



“EAGLE ETHICS”

A Guide to Decision - Making On Business Conduct Issues

ABOUT OUR COMPANY

Headquartered in Dallas, Texas, Eagle Materials Inc. is a leading provider of materials necessary to build and renovate homes as well as commercial, industrial and governmental buildings across the country. Our products are also used to construct streets, roads and highways, and in oil and gas extraction. Our operations are segmented by product group and include Cement, Wallboard, Paperboard, Oil and Gas Proppants and Concrete/Aggregates divisions:

- Illinois Cement Company LLC – Illinois
- Mountain Cement Company – Wyoming
- Nevada Cement Company – Nevada
- Texas Lehigh Cement Company LP – Texas
- American Gypsum Company LLC – Colorado, New Mexico, Oklahoma, South Carolina
- Republic Paperboard Company LLC – Oklahoma
- Centex Materials LLC – Texas
- Mathews Readymix LLC – California
- Western Aggregates LLC – California
- Central Plains Cement Company LLC – Missouri, Oklahoma
- Talon Concrete and Aggregates LLC – Missouri
- Northern White Sand LLC – Oklahoma, Texas, Wisconsin
- Skyway Cement Company LLC – Illinois
- Fairborn Cement Company LLC - Ohio

HISTORY OF EAGLE MATERIALS INC.

Over the years, Eagle Materials Inc. has grown its asset base and profitability through acquisitions, internal expansion and facility upgrades to take advantage of the growing demand for the products we provide. Originally part of Centex Corporation, Eagle Materials Inc. became a fully independent company through a spin-off transaction in January 2004.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
WHAT COMES WITH THE TERRITORY	3
WHEN IN DOUBT WE ASK	4
CONFLICTS OF INTEREST	5-7
DEALING WITH CUSTOMERS, SUPPLIERS AND OTHERS	8-9
GOVERNMENT AFFAIRS	10-11
EAGLE PROPERTY AND INSIDER TRADING	12-13
CONDUCT IN THE WORK PLACE	14-15
WHAT TO DO IF ISSUES ARISE	17

INTRODUCTION

Dear Member of the Eagle Family:

There's truth in the statement that, "A corporation's culture is what determines how people behave when they are not being watched." We believe that good people make great companies. We don't publish detailed rules about how to behave. Instead, we set the framework of appropriate behavior and expect everyone to live within it. Most importantly we are a trust based company and treat our employees as people of dignity and substantial worth.

In response to the changing world, we have issued "Eagle Ethics" and every year we'll ask everyone to affirm that they've read, understood and are living by the Code. As you read the Code of Conduct, you'll realize that it simply puts into words what your common sense has already told you - that we need to treat each other and the Company with appropriate fairness and respect.

There is a right way to be successful in business: to be aggressive and resourceful and to always conduct our business with a strong sense of business ethics and fairness; it is our commitment as employees of Eagle. Operating with the right business principles is as important to us as achieving strong financial results.

We have always described our guiding philosophy at Eagle as "doing the right thing." But we also realize the importance of regularly reinforcing this principle and indoctrinating new people when they join our company.

This booklet provides tools for understanding our ethical and legal responsibilities as well as a road map when we have questions or concerns about these issues. Think of "Eagle Ethics" as an ethical compass that can give us our bearings wherever we work.

Following these principles does not mean that there are going to be a lot of new rules. We will always remain anti-bureaucratic and trust-based. It does mean that we will have greater clarity around the principles that guide our actions.

Having a trust-based culture allows Eagle companies to attract high-caliber, talented people who want to work in organizations where the highest ethical standards are upheld. In addition, a business known for its principled conduct develops better and more profitable relationships with customers, suppliers and community leaders.

Let's continue to build our great company by following "Eagle Ethics." It is our path to continued success.

David B. Powers
President & CEO

NOTES

WHAT COMES WITH THE TERRITORY

When you join Eagle you accept certain obligations and some of the most important of these relate to business conduct.

