EAGLE MATERIALS INC
Form 10-Q
October 27, 2015

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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

September 30, 2015

Commission File Number 1-12984

Eagle Materials Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

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, including area code)

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES x 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):

Large accelerated filer x	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 x

As of October 27, 2015, the number of outstanding shares of common stock was:

Class	Outstanding Shares
Common Stock, $.01 Par Value	50,046,652

Eagle Materials Inc. and Subsidiaries

Form 10-Q

September 30, 2015

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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 September 30,		For the Six Months Ended September 30,	
	2015	2014	2015	2014
Revenues	$328,988	$284,808	$613,951	$551,059
Cost of Goods Sold	284,694	209,747	508,560	419,597
Gross Profit	44,294	75,061	105,391	131,462
Equity in Earnings of Unconsolidated Joint Venture	11,680	12,051	19,510	21,851
Corporate General and Administrative	(9,364)	(7,414)	(18,355)	(14,456)
Acquisition and Litigation Expense	-	(2,103)	-	(2,103)
Other Income	572	883	1,007	1,562
Interest Expense, Net	(4,342)	(3,901)	(8,828)	(7,953)
Earnings Before Income Taxes	42,840	74,577	98,725	130,363
Income Tax Expense	(13,021)	(24,258)	(31,144)	(42,334)
Net Earnings	$29,819	$50,319	$67,581	$88,029
EARNINGS PER SHARE:				
Basic	$0.60	$1.01	$1.36	$1.78
Diluted	$0.59	$1.00	$1.34	$1.75
AVERAGE SHARES OUTSTANDING:				
Basic	49,828,189	49,591,495	49,797,972	49,546,916
Diluted	50,470,151	50,427,286	50,460,947	50,357,914
CASH DIVIDENDS PER SHARE:	$0.10	$0.10	$0.20	$0.20

See notes to unaudited consolidated financial statements.

Eagle Materials Inc. and Subsidiaries

Consolidated Statements of Comprehensive Earnings

(unaudited – dollars in thousands)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2015	2014	2015	2014
Net Earnings	$ 29,819	$ 50,319	$ 67,581	$ 88,029
Change in Funded Status of Defined Benefit Plans:				
Amortization of Net Actuarial Loss	508	163	1,016	326
Tax Expense	(188)	(57)	(376)	(114)
Comprehensive Earnings	$ 30,139	$ 50,425	$ 68,221	$ 88,241

See notes to unaudited consolidated financial statements.

Eagle Materials Inc. and Subsidiaries

Consolidated Balance Sheets

(dollars in thousands)

	September 30, 2015 (unaudited)	March 31, 2015
ASSETS		
Current Assets -		
Cash and Cash Equivalents	$6,348	$7,514
Accounts and Notes Receivable	154,959	113,577
Inventories	224,667	235,464
Prepaid and Other Assets	9,026	10,080
Total Current Assets	395,000	366,635
Property, Plant and Equipment -	2,041,242	1,962,215
Less: Accumulated Depreciation	(779,010)	(740,396)
Property, Plant and Equipment, net	1,262,232	1,221,819
Notes Receivable	2,760	2,847
Investment in Joint Venture	49,883	47,614
Goodwill and Intangible Assets	177,069	211,167
Other Assets	33,306	32,509
	$1,920,250	$1,882,591
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities -		
Accounts Payable	$70,584	$77,749
Accrued Liabilities	50,066	46,830
Income Taxes Payable	5,108	2,952
Current Portion of Long-term Debt	57,045	57,045
Total Current Liabilities	182,803	184,576
Long-term Debt	452,714	455,714
Other Long-term Liabilities	70,425	69,055
Deferred Income Taxes	144,617	162,653
Total Liabilities	850,559	871,998
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 50,286,652 and 50,245,364 Shares, respectively	503	502
Capital in Excess of Par Value	273,372	272,441
Accumulated Other Comprehensive Losses	(11,428)	(12,067)
Retained Earnings	807,244	749,717

Total Stockholders’ Equity	1,069,691	1,010,593
	$1,920,250	$1,882,591

See notes to the unaudited consolidated financial statements.

Eagle Materials Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(unaudited – dollars in thousands)

	For the Six Months Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Earnings	$67,581	$88,029
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities -		
Depreciation, Depletion and Amortization	49,034	34,864
Impairment of Intangible Assets	28,354	-
Deferred Income Tax Provision	(18,413)	(3,628)
Stock Compensation Expense	8,330	6,702
Excess Tax Benefits from Share Based Payment Arrangements	(2,494)	(3,195)
Equity in Earnings of Unconsolidated Joint Venture	(19,510)	(21,851)
Distributions from Joint Venture	17,250	19,375
Changes in Operating Assets and Liabilities:		
Accounts and Notes Receivable	(39,379)	(29,809)
Inventories	13,188	(3,615)
Accounts Payable and Accrued Liabilities	(1,536)	16,878
Other Assets	534	2,798
Income Taxes Payable	4,650	11,103
Net Cash Provided by Operating Activities	107,589	117,651
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, Plant and Equipment Additions	(55,869)	(40,039)
Acquisition Spending	(32,427)	-
Net Cash Used in Investing Activities	(88,296)	(40,039)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Credit Facility	(3,000)	(69,000)
Dividends Paid to Stockholders	(10,061)	(10,019)
Shares Redeemed to Settle Employee Taxes on Stock Compensation	(1,728)	(1,299)
Purchase and Retirement of Common Stock	(10,744)	-
Proceeds from Stock Option Exercises	2,580	4,092
Excess Tax Benefits from Share Based Payment Arrangements	2,494	3,195
Net Cash Used in Financing Activities	(20,459)	(73,031)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,166)	4,581
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,514	6,482

CASH AND CASH EQUIVALENTS AT END OF PERIOD	$6,348	$11,063

See notes to the unaudited consolidated financial statements.

Eagle Materials Inc. and Subsidiaries

Notes to Unaudited Consolidated Financial Statements

September 30, 2015

(A) BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements as of and for the three and six month periods ended September 30, 2015 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 22, 2015.

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.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers." ASU 2014-09 supersedes the revenue recognition requirements in "Revenue Recognition (Topic 605)," and requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In July 2015, the FASB delayed the implementation of this standard by one year. The standard will now be effective for us in the first quarter of fiscal 2019, with early adoption not permitted. There are two transition methods available under the new standard, either modified or full retrospective. We are currently evaluating the impact of this ASU and have not yet selected a transition method.

In April 2015, the Financial Accounting Standards Board issued ASU 2015-03, "Interest-Imputation of Interest" (Subtopic 830-30). This Standard requires that discounts, premiums or debt issue costs related to borrowings be reported in the balance sheet as a direct reduction of the associated borrowing. The standard will be effective for us in the first quarter of fiscal 2017, and earlier application is permitted for financial statements that have not been previously issued. This impact of adopting this ASU is not expected to be material.

(B) GOODWILL AND INTANGIBLE ASSETS

Goodwill: We perform our annual test of impairment on goodwill during the fourth quarter of our fiscal year. If business conditions in the operating units containing goodwill change substantially during the fiscal year, and we are unable to conclude that an impairment loss is not likely to occur, we will perform impairment tests for those business units during our quarterly periods. At September 30, 2015, we determined that impairment losses are not likely to occur; therefore, no impairment tests were performed during the quarter.

Intangible Assets: Intangible assets are currently being amortized over their expected lives. During the three months ended September 30, 2015, the continued decline in oil prices during the summer of 2015 adversely impacted oil and gas drilling activity, leading to further reductions in demand and pricing for proppants. This reduction in demand adversely impacted performance under our customer contracts, resulting in the amendment of certain of these contracts. Based on the reduced demand for proppants and the executed and pending amendments to our customer contracts, we concluded that long-lived asset impairment indicators were present during the quarter ended September 30, 2015 for our customer contract intangible assets. We performed a recovery test to determine if any of the customer contract intangible assets related to our oil and gas proppants business unit were impaired at September 30, 2015. Based on our analysis of the undiscounted cash flows for each of our customer contract intangibles related to our oil and gas proppants business, we concluded that the carrying value of certain customer contract intangible assets exceeded the undiscounted cash flows for the related assets. For those contracts whose carrying value exceeded the undiscounted cash flows, we calculated the fair value of each contract using the weighted-average probable cash flows related to each contract (level 3 inputs), discounted using a weighted-average cost of capital ("WACC"). The WACC was determined from relevant market comparisons, and adjusted for specific risks. This analysis resulted in an impairment loss of approximately $28.4 million, which is included in cost of goods sold in the unaudited Consolidated Statement of Earnings for the three and six months ended September 30, 2015.

