

EAGLE MATERIALS INC  
Form DEF 14A  
June 21, 2013  
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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)

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**3811 Turtle Creek Blvd, Suite 1100**

**Dallas, Texas 75219-4487**

June 21, 2013

Dear Fellow Stockholder:

It is my pleasure to invite you to our Annual Meeting of Stockholders, which will be held on Wednesday, August 7, 2013, at Arlington Hall at Lee Park, 3333 Turtle Creek Blvd., Dallas, Texas 75219, at 8:00 a.m. We hope that you will attend the meeting, but we encourage you to vote by proxy whether or not you plan to attend the meeting in person.

This year we are again taking advantage of the Securities and Exchange Commission rules that allow companies to furnish their proxy materials over the Internet. As a result, beginning on June 21, 2013, we are mailing a Notice Regarding the Availability of Proxy Materials, or Notice, to many of our stockholders instead of a paper copy of the materials for the Annual Meeting. The Notice contains instructions on how to access the proxy materials over the Internet and vote online, as well as how stockholders can elect to receive paper copies of the materials. We believe that this process should expedite stockholders' receipt of proxy materials and provide stockholders with the information they need, while being consistent with our objective of conserving our natural resources and reducing the costs of printing and distributing our proxy materials.

If you attend the Annual Meeting and desire to vote your shares personally rather than by proxy, you may withdraw your proxy at any time before it is exercised. **Your vote is very important, whether you own one share or many.**

Thank you for your continued support and interest in Eagle.

Sincerely,

Steven R. Rowley

*President and Chief Executive Officer*

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**EAGLE MATERIALS INC.**

**3811 Turtle Creek Blvd, Suite 1100**

**Dallas, Texas 75219-4487**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held August 7, 2013**

**To the Stockholders of Eagle Materials Inc.:**

The annual meeting of stockholders of Eagle Materials Inc., which we refer to as the Company, will be held at Arlington Hall at Lee Park, 3333 Turtle Creek Blvd., Dallas, Texas 75219 at 8:00 a.m., local time, on Wednesday, August 7, 2013. At the meeting, stockholders will vote on:

- (1) Election of the three Class I directors identified in the accompanying proxy statement, each to hold office for three years.
- (2) Approval of an advisory resolution regarding the compensation of our named executive officers.
- (3) Approval of our Amended and Restated Incentive Plan, which we refer to as the 2013 Plan.
- (4) Approval of the expected appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending March 31, 2014.
- (5) Any other matters properly brought before the annual meeting, or any adjournment thereof.

The Company's Board of Directors has fixed the close of business on June 10, 2013 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 the Company's common stock, par value \$0.01 per share, which we refer to as our Common Stock, at the close of business on the record date are entitled to notice of and to vote at the annual meeting. A list of holders 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 75219-4487.

**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 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 75219-4487 (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 vote through the Internet (as described in the Notice) or by telephone or fill in, sign, date and promptly return the accompanying form of proxy in the 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 in person 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 your proxy, but if any proxies that are signed and returned to us do not specify a vote on any proposal, such proxies will be voted in the manner, if any, recommended by the Board.

By Order of the Board of Directors

JAMES H. GRAASS

*Executive Vice President,*

*General Counsel and Secretary*

Dallas, Texas

June 21, 2013

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR  
THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON AUGUST 7, 2013.**

**Our proxy statement and 2013 annual report to stockholders  
are available to you on the Internet at [www.proxyvote.com](http://www.proxyvote.com).**

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**EAGLE MATERIALS INC.**

3811 Turtle Creek Blvd., Suite 1100

Dallas, Texas 75219-4487

**PROXY STATEMENT**

**INTRODUCTION**

The accompanying proxy, mailed or provided online, together with this proxy statement, is solicited by and on behalf of the Board of Directors of Eagle Materials Inc., which we refer to 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. References to our Board of Directors or Board refer to the Board of Directors of the Company. The Notice Regarding the Availability of Proxy Materials, this proxy statement and accompanying proxy were first mailed to our stockholders on or about June 21, 2013.

**Date, Time and Place of the Annual Meeting**

The 2013 annual meeting of our stockholders will be held at Arlington Hall at Lee Park, 3333 Turtle Creek Blvd., Dallas, Texas 75219 at 8:00 a.m., local time, on Wednesday, August 7, 2013.

**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.* Stockholders will be asked to elect the three Class I directors identified in this proxy statement, each to hold office for a term of three years.

**Our Board of Directors recommends that you vote for the election of its three nominees for director named in this proxy statement.**

- (2) *Advisory Vote on Compensation of our Named Executive Officers.* We are asking you to approve a non-binding advisory resolution regarding the compensation of our named executive officers as reported in this proxy statement.

**Our Board of Directors recommends that you vote for the non-binding advisory resolution approving the compensation of our named executive officers.**

- (3) *Approval of our Amended and Restated Incentive Plan.* We are asking you to approve our Amended and Restated Incentive Plan, which we refer to as the 2013 Plan.

**Our Board of Directors recommends that you vote for the approval of the 2013 Plan.**

- (4) *Approval of the Expected Appointment of Ernst & Young LLP.* We are asking you to approve the expected appointment by our Audit Committee of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending March 31, 2014.

**Our Board of Directors recommends that you vote for the approval of the expected appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending March 31, 2014.**

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

Our Board of Directors does not know of any matters to be acted upon at the meeting other than the matters set forth in items (1) through (4) above.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR**

**THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON AUGUST 7, 2013.**

**Our proxy statement and 2013 annual report to stockholders**

**are available to you on the Internet at [www.proxyvote.com](http://www.proxyvote.com).**

**Table of Contents****ABOUT THE MEETING****Who Can Vote**

The record date for the determination of holders of the Company's Common Stock, par value \$0.01 per share, which we refer to as our 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 10, 2013. In this proxy statement, we refer to this date as the record date. As of the record date, there were 49,553,441 shares of our Common Stock issued and outstanding and entitled to vote at the meeting. Our stock transfer books will not be closed in connection with the meeting. Our Common Stock is listed on the New York Stock Exchange, or NYSE, under the symbol EXP.

**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 in the manner, if any, recommended by the Board. The Board 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 our stockholders properly 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 75219-4487. 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 our capital stock entitled to vote on any matter shall constitute a quorum for purposes of such matter. Abstentions and broker non-votes will be included in determining the presence of a quorum at the meeting. The holders of Common Stock will be entitled to one vote per share on each matter that may properly be brought before the meeting or any adjournment thereof. There is no cumulative voting.

<b>Proposal</b>	<b>Required Vote</b>	<b>Effect of Abstentions and Broker Non-Votes</b>
Election of Directors	Majority of votes cast	No effect on outcome of vote
Advisory vote on compensation of our named executive officers	Majority of votes cast	No effect on outcome of vote
Approval of 2013 Plan	Affirmative vote of a majority of votes cast; provided, that the votes cast represent over 50% of our outstanding Common Stock entitled to vote on the proposal ( NYSE Voting Requirement )	Abstentions will have the same effect as votes against proposal. Broker non-votes will not be counted as votes cast on this matter; accordingly, broker non-votes will make it more difficult for the NYSE Voting Requirement to be achieved, but if the NYSE Voting Requirement is achieved, they will have no effect on the outcome of the vote.
Approval of the expected appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending March 31, 2014	Affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at the meeting	Same effect as votes against proposal

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In the past, brokers had discretion to vote in the election of directors if they did not receive instructions from the beneficial owner. Due to a change in the rules of the NYSE, the election of directors is no longer considered a routine matter and thus brokers no longer have this discretionary authority. The advisory vote regarding executive compensation and the approval of the 2013 Plan are also not considered routine, and brokers may not vote your shares with respect to such matters without instructions from you.

### **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 by mail, personal interview, telephone or other electronic means by officers and other employees of the Company, who will receive no additional compensation therefor. To aid in the solicitation of proxies, we have retained the firm of Georgeson Shareholder Communications, Inc., which will receive a fee of approximately \$9,000, 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 with the regulations of the Securities and Exchange Commission, or SEC, and the NYSE, we will reimburse such persons for reasonable expenses incurred by them in forwarding proxy materials to the beneficial owners of our Common Stock.

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**How You Can Vote**

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

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**PROPOSAL NO. 1: ELECTION OF DIRECTORS AND RELATED MATTERS**

**General**

Our Board of Directors 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;

oversight of processes that 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 hold office for staggered terms of three years each. At present, we have three Class I directors, three Class II directors and three Class III directors. Our Board has determined that the Board shall consist of nine directors.

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

<b>Class</b>	<b>Directors</b>
<i>Class I:</i> Term expires at the 2016 annual meeting and every three years thereafter	Robert L. Clarke Martin M. Ellen Steven R. Rowley
<i>Class II:</i> Term expires at the 2014 annual meeting and every three years thereafter	Laurence E. Hirsch Michael R. Nicolais Richard R. Stewart
<i>Class III:</i> Term expires at the 2015 annual meeting and every three years thereafter	F. William Barnett Ed H. Bowman David W. Quinn

**Director Independence**

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NYSE corporate governance rules require that our Board of Directors be comprised of a majority of independent directors. Our Board of Directors has determined, upon the recommendation of our Corporate Governance and Nominating Committee, which we refer to as our Governance Committee, that all members of our Board of Directors, other than Mr. Rowley, are independent within the meaning of the independence requirements of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and the corporate governance rules of the NYSE.

In determining that eight of our nine directors are independent, our Board of Directors considered the following facts:

Messrs. F. William Barnett, Ed H. Bowman, Robert L. Clarke, Martin M. Ellen and Richard R. Stewart have no relationship with the Company that potentially affects their independence.

From 1987 until his retirement in March 2002, Mr. David W. Quinn was an officer of Centex Corporation, our former parent, which we refer to as Centex. Because it has been over five years since his retirement as an officer of Centex and in light of the absence of any other material relationship with the Company (other than as a director of the Company), our Board of Directors has determined that Mr. Quinn has no material relationship with the Company.

From 1985 until his retirement in March 2004, Mr. Laurence E. Hirsch was an officer of Centex. Mr. Hirsch was also our interim Chief Executive Officer for approximately six months from April 2003 until September 2003 prior to the appointment of Mr. Rowley as Chief Executive Officer in September 2003. Because it has been over five years since Mr. Hirsch retired from Centex or served as an officer of the Company on an interim basis, and in light of the absence of any other material relationship with the Company (other than as a director of the Company), our Board of Directors has determined that Mr. Hirsch has no material relationship with the Company.



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Mr. Michael R. Nicolais entered into an employment relationship with a company owned by another member of our Board of Directors, Laurence E. Hirsch, in 2004. In particular, in April 2004, Mr. Nicolais accepted employment as president of Highlander Partners L.P., or Highlander Partners, a private investment partnership of which Mr. Hirsch is the sole equity owner. In view of, among other things: (1) the fact that Mr. Nicolais has never served as an officer or employee of the Company or any of its parents or subsidiaries; (2) the employment relationship between Mr. Nicolais and Highlander Partners commenced after the completion of the spin-off of the Company from Centex and after the date Mr. Hirsch retired as an executive officer and director of Centex; (3) the investment services provided by Mr. Nicolais to Highlander Partners are largely unrelated to the Company (except to the extent that such services involve investment services relating to a portion of the shares of our Common Stock beneficially owned by Mr. Hirsch); and (4) the fact that, as described above, our Board of Directors has determined that Mr. Hirsch himself has no material relationship with the Company, our Board of Directors determined that Mr. Nicolais has no material relationship with the Company.

## **Nominees**

Each of the nominees listed below is currently a member of our Board of Directors. Each of these nominees has been recommended for nomination by our Governance Committee (with Mr. Clarke abstaining as to his own nomination) after considering the criteria described below under the heading 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. Because this is an uncontested election of directors, a majority of votes cast by the holders of our Common Stock (number of shares voted for a director nominee must exceed the number of votes cast against the director nominee) will be required to elect the nominees for director in accordance with our Bylaws and our Corporate Governance Guidelines. (A plurality voting standard would apply in a contested election.) If an incumbent director is not re-elected, such director will promptly tender his or her resignation to the Chairman of the Board, and a special committee of independent directors will consider the resignation and make a recommendation to the Board as to whether to accept or reject such resignation. The Board will then publicly disclose its decision regarding the resignation and the rationale behind the decision.

Although each of the nominees is standing for election to a three-year term, Mr. Clarke may (if elected) retire from the Board before the completion of his full term in accordance with the Company's director retirement policy.

## **Recommendation of the Board**

**Our Board of Directors recommends that holders of Common Stock vote for the election of the nominees listed below to serve as Class I directors for a three-year term ending at our 2016 annual meeting of stockholders:**

Robert L. Clarke

Martin M. Ellen

Steven R. Rowley

**Table of Contents****Director Qualifications**

Set forth below is information about the nominees standing for election at our 2013 annual meeting, as well as our continuing directors whose terms of office do not expire at such 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. Also included below is a brief description of how each individual's experience qualifies him to serve as a director of the Company.

