

EAGLE MATERIALS INC  
Form 11-K  
June 29, 2006

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 11-K**  
**ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES**  
**EXCHANGE ACT OF 1934**  
For the fiscal year ended December 31, 2005  
Commission file number 1-12984  
**PROFIT SHARING AND RETIREMENT PLAN OF EAGLE MATERIALS INC.**  
(Full title of the plan)  
**EAGLE MATERIALS INC.**  
3811 Turtle Creek Blvd, Suite 1100  
Dallas, Texas 75219  
(Name of issuer and address of principal executive office)

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PROFIT SHARING AND RETIREMENT PLAN OF EAGLE MATERIALS INC.  
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE  
AT DECEMBER 31, 2005 AND 2004  
AND FOR THE YEAR ENDED DECEMBER 31, 2005

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Report of Independent Registered Public Accounting Firm

The Administrative Committee

Profit Sharing and Retirement Plan of Eagle Materials Inc.

We have audited the accompanying statements of net assets available for benefits of the Profit Sharing and Retirement Plan of Eagle Materials Inc. as of December 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the year ended December 31, 2005. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2005 and 2004, and the changes in its net assets available for benefits for the year ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2005 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Dallas, Texas

June 26, 2006

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PROFIT SHARING AND RETIREMENT PLAN OF EAGLE MATERIALS INC.  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

|  | <b>December 31</b>   |               |
|--|----------------------|---------------|
|  | <b>2005</b>          | <b>2004</b>   |
| Assets:  |                      |               |
| Investments in the Eagle Materials Inc. Plans Master Trust | <b>\$ 38,224,922</b> | \$ 33,545,210 |
| Participant loans  | <b>171,591</b>       | 134,765       |
| Participant contributions receivable                       |                      | 59,776        |
| <br>   |                      |               |
| Net Assets Available for Benefits                          | <b>\$ 38,396,513</b> | \$ 33,739,751 |

See accompanying notes to financial statements.

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PROFIT SHARING AND RETIREMENT PLAN OF EAGLE MATERIALS INC.  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
YEAR ENDED DECEMBER 31, 2005

|   |                      |
|---|----------------------|
| Additions:  |                      |
| Participating Employers contributions                                     | <b>\$ 2,044,556</b>  |
| Participant contributions   | <b>1,699,449</b>     |
| Rollovers   | <b>375,128</b>       |
| Interest in the Eagle Materials Inc. Plans Master Trust investment income | <b>3,554,311</b>     |
| Interest income on participant loans                                      | <b>7,336</b>         |
| <br>  |                      |
| Total Additions   | <b>7,680,780</b>     |
| Deductions:   |                      |
| Distributions to participants   | <b>2,999,406</b>     |
| Administrative expenses   | <b>24,612</b>        |
| <br>  |                      |
| Total Deductions  | <b>3,024,018</b>     |
| <br>  |                      |
| Net Increase  | <b>4,656,762</b>     |
| Net Assets Available for Benefits:  |                      |
| Beginning of year   | <b>33,739,751</b>    |
| <br>  |                      |
| End of year   | <b>\$ 38,396,513</b> |

See accompanying notes to financial statements.

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PROFIT SHARING AND RETIREMENT PLAN OF EAGLE MATERIALS INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

**NOTE 1. DESCRIPTION OF THE PLAN**

The following description of the Profit Sharing and Retirement Plan of Eagle Materials Inc. (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

**General**

The Plan, adopted April 1, 1994 and amended and restated January 1, 2001, is a defined contribution retirement plan covering eligible employees of Eagle Materials Inc. (the Company or Eagle Materials) and eligible employees of certain subsidiaries of the Company, which have adopted the Plan with the Company's consent. The Company and certain subsidiaries collectively comprise the Participating Employers. The Plan is administered by an Administrative Committee (the Committee) appointed by the Board of Directors of the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Participants are eligible to receive a profit sharing contribution after completion of one year of service. Entry can be at any time after that milestone is reached. All salaried employees of Participating Employers are eligible to participate in the Plan provided the employee is not a member of a group or class of employees covered by a collective bargaining agreement, unless such agreement extends the Plan to such group or class of employees. There are no such employees at December 31, 2005. One year of service, for purposes of eligibility, is defined as a twelve consecutive month period during which the employee worked 1,000 hours, ending on the first anniversary of the employee's date of hire.