Intangible assets, including the impact of the impairment charge discussed above, consist of the following:

	Cost at September 30, 2015	Amortization for Six Months ended September 30, 2015	Impairment	Accumulated Amortization	Net
	(dollars in thousands)				
Goodwill and Intangible Assets:					
Customer Contracts and Relationships	$63,260	$ 7,656	$ 28,354	$ (42,004)	$21,256
Sales Contracts	2,500	312	-	(1,770)	$730
Permits	27,440	346	-	(6,242)	$21,198
Goodwill	133,885	-	-	-	$133,885
Total Goodwill and Intangible Assets	$227,085	$ 8,314	$ 28,354	$ (50,016)	$177,069

At September 30, 2015, approximately $16.2 million of Customer Contracts and Relationships was related to our oil and gas proppants business. Under the terms of one of the customer contracts, the customer prepaid $15.0 million for sand. At September 30, 2015, approximately $12.5 million of this prepaid is still available to the customer.

	March 31, 2015			
	Amortization Period	Cost	Accumulated Amortization	Net
	(dollars in thousands)			
Goodwill and Intangible Assets:				

Customer contracts and relationships	5-15 years	$62,060	$ (5,994)	$56,066
Sales contracts	4 years	2,500	(1,458)	1,042
Permits	40 years	27,440	(5,896)	21,544
Goodwill		132,515	-	132,515
Total Goodwill and Intangible Assets		$224,515	$ (13,348)	$211,167

During July 2015, goodwill increased approximately $1.4 million and customer contracts and relationships increased $1.2 million in connection with the Skyway Acquisition.

Amortization expense of intangibles was $5.7 million the year ended March 31, 2015. After the impairment discussed above, amortization expense is expected to be approximately $4.9 million for the remainder of fiscal 2016, $9.2 million for fiscal year 2017, and $3.2 million for fiscal years 2018 and 2019, $2.2 million for fiscal year 2020 and $1.3 million for fiscal year 2021.

(C) ACQUISITIONS

CRS Acquisition

On November 14, 2014, we acquired all of the outstanding equity interest in CRS Holdco LLC, CRS Proppants LLC, Great Northern Sand LLC and related entities (collectively "CRS Proppants") (such acquisition, the "CRS Acquisition"). CRS Proppants is a supplier of frac sand to the energy industry, and its business currently consists of a frac sand mine in New Auburn, Wisconsin, and a trans-load network into Texas and southwest Oklahoma.

Purchase Price: The purchase price (the "CRS Purchase Price") of the CRS Acquisition was approximately $236.1 million, including approximately $8.9 million of in-process capital expenditures paid as of the closing date. We funded the payment of the CRS Purchase Price at closing and expenses incurred in connection with the CRS Acquisition through borrowings under our bank credit facility, which was amended and restated on October 30, 2014. See Footnote (L) to the Unaudited Consolidated Financial Statements for more information about our bank credit facility.

We previously reported the estimated CRS Purchase Price in our Form 10-K as approximately $237.2 million. During the quarter ended June 30, 2015, we finalized the amount of working capital acquired at the closing, which resulted in a reduction in the CRS Purchase Price of approximately $1.1 million.

Recording of assets acquired and liabilities assumed: The CRS Acquisition has been accounted for using the acquisition method of accounting which requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. We engaged a third-party to perform an appraisal valuation to support our preliminary estimate of the fair value of certain assets acquired in the CRS Acquisition. Included in the assets acquired, and liabilities assumed, are two long-term sales agreements that included prepayments for future sales under such agreements, with such prepayments classified as liabilities. Additionally, one of the agreements is with a customer that is currently in bankruptcy, and is not expected to fulfill its obligations under the agreement. We have been indemnified by the former owner against any loss related to this agreement, and such indemnity has been valued at fair value and recorded as an asset at the date of the CRS Acquisition.

The preparation of the valuation of the assets acquired and liabilities assumed in the CRS Acquisition requires the use of significant assumptions and estimates. Critical estimates include, but are not limited to, future expected cash flows, including projected revenues and expenses, and applicable discount rates. These estimates are based on assumptions that we believe to be reasonable. However, actual results may differ from these estimates.

The following table summarizes the allocation of the CRS Purchase Price to assets acquired and liabilities assumed as of the acquisition date:

Purchase price allocation (in thousands)	As of November 14, 2014
Cash and cash equivalents	$ 219
Accounts Receivable	14,640
Inventories	9,627
Prepaid and Other Assets	753
Property and Equipment	192,738
Intangible Assets	56,200
Indemnity under Sales Agreement	14,810
Accounts Payable and Accrued Liabilities	(6,928)
Obligations under Long-term Sales Agreements	(28,131)
Asset Retirement Obligation	(4,112)
Deferred Taxes	(13,765)
Total Net Assets	236,051
Goodwill	-
Total Estimated Purchase Price	$ 236,051

Intangible Assets: The following table is a summary of the preliminary fair value estimates of the identifiable intangible assets (in thousands) and their weighted-average useful lives:

	Weighted Average Life	Estimated Fair Value
Customer Relationships	4	56,000
Permits	40	200
Total Intangible Assets		$ 56,200

During the quarter ended September 30, 2015, the above customer relationships were tested for impairment. See Footnote (B) to the unaudited Consolidated Financial Statements for discussion of the impairment testing of these assets.

Actual and pro forma impact of the CRS Acquisition: The following table presents the net sales and operating loss of CRS Proppants that have been included in our consolidated statement of earnings from April 1, 2015 through September 30, 2015:

	Three Months Ended September 30, 2015	Six Months Ended September 30, 2015
	(dollars in thousands)	
Revenues	$ 12,455	$ 31,224
Operating Loss	(41,257)	(46,066)

Operating loss shown above for the three months ended September 30, 2015 has been impacted by approximately $5.7 million, $28.4 million and $9.4 million of depreciation and amortization, impairments and write-down of raw sand inventory, respectively. Operating loss for the six months ended September 30, 2015 has been impacted by approximately $11.3 million, $28.4 million, $9.4 million and $0.5 million related to the impact of depreciation and amortization, impairments, write-down of raw sand inventory and the recording of acquired inventory at fair value, respectively.

The unaudited pro forma results presented below include the effects of the CRS Acquisition as if it had been consummated as of April 1, 2014. The pro forma results include the amortization associated with an estimate for acquired intangible assets and interest expense associated with debt used to fund the Acquisition and depreciation from the fair value adjustments for property and equipment. To better reflect the combined operating results, material nonrecurring charges incurred by the Company directly related to the CRS Acquisition of $2.1 million have been excluded from pro forma net income for the three and six months ended September 30, 2014.

	Three Months Ended September 30, 2014	Six Months Ended September 30, 2014
	(dollars in thousands)	
Revenues	$319,179	$ 597,932
Net Income	$60,669	$ 91,868
Earnings per share - basic	$1.22	$ 1.85
Earnings per share - diluted	$1.20	$ 1.82

The pro forma results do not include any anticipated synergies or other expected benefits of the CRS Acquisition. Accordingly, the unaudited pro forma results are not necessarily indicative of either future results of operations or results that might have been achieved had the CRS Acquisition been consummated as of April 1, 2014.

Skyway Acquisition

On July 10, 2015, we completed the acquisition of a 600,000 ton per year Granulated Ground Blast Furnace Slag (“GGBFS”) plant in South Chicago (the “Skyway Plant”) from Holcim (US) Inc. (the “Skyway Acquisition”). Among other applications, GGBFS is used in conjunction with Portland cement to make durable concrete structures. The Skyway Plant purchases its primary raw material, slag, pursuant to a long term supply agreement with a third party.

The purchase price (the “Skyway Purchase Price”) for the Skyway Acquisition was approximately $29.9 million, net of $2.5 million which will be refunded over the next eighteen months. We funded the payment of the Skyway Purchase Price and expenses incurred in connection with the Skyway Acquisition through operating cash flow and borrowings under our bank credit facility. We also assumed certain liabilities, including contractual obligations, related to the Skyway Plant. The purchase price was allocated as follows: $1.9 million to accounts and notes receivable; $2.3 million to inventories; $24.6 million to property, plant and equipment; $1.2 million to intangible assets; $1.4 million to goodwill; and $1.0 million to other assets. See Note (L) in the Notes to the Unaudited Financial Statements for more information about our bank credit facility.

(D) CASH FLOW INFORMATION—SUPPLEMENTAL

Cash payments made for interest were $8.2 million and $7.3 million for the six months ended September 30, 2015 and 2014, respectively. Net payments made for federal and state income taxes during the six months ended September 30, 2015 and 2014, were $43.8 million and $32.2 million, respectively.

(E) ACCOUNTS AND NOTES RECEIVABLE

Accounts and notes receivable have been shown net of the allowance for doubtful accounts of $9.0 million and $7.1 million at September 30, 2015 and March 31, 2015, respectively. We perform ongoing credit evaluations of our customers' financial condition and generally require no collateral from our customers. The allowance for non-collection of receivables is based upon analysis of economic trends in the construction and oil and gas industries, detailed analysis of the expected collectability of accounts receivable that are past due and the expected collectability of overall receivables. Based on this analysis, we increased our allowance for doubtful accounts approximately $2.0 million in recognition of the downturn in our oil and gas proppants business and potential financial impact of this downturn to our customers. We have no significant credit risk concentration among our diversified customer base.