The Commitment We Share as Eagle Employees

Eagle expects each of us to:

- Read and understand “Eagle Ethics” (as well as any business conduct policies specific to our business units).
- Behave ethically and in compliance with all laws, regulations and legal requirements.
- Seek guidance in resolving business conduct and ethics issues by following the procedures described in this booklet.
- Honestly answer all questions when asked in compliance certifications or if asked in investigations (internal and external).
- Deal with departures from “Eagle Ethics” through the procedures described in this booklet.
- Understand that there may be consequences for departures from the principles described in this booklet and, for serious departures, consequences up to and including dismissal.

The Commitment of Eagle Leaders

Eagle holds each leader accountable to:

- Lead through example, role-modeling, and ethical business conduct.
- Monitor and ensure employees (and third-parties acting on our behalf) follow “Eagle Ethics.” This includes being open and available to discuss concerns.
- Deal effectively with business conduct issues that arise in their work group, consistent with “Eagle Ethics.”
- Prohibit harassment or retaliation against any employee for reporting, supplying information or assisting an investigation into a business conduct concern.

WHEN IN DOUBT WE ASK

You should seek advice from your supervisor if you are unable to answer “no” to each of these questions.

1. Is this action inconsistent with “Eagle Ethics,” our Company values or business unit policy?
2. Is the action likely to endanger anyone’s health or safety?
3. Do I have any doubts about whether the action is legal?
4. Even if it is legal, do I have any doubts about whether it also is the “right thing to do?”
5. Would it be hard to defend this action with my supervisor, co-workers, customers or those in the community where we do business? *In other words, would I or would the Company be embarrassed if this action or situation were reported in the newspaper or on TV?*
6. Would I regret not having discussed this situation with my supervisor or others within Eagle before taking the action?

CONFLICTS OF INTEREST

General

A “conflict of interest” is defined at Eagle as any activity, investment or association that interferes *or might appear to interfere* with your judgment or objectivity in performing your job in the best interests of the Company and our shareholders. For example, potential personal gains may prevent us from using good judgment in performing our jobs.

At Eagle we do not maintain relationships that could be detrimental to Eagle’s best interests or that would create the appearance of divided loyalty.

Examples of Potential Conflict of Interest Situations:

- An ownership interest in an Eagle supplier or contractor.
- A relative with an investment interest in an Eagle supplier or contractor.
- Personal payments or material gifts accepted from a company that does or is seeking to do business with Eagle.
- Doing work for an Eagle competitor.
- Doing work for another employer during the work day, even if there is no direct relationship between the other company and Eagle.
- Employment of relatives.
- Selling non-Eagle products on Company property.

Policies and Rules

Under No Circumstances Shall We Do the Following:

- We must never, either directly or indirectly (nor should any member of our family), accept any gifts or entertainment of greater than nominal value, or any cash or any other preferential treatment from any Eagle supplier, contractor, customer or competitor (or any person seeking to become an Eagle supplier or contractor).
- We must not make or influence decisions at Eagle, including contract terms, whenever a business or person with whom we have a substantial relationship is involved.

You must receive the Approval of Your Supervisor, Your Company President and Eagle's General Counsel before:

- Obtaining an ownership interest in, or position with, an Eagle supplier, contractor, customer or competitor.
 - There is an exception in the case where the interest in the outside company is solely through the ownership of publicly traded securities that constitute less than 1% of the company's outstanding public securities and the investment is not a significant part of your assets.
- Employing any relatives where there is either a direct or indirect reporting relationship or a substantial amount of interaction between relatives on the job.
 - There may be exceptions where the relative employed is a distant one (more remote than a first cousin).
- Establishing a business relationship between Eagle and a company in which you or your relative has an ownership interest or holds a position. If the transaction or relationship has already occurred, you must promptly bring it to the attention of your direct supervisor and your Company President.
 - This could happen because of a recent marriage or because you learn about the actions of a relative after they have occurred.

With the Knowledge of Your Supervisor:

- You must inform your supervisor before accepting any outside positions that involve substantial time commitments, and in fulfilling those commitments you must not use Eagle time and you must not use Eagle personnel or assets to carry out the work.

