



Kenneth R. Allen
Vice President-Finance and
Chief Financial Officer

972.647.6730
Email: kallen@txi.com

TXI REPORTS SECOND QUARTER RESULTS AND ANNOUNCES DELAY OF CENTRAL TEXAS CEMENT PLANT EXPANSION

Dallas, TX – January 8, 2009 – Texas Industries, Inc. (NYSE-TXI) today reported financial results for the quarter ended November 30, 2008. Net income was \$3.9 million (\$.14 per share). Net income for the quarter ended November 30, 2007 was \$29.3 million (\$1.07 per share). TXI also announced the delay of its Central Texas cement plant expansion project, beginning in the May 2009 quarter.

General Comments

"The general economy caught up with the state of Texas this fall," stated Mel Brekhus, Chief Executive Officer. "In Texas, which accounts for approximately 80% of TXI's sales, cement consumption declined about 20% this Fall compared to last year. Cement prices in Texas improved 3% from a year ago and about 1% compared to the summer quarter. Cement consumption in California continued to decline and cement prices in that market were down 14% from a year ago and 5% compared to the summer quarter."

"We are in the midst of very challenging times," added Brekhus. "TXI is pursuing every opportunity to meet market demand as cost effectively as possible. The idling of the small kilns at our North Texas plant and the cement grinding operations at our Crestmore facility in California will reduce cash costs while still allowing us to meet the current demand. Similarly, we are striving to match production to sales throughout all operations. We have eliminated shifts and reduced overtime at our aggregate facilities and our ready-mix operations did an outstanding job of keeping labor efficiencies high on 27% lower shipments. All-in-all, the total number of employees has been reduced by 15% since December 2007."

"It just doesn't make sense to bring capacity on line at a time when the market clearly does not need it," Brekhus said about the delay of the Central Texas cement plant expansion. "We will resume the project once market conditions improve. The delay is expected to defer \$40-60 million in cash payments that would have primarily been made during fiscal year 2010 to complete the project on schedule."

A teleconference will be held today, January 8, 2009 at 1:00 Central Standard Time to further discuss quarter results. A real-time webcast of the conference is available by logging on to TXI's website at www.txicom.com.

--more--

The following is a summary of operating results for our business segments and certain other operating information related to our principal products.

Cement Operations

In thousands except per unit	Three months ended November 30,		Six months ended November 30,	
	2008	2007	2008	2007
Operating Results				
Total cement sales	\$ 98,407	\$ 122,586	\$ 209,811	\$ 246,009
Total other sales and delivery fees	9,641	8,723	19,600	16,435
Total segment sales	108,048	131,309	229,411	262,444
Cost of products sold	94,206	93,572	198,763	202,679
Gross profit	13,842	37,737	30,648	59,765
Selling, general and administrative	(5,338)	(3,941)	(10,042)	(8,952)
Other income	948	681	6,151	1,505
Operating Profit	\$ 9,452	\$ 34,477	\$ 26,757	\$ 52,318
Cement				
Shipments (tons)	1,083	1,319	2,301	2,609
Prices (\$/ton)	\$90.87	\$92.88	\$91.17	\$94.27
Cost of sales (\$/ton)	\$79.04	\$64.41	\$79.15	\$71.80

Through the cement segment we produce and sell gray portland cement as our principal product, as well as specialty cements.

Operating profit for the three-month period ended November 30, 2008 was \$9.5 million, a decrease of \$25.0 million from the prior year period.

Total cement sales for the three-month period ended November 30, 2008 decreased \$24.2 million from the prior year period as construction activity declined in both our Texas and California market areas. Our Texas market area accounted for approximately 70% of total cement sales in the current period compared to 68% of total cement sales in the prior year period. In our Texas market area cement shipments decreased 19% from the prior year period and average prices increased 3%. In our California market area cement shipments decreased 14% from the prior year period and average prices decreased 14%.

Cost of products sold for the three-month period ended November 30, 2008 increased \$0.6 million from the prior year period. The effect of lower shipments was offset by higher unit costs. Cement unit costs increased 23% from the prior year period. In addition to higher energy costs, scheduled maintenance at our north Texas cement plant of \$8.0 million and higher depreciation at our Oro Grande, California cement plant of \$3.3 million contributed to increased costs.

Selling, general and administrative expense for the three-month period ended November 30, 2008 increased \$1.4 million from the prior year period primarily due to higher legal and other professional expenses.

Other income for the three-month period ended November 30, 2008 increased \$0.3 million from the prior year period primarily due to higher oil and gas royalty income.