We had notes receivable totaling approximately $3.2 million at September 30, 2015, of which approximately $0.5 million has been classified as current and presented with accounts receivable on the balance sheet. We lend funds to certain companies in the ordinary course of business, and the notes bear interest, on average, at LIBOR plus 3.5%. Remaining unpaid amounts, plus accrued interest, mature on various dates between 2015 and 2017. The notes are collateralized by certain assets of the borrowers, namely property and equipment, and are generally payable monthly. We monitor the credit risk of each borrower by focusing on the timeliness of payments, review of credit history and credit metrics and interaction with the borrowers.

(F) STOCKHOLDERS' EQUITY

A summary of changes in stockholders' equity follows:

	For the Six Months Ended September 30, 2015 (dollars in thousands)
Common Stock –	
Balance at Beginning of Period	$ 502
Stock Option Exercises	1
Balance at End of Period	503
Capital in Excess of Par Value –	
Balance at Beginning of Period	272,441
Stock Compensation Expense	8,329
Shares Redeemed to Settle Employee Taxes	(1,728)
Stock Option Exercises	5,074
Share Repurchases and Retirement	(10,744)
Balance at End of Period	273,372
Retained Earnings –	
Balance at Beginning of Period	749,717
Dividends Declared to Stockholders	(10,054)
Net Earnings	67,581
Balance at End of Period	807,244

Accumulated Other Comprehensive Loss -		
Balance at Beginning of Period		(12,067)
Change in Funded Status of Pension Plan, net of tax		639
Balance at End of Period		(11,428)
Total Stockholders' Equity	$	1,069,691

On August 10, 2015, the Company announced that the Board of Directors had authorized the Company to repurchase up to an additional 6,782,700 shares, for a total outstanding authorization of 7,500,000 shares. We repurchased 144,000 shares at an average price of $74.61 during the three months ended September 30, 2015. We also purchased an additional 110,000 shares during the last week of September, which were not settled until the first week of October, and 130,000 shares during the first week of October 2015 at a combined average price of $70.31. Including the shares purchased during the last week of September, which settled in the first week of October, and the shares purchased in early October, we have authorization to purchase an additional 7,116,000 shares.

(G) INVENTORIES

Inventories are stated at the lower of average cost (including applicable material, labor, depreciation, and plant overhead) or market, and consist of the following:

	As of September 30, 2015	March 31, 2015
	(dollars in thousands)	
Raw Materials and Material-in-Progress	$107,698	$115,345
Finished Cement	18,328	20,508
Gypsum Wallboard	7,422	7,741
Frac Sand	4,674	4,928
Aggregates	10,732	11,131
Paperboard	7,669	8,493
Repair Parts and Supplies	62,218	62,121
Fuel and Coal	5,926	5,197
	$224,667	$235,464

(H) ACCRUED EXPENSES

Accrued expenses consist of the following:

	As of September 30, 2015	March 31, 2015
	(dollars in thousands)	
Payroll and Incentive Compensation	$17,029	$ 19,082
Benefits	10,560	9,951
Interest	4,524	4,524
Property Taxes	5,667	3,189
Power and Fuel	1,527	1,619
Sales and Use Tax	780	523
Legal	1,402	1,673
Other	8,577	6,269
	$50,066	$ 46,830

(I) Share-BASED EMPLOYEE COMPENSATION

On August 7, 2013 our stockholders approved the Eagle Materials Inc. Amended and Restated Incentive Plan (the “Plan”), which increased the shares we are authorized to issue as awards by 3,000,000 (1,500,000 of which may be stock awards). Under the terms of the Plan, we can issue equity awards, including stock options, restricted stock units (“RSUs”), restricted stock and stock appreciation rights to employees of the Company and members of the Board of Directors. Awards that were already outstanding prior to the approval of the Plan on August 7, 2013 remain outstanding. The Compensation Committee of our Board of Directors specifies the terms for grants of equity awards under the Plan.

Long-Term Compensation Plans -

Options. In June 2015, the Compensation Committee approved an equity award of an aggregate of 268,571 stock options pursuant to the Plan to certain officers and key employees that vest ratably over a three year period (the “Fiscal 2016 Employee Stock Option Grant”). The stock options have a term of ten years from the date of grant. The Fiscal 2016 Employee Stock Option Grant was valued at the grant date using the Black-Scholes option pricing model. In August 2015, we granted 17,501 options to members of the Board of Directors (the “Fiscal 2016 Board of Directors Stock Option Grant”). Options granted under the Fiscal 2016 Board of Directors Stock Option

Grant vest immediately and can be exercised from the date of grant until their expiration on the tenth anniversary of the date of grant.

The weighted-average assumptions used in the Black-Scholes model to value the option awards in fiscal 2016 are as follows:

	Fiscal 2016
Dividend Yield	2.0%
Expected Volatility	36.5%
Risk Free Interest Rate	1.7%
Expected Life	6.0 years

Stock option expense for all outstanding stock option awards totaled approximately $2.1 million and $4.2 million for the three and six months ended September 30, 2015, respectively and approximately $2.0 million and $3.4 million for the three and six months ended September 30, 2014, respectively. At September 30, 2015, there was approximately $13.8 million of unrecognized compensation cost related to outstanding stock options, net of estimated forfeitures, which is expected to be recognized over a weighted-average period of 2.4 years.

The following table represents stock option activity for the six months ended September 30, 2015:

	Number of Shares	Weighted-Average Exercise Price
Outstanding Options at Beginning of Period	1,665,565	$ 46.37
Granted	293,572	$ 81.48
Exercised	(97,410)	$ 26.47
Cancelled	(15,000)	$ 86.35
Outstanding Options at End of Period	1,846,727	$ 52.68
Options Exercisable at End of Period	1,252,675	$ 40.29
Weighted-Average Fair Value of Options Granted during the Period	$24.76	

The following table summarizes information about stock options outstanding at September 30, 2015:

	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
$23.17 – $ 30.74	504,200	4.36	$ 26.65	502,200	$ 26.64
$33.08 – $ 37.95	478,868	6.41	$ 33.96	458,868	$ 33.92

$53.22 – $ 74.10	282,936	7.32	$ 66.60	189,039	$ 66.67
$79.73 – $ 93.56	580,723	9.25	$ 83.92	102,568	$ 86.95
	1,846,727	6.89	$ 52.68	1,252,675	$ 40.29

At September 30, 2015, the aggregate intrinsic value for outstanding and exercisable options was approximately $29.1 million and $35.2 million, respectively. The total intrinsic value of options exercised during the six months ended September 30, 2015 was approximately $5.2 million.

Restricted Stock. In June 2015, the Compensation Committee approved the granting of an aggregate of 93,782 shares of restricted stock to certain officers and key employees that will be earned if certain performance conditions are satisfied (the “Fiscal 2016 Employee Restricted Stock Award”). The performance criterion for the Fiscal 2016 Employee Restricted Stock Award is based upon the achievement of certain levels of return on equity, ranging from 12.5% to 17.5%, for fiscal year ending March 31, 2016. All restricted shares will be earned if the return on equity is 17.5% or greater, and the percentage of shares earned will be reduced proportionately to approximately 75% if the return on equity is 12.5%. If the Company does not achieve a return on equity of at least 12.5%, all awards will be forfeited. If the criteria are met, the award may be reduced by the Compensation Committee based on individual performance goals. Following any such reduction, restrictions on the earned shares will lapse ratably over five years, with the first fifth lapsing promptly following the determination date, and the remaining restrictions lapsing on March 31, 2017 through 2020. The value of the Fiscal 2016 Employee Restricted Stock Award, net of estimated forfeitures, is being expensed over a five year period. In August 2015, we awarded 15,139 shares of restricted stock to members of the Board of Directors (the "Board of Directors Fiscal 2016 Restricted Stock Award"). Awards issued under the Board of Directors Fiscal 2016 Restricted Stock Award do not fully vest until the retirement of each director, in accordance with our director retirement policy.

Expense related to restricted shares was approximately $1.9 million and $4.2 million for the three and six months ended September 30, 2015, respectively, and approximately $1.8 million and $3.3 million for the three and six months ended September 30, 2014, respectively. At September 30, 2015, there was approximately $20.8 million of unearned compensation from restricted stock, net of estimated forfeitures, which will be recognized over a weighted-average period of 2.6 years.

The number of shares available for future grants of stock options, restricted stock units, stock appreciation rights and restricted stock under the Plan was 4,540,994 at September 30, 2015.