Here are some of the questions that you might ask yourself if you are unsure whether acceptance of a gift or entertainment is appropriate:

- Is this gift being offered or given because my position enables me to influence an Eagle decision in favor of the customer or supplier?
- Will my accepting this gift influence what the Company pays or is paid for its products and services?
- By accepting this gift, will I put myself, or appear to put myself, in a compromised position with my peers or the general public?
- Would providing the same gift in return be outside the boundaries of what is acceptable at Eagle and in my business?
- Is the gift personal, or is it something that can be used on the job and shared with co-workers?
- Is the reason I am accepting this gift merely because “it always has been done this way?”
- Will the acceptance of the gift or entertainment set a precedent?
- Is the gift, service or entertainment something I could not afford to buy or provide myself?
- Is any effort being made to conceal the gift or offer?

If your answer is “yes” or even “maybe” to any of these questions you should seek your supervisor’s advice.

There also may be situations not specifically covered here that could involve a conflict of interest. If you believe you may have an outside interest that could conflict with those of Eagle, you should seek guidance from your supervisor.

Eagle also has a “Business Conduct & Conflict of Interest” policy which should be consulted for guidance in this area. Copies are available through your company President or Vice President-Finance. Your company may also have its own more narrowly-defined policies on conflict of interests. If so, you must comply with both the policy set out here and your company policy.

DEALING WITH CUSTOMERS, SUPPLIERS AND OTHERS

General

Obeying the law, both in letter and in spirit, is the foundation of the Company's ethical standards. All employees, officers and directors are expected to respect and comply with local, state, and/or federal laws and requirements. Although not all employees and officers are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel. All employees, officers and directors are expected to meet the highest standards of professional conduct in their dealings with, or on behalf of, the Company and its customers, suppliers and others.

All of Eagle's dealings with outside parties must reflect our commitment to "fair dealing."

Fair dealing means that:

- We buy and sell products on the basis of their value, and do so without creating perceptions that bribes, personal incentives or kick-backs are involved, or that competitive bids are "rigged."
- We make honest representations about Eagle and its products, without misrepresentation or distortion of facts.
- We will not exchange payments with purchasing agents or other employees of any supplier, contractor or customer to obtain or retain business or to realize lower or higher prices for Eagle.

Examples of Potentially Unfair or Unlawful Dealings:

- Providing personal gifts or making loans to get business.
- Discussing pricing strategy with competitors.

Policies and Rules

Under No Circumstances Shall We Do the Following:

- We must never enter into discussions with competitors to fix prices or terms of sale, divide up markets or customers, limit production or rig a competitive bidding process.
- We must never discuss, agree to, or take any action to organize a boycott of a competitor, customer or supplier.
- We must never give a gift, loan, cash or anything of value (whether from Company or personal funds) that could be viewed as a bribe or kickback to a customer or any other third party.
- We must never provide a gift that knowingly violates the policies of the recipient's employer.

Without the Approval of Both Your Supervisor and Your Company President, You May Not:

- Discuss profits, costs, market share, pricing or any other competitive information with any competitor. (There may be narrow circumstances where such discussions could be appropriate, but this is an area where Eagle's General Counsel should be consulted for confirmation.)
- Serve as a director or an advisor to a competitor organization.

You Must Inform Your Supervisor of:

- All gifts and payments made to third-parties on behalf of Eagle must be properly recorded.
- Any entertainment receipts must be properly submitted for reimbursement.

Eagle also has a more detailed "Business Conduct and Conflict of Interest" policy which should also be consulted for guidance in this area. Copies are available through your company President or Vice President-Finance. Your company may also have its own more narrowly-defined policies on dealing with customers, suppliers and others. If so, you must comply with both the policy set out here and your company policy.

GOVERNMENT AFFAIRS

General

Government officials and government agencies should be dealt with using the same standards as other third parties; however, political contributions and lobbying are special categories of governmental dealings where specific laws apply.

We must always understand the law before we make political contributions or engage in lobbying and act in compliance with these laws.

Examples of Potentially Unlawful Dealings:

- Gifts to elected officials or one of their family members.
- Providing Company resources (money or in-kind value) to political candidates, political parties or committees.
- Hosting political fund-raising events.
- Coercing employees, suppliers or sub-contractors to support candidates or engage in political activity.
- Seeking reimbursement from Eagle for political contributions.
- Discussing employment with a government official who has responsibility for a contract Eagle is seeking or has obtained.

