

EAGLE MATERIALS INC

Form DEF 14A

June 28, 2004

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**United States
Securities and Exchange Commission**

**Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

EAGLE MATERIALS INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each Class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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**EAGLE MATERIALS INC.
3811 Turtle Creek Blvd, Suite 1100
Dallas, Texas 75219**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held July 27, 2004

To the stockholders of Eagle Materials Inc.:

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of Eagle Materials Inc. (the Company) will be held in the Red Oak Room of the Sheraton Suites Market Center, located at 2101 Stemmons Freeway, Dallas, Texas 75219 at 10:00 a.m., local time, on Tuesday, July 27, 2004, for the following purposes:

- (1) *Election of Directors.* At the meeting, you will be asked to elect four directors belonging to the following classes:

holders of common stock, par value \$.01 per share (Class A Common Stock) will be asked to elect one Class I director, who shall hold office for three years;

holders of Class B common stock, par value \$0.01 per share (Class B Common Stock) will be asked to elect two Class I directors, each to hold office for three years; and

holders of Class B Common Stock will be asked to elect one Class III director, who shall hold office for two years.

- (2) *Ratification of the Appointment of Ernst & Young LLP.* At the meeting, you will also be asked to ratify the appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ended March 31, 2005.

- (3) *Other Business.* In addition, you will be asked to conduct such other business as may properly come before the annual meeting or any adjournment thereof.

The board of directors of the Company has fixed the close of business on June 3, 2004 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting or any adjournment thereof. Only record holders of Class A Common Stock or Class B Common Stock at the close of business on the record date are entitled to notice of and to vote at the annual meeting. Only record holders of Class A Common Stock are entitled to vote on the election of the Class A Common Stock director and only record holders of Class B Common Stock are entitled to vote on the election of the Class B Common Stock directors. A list of holders of each class of common stock will be available for examination by any stockholder at the meeting and, during the ten-day period preceding the meeting date, at the executive offices of the Company located at: 3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219.

For further information regarding the matters to be acted upon at the annual meeting, I urge you to carefully read the accompanying proxy statement. If you have more questions about these proposals or would like additional copies of the proxy statement, please contact: Eagle Materials Inc., Attention: James H. Graass, Secretary, 3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219, (telephone: (214) 432-2000).

You are cordially invited to attend the annual meeting. Your vote is important. Whether or not you expect to attend the annual meeting in person, please fill in, sign, date and promptly return the accompanying form of proxy in the

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enclosed postage-paid envelope so that your shares may be represented and voted at the annual meeting. This will not limit your right to attend or vote at the annual meeting. Your proxy will be returned to you if you choose to attend the annual meeting and request that it be returned. Shares will be voted in accordance with the instructions contained in the enclosed proxy, but if the proxies that are signed and returned to us do not specify a vote on any proposal, the proxies will be voted for the election of the nominees for director named in this proxy statement and for the ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ended March 31, 2005.

By Order of the Board of Directors

JAMES H. GRAASS
*Executive Vice President,
General Counsel and Secretary*

Dallas, Texas
June 28, 2004

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EAGLE MATERIALS INC.
3811 Turtle Creek Blvd., Suite 1100
Dallas, Texas 75219

PROXY STATEMENT

INTRODUCTION

The accompanying proxy, mailed together with this proxy statement, is solicited by and on behalf of the board of directors of Eagle Materials Inc., which we refer to in this proxy statement as the Company, for use at the annual meeting of stockholders of the Company and at any adjournment or postponement thereof. References in this proxy statement to we, us, our or like terms also refer to the Company. This proxy statement and accompanying proxy were first mailed to our stockholders on or about June 28, 2004.

Date, Time and Place of the Annual Meeting

The 2004 annual meeting of our stockholders will be held in the Red Oak Room of the Sheraton Suites Market Center, located at 2101 Stemmons Freeway, Dallas, Texas 75219 at 10:00 a.m., local time, on Tuesday, July 27, 2004.

Purposes of the Annual Meeting and Recommendations of our Board of Directors

At the meeting, action will be taken upon the following matters:

- (1) *Election of Directors.* We are asking our stockholders to elect four directors at the annual meeting as follows:

holders of the Company's common stock, par value \$.01 per share (our Class A Common Stock), will be asked to elect one Class I director, to hold office for a term of three years;

holders of Class B common stock, par value \$.01 per share (our Class B Common Stock), will be asked to elect two Class I directors, each to hold office for a term of three years;

holders of Class B Common Stock will be asked to elect one Class III director, who shall hold office for two years.

Our board of directors recommends that you vote for the election of the four nominees for director named in this proxy statement.

- (2) *Ratification of the Appointment of Ernst & Young LLP.* We are asking you to ratify the appointment by our board of directors of Ernst & Young LLP as the Company's independent auditors for the fiscal year ended March 31, 2005.

Our board of directors recommends that you vote for the ratification of Ernst & Young LLP as the Company's independent auditors for the fiscal year ended March 31, 2005.