(J) COMPUTATION OF EARNINGS PER SHARE

The calculation of basic and diluted common shares outstanding is as follows:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2015	2014	2015	2014
Weighted-Average Shares of Common Stock Outstanding	49,828,189	49,591,495	49,797,972	49,546,916
Common Equivalent Shares:				
Assumed Exercise of Outstanding Dilutive Options	1,278,908	1,423,211	1,303,636	1,453,437
Less: Shares Repurchased from Assumed Proceeds of Assumed Exercised Options	(866,236)	(891,837)	(871,354)	(933,050)
Restricted Shares	229,290	304,417	230,693	290,611
Weighted-Average Common and Common Equivalent Shares Outstanding	50,470,151	50,427,286	50,460,947	50,357,914
Shares Excluded Due to Anti-dilution Effects	596,973	218,636	527,330	170,227

(K) 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 September 30,		For the Six Months ended September 30,	
	2015	2014	2015	2014
	(dollars in thousands)		(dollars in thousands)	
Service Cost – Benefits Earned During the Period	$ 231	$ 236	$ 488	$ 472
Interest Cost of Benefit Obligations	381	315	758	630
Expected Return on Plan Assets	(430)	(414)	(869)	(828)
Recognized Net Actuarial Loss	75	155	150	310
Amortization of Prior-Service Cost	432	3	859	6
Net Periodic Pension Cost	$ 689	$ 295	$ 1,386	$ 590

(L) INCOME TAXES

Income taxes for the interim period presented have been included in the accompanying financial statements on the basis of an estimated annual effective tax rate. In addition to the amount of tax resulting from applying the estimated annual effective tax rate to pre-tax income, we will, when appropriate, include certain items treated as discrete events to arrive at an estimated overall tax amount. The effective tax rate for the six months ended September 30, 2015 was approximately 32%, which was consistent with the effective tax rate for the six months ended September 30, 2014.

(M) LONG-TERM DEBT

Long-term debt consists of the following:

	As of September 30,	March 31,
	2015	2015
	(dollars in thousands)	
Credit Facility	$327,000	$330,000
Senior Notes	182,759	182,759
Total Debt	509,759	512,759
Less: Current Portion of Long-term Debt	(57,045)	(57,045)
Total Long-term Debt	$452,714	$455,714

Credit Facility –

We have a $500.0 million revolving credit facility (the "Credit Facility"), including a swingline loan sublimit of $25.0 million, which is scheduled to expire on October 30, 2019. Borrowings under the Credit Facility are guaranteed by substantially all of the Company's subsidiaries. At the option of the Company, outstanding principal amounts on the Credit Facility bear interest at a variable rate equal to (i) LIBOR, plus an agreed margin (ranging from 100 to 225 basis points), which is to be established quarterly based upon the Company's ratio of consolidated EBITDA, defined as earnings before interest, taxes, depreciation and amortization, to the Company's consolidated indebtedness (the "Leverage Ratio"), or (ii) an alternative base rate which is the higher of (a) the prime rate or (b) the federal funds rate plus ½% per annum plus an agreed margin (ranging from 0 to 125 basis points). Interest payments are payable, in the case of loans bearing interest at a rate based on the federal funds rate, quarterly, or in the case of loans bearing interest at a rate based on LIBOR, at the end of the LIBOR advance periods, which can be a period of up to nine months at the option of the Company. The Company is also required to pay a commitment fee on unused available borrowings under the Credit Facility ranging from 10 to 35 basis points depending upon the Leverage Ratio. The Credit Facility contains customary covenants that restrict our ability to incur additional debt, encumber our assets, sell assets, make or enter into certain investments, loans or guaranties and enter into sale and leaseback arrangements. The Credit Facility also requires us to maintain a consolidated indebtedness ratio (calculated as consolidated indebtedness to consolidated earnings before interest, taxes, depreciation, amortization, certain transaction-related deductions and other non-cash deductions) of 3.5:1.0 or less and an interest coverage ratio (consolidated earnings before interest, taxes, depreciation, amortization, certain transaction-related deductions and other non-cash deductions to consolidated interest expense) of at least 2.5:1.0. We had $327.0 million of borrowings outstanding at September 30, 2015. Based on our Leverage Ratio, we had $164.0 million of available borrowings, net of the outstanding letters of credit, at September 30, 2015.

The Credit Facility has a $50.0 million letter of credit facility. Under the letter of credit facility, the Company pays a fee at a per annum rate equal to the applicable margin for Eurodollar loans in effect from time to time plus a one-time letter of credit fee in an amount equal to 0.125% of the initial stated amount. At September 30, 2015, we had $9.0 million of letters of credit outstanding.

Senior Notes -

We entered into a Note Purchase Agreement on November 15, 2005 (the “2005 Note Purchase Agreement”) related to our sale of $200 million of senior, unsecured notes, designated as Series 2005A Senior Notes (the “Series 2005A Senior Notes”) in a private placement transaction. The Series 2005A Senior Notes, which are guaranteed by substantially all of our subsidiaries, were sold at par and issued in three tranches on November 15, 2005. Since entering into the 2005 Note Purchase Agreement, we have repurchased $81.1 million in principal of the Series 2005A Senior Notes (in periods prior to the fiscal year ended March 31, 2013). During November 2012, Tranche A of the Series 2005A Senior Notes matured and we retired the remaining $4.7 million in notes from this Tranche. Following these repurchases and maturities, the amounts outstanding for each of the remaining tranches are as follows:

	Principal	Maturity Date	Interest Rate
Tranche B	$57.0 million	November 15, 2015	5.38%
Tranche C	$57.2 million	November 15, 2017	5.48%

Interest for each tranche of Notes is payable semi-annually on the 15th day of May and the 15th day of November of each year until all principal is paid for the respective tranche.

We also entered into an additional Note Purchase Agreement on October 2, 2007 (the “2007 Note Purchase Agreement”) related to our sale of $200 million of senior, unsecured notes, designated as Series 2007A Senior Notes (the “Series 2007A Senior Notes”) in a private placement transaction. The Series 2007A Senior Notes, which are guaranteed by substantially all of our subsidiaries, were sold at par and issued in four tranches on October 2, 2007. Since entering into the 2007 Note Purchase Agreement, we have repurchased $122.0 million in principal of the Series 2007A Senior Notes (in periods prior to the fiscal year ended March 31, 2013). During October 2014, Tranche A of the Series 2007A Senior Notes matured and we retired the remaining $9.5 million in notes from this Tranche. Following the repurchase, the amounts outstanding for each of the four tranches are as follows:

	Principal	Maturity Date	Interest Rate
Tranche B	$8.0 million	October 2, 2016	6.27%
Tranche C	$24.0 million	October 2, 2017	6.36%
Tranche D	$36.5 million	October 2, 2019	6.48%

Interest for each tranche of Notes is payable semi-annually on the second day of April and the second day of October of each year until all principal is paid for the respective tranche.

Our obligations under the 2005 Note Purchase Agreement and the 2007 Note Purchase Agreement (collectively referred to as the “Note Purchase Agreements”) and the Series 2005A Senior Notes and the Series 2007A Senior Notes (collectively referred to as “the Senior Notes”) are equal in right of payment with all other senior, unsecured debt of the Company, including our debt under the Credit Facility. The Note Purchase Agreements contain customary restrictive covenants, including covenants that place limits on our ability to encumber our assets, to incur additional debt, to sell assets, or to merge or consolidate with third parties, as well as certain cross covenants with the Credit Facility. We were in compliance with all financial ratios and tests at September 30, 2015.

Pursuant to a Subsidiary Guaranty Agreement, substantially all of our subsidiaries have guaranteed the punctual payment of all principal, interest, and Make-Whole Amounts (as defined in the Note Purchase Agreements) on the Senior Notes and the other payment and performance obligations of the Company contained in the Senior Notes and in the Note Purchase Agreements. We are permitted, at our option and without penalty, to prepay from time to time at least 10% of the original aggregate principal amount of the Senior Notes at 100% of the principal amount to be prepaid, together with interest accrued on such amount to be prepaid to the date of payment, plus a Make-Whole Amount. The Make-Whole Amount is computed by discounting the remaining scheduled payments of interest and principal of the Senior Notes being prepaid at a discount rate equal to the sum of 50 basis points and the yield to maturity of U.S. treasury securities having a maturity equal to the remaining average life of the Senior Notes being prepaid.

We are leasing one of our cement plants from the city of Sugar Creek, Missouri. The city of Sugar Creek issued industrial revenue bonds to partly finance improvements to the cement plant. The lease payments due to the city of Sugar Creek under the cement plant lease, which was entered into upon the sale of the industrial revenue bonds, are equal in amount to the payments required to be made by the city of Sugar Creek to the holders of the industrial revenue bonds. Because we are the holder of all of the outstanding industrial revenue bonds, no debt is reflected on our financial statements in connection with our lease of the cement plant. At the conclusion of the lease in fiscal 2021, we have the option to purchase the cement plant for a nominal amount.

