



## **EAGLE MATERIALS INC. Audit Committee Charter**

### **1. Purpose**

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Eagle Materials Inc. (the "Company") is to assist the Board in fulfilling its responsibility to oversee (i) the integrity of the Company's financial statements, (ii) the Company's compliance with legal and regulatory requirements, (iii) the independent auditor's qualifications and independence and (iv) the performance of the Company's internal audit function and its independent auditor.

### **2. Membership**

The Committee shall consist of at least three persons, all of whom shall be members of the Board. Each member of the Committee shall satisfy the independence requirements set forth in the corporate governance and other listing standards of the New York Stock Exchange (the "NYSE Standards"), the applicable requirements set forth in the Securities Exchange Act of 1934, as amended, and the rules adopted by the Securities and Exchange Commission ("SEC") thereunder, as in effect from time to time.

Each member of the Committee shall be "financially literate" within the meaning of the NYSE Standards, as such term is interpreted by the Board in its business judgment (or shall become "financially literate" within a reasonable period of time after appointment to the Committee). In addition, at least one member of the Committee shall have "accounting or related financial management expertise" within the meaning of the NYSE Standards, as such term is interpreted by the Board in its business judgment. Furthermore, unless the Board determines that it is not necessary for an "audit committee financial expert" to serve on the Committee, at least one member of the Committee shall be an "audit committee financial expert" as defined by the SEC.

No member of the Committee shall serve as a member of the audit committee of more than two public companies other than the Company, unless the Board determines that such simultaneous service would not impair the ability of such director to serve effectively on the Committee, and such determination is disclosed in the Company's proxy statement.

The Board shall elect the members of the Committee at the Board meeting ("Annual Board Meeting") that is held immediately after the annual meeting of the stockholders of the Company, after considering the recommendations of the Corporate Governance and Nominating Committee of the Board, and each Committee member shall serve until the date of the next Annual Board Meeting, unless he or she resigns, is removed or replaced or otherwise ceases to be a director or a member of the Committee prior to such date, in which event the Board shall appoint another director of the Company to fill the resulting vacancy for his or her unexpired term. Furthermore, if for any reason the Board does not elect the members to the Committee at an Annual Board Meeting, the directors who then comprise the Committee will continue to serve as members of the Committee until the Board takes action to elect new members of the Committee. The Board may remove or replace a member of the Committee at any time.

### 3. Operation

The Board shall elect one member of the Committee to act as chairperson of the Committee (the "Chairperson"). Such member shall act as Chairperson until the next Annual Board Meeting unless he or she resigns, is removed or replaced or otherwise ceases to be a director or a member of the Committee prior to such date, in which event the Board shall appoint another member of the Committee to serve as Chairperson for his or her unexpired term. The Chairperson shall preside over all meetings of the Committee. The Board may remove or replace the Chairperson at any time.

A majority of the members shall constitute a quorum, unless the Committee is comprised of an equal number of members, in which case one-half of the members of the Committee shall constitute a quorum. The Committee shall act only on the affirmative vote of a majority of the members at a meeting at which a quorum is present (which may be in person or by telephone) or by unanimous consent.

The Committee shall meet at least four times annually. The Committee may invite such persons in addition to the members of the Committee that it deems appropriate to attend all or part of any meetings. The Committee shall maintain minutes of its meetings and written records of its actions. The Committee shall be authorized to meet, as frequently as it determines is necessary or appropriate, with the Company's Vice President of Internal Audit, the Company's Chief Financial Officer and the Company's independent auditor in separate executive sessions to discuss any matters that the Chairperson or any other member of the Committee believes should be discussed privately.

To the extent permitted by the NYSE Standards and applicable legal requirements, the Committee may delegate specified duties and responsibilities to a subcommittee created by a vote of a majority of the members of the Committee. Each subcommittee shall have one or more members designated by the Committee, and shall be governed by such procedures as the Committee shall determine from time to time.

The Committee may establish such rules as it determines to be necessary or appropriate to conduct its business, so long as such rules do not contravene the express provisions of this Charter.