- (3) *Other Business.* In addition, you may be asked to conduct such other business, if any, as may properly come before the annual meeting, or any adjournment thereof.

Our board of directors does not know of any matters that may be acted upon at the meeting other than the matters set forth in items (1) and (2) above.

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ABOUT THE MEETING

Who Can Vote

The record date for the determination of holders of the Company's Class A Common Stock and Class B Common Stock (collectively, "Common Stock") entitled to notice of and to vote at the meeting, or any adjournment or postponement of the meeting, is the close of business on June 3, 2004. In this proxy statement, we refer to this date as the record date. As of the record date, there were (i) 9,627,598 shares of the Company's Class A Common Stock issued and outstanding and entitled to vote at the meeting, and (ii) 8,905,769 shares of the Company's Class B Common Stock issued and outstanding and entitled to vote at the meeting.

The holders of record of our Common Stock as of the record date will be entitled to one vote per share on each matter upon which they are being asked to vote at the meeting, or any adjournment thereof. In the case of the election of directors, holders of Class A Common Stock will be entitled to vote for the election of one Class I director (the "Class A Director") and holders of Class B Common Stock will be entitled to vote for the election of two Class I directors and one Class III director (the "Class B Directors"). In the case of all other matters being submitted to a vote of our stockholders at the annual meeting, including the ratification of the appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ended March 31, 2005, holders of our Common Stock will vote together as a single class, except as required by law. There is no cumulative voting. Our stock transfer books will remain open.

How Proxies Will be Voted

Shares represented by valid proxies will be voted at the meeting in accordance with the directions given. If the enclosed proxy card is signed and returned without any direction given, the shares will be voted **for** election of the nominee(s) for director named in the proxy and the ratification of the appointment of Ernst & Young LLP as the Company's independent auditors. The board of directors does not intend to present, and has no information indicating that others will present, any business at the annual meeting other than as set forth in the attached Notice of Annual Meeting of Stockholders. However, if other matters requiring the vote of the Company's stockholders come before the meeting, it is the intention of the persons named in the accompanying form of proxy to vote the proxies held by them in accordance with their best judgment in such matters.

How to Revoke Your Proxy

You have the unconditional right to revoke your proxy at any time prior to the voting thereof by submitting a later-dated proxy, by attending the meeting and voting in person or by written notice to us addressed to: Eagle Materials Inc., Attention: James H. Graass, Secretary, 3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219. No such revocation shall be effective, however, unless and until received by the Company at or prior to the meeting.

Quorum and Required Vote

The presence at the meeting, in person or represented by proxy, of the holders of a majority of the voting power of the shares of capital stock of the Company entitled to vote on any matter shall constitute a quorum for purposes of such matter. Abstentions and broker non-votes will be counted as present for the purpose of establishing a quorum; however, under Delaware law, abstentions and broker non-votes will not be counted as votes cast. The Class A Director will be elected by a plurality of shares of Class A Common Stock present, in person or by proxy, and voted at the annual meeting. Each Class B Director will each be elected by a plurality of the shares of Class B Common Stock present, in person or by proxy, and voted at the meeting. The affirmative vote of a majority of our outstanding Common Stock is required to ratify the board of directors' appointment of Ernst & Young LLP as our independent

auditors for the fiscal year ended March 31, 2005.

Expenses of Soliciting Proxies

The cost of soliciting proxies for the meeting will be borne by the Company. Solicitations may be made on behalf of our board of directors by mail, personal interview, telephone or other electronic means by officers and other employees of the Company, who will receive no additional compensation therefore. To aid in the solicitation of proxies, we have retained the firm of Georgeson Shareholder Communications, Inc., which will receive a fee of approximately \$8,500, in addition to the reimbursement of out-of-pocket expenses. We will request banks, brokers, custodians, nominees, fiduciaries and other record holders to forward copies of this proxy statement to persons on whose behalf they hold shares of Common Stock and to request authority for the exercise of proxies by the record holders on behalf of those persons. In compliance

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with the regulations of the Securities and Exchange Commission, or SEC, and the New York Stock Exchange, or NYSE, we will reimburse such persons for reasonable expenses incurred by them in forwarding proxy materials to the beneficial owners of our Common Stock.

How You Can Vote

You can vote your shares at the meeting or by telephone, over the internet or by completing, signing, dating and returning your proxy in the enclosed envelope.

OUR CAPITAL STOCK

Our outstanding capital stock consists of Class A Common Stock and Class B Common Stock. The holders of Class B Common Stock are entitled to elect the Class B Directors, who represent at least 85% of our board of directors. The holders of our Class A Common Stock are entitled to elect the Class A Director or Directors, who represent the remainder of our board of directors. The minimum number of members of our board of directors is set at seven so that the holders of our Class A Common Stock will always be entitled to elect at least one director. As to all matters other than as to the election of directors, the rights of the holders of Class A Common Stock and Class B Common Stock are substantially the same.