(N) SEGMENT INFORMATION

Operating segments are defined as components of an enterprise that engage in business activities that earn revenues, incur expenses and prepare separate financial information that is evaluated regularly by our chief operating decision maker in order to allocate resources and assess performance.

We operate in five business segments: Cement, Gypsum Wallboard, Recycled Paperboard, Oil and Gas Proppants and Concrete and Aggregates. These operations are conducted in the U.S. and include the mining of limestone and the manufacture, production, distribution and sale of Portland cement (a basic construction material which is the essential binding ingredient in concrete), the mining of gypsum and the manufacture and sale of gypsum wallboard, the manufacture and sale of recycled paperboard to the gypsum wallboard industry and other paperboard converters, the sale of readymix concrete and the mining and sale of aggregates (crushed stone, sand and gravel) and sand used in hydraulic fracturing (“frac sand”). The products that we manufacture, distribute and sell are basic materials used with broad application as construction products, building materials, and basic materials used for oil and natural gas extraction. Our construction products are used in residential, industrial, commercial and infrastructure construction and include cement, concrete and aggregates. Our building materials are sold into similar markets and include gypsum wallboard. Our basic materials used for oil and natural gas extraction include frac sand and oil well cement.

We operate six cement plants, one slag grinding facility, sixteen cement distribution terminals, five gypsum wallboard plants, including the plant idled in Bernalillo, N.M., a gypsum wallboard distribution center, a recycled paperboard mill, seventeen readymix concrete batch plant locations, three aggregates processing plant locations, three frac sand processing facilities, three frac sand drying facilities and six frac sand trans-load locations. The principal markets for our cement products are Texas, northern Illinois (including Chicago), the central plains, the Rocky Mountains, northern Nevada, and northern California. Gypsum wallboard and recycled paperboard are distributed throughout the continental U.S, with the exception of the northeast. Concrete and aggregates are sold to local readymix producers and paving contractors in the Austin, Texas area, north of Sacramento, California and the greater Kansas City, Missouri area, while frac sand is currently sold into shale deposit zones across the United States.   During July 2015, we completed the Skyway Acquisition, which is operated by Illinois Cement Company, and its operations are included in the Cement segment.

We conduct one of our six cement plant operations, Texas Lehigh Cement Company LP in Buda, Texas, through a Joint Venture. For segment reporting purposes only, we proportionately consolidate our 50% share of the Joint Venture's revenues and operating earnings, which is consistent with the way management reports the segments within the Company for making operating decisions and assessing performance.

We account for intersegment sales at market prices. The following table sets forth certain financial information relating to our operations by segment:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2015	2014	2015	2014
	(dollars in thousands)		(dollars in thousands)	
Revenues -				
Cement	$164,790	$145,861	$292,966	$273,797
Gypsum Wallboard	119,701	111,655	234,753	224,332
Paperboard	39,145	35,579	74,463	73,058
Oil and Gas Proppants	18,307	10,414	41,132	21,594
Concrete and Aggregates	36,671	31,961	65,203	58,123
Sub-total	378,614	335,470	708,517	650,904
Less: Intersegment Revenues	(20,090)	(17,523)	(38,019)	(34,128)
Net Revenues, including Joint Venture	358,524	317,947	670,498	616,776
Less: Joint Venture	(29,536)	(33,139)	(56,547)	(65,717)
Net Revenues	$328,988	$284,808	$613,951	$551,059

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2015	2014	2015	2014
	(dollars in thousands)		(dollars in thousands)	
Intersegment Revenues -				
Cement	$ 4,232	$ 2,911	$ 7,358	$ 5,271
Paperboard	15,596	14,324	30,147	28,340
Concrete and Aggregates	262	288	514	517
	$ 20,090	$ 17,523	$ 38,019	$ 34,128
Cement Sales Volume (in thousands of tons) -				
Wholly –owned Operations	1,248	1,193	2,239	2,200
Joint Venture	236	283	448	567
	1,484	1,476	2,687	2,767

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2015	2014	2015	2014
	(dollars in thousands)		(dollars in thousands)	
Operating Earnings -				
Cement	$ 48,577	$ 38,450	$ 74,290	$ 58,957
Gypsum Wallboard	40,002	37,002	80,896	74,430
Paperboard	8,138	7,984	14,168	15,531
Oil and Gas Proppants	(44,600)	711	(50,236)	74
Concrete and Aggregates	3,857	2,965	5,783	4,321
Other, net	572	883	1,007	1,562
Sub-total	56,546	87,995	125,908	154,875
Corporate General and Administrative	(9,364)	(7,414)	(18,355)	(14,456)
Acquisition and Litigation Expense	-	(2,103)	-	(2,103)
Earnings Before Interest and Income Taxes	47,182	78,478	107,553	138,316
Interest Expense, net	(4,342)	(3,901)	(8,828)	(7,953)
Earnings Before Income Taxes	$ 42,840	$ 74,577	$ 98,725	$ 130,363

Cement Operating Earnings -				
Wholly–owned Operations	$ 36,897	$ 26,399	$ 54,780	$ 37,106
Joint Venture	11,680	12,051	19,510	21,851
	$ 48,577	$ 38,450	$ 74,290	$ 58,957

Capital Expenditures -				
Cement	$ 5,349	$ 4,176	$ 13,499	$ 12,996
Gypsum Wallboard	203	1,558	1,700	3,793
Paperboard	2,424	823	3,268	1,149
Oil and Gas Proppants	16,744	6,000	32,711	13,602
Concrete and Aggregates	4,027	4,219	4,691	8,349
Other	-	82	-	150
	$ 28,747	$ 16,858	$ 55,869	$ 40,039

Depreciation, Depletion and Amortization -				
Cement	$ 8,629	$ 7,987	$ 16,495	$ 15,870
Gypsum Wallboard	4,819	5,031	9,605	10,129
Paperboard	2,063	2,058	4,116	4,127
Oil and Gas Proppants	7,205	684	14,764	1,253
Concrete and Aggregates	1,565	1,369	3,070	2,593
Other, net	489	445	984	892
	$ 24,770	$ 17,574	$ 49,034	$ 34,864

As of

	September 30, 2015	March 31, 2015
	(dollars in thousands)	
Identifiable Assets -		
Cement	$836,927	$777,956
Gypsum Wallboard	393,602	403,279
Paperboard	126,497	123,519
Oil and Gas Proppants	434,093	455,572
Concrete and Aggregates	109,154	96,610
Corporate and Other	19,977	25,655
	$1,920,250	$1,882,591

Segment operating earnings, including the proportionately consolidated 50% interest in the revenues and expenses of the Joint Venture, represent revenues, less direct operating expenses, segment depreciation, and segment selling, general and administrative expenses. Corporate assets consist primarily of cash and cash equivalents, general office assets, miscellaneous other assets and unrecognized tax benefits. The segment breakdown of goodwill is as follows:

	As of September 30, 2015	March 31, 2015
	(dollars in thousands)	
Cement	$ 9,729	$ 8,359
Gypsum Wallboard	116,618	116,618
Paperboard	7,538	7,538
	$ 133,885	$ 132,515

Summarized financial information for the Joint Venture that is not consolidated is set out below (this summarized financial information includes the total amount for the Joint Venture and not our 50% interest in those amounts):

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2015	2014	2015	2014
	(dollars in thousands)		(dollars in thousands)	
Revenues	$ 59,071	$ 66,278	$ 113,094	$ 131,434
Gross Margin	$ 25,193	$ 25,369	$ 42,204	$ 45,827
Earnings Before Income Taxes	$ 23,360	$ 24,102	$ 39,020	$ 43,702

	As of September 30, 2015	March 31, 2015
	(dollars in thousands)	
Current Assets	$ 74,991	$ 68,399
Non-Current Assets	$ 42,154	$ 42,765
Current Liabilities	$ 20,958	$ 19,723

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(O) INTEREST EXPENSE

The following components are included in interest expense, net:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2015	2014	2015	2014
	(dollars in thousands)		(dollars in thousands)	
Interest (Income)	$ (1)	$ (1)	$ (2)	$ (2)
Interest Expense	4,160	3,510	8,456	7,170
Interest Expense – Income Taxes	-	174	-	348
Other Expenses	183	218	374	437
Interest Expense, net	$ 4,342	$ 3,901	$ 8,828	$ 7,953

Interest income includes interest on investments of excess cash. Components of interest expense include interest associated with the Senior Notes, the Credit Facility and commitment fees based on the unused portion of the Credit Facility. Other expenses include amortization of debt issuance costs, and credit facility costs.

(P) COMMITMENTS AND CONTINGENCIES

We have certain deductible limits under our workers' compensation and liability insurance policies for which reserves are established based on the undiscounted estimated costs of known and anticipated claims. We have entered into standby letter of credit agreements relating to workers' compensation and auto and general liability self-insurance. At September 30, 2015, we had contingent liabilities under these outstanding letters of credit of approximately $9.0 million.