**Nominees for Director Whose Terms Expire at our 2013 Annual Meeting****(Class I Directors)****Business Experience and Principal Occupation;**

<b>Name</b>	<b>Age</b>	<b>Year First Elected</b>	<b>Directorships in Public Corporations and Investment Companies</b>
<b>Robert L. Clarke</b>	70	1994	<p>Mr. Clarke was a partner in the law firm of Bracewell &amp; Giuliani LLP (formerly known as Bracewell &amp; Patterson) from 1971 to December 1985, returned to the firm as a partner in March 1992 and currently is a senior partner in that firm. From December 1985 to February 1992, he was Comptroller of the Currency of the United States. Mr. Clarke is also a director of Stewart Information Services Corporation. Mr. Clarke is a member of the Audit Committee and Compensation Committee of our Board of Directors.</p> <p>Mr. Clarke brings to the Board, the Audit Committee and the Compensation Committee extensive financial and legal experience and knowledge of corporate governance and financial oversight gained from his long legal career, his membership on the boards of other public companies and his service as Comptroller of the Currency of the United States.</p>
<b>Martin M. Ellen</b>	59	2013	<p>Mr. Ellen was appointed to our Board in May 2013. Mr. Ellen has served as Chief Financial Officer and Executive Vice President at Dr Pepper Snapple Group, Inc. since April 2010. Mr. Ellen also served as the Chief Financial Officer and Senior Vice President Finance of Snap-on Inc. from November 2002 to March 2010. Mr. Ellen is a certified public accountant and serves on our Audit Committee.</p> <p>Mr. Ellen brings to the Board and the Audit Committee his extensive management, finance and audit experience gained from over 25 years serving as chief financial officer with public and private companies and prior experience with a major accounting firm.</p>
<b>Steven R. Rowley</b>	60	2003	<p>Mr. Rowley has been the Company's President and Chief Executive Officer and a member of our Board of Directors since September 2003. Mr. Rowley is also a member of the Executive Committee of our Board of Directors. Mr. Rowley joined the Company in 1991 as a plant manager at 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 the Company's Chief Operating Officer from October 2002 until September 2003.</p> <p>Mr. Rowley brings to the Board his extensive executive and operations experience in the construction products industry, including over 20 years of service with the Company.</p>



**Table of Contents****Continuing Directors Whose Terms Expire at our 2014 Annual Meeting****(Class II Directors)****Business Experience and Principal Occupation;**

<b>Name</b>	<b>Age</b>	<b>Year First Elected</b>	<b>Directorships in Public Corporations and Investment Companies</b>
<b>Laurence E. Hirsch</b>	67	1985	<p>Mr. Hirsch is chairman of Highlander Partners, a private investment company. He has served as chairman of our Board of Directors from July 1999 to the present and also served in that capacity from January 1994 through December 1997. He was our interim Chief Executive Officer from April 2003 through September 2003. Mr. Hirsch is a member of the Executive Committee of our Board of Directors. Until his retirement on March 31, 2004, Mr. Hirsch served Centex Corporation in various capacities, including as President beginning in 1985, as Chief Executive Officer beginning in July 1988 and as chairman of its board of directors beginning in July 1991. Mr. Hirsch served as a director of Belo Corp. from August 1999 through January 2008 and continued as a director of A. H. Belo until May 2011. Mr. Hirsch served as a director of the Federal Home Loan Mortgage Corp. (Freddie Mac) from November 2009 until February 2012. Mr. Hirsch is currently Chairman of the Center for European Policy Analysis.</p> <p>Mr. Hirsch brings to the Board his extensive executive experience gained through his service as the CEO of a public company. In addition, Mr. Hirsch brings extensive knowledge of the Company through having served as our Chairman for nearly 20 years. Mr. Hirsch also brings valuable experience as an executive officer within the construction products industry and his knowledge of corporate governance and financial oversight gained from his membership on the boards of other public companies.</p>
<b>Michael R. Nicolais</b>	55	2001	<p>In April 2004, Mr. Nicolais became president of Highlander Partners. 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 &amp; Jenrette Securities Corporation's Investment Banking Division, most recently in the position of Managing Director and co-head of that firm's Dallas office. Mr. Nicolais has been a member of our Board of Directors since 2001. He also serves as a member of the Compensation Committee and the Governance Committee.</p> <p>Mr. Nicolais brings to the Board, the Governance Committee and the Compensation Committee his extensive knowledge of capital markets, financial analysis and financial oversight gained through his experience as an investment banker and investment manager.</p>
<b>Richard R. Stewart</b>	63	2006	<p>From 1998 until 2006 Mr. Stewart served as President and CEO of GE Aero Energy, a division of GE Power Systems and as an officer of General Electric Company. Mr. Stewart retired from General Electric in 2006. Mr. Stewart's career at General Electric began in 1998 as a result of General Electric's acquisition of the gas turbine business of Stewart &amp; Stevenson Services, Inc. Mr. Stewart began his career at Stewart &amp; Stevenson in 1972 and while at Stewart &amp; Stevenson served in various positions including as Group President and member of the board of directors. Mr. Stewart also served as a director of Plug Power Inc. from July of 2003 to March of 2006. Mr. Stewart became a director of Kirby Corporation in 2008 and a director of Lufkin Industries, Inc. in 2009. Mr. Stewart serves as chairman of the Compensation Committee of our Board of Directors.</p>

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Mr. Stewart brings to the Board and the Compensation Committee his proven leadership and business experience as the former CEO of a manufacturing company. Mr. Stewart also brings corporate governance and compensation experience gained from membership on the boards of other public companies and as an officer with General Electric.

**Table of Contents****Continuing Directors Whose Terms Expire at our 2015 Annual Meeting****(Class III Directors)**

			<b>Business Experience and Principal Occupation;</b>
<b>Name</b>	<b>Age</b>	<b>Year First Elected</b>	<b>Directorships in Public Corporations and Investment Companies</b>
<b>F. William Barnett</b>	66	2003	<p>Mr. Barnett retired in 2003 from his position as a Director in the Dallas office of McKinsey &amp; Company, Inc., an international consulting firm, after 23 years of employment, where he led the firm's Strategy Practice. Mr. Barnett also served as a director of Papa John's International, Inc. from 2003 until March 2009, and has been an Adjunct Professor at the Yale School of Management and the Jesse H. Jones Graduate School of Business at Rice University. Mr. Barnett currently chairs our Governance Committee.</p> <p>Mr. Barnett brings to the Board and the Governance Committee his corporate governance and strategy development and implementation experience gained from his long career in management consulting and his service on another board.</p>
<b>Ed H. Bowman</b>	66	2011	<p>Mr. Bowman served as Chief Executive Officer, President and a director of SOURCECORP from 1996 until 2012. Prior to 1996, Mr. Bowman was a senior executive at First Data Corporation. Mr. Bowman joined our Board in May 2011. Mr. Bowman serves on the advisory board of the J. Mack Robinson College of Business at Georgia State University.</p> <p>Mr. Bowman brings to the Board his proven leadership and business experience as the recently retired CEO of an expanding company. Mr. Bowman also brings corporate governance, finance and compensation knowledge gained from his experience at other public companies.</p>
<b>David W. Quinn</b>	71	1994	<p>Mr. Quinn served as a director of Centex from 1989 until its merger with Pulte in 2009, 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 the chairman of the Audit Committee of our Board of Directors.</p> <p>Mr. Quinn brings to the Board and the Audit Committee his extensive management, financial and audit experience gained from his 17 years as CFO and/or Vice Chairman of the Company's former parent company and through prior experience as a partner with a major accounting firm. Mr. Quinn also brings corporate governance experience gained from membership on the boards of other public and private companies.</p>

**Board Meetings and Attendance Records**

During the Company's fiscal year ended March 31, 2013, our Board of Directors held four regularly scheduled meetings and two special meetings. During such fiscal year, all of the incumbent directors attended at least 75% of the meetings of the Board and the committees of the Board on which they served. In accordance with our informal policy, we anticipate that all continuing directors and nominees will attend our 2013 annual stockholders meeting. All of our directors attended our 2012 annual meeting. We strongly encourage all directors to attend our stockholder meetings. Our non-employee directors (which currently constitute all our directors, except for Mr. Rowley) meet immediately after all Board meetings without management present. Mr. Hirsch presides at all executive sessions of the non-employee directors.



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**BOARD COMPENSATION**

Board compensation for the 12 month period from August 2012 through July 2013 was approved by our Board of Directors in June 2012 at the same time long-term incentive compensation was approved for management. The Board approved the same compensation levels paid last year by adopting a director compensation structure in which directors who are not employees of the Company or any of our subsidiaries received compensation for their services during the 12 month period from August 2012 through July 2013 by electing one of the following two compensation package alternatives: (1) total compensation valued at \$150,000, of which \$75,000 is paid in cash and the remainder is provided in the form of an equity grant valued at \$75,000; or (2) an equity grant valued at \$170,000. The grant date value of the equity grant under either alternative is comprised of half restricted stock and half options to purchase Common Stock. In accordance with the terms of the Eagle Materials Inc. Incentive Plan, the exercise price of stock options is set at closing price of the Common Stock on the NYSE on the date of grant. The number of option shares is determined as of the date of grant by using the Black-Scholes method, and the number of shares of restricted stock is determined as of the date of grant using the closing price of the Common Stock on the NYSE on the date of grant. All the options granted to directors in June 2012 became exercisable in December 2012 and have a ten-year term. The restricted stock granted to directors in June 2012 became earned in December 2012 but the restrictions will not lapse until the director's service on the Board terminates because of the director's death or the director's retirement in accordance with the Company's director retirement policy, or under such circumstances as are approved by the Compensation Committee.

Non-employee directors who chair committees of the Board of Directors receive additional annual compensation. The Governance Committee Chair receives a fee of \$10,000 per year. The chairs of the Audit Committee and the Compensation Committee each receive a fee of \$15,000 per year. The Chairman of the Board receives a fee of \$50,000 per year. Chairpersons who elect to receive all Board compensation in the form of equity may also elect to receive this additional compensation in the form of options to purchase Common Stock, in which case a 26.67% premium is added to such fees when valuing the number of options to be received by such chairperson.

If directors hold restricted stock units, which we refer to as RSUs, granted as part of director compensation in prior fiscal years (which currently includes all non-employee directors other than Ed Bowman, Martin Ellen, David Quinn and Richard Stewart), these directors will accrue dividend equivalent units as and when the Company pays a cash dividend on the Common Stock in accordance with the terms of the RSUs. If directors hold restricted stock granted as part of director compensation (which includes all non-employee directors), these directors will be paid cash dividends as and when the Company pays a cash dividend on the Common Stock in accordance with the terms of the restricted stock award agreements.

All directors are reimbursed for reasonable expenses of attending meetings.



**Table of Contents****Non-Employee Director Compensation for Fiscal Year 2013**

The table below summarizes the compensation paid by the Company to our non-employee directors for the fiscal year ended March 31, 2013.

Name	Fees Earned or Paid in		Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred		All Other Compensation (\$)	Total (\$)
	Cash (\$)					Earnings (\$)			
F. William Barnett <sup>(3)</sup>			\$ 91,334	\$ 91,336					\$ 182,670
Ed H. Bowman <sup>(4)</sup>			85,000	85,012					170,012
Robert L. Clarke <sup>(4)</sup>			85,000	85,012					170,012
Martin M. Ellen <sup>(5)</sup>									
Laurence E. Hirsch <sup>(6)</sup>			116,669	116,673					233,342
Michael R. Nicolais <sup>(7)</sup>	\$ 75,000		37,497	37,507					150,004
David W. Quinn <sup>(8)</sup>			94,500	94,505			\$ 28,300 <sup>(9)</sup>		217,305
Richard R. Stewart <sup>(10)</sup>	90,000		37,497	37,507					165,004

- (1) The amounts in this column reflect the value of restricted stock awards made to the directors in the fiscal year ended March 31, 2013 and are consistent with the grant date fair value of the award computed in accordance with FASB ASC Topic 718. For assumptions used in determining these values, refer to footnote (J) to the Company's audited financial statements for the fiscal year ended March 31, 2013 included in the Company's Annual Report on Form 10-K filed with the SEC on May 24, 2013, or Fiscal 2013 Form 10-K.
- (2) The amounts in this column reflect the value of option awards made to the directors in the fiscal year ended March 31, 2013 and are consistent with the grant date fair value of the award computed in accordance with FASB ASC Topic 718. For assumptions used in determining these values, refer to footnote (J) to the Company's audited financial statements for the fiscal year ended March 31, 2013 included in the Fiscal 2013 Form 10-K.
- (3) Mr. Barnett is the Chair of the Governance Committee. He elected to receive 100% of his director compensation fiscal 2013 in the form of equity (including his chairperson fee).
- (4) Messrs. Bowman and Clarke elected to receive 100% of their director compensation for fiscal 2013 in the form of equity.
- (5) Mr. Ellen did not serve as a director during fiscal 2013. He was appointed to the Board on May 31, 2013.
- (6) Mr. Hirsch is the Chairman of the Board. He elected to receive 100% of his director compensation for fiscal 2013 in the form of equity (including his chairperson fee).
- (7) Mr. Nicolais elected to receive 50% of their director compensation for fiscal 2013 in the form of equity and 50% in cash.
- (8) Mr. Quinn is the Chair of the Audit Committee. He elected to receive 100% of his director compensation for fiscal 2013 in the form of equity (including his chairperson fee).
- (9) Represents the value of Common Stock paid during such fiscal year for dividend equivalent units accruing under RSUs. Dividend equivalent units are credited as additional RSUs to holders of our earned RSUs at any time we pay a cash dividend on our Common Stock. In fiscal 2013, Mr. Quinn was paid Common Stock for dividend equivalent units valued at \$28,300. Dividend equivalent units credited to the other directors in fiscal 2013 in additional RSUs are included in the amounts reflected in the RSUs column of the chart immediately below.
- (10) Mr. Stewart is the Chair of the Compensation Committee. He elected to receive 50% of his director compensation for fiscal 2013 in the form of equity and 50% in the form of cash. Mr. Stewart also elected to receive his committee chairperson fee in cash.

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The following chart shows the number of outstanding stock options and RSUs held by each director as of March 31, 2013.

Name	Stock Options <sup>(1)</sup>	RSUs <sup>(2)</sup>	Restricted Stock <sup>(3)</sup>
F. William Barnett	108,274	8,523	2,711
Ed H. Bowman			2,523
Robert L. Clarke	102,098	8,523	2,523
Martin M. Ellen			
Laurence E. Hirsch	137,593	11,058	3,463
Michael R. Nicolais	38,534	3,748	1,113
David W. Quinn	28,243		2,805
Richard R. Stewart	19,196		1,113

- (1) All of these stock options are fully exercisable.
- (2) The RSUs granted to non-employee directors are vested in full on the date of grant but are not payable until the non-employee director's service on the board terminates because of the director's death or the director's retirement in accordance with the Company's director retirement policy, or under such circumstances as are approved by the Compensation Committee. The number of RSUs reflected in this column includes the following aggregate dividend equivalent units, which are accrued by holders of our RSUs at any time we pay a cash dividend on our Common Stock: Mr. Barnett 1,011 RSUs; Mr. Clarke 1,011 RSUs; Mr. Hirsch 1,315 RSUs; and Mr. Nicolais 448 RSUs.
- (3) The restricted stock granted to non-employee directors is earned but the restrictions will not lapse until the non-employee director's service on the board terminates because of the director's death or the director's retirement in accordance with the Company's director retirement policy, or under such circumstances as are approved by the Compensation Committee. Any cash dividends declared and paid by the Company during the restricted period are paid in cash with respect to such restricted stock.

**Board Leadership Structure and Role in Risk Oversight**

The positions of Chairman of the Board and CEO are performed by two different persons. Mr. Rowley, our CEO, focuses on the day-to-day operation of the Company's businesses and participates in both operational and long-term strategy and development. Mr. Hirsch, our Chairman, oversees the Company's general strategic direction and leads and manages the Board.

As part of its primary risk management function, the Audit Committee oversees the preparation by management of a risk report on a quarterly basis. However, our entire Board of Directors is also charged with, and is actively involved in, identifying, evaluating and managing risks on behalf of the Company, and the Board undertakes to hold discussions on these topics with management and the Audit Committee throughout the year. Further, the independent directors address risk management in executive sessions without management present. As appropriate in the context of their chartered roles, the Board's other committees also perform risk management and oversight activities during the year. For example, the Governance Committee is responsible for overseeing governance issues that may create governance risks, such as board composition, director selection and other governance policies and practices that are critical to the success of the Company.