Our two classes of Common Stock were created in connection with the spin-off (the Spin-off) of the Company from its former parent corporation, Centex Corporation (Centex), which was completed on January 30, 2004. Prior to the Spin-off, we had only one class of common stock and Centex owned approximately 65% of the outstanding shares of such class. Given the nature of Centex's ownership interest in the Company, in order for the Spin-off to be tax-free to Centex and its stockholders, Centex determined that it must own, at the time of the Spin-off, capital stock of the Company having the right to elect at least 85% of the members of our board of directors. In order to enable Centex to meet this requirement, we agreed to reclassify our capital stock immediately prior to the Spin-off so that it consisted of Class A Common Stock and Class B Common Stock. Our stockholders approved this reclassification. Centex then distributed all of the shares of Common Stock owned by it to its stockholders in a single transaction. For additional information regarding the Spin-off and related transactions, we refer you to the proxy statement that we filed with the SEC in connection with the special meeting of our stockholders held to approve the reclassification of our capital stock and certain other matters.

Our Class A Common Stock is listed on the New York Stock Exchange under the symbol EXP and our Class B Common Stock is listed on the New York Stock Exchange under the symbol EXP.B.

ELECTION OF DIRECTORS AND RELATED MATTERS

General

Our board is the ultimate decision-making body of the Company except with respect to those matters reserved to our stockholders. The primary responsibilities of our board include:

the selection, compensation and evaluation of our Chief Executive Officer and oversight over succession planning;

oversight of our strategic planning;

approval of all our material transactions and financings;

providing assurance that processes are in place to promote compliance with law and high standards of business ethics;

advising management on major issues that may arise; and

evaluating the performance of the board and its committees, and making appropriate changes where necessary.

Members of our board of directors are divided into three classes based on their term of office (Class I, II and III). The directors in each such class generally hold office for staggered terms of three years each. At present, we have three Class I directors, two Class II directors and two Class III directors. Our board of directors has also voted to increase its size to eight members as of the date of the annual meeting. In connection with the decision to expand the size of our board, and in order to ensure that these three classes consist, as nearly as possible, of an equal number of directors, our board has nominated F. William Barnett for election at the annual meeting as a Class III director, to serve a term of two years. Mr. Barnett is currently classified as a Class I director. Our board has also nominated current Class I directors Messrs. Robert

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L. Clarke and Steven R. Rowley, as well as Mr. Frank W. Maresh for election as Class I directors at the annual meeting, each to serve a term of three years. If all the nominees are elected, our board will then consist of three Class I directors, two Class II directors and three Class III directors.

As described above, our board of directors is also divided into Class A Directors and Class B Directors. Class A Directors are elected by the holders of Class A Common Stock and Class B Directors are elected by the holders of Class B Common Stock. After the annual meeting, we will have a total of one Class A Director and seven Class B Directors.

The following table shows our current directors, and indicates the classes of which each director is a member:

	<u>Class A Director</u>	<u>Class B Directors</u>
Class I: Term expires at the 2004 annual meeting and every three years thereafter	Robert L. Clarke	Steven R. Rowley F. William Barnett ⁽¹⁾
Class II: Term expires at the 2005 annual meeting and every three years thereafter		Laurence E. Hirsch Michael R. Nicolais
Class III: Term expires at the 2006 annual meeting and every three years thereafter		David W. Quinn O. G. Dagnan

(1) If re-elected at the annual meeting, Mr. Barnett will be classified as a Class III director.

The following table shows the composition of our board after the annual meeting, assuming the election of the proposed slate of director nominees:

	<u>Class A Director</u>	<u>Class B Directors</u>
Class II: Term expires at the 2005 annual meeting and every three years thereafter		Laurence E. Hirsch Michael R. Nicolais
Class III: Term expires at the 2006 annual meeting and every three years thereafter		F. William Barnett David W. Quinn O. G. Dagnan
Class I: Term expires at the 2007 annual meeting and every three years thereafter	Robert L. Clarke	Frank W. Maresh Steven R. Rowley

When they become applicable to the Company, the new NYSE corporate governance rules will require that our board of directors be comprised of a majority of independent directors. Because Centex formerly held approximately 65% of our common stock, we qualified as a controlled company within the meaning of these listing requirements and are not currently required to comply with the majority-independent board requirement at this time. We will be required to comply with this requirement within one year of the date Centex ceased to control us, or by January 30, 2005.

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Although the majority-independent board requirement of the NYSE is not yet applicable to the Company, our board of directors has determined, upon the recommendation of the corporate governance and nominating committee, which we sometimes refer to as the nominating committee, that all members of or nominees for election to our board of directors, other than Messrs. Hirsch, Rowley and Quinn, are independent within the meaning of the independence requirements of the Securities Exchange Act of 1934 and the corporate governance rules of the NYSE.