--more--

Aggregate Operations

In thousands except per unit	Three months ended November 30,		Six months ended November 30,	
	2008	2007	2008	2007
Operating Results				
Total stone, sand and gravel sales	\$ 35,667	\$ 43,324	\$ 76,346	\$ 83,128
Total other sales and delivery fees	<u>24,838</u>	<u>30,559</u>	<u>55,956</u>	<u>60,980</u>
Total segment sales	60,505	73,883	132,302	144,108
Cost of products sold	<u>50,769</u>	<u>59,610</u>	<u>110,214</u>	<u>114,652</u>
Gross profit	9,736	14,273	22,088	29,456
Selling, general and administrative	(3,506)	(3,640)	(7,329)	(7,787)
Other income	<u>463</u>	<u>237</u>	<u>870</u>	<u>643</u>
Operating Profit	<u>\$ 6,693</u>	<u>\$ 10,870</u>	<u>\$ 15,629</u>	<u>\$ 22,312</u>
Stone, sand and gravel				
Shipments (tons)	4,605	5,863	9,806	11,414
Prices (\$/ton)	\$7.74	\$7.39	\$7.79	\$7.28
Cost of sales (\$/ton)	\$6.38	\$5.76	\$6.33	\$5.60

Through the aggregates segment we produce and sell stone, sand and gravel as our principal products, as well as expanded shale and clay lightweight aggregates.

Operating profit for the three-month period ended November 30, 2008 was \$6.7 million, a decrease of \$4.2 million from the prior year period as construction activity declined in our market areas.

Total segment sales for the three-month period ended November 30, 2008 decreased \$13.4 million from the prior year period as total stone, sand and gravel sales were down \$7.7 million. Total stone, sand and gravel shipments decreased 21% from the prior year period and average prices increased 5%.

Cost of products sold for the three-month period ended November 30, 2008 decreased \$8.8 million from the prior year period primarily due to lower shipments. Stone, sand and gravel unit costs increased primarily due to the impact of production levels on unit costs.

Selling, general and administrative expense for the three-month period ended November 30, 2008 decreased \$0.1 million from the prior year period primarily due to lower incentive compensation expense.

Other income for the three-month period ended November 30, 2008 increased \$0.2 million from the prior year period primarily due to higher oil and gas income.

--more--

Consumer Products Operations

In thousands except per unit	Three months ended November 30,		Six months ended November 30,	
	2008	2007	2008	2007
Operating Results				
Total ready-mix concrete sales	\$ 64,832	\$ 84,233	\$ 143,726	\$ 164,223
Total other sales and delivery fees	<u>15,812</u>	<u>13,798</u>	<u>32,142</u>	<u>28,334</u>
Total segment sales	80,644	98,031	175,868	192,557
Cost of products sold	<u>76,429</u>	<u>89,839</u>	<u>168,173</u>	<u>175,559</u>
Gross profit	4,215	8,192	7,695	16,998
Selling, general and administrative	(3,716)	(3,931)	(8,031)	(8,836)
Other income	<u>180</u>	<u>346</u>	<u>565</u>	<u>522</u>
Operating Profit (Loss)	<u>\$ 679</u>	<u>\$ 4,607</u>	<u>\$ 229</u>	<u>\$ 8,684</u>
Ready-mix concrete				
Shipments (cubic yards)	769	1,050	1,716	2,048
Prices (\$/cubic yard)	\$84.37	\$80.19	\$83.78	\$80.18
Cost of sales (\$/cubic yard)	\$81.96	\$75.18	\$81.52	\$74.55

Through the consumer products segment we produce and sell ready-mix concrete as our principal product, as well as packaged concrete mix, mortar, sand and related products.

Operating profit for the three-month period ended November 30, 2008 was \$0.7 million, a decrease of \$3.9 million from the prior year period as construction activity declined in our market areas.

Total segment sales for the three-month period ended November 30, 2008 decreased \$17.4 million as total ready-mix concrete sales were down \$19.4 million. Total ready-mix concrete volumes decreased 27% from the prior year period and average prices increased 5%.

Cost of products sold for the three-month period ended November 30, 2008 decreased \$13.4 million from the prior year period primarily due to lower shipments. Overall ready-mix concrete unit costs increased 9% from the prior year period primarily due to higher raw material costs, as well as higher distribution and transportation costs. Our raw material unit costs in the current period increased approximately 7% from the prior year period. Our cost of diesel fuel per gallon in the current period increased approximately 33% from the prior year period.

Selling, general and administrative expense for the three-month period ended November 30, 2008 decreased \$0.2 million from the prior year period primarily due to lower incentive compensation expense.

Other income for the three-month period ended November 30, 2008 decreased \$0.2 million from the prior year period as a result of lower gains from the routine sale of surplus operating assets.

