

EAGLE MATERIALS INC
Form 11-K
June 29, 2006

Table of Contents

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)

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

	<u>PAGE NO.</u>
<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	1
AUDITED FINANCIAL STATEMENTS:	
<u>Statements of Net Assets Available for Benefits</u>	2
<u>Statement of Changes in Net Assets Available for Benefits</u>	3
<u>Notes to Financial Statements</u>	4
<u>SUPPLEMENTAL SCHEDULE:</u>	
<u>Schedule H: Line 4i Schedule of Assets (Held at End of Year)</u>	10
<u>Consent of Ernst & Young LLP</u>	

Table of Contents

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

Table of Contents

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

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

See accompanying notes to financial statements.

2

Table of Contents

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

See accompanying notes to financial statements.

Table of Contents

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,

Table of Contents

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^{1/2}; 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.

Table of Contents

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.

Table of Contents

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
Registered Investment Companies				
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	
Eagle Materials Common Stock Fund				
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%
Centex Common Stock Fund				
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%
Common/Collective Investment				
Fidelity Managed Income Portfolio Fund	2,256,318	83.6%	2,224,862	87.9%

\$ 48,899,529

\$ 42,576,312

7

Table of Contents

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 Appreciation (Depreciation) in Fair Value of Investments	Interest and Dividends	Net Investment Income	Share in Net Investment 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 Class A Fund	39,856	130,668	170,524	68.1%
American Beacon Funds Small Cap Value Plan 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%
	\$ 2,964,360	\$ 1,410,210	\$ 4,374,570	

Table of Contents

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.

Table of Contents

SUPPLEMENTAL SCHEDULE

Table of Contents

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

* Party-in-interest.

Table of Contents

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

Table of Contents

INDEX TO EXHIBIT

Profit Sharing and Retirement Plan of Eagle Materials Inc.

Exhibit Number	Exhibit	Filed Herewith or Incorporated by Reference
23	Consent of Ernst & Young LLP	Filed herewith