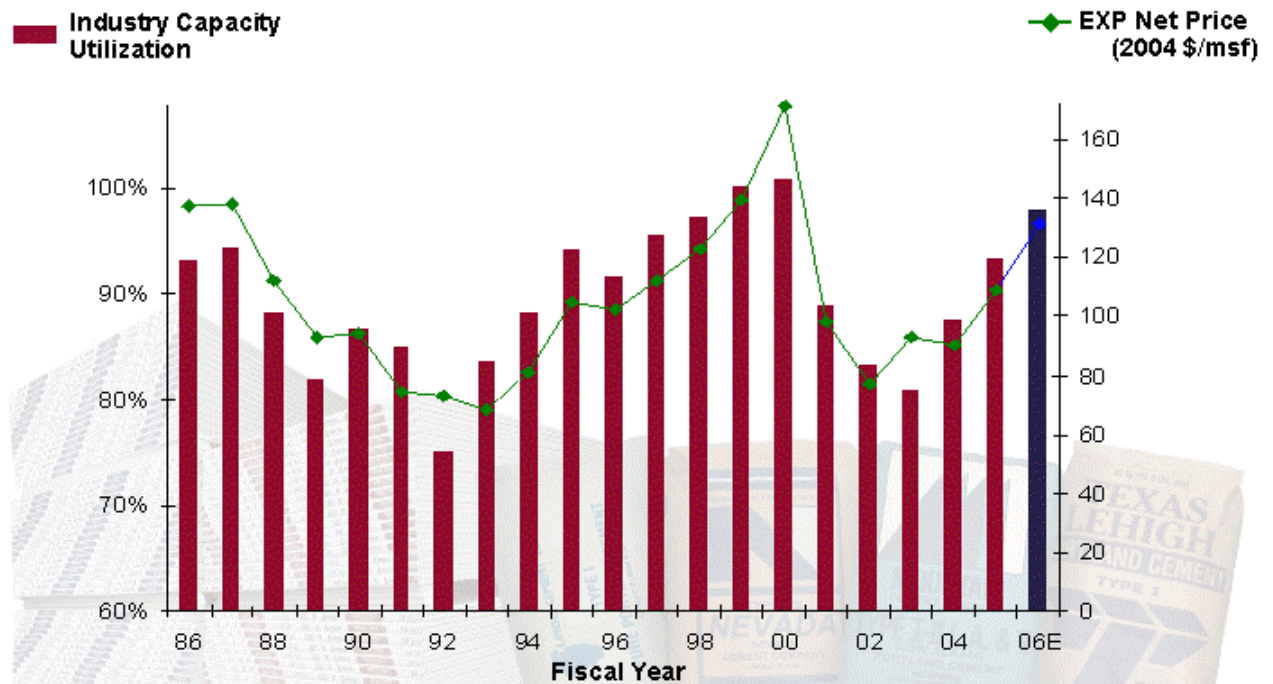
- USG – 480 mmsf (Virginia)
- LaFarge NA – 325 mmsf (New York)
- LaFarge NA – 700 mmsf (Maryland)

## ► Capacity Analysis

- Current Capacity 37.0 bsf
- New Capacity 5.7 bsf  
42.7 bsf or a 15% increase



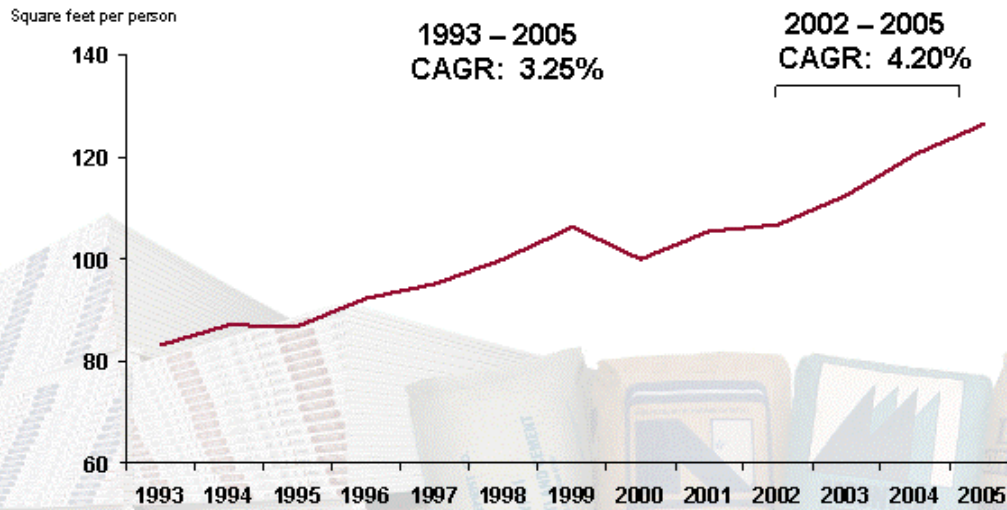
# Eagle's wallboard utilization and pricing