*Risk Assessment in Compensation Programs*

Consistent with SEC disclosure requirements, management, the Compensation Committee and the Board have assessed the Company's compensation programs. Based upon all of the facts and circumstances available to the Company at the time of the filing of this Proxy Statement, the Board has concluded that risks arising from the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company or encourage unnecessary and excessive risk-taking. This assessment was overseen by the Compensation Committee, in consultation with management. We reviewed the compensation policies and practices in effect for our executive officers, senior management and other employees and assessed the features we have built into the compensation programs to discourage excessive risk-taking. These features include, among other things, a balance between different elements of compensation, use of different time periods and performance metrics for different elements of compensation, restrictions on pricing authority, review and approval of material contracts, and stock ownership guidelines for senior management.

**Table of Contents****Board Committees**

The standing committees of our Board of Directors include the Audit Committee, the Compensation Committee, the Governance Committee and the Executive Committee. The following table lists the chairpersons and members of each committee as of March 31, 2013, and the number of meetings held by each committee during the fiscal year ended March 31, 2013:

Director	Audit <sup>(1)</sup>	Compensation	Governance	Executive
F. William Barnett			Chair	
Ed H. Bowman	Member	Member		
Robert L. Clarke	Member		Member	
Laurence E. Hirsch				Chair
Michael R. Nicolais		Member	Member	
David W. Quinn	Chair			
Steven R. Rowley				Member
Richard R. Stewart		Chair		
Number of Meetings in Fiscal 2013	7	10	5	0

(1) On May 31, 2013, Martin M. Ellen was appointed to the Board and as the fourth member of the Audit Committee.  
*Audit Committee*

Our Board has a standing Audit Committee, composed of at least three independent directors. Our 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. Our Audit Committee is governed by an amended and restated Audit Committee charter, a copy of which may be viewed on our website at [www.eaglematerials.com](http://www.eaglematerials.com) and will be provided free of charge upon written request to our Secretary at our principal executive office.

Our Board has determined that each member of our Audit Committee is independent within the meaning of applicable (1) corporate governance rules of the NYSE and (2) requirements set forth in the Exchange Act and the applicable SEC rules. In addition, our Board has determined that each member of our Audit Committee satisfies applicable NYSE standards for financial literacy and that, based on his auditing and financial experience, including over seventeen (17) years as CFO and/or Vice Chairman of the Company's former parent company and through prior experience as a partner with a major accounting firm, Mr. Quinn is an audit committee financial expert within the meaning of the rules of the SEC.

Unless otherwise determined by the Board, no member of our Audit Committee may serve as a member of an audit committee of more than two other public companies.

Certain key functions and responsibilities of our Audit Committee are 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 attestation services for us;

obtain and review, at least annually, 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;

pre-approve all audit engagement fees and terms and all permissible 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;



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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;

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

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;

annually review and assess the performance of the Audit Committee and the adequacy of its charter;

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

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

Our Audit Committee's report on our financial statements for the fiscal year ended March 31, 2013 is presented below under the heading "Audit Committee Report."

Our 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 Exchange Act and as outside directors within the meaning of the Internal Revenue Code. Under its amended and restated charter, which you may review on our web site at [www.eaglematerials.com](http://www.eaglematerials.com) (and a copy of which will be provided to you free of charge upon written request to our Secretary at our principal executive office), the primary purposes of our Compensation Committee are to assist the Board in discharging its responsibilities relating to compensation of our Chief Executive Officer and other senior executives and to direct the preparation of the reports regarding executive compensation that the rules of the SEC require to be included in our annual proxy statement. The Compensation Committee is authorized to hire outside advisers. For additional information regarding outside advisers engaged by the Compensation Committee, please see "Compensation Discussion and Analysis" beginning on page 18 of this proxy statement.

Certain key functions and responsibilities of our Compensation Committee are 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 of our benefit plans to determine whether they are properly coordinated and achieve their intended purposes;

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 Chief Executive Officer based on such evaluation;

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review and, after the end of the fiscal year and in consultation with our Chief Executive Officer, approve the compensation of our senior executive officers who are required to make disclosures under Section 16 of the Exchange Act, who we refer to as our senior executive officers ;

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

report on compensation policies and practices with respect to our executive officers as required by SEC rules; and

review and assess the performance of the Compensation Committee and the adequacy of its charter annually and recommend any proposed changes to the Board.

In accordance with the terms of our Incentive Plan, the Compensation Committee has delegated to the Special Situation Stock Option Committee (whose sole member is our CEO) the authority to grant time-vesting stock options in special circumstances. Under this authorization, the Special Situation Stock Option Committee may grant stock options to newly-hired employees and newly-promoted employees, under terms set by the Compensation Committee. This authority, which expires on May 31, 2014, is limited to an aggregate of 60,000 option shares, no one individual may receive more than 15,000 option shares, and Section 16 reporting persons may not receive awards pursuant to this authority. Stock options granted under this delegation of authority vest 20% per year commencing on the first anniversary of the grant date. During fiscal 2013, 36,000 stock options were granted to employees under this authority.

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Our Compensation Committee's report for the fiscal year ended March 31, 2013 is presented below under the heading "Compensation Committee Report" beginning on page 17 of this proxy statement.

Our Compensation Committee meets as often as it deems appropriate, but no less than twice per year.

### *Governance Committee*

Our Board's Governance Committee is composed of independent directors who meet the corporate governance standards of the NYSE. The primary purposes of this committee are: (1) to advise and counsel our Board and management regarding, and oversee our governance, including our Board's selection of directors; (2) to develop and recommend to the Board a set of corporate governance principles for the Company; and (3) to oversee the evaluation of our Board and management. Our Governance Committee has adopted a written charter, and our Board has also adopted Corporate Governance Guidelines. Both the Governance Committee charter and the Corporate Governance Guidelines may be viewed on our web site at [www.eaglematerials.com](http://www.eaglematerials.com) and will be provided free of charge upon written request to our Secretary at our principal executive office.

Certain key functions and responsibilities of our Governance Committee are to:

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

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

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

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

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

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

establish and periodically re-evaluate criteria for Board membership;

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

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

The Governance 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. This evaluation is confidential as to each member of the Board and its committees. Part of the Governance Committee's self-evaluation process involves an assessment of the effectiveness of the Company's corporate governance policies, which includes the Company's policies surrounding diversity.

Among the criteria the Governance 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,

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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, the Governance Committee gives due consideration to diversity in perspectives, backgrounds, business experiences, professional expertise, gender and ethnic background among the Board members.

Members of the Governance 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 its charter, the Governance Committee may retain a search firm to assist in identifying potential candidates for nomination to the Board of Directors.

Our Governance Committee will consider candidates recommended by stockholders for election to our Board. A stockholder who wishes to recommend a candidate for evaluation by our Governance 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 Governance Committee at the following address: Eagle Materials Inc., Attention: Secretary, 3811 Turtle Creek Boulevard, Suite 1100, Dallas, Texas 75219-4487.



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Our Bylaws provide that, to be considered at the 2014 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 8, 2014 and ending May 9, 2014, and must contain the information specified by and otherwise comply with the terms of our Bylaws. Any stockholder wishing to receive a copy of our Bylaws should direct a written request to our Secretary at the Company's principal executive offices.

No nominees for election to the Board at our 2013 annual meeting of stockholders were submitted by stockholders or groups of stockholders owning more than 5% of our Common Stock.

### *Executive Committee*

The principal function of our Board's Executive Committee is to exercise all of the powers of the Board to direct our business and affairs between meetings of the Board, except that the Executive Committee may not amend our Certificate of Incorporation or Bylaws, adopt an agreement of merger or consolidation under Delaware law, recommend the sale of all or substantially all of our assets or recommend the dissolution of the Company or the revocation of a dissolution. In addition, unless authorized by resolution of our Board of Directors, the Executive Committee may not declare a dividend, authorize the issuance of stock or adopt a certificate of ownership and merger under Delaware law.

### **Compensation Committee Interlocks and Insider Participation**

No member of our Compensation Committee had a relationship during the fiscal year ended March 31, 2013 that requires disclosure as a Compensation Committee interlock.

### **How to Contact Our Board**

Shareholders and other interested parties can communicate directly with our Board, a committee of our Board, our independent directors as a group, our Chairman of the Board or any other individual member of our Board by sending the communication to Eagle Materials Inc., 3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219-4487, 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.

**Table of Contents****EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS**

The following list sets forth the names, ages as of the date of this proxy statement and principal occupations of each person who was an executive officer of the Company during the fiscal year ended March 31, 2013 and who is not also a member of our Board. Except as noted below, all of these persons have been elected to serve until the next annual meeting of our Board or until their earlier resignation or removal.

<b>Name</b>	<b>Age</b>	<b>Title</b>
D. Craig Kesler	37	Executive Vice President Finance and Administration and Chief Financial Officer (has held current office since August 2009; Vice President Investor Relations and Corporate Development from March 2005 through August 2009; Audit Manager of Ernst & Young LLP from April 2002 through September 2005).
Gerald J. Essl	63	Executive Vice President Cement/Aggregates and Concrete  (has held current office since January 2003; President of Texas Lehigh Cement Company from 1985 through December 2002).
James H. Graass	55	Executive Vice President, General Counsel and Secretary  (Executive Vice President and General Counsel since November 2000; Mr. Graass was named Secretary of the Company in July 2001).
David B. Powers	63	Executive Vice President Gypsum and President of American Gypsum Company  (has held current office since January 2005; Executive Vice President Marketing, Sales and Distribution of American Gypsum Company from June 2002 through December 2004; Vice President, Customer Service of USG Corporation from 2000 through 2002; Vice President, Specialty Products and Architectural Systems Business of USG Corporation from 1998 through 2000).
Robert S. Stewart	59	Executive Vice President Strategy, Corporate Development and Communications  (has held current office since August 2009; Senior Vice President of Centex Corporation from 2000 through August 2009).
William R. Devlin	47	Senior Vice President, Controller and Chief Accounting Officer  (has held current office since August 2009; Vice President and Controller from October 2005 through August 2009; Director of Internal Audit from September 2004 through September 2005; Senior Manager of PricewaterhouseCoopers LLP from July 1999 through August 2004).

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**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with management, which has the responsibility for preparing the Compensation Discussion and Analysis. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

**Compensation Committee**

Richard R. Stewart, *Chairman*

Ed H. Bowman

Michael R. Nicolais

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**COMPENSATION DISCUSSION AND ANALYSIS**

***Executive Summary***

**Our Strong Performance**

Because Eagle Materials operates in the highly cyclical construction products industry, our performance relative to our industry peers is a critical consideration when evaluating management performance. Peer comparisons help to distinguish the effects of management performance from the more general effects of business cycle trends, thereby providing important information that has bearing on management rewards. For purposes of the discussion that follows, our direct peers are four domestic public company competitors, our industry peers are the direct peers plus international industry participants, and our compensation peers are the direct peers plus supplemental peers, in each case as described more fully in the Benchmarking section below.

The Compensation Committee believes that certain operational/financial metrics, including those that are relevant to a company's position as a low-cost producer, are important to maintaining a long-term competitive advantage in commodity businesses like those in which Eagle participates and are key factors in assessing the Company's performance against its industry peers. In line with our belief, in setting compensation for our fiscal year ended March 31, 2013, our Compensation Committee reviewed (at the beginning of such fiscal year) the Company's performance against its direct peers and industry peers using several different metrics, including net income growth (five- and three-year), revenue growth (five- and three-year), average return on total capital (ten-, five- and three-year), return on equity (five- and three-year), return on assets (five- and three-year), earnings per share, and total shareholder return (ten-, five-, three- and one-year). ***Against direct peers, the Company's performance was at the 100th percentile in nine of the 16 categories, including every measure of total shareholder return and average return on total capital, and below the median in only one category. Against the entire industry peer group, the Company's performance was at the 100th percentile in two of the 16 categories and above the median in all but four categories.***

During our fiscal year ended March 31, 2013, the Company continued its strong performance relative to its industry peers. The following graphs demonstrate Eagle's superior performance as measured by total shareholder return relative to its peers over time:

Source: Longnecker & Associates. All measures are for the periods ended as of our 3/31/13 fiscal year end.

Direct Peers: Martin Marietta Materials, Inc., Texas Industries Inc., USG Corp., Vulcan Materials Company

Industry Peers: Martin Marietta Materials Inc., Texas Industries Inc., USG Corp., Vulcan Materials Company, Titan Cement Co. S.A., CRH, Buzzi Unicem S.p.A., Holcim Ltd., HeidelbergCement AG, Lafarge S.A., Cementos Bio-Bio S.A., Cementos Portland Valderrivas, Cemex S.A.B. de C.V., Italcementi S.p.A., Cementos Argos S.A., Headwaters Incorporated

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The Company's prudent use of debt and its low-cost position in its markets left Eagle well-positioned to capitalize during fiscal 2013 on new opportunities in the emerging construction recovery, including its November 2012 acquisition of assets from Lafarge North America, the ongoing development of its frac sand line of business, and the expansion of its oil well cement production capabilities.

### **Our Compensation Practices**

Pay-for-performance is a longstanding core tenet of our compensation philosophy and one of the keys to Eagle's long-term success. For years, our executive compensation programs have incorporated pay-for-performance and many other compensation best practices, including the following:

No employment agreements with our executives.

No tax gross-up agreements with our executives.

No defined benefit plans are provided to our executives.

Our incentive plan (whether the current incentive plan or the amended and restated incentive plan submitted as Proposal No. 3 in this proxy statement) prohibits the re-pricing of options.

A substantial portion of our annual long-term compensation awards are performance-based.

Our executives are provided very limited perquisites.

The benefits provided to our executives under the defined contribution Profit Sharing and Retirement Plan are determined on the same basis as the benefits provided all salaried employees.

Our stock ownership guidelines require management to align their long-term interests with those of our stockholders.

Under our insider trading policy, employees and executives are prohibited from speculating in our securities or engaging in transactions designed to hedge their ownership interests.

At Eagle Materials, we do not view our employees as merely an expense of the Company. Instead, we strive to invest in our people and their futures as a means of delivering more long-term value to our stockholders and customers.

### **Fiscal 2013 Compensation Highlights**

The following highlights of our executive compensation program in fiscal 2013 exemplify our long-standing commitment to sound compensation practices, including pay-for-performance.

The various components of the compensation payable to our Named Executive Officers, or NEOs, during fiscal 2013 are as follows:



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The base salaries for fiscal 2013 for our NEOs are on average between the median and the 75<sup>th</sup> percentile base salary of our compensation peer group. Except for our CFO, none of our CEOs received an increase in their base salary for fiscal 2013.

Approximately 40% of the total compensation of our CEO and our other NEOs for fiscal 2013 was performance-based.

100% of our cash annual incentive bonus for our NEOs for fiscal 2013 was performance-based in that the bonus pool amount varies with operating earnings. For example, the Eagle Annual Incentive Program bonus pool (in which three of our NEOs participate, along with other executives) was \$1,795,327 in fiscal 2013, compared with \$835,324 in fiscal 2012 and \$3,716,614 in fiscal 2007 (record earnings year). Also, cash annual incentive bonuses were structured in all cases so that they could be adjusted downward by the Compensation Committee at the end of the fiscal year based on an individual NEO's performance.