In determining that four of our directors and the additional nominee, Frank W. Maresh, are independent, our board of directors considered the following facts:

Messrs. F. William Barnett, Robert L. Clarke and Frank W. Maresh have no relationship with the Company or its management that potentially affects their independence.

Mr. O.G. Dagnan is a former Chief Executive Officer of the Company who retired as an officer and employee of the Company in July 1999, and has had no relationship with the Company since that time (other than his relationship as a director). Mr. Dagnan was granted certain stock options by the Company during the time he served as an executive officer, the last of which were exercised in 2002. Because of the length of time since his retirement from the Company, and in light of the absence of any compensatory or other arrangements between the Company and Mr. Dagnan since the date of his retirement, our board of directors has determined that Mr. Dagnan has no material relationship with the Company.

Mr. Michael R. Nicolais is a member of our board of directors who recently entered into an employment relationship with a company owned by another member of our board of directors. In particular, in April 2004, Mr. Nicolais accepted employment as president of Highlander Partners L.P. (Highlander), a newly formed private investment partnership of which Mr. Laurence E. Hirsch, a director of the Company, is the sole equity owner. In view of, among other things, (i) the fact that Mr. Nicolais has never served as an officer or employee of the Company or any of its parents or subsidiaries, (ii) the fact that the employment relationship between Mr. Nicolais and Highlander commenced after the completion of the Spin-off and after the date Mr. Hirsch retired as an executive officer and director of Centex, (iii) the fact that the investment services to be provided by Mr. Nicolais to Highlander are largely unrelated to the Company (except to the extent that such services may in the future involve investment services relating to shares of our Common Stock held by Mr. Hirsch) and (iv) the board's belief that Mr. Nicolais is able to act independently from the Company and its management in connection with matters submitted to and considered by our board of directors of the Company, our board determined in its business judgment that Mr. Nicolais has no material relationship with the Company.

Nominees

Each of the nominees listed below, other than Mr. Maresh, is currently a member of our board of directors. Mr. Maresh has been nominated in connection with the increase in the size of our board. Each of these nominees has been nominated by our nominating and corporate governance committee after considering the criteria described below under Corporate Governance and Nominating Committee. We have no reason to believe that any of the listed nominees will become unavailable for election, but if for any reason that should be the case, proxies may be voted for substitute nominees. A plurality of votes cast by the holders of our Class A Common Stock will be required to elect the nominee for Class A Director and a plurality of votes cast by the holders of our Class B Common Stock will be required to elect the nominees for Class B Director.

Our board of directors recommends that holders of Class A Common Stock vote for the election of the nominee listed below as a Class A Director to serve in Class I for a three-year term ending at our 2007 annual meeting of stockholders:

Robert L. Clarke

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Our board of Directors recommends that holders of Class B Common Stock vote for the election of the nominees listed below as Class B Directors to serve in Class I for a three-year term ending at our 2007 annual meeting of stockholders:

Frank W. Maresh

Steven R. Rowley

Our board of Directors recommends that holders of Class B Common Stock vote for the election of the nominee listed below as a Class B Director to serve in Class III for a two-year term ending at our 2006 annual meeting of stockholders:

F. William Barnett

Set forth below is information about the nominees standing for election at our 2004 annual meeting, as well as our continuing directors whose terms of office do not expire at the 2004 annual meeting. The biographical information appearing below regarding the nominees for director and continuing directors has been furnished to us by the respective nominees and directors:

**Nominee for Director
(Class I Director)**

Name	Age	Year First Elected	Class of Common Stock	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
Frank W. Maresh	65	N.A.	Class B Director	Mr. Maresh is a certified public accountant and currently works as a consultant and serves as a board member for several private enterprises. He is also a member of the board of directors of Argonaut Group, Inc., where he serves as chairman of the audit committee. From 1993 to 1999, Mr. Maresh served on the Texas State Board of Public Accountancy, first as chairman of the major case committee and then as chairman of the board. Prior to joining the Texas State Board of Public Accountancy, Mr. Maresh worked for KPMG from 1962 until 1993 in a variety of capacities, including Vice Chairman of the board of directors of that firm's U.S. operations, as a member of KPMG's firm-wide management committee, as Managing Partner of the Southwestern United States region and as Managing Partner of KPMG's Houston office. Mr. Maresh graduated from the University of Texas with a masters in public accounting.