Source: Gypsum Association and Eagle

# Growing wallboard consumption

## Wallboard consumption per capita in the U.S.



▶ **The U.S. has the highest per capita consumption in the world, growing to currently over 120 square feet per person versus 83 in 1993**

Source: Eagle and Bureau of Labor.

# Cement – Capacity Announcements

## ► New Capacity Announcements (in clinker short tons)

- The following capacity increases have been announced for the calendar 2006-2008 timeframe

### Greenfield Plants -

- GCC America – 1.1 million tons (Pueblo, CO)
- Ash Grove – 2.0 million tons (Las Vegas, NV)
- Holcim – 4.8 million tons (St. Genevieve, MO)

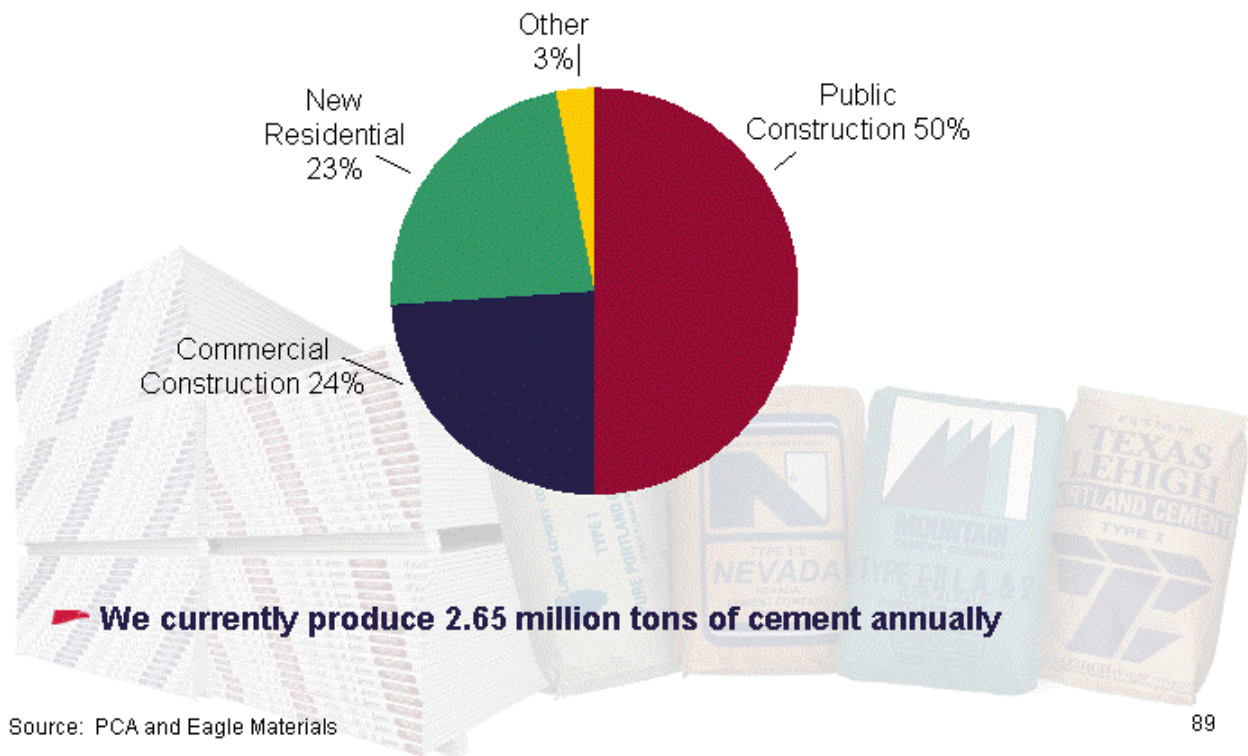
### Major Modernization Projects -

- Eagle Materials – 0.4 million tons (LaSalle, IL)