--more--

Unallocated Overhead and Other Income

In thousands	Three months ended November 30,		Six months ended November 30,	
	2008	2007	2008	2007
Other income	\$ 60	\$ 115	\$ 121	\$ 287
Selling, general and administrative	<u>(2,253)</u>	<u>(2,173)</u>	<u>(4,799)</u>	<u>(4,484)</u>
	<u>\$ (2,193)</u>	<u>\$ (2,058)</u>	<u>\$ (4,678)</u>	<u>\$ (4,197)</u>

Unallocated overhead and other income relate primarily to certain environmental, engineering and other administrative operating activities not attributable to a specific segment.

Corporate

In thousands	Three months ended November 30,		Six months ended November 30,	
	2008	2007	2008	2007
Other income	\$ 560	\$ 2,063	\$ 2,745	\$ 2,738
Selling, general and administrative	<u>(1,051)</u>	<u>(7,379)</u>	<u>(3,001)</u>	<u>(13,188)</u>
	<u>\$ (491)</u>	<u>\$ (5,316)</u>	<u>\$ (256)</u>	<u>\$ (10,450)</u>

Other income for the three-month period ended November 30, 2008 decreased \$1.5 million from the prior year period. The prior year period includes a gain of \$0.8 million from the sale of corporate real estate and a bonus payment of \$0.7 million received upon the execution of an oil and gas lease agreement on property formerly owned by us that was not associated with any business segment.

Selling, general and administrative expense for the three-month period ended November 30, 2008 decreased \$6.3 million from the prior year period. The decrease was primarily the result of \$1.4 million lower incentive compensation expense and \$4.1 million lower stock-based compensation. Our incentive plans are based on financial performance. Our stock-based compensation includes awards expected to be settled in cash, the expense for which is based on the average stock price at the end of each period until the awards are paid. The impact of changes in our stock price reduced stock-based compensation \$4.6 million and \$0.8 million during three-month periods ended November 30, 2008 and November 30, 2007, respectively.

Interest

Interest expense incurred for the three-month period ended November 30, 2008 was \$12.5 million, of which \$3.2 million was capitalized in connection with our Hunter, Texas cement plant expansion project and \$9.3 million was expensed. Interest expense incurred for the three-month period ended November 30, 2007 was \$7.2 million, all of which was capitalized in connection with our Hunter, Texas and Oro Grande, California cement plant expansion projects.

Interest expense incurred for the three-months ended November 30, 2008 increased from the prior year period \$5.3 million. The increase was due to higher average outstanding debt and borrowings on life insurance contracts.

--more--

Income Taxes

Income taxes for the interim periods ended November 30, 2008 and November 30, 2007 have been included in the accompanying financial statements on the basis of an estimated annual rate. The primary reason that the tax rate differs from the 35% federal statutory corporate rate is due to percentage depletion that is tax deductible, state income taxes and deductions for income from qualified domestic production activities. Our estimated effective tax rate for fiscal year 2009 is 28.3% compared to 31.2% for fiscal year 2008.

Certain statements contained in this press release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, the impact of competitive pressures and changing economic and financial conditions on our business, the cyclical and seasonal nature of our business, the level of construction activity in our markets, abnormal periods of inclement weather, unexpected periods of equipment downtime, unexpected operational difficulties, changes in the cost of raw materials, fuel and energy, changes in interest rates, the timing and amount of federal, state and local funding for infrastructure, inability to timely execute announced capacity expansions, ongoing volatility and uncertainty in the capital or credit markets, the impact of environmental laws, regulations and claims and changes in governmental and public policy, and the risks and uncertainties described in our reports on Forms 10-K, 10-Q and 8-K. Forward-looking statements speak only as of the date hereof, and we assume no obligation to publicly update such statements.

TXI is the largest producer of cement in Texas and a major cement producer in California. TXI is also a major supplier of construction aggregate, ready-mix concrete and concrete products.

--more--

CONSOLIDATED BALANCE SHEETS
TEXAS INDUSTRIES, INC. AND SUBSIDIARIES

In thousands	(Unaudited) November 30, 2008	May 31, 2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 62,254	\$ 39,527
Receivables – net	124,867	155,676
Inventories	141,774	130,181
Deferred income taxes and prepaid expenses	<u>30,116</u>	<u>30,398</u>
TOTAL CURRENT ASSETS	359,011	355,782
OTHER ASSETS		
Goodwill	60,110	60,110
Real estate and investments	33,478	59,971
Deferred charges and other	<u>15,241</u>	<u>11,332</u>
	108,829	131,413
PROPERTY, PLANT AND EQUIPMENT		
Land and land improvements	154,692	139,544
Buildings	57,032	56,976
Machinery and equipment	1,233,454	1,208,905
Construction in progress	<u>273,654</u>	<u>137,083</u>
	1,718,832	1,542,508
Less depreciation and depletion	<u>543,043</u>	<u>514,744</u>
	<u>1,175,789</u>	<u>1,027,764</u>
	<u>\$ 1,643,629</u>	<u>\$ 1,514,959</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 112,634	\$ 128,497
Accrued interest, wages and other	47,626	47,846
Current portion of long-term debt	<u>234</u>	<u>7,725</u>
TOTAL CURRENT LIABILITIES	160,494	184,068
LONG-TERM DEBT	539,978	401,880
DEFERRED INCOME TAXES AND OTHER CREDITS	108,536	112,498
SHAREHOLDERS' EQUITY		
Common stock, \$1 par value	27,663	27,493
Additional paid-in capital	467,250	459,877
Retained earnings	346,659	336,279
Accumulated other comprehensive loss	<u>(6,951)</u>	<u>(7,136)</u>
	<u>834,621</u>	<u>816,513</u>
	<u>\$ 1,643,629</u>	<u>\$ 1,514,959</u>