20% of the value of our annual long-term awards made during fiscal 2013 was in the form of performance-based restricted stock. This grant was to be earned if the Company attained a target level average return on invested capital for the ten years ended March 31, 2013. In May 2013, the Compensation Committee determined that this performance target had been satisfied. One-fifth of the shares vested on the first anniversary of the grant date. The remaining shares will vest ratably on March 31 of 2014, 2015, 2016 and 2017 (assuming continued service by the relevant officer).

20% of the value of our annual long-term awards made during fiscal 2013 was in the form of performance-based cash awards. This grant was to be earned if the Company attained a target level of earnings before interest and taxes for the fiscal year ended March 31, 2013. In May 2013, the Compensation Committee determined that this performance target had been satisfied, at which point one-fifth of the cash award was paid. The remaining cash will be paid ratably on March 31 of 2014, 2015, 2016 and 2017 (assuming continued service by the relevant officer).

60% of the value of our annual long-term awards made during fiscal 2013 was in the form of time-vesting stock options. One-third of the stock options will vest in June 2013, one-third will vest in June 2014 and one-third will vest in June 2015 (assuming continued service by the relevant officer). Eagle views time-vesting stock options as pay-for-performance awards because they are of value only if and to the extent that the share price at the time of exercise exceeds the market price on the date of grant; executives receive nothing if the price of our stock does not rise above the exercise price.

Some key features of our CEO's fiscal 2013 compensation:

Our CEO's base salary in fiscal 2013 was unchanged from fiscal 2012.

Our CEO's total compensation disclosed in the Summary Compensation Table on page 35 declined 10% from fiscal 2012.

The allocation of our CEO's total compensation among compensation categories is in line with the fiscal 2013 average for our NEOs shown above.

38% of our CEO's total compensation for fiscal 2013 was performance-based.

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***Advisory Vote on Executive Compensation***

At the 2012 Annual Meeting of Stockholders, the Company's stockholders voted to approve a non-binding advisory resolution approving the compensation paid to our Named Executive Officers as disclosed in the proxy statement for the 2012 Annual Meeting of Stockholders. The vote was 74.70% in favor, 25.25% against (with 0.03% abstaining). Although a substantial majority of the stockholders approved our compensation practices, the 2012 vote represented a decline in support from 2011 (97.6% in favor). The Compensation Committee believes the decrease in the percentage of votes cast in favor of the Company's executive compensation was the result of a negative say-on-pay voting recommendation issued by a proxy advisory firm. The Company did not agree with the recommendation by that firm primarily because it was based on a comparison to a peer group that included companies that were not comparable to the Company. In response to the negative recommendation, the Company contacted its large institutional stockholders to discuss the Company's disagreement with the negative recommendation. The Company's discussions with those institutions indicated general support for the executive compensation program. In light of this feedback and the significant stockholder support of the executive compensation program, no substantive changes were made to the executive compensation program for fiscal 2013 as a result of the stockholder engagement process.

The Compensation Committee is firmly committed to providing its executives with compensation opportunities that are tied to Company performance and stockholder value creation. We encourage you to review the complete description of the Company's executive compensation program prior to casting your vote on this year's say-on-pay advisory vote proposal (Proposal No. 2).

***Named Executive Officers***

This Compensation Discussion and Analysis is intended to provide investors with a more complete understanding of our compensation policies and decisions during fiscal 2013 for the following persons who were Named Executive Officers during such fiscal year:

Steven R. Rowley President and Chief Executive Officer

D. Craig Kesler Executive Vice President Finance and Administration and Chief Financial Officer

Gerald J. Essl Executive Vice President Cement/Aggregates and Concrete

David B. Powers Executive Vice President Gypsum

James H. Graass Executive Vice President, General Counsel and Secretary

***Compensation Philosophy***

Our compensation philosophy is based on the principles that executive compensation should:

Align the interests of our executives with those of our stockholders,

Reflect the Company's performance as well as the executive's individual performance,

Motivate management to achieve the Company's operational and strategic goals,

Reward performance by both our executives and the Company relative to our peers' performance in light of business conditions, and

Be designed to attract, retain and motivate highly qualified and talented executives over time.

We believe that a significant portion of an executive's compensation should be at risk—that is, dependent upon our operational and financial performance and the individual's performance. The key features of our executive compensation program include the following:



(1) We seek to align the interests of executives with those of our stockholders by:

Creating a direct and substantial link between the executive's annual cash incentive bonus and our annual operating earnings,

Structuring long-term compensation as predominantly equity awards, so that executives have an appropriate incentive to contribute to the creation of long-term stockholder value, and

Requiring executives to meet stock ownership guidelines that will result in each executive holding a meaningful equity stake in the Company.

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(2) We seek to encourage improved performance by:

Basing our annual incentive bonus on both our earnings and individual performance, and

Tying the vesting of a substantial majority of our equity-based awards to the achievement of financial and/or operating goals. To achieve our compensation objectives for fiscal 2013, our executive compensation program used a combination of short-term and long-term elements: (1) annual salary, (2) annual incentive bonus, and (3) long-term incentive compensation in the form of stock options, restricted stock and cash. Each element of long-term and short-term compensation is discussed more fully below under the heading Elements of Executive Compensation.

No Employment Agreements; No Change-in-Control Agreements. We do not currently have employment agreements or change-in-control agreements with any Named Executive Officer; however, under the terms of our award agreements, unvested equity awards become fully vested and exercisable in the event of a change in control. See Change in Control Benefits below.

### ***Compensation Risk***

Although a significant portion of potential compensation to our executive officers is performance-based, we do not believe that our compensation policies, principles, objectives and practices are structured to promote inappropriate risk taking by our executives. We believe that the focus of our overall compensation program encourages management to take a balanced approach that focuses on increasing and sustaining our profitability. See Board Leadership Structure and Role in Risk Oversight Risk Assessment in Compensation Programs above.

### ***Role of the Compensation Committee and Management in Executive Compensation***

Our Compensation Committee has certain duties and responsibilities relating to the compensation of the CEO and the other senior executive officers. See Board Committees Compensation Committee above. The senior executive officers include all of the Named Executive Officers. In particular, the Compensation Committee is charged with the responsibility to:

Review and make recommendations regarding our general compensation philosophy and structure,

Annually review and approve corporate goals and objectives relevant to the compensation of our CEO,

Evaluate our CEO's performance in light of such goals and objectives,

Set the salary and other cash and equity compensation for our CEO based on such evaluation,

Review and approve the compensation of our other senior executive officers,

Administer each of our plans for which our Compensation Committee has administrative responsibility,

Grant cash awards (including annual incentive bonuses) under our annual bonus programs and equity awards (including options, restricted stock and restricted stock units) under our long-term Incentive Plan to our officers and other key employees,

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Review and recommend to the Board the compensation of our non-employee directors, and

Recommend to the Board stock ownership guidelines for our executive officers.

The Compensation Committee consists solely of directors who are independent under the NYSE listing standards (including the recently adopted amendments to those standards that enhanced the independence requirements for compensation committee members) and Section 162(m) of the Internal Revenue Code, and who are non-employee directors under Rule 16b-3 of the Exchange Act. The Compensation Committee is authorized to hire such outside advisors as it deems appropriate. The Compensation Committee's charter may be found in the Investor Relations/Corporate Governance section of our website [www.eaglematerials.com](http://www.eaglematerials.com).

The Compensation Committee sets compensation for the Named Executive Officers on an annual basis. In general, the process for setting compensation involves the following steps:

As early as practicable after the beginning of each fiscal year, the Compensation Committee determines (1) the salary of each Named Executive Officer for such fiscal year, (2) the overall size of the annual incentive bonus pools based on operating earnings in which the Named Executive Officers will have the opportunity to participate during such year and the percentage of the pool assigned to each Named Executive Officer, (3) whether the Compensation Committee will make any long-term incentive compensation awards in such fiscal year, (4) if the Compensation Committee decides to

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make long-term compensation awards for such fiscal year, the nature of and terms applicable to such awards, including the form any such awards will take (e.g., options, restricted stock, restricted stock units and/or cash), the individual long-term compensation potential for awards to be made to each Named Executive Officer, the performance- or time-vesting criteria (or both) that will apply to any such awards, and the exercisability or payment schedules that will apply to any such awards if the performance criteria are satisfied, and (5) the Eagle Materials Special Situation Program for such fiscal year and the overall funding levels for such program based on operating earnings. For fiscal 2013, the Compensation Committee made these determinations at six separate meetings held in April, May and June 2012.

After the end of the fiscal year, the Compensation Committee (1) reviews and approves the annual incentive bonus pools, (2) determines the extent to which the performance criteria for the prior fiscal year applicable to any long-term incentive awards were satisfied, (3) determines the amount of the downward adjustment, if any, to be made to the annual incentive bonus payment to each Named Executive Officer based on individual performance, and (4) if applicable, makes awards under the Eagle Materials Special Situation Program. The Compensation Committee made these determinations for fiscal 2013 at three separate meetings held in April and May 2013.

Our CEO, Mr. Rowley, participates to a certain extent in the administration of our compensation program for Named Executive Officers, other than himself. At the end of each fiscal year, Mr. Rowley provides input to the Compensation Committee on the performance of each of the other Named Executive Officers and recommends compensation adjustments (salary adjustments for the current fiscal year, any downward adjustments to annual incentive bonus levels for the recently completed fiscal year, and annual incentive bonus levels for the current fiscal year) and, if applicable, long-term incentive award levels for such Named Executive Officers. Mr. Rowley also provides input on the structure of our long-term incentive awards (if any) for such Named Executive Officers, including the long-term incentive award levels and the performance or other criteria that determine vesting and other terms and conditions applicable to the awards. The Compensation Committee considers Mr. Rowley's input, along with other information presented by its compensation consultants or otherwise available to it, in making its final compensation decisions with respect to the Named Executive Officers.

### ***Engagement of a Compensation Consultant***

After several years of utilizing Mercer Human Resources Consulting as its compensation adviser, the Committee determined in late 2011 to interview additional firms for consideration. Following this interview process, in early 2012, the Compensation Committee retained Longnecker & Associates ( L&A ), an independent compensation consulting firm based in Houston, Texas, to provide the Committee with a fresh perspective and to review levels and incentive components of our executives' compensation in an effort to align the compensation of our officers competitively with the market. The primary role of L&A was to provide the Compensation Committee with market data and information regarding compensation trends in our industry and to make recommendations regarding base salaries, the design of our incentive programs and executive compensation levels. Our management did not direct or oversee the retention or activities of L&A with respect to our executive compensation program. L&A also provided assistance in reviewing this Compensation Discussion & Analysis. The Compensation Committee has assessed the independence of L&A pursuant to SEC rules and concluded that no conflict of interest exists that would prevent L&A from independently representing the Compensation Committee.

### ***Benchmarking***

The data used by L&A in its survey of the compensation peer group, which we refer to as our benchmarking study, was weighted so that 50% was from published surveys from Towers Watson, ERI and Mercer, and 50% was from disclosure in compensation peer group proxy statements.

### **Compensation Peers**

At the beginning of fiscal 2013 (spring of 2012) L&A identified multiple compensation peer candidates based on (1) prior peer groups used by the Company, (2) companies of similar size within industries related to the Company's industry, and (3) other similar companies in the construction materials and related industries. L&A then analyzed each company based on revenue, assets, net income, market capitalization, enterprise value, and a Peer 360 analysis. Based on this analysis, L&A recommended a compensation peer group to the Compensation Committee.

Based on L&A's recommendation, the Compensation Committee utilized the following 17-company peer group in analyzing fiscal 2013 compensation ( compensation peer group ):



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<b>Company Name</b>	<b>Ticker</b>	<b>Business Description</b>
Armstrong Worldwide Industries, Inc.	AWI	Designs, manufactures and sells flooring products and ceiling systems.
EnPro Industries, Inc.	NPO	Designs, develops, manufactures and markets engineered industrial products.
Globe Specialty Metals, Inc.	GSM	Produces and sells silicon metal and silicon-based alloys.
Granite Construction Incorporated	GVA	Heavy civil contractor and a construction materials producer for public and private sector clients.
Headwaters Inc.	HW	Provides products, technologies and services for the building products, construction material and energy industries primarily.
Intrepid Potash, Inc.	IPI	Produces and markets chemicals, including potassium chloride and sulfate of potash magnesia.
Louisiana-Pacific Corp.	LPX	Manufactures and distributes building products for new home construction, repair and remodeling, manufactured housing, and light industrial and commercial construction.
Martin Marietta Materials Inc.*	MLM	Produces and sells aggregates for the construction industry.
Neenah Paper, Inc.	NP	Produces and sells technical products and fine papers worldwide.
Packaging Corp. of America	PKG	Produces and sells containerboard and corrugated products.
Quaker Chemical Corporation	KWR	Develops, produces and markets various formulated chemical specialty products for heavy industrial and manufacturing applications worldwide.
Texas Industries Inc.*	TXI	Manufactures and sells heavy construction materials, including cement, aggregates and consumer product building materials.
United States Lime & Minerals, Inc.	USLM	Manufactures and sells lime and limestone products.
Universal Forest Products Inc.	UPPI	Engineers, manufactures, treats, distributes and installs lumber, composite wood, plastic and other building products for the do-it-yourself/retail, site-built construction, manufactured housing and industrial markets.
US Concrete Inc.	USCR	Produces and sells ready-mix concrete, precast concrete products and concrete-related products for use in commercial, residential and public works construction products.
USG Corporation*	USG	Manufactures and distributes gypsum wallboard and a wide range of related building materials.
Vulcan Materials Company*	VMC	Produces and sells construction aggregates: primarily crushed stone, sand and gravel.

\* Direct peer.

L&A delivered its peer analysis report to the Compensation Committee in March 2012, utilizing trailing 12 months financials for revenue, latest quarter valuation for assets, net income as of December 31, 2011, and market capitalization and enterprise value as of March 15, 2012. The Company's ranking in each of the categories utilized by L&A was as follows: revenue (1<sup>st</sup> percentile); assets (45<sup>th</sup> percentile); net income (41<sup>st</sup> percentile); market value (65<sup>th</sup> percentile); and enterprise value (69<sup>th</sup> percentile). The Company's ranking against the compensation peers in total stockholder return was as follows: 1 year (82<sup>nd</sup> percentile); 3 year (32<sup>nd</sup> percentile); and 5 year (59<sup>th</sup> percentile).

This peer group includes four domestic public company competitors, which we refer to as our direct peers. Included in the direct peer group are companies from each of our operating segments (wallboard, cement, concrete and aggregates), but none of the companies operates in all of our segments. The other companies listed above are referred to as our supplemental peers and include companies in related industries. We refer to our direct peers and our supplemental peers together as our compensation peers.