- Eagle Materials – 0.5 million tons (Fernley, NV)
- Eagle Materials – 0.4 million tons (Laramie, WY)
- Rinker Materials – 1.1 million tons (Brooksville, FL)
- Texas Industries – 1.1 million tons (Oro Grande, CA)
- Buzzi – 1.0 million tons (Festus, MO)
- California Portland – 1.1 million tons (Rillito, AZ)
- Continental Cement – 0.7 million tons (Hannibal, MO)
- National Cement – 1.4 million tons (Ragland, AL)
- Others – 0.6 million tons

## ► Capacity Analysis (in clinker short tons)

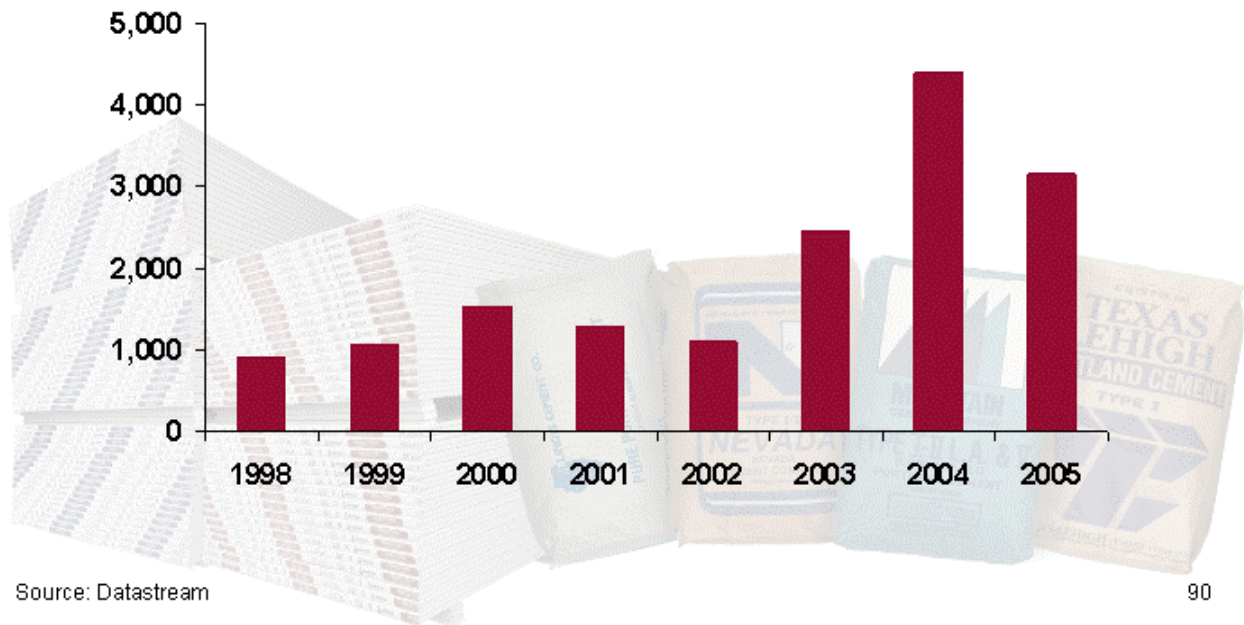
- Current Capacity 102.0 million tons
- New Capacity 16.2 million tons  
118.2 million tons or a 16% increase

# Cement industry market dynamics



## Continued high ocean freight rates

Average Annual Baltic Exchange Panamax Index





## River system barge costs have also risen