**Nominees for Director Whose Terms Expire at our 2004 Annual Meeting
(Class I Directors)**

Name	Age	Year First Elected	Class of Common Stock	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
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Robert L. Clarke	61	1994	Class A Director	Mr. Clarke serves as chairman of the audit committee of our board of directors. Mr. Clarke also serves on the compensation and nominating committees of our board. He was a partner in the law firm of Bracewell & Patterson, L.L.P. from 1971 to December 1985, returned to the firm as a partner in March 1992 and continues to serve in that capacity. From December 1985 to February 1992, he was Comptroller of the Currency of the United States. Mr. Clarke is also a director of First Investors Financial Services, Inc., a consumer finance company and an advisory director of Stewart Information Services Corporation, a land title and property information services company.
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**Nominees for Director Whose Terms Expire at our 2004 Annual Meeting
(Class I Directors - Continued)**

Steven R. Rowley	51	2003	Class B Director	Mr. Rowley has been the Company's Chief Executive Officer and a member of our board of directors since September 2003. Mr. Rowley joined the Company in 1991 as a plant manager in its Nevada cement operations and subsequently became Executive Vice President of the Company's Illinois Cement Company subsidiary in June of 1995. Mr. Rowley was named the Company's Executive Vice President - Cement in 1998. In 2001, Mr. Rowley's operational responsibilities were expanded to include concrete and aggregates. Mr. Rowley was named the Company's Chief Operating Officer in October 2002.
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(Class III Director)

Name	Age	Year First Elected	Class of Common Stock	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
F. William Barnett	57	2003	Class B Director	Mr. Barnett currently chairs our compensation committee. Mr. Barnett also serves on our audit and nominating committees. Mr. Barnett retired in 2003 from his position as a director in the Dallas office of McKinsey & Company, Inc., an international consulting firm, after 23 years of employment. Mr. Barnett is also a director of Papa Johns International, Inc.

**Continuing Directors Whose Terms Expire at our 2005 Annual Meeting
(Class II Directors)**

Name	Age	Year First Elected	Class of Common Stock	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
Laurence E. Hirsch	58	1985	Class B Director	Mr. Hirsch was our Chief Executive Officer from April 2003 through September 2003. Mr. Hirsch is the sole member of the executive committee of our board of directors. He has served as chairman of our board of directors from July 1999 to the present and previously served in that capacity from January 1994 through December 1997. Until his retirement on March 31, 2004, Mr. Hirsch served Centex in various capacities, including as a director since 1985, as Chief Executive Officer since July 1988 and as chairman of its board of directors since July 1991. Mr. Hirsch also serves as a director of Belo Corp., a

diversified media company, Luminex Company, a biological technology company and as an advisory director of Heidelberger Zement AG., a diversified company with operations in the construction industry.

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**Continuing Directors Whose Terms Expire at our 2005 Annual Meeting
(Class II Directors - Continued)**

Name	Age	Year First Elected	Class of Common Stock	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
Michael R. Nicolais	46	2001	Class B Director	Mr. Nicolais been a member of our board of directors since 2001 and serves on our compensation committee and chairs our nominating committee. In April 2004, Mr. Nicolais became president of Highlander Partners L.P., a newly formed investment partnership. From August 2002 until March 2004, Mr. Nicolais served as managing director of Stephens, Inc., an investment banking firm. Prior to joining Stephens, Inc., he was a partner in the private investment firm of Olivhan Investments, L.P. from March 2001 until August 2002. From August 1986 to December 2000, he was employed by Donaldson, Lufkin & Jenrette Securities Corporation's Investment Banking Division, most recently in the position of Managing Director and co-head of that firm's Dallas office.

**Continuing Directors Whose Terms Expire at our 2006 Annual Meeting
(Class III Directors)**

Name	Age	Year First Elected	Class of Common Stock	Business Experience and Principal Occupation; Directorships in Public Corporations and Investment Companies
O.G. Dagnan	64	1990	Class B Director	Mr. Dagnan served as our Chief Executive Officer from January 1990 through his retirement in July 1999 and chairman of our board of directors from January 1990 to January 1994 and December 1997 through his retirement in July 1999. Mr. Dagnan served as our President from January 1990 through December 1997, and as our Senior Vice President - Operations from August 1989 to January 1990. From 1980 until 1989, he was employed by Southwestern Portland Cement, where he served as Vice President from 1982 to 1987 and as Executive Vice President from 1987 to 1989.
David W. Quinn	62	1994	Class B Director	Mr. Quinn has been a member of our board of directors since 1994. He has served as a director of Centex since 1989, and served as Vice Chairman of the board of directors of Centex from May 1996 to March 2002, as Executive Vice President of Centex from February 1987 to May 1996 and Chief Financial Officer of Centex from February 1987 until June 1997 and again from October 1997 until May 2000. Mr. Quinn is also a director of

ElkCorp., a manufacturer of building products.

Board Meetings and Attendance Records

During the Company's fiscal year ended March 31, 2004, our board of directors held four regularly scheduled meetings and three special meetings. During such fiscal year, one director missed one board meeting. Other than this one absence, each director attended all meetings of our board and of all committees of the board on which such director served. In accordance with our policy, we anticipate that all continuing directors and nominees will attend our 2004 annual meeting. All such persons attended our 2003 annual meeting.