Policies and Rules

Under No Circumstances Shall We Do the Following:

- We must never make payments or offer anything of value (even of nominal value), directly or indirectly, (as an individual or as an employee group) to:
 - Government officials, domestic or foreign, to obtain a particular result for the Company.
 - Any family member or friend of a government official because of the official's status in order to obtain a particular result for the Company.
- We must never coerce, threaten, intimidate or otherwise improperly induce any Eagle employee to make or not make a political contribution or to engage or not engage in political activity.
- We must never seek or accept reimbursement from the Company, directly or indirectly, for making a political contribution.

With the Approval of Your Supervisor, Your Company President and Eagle's General Counsel:

Funds or any other resources of the Company may be used for federal, state or local political campaign activity only with:

- Approval of both your supervisor and your company President; and
- Full confidence about the legality of the action.

Since laws in this area are sometimes complex and can vary by jurisdiction, legality must be confirmed in advance by the Eagle's General Counsel.

- Communications with government officials to promote Eagle goods or influence legislative or administrative action on behalf of Eagle may be done only with:
 - Approval of both your supervisor and your company's President;
 - Proper registrations, if required; and
 - Full confidence about the legality of the action.

Legality must be confirmed in advance by Eagle's General Counsel.

Eagle also has a more detailed "Business Conduct and Conflict of Interest" policy which should also be consulted for guidance in this area. Copies are available through your company President or Vice President-Finance. Your company may also have its own more narrowly-defined policies on governmental affairs. If so, you must comply with both the policy set out here and your company policy.

EAGLE PROPERTY AND INSIDER TRADING

General

We have access to two kinds of Company assets that help us do our jobs. One type is physical (e.g., computers, tools, vehicles, offices), and the other is intellectual (e.g., confidential information, financial data or trade secrets). Each employee is expected to protect and preserve the value of both assets.

In addition, the Company requires accurate recording and reporting of information in order to make responsible business decisions. All of the Company's books, records, accounts and financial statements must appropriately reflect the Company's transactions and must conform to applicable legal requirements, to generally accepted accounting principles, and to the Company's system of internal controls. Periodic and other reports (financial and otherwise) to federal, state and local government agencies and the Company's stockholders should present a full, fair, accurate, timely and understandable disclosure of the Company's financial and business activities.

Engaging in "insider trading"—using material non-public information as the basis for buying or selling Eagle stock (or stock in another company)—is a violation of law that can subject you, your family, your friends and the Company to severe civil and criminal penalties.

Examples of Asset Misuse or Improper Communication:

- Falsifying vouchers, bills, payments or receipts.
- Maintaining "off-the-books" accounts.
- Withholding pertinent information in Company or external audits or investigations.
- Revealing trade secrets at a conference.
- "Tipping" or disclosing material non-public information that another person might use as a basis for buying or selling stock in Eagle (or another company).

Policies and Rules

Under No Circumstances Shall We Do the Following:

- We must never destroy or alter any records that may relate to a pending or anticipated lawsuit, audit or investigation.
- We must never falsify or misstate, even in a minor way, vouchers, bills, payments or receipts or Company accounting records.
- We must never provide third parties with what might be considered "insider information" (non-public information on Eagle operations, financial results or prospects).
- We must never buy or sell securities of a company, including Eagle securities, while

in possession of material non-public information.

***Only With the Approval of Both Your Supervisor and Your Company President
May You:***

- Reveal to third-parties valuable internal information (including trade secrets, processes, data, know-how, techniques and strategies).
- Issue press releases referencing Eagle.
- Produce and distribute external communications materials that refer to any Eagle business or entity.
- Establish or modify an Eagle-related internet site, home page or hyper-link.
- Endorse vendor's products or services on behalf of Eagle.
- Make personal use of Company personnel or assets.

Treating assets "as if they were our own" is an expression sometimes used to describe how we should preserve and protect Company assets.

Assets used at Eagle, as well as intellectual property developed at Eagle, are Eagle property. As such, Eagle must reserve the right to inspect or search any Eagle property at any time, with or without your presence, to ensure workplace safety and compliance with law and policy.

There should be no presumption or expectation of privacy related to any personal property that may be co-mingled with Eagle property, such as in office files, e-mails or voice mails.