We are aware that institutional shareholder advisors, such as Institutional Shareholder Services, Glass Lewis and others, utilize methodologies to determine peer groups that may differ from our process. We believe that the methodologies they use may result in a peer group that does not provide a close fit for Eagle. For example, if the institutional shareholder advisor relies upon GICS codes to identify potential peers, the resulting peer group would include many companies whose operations are dissimilar to ours. Additionally, if the institutional shareholder advisor constructs a peer group based solely on revenues, the resulting peer group can create a poor fit for two reasons. First, because of accounting rules we are unable to include our 50/50 Texas Lehigh Joint venture's revenues in our revenue line item we instead account for that entity in a separate line item valuing the equity interest in an unconsolidated joint venture. Our revenue is, in effect, understated. Second, in our industry, with large

up-front capital projects, we believe that cash flow and earnings are more important than revenues when assembling peers. For these reasons and in light of the peer analysis described above, we believe that the compensation peer group identified by our Compensation Committee for fiscal 2013 provide a more appropriate and meaningful basis for assessing our executive compensation.

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### **Performance Peers**

Because Eagle Materials operates in the highly cyclical construction products industry, the Compensation Committee believes that our performance relative to our industry peers is a critical consideration when evaluating management performance. Such peer comparisons help to distinguish the effects of management performance from the more general effects of business cycle trends, thereby providing important information bearing on management rewards. This peer group, which we refer to as our industry peers was constructed by L&A with input from management and is comprised of the direct peers noted above, plus the following international industry participants: Titan Cement Co. S.A., CRH, Buzzi Unicem S.p.A., Holcim Ltd., HeidelbergCement AG, Lafarge S.A., Cementos Bio-Bio S.A., Cementos Portland Valderrivas, Cemex S.A.B. de C.V., Italcementi S.p.A., Cementos Argos S.A., and Headwaters Incorporated. In June 2012, L&A presented the Compensation Committee with the Company's performance results against this industry peer group as part of its compensation decision-making. The Compensation Committee reviewed the Company's performance in the following 16 categories, in each case against the direct peers and against the entire industry peer group (all measures were trailing 12 months as of June 1, 2012, except for average return on total capital, which was based on the periods ending on March 31, 2012, our fiscal year-end):

Net income growth (five- and three-year)

Revenue growth (five- and three-year)

Average return on total capital (ten-, five- and three-year)

Return on equity (five- and three-year)

Return on assets (five- and three-year)

Earnings per share

Total stockholder return (ten-, five-, three- and one-year)

Against direct peers, the Company's performance was at the 100<sup>th</sup> percentile in nine of the 16 categories, including every measure of total stockholder return and average return on total capital, and below the median in only one category. Against the entire industry peer group, the Company's performance was at the 100<sup>th</sup> percentile in two of the 16 categories and above the median in all but four categories.

The Compensation Committee used the survey of the compensation peer group prepared by L&A, which we refer to as our benchmarking study, and the performance comparisons to the industry peers prepared by L&A, which we refer to as our industry performance study, to guide it in establishing the main components of Named Executive Officer compensation: salaries, annual incentive bonus opportunity and long-term compensation awards.

### ***Elements of Executive Compensation***

In addition to the health benefit plans and programs generally available to all employees, our executive compensation program includes the following elements:

Base salary



Annual incentive bonus

Long-term incentive compensation

Salary continuation plan

**Base Salary**

Salaries of the Named Executive Officers are reviewed annually as well as at the time of a promotion or significant change in responsibilities. As described above, the Compensation Committee engaged L&A to conduct the benchmarking study at the beginning of fiscal 2013. The Named Executive Officer base salaries for fiscal 2012 (which was the data reviewed in the L&A benchmarking study) were on average between the median and the 75<sup>th</sup> percentile of the salary levels for the equivalent positions at the companies reviewed in the compensation peer group in the benchmarking study. For fiscal 2013, consistent with the salary freeze in place at the operating level of the Company, the Committee froze Named Executive Officer base salaries, with the exception of Mr. Kesler, whose base salary was increased approximately 9% in light of his job performance and the fact that his base salary was well below the median for the equivalent position at companies reviewed in the benchmarking study. Considerations that may influence the salary level for a Named Executive Officer include individual performance, the Named Executive Officer's skills or experience, our operating performance and the nature and responsibilities of the position.

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### **Annual Incentive Bonus**

The Compensation Committee is responsible for approving the annual incentive bonus for our CEO and the other Named Executive Officers. Annual incentive bonuses paid to our Named Executive Officers for fiscal 2013 were made under (1) the Eagle Materials Inc. Salaried Incentive Compensation Program for Fiscal Year 2013, which we refer to as the Eagle Annual Incentive Program, (2) annual incentive compensation programs for fiscal 2013 established for particular operating divisions of the Company, which we refer to as Divisional Annual Incentive Bonus Programs, and (3) the Eagle Materials Inc. Special Situation Program for Fiscal Year 2013, which we refer to as the SSP. In general, the Named Executive Officers whose responsibilities extend to the Company as a whole (Messrs. Rowley, Kesler and Graass) participate in the Eagle Annual Incentive Program, and the Named Executive Officers whose responsibilities relate primarily to a particular operating division (Messrs. Essl and Powers) participate in relevant Divisional Annual Incentive Bonus Programs. All of our Named Executive Officers are eligible to participate in the SSP. These programs were structured to create financial incentives and rewards that are directly related to corporate performance and the participating Named Executive Officer's individual performance during the fiscal year.

The Compensation Committee believes these programs are consistent with our compensation philosophy in that they place a significant portion of the executive's compensation at risk. Generally, under these programs, a significant portion of the executive's total compensation is dependent upon the performance of the Company (or our operating divisions) as well as the individual's performance. The Company's annual incentive bonus programs also reflect the Committee's philosophy of aligning the interests of our executives with those of the shareholders. These programs create this alignment by providing that an officer's annual bonus potential varies directly with our operating earnings, as adjusted (in the case of the Eagle Annual Incentive Plan) or the operating earnings of a division (in the case of a Divisional Annual Incentive Bonus Program). Although individual performance and achievement of goals (as discussed in more detail below under Annual Performance Evaluation) affect the actual incentive bonus amount, our programs are structured in such a way that the executive officer's incentive bonus potential can vary considerably as operating earnings change from year to year. For example, the maximum annual bonus potential (as calculated in the manner described below after the end of the fiscal year) for Mr. Rowley (a participant in the Eagle Annual Incentive Program) in fiscal 2013 was 52% lower than in fiscal 2007 (record earnings year), as a result of lower operating earnings and a corresponding reduction in the size of the Eagle Annual Incentive Program pool. Similarly, the maximum bonus potential (as calculated in the manner described below after the end of the fiscal year) for Messrs. Essl and Powers (participants in our Divisional Incentive Programs) in fiscal 2013 was 52% and 69%, respectively, lower than in fiscal 2007, as a result of lower comparative divisional earnings.

At the beginning of fiscal 2013, L&A compared each Named Executive Officer's actual total cash payments from fiscal 2012 (comprised of base salary plus actual annual incentive program payments) against (i) the targeted total cash (base salary plus targeted annual incentive payments) paid to the equivalent positions at the companies reviewed in the compensation peer group, and (ii) the actual total cash paid to the equivalent positions at the companies reviewed in the compensation peer group. The Named Executive Officers' actual total cash payments from fiscal 2012 were on average slightly below the median of the targeted total cash of the compensation peer group, and were on average slightly above the median of the actual total cash paid by the compensation peer group. These comparisons indicate that although the Company's base salaries are between the median and the 75<sup>th</sup> percentile, the total cash received by NEOs is approximately at the median of the compensation peer group. In addition, L&A presented comparative data on annual bonus payouts for each executive position in the compensation peer group.

#### **Eagle Annual Incentive Program**

For fiscal 2013, Messrs. Rowley, Kesler and Graass were participants in the Eagle Annual Incentive Program. Under this program, during the first quarter of each fiscal year, a percentage of our operating earnings is designated by the Compensation Committee as a pool for bonuses, and each participating Named Executive Officer is assigned a share of such pool, representing the executive's maximum bonus opportunity. At the end of the fiscal year, the size of the pool is determined, based on the amount of operating earnings generated during such fiscal year (as adjusted), and annual incentive bonuses are paid to each participating executive in the form of a lump sum cash payment reflecting his share of the pool, subject to the exercise of negative discretion by the Compensation Committee to reduce (but not increase) the amount of the cash payment based on the executive's individual performance during the fiscal year. The amount of the annual incentive bonus paid to an executive is based on the level of our adjusted operating earnings, the share of the pool designated for such executive, and an assessment of such executive's individual performance.

In the first quarter of fiscal 2013, the Compensation Committee approved the designation of 1.2% of annual operating earnings (before corporate general and administrative expenses) for annual incentive bonuses for all executives participating in the Eagle Annual Incentive Program, including the Named Executive Officers. The Committee believes that operating earnings (before corporate general and administrative expenses) is an appropriate measurement for annual incentive bonuses because this measure is tied more closely to operations and does not take into account certain items of non-operating income and expense. The bonus pool is not subject to a separate cap or maximum, but is merely a function of multiplying the pre-determined percentage by our operating earnings for the applicable fiscal year. At the end of fiscal 2013, the Compensation Committee determined that the aggregate amount



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available for the Eagle Annual Incentive Program for fiscal 2013 was \$1,795,327, reflecting the operating earnings (before corporate general and administrative expenses) of the operations that were part of our business at the time of the program's approval, as adjusted for certain non-recurring items which the Committee believes are not reflective of operating performance. This pool amount was not quantifiable until the end of fiscal 2013 and includes amounts available for payment to officers and employees other than the Named Executive Officers. For comparison purposes, the aggregate pool available for payment under such program for fiscal 2012 was \$835,324, and in fiscal 2007 (record earnings year) the available pool was \$3,716,614. In deciding to keep the percentage of operating earnings which would fund the pool for the Eagle Annual Incentive Program the same as used in prior years (including the record earnings year of fiscal 2007), the Compensation Committee considered several factors, including our compensation philosophy that a significant portion of the executive's compensation should be at risk and subject to the Company's success (level of operating earnings).

In May 2012, the Compensation Committee set the annual incentive bonus potential for the participants in the Eagle Annual Incentive Program. In allocating the pool, the Compensation Committee did not rely on mathematical formulas or apply any specific quantitative performance measures. Rather, the Compensation Committee's determination was based on the amount of annual incentive bonus compensation payable to executives in other companies who fulfill similar roles as illustrated in the benchmarking study prepared by L&A and the share of the pool historically allocated to officers in such roles by the Company, Mr. Rowley's recommendation for each participant (other than himself), as well as the Compensation Committee's assessment of the executive's importance and contribution to the organization, the executive's importance in driving the achievement of Company goals and profitability, and the executive's level of responsibility. The Compensation Committee set the bonus potential for the Named Executive Officers as follows:

Mr. Rowley's annual incentive bonus potential was set at 40% of the bonus pool.

Mr. Kesler's annual incentive bonus potential was set at 16% of the bonus pool.

Mr. Graass's annual incentive bonus potential was set at 16% of the bonus pool.

**Divisional Annual Incentive Bonus Programs**

During fiscal 2013, each of Messrs. Essl and Powers participated in a Divisional Annual Incentive Bonus Program. Under these programs, a percentage of a division's operating earnings is allocated to the bonus pool and each participating employee is assigned a share of the pool, representing the employee's maximum bonus opportunity. At the end of the fiscal year, the size of the pool is determined and annual bonuses are paid to participating employees in the form of a lump sum cash payment in accordance with their shares of the pool, subject to the exercise of negative discretion by our CEO (or, in the case of bonuses paid to Named Executive Officers, the Compensation Committee) based on the employee's individual performance during the fiscal year.

Because of his responsibilities for our Cement and Concrete and Aggregates operations, Mr. Essl participated in both the Eagle Materials Inc. Cement Companies Salaried Incentive Compensation Program for Fiscal Year 2013 and the Eagle Materials Inc. Concrete and Aggregates Companies Incentive Compensation Program for Fiscal Year 2013. Under these plans, the bonus pools equaled 2.25% of each of our concrete and aggregates subsidiaries' operating earnings for fiscal 2013 and 2.25% of each of our cement subsidiaries' operating earnings for fiscal 2013 (or, in the case of our 50% owned cement joint venture, 2.25% of our portion of that entity's operating earnings for fiscal 2013), which in each case is also the same percentage the Compensation Committee has set for several years. In deciding to keep the percentage of operating earnings which would fund these bonus pools the same as the prior year, the Compensation Committee considered several factors, including our compensation philosophy that a significant portion of the executive's compensation should be at risk and subject to the Company's success (level of earnings).

For fiscal 2013, Mr. Powers participated in the Eagle Materials Inc. American Gypsum Company Salaried Incentive Compensation Program for Fiscal Year 2013. Under this plan, the bonus pool equaled 2.25% of American Gypsum's operating earnings for fiscal 2013, which is the same percentage the Compensation Committee has set for several years. In deciding to keep the percentage of operating earnings which would fund these bonus pools the same as the prior year, the Compensation Committee considered several factors, including our compensation philosophy that a significant portion of the executive's compensation should be at risk and subject to the Company's success (level of earnings).

The divisional bonus pools are not subject to a separate cap or maximum, but are merely a function of multiplying the pre-determined percentage by the applicable operating earnings for the applicable fiscal year. The aggregate amounts available for these programs for fiscal 2013 were as follows: \$560,595 (Cement); \$0 (Concrete and Aggregates); and \$1,569,606 (American Gypsum); which in each case was not

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quantifiable until the end of fiscal 2013 and includes amounts available for payment to officers and employees other than the Named Executive Officers. For comparison purposes, the equivalent amounts in fiscal 2012 were \$420,105 (Cement); \$1,473 (Concrete and Aggregates); and \$136,503 (American Gypsum); and in fiscal 2007 (record earnings year) the available pools were \$1,347,374 (Cement); \$385,390 (Concrete and Aggregates); and \$4,581,079 (American Gypsum).

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In May 2012, the Compensation Committee set the annual incentive bonus potential for Messrs. Essl and Powers under these Divisional Annual Incentive Bonus Programs. In determining their respective allocation of the pools, the Compensation Committee did not rely on mathematical formulas or apply any specific quantitative performance measures. Rather, the Compensation Committee's determination took into consideration Mr. Rowley's recommendation, the amount of annual incentive bonus compensation payable to executives in other companies who fulfill similar roles as illustrated in the benchmarking study prepared by L&A, the portion of the pools historically allocated to their respective positions and the Compensation Committee's assessment of their importance and contribution to their respective divisions' performance, their importance as an officer within their respective divisions in driving the achievement of divisional goals and profitability and their respective levels of responsibility. The Compensation Committee set Mr. Essl's annual incentive bonus potential at 20% of his divisional bonus pools, plus an amount equal to 20% of 2.25% of our half of Texas Lehigh's fiscal 2013 operating earnings, and the Compensation Committee set Mr. Powers's incentive bonus potential at 20% of his divisional bonus pool.

