

CONSOLIDATED STATEMENTS OF OPERATIONS
TEXAS INDUSTRIES, INC. AND SUBSIDIARIES

In thousands except per share	Three months ended May 31,		Year ended May 31,	
	2008	2007	2008	2007
NET SALES	\$ 266,392	\$ 261,995	\$1,028,854	\$ 996,250
Cost of products sold	<u>218,331</u>	<u>191,063</u>	<u>835,019</u>	<u>760,160</u>
GROSS PROFIT	48,061	70,932	193,835	236,090
Selling, general and administrative	32,256	29,425	96,220	108,106
Interest	2,505	600	2,505	14,074
Other income	<u>(23,782)</u>	<u>(4,983)</u>	<u>(31,563)</u>	<u>(36,581)</u>
	<u>10,979</u>	<u>25,042</u>	<u>67,162</u>	<u>85,599</u>
INCOME BEFORE INCOME TAXES	37,082	45,890	126,673	150,491
Income taxes	<u>11,521</u>	<u>15,779</u>	<u>39,259</u>	<u>49,584</u>
NET INCOME	<u>\$ 25,561</u>	<u>\$ 30,111</u>	<u>\$ 87,414</u>	<u>\$ 100,907</u>
Net income per share				
Basic	\$.93	\$ 1.12	\$ 3.19	\$ 4.06
Diluted	<u>\$.92</u>	<u>\$ 1.09</u>	<u>\$ 3.14</u>	<u>\$ 3.80</u>
Average shares outstanding				
Basic	27,456	26,860	27,383	24,815
Diluted	<u>27,884</u>	<u>27,847</u>	<u>27,860</u>	<u>27,684</u>
Cash dividends per share	<u>\$.075</u>	<u>\$.075</u>	<u>\$.30</u>	<u>\$.30</u>
Major product shipments				
Cement (tons)	1,284	1,325	5,035	5,074
Stone, sand and gravel (tons)	5,427	5,553	21,851	22,114
Ready-mix concrete (cubic yards)	939	970	3,844	3,665
Major product prices				
Cement (\$/ton)	\$92.46	\$95.48	\$93.07	\$95.06
Stone, sand and gravel (\$/ton)	7.69	7.51	7.44	7.03
Ready-mix concrete (\$/cubic yard)	81.84	77.74	80.83	75.87

CONSOLIDATED BALANCE SHEETS
TEXAS INDUSTRIES, INC. AND SUBSIDIARIES

In thousands	May 31,	
	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 39,527	\$ 15,138
Receivables – net	155,676	142,610
Inventories	130,181	121,467
Deferred income taxes and prepaid expenses	<u>30,398</u>	<u>17,621</u>
TOTAL CURRENT ASSETS	355,782	296,836
OTHER ASSETS		
Goodwill	60,110	58,395
Real estate and investments	59,971	111,414
Deferred charges and other	<u>11,332</u>	<u>11,369</u>
	131,413	181,178
PROPERTY, PLANT AND EQUIPMENT		
Land and land improvements	139,544	132,992
Buildings	56,976	41,485
Machinery and equipment	1,208,905	752,531
Construction in progress	<u>137,083</u>	<u>362,646</u>
	1,542,508	1,289,654
Less depreciation and depletion	<u>514,744</u>	<u>505,432</u>
	<u>1,027,764</u>	<u>784,222</u>
	<u>\$ 1,514,959</u>	<u>\$ 1,262,236</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 128,497	\$ 109,749
Accrued interest, wages and other	47,846	57,891
Current portion of long-term debt	<u>7,725</u>	<u>1,340</u>
TOTAL CURRENT LIABILITIES	184,068	168,980
LONG-TERM DEBT	401,880	274,416
DEFERRED INCOME TAXES AND OTHER CREDITS	112,498	90,358
SHAREHOLDERS' EQUITY		
Common stock, \$1 par value	27,493	27,323
Additional paid-in capital	459,877	448,289
Retained earnings	336,279	257,087
Accumulated other comprehensive loss	<u>(7,136)</u>	<u>(4,217)</u>
	<u>816,513</u>	<u>728,482</u>
	<u>\$ 1,514,959</u>	<u>\$ 1,262,236</u>

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

In thousands	Year Ended May 31,		
	2008	2007	2006
OPERATING ACTIVITIES			
Net income	\$ 87,414	\$ 100,907	\$ 8,102
Adjustments to reconcile net income to cash provided by continuing operating activities			
Income from discontinued operations	--	--	(8,691)
Depreciation, depletion and amortization	55,577	46,356	44,955
Gains on asset disposals	(19,410)	(2,917)	(34,768)
Deferred income taxes	19,567	11,354	6,581
Stock-based compensation expense	2,395	13,866	4,368
Excess tax benefits from stock-based compensation	(3,299)	(1,694)	--
Loss on debt retirements	--	48	107,006
Other – net	2,475	3,234	(4,130)
Changes in operating assets and liabilities			
Receivables - net	(29,507)	846	(5,060)
Inventories	(8,714)	(18,975)	(18,761)
Prepaid expenses	(2,033)	1,392	(47)
Accounts payable and accrued liabilities	(2,910)	31,541	(2,186)
Cash provided by continuing operating activities	101,555	185,958	97,369
Cash used by discontinued operating activities	--	--	(7,778)
Net cash provided by operating activities	101,555	185,958	89,591
INVESTING ACTIVITIES			
Capital expenditures - expansions	(247,552)	(214,878)	(73,384)
Capital expenditures – other	(64,973)	(102,780)	(36,861)
Cash designated for property acquisitions	(28,733)	--	--
Proceeds from asset disposals	34,922	5,552	23,107
Purchases of short-term investments	--	(8,500)	(50,500)
Sales of short-term investments	--	59,000	--
Investments in life insurance contracts	99,203	(6,061)	(4,366)
Other – net	101	(336)	612
Cash used by continuing investing activities	(207,032)	(268,003)	(141,392)
Cash used by discontinued investing activities	--	--	(2,757)
Net cash used by investing activities	(207,032)	(268,003)	(144,149)
FINANCING ACTIVITIES			
Long-term borrowings	366,000	38,000	250,000
Debt retirements	(232,366)	(25,521)	(600,700)
Debt issuance costs	(2,160)	--	(7,363)
Debt retirement costs	--	(6)	(96,029)
Stock option exercises	3,315	6,394	7,510
Excess tax benefits from stock-based compensation	3,299	1,694	--
Common dividends paid	(8,222)	(7,517)	(6,908)
Cash provided (used) by continuing financing activities	129,866	13,044	(453,490)
Cash provided by discontinued financing activities	--	--	340,587
Net cash provided (used) by financing activities	129,866	13,044	(112,903)
Increase (decrease) in cash and cash equivalents	24,389	(69,001)	(167,461)
Cash and cash equivalents at beginning of year	15,138	84,139	251,600
Cash and cash equivalents at end of year	<u>\$ 39,527</u>	<u>\$ 15,138</u>	<u>\$ 84,139</u>