**Contributions**

The Plan permits participants to contribute pre-tax up to 70% of their compensation, as defined by the Plan, (up to a statutory limit) to a 401(k) account upon the date of hire. The Plan also permits participant voluntary (after-tax) contributions of up to 10% of compensation, as defined by the Plan. Total contributions to a participant's account are limited to a maximum of 100% of compensation (or \$42,000, whichever is less) for participant contributions, Participating Employers' contributions and participant voluntary (after-tax) contributions.

Employer discretionary profit sharing contributions are made by the Participating Employers as determined by their respective Boards of Directors. They are allocated to participant accounts on a pro rata basis determined by each participant's length of service and salary.

The Participating Employers, at their sole discretion, may also make qualified non-elective contributions to the Plan. No such qualified non-elective contributions were made for the 2005 Plan year. Forfeitures may be used to reduce employer profit sharing contributions or administrative expenses of the Plan. Forfeitures of \$41,663 were used to reduce employer discretionary profit sharing contributions remitted to the Plan during the year ended December 31, 2005.

Participants direct the investment of their accounts into various registered investment company funds, common/collective trust fund or the Eagle Materials Common Stock Fund (the EXPSF). Another fund,

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PROFIT SHARING AND RETIREMENT PLAN OF EAGLE MATERIALS INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2005

**NOTE 1. DESCRIPTION OF THE PLAN (CONTINUED)**

**Contributions (continued)**

the Centex Common Stock Fund (the CCSF), exists for those employees who chose to retain their balance in this fund upon transfer of all of their balances from the Profit Sharing and Retirement Plan of Centex Corporation to the Plan in 1994. No additional contributions to the CCSF are permitted. Both the EXPSF and CCSF are unitized stock funds. Participants may allocate up to 15% of employer and participant (before- and after-tax) contributions to the EXPSF, whereas up to 100% may be allocated to any other investment option (except the CCSF) offered by the Plan.

**Vesting**

After two years of service, a participant is vested in 10% of Participating Employers' contributions and related earnings. Participants vest an additional 10% after three years of service and 20% for each additional year of service, as defined by the Plan, after that. A participant is fully vested after seven years of service, as defined by the Plan, or upon retirement, full and permanent disability, or death.

Participants are always fully vested in their participant and voluntary contributions and related earnings.

**Participant Loans**

Active participants may borrow up to 50% of the vested portion of their accounts, not to exceed \$50,000, with Committee approval, as defined by the Plan. Loans may only be made for certain approved events, as defined by the Plan. Loans are collateralized by participant accounts. Such loans bear interest at a rate that approximates market rates and are repayable to the Plan within five years.

**Administrative Expenses**

Certain administrative expenses of the Plan are paid by the Company. The Plan is not required to reimburse the Company for any administrative expenses paid by the Company. Expenses not paid by the Company are paid by the Plan.

**Distributions**

In accordance with the Plan document, distribution of a participant's vested account is available upon the participant's retirement, death, disability, termination of employment, or attainment of age 59<sup>1/2</sup>; or distribution is available to satisfy a financial hardship meeting the requirements of the Internal Revenue Service (IRS) regulations. Distributions are made in a lump-sum payment, a direct rollover distribution, or a combination thereof.

**Plan Termination**

Although there is no intention to do so, the Company has the right to discontinue contributions and terminate the Plan subject to the provisions of ERISA. The Plan provides that, in the event of plan termination, participants will become fully vested in their Participating Employers' contributions, and the method of distribution of assets will be in accordance with the provisions of ERISA.