**Fiscal 2013 Special Situation Program**

In the first quarter of fiscal 2013 (May 2012), the Compensation Committee approved the SSP, which is a special annual incentive program intended to recognize outstanding individual performance during the fiscal year. The SSP also provides flexibility to reward performance when special circumstances arise in which our CEO determines that an individual has performed well but not been adequately compensated pursuant to other components of compensation, including without limitation instances where an individual's compensation has been adversely affected by market conditions such as a cyclical downturn or in recognition of transactions and events not contemplated at the time the Compensation Committee set compensation for the applicable year; provided, that awards to executive officers require Compensation Committee approval. Awards under the SSP are not predetermined for any individuals at the beginning of the fiscal year. All full-time employees of Eagle Materials Inc. or any of our subsidiaries are eligible to receive awards under this program. At the beginning of fiscal 2013, the Compensation Committee determined that 0.35% of our operating earnings (before corporate general and administrative expenses) for the ensuing fiscal year would fund the SSP, along with the portions of Eagle and subsidiary incentive compensation plans and subsidiary long-term cash compensation plans not paid out. In deciding to keep the percentage of operating earnings which would fund the SSP the same as the prior year, the Compensation Committee considered several factors, including the anticipated operating earnings for fiscal 2013.

**Approving the Annual Incentive Bonus**

In May 2013, the Compensation Committee approved the incentive bonus pools for fiscal 2013 for the Company and each Divisional Annual Incentive Bonus Program. In addition, at the end of fiscal 2013, Mr. Rowley provided performance evaluations of each Named Executive Officer (other than himself) to the Compensation Committee, which evaluations included an assessment (both subjective and objective) of the achievement of their individual goals and objectives, along with his recommendation for the annual incentive bonus for each such Named Executive Officer. With respect to Mr. Rowley himself, the Compensation Committee, with input from the entire Board, performed its own evaluation of his performance and the extent to which the goals and objectives established for him for fiscal 2013 had been achieved.

***Mr. Rowley***

Mr. Rowley's goals and objectives for fiscal 2013 (none of which were quantitative) related to: operational execution; financial execution; maintaining effective communication with our Board; maintaining alignment between the Company's stockholders and employees; maintaining the Company's ability to execute its operating strategy; executing the Company's investor relations strategy, including maintaining an appropriate level of communication with investors; and continuing development of the Company's long-term business strategy. At the end of fiscal 2013, the Compensation Committee conducted its performance evaluation of Mr. Rowley after receiving input from the entire Board. Mr. Rowley also provided input on his achievement of his goals and objectives for fiscal 2013 under the Eagle Annual Incentive Program. Based on this evaluation, the Compensation Committee believes Mr. Rowley performed at a high level during fiscal 2013 and met or exceeded his goals and objectives. That evaluation resulted in Mr. Rowley receiving 100% of his bonus potential for fiscal 2013. The Compensation Committee approved an annual incentive bonus for Mr. Rowley under the Eagle Annual Incentive Program of \$718,131, which is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table located on page 35 of this proxy statement. In making this determination, the Compensation Committee did not apply specific quantitative performance measures or assign a specific weight to any of the above goals. Rather, the Compensation Committee used its judgment to determine the appropriate award level after consideration of Mr. Rowley's performance in the following areas (among others) over the past fiscal year:

Mr. Rowley's leadership in pursuing strategic growth opportunities, including the acquisition of assets from Lafarge North America and the development of the Company's emerging frac sand business;

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Mr. Rowley's leadership in the successful execution of the financing of our strategic growth opportunities;

Mr. Rowley's success in driving management's continuing focus on maintaining a healthy balance sheet and continued prudent use of debt;

Mr. Rowley's leadership in maintaining the Company's focus on continual operating improvements which drove additional operating profitability; and

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Mr. Rowley's leadership based on a detailed knowledge of all aspects of the business, and demonstration of a hands-on leadership style on the most important matters requiring his attention, balanced with appropriate delegation of responsibilities in Eagle's decentralized organization.

In addition, the Compensation Committee approved a cash award under the SSP to Mr. Rowley in the amount of \$281,869. In making this discretionary award to Mr. Rowley, the Compensation Committee did not apply any specific quantitative performance measures. The Compensation Committee's determination took into consideration Mr. Rowley's significant work and leadership on the successful acquisition of assets from Lafarge North America and the related public equity offering, and his oversight of our entry into the frac sand business. The SSP cash award to Mr. Rowley is reflected in the Bonus column of the Summary Compensation Table located on page 35 of this proxy statement. Mr. Rowley did not receive an SSP award during the other years disclosed in the Summary Compensation Table.

*Mr. Kesler*

Early in fiscal 2013, the Compensation Committee established goals and objectives for Mr. Kesler for fiscal 2013 (none of which were quantitative). At the end of fiscal 2013, Mr. Rowley reviewed Mr. Kesler's performance, finding that Mr. Kesler had achieved his goals during the fiscal year. Based in part on this review, the Compensation Committee determined that Mr. Kesler had met his goals and awarded Mr. Kesler 100% of his incentive bonus potential, approving an annual incentive bonus for Mr. Kesler under the Eagle Annual Incentive Program of \$287,252, which is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table located on page 35 of this proxy statement. In making this determination, the Compensation Committee did not rely on mathematical formulas or assign any specific weights to his goals and objectives. The Committee used its judgment to determine the appropriate award level after taking into consideration Mr. Rowley's input regarding Mr. Kesler's performance and his achievement of the following factors related to his goals and objectives: Mr. Kesler's timely and effective completion and communication of required financial planning and analysis; his participation in execution of strategic growth of the Company, including the acquisition of assets from Lafarge North America; his assistance in continuing to develop the Company's investor relations strategy and participation in industry-related investor conferences; his role in managing the Company's SEC filings and communications; his oversight of the Company's IT department; and his leadership in continuing to analyze the Company's capital structure.

In addition, the Compensation Committee approved a cash award under the SSP to Mr. Kesler in the amount of \$50,000. In making this discretionary award to Mr. Kesler, the Compensation Committee did not apply any specific quantitative performance measures. The Compensation Committee's determination took into consideration the recommendation of Mr. Rowley and Mr. Kesler's significant work on the successful acquisition of assets from Lafarge North America, including the successful completion of the public equity offering, the successful modification of the Company's revolving line of credit and senior unsecured notes, and the integration/transition of the financial systems to Eagle's financial reporting system. The SSP cash award to Mr. Kesler is reflected in the Bonus column of the Summary Compensation Table located on page 35 of this proxy statement. Mr. Kesler did not receive an SSP award during the other years disclosed in the Summary Compensation Table.

*Mr. Essl*

Early in fiscal 2013, the Compensation Committee established goals and objectives for Mr. Essl for fiscal 2013, 50% of which were non-quantitative goals and 50% were discretionary. At the end of fiscal 2013, Mr. Rowley reviewed Mr. Essl's performance. Based in part on this review, the Compensation Committee awarded Mr. Essl 100% of his incentive bonus potential and approved an annual incentive bonus for Mr. Essl under the Eagle Materials Inc. Cement Companies Salaried Incentive Compensation Program for Fiscal Year 2013 and the Eagle Materials Inc. Concrete and Aggregate Companies Incentive Compensation Program for Fiscal Year 2013 of \$258,402, which is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table located on page 35 of this proxy statement. In making this determination, the Compensation Committee did not rely on mathematical formulas or assign any specific weights to his goals and objectives. The Committee used its judgment to determine the appropriate award level after taking into consideration Mr. Rowley's input regarding Mr. Essl's performance and his achievement of the following factors related to his goals and objectives: Mr. Essl's success in transitioning a management team from Mountain Cement to the newly acquired Lafarge assets and bringing in a replacement team at Mountain Cement; his success with monitoring safety programs; driving the execution of the Company's strategic frac sand initiative; maintaining the emphasis on low-cost production at all cement, concrete and aggregates companies; and his effective involvement with various marketing and sales efforts.

In addition, the Compensation Committee approved a cash award under the SSP to Mr. Essl in the amount of \$100,000. In making this discretionary award to Mr. Essl, the Compensation Committee did not apply any specific quantitative performance measures. The Compensation Committee's determination took into consideration the recommendation of Mr. Rowley and Mr. Essl's significant work on the successful acquisition of assets from Lafarge North America (including his work in analyzing the target operations and their integration into the Eagle system) and his execution of our entry into the frac sand business. The SSP cash award to Mr. Essl is reflected in the Bonus column of the Summary Compensation Table located on page 35 of this proxy statement. Mr. Essl did not receive an SSP award during the other years



disclosed in the Summary Compensation Table.

**Table of Contents***Mr. Powers*

Early in fiscal 2013, the Compensation Committee established goals and objectives for Mr. Powers for fiscal 2013, 40% of which were based on quantitative goals, 10% on other non-quantitative goals and 50% were discretionary. At the end of fiscal 2013, Mr. Rowley reviewed Mr. Powers' performance. Based in part on this review, the Compensation Committee awarded Mr. Powers 100% of his incentive bonus potential and approved an annual incentive bonus for Mr. Powers under the American Gypsum Salaried Incentive Compensation Program for Fiscal Year 2013 of \$313,921, which is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table located on page 35 of this proxy statement. In making this determination with regard to the non-quantitative portion of the goals, the Compensation Committee did not rely on mathematical formulas or assign any specific weights to his goals and objectives. The Committee used its judgment to determine the appropriate award level after taking into consideration Mr. Rowley's input regarding Mr. Powers' performance and his achievement of the following factors related to his goals and objectives: his achievement of targets related to safety, mill net, waste, total plant costs, operating profit and product sales; his execution of American Gypsum's long-term strategy; his successful sales and marketing efforts with customers; his participation in various industry and energy efficiency groups.

*Mr. Graass*

Early in fiscal 2013, the Compensation Committee established goals and objectives for Mr. Graass for fiscal 2013 (none of which were quantitative). At the end of fiscal 2013, Mr. Rowley reviewed Mr. Graass' performance, finding that Mr. Graass had achieved his goals during the fiscal year. Based in part on this review, the Compensation Committee determined that Mr. Graass had met his goals and awarded Mr. Graass 100% of his incentive bonus potential, approving an annual incentive bonus for Mr. Graass under the Eagle Annual Incentive Program of \$287,252, which is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table located on page 35 of this proxy statement. In making this determination, the Compensation Committee did not rely on mathematical formulas or assign any specific weights to his goals and objectives. The Committee used its judgment to determine the appropriate award level after taking into consideration Mr. Rowley's input regarding Mr. Graass' performance and his achievement of the following factors related to his goals and objectives: his assistance in advancing certain strategic matters; oversight of all SEC filings; assistance of the Board in monitoring corporate governance issues; his management of our material contract policy; and his assistance in contract negotiations and litigation management for our subsidiaries.

In addition, the Compensation Committee approved a cash award under the SSP to Mr. Graass in the amount of \$50,000. In making this discretionary award to Mr. Graass, the Compensation Committee did not apply any specific quantitative performance measures. The Compensation Committee's determination took into consideration the recommendation of Mr. Rowley and Mr. Graass' significant work on the successful acquisition of assets from Lafarge North America, including the work on the negotiation of the asset purchase agreement, the successful equity offering and the closing of the acquisition. The SSP cash award to Mr. Graass is reflected in the Bonus column of the Summary Compensation Table located on page 35 of this proxy statement. Mr. Graass did not receive an SSP award during the other years disclosed in the Summary Compensation Table.

**Long-Term Incentive Compensation**

Consistent with the Compensation Committee's philosophy of linking compensation to our performance, a significant portion of our long-term incentive compensation program has been structured to link the vesting of equity awards to the achievement by the Company of specific performance levels. To enhance retention of key employees, once earned, the performance awards also contain a further time-vesting component. Also, a portion of our long-term compensation program has been structured as purely time-vesting, which the Compensation Committee believes, based on the input of L&A, is more in-line with the practice of our peers.

**Burn Rate**

Our three-year average burn rate (a measure of historical dilution) is below our industry norms. The Company's three-year average burn rate (which is based on the number of awards granted or, in the case of performance awards, awards earned in each fiscal year, divided by the weighted-average common shares outstanding for such fiscal year) is 2.33%. The 2013 cap for our industry published by ISS is 3.08%.

**Grant Practice**

All of the Named Executive Officers participate in our long-term incentive compensation program. In fiscal 2013, the Compensation Committee approved equity grants and cash awards as described below. The date on which an equity award is granted is the date specified in the resolutions of the Compensation Committee authorizing the grant. The grant date must fall on or after the date on which the resolutions are adopted by the Committee. As provided in the Incentive Plan, for stock options, the exercise price is the closing price of our Common Stock on the grant date,

as reported by the NYSE.

In addition, the Compensation Committee, as provided in our Incentive Plan, has delegated to the Special Situation Stock Option Committee (whose sole member is our CEO) the authority to grant stock options to newly-hired employees and newly-promoted employees, under terms set by the Compensation Committee. This authority, which expires on May 31, 2014, is limited to an aggregate of 60,000 option shares; no one individual may receive more than 15,000 option shares in a given year; and Section 16 reporting persons may not receive awards pursuant to this authority. Stock options granted under this delegation of authority vest 20% per year commencing on the first anniversary of the grant date. During fiscal 2013, 36,000 stock options were granted to employees under this authority.

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### **Fiscal 2013 Grants**

In June 2012, the Compensation Committee made annual long-term incentive equity grants and cash award grants under our long-term Incentive Plan. As part of the benchmarking study delivered to the Compensation Committee in April 2012, L&A had provided information regarding long-term compensation paid to the compensation peer group. In June 2012, L&A provided the Compensation Committee with a comparison of proposed fiscal 2013 long-term incentive values against the compensation peer group values from the benchmarking study. On average, the Named Executive Officer long-term incentive compensation was between the median and the 75<sup>th</sup> percentile of the compensation peer group. In determining the value of the equity to be granted, the Compensation Committee took into consideration the Company's strong performance relative to its industry peers as demonstrated in the L&A industry performance study (see *Benchmarking Performance Peers* above), the L&A benchmarking study, the fact that a significant portion of the long-term incentive compensation was to have performance-based vesting and not time-based vesting, Mr. Rowley's input (on all individuals other than himself), the Compensation Committee's assessment of the executive's importance and contribution to the organization, and the executive's level of responsibility.

The value granted was allocated 20% to performance-vesting restricted stock (Company financial metric), 20% to performance-vesting cash awards (Company financial metric as well as individual performance metrics), and 60% to time-vesting stock options. The Committee views time-vesting stock options as pay-for-performance because they are of value only if and to the extent that the share price at the time of exercise exceeds the price on the date of grant. Time-vesting awards further enhance retention of key employees. The Committee believes that the structure of the fiscal 2013 long-term compensation program is consistent with the Compensation Committee's philosophy of linking compensation to our performance.