Board Compensation

Board members who are not employees of the Company or its affiliates received an annual retainer of \$35,000 and options to purchase 3,000 shares of our Class A Common Stock during fiscal year ended March 31, 2004. In addition, the Company reimburses all members of the board for reasonable expenses incurred in attending board and committee meetings. To facilitate a full and fair evaluation of our Spin-Off from Centex, our board of directors formed a special committee of independent directors consisting of Robert L. Clarke, who served as chairman of the committee, Michael R. Nicolais, Harold K. Work and F. William Barnett. The chairman of this committee was paid a one-time fee of \$17,500,

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each other member of the committee was paid a one-time fee of \$10,000. In addition, each committee member was paid a fee of \$2,000 for each meeting of the special committee he attended in person or by telephone, plus expenses.

Board Committees

The board's standing committees include the audit committee, the corporate governance and nominating committee and the compensation committee. The members of these committees are as follows:

Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee
F. William Barnett Robert L. Clarke ⁽¹⁾ O.G. Dagnan	F. William Barnett ⁽¹⁾ Robert L. Clarke Michael R. Nicolais	F. William Barnett Robert L. Clarke Michael R. Nicolais ⁽¹⁾

(1) Chairman of the committee.
Audit Committee

Our board has a separately-designated standing audit committee, composed of three independent directors. The audit committee assists the board in fulfilling its responsibility to oversee the integrity of our financial statements, our compliance with legal and regulatory requirements, the qualifications and independence of our independent auditors and the performance of our internal audit function and independent auditors. A copy of the audit committee's amended and restated charter adopted in May 2004 is included as Appendix A to this proxy statement.

Our board has determined that each member of the committee is independent within the meaning of applicable (i) corporate governance rules of the NYSE and (ii) the requirements set forth in the Securities Exchange Act of 1934 and the applicable SEC rules. In addition, our board has determined that each member of the committee satisfies applicable NYSE standards for financial literacy and that, based on his financial experience including seven years as Comptroller of the Currency of the United States, Robert L. Clarke is an audit committee financial expert within the meaning of the rules of the SEC. Our corporate governance and nominating committee has recommended that Mr. Maresh be nominated to join our audit committee if elected at the annual meeting. The board has made a preliminary determination that Mr. Maresh also qualifies as an audit committee financial expert within the meaning of the rules of the SEC and intends to appoint him to the audit committee if he is elected at the annual meeting.

During the last fiscal year, the audit committee held five meetings, each of which was attended by all of its members. Unless otherwise determined by the board, no member of the committee may serve as a member of the audit committee of more than two other public companies.

The following are key functions and responsibilities of our audit committee:

to select, appoint, compensate, evaluate, retain and oversee the independent auditors engaged for purposes of preparing or issuing an audit report or related work or performing other audit, review, or attest services for us;

to obtain and review, on a periodic basis, a formal written statement from our independent auditors describing all relationships between our auditors and the Company and engage in a dialogue with our auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors and to recommend appropriate action in response to the reports to our board;

to pre-approve all audit engagement fees and terms and all non-audit services provided to us by our independent auditors, in accordance with the committee's policies and procedures for pre-approving audit and non-audit services;

to 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 of concerns regarding questionable accounting or auditing matters;

to discuss our annual audited financial statements, quarterly financial statements and other significant financial disclosures with management and our independent auditors;

to discuss with management the types of information to be disclosed and the types of presentations to be made in our earnings press releases, as well as the financial information and earnings guidance we provide to analysts and rating agencies;

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to annually review and assess its performance and the adequacy of its charter;

to discuss policies with respect to risk assessment and risk management; and

to prepare the report that is required to be included in our annual proxy statement regarding review of financial statements and auditor independence.

The audit committee's report on our financial statements for the fiscal year ended March 31, 2004 is presented below under the heading "Audit Committee Report."

The audit committee meets separately with our independent auditors and with members of our internal audit staff outside the presence of the Company's management or other employees to discuss matters of concern, to receive recommendations or suggestions for change and to exchange relevant views and information.

Compensation Committee

Our board's compensation committee is composed of independent directors who meet the corporate governance standards of the NYSE, qualify as "non-employee directors" within the meaning of Rule 16b-3(b)(3) of the Securities Exchange Act of 1934 and as "outside directors" within the meaning of the Internal Revenue Code of 1986, as amended. Pursuant to its charter, which you may review on our web site at <http://www.eaglematerials.com>, the primary purposes of the committee are to assist the board in discharging its responsibilities relating to compensation of the Company's Chief Executive Officer and other senior executives and direct the production of all reports regarding executive compensation that the rules of the SEC require to be included in our annual proxy statement.

The following are key functions and responsibilities of the compensation committee:

to periodically review and make recommendations to our board as to our general compensation philosophy and structure, including reviewing the compensation programs for senior executives and all benefit plans sponsored by the Company to determine whether they are properly coordinated and achieving their intended purposes;

to annually review and approve corporate goals and objectives relevant to the compensation of our Chief Executive Officer, evaluate his or her performance as measured against such goals and objectives and to set the salary and other cash and equity compensation for our the Chief Executive Officer based on such evaluation;

to review, after the end of the fiscal year and in consultation with our Chief Executive Officer, and make recommendations to our board with respect to compensation of our senior executives;

to administer the Company's compensation plans for which it is named as plan administrator, including the Company's Incentive Plan;

to report on compensation policies and practices with respect to the Company's executive officers as required by SEC rules; and

to review and assess the performance of the committee and the adequacy of its charter annually and recommend any proposed changes to the board.