In the ordinary course of business, we execute contracts involving indemnifications that are standard in the industry and indemnifications specific to a transaction such as sale of a business. These indemnifications may include claims relating to any of the following: environmental and tax matters; intellectual property rights; governmental regulations and employment-related matters; customer, supplier, and other commercial contractual relationships; construction contracts and financial matters. While the maximum amount to which the Company may be exposed under such agreements cannot be estimated, it is the opinion of management that these indemnifications are not expected to have a material adverse effect on our consolidated financial position, results of operations or cash flows. We currently have no outstanding guarantees.

We are currently contingently liable for performance under $13.6 million in performance bonds required by certain states and municipalities, and their related agencies. The bonds are principally for certain reclamation obligations and mining permits. We have indemnified the underwriting insurance company against any exposure under the performance bonds. In our past experience, no material claims have been made against these financial instruments.

EPA Notice of Violation

On October 5, 2010, Region IX of the EPA issued a Notice of Violation and Finding of Violation ("NOV") alleging violations by our subsidiary, Nevada Cement Company ("NCC"), of the Clean Air Act ("CAA"). The NOV alleges that NCC made certain physical changes to its facility in the 1990s without first obtaining permits required by the Prevention of Significant Deterioration requirements and Title V permit requirements of the CAA. The EPA also alleges that NCC has failed to submit to the EPA since 2002 certain reports required by the National Emissions Standard for Hazardous Air Pollutants General Provisions and the Portland Cement Manufacturing Industry Standards. On March 12, 2014, the EPA Region IX issued a second NOV to NCC. The second NOV is materially similar to the 2010 NOV except that it alleges violations of the new source performance standards ("NSPS") for Portland cement plants. The NOVs state that the EPA may seek penalties although it does not propose or assess any specific level of penalties or specify what relief the EPA will seek for the alleged violations. NCC believes it has meritorious defenses to the allegations in the NOVs. NCC met with the

EPA in December 2010, September 2012 and May 2014 to present its defenses and to discuss a resolution of the alleged violations. The EPA and NCC remain in discussions regarding the alleged violations. If a negotiated settlement cannot be reached, NCC intends to vigorously defend these matters in any enforcement action that may be pursued by the EPA. As a part of a settlement, or should NCC fail in its defense in any enforcement action, NCC could be required to make substantial capital expenditures to modify its facility and incur increased operating costs. NCC could also be required to pay significant civil penalties. Additionally, an enforcement action could take many years to resolve the underlying issues alleged in the NOV. We are currently unable to determine the final outcome of this matter or the impact of an unfavorable determination upon our financial position or results of operations.

Domestic Wallboard Antitrust Litigation

Since late December 2012, several purported class action lawsuits were filed in various United States District Courts, including the Eastern District of Pennsylvania, Western District of North Carolina and the Northern District of Illinois, against the Company's subsidiary, American Gypsum Company LLC ("American Gypsum"), alleging that American Gypsum conspired with other wallboard manufacturers to fix the price for drywall sold in the United States in violation of federal antitrust laws and, in some cases related provisions of state law. The complaints allege that the defendant wallboard manufacturers conspired to increase prices through the announcement and implementation of coordinated price increases, output restrictions, and other restraints of trade, including the elimination of individual "job quote" pricing. In addition to American Gypsum, the defendants in these lawsuits include CertainTeed Corp., USG Corporation and United States Gypsum (together "USG"), New NGC, Inc., Lafarge North America, Temple Inland Inc. ("TIN") and PABCO Building Products LLC. On April 8, 2013, the Judicial Panel on Multidistrict Litigation ("JPML") transferred and consolidated all related cases to the Eastern District of Pennsylvania for coordinated pretrial proceedings.

On June 24, 2013, the direct and indirect purchaser plaintiffs filed consolidated amended class action complaints. The direct purchasers' complaint added the Company as a defendant. The plaintiffs in the consolidated class action lawsuits bring claims on behalf of purported classes of direct or indirect purchasers of wallboard from January 1, 2012 to the present for unspecified monetary damages (including treble damages) and in some cases injunctive relief. On July 29, 2013, the Company and American Gypsum answered the complaints, denying all allegations that they conspired to increase the price of drywall and asserting affirmative defenses to the plaintiffs' claims.

In 2014, USG and TIN entered into agreements with counsel representing the direct and indirect purchaser classes pursuant to which they agreed to settle all claims against them. On August 20, 2015, the court granted final approvalof USG and TIN's settlements with the direct and indirect purchaser plaintiffs. Initial discovery in this litigation is complete. At this stage we are unable to estimate the amount of any reasonably possible loss or range of reasonably possible losses associated with these lawsuits. American Gypsum denies the allegations in these lawsuits and will vigorously defend itself against these claims. Defendants' motions for summary judgement were filed in the class actions in the first quarter of fiscal 2016.

On March 17, 2015, a group of homebuilders filed a complaint against the defendants, including American Gypsum, based upon the same conduct alleged in the consolidated class action complaints. On March 24, 2015, the JPML transferred this action to the multidistrict litigation already pending in the Eastern District of Pennsylvania.

In June 2015, American Gypsum and an employee received grand jury subpoenas from the United States District Court for the Western District of North Carolina seeking information regarding an investigation of the gypsum drywall industry by the Antitrust Division of the Department of Justice. We believe the investigation, although a separate proceeding, is related to the same subject matter at issue in the litigation described above and we intend to fully cooperate with government officials. Given its preliminary nature, we are currently unable to determine the ultimate outcome of such investigation.

(Q) FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of our long-term debt has been estimated based upon our current incremental borrowing rates for similar types of borrowing arrangements. The fair value of our Senior Notes at September 30, 2015 is as follows:

	Fair Value (dollars in thousands)
Series 2005A Tranche B	$ 57,272
Series 2005A Tranche C	59,941
Series 2007A Tranche B	8,281
Series 2007A Tranche C	25,505
Series 2007A Tranche D	40,153

The estimated fair value of our long-term debt was based on quoted prices of similar debt instruments with similar terms that are publicly traded (level 2 input). The carrying values of cash and cash equivalents, accounts and notes receivable, accounts payable and accrued liabilities approximate their fair values at September 30, 2015 due to the short-term maturities of these assets and liabilities. The fair value of our Credit Facility also approximates its carrying value at September 30, 2015.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

EXECUTIVE SUMMARY

Eagle Materials Inc. is a diversified producer of basic construction products and building materials used in residential, industrial, commercial and infrastructure construction and products used in ion and natural gas extraction. Information presented for the three and six months ended September 30, 2015 and 2014, respectively, reflects the Company's business segments, consisting of Cement, Gypsum Wallboard, Recycled Paperboard, Oil and Gas Proppants and Concrete and Aggregates. These operations are conducted in the U.S. and include the mining of limestone and the manufacture, production, distribution and sale of Portland cement (a basic construction material which is the essential binding ingredient in concrete) as well as specialty oil well cement; the mining of gypsum and the manufacture and sale of gypsum wallboard; the manufacture and sale of recycled paperboard to the gypsum wallboard industry and other paperboard converters; the sale of readymix concrete, the mining and sale of aggregates (crushed stone, sand and gravel) and the mining and sale of sand used in hydraulic fracturing ("frac sand"). The products that we manufacture, distribute and sell are basic materials with broad application as construction products, building materials and basic materials used for oil and natural gas extraction. Our construction products are used in residential, industrial, commercial and infrastructure construction and include cement, concrete and aggregates. Our building materials are sold into similar markets and include gypsum wallboard. Our basic materials used for oil and gas extraction include frac sand and oil well cement. Certain information for each of Concrete and Aggregates is broken out separately in the segment discussions.

On November 14, 2014, we acquired of all of the outstanding equity interests of CRS Holdco LLC, CRS Proppants LLC, Great Northern Sand LLC, and related entities (collectively, "CRS Proppants") (such acquisition, the "CRS Acquisition"). CRS Proppants is a supplier of frac sand to the energy industry, and its business currently consists of a frac sand mine in New Auburn, Wisconsin, and a trans-load network into Texas and southwest Oklahoma. The purchase price (the "CRS Purchase Price") paid by the Company for the CRS Acquisition was approximately $236.1 million in cash, including approximately $8.9 million for in-process capital expenditures paid through the closing date, and estimated working capital and other estimated closing amounts. The CRS Purchase Price was funded through borrowings under the Company's Credit Facility. CRS Proppants was in the process of expanding its frac sand mine in New Auburn, Wisconsin at the time of purchase. This expansion was completed during the first quarter of fiscal 2016, at a cost of approximately $8.0 million.