Eagle also has a more detailed "Business Conduct and Conflict of Interest" policy which should also be consulted for guidance in this area. Copies are available through your company President or Vice President-Finance. Your company may also have its own more narrowly-defined policies on company property and information. If so, you must comply with both the policy set out here and your company policy.

CONDUCT IN THE WORK PLACE

General

Eagle must be a place where every employee can do his/her job to the best of his/her abilities. This means each employee has an obligation to do his/her part to maintain a safe and healthy work environment free of discrimination, harassment and violence.

Examples of Prohibited Conduct:

- Display of offensive materials.
- Unsafe workplace conduct.
- Inattention to resolving workplace safety hazards.
- Fighting.
- Being under the influence of alcohol or drugs at work.
- Making racially insensitive remarks.

Policies and Rules

Under No Circumstances Shall We Do the Following:

- We must never discriminate on the basis of age, color, race, religion, disability, sex or national origin.
- We must never harass or allow our agents, customers or suppliers to harass Eagle employees (harassment means verbal or physical abuse, unwelcome contact, advances or propositions, displays of offensive materials or other acts which create a hostile work environment).
- We must never allow unsafe working conditions or environmental hazards to go unreported to your supervisor.
- We must never make threats of violence, engage in acts of violence, or otherwise intimidate other employees.
- We must never use, possess, distribute, manufacture or transport on Company property, or on Company business, or during working hours, any of the following:
 - Illegal drugs, equipment or paraphernalia related to illegal drugs, or prescription drugs other than by those for whom they were prescribed.
 - Alcoholic beverages, except as specifically authorized for Company functions.

Only With the Approval of Both Your Supervisor and Your Company President or Plant Manager:

- Allow guests to visit non-public Company facilities (such guests must be accompanied by an employee). This rule results from safety and security considerations.
- Use or carry any lethal weapons or allow any suppliers, customers, or contractors to use or carry lethal weapons on Company property.

If you have any questions about whether certain behavior is offensive, threatening or intimidating then you should ask yourself:

- Will my behavior keep others from doing their best work?
- Is my behavior relevant to meeting workplace goals?
- Is there anything about my behavior that does not imply dignity and respect for the individual?

If you cannot answer yes to all these questions, then the behavior is probably inappropriate.

Eagle also has a more detailed “Business Conduct and Conflict of Interest” policy which should also be consulted for guidance regarding work place conduct. Copies are available through your company President or Vice President-Finance. Your company may also have its own more narrowly-defined policies on conduct in the workplace. If so, you must comply with both the policy set out here and your company policy.

NOTES

“WHAT TO DO IF ISSUES ARISE”

It is impossible to do our business on a daily basis without facing business conduct issues. Most issues are fairly easy to resolve, but sometimes the issues are more complicated. *The basic steps for resolving any business conduct issue, whether it is complicated or not, are the same throughout Eagle.* When faced with an issue or if you have a question, the following steps are advised:

1. First, consult “Eagle Ethics” or your company’s policies as guides.
2. If you still have questions as to what to do, seek your supervisor’s guidance. Your supervisor may also suggest other people to go to for assistance, such as someone in Eagle’s law department.
3. If your supervisor is unable to guide you or if you feel your supervisor’s advice is not right in some way, you have two options.
 - One is to approach your supervisor’s boss with the matter (or even higher levels as required).
 - The other is to contact the Eagle CEO, Dave Powers at 214-432-2058, dpowers@eaglematerials.com, or the Eagle General Counsel, Jim Graass at (214) 432-2022, jgraass@eaglematerials.com or by mail at 3811 Turtle Creek Blvd., Suite 1100, Dallas, TX 75219.
4. **If the process breaks down in any way or if you feel a need to raise concerns anonymously, Eagle has established a hot line with The Network as an alternative avenue for raising concerns. It is 1-855-827-4957.**

It is every employee’s responsibility to raise concerns and to report violations of our standards of conduct, including violations of law by Eagle employees (or those who are acting on Eagle’s behalf).

- No Retaliation. It is Eagle’s policy to ensure that no retaliation occurs as a result of any employee raising a business conduct issue or reporting a violation of the law or of Eagle policy.
- Confidentiality. Eagle will also make every effort to protect the confidentiality of individuals who report violations of the law or Company policies, although it may not be possible to do so in every case if, for example, disclosure is required by law.