The compensation committee's report for the fiscal year ended March 31, 2004 is presented below under the heading "Report of Compensation Committee on Executive Compensation."

Under its new Amended and Restated Charter adopted in May 2004, the compensation committee meets as often as it deems appropriate, but no less than twice per year. During the fiscal year ended March 31, 2004, the compensation

committee held two meetings, which were attended by all its members.

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Corporate Governance and Nominating Committee

The primary purposes of this committee are to advise and counsel our board and management regarding our governance including our board's selection of directors; to develop and recommend to the board a set of corporate governance principles for the Company; and to oversee the evaluation of our board and management. Our corporate governance and nominating committee has adopted a written charter, which you may review on our web site at <http://www.eaglematerials.com>.

The following are certain key functions and responsibilities of our nominating committee:

to develop, periodically review and recommend a set of corporate governance principles for the Company to the board;

to periodically review corporate governance matters generally and recommend action to the board where appropriate;

to review and assess the adequacy of its charter annually and recommend any proposed changes to our board for approval;

to monitor the quality and sufficiency of information furnished by management to our board;

to actively seek, recruit, screen, and interview individuals qualified to become members of the board, and consider management's recommendations for director candidates;

to evaluate the qualifications and performance of incumbent directors and determine whether to recommend them for re-election to the board;

to establish and periodically re-evaluate criteria for board membership;

to recommend to the board the director nominees for each annual stockholders' meeting; and

to recommend to the board nominees for each committee of the board.

The committee initiates and oversees an annual evaluation of the effectiveness of the board and each committee, as well as the composition, organization (including committee structure, membership and leadership) and practices of the board. Among the criteria the nominating committee uses in evaluating the suitability of individual nominees for director (whether such nominations are made by management, a stockholder or otherwise) are their integrity, experience, achievements, judgment, intelligence, personal character, ability to make independent analytical inquiries, willingness to devote adequate time to board duties and the likelihood that he or she will be able to serve on the board for a sustained period. In connection with the selection of nominees for director, due consideration will be given to our board's overall balance of perspectives, backgrounds and experiences. During the fiscal year ended March 31, 2004, the committee paid no fees to third-parties to assist in identifying or evaluating potential nominees.

Members of the nominating committee, other members of the board or executive officers may, from time to time, identify potential candidates for nomination to our board. All proposed nominees, including candidates recommended for nomination by stockholders in accordance with the procedures described below, will be evaluated in light of the criteria described above and the projected needs of the board at the time. As set forth in the committee's charter, the committee may retain a search firm to assist in identifying potential candidates for nomination to the board of directors.

The committee will consider candidates recommended by stockholders for election to our board. A stockholder who wishes to recommend a candidate for evaluation by the committee should forward the candidate's name, business or residence address, principal occupation or employment and a description of the candidate's qualifications to the Chairman of the nominating committee, Attention: Secretary, Eagle Materials Inc., 3811 Turtle Creek Boulevard, Suite 1100, Dallas, Texas 75219.

Our Bylaws provide that, to be considered at the 2005 annual meeting, stockholder nominations for the board of directors must be submitted in writing and received by our Secretary at the executive offices of the Company during the period beginning on February 5, 2005 and ending May 6, 2005, and must contain the information specified by and otherwise comply with the terms of the Company's bylaws. Any stockholder wishing to receive a copy of the Company's bylaws should direct a written request to our Secretary at the Company's principal executive offices.

In addition to the nominees who are directors standing for re-election, the nominating committee approved Frank W. Maresh as a nominee for director. Mr. Maresh was first identified as a potential nominee to our board by a non-management director. After a careful review of his qualifications, the nominating committee recommended that Mr. Maresh be nominated for election at the Annual Meeting of Stockholders to be held on July 27, 2004.

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No nominees for election to the board of directors at our 2004 Annual Meeting of Shareholders were submitted by shareholders or groups of shareholders owning more than 5% of our common stock.

During the fiscal year ended March 31, 2004, the nominating committee held one meeting in conjunction with a meeting of the entire board of directors, which was attended by all committee members.

How to Contact Our Board

You can communicate directly with our board of directors, a committee of the board, our independent directors as a group, or any individual member of our board of directors by sending the communication to Eagle Materials Inc., 3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219, to the attention of the director or directors of your choice (e.g., Attention: Chairman of the Board of Directors or Attention: All Independent Directors, etc.). We will relay communications addressed in this manner as appropriate. Communications addressed to the attention of the entire board are forwarded to the chairman of the board for review and further handling.