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PROFIT SHARING AND RETIREMENT PLAN OF EAGLE MATERIALS INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2005

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Valuation of Investments**

All of the Plan's investments, except for participant loans, are commingled with the investments of the Eagle Materials Inc. Hourly Profit Sharing Plan (the Eagle Hourly Plan) in the Eagle Materials Inc. Plans Master Trust (the Master Trust). The Master Trust is governed by a trust agreement with Fidelity Management Trust Company (the Trustee) which is held accountable by and reports to the Committee.

Investments included in the Master Trust are valued at fair value. The registered investment company shares are valued based on published market prices, which represent the net asset value of shares held by the Plan at year-end. Investments in the unitized stock funds are determined by the value of the underlying common stocks combined with the short-term cash positions. The fair values of the common stock portion of the funds are based on the closing price of the common stocks on their primary exchange. The short-term cash positions of the unitized stock funds are recorded at cost, which approximates fair value. Investments in the common/collective trust fund are stated at fair value as determined by the issuer based on the fair value of the underlying assets in the fund.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

The Master Trust allocates net investment income/(loss) to the Plan based on the ratio of market values of the Plan's investment in each Master Trust account. Net investment income is then allocated to participants on a pro rata basis. Administrative expenses for the year ended December 31, 2005, include Trustee and recordkeeper fees. Fund management fees are charged directly to the Master Trust and therefore are included in the net change in fair market value of investments for the Master Trust. Administrative expenses are allocated pro rata to the Plan and the Eagle Hourly Plan.

Participant loans are recorded at carrying value, which approximates fair value.

**Distributions to Participants**

Distributions to participants are recorded when paid.

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PROFIT SHARING AND RETIREMENT PLAN OF EAGLE MATERIALS INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2005

**NOTE 3. INTEREST IN THE MASTER TRUST**

The fair value of the commingled investments of the participating plans in the Master Trust accounts at December 31, 2005 and 2004, and the undivided percentage interests the Plan holds in each of the Master Trust accounts are summarized as follows:

|   | 2005       |                     | 2004       |                     |
|---|------------|---------------------|------------|---------------------|
|   | Fair Value | Percentage Interest | Fair Value | Percentage Interest |
| <b>Registered Investment Companies</b>                      |            |                     |            |                     |
| Dreyfus Founders Discovery Class F Fund                     | \$ 317,490 | 81.2%               | \$ 295,838 | 84.1%               |
| TCW Select Equities Class N Fund                            | 127,606    | 37.2%               | 91,203     | 31.4%               |
| JPMorgan Diversified Mid Cap Growth Class A Fund            | 1,731,037  | 68.0%               | 1,487,573  | 68.3%               |
| American Beacon Funds Small Cap Value Plan Ahead Class Fund | 332,016    | 84.7%               |            | 0.0%                |
| Fidelity Low-Priced Stock Fund                              | 4,081,494  | 84.2%               | 3,258,002  | 82.6%               |
| Fidelity Equity-Income II Fund                              | 1,326,296  | 77.2%               | 1,046,982  | 77.7%               |
| Fidelity Diversified International Fund                     | 2,283,825  | 86.1%               | 1,434,069  | 85.3%               |
| Fidelity Dividend Growth Fund                               | 1,773,710  | 72.3%               | 1,507,737  | 74.3%               |
| Fidelity Freedom Income Fund                                | 65,914     | 86.6%               | 2,629      | 100.0%              |
| Fidelity Freedom 2000 Fund                                  | 7,337,106  | 50.2%               | 6,712,177  | 49.5%               |
| Fidelity Freedom 2010 Fund                                  | 5,807,289  | 83.5%               | 5,225,477  | 83.9%               |
| Fidelity Freedom 2020 Fund                                  | 6,032,084  | 87.0%               | 6,333,699  | 87.1%               |
| Fidelity Freedom 2030 Fund                                  | 760,874    | 60.4%               | 655,419    | 59.1%               |
| Fidelity Freedom 2040 Fund                                  | 417,858    | 54.4%               | 218,990    | 60.7%               |
| Spartan Extended Market Index Fund                          | 1,657,559  | 91.3%               | 1,195,308  | 91.9%               |
| Spartan U.S. Equity Index Fund                              | 4,659,772  | 91.7%               | 4,557,427  | 93.5%               |
| Fidelity U.S. Bond Index Fund                               | 1,736,652  | 76.2%               | 1,606,663  | 80.5%               |
|   | 40,448,582 |                     | 35,629,193 |                     |
| <b>Eagle Materials Common Stock Fund</b>                    |            |                     |            |                     |
| Eagle Materials Common Stock                                | 5,032,134  |                     | 3,741,287  |                     |
| Interest-Bearing Cash Equivalent                            | 115,873    |                     | 98,884     |                     |
|   | 5,148,007  | 81.9%               | 3,840,171  | 83.2%               |
| <b>Centex Common Stock Fund</b>                             |            |                     |            |                     |
| Centex Common Stock   | 1,036,212  |                     | 873,264    |                     |
| Interest-Bearing Cash Equivalent                            | 10,410     |                     | 8,822      |                     |
|   | 1,046,622  | 97.4%               | 882,086    | 97.3%               |
| <b>Common/Collective Investment</b>                         |            |                     |            |                     |
| Fidelity Managed Income Portfolio Fund                      | 2,256,318  | 83.6%               | 2,224,862  | 87.9%               |