### ***Restricted Stock Grant***

On June 19, 2012, the Compensation Committee approved restricted stock awards under the long-term Incentive Plan to a group of its key employees, including its Named Executive Officers. The awards are comprised of shares of restricted stock which vest based upon the achievement by the Company of an average return on equity for the ten years ended March 31, 2013 of at least 15%, and, if earned, become fully vested one-fifth upon the first anniversary of the date of grant and one-fifth on March 31 for each of the following four years (in each case assuming continued service through such dates). The terms and conditions of the restricted stock are substantially the same as the restricted stock grants made in fiscal 2012, except that the performance criterion is as described above and vesting of earned shares will occur ratably as described above. Any shares of restricted stock that were not earned at the end of fiscal 2013 were to be forfeited. As in the case of prior equity awards, the restricted stock will also vest upon a change in control of the Company. See *Change in Control Benefits* below.

The number of shares of restricted stock granted was determined by reference to the market price of our Common Stock on the date of grant. The following table shows the restricted stock granted to each of the Company's Named Executive Officers on June 19, 2012:

<b>Name</b>	<b>Shares of Restricted Stock</b>
Steven R. Rowley	15,435
D. Craig Kesler	4,119
Gerald J. Essl	4,453
David B. Powers	4,453
James H. Graass	4,119

In May 2013, the Compensation Committee certified that 100% of the restricted stock was earned, based on the Company's 16.6% average return on equity for the ten years ended March 31, 2013. One-fifth of the shares vested on the first anniversary of the date of grant, and the remaining four-fifths will vest ratably on March 31 of 2014, 2015, 2016 and 2017.

### ***Cash Awards***

On June 19, 2012, the Compensation Committee approved the Eagle Materials Inc. Long-Term Cash Compensation Program for Fiscal 2013. Participants in the program were a group of the Company's key employees, including its Named Executive Officers. The awards are comprised of cash which vests based upon the achievement by the Company of earnings before interest and taxes for the fiscal year ended March 31, 2013 of over \$40 million. If the Company performance vesting criterion is satisfied, then the Compensation Committee may exercise negative discretion with regard to the cash award based on the employee's achievement of individual goals established by the Compensation Committee. Following any such exercise of negative discretion, the cash awards become fully vested one-fifth upon the vesting determination date and one-fifth on March 31 for each of the following four years (in each case assuming continued service through such dates). Any cash awards not

earned at the end of fiscal 2013 were to be forfeited. As in the case of prior equity awards, the cash program provides that the awards will vest upon a change in control of the Company. See "Change in Control Benefits" below.

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The following table shows the potential cash award granted to each of the Company's Named Executive Officers on June 19, 2012:

<b>Name</b>	<b>Cash Award</b>
Steven R. Rowley	\$ 520,000
D. Craig Kesler	138,750
Gerald J. Essl	150,000
David B. Powers	150,000
James H. Graass	138,750

In May 2013, the Compensation Committee certified that the Company's earnings before interest and taxes for the fiscal year ended March 31, 2013 satisfied the Company performance goal. The Committee then had the opportunity to exercise negative discretion based on a grantee's achievement of individual non-quantitative goals that had been previously established by the Committee. No such negative discretion was exercised by the Committee with respect to the Named Executive Officers, who earned the following cash award amounts:

Mr. Rowley \$520,000; Mr. Kesler \$138,750; Mr. Essl \$150,000; Mr. Powers \$150,000; and Mr. Graass \$138,750. One-fifth of the earned cash award was paid upon the vesting determination date, and the remaining four-fifths will be paid ratably on March 31 of 2014, 2015, 2016 and 2017.

*Stock Option Grant*

Also on June 19, 2012, the Compensation Committee approved stock option awards under the long-term Incentive Plan to a group of its key employees, including its Named Executive Officers. The awards are comprised of stock options which vest ratably over three years on June 19, 2013; June 19, 2014; and June 19, 2015 (in each case assuming continued service through such dates). The Compensation Committee believes that the percentage of total long-term compensation represented by these options (60%) is consistent with competitive pay practices, preserves the Company's compensation philosophy that a significant portion of an executive's pay should be at risk, while at the same time creating a strong incentive for management to grow the Company.

The terms and conditions of the stock options are substantially the same as the stock option grants in fiscal 2012. As in the case of prior equity awards, the stock options will also vest upon a change in control of the Company. See "Change in Control Benefits" below. In accordance with the terms of the Company's Incentive Plan in effect on the date of grant, the exercise price of the stock options is the closing price of the Company's Common Stock on the date of grant, June 19, 2012 (\$33.69).

The number of option shares granted to our Named Executive Officers was determined by valuing the options on the date of grant using the Black-Scholes method. The following table shows the stock options granted to each of the Named Executive Officers on June 19, 2012:

<b>Name</b>	<b>Number of Stock Options</b>
Steven R. Rowley	120,618
D. Craig Kesler	32,184
Gerald J. Essl	34,794
David B. Powers	34,794
James H. Graass	32,184

**Profit Sharing and Retirement Plan**

Each of the Named Executive Officers is a participant in our Profit Sharing and Retirement Plan, which we refer to as our PSRP. The PSRP is a qualified defined contribution plan covering substantially all salaried employees of the Company and our subsidiaries. Participants in this plan may elect to make pre-tax contributions of up to 70% of their base salary subject to the limit under Internal Revenue Code Section 402(g) (currently \$17,500), employee after-tax contributions of up to 10% of base salary and, if the participant is at least age 50, catch-up contributions up to the statutory limit under Internal Revenue Code Section 414(v) (currently \$5,500). In addition, the PSRP provides for a discretionary employer profit sharing contribution that is a percentage of base salary for the year. Participants are fully vested to the extent of their pre-tax and after-tax contributions and become vested in the employer profit sharing contribution over a six-year period (i.e., 20% per year beginning with the second year of service). Prior to fiscal 2008, employer profit sharing contributions vested over a seven-year period, but changes in tax laws led to the shorter current vesting period. All of the Named Executive Officers have been employed by the Company or our affiliates long enough

to be fully vested. Participants are entitled to direct the investment of contributions made to the PSRP on their behalf in various investment funds, including up to 15% in a common stock fund. Such amounts are payable upon a participant's termination of employment,

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disability or death in the form of a lump sum, installments or direct rollover to an eligible retirement plan, as elected by the participant. At the participant's election, amounts invested in the Common Stock fund are distributable in shares of our Common Stock. Employer profit sharing contributions made to the PSRP on behalf of our Named Executive Officers in fiscal 2013 are reflected in the Summary Compensation Table located on page 35 of this proxy statement. A list of the investment funds provided under the PSRP is provided in the footnotes to the Nonqualified Deferred Compensation Table located on page 42 of this proxy statement.

**SERP**

In fiscal 1995, the Board approved our Supplemental Executive Retirement Program, which we will refer to as our SERP, for certain employees participating in the PSRP. Internal Revenue Code Section 401(a)(17) limits the amount of annual compensation (\$250,000 for the year covered by this proxy statement) that may be considered in determining our contribution to the PSRP for the account of an eligible participant. The SERP was established to eliminate the adverse treatment that higher-salaried employees receive as a result of such limit by making a contribution for each participant in an amount substantially equal to the additional employer profit sharing contribution that he or she would have received under the PSRP had 100% of his or her base salary been eligible for a profit sharing contribution. As in the case of the PSRP, annual incentive bonuses paid to participants are not included when determining the amount of contributions to the SERP. The Compensation Committee believes that the SERP therefore allows us to confer the full intended benefit of the employer profit sharing contribution under the PSRP without the arbitrary limitation of the Internal Revenue Code rules noted above. Contributions accrued under the SERP for the benefit of the higher-salaried employees vest under the same terms and conditions as under the PSRP (i.e., over a six-year period) and may be invested by the participant in several of the same investment options as offered under the PSRP. Benefits under the SERP are payable upon the participant's termination of employment in a lump sum or installments as elected by the participant in accordance with the terms of the SERP, subject to the six month delay in payment for key employees under Internal Revenue Code Section 409A to the extent applicable. As with the PSRP, all of the Named Executive Officers have been employed by the Company or our affiliates long enough to be fully vested. Employer contributions to the SERP of our Named Executive Officers in fiscal 2013 are reflected in the Summary Compensation Table located on page 35 of this proxy statement. A list of the investment funds provided under the PSRP is provided in the footnotes to the Nonqualified Deferred Compensation Table located on page 42 of this proxy statement.

**Salary Continuation Plan**

The Named Executive Officers, along with other officers and key employees, are participants in our Salary Continuation Plan, which we refer to as the SCP. Under this plan, in the event of the death of a participating employee, we will pay such employee's beneficiaries one full year of base salary in the first year following death and 50% of base salary each year thereafter until the date such employee would have reached normal Social Security retirement age, subject to a maximum amount of \$1.5 million. Payments are made to the employee's beneficiary on a semi-monthly basis. The purpose of the plan is to provide some financial security for the families of the participating employees, which assists the Company in attracting and retaining key employees. Benefit amounts under the plan are intended to provide a basic level of support for beneficiaries. To cover these potential obligations, we pay the premiums on life insurance policies covering the life of each participating employee. Such policies are owned by the Company and proceeds from such policies would be initially paid to the Company. Premiums paid on policies covering our Named Executive Officers in fiscal 2013 are reflected in the Summary Compensation Table located on page 35 of this proxy statement. Amounts potentially payable to the beneficiaries of our Named Executive Officers pursuant to the SCP are described in Potential Payments Upon Termination or Change in Control beginning on page 43 of this proxy statement.

***Fiscal 2014 Compensation Developments***

For fiscal 2014, the Compensation Committee instituted salary increases for the Named Executive Officers, who (with the exception of Mr. Kesler) had not received a salary increase in fiscal 2013. See Elements of Executive Compensation Base Salary above. The base salary increases placed the Named Executive Officers, on average, between the median and the 75<sup>th</sup> percentile of the L&A benchmarking study. The fiscal 2014 base salaries for the Named Executive Officers were set as follows: Mr. Rowley \$885,000; Mr. Kesler \$330,000; Mr. Essl \$375,000; Mr. Powers \$375,000; and Mr. Graass \$365,000. Considerations that may influence the salary level for a Named Executive Officer include individual performance, the Named Executive Officer's skills or experience, our operating performance and the nature and responsibilities of the position. The Compensation Committee has not made any long-term incentive equity grants for fiscal 2014, but anticipates considering making such grants following the Annual Meeting.

***Change in Control Benefits***

Equity awards and cash awards under our Incentive Plan are generally subject to accelerated vesting, without regard to whether any applicable performance criteria have been or will be satisfied, upon the occurrence of a change in control as defined in the applicable award agreement. Under the award agreements or incentive program documents, a change in control is defined as (i) the acquisition by any person or entity of 50% or more of the outstanding shares of any single class of our Common Stock or 40% or more of outstanding shares of all classes of our Common



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Stock; (ii) a change in the composition of our Board such that the current members of the Board cease to constitute a majority of the Board; or (iii) the consummation of a merger, dissolution, asset disposition, consolidation or share exchange, unless (1) more than 50% of the stock following such transaction is owned by persons or entities who were stockholders of the Company prior to such transaction, (2) following such transaction, no person or entity owns 40% or more of

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the common stock of the corporation resulting from such transaction, and (3) at least a majority of the members of the resulting corporation's board of directors were members of our Board. If a change in control occurs, any unvested outstanding stock options, restricted stock, restricted stock units or cash awards would generally become immediately fully vested, and, in the case of stock options, exercisable or, in the case of restricted stock, RSUs or cash awards, payable, in each case without regard to whether any applicable performance criteria have been or will be satisfied. See "Potential Payments Upon Termination or Change in Control" on page 43 of this proxy statement. We believe the provision of these change in control benefits is generally consistent with market practice among our peers, is a valuable executive talent retention incentive and is consistent with the objectives of our overall executive compensation program. For example, the equity vesting provides employees with the same opportunities as stockholders, who are generally free to sell their equity at the time of the change in control event and thereby realize the value created at the time of the transaction.

**Stock Ownership Guidelines**

In order to align the interests of the Named Executive Officers with our stockholders, and to promote a long-term focus for the officers, the Board of Directors has adopted executive stock ownership guidelines for the officers of the Company and our subsidiaries.

The guidelines for the Named Executive Officers are expressed as a multiple of base salary as set forth below (with actual ownership reflected as of the record date for the annual meeting):

Name	Multiple of Salary Ownership Guidelines	Number of Shares of Common Stock <sup>(1)</sup>	Actual Ownership <sup>(2)</sup>
Steven R. Rowley	5X	83,400	167,666
D. Craig Kesler	3X	26,900	65,223
Gerald J. Essl	3X	22,200	50,143
David B. Powers	3X	22,200	45,436
James H. Graass	3X	22,200	58,600

<sup>(1)</sup> Our stock ownership guidelines for executives are expressed as a number of shares of our Common Stock. The number of shares is determined by multiplying the executive's annual base salary on the date the executive becomes subject to the stock ownership guidelines by the applicable multiple and then dividing the product by the closing price of our Common Stock on the NYSE on the date the executive becomes subject to the policy. The amount is then rounded to the nearest 100 shares.

<sup>(2)</sup> Types of ownership counted toward the guidelines include the following:

Stock holdings in our PSRP;

Direct holdings;

Indirect holdings, such as shares owned by a family member residing in the same household; and

Shares represented by restricted stock or earned RSUs.

Once established, a participant's ownership requirement generally does not change as a result of changes in his or her compensation or fluctuations in the price of our Common Stock but could change in the event of a promotion. Newly elected officers have five years to meet the applicable ownership requirement. Compliance with the ownership guidelines is reviewed annually by the Compensation Committee. Based on the current holdings of the Named Executive Officers, all of the Named Executive Officers have already achieved their stock ownership goal.

**Limitations on Tax Deductibility of Compensation**

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Section 162(m) of the Internal Revenue Code generally disallows a tax deduction for public corporations for compensation over \$1,000,000 paid in any fiscal year to the corporation's chief executive officer and four other most highly compensated executive officers. However, this law exempts performance-based compensation from the deduction limit if certain requirements are met.

Our Incentive Plan has been approved by our stockholders and Compensation Committee and otherwise meets the requirements for performance-based compensation under Internal Revenue Code Section 162(m). The Eagle Annual Incentive Program is adopted under the structure of our Incentive Plan and is subject to the terms and conditions of that plan, including the requirements for performance-based compensation. The Compensation Committee generally seeks whenever possible to structure annual incentive and long-term incentive compensation awards, such as stock option and restricted stock grants under our Incentive Plan, in a manner that satisfies the Section 162(m) requirements, but reserves the right to award nondeductible compensation as it deems appropriate. Further, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the related regulations, no assurance can be given that compensation intended by the Compensation Committee to satisfy the requirements for deductibility under section 162(m) does in fact do so.