Named Executive Officers Who Are Not Directors

Listed below are the names, ages as of the date of this proxy statement and principal occupations of each person who was an executive officer during the fiscal year ended March 31, 2004 who is not also a member of our board. All of these persons have been elected to serve until the next annual meeting of our board or until their earlier resignation or removal.

<u>Name</u>	<u>Age</u>	<u>Title</u>
Gerald J. Essl	54	Executive Vice President Cement/Concrete and Aggregates (Executive Vice President Cement/Concrete and Aggregates since January 2003; President of Texas-Lehigh Cement Company from 1985 through December 2002).
H. David House	62	Executive Vice President Gypsum (Executive Vice President Gypsum and Paperboard from November 2000 until January 2004; Executive Vice President Gypsum from January 1998 through November 2000; President of American Gypsum Company since June 1997).
Arthur R. Zunker, Jr.	60	Senior Vice President Finance and Treasurer (Senior Vice President Finance and Treasurer since January 1994; Senior Vice President Administration from August 1984 to January 1994).

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The following table sets forth the cash and non-cash compensation awarded to or earned by any person who served as Chief Executive Officer of the Company during the preceding fiscal year and the three other most highly compensated executive officers of the Company required to be included in this table for each of the three preceding fiscal years:

Summary Compensation Table

Name and Principal Position During the Fiscal Year Ended March 31, 2004	Fiscal Year	Annual Compensation		Long-Term Compensation Awards	All Other Compensation (\$) ⁽³⁾
		Salary (\$)	Bonus (\$) ⁽¹⁾	Securities Underlying Options/SARs (#) ⁽²⁾	
Laurence E. Hirsch Chief Executive Officer ⁽⁴⁾	2004 2003 2002	\$ 0	\$ 0		
Steven R. Rowley, President and Chief Executive Officer ⁽⁵⁾	2004 2003 2002	\$298,700 245,557 190,000	\$427,535 388,328 401,047	27,592	\$ 37,657 29,264 24,958
H. David House, Executive Vice President Gypsum	2004 2003 2002	\$238,700 231,750 225,000	\$283,600 228,061 139,085	16,555	\$ 33,428 31,710 30,028
Arthur R. Zunker, Jr., Senior Vice President Finance and Treasurer	2004 2003 2002	\$201,600 195,700 190,000	\$301,790 223,387 180,606	16,555	\$ 26,735 25,552 24,440
Gerald J. Essl Executive Vice President Cement/Concrete and Aggregates ⁽⁶⁾	2004 2003 2002	\$207,000 176,763	\$305,594 274,300	16,555	\$ 27,756 542,310 ⁽⁷⁾

(1) Cash bonuses for services rendered in fiscal years 2004, 2003 and 2002 have been listed in the year earned but were paid in the following fiscal year.

(2) Options shown in this table represent stock options granted pursuant to our Incentive Plan or predecessor plans. The Company did not grant any stock appreciation rights to any of its executive officers during any of the periods covered by this table.

- (3) Except for Mr. Essl during fiscal 2003, the compensation reported represents: (i) the Company's contributions to, and forfeitures allocated to, the account of the recipient under our profit sharing plan; (ii) contributions to the account of the recipient pursuant to our amended and restated supplemental executive retirement plan (the SERP), an unfunded, non-qualified plan for certain executives of the Company; and (iii) automobile allowance payments. Please see Report of Compensation Committee on Executive Compensation. All of such amounts with respect to our profit sharing plan and the SERP are fully vested in the recipient unless otherwise noted. The compensation for the named executive officers for fiscal years 2004, 2003 and 2002, respectively, includes contributions accrued pursuant to the profit sharing plan in the following amounts: (i) Mr. Essl: \$19,931, \$0 and \$0; (ii) Mr. House: \$19,732, \$19,704 and \$16,733; (iii) Mr. Rowley: \$19,784, \$19,753, and \$16,782; and (iv) Mr. Zunker: \$19,980, \$19,387 and \$16,978. The compensation for the named executive officers also includes contributions accrued pursuant to the SERP in the following amounts for fiscal years 2004, 2003 and 2002, respectively: (i) Mr. Essl: \$625, \$0 and \$0; (ii) Mr. House: \$3,696, \$3,006 and \$4,295; (iii) Mr. Rowley: \$9,653, \$2,056 and \$0; and (iv) Mr. Zunker: \$13, \$0 and \$0. The compensation for the named executive officers also includes automobile allowance payments in the following amounts for fiscal years 2004, 2003 and 2002 respectively: (i) Mr. Essl: \$7,200, \$1,800, \$0; (ii) Mr. House: \$9,000, \$9,000 and \$9,000; (iii) Mr. Rowley: \$8,220, \$7,455, and \$7,200; and (iv) Mr. Zunker: \$6,165, \$6,165 and \$6,165.

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- (4) Mr. Hirsch served as Chief Executive Officer of the Company from April 2003 through September 2003. Mr. Hirsch did not receive any compensation from the Company while serving in this capacity, nor did he receive any additional compensation from Centex. In addition, no management fee was paid