**\$ 48,899,529**

\$ 42,576,312

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PROFIT SHARING AND RETIREMENT PLAN OF EAGLE MATERIALS INC.  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2005

**NOTE 3. INTEREST IN THE MASTER TRUST (CONTINUED)**

Net investment income/(loss) of the Master Trust accounts for the year ended December 31, 2005, and the Plan's share of net investment income/(loss) of each Master Trust account is summarized as follows:

|  | Net<br>Appreciation<br>(Depreciation)<br>in<br>Fair Value<br>of<br>Investments | Interest<br>and<br>Dividends | Net<br>Investment<br>Income | Share in<br>Net<br>Investment<br>Income |
|--|--|------------------------------|-----------------------------|---|
| Dreyfus Founders Discovery Class F Fund                        | \$ 1,176   | \$                           | \$ 1,176                    | 69.6%                                   |
| TCW Select Equities Class N Fund                               | 1,933  |                              | 1,933                       | (60.2)%                                 |
| JPMorgan Diversified Mid Cap Growth<br>Class A Fund            | 39,856   | 130,668                      | 170,524                     | 68.1%                                   |
| American Beacon Funds Small Cap Value Plan<br>Ahead Class Fund | 1,212  | 15,425                       | 16,637                      | 92.3%                                   |
| Fidelity Low-Priced Stock Fund                                 | 70,250   | 274,742                      | 344,992                     | 85.0%                                   |
| Fidelity Equity-Income II Fund                                 | (52,019)   | 115,715                      | 63,696                      | 78.0%                                   |
| Fidelity Diversified International Fund                        | 238,887  | 64,948                       | 303,835                     | 85.7%                                   |
| Fidelity Dividend Growth Fund                                  | 19,569   | 41,031                       | 60,600                      | 68.9%                                   |
| Fidelity Freedom Income Fund                                   | 176  | 1,042                        | 1,218                       | 89.5%                                   |
| Fidelity Freedom 2000 Fund                                     | 92,701   | 208,583                      | 301,284                     | 49.8%                                   |
| Fidelity Freedom 2010 Fund                                     | 171,540  | 147,157                      | 318,697                     | 82.7%                                   |
| Fidelity Freedom 2020 Fund                                     | 335,495  | 136,391                      | 471,886                     | 88.0%                                   |
| Fidelity Freedom 2030 Fund                                     | 40,619   | 14,417                       | 55,036                      | 64.1%                                   |
| Fidelity Freedom 2040 Fund                                     | 20,906   | 7,855                        | 28,761                      | 56.2%                                   |
| Spartan Extended Market Index Fund                             | 124,758  | 20,312                       | 145,070                     | 91.9%                                   |
| Spartan U.S. Equity Index Fund                                 | 141,860  | 80,063                       | 221,923                     | 91.8%                                   |
| Fidelity U.S. Bond Index Fund                                  | (33,598)   | 73,243                       | 39,645                      | 78.0%                                   |
| Eagle Materials Common Stock Fund                              | 1,571,687  |                              | 1,571,687                   | 82.0%                                   |
| Centex Common Stock Fund                                       | 177,352  |                              | 177,352                     | 97.2%                                   |
| Fidelity Managed Income Portfolio Fund                         |  | 78,618                       | 78,618                      | 86.0%                                   |
|  | <b>\$ 2,964,360</b>  | <b>\$ 1,410,210</b>          | <b>\$ 4,374,570</b>         |   |

