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United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended

June 30, 2008

Commission File Number 1-12984

Eagle Materials Inc.

Delaware

(State of Incorporation)

75-2520779

(I.R.S. Employer Identification No.)

3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219

(Address of principal executive offices)

(214) 432-2000

(Registrant s telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

þ Large accelerated filer	¨ Accelerated filer
¨ Non-accelerated filer (Do not check if a smaller reporting company)	¨ Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ¨ No þ

As of August 6, 2008, the number of outstanding shares of common stock was:

Class	**Outstanding Shares**
Common Stock, $.01 Par Value	43,485,373

Eagle Materials Inc. and Subsidiaries

Form 10-Q

June 30, 2008

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Eagle Materials Inc. and Subsidiaries

Consolidated Statements of Earnings

(dollars in thousands, except share data)

(unaudited)

	For the Three Months Ended June 30, 2008	2007
REVENUES		
Gypsum Wallboard	$ 81,398	$ 104,827
Cement	56,764	71,450
Paperboard	19,530	20,646
Concrete and Aggregates	18,711	23,792
Other, net	400	522
	176,803	221,237
COSTS AND EXPENSES		
Gypsum Wallboard	86,786	77,653
Cement	42,010	50,032
Paperboard	16,317	16,328
Concrete and Aggregates	16,598	19,743
Corporate General and Administrative	4,055	4,347
Interest Expense, net	7,991	3,594
	173,757	171,697
EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURE	7,886	6,176
EARNINGS BEFORE INCOME TAXES	10,932	55,716
Income Taxes	3,102	18,191
NET EARNINGS	$ 7,830	$ 37,525
EARNINGS PER SHARE:		
Basic	$ 0.18	$ 0.78
Diluted	$ 0.18	$ 0.77
AVERAGE SHARES OUTSTANDING:		
Basic	43,421,927	47,951,048
Diluted	43,885,288	48,594,712
CASH DIVIDENDS PER SHARE:	$ 0.20	$ 0.20

See notes to unaudited consolidated financial statements.

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Eagle Materials Inc. and Subsidiaries

Consolidated Balance Sheets

(dollars in thousands)

	June 30, 2008 (unaudited)	March 31, 2008
ASSETS		
Current Assets -		
Cash and Cash Equivalents	$ 14,519	$ 18,960
Accounts and Notes Receivable	72,350	62,949
Inventories	103,972	98,717
Total Current Assets	190,841	180,626
Property, Plant and Equipment -	1,087,375	1,079,742
Less: Accumulated Depreciation	(386,558)	(374,186)
Property, Plant and Equipment, net	700,817	705,556
Notes Receivable	7,100	7,286
Investment in Joint Venture	38,981	40,095
Goodwill and Intangible Assets	153,290	153,449
Other Assets	26,801	27,835
	$ 1,117,830	$ 1,114,847
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities -		
Accounts Payable	$ 53,091	$ 50,961
Federal Income Taxes Payable	2,890	
Accrued Liabilities	45,068	56,315
Total Current Liabilities	101,049	107,276
Long-term Debt	410,000	400,000
Other Long-term Liabilities	85,134	84,342
Deferred Income Taxes	115,314	117,542
Total Liabilities	711,497	709,160
Stockholders Equity -		
Preferred Stock, Par Value $0.01; Authorized 5,000,000 Shares; None Issued		
Common Stock, Par Value $0.01; Authorized 100,000,000 Shares; Issued and Outstanding 43,485,373 and 43,430,297 Shares, respectively	435	434
Capital in Excess of Par Value	1,512	
Accumulated Other Comprehensive Losses	(1,368)	(1,368)
Retained Earnings	405,754	406,621
Total Stockholders Equity	406,333	405,687
	$ 1,117,830	$ 1,114,847

See notes to the unaudited consolidated financial statements.

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Eagle Materials Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(unaudited dollars in thousands)

	For the Three Months Ended June 30, 2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Earnings	$ 7,830	$ 37,525
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities -		
Depreciation, Depletion and Amortization	12,722	10,682
Deferred Income Tax Provision	(3,102)	(1,366)
Stock Compensation Expense	868	974
Equity in Earnings of Unconsolidated Joint Venture	(7,886)	(6,176)
Excess Tax Benefits from Share Based Payment Arrangements	(266)	(1,116)
Distributions from Joint Venture	9,000	8,000
Changes in Operating Assets and Liabilities:		
Accounts and Notes Receivable	(9,215)	(7,142)
Inventories	(5,255)	(2,810)
Accounts Payable and Accrued Liabilities	(7,467)	(10,331)
Other Assets	(941)	2,463
Income Taxes Payable	4,945	12,022
Net Cash Provided by Operating Activities	1,233	42,725
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, Plant and Equipment Additions	(7,638)	(31,125)
Net Cash Used in Investing Activities	(7,638)	(31,125)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Notes Payable	10,000	
Dividends Paid to Stockholders	(8,681)	(8,381)
Proceeds from Stock Option Exercises	379	1,913
Excess Tax Benefits from Share Based Payment Arrangements	266	1,116
Net Cash Provided by (Used in) Financing Activities	1,964	(5,352)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,441)	6,248
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	18,960	17,215
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 14,519	$ 23,463

See notes to the unaudited consolidated financial statements.