### 4. Duties and Responsibilities

To fulfill its purposes as described above, the Committee shall have the following duties and responsibilities:

a. ***Independent Accountants.*** The Committee has the authority and direct responsibility for the selection, appointment, compensation, evaluation, retention and oversight of the work of any independent auditor engaged (including resolution of any disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attestation services for the Company, and such independent auditor shall report directly to the Committee. Without limiting the foregoing, the Committee's duties and responsibilities shall include the following:

(i) obtain and review, at least annually, a report by the Company's independent auditor describing (i) the independent auditor's internal quality-control procedures and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues;

(ii) obtain and review, on a periodic basis at least annually, a formal written statement from the independent auditor to the Committee describing all relationships between the auditor and the Company and actively engage in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and recommend that the Board take appropriate action in response to the reports from the auditor to satisfy itself of the auditor's independence;

(iii) review any report made by the Company's independent auditor regarding any critical accounting policies, potential alternative accounting treatments and material written communications between the independent auditor and management;

(iv) review with the Company's independent auditor any audit problems or difficulties and management's response;

(v) resolve any disagreements between management and Company's independent auditor regarding financial reporting; and

(vi) pre-approve all audit engagement fees and terms and pre-approve all non-audit services provided to the Company by its independent auditor in accordance with the Committee's policies and procedures for pre-approving audit and non-audit services.

b. **Complaints.** The Committee shall 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 and its subsidiaries of concerns regarding questionable accounting or auditing matters.

c. **Other Responsibilities.** The Committee's duties and responsibilities shall also include the following:

(i) review and discuss the annual audited financial statements and quarterly financial statements of the Company and other significant financial disclosures with management and the independent auditor of the Company, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and any other matters required to be reviewed under applicable legal, regulatory or NYSE requirements;

(ii) discuss with management the types of information to be disclosed and the types of presentations to be made in the Company's earnings press releases, as well as in any financial information and earnings guidance provided to analysts and rating agencies;



- (iii) as appropriate, obtain advice and seek assistance from outside legal, accounting or other advisors;
- (iv) review management's internal control report and the independent auditor's attestation related thereto;
- (v) review the Company's compliance and ethics programs, including consideration of legal and regulatory requirements, and review with management its periodic evaluation of the effectiveness of such programs;
- (vi) discuss policies with respect to risk assessment and risk management, including the guidelines and policies which govern the processes by which risk assessment and risk management is undertaken;
- (vii) meet separately, periodically, with management, with the Vice President of Internal Audit and with the independent auditor;
- (viii) prepare the report that is required to be included in the Company's annual proxy statement in accordance with the rules of the SEC with respect to the Company's audited financial statements;
- (ix) set clear policies for the hiring of employees or former employees of the independent auditor;
- (x) report regularly to the Board on the Committee's activities;
- (xi) consider the effectiveness of the Company's internal control system, including information technology security and control;
- (xii) understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
- (xiii) review with management and the Vice President of Internal Audit the charter, plans, activities, staffing and organizational structure of the internal audit function;
- (xiv) ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement or dismissal of the Vice President of Internal Audit;
- (xv) review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*; and
- (xvi) on a regular basis, meet separately with the Vice President of Internal Audit to discuss any matters that the Committee or Vice President of Internal Audit believes should be discussed privately.



d. ***Certain Limitations.*** It is the responsibility of the Company's management to prepare the Company's consolidated financial statements. The Company's independent auditor are responsible for auditing those financial statements. The Committee's responsibility in this regard is one of oversight and review. The Committee does not provide any expert or other special assurance as to such financial statements. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements, or any professional certification as to the independent auditor's work, including with respect to auditor independence. In addition, it is not the responsibility of the Committee to assure compliance with applicable laws or regulations or the Company's policies and procedures. Each member of the Committee shall be entitled to rely on the integrity of people and organizations from whom the Committee receives information and the accuracy of such information, including representations by management and the independent auditor regarding non-audit services provided by the independent auditor.

**5. Engagement of Advisers; Funding**

The Committee shall have the authority to engage independent counsel and other advisers, as it determines to be necessary to carry out its duties. The Committee shall have the authority to approve and authorize the payment by the Company of appropriate compensation to (i) any independent auditor engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attestation services for the Company and (ii) any counsel or other advisers employed by the Committee as provided above.

**6. Annual Performance Evaluation of the Committee**

The Committee will annually complete a self-evaluation and will provide a report of that assessment to the Board, including any recommended changes to the Committee's charter.