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PROFIT SHARING AND RETIREMENT PLAN OF EAGLE MATERIALS INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2005

**NOTE 3. INTEREST IN THE MASTER TRUST (CONTINUED)**

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

**NOTE 4. INCOME TAX STATUS**

The Plan has received a determination letter from the IRS dated June 4, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator has indicated that it will take the necessary steps, if any, to bring the Plan's operations into compliance with the Code.

**NOTE 5. RELATED PARTY TRANSACTIONS**

Certain plan investments in the registered investment companies, the common/collective trust fund, and the interest-bearing cash equivalent portion of the Eagle Materials Common Stock Fund are managed by the Trustee and, therefore, these transactions qualify as party-in-interest transactions. Additionally, a portion of the Plan's assets is invested in the Company's common stock. Because the Company is the Plan Sponsor, transactions involving the Company's common stock qualify as party-in-interest transactions. All of these transactions are exempt from the prohibited transaction rules.

**NOTE 6. SUBSEQUENT EVENT**

On January 19, 2006, the Board of Directors of the Company approved an employer profit sharing contribution to the Plan. The total contribution was \$2,086,432, net of applied forfeitures of \$150,000, which was remitted to the Master Trust in March, 2006.

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**SUPPLEMENTAL SCHEDULE**

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PROFIT SHARING AND RETIREMENT PLAN OF EAGLE MATERIALS INC.  
 SCHEDULE H; LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)  
 EIN#: 75-2520779  
 PLAN #: 002  
 DECEMBER 31, 2005

| (a) | (b)<br>Identity<br>of Issue,<br><br>Borrower,<br>Lessor,<br>or<br>Similar<br>Party | (c)<br>Description of<br>Investment,<br>Including<br>Maturity<br>Date,<br>Rate of<br>Interest,<br>Collateral,<br>Par, or<br>Maturity<br>Value | (d)<br><br>Cost | (e)<br><br>Current<br>Value |
|-----|--|---|-----------------|-----------------------------|
| *   | Participant<br>loans   | Interest rates from<br>6% to 9%   | \$              | \$ 171,591                  |
|     |  |   | \$              | \$ 171,591                  |

\* Party-in-interest.

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**SIGNATURES**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrative Committee which administers the Profit Sharing and Retirement Plan of Eagle Materials Inc. has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

PROFIT SHARING AND RETIREMENT  
PLAN OF EAGLE MATERIALS INC.

Date: June 29, 2006

By: /S/ ARTHUR R. ZUNKER, JR.  
Arthur R. Zunker, Jr.  
Chairman, Administrative Committee

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**INDEX TO EXHIBIT**

Profit Sharing and Retirement Plan of Eagle Materials Inc.

| <b>Exhibit Number</b> | <b>Exhibit</b>                  | <b>Filed Herewith or<br/>Incorporated by Reference</b> |
|-----------------------|---------------------------------|--|
| 23                    | Consent of Ernst & Young<br>LLP | Filed herewith   |