(Unaudited)
CONSOLIDATED STATEMENTS OF OPERATIONS
TEXAS INDUSTRIES, INC. AND SUBSIDIARIES

In thousands except per share	Three months ended November 30,		Six months ended November 30,	
	2008	2007	2008	2007
NET SALES	\$ 221,799	\$ 268,473	\$ 478,191	\$ 531,927
Cost of products sold	<u>194,006</u>	<u>208,271</u>	<u>417,760</u>	<u>425,708</u>
GROSS PROFIT	27,793	60,202	60,431	106,219
Selling, general and administrative	15,864	21,064	33,202	43,247
Interest	9,296	--	16,541	--
Loss on debt retirements	--	--	907	--
Other income	<u>(2,211)</u>	<u>(3,442)</u>	<u>(10,452)</u>	<u>(5,695)</u>
	<u>22,949</u>	<u>17,622</u>	<u>40,198</u>	<u>37,552</u>
INCOME BEFORE INCOME TAXES	4,844	42,580	20,233	68,667
Income taxes	<u>991</u>	<u>13,265</u>	<u>5,722</u>	<u>21,438</u>
NET INCOME	<u>\$ 3,853</u>	<u>\$ 29,315</u>	<u>\$ 14,511</u>	<u>\$ 47,229</u>
Net income per share				
Basic	\$.14	\$ 1.07	\$.53	\$ 1.73
Diluted	<u>\$.14</u>	<u>\$ 1.05</u>	<u>\$.52</u>	<u>\$ 1.69</u>
Average shares outstanding				
Basic	27,566	27,348	27,536	27,340
Diluted	<u>27,782</u>	<u>27,849</u>	<u>27,806</u>	<u>27,873</u>
Cash dividends per share	<u>\$.075</u>	<u>\$.075</u>	<u>\$.15</u>	<u>\$.15</u>

(Unaudited)
CONSOLIDATED STATEMENTS OF CASH FLOWS
TEXAS INDUSTRIES, INC. AND SUBSIDIARIES

In thousands	Six months ended November 30,	
	2008	2007
OPERATING ACTIVITIES		
Net income	\$ 14,511	\$ 47,229
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation, depletion and amortization	34,016	27,164
Gains on asset disposals	(427)	(917)
Deferred income taxes	4,052	1,127
Stock-based compensation expense (credit)	(7,829)	(1,325)
Excess tax benefits from stock-based compensation	(1,766)	(3,383)
Loss on debt retirements	907	--
Other – net	(1,067)	(945)
Changes in operating assets and liabilities		
Receivables – net	30,074	(21,357)
Inventories	(11,593)	8,643
Prepaid expenses	914	1,920
Accounts payable and accrued liabilities	(23,454)	2,320
Net cash provided by operating activities	<u>38,338</u>	<u>60,476</u>
INVESTING ACTIVITIES		
Capital expenditures – expansions	(123,420)	(138,364)
Capital expenditures – other	(51,911)	(36,724)
Cash designated for property acquisitions	28,733	--
Proceeds from asset disposals	865	2,366
Investments in life insurance contracts	2,263	65,529
Other – net	175	55
Net cash used by investing activities	<u>(143,295)</u>	<u>(107,138)</u>
FINANCING ACTIVITIES		
Long-term borrowings	327,250	189,000
Debt retirements	(197,610)	(130,237)
Debt issuance costs	(3,476)	(1,033)
Stock option exercises	3,885	730
Excess tax benefits from stock-based compensation	1,766	3,383
Common dividends paid	(4,131)	(4,103)
Net cash provided by financing activities	<u>127,684</u>	<u>57,740</u>
Increase in cash and cash equivalents	22,727	11,078
Cash and cash equivalents at beginning of period	<u>39,527</u>	<u>15,138</u>
Cash and cash equivalents at end of period	<u>\$ 62,254</u>	<u>\$ 26,216</u>