The decline in oil prices during the summer adversely impacted U.S. oil and gas drilling activity leading to further reductions in demand and pricing for proppants. As a result, we recorded impairments to several intangible assets originally booked in connection with our acquisition of CRS Proppants and revalued downward certain raw sand inventory values associated with the downward revaluation of raw sand inventory that CRS Proppants purchased from a third party pursuant to a purchase contract entered into in connection with the plant expansion. We have fulfilled our obligations under this purchase contract. The impairments and inventory revaluation charges totaled approximately $37.8 million (pre-tax) and are recorded within our Oil and Gas Proppants segment.

On July 10, 2015, we completed the acquisition of a 600,000 ton per year Granulated Ground Blast Furnace Slag ("GGBFS") plant in South Chicago (the "Skyway Plant") from Holcim (US) Inc. (the "Skyway Acquisition"). Among other applications, GGBFS is used in conjunction with Portland cement to make durable concrete structures. The Skyway Plant purchases its primary raw material, slag, pursuant to a long term supply agreement with a third party.

The purchase price (the "Skyway Purchase Price") for the Skyway Acquisition was approximately $29.9 million, net of $2.5 million which will be refunded over the next eighteen months. We funded the payment of the Skyway Purchase Price and expenses incurred in connection with the Skyway Acquisition through operating cash flow. We also assumed certain liabilities, including contractual obligations, related to the Skyway Plant.

We operate in cyclical commodity businesses that are affected by changes in market conditions and the overall construction environment. Our operations, depending on each business segment, range from local in nature to national businesses. We have operations in a variety of geographic markets, which subject us to the economic conditions in those geographic markets as well as economic conditions in the national market. General economic downturns or localized downturns in the regions where we have operations may have a material adverse effect on our business, financial condition and results of operations. Our Cement companies focus on the U.S. heartland in Texas, Oklahoma, Missouri, Colorado, Wyoming and Nevada, as well as the Chicago, Illinois metropolitan area. Due to the low value-to-weight ratio of cement, it is usually shipped within a 150 mile radius of the plants by truck and up to 300 miles by rail. Concrete and Aggregates are even more regional as our operations serve the areas immediately surrounding Austin, Texas, north of Sacramento, California and the greater Kansas City, Missouri area, while frac sand is currently sold into shale deposit zones across the United States. Cement, concrete and aggregates and frac sand demand may fluctuate more widely because local and regional markets and economies may be more sensitive to changes than the national markets. Our Wallboard and Paperboard operations are more national in scope and shipments are made throughout most of the continental United States, except for the northeast.

We conduct one of our cement operations through a joint venture, Texas Lehigh Cement Company LP, which is located in Buda, Texas (the “Joint Venture”). We own a 50% interest in the Joint Venture and account for our interest under the equity method of accounting. We proportionately consolidate our 50% share of the Joint Venture’s revenues and operating earnings in the presentation of our cement segment, which is the way management organizes the segments within the Company for making operating decisions and assessing performance.

RESULTS OF OPERATIONS

Consolidated Results

	For the Three Months Ended			For the Six Months Ended		
	September 30,			September 30,		
	2015	2014	Change	2015	2014	Change
	(In thousands except per share)			(In thousands except per share)		
Revenues	$ 328,988	$ 284,808	16%	$ 613,951	$ 551,059	11%
Cost of Goods Sold	(284,694)	(209,747)	36%	(508,560)	(419,597)	21%
Gross Profit	44,294	75,061	(41%)	105,391	131,462	(20%)
Equity in Earnings of Unconsolidated Joint Venture	11,680	12,051	(3%)	19,510	21,851	(11%)
Corporate General and Administrative	(9,364)	(7,414)	26%	(18,355)	(14,456)	27%
Acquisition and Litigation Expense	-	(2,103)	(100%)	-	(2,103)	(100%)
Other Income	572	883	(35%)	1,007	1,562	(36%)
Interest Expense, net	(4,342)	(3,901)	11%	(8,828)	(7,953)	11%
Earnings Before Income Taxes	42,840	74,577	(43%)	98,725	130,363	(24%)
Income Tax Expense	(13,021)	(24,258)	(46%)	(31,144)	(42,334)	(26%)
Net Earnings	$ 29,819	$ 50,319	(41%)	$ 67,581	$ 88,029	(23%)
Diluted Earnings per Share	$ 0.59	$ 1.00	(41%)	$ 1.34	$ 1.75	(23%)

Revenues. Revenues were $329.0 million and $284.8 million for the three months ended September 30, 2015 and 2014, respectively. Revenues from the CRS and Skyway Acquisitions positively impacted revenues by approximately

$12.5 million and $9.2 million, respectively. Revenues increased in all of our segments except our legacy oil and gas proppants segment. The increase in revenues was due primarily to increased average net sales prices in all segments except gypsum wallboard, which was down slightly and increased sales volumes in all segments except aggregates. The reduction in revenues from our legacy oil and gas proppants business was due primarily to reduced sales volumes. Excluding revenues from the CRS and Skyway Acquisitions, increased net sales prices and sales volumes positively impacted net revenue during the quarter ended September 30, 2015, by approximately $7.8 million and $14.7 million, respectively.

Revenues were $614.0 million and $551.1 million for the six months ended September 30, 2015 and 2014, respectively. Revenues from the CRS and Skyway Acquisitions positively impacted revenues by approximately $31.2 million and $9.2 million, respectively. Revenues increased in all of our segments except our legacy oil and gas proppants segment. The increase in revenues was due primarily to increased average net sales prices in all segments except gypsum wallboard and recycled paperboard, which were flat and increased sales volumes in all segments except cement and aggregates. The reduction in revenues from our legacy oil and gas proppants business was due primarily to reduced sales volumes. Excluding revenues from the CRS and Skyway Acquisitions, increased net sales prices and sales volumes positively impacted net revenue during the quarter ended September 30, 2015, by approximately $16.8 million and $5.7 million, respectively.

Cost of Goods Sold. Cost of goods sold was $284.7 million and $209.7 million during the three months ended September 30, 2015 and 2014, respectively. Of the $75.0 million increase in cost of goods sold, approximately $53.7 million and $6.5 million of the increase related to the CRS and Skyway Acquisitions, respectively. The remaining $14.8 million increase in cost of goods sold was related to increases in both sales volumes and operating costs, which increased cost of sales by approximately $12.1 million and $2.7 million, respectively. The increase in operating costs in the three months ended September 30, 2015, compared to September 30, 2014, was primarily related to our paperboard and concrete and aggregates businesses and was approximately $2.5 million and $1.9 million, respectively, partially offset by decreased operating costs in our gypsum wallboard business of approximately $2.1 million. Cost of goods sold includes an impairment charge of $28.4 million of intangible assets (customer contracts) generated from the CRS Acquisition and a write-down of $9.4 million in raw sand inventory values associated primarily with downward revaluation of raw sand inventory that CRS Proppants purchased from a third party pursuant to a purchase contract entered into in connection with the plant expansion. We have fulfilled our obligations under this purchase contract.

Cost of goods sold was $508.6 million and $419.6 million during the six months ended September 30, 2015 and 2014, respectively. Of the $89.0 million increase in cost of goods sold, approximately $77.3 million and $6.5 million of the increase related to the CRS and Skyway Acquisitions, respectively. The remaining $5.2 million increase in cost of goods sold was related to increased sales volumes, which increased cost of sales by approximately $5.1 million, respectively. Operating costs for the six months ended September 30, 2015, compared to September 30, 2014, increased for our paperboard and concrete and aggregates businesses by approximately $1.3 million and $3.5 million, respectively, partially offset by decreased operating costs in our cement and gypsum wallboard business of approximately $0.9 million and $4.0 million, respectively. Cost of goods sold includes an impairment charge of $28.4 million of intangible assets (customer contracts) generated from the CRS Acquisition and a write-down of $9.4 million in raw sand inventory values associated primarily with downward revaluation of raw sand inventory that CRS Proppants purchased from a third party pursuant to a purchase contract entered into in connection with the plant expansion. We have fulfilled our obligations under this purchase contract.

Gross Profit. Gross profit was $44.3 million and $75.1 million during the three months ended September 30, 2015 and 2014, respectively. The 41% decrease in gross profit was due primarily to a $28.4 million impairment of customer contract intangible assets and increased operating costs, including the $9.4 million write-down of working capital, partially offset by increased average sales prices, as noted above. The gross margin for the three months ended September 30, 2015 declined to 13%, compared to 26% for the three months ended September 30, 2014, primarily due to the $28.4 million impairment of customer contract intangibles and the write-down of $9.4 million in raw sand inventory. Excluding this expense, the gross margin for the three months ended September 30, 2015 would have been relatively consistent with the gross margin for the three months ended September 30, 2014.