Eagle Materials Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

June 30, 2008

(A) BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements as of and for the three month period ended June 30, 2008, include the accounts of Eagle Materials Inc. and its majority owned subsidiaries (the Company , us or we) and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 29, 2008.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although we believe that the disclosures are adequate to make the information presented not misleading. In our opinion, all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the information in the following unaudited consolidated financial statements of the Company have been included. The results of operations for interim periods are not necessarily indicative of the results for the full year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). SFAS 159 permits entities to choose to measure certain financial instruments and other eligible items at fair value when the items are not otherwise currently required to be measured at fair value. Under SFAS 159, the decision to measure items at fair value is made at specified election dates on an irrevocable instrument-by-instrument basis. We adopted SFAS 159 on April 1, 2008 and decided not to elect the fair value option.

(B) SHARE-BASED EMPLOYEE COMPENSATION

Long-Term Compensation Plans

Options. We granted a target number of stock options during June 2007 to certain individuals (the Fiscal 2008 Stock Option Grant) that may be earned, in whole or in part, if certain performance conditions are satisfied. The Fiscal 2008 Stock Option Grant is intended to be a single award covering the next three years, and will vest over a seven year period depending upon the achievement of specified levels of earnings per share and operating earnings. Options are vested as they are earned, and any options not earned at the end of the seven year period will be forfeited. These stock options were valued at the grant date using the Black-Scholes option pricing model. The weighted-average assumptions used in the Black-Scholes model to value the option awards in fiscal 2008 are as follows: annual dividend rate of 2.0%, expected volatility of 32%, risk free interest rate of 4.7% and expected life of 5.5 years. We are expensing the fair value of the options granted over a six year period, as adjusted for expected forfeitures.

Stock option expense for all outstanding stock option awards totaled approximately $0.7 million and $0.9 million for the three month periods ended June 30, 2008 and 2007, respectively. At June 30, 2008, there was approximately $13.7 million of unrecognized compensation cost related to outstanding stock options which is expected to be recognized over a weighted-average period of 5.5 years.

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The following table represents stock option activity for the quarter ended June 30, 2008:

	Number of Shares	Weighted-Average Exercise Price
Outstanding Options at Beginning of Period	2,787,047	$ 34.26
Granted	161,000	$ 34.87
Exercised	(40,076)	$ 9.43
Cancelled		
Outstanding Options at End of Period	2,907,971	$ 34.63
Options Exercisable at End of Period	1,289,600	
Weighted-Average Fair Value of Options Granted during the Period	$ 10.26	

The following table summarizes information about stock options outstanding at June 30, 2008:

	Outstanding Options			Exercisable Options	
Range of Exercise Prices	Number of Shares Outstanding	Weighted - Average Remaining Contractual Life	Weighted - Average Exercise Price	Number of Shares Outstanding	Weighted - Average Exercise Price
$ 6.80 - $ 8.15	249,148	2.47	$ 7.54	249,149	$ 7.54
$ 9.57 - $ 13.43	454,756	4.18	$ 11.98	454,756	$ 11.98
$ 21.52 - $ 29.08	361,060	5.20	$ 25.44	356,560	$ 25.48
$ 34.09 - $ 40.78	416,670	4.36	$ 37.06	192,770	$ 38.52
$ 47.53 - $ 62.83	1,426,337	6.08	$ 48.20	36,366	$ 61.77
	2,907,971	5.12	$ 34.63	1,289,600	$ 20.22

At June 30, 2008, the outstanding options did not have any intrinsic value. The aggregate intrinsic value of exercisable options at that date was approximately $6.6 million. The total intrinsic value of options exercised during the three month period ended June 30, 2008 was approximately $0.9 million.

Restricted Stock Units. In previous years, we granted restricted stock units (RSUs) to employees and directors. The value of the RSUs granted to employees is being amortized over a three year period, while the value of the RSUs granted to directors is being amortized over a period not to exceed ten years. Expense related to RSUs was approximately $0.1 million for both of the three-month periods ended June 30, 2008 and 2007, respectively. At June 30, 2008, there was approximately $0.7 million of unearned compensation from restricted stock units that will be recognized over a weighted-average period of 4.6 years.

Restricted Stock. We granted 15,000 shares of restricted stock to an employee on June 10, 2008. The restricted stock was valued at approximately $0.5 million, based on the closing price of the stock on the date of the grant. The restrictions lapse in annual increments over a seven year period, with the expense recognized ratably over a seven year period.

Shares available for future stock option and restricted stock unit grants under existing plans were 1,017,030 at June 30, 2008.

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(C) PENSION AND EMPLOYEE BENEFIT PLANS

We sponsor several defined benefit and defined contribution pension plans which together cover substantially all our employees. Benefits paid under the defined benefit plans covering certain hourly employees are based on years of service and the employee s qualifying compensation over the last few years of employment.

The following table shows the components of net periodic cost for our plans:

	For the Three Months Ended June 30, 2008	2007
	(dollars in thousands)	
Service Cost Benefits Earned during the Period	$ 133	$ 129
Interest Cost of Benefit Obligations	225	209
Expected Return on Plan Assets	(280)	(245)
Recognized Net Actuarial Loss	33	39
Amortization of Prior-Service Cost	37	38
Net Periodic Pension Cost	$ 148	$ 170

(D) STOCKHOLDERS EQUITY

A summary of changes in stockholders equity follows:

	For the Three Months Ended June 30, 2008 (dollars in thousands)
Common Stock	
Balance at Beginning of Period	