**Table of Contents****EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table summarizes all fiscal 2011, 2012 and 2013 compensation earned by or paid to our Named Executive Officers, who consist of our Chief Executive Officer, our Chief Financial Officer and the three most highly compensated executive officers (other than the Chief Executive Officer and Chief Financial Officer) who were serving as executive officers at fiscal year-end.

Name and Principal Position	Fiscal Year Ended March 31,	Salary <sup>(1)</sup> (\$)	Bonus <sup>(2)</sup> (\$)	Stock Awards <sup>(3)</sup> (\$)	Option Awards <sup>(4)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(5)</sup> (\$)	Deferred Compensation Earnings <sup>(6)</sup> (\$)	Change in Pension Value and Nonquali- fied All Other Compen- sation <sup>(6)</sup> (\$)	Total (\$)
Steven R. Rowley, <i>President and Chief Executive Officer</i>	2013	\$ 860,000	\$ 281,869	\$ 520,000	\$ 1,560,000	\$ 718,131	\$ 125,656	\$ 4,585,656	
	2012	860,000		2,850,000	950,000	334,130	88,546	5,082,676	
	2011	820,000		1,439,638	131,125	294,944	66,399	2,752,106	
D. Craig Kesler, <i>Executive Vice President Finance and Administration &amp; CFO</i>	2013	300,000	50,000	138,750	416,250	426,002	43,844	1,374,846	
	2012	275,000		825,000	275,000	133,652	30,627	1,539,279	
	2011	256,250		468,291	34,818	110,604	24,138	894,101	
Gerald J. Essl, <i>Executive Vice President Cement/Aggregates and Concrete</i>	2013	350,000	100,000	150,000	450,000	408,402	49,815	1,508,217	
	2012	350,000		918,750	306,250	212,693	35,296	1,822,989	
	2011	333,125		496,768	43,708	209,460	27,590	1,110,652	
David B. Powers, <i>Executive Vice President Gypsum</i>	2013	350,000		150,000	450,000	463,921	46,603	1,460,524	
	2012	350,000	48,000	918,750	306,250	26,208	33,563	1,682,771	
	2011	333,125	78,349	496,768	43,708	5,545	27,257	984,752	
James H. Graass, <i>Executive Vice President, General Counsel and</i>	2013	350,000	50,000	138,750	416,250	426,002	48,895	1,429,897	
	2012	350,000		862,500	287,500	133,952	35,688	1,669,340	
	2011	333,125		477,784	37,782	110,604	29,001	988,296	

*Secretary*

- (1) Includes amounts deferred on a pre-tax or after-tax basis at the election of the executive under our PSRP, which is described in greater detail under "Profit Sharing and Retirement Plan" on page 32 of this proxy statement.
- (2) The amounts in this column represent payments to the Named Executive Officer under the Company's Special Situation Program for the applicable fiscal year.
- (3) The amounts in this column reflect the value of RSU awards and restricted stock awards made to the Named Executive Officer in each of the fiscal years presented and are consistent with the grant date fair value of the award computed in accordance with FASB ASC Topic 718. For assumptions used in determining these values, refer to (a) footnote (J) to the Company's audited financial statements for the fiscal year ended March 31, 2013 included in the Fiscal 2013 Form 10-K; (b) footnote (I) to the Company's audited financial statements for the fiscal year ended March 31, 2012 included in the Fiscal 2012 Form 10-K; and (c) footnote (I) to the Company's audited financial statements for the fiscal year ended March 31, 2011 included in the Company's Annual Report on Form 10-K filed with the SEC on May 26, 2011, or Fiscal 2011 Form 10-K. A portion of the amounts in this column for fiscal 2011 assumes the achievement of less than the highest level of performance conditions. The following table reflects the amounts assuming the highest level of performance conditions (i.e., the maximum amounts payable):

**Table of Contents****Value at Highest Level of Performance (Fiscal 2011)**

<b>Name</b>	<b>Hold To Retirement Restricted Stock<sup>(1)</sup></b>	<b>Restricted Stock Units<sup>(2)</sup></b>	<b>Total</b>
Steven R. Rowley	\$ 1,012,490	\$ 1,708,594	\$ 2,721,084
D. Craig Kesler	354,386	455,625	810,011
Gerald J. Essl	354,386	569,532	923,917
David B. Powers	354,386	569,532	923,917
James H. Graass	354,386	493,594	847,979

- (1) The amount in the Summary Compensation Table column assumes the achievement of the highest level of performance conditions.
- (2) The amount in the Summary Compensation Table column assumes the achievement of less than the highest level of performance conditions with respect to this award. The fiscal 2011 awards to Messrs. Rowley, Kesler and Graass vested at 75.1%, the award to Mr. Powers vested at 62.5%, and the award to Mr. Essl vested at 85.96%. The unvested portion was forfeited.
- (4) The amounts in this column reflect the value of option awards made to the Named Executive Officer in each of the fiscal years presented and are consistent with the grant date fair value of the award computed in accordance with FASB ASC Topic 718. For assumptions used in determining these values, refer to (a) footnote (J) to the Company's audited financial statements for the fiscal year ended March 31, 2013 included in the Fiscal 2013 Form 10-K; (b) footnote (I) to the Company's audited financial statements for the fiscal year ended March 31, 2012 included in the Fiscal 2012 Form 10-K; and (c) footnote (I) to the Company's audited financial statements for the fiscal year ended March 31, 2011 included in the Fiscal 2011 Form 10-K. The amounts in this column for fiscal 2011 assume the achievement of less than the highest level of performance conditions; the amounts assuming the highest level of performance conditions would be as follows: Mr. Rowley \$524,500; Mr. Kesler \$139,274; Mr. Essl \$174,833; Mr. Powers \$174,833; and Mr. Graass \$151,127. The fiscal 2011 awards to Messrs. Rowley, Kesler and Graass vested at 75.1%, the award to Mr. Powers vested at 62.5%, and the award to Mr. Essl vested at 85.96%. The unvested portion was forfeited.
- (5) The amounts in this column represent payments to the Named Executive Officer under the applicable annual incentive compensation program for the applicable fiscal year. For fiscal 2013, the amounts also include the following awards to the Named Executive Officer under the Eagle Materials Inc. Long-Term Cash Compensation Program for Fiscal 2013, which are payable ratably to the Named Executive Officer over 5 years and are described in greater detail under **Cash Awards** on page 31 of this proxy statement: Mr. Rowley \$520,000; Mr. Kesler \$138,750; Mr. Essl \$150,000; Mr. Powers \$150,000; and Mr. Graass \$138,750. The amounts in this column do not reflect any dividend equivalent units which are accrued by or paid to holders of our RSUs at any time we pay a cash dividend on our Common Stock (see footnote 6 below).
- (6) The amounts shown in this column represent: (1) Company profit sharing contributions to the account of the Named Executive Officer under our PSRP; (2) Company contributions to the account of the Named Executive Officer under our SERP; (3) premium costs to the Company of life insurance policies obtained by the Company in connection with our SCP; (4) wellness awards; and (5) dividend equivalent RSUs. The PSRP is described in greater detail under **Profit Sharing and Retirement Plan** on page 32 of this proxy statement. During fiscal 2013, the Named Executive Officers each received \$25,000 in employer profit sharing contributions with respect to the PSRP. The SERP is described in greater detail under **SERP** on page 33 of this proxy statement. During fiscal 2013, the Named Executive Officers received the following employer contributions with respect to the SERP: Mr. Rowley \$61,000; Mr. Kesler \$4,375; Mr. Essl \$10,000; Mr. Powers \$10,000; and Mr. Graass \$10,000. The SCP is described in greater detail under **Salary Continuation Plan** on page 33 of this proxy statement. During fiscal 2013, the Company paid premium costs in the following amounts for life insurance policies obtained under the SCP with respect to the Named Executive Officers: Mr. Rowley \$5,274; Mr. Kesler \$5,274; Mr. Essl \$1,688; Mr. Powers \$1,938; and Mr. Graass \$3,967. For fiscal 2013, the amounts in this column also include the value of Common Stock paid during such fiscal year for dividend equivalent units. Dividend equivalent units are credited as additional RSUs to holders of our earned RSUs at any time we pay a cash dividend on our Common Stock. The value of the dividend equivalent units is not reflected in the **Stock Awards** column. In fiscal 2013, the Named Executive Officers were paid Common Stock for dividend equivalent units valued as follows: Mr. Rowley \$34,382; Mr. Kesler \$9,195; Mr. Essl \$13,127; Mr. Powers \$9,529; and Mr. Graass \$9,928. See footnote (1) to the **Option Exercises and Stock Vested** table on page 41 of this proxy statement.

**Table of Contents****Grants of Plan-Based Awards**

The following table sets forth the grants of plan-based awards made during fiscal 2013 to the Named Executive Officers.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards <sup>(1)</sup>
		Thresh- old (\$)	Target (\$)	Maximum (\$)	Thresh- old (#)	Target (#)	Maximum (#)		
Steven R. Rowley	5/14/12		\$ 718,131 <sup>(2)</sup>						
	6/19/12		520,000 <sup>(3)</sup>						
	6/19/12						120,618 <sup>(4)</sup>	\$ 33.69	\$ 1,560,000
	6/19/12						15,435 <sup>(5)</sup>		520,000
D. Craig Kesler	5/14/12		287,252 <sup>(2)</sup>						
	6/19/12		138,750 <sup>(3)</sup>						
	6/19/12						32,184 <sup>(4)</sup>	33.69	416,250
	6/19/12						4,119 <sup>(5)</sup>		138,750
Gerald J. Essl	5/14/12		258,402 <sup>(2)</sup>						
	6/19/12		150,000 <sup>(3)</sup>						
	6/19/12						34,794 <sup>(4)</sup>	33.69	450,000
	6/19/12						4,453 <sup>(5)</sup>		150,000
David B. Powers	5/14/12		313,921 <sup>(2)</sup>						
	6/19/12		150,000 <sup>(3)</sup>						
	6/19/12						34,794 <sup>(4)</sup>	33.69	450,000
	6/19/12						4,453 <sup>(5)</sup>		150,000
James H. Graass	5/14/12		287,252 <sup>(2)</sup>						
	6/19/12		138,750 <sup>(3)</sup>						
	6/19/12						32,184 <sup>(4)</sup>	33.69	416,250
	6/19/12						4,119 <sup>(5)</sup>		138,750

(1) The amounts included in this column reflect the grant date fair value of the award computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in footnote (J) to the Company's audited financial statements for the fiscal year ended March 31, 2013 included in the Fiscal 2013 Form 10-K.

(2) These amounts represent the maximum annual incentive payments potentially payable to the Named Executive Officers pursuant to the Eagle Annual Incentive Program or the Divisional Annual Incentive Bonus Programs, as applicable, for fiscal year 2013. There are no thresholds or maximums for these awards—they are merely a function of multiplying the pre-determined percentage of earnings for the fiscal year. The actual pay-outs to the Named Executive Officers were as follows: Mr. Rowley \$718,131; Mr. Kesler \$287,252; Mr. Essl \$258,402; Mr. Powers \$313,921; and Mr. Graass \$287,252. These incentive programs are described in greater detail under Annual

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- Incentive Bonus beginning on page 26 of this proxy statement.
- (3) These amounts represent the maximum long-term incentive payments potentially payable to the Named Executive Officers pursuant to the Eagle Materials Inc. Long-Term Cash Compensation Program for Fiscal Year 2013. The actual amounts earned by the Named Executive Officers were as follows: Mr. Rowley \$520,000; Mr. Kesler \$138,750; Mr. Essl \$150,000; Mr. Powers \$150,000; and Mr. Graass \$138,750. The first one-fifth of such earned amounts was paid to the Named Executive Officers in May 2013, and the remaining four-fifths will be paid ratably on March 31 of the next four years. This long-term incentive program is described in greater detail under Cash Awards beginning on page 31 of this proxy statement.
- (4) These amounts represent grants of stock options to purchase shares of Common Stock made on June 19, 2012 under our Incentive Plan. One-third of the stock options will vest on June 19, 2013; one-third will vest on June 19, 2014; and one-third will vest on June 19, 2015. These stock options are described in greater detail under Long-Term Incentive Compensation Fiscal 2013 Grants beginning on page 31 of this proxy statement.



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- (5) These amounts represent grants of restricted stock made on June 19, 2012 under our Incentive Plan. The vesting of the restricted stock was subject to performance vesting criteria. One-fifth of the earned restricted stock vested on June 19, 2013, one-fifth will vest on March 31, 2014; one-fifth will vest on March 31, 2015; one-fifth will vest on March 31, 2016; and one-fifth will vest on March 31, 2017. These restricted stock grants are described in greater detail under Long-Term Incentive Compensation Fiscal 2013 Grants beginning on page 31 of this proxy statement.

**Table of Contents****Outstanding Equity Awards at Fiscal Year-End**

The following table summarizes stock-based compensation awards outstanding at the end of fiscal 2013 for each of the Named Executive Officers.

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(1)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(1)</sup>
Steven R. Rowley	14,755		500,000	\$ 62.830	05/09/2016	62,114 <sup>(2)</sup>	\$ 4,138,656	15,435 <sup>(3)</sup>	\$ 1,028,434
	197,000			47.530	06/20/2014	33,333 <sup>(4)</sup>	2,220,978		
	33,232			26.695	08/21/2015				
	29,540	59,080 <sup>(5)</sup>		30.735	05/18/2020				
		120,618 <sup>(6)</sup>		27.530	06/27/2021				
D. Craig Kesler			35,000	33.690	06/19/2022			4,119 <sup>(3)</sup>	274,449
	1,342			62.830	05/09/2016	17,980 <sup>(2)</sup>	1,198,008		
				47.530	06/20/2014	4,000 <sup>(7)</sup>	266,520		
	8,825			30.735	05/18/2020	11,667 <sup>(4)</sup>	777,373		
	8,551	17,102 <sup>(5)</sup>		27.530	06/27/2021				
Gerald J. Essl			87,000	33.690	06/19/2022			4,453 <sup>(3)</sup>	296,704
	4,695			62.830	05/09/2016	20,023 <sup>(2)</sup>	1,334,133		
				47.530	06/20/2014	11,667 <sup>(4)</sup>	777,373		
	12,680			30.735	05/18/2020				
	9,523	19,046 <sup>(5)</sup>		27.530	06/27/2021				
David B. Powers			122,000	33.690	06/19/2022			4,453 <sup>(3)</sup>	296,704
	4,695	34,794 <sup>(6)</sup>		62.830	05/09/2016	20,023 <sup>(2)</sup>	1,334,133		
				47.530	06/20/2014	11,667 <sup>(4)</sup>	777,373	&	