Gross profit was $105.4 million and $131.5 million during the six months ended September 30, 2015 and 2014, respectively. The 20% decrease in gross profit was due primarily to a $28.4 million impairment of customer contract intangible assets and increased operating costs, including the $9.4 million write-down of working capital, partially offset by increased average sales prices, as noted above. The gross margin for the six months ended September 30, 2015 declined to 17%, compared to 24% for the six months ended September 30, 2014, primarily due to the $28.4 million impairment of customer contract intangibles and the write-down of $9.4 million in raw sand inventory. Excluding this expense, the gross margin for the six months ended September 30, 2015 would have been relatively consistent with the gross margin for the six months ended September 30, 2014.

Equity in Earnings of Joint Venture. Equity in earnings of our unconsolidated joint venture decreased $0.4 million, or 3%, for the three months ended September 30, 2015, compared to the similar period in 2014. The decrease is primarily due to a 17% decrease in sales volumes and an increase in operating cost, partially offset by a 7% increase in average net sales price. The sales volume decline was driven by reduced demand for oil well cement. The impact of the decrease in sales volumes and increase in operating costs on equity in earnings of our unconsolidated joint venture during the three months ended September 30, 2015, compared to the three months ended September 30, 2014, was approximately $2.0 million and $0.3 million, respectively, partially offset by an increase in average net sales price of approximately $1.9 million.

Equity in earnings of our unconsolidated joint venture decreased $2.3 million, or 11%, for the six months ended September 30, 2015, compared to the similar period in 2014. The decrease is primarily due to a 21% decrease in sales volumes and an increase in operating costs, partially offset by a 9% increase in average net sales price. The decrease in sales volumes during the six months ended September 30, 2015, compared to the six months ended September 30, 2014, was due primarily to above average rainfall during April and May 2015, and reduced demand for oil well cement. The impact of the decrease in sales volumes and increase in operating cost on equity in earnings of our unconsolidated joint venture during the six months ended September 30, 2015, compared to the six months ended September 30, 2014, was approximately $4.5 million and $2.5 million, respectively, partially offset by an increase in average net sales price of approximately $4.6 million. The increase in operating costs was primarily due to an increase in maintenance costs of approximately $2.0 million.

Corporate General and Administrative. Corporate general and administrative expenses increased 26% and 27% for the three and six months ended September 30, 2015, respectively, compared to the similar periods in 2014. The approximately $2.0 million and $3.9 million increase in corporate general and administrative expenses for the three and six months ended September 30, 2015, respectively, compared to 2014, is due primarily to an increase in equity incentive compensation expense. Equity incentive compensation increased approximately $0.7 million and $1.9 million during the three and six months ended September 30, 2015, respectively, compared to the similar period in 2014, primarily due to the Fiscal 2016 Employee Restricted Stock Awards and increased operating earnings from most of our segments. Additionally, legal expense increased approximately $0.5 million and $0.4 million during the three and six months ended September 30, 2015, respectively, compared to the similar period in 2014, primarily due to the legal issues discussed in Footnote (P) to the Unaudited Consolidated Financial Statements.

Acquisition and Litigation Expense. Acquisition and litigation expense consist primarily of approximately $1.7 million of litigation expenses related to our lawsuit against the IRS. This lawsuit was settled in January 2015. The remaining expense is due to the CRS Acquisition, which closed in November 2014.

Other Income. Other income consists of a variety of items that are non-segment operating in nature and includes non-inventoried aggregates income, gypsum wallboard distribution center income, asset sales and other miscellaneous income and cost items.

Interest Expense, Net. Interest expense, net, increased approximately $0.4 million and $0.9 million during the three and six months ended September 30, 2015, respectively, compared to the three and six months ended September 30, 2014. The 11% increase in interest expense, net for both of the three and six months ended September 30, 2015, compared to the similar three and six months in the prior fiscal year, is due primarily to the increase in interest expense from our Credit Facility, which increased approximately $0.8 million and $1.6 million in the three and six months ended September 30, 2015, respectively, compared to the three and six months ended September 30, 2014, partially offset by decreased interest from our Senior Notes and our lawsuit with the IRS. The increase in interest expense from our Credit Facility is due to greater outstanding balances during the three and six months ended September 30, 2015, compared to the three and six months ended September 30, 2014, as a result of borrowings made to finance the CRS Acquisition in November 2014 and the Skyway Acquisition in July 2015. Because of the borrowings to finance the CRS and Skyway Acquisitions, we expect interest expense to increase during fiscal 2016 compared to fiscal 2015. Additionally, interest expense from our Senior Notes decreased $0.1 million and $0.3 million during the three and six months ended September 30, 2015, respectively, compared to the three and six months ended September 30, 2014, due to the maturity and repayment of $9.5 million during October 2014. We also had approximately $0.2 million and $0.4 million of interest expense during the three and six months ended September 30, 2014, respectively, related to an outstanding lawsuit with the IRS that was settled in January 2015.

Earnings Before Income Taxes. Earnings before income taxes were $42.8 million and $74.6 million during the three months ended September 30, 2015 and 2014, respectively. The decrease was primarily due to an approximately $30.8 million decrease in gross profit, an approximate $0.4 million decrease in equity in earnings of unconsolidated joint venture, an increase in interest expense, net of approximately $0.4 million and an increase of approximately $2.0 million in corporate general and administrative expenses.

Earnings before income taxes were $98.7 million and $130.4 million during the six months ended September 30, 2015 and 2014, respectively. The decrease was primarily due to an approximately $26.1 million decrease in gross profit, an approximate $2.4 million decrease in equity in earnings of unconsolidated joint venture, an increase in interest expense, net of approximately $0.8 million and an increase of approximately $3.9 million in corporate general and administrative expenses.

Income Taxes. Income tax expense was $31.1 million and $42.3 million for the six months ended September 30, 2015 and 2014, respectively. The estimated effective tax rate for fiscal 2015, compared to fiscal 2014, remained consistent at approximately 32%.

Net Earnings and Diluted Earnings per Share. Net earnings for the quarter ended September 30, 2015 of approximately $29.8 million decreased 41% compared to net earnings for the quarter ended September 30, 2014 of approximately $50.3 million; while net earnings of $67.6 million decreased 23% compared to net earnings for the six months ended September 30, 2014 of $88.0 million. Diluted earnings per share for the three and six months ended September 30, 2015 were $0.59 and $1.34, respectively, compared to diluted earnings per share of $1.00 and $1.75 for the three and six months ended September 30, 2014.

The following table highlights certain operating information related to our five business segments:

	For the Three Months Ended September 30,			For the Six Months Ended September 30,		
	2015	2014	Percentage	2015	2014	Percentage
	(In thousands except per unit)		Change	(In thousands except per unit)		Change
Revenues [1]						
Cement [2]	$ 164,790	$ 145,861	13%	$ 292,966	$ 273,797	7%
Gypsum Wallboard	119,701	111,655	7%	234,753	224,332	5%
Recycled Paperboard	39,145	35,579	10%	74,463	73,058	2%
Oil and Gas Proppants	18,307	10,414	76%	41,132	21,594	90%
Concrete and Aggregates	36,671	31,961	15%	65,203	58,123	12%
Gross Revenues	378,614	335,470	13%	708,517	650,904	9%
Less: Intersegment Revenues	(20,090)	(17,523)	15%	(38,019)	(34,128)	11%
Less: Joint Venture Revenues	(29,536)	(33,139)	(11%)	(56,547)	(65,717)	(14%)
	$ 328,988	$ 284,808	16%	$ 613,951	$ 551,059	11%
Sales Volume						
Cement (M Tons) [2]	1,484	1,476	1%	2,687	2,767	(3%)
Gypsum Wallboard (MMSF)	619	567	9%	1,196	1,136	5%
Recycled Paperboard (M Tons)	75	70	7%	144	142	1%
Concrete (M Yards)	324	286	13%	573	521	10%
Aggregates (M Tons)	764	872	(12%)	1,431	1,690	(15%)
Average Net Sales Prices [3]						
Cement [2]	$ 97.21	$ 90.20	8%	$ 97.74	$ 90.42	8%
Gypsum Wallboard	157.88	160.09	(1%)	160.57	160.92	-
Recycled Paperboard	505.12	501.27	1%	504.49	505.52	-
Concrete	92.07	86.74	6%	92.06	85.73	7%
Aggregates	8.50	7.82	9%	8.24	7.61	8%
Operating Earnings						
Cement [2]	$ 48,577	$ 38,450	26%	$ 74,290	$ 58,957	26%
Gypsum Wallboard	40,002	37,002	8%	80,896	74,430	9%
Recycled Paperboard	8,138	7,984	2%	14,168	15,531	(9%)
Oil and Gas Proppants	(44,600)	711	-	(50,236)	74	-
Concrete and Aggregates	3,857	2,965	30%	5,783	4,321	34%
Other, net	572	883	(35%)	1,007	1,562	(36%)
Net Operating Earnings	$ 56,546	$ 87,995	(36%)	$		