



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

972.647.6730
Email: kallen@txi.com

TXI REPORTS FIRST QUARTER RESULTS

Dallas, TX – September 25, 2008 – Texas Industries, Inc. (NYSE-TXI) today reported financial results for the quarter ended August 31, 2008. Net income was \$10.7 million (\$.38 per share) and included after-tax income of \$2.9 million (\$.10 per share) related to oil and gas lease bonus payments received during the quarter. Net income for the quarter ended August 31, 2007 was \$17.9 million (\$.64 per share).

General Comments

TXI is experiencing a tale of two markets,” stated Mel Brekhus, Chief Executive Officer. “In Texas, which accounts for approximately 80% of TXI’s sales, cement consumption continues to significantly exceed cement production capacity. Construction activity in California, on the other hand, has continued to decline, resulting in a level of cement consumption we believe is below production capacity in the state.”

TXI continues to make progress toward adding both 1.4 million tons of additional cement production capacity at its Central Texas plant by late calendar 2009 or early 2010 and an estimated 500,000 tons of additional cement production through planned efficiency efforts at its North Texas plant. Both projects are in addition to the new cement plant in California that was placed into service during the fourth quarter of the prior fiscal year. “We are pleased with the new California plant’s capabilities but market conditions are not allowing us to operate the plant at capacity,” Brekhus added. “After we complete these projects, we will have almost 8 million tons of cement capacity in the two largest cement consuming states in the nation.”

TXI obtained \$300 million of debt financing during the quarter which was used in part to pay off \$179.5 million in bank debt, with the remainder to be used towards the financing of the Central Texas cement expansion. “This financing is important because it places us in a strong position to weather the current economic conditions and continue our strategic cement growth initiatives,” stated Brekhus. “When the general economy recovers, we plan to be in position to take full advantage of it.”

A teleconference will be held today, September 25, 2008 at 1:00 P.M. Central Daylight Time to further discuss quarter results. A real-time webcast of the conference is available by logging on to TXI’s website at www.txi.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 August 31,	
	2008	2007
Operating Results		
Total cement sales	\$ 111,404	\$ 123,423
Total other sales and delivery fees	<u>9,959</u>	<u>7,712</u>
Total segment sales	121,363	131,135
Cost of products sold	<u>104,557</u>	<u>109,107</u>
Gross profit	16,806	22,028
Selling, general and administrative	(4,704)	(5,011)
Other income	<u>5,203</u>	<u>824</u>
Operating Profit	<u>\$ 17,305</u>	<u>\$ 17,841</u>
Cement		
Shipments (tons)	1,218	1,290
Prices (\$/ton)	\$ 91.43	\$ 95.69
Cost of sales (\$/ton)	\$ 79.26	\$ 79.37

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 August 31, 2008 was \$17.3 million, a decrease of \$.5 million from the prior year period.

Total cement sales for the three-month period ended August 31, 2008 decreased \$12.0 million from the prior year period on 4% lower average prices and 6% lower shipments. Our Texas market area accounted for approximately 69% of total cement sales in the current period compared to 62% of total cement sales in the prior year period. Average cement prices in our Texas market area increased 1% from the prior year. The decline in construction activity in our California market area resulted in a decrease in bulk and package cement prices and shipments of 8% and 12%, respectively from the prior year period.

Cost of sales for the three-month period ended August 31, 2008 decreased \$4.6 million from the prior year period primarily due to lower shipments. Cement unit costs were comparable to the prior year period. Higher energy costs at all our plants were offset by lower maintenance costs related to the timing of scheduled maintenance.

Selling, general and administrative expense for the three-month period ended August 31, 2008 decreased \$.3 million from the prior year period primarily due to lower incentive compensation expense.

Other income for the three-month period ended August 31, 2008 increased \$4.4 million from the prior year period. Other income in the current period includes a lease bonus payment of \$2.8 million received upon the execution of an oil and gas lease on property we own in north Texas. In addition, other income in the current period includes a gain of \$1.7 million from the sale of emission credits associated with our California cement operations.

Aggregate Operations

In thousands except per unit	Three months ended August 31,	
	2008	2007
Operating Results		
Total stone, sand and gravel sales	\$ 40,679	\$ 39,804
Total other sales and delivery fees	<u>31,118</u>	<u>30,421</u>
Total segment sales	71,797	70,225
Cost of products sold	<u>59,445</u>	<u>55,042</u>
Gross profit	12,352	15,183
Selling, general and administrative	(3,823)	(4,147)
Other income	<u>407</u>	<u>406</u>
Operating Profit	<u>\$ 8,936</u>	<u>\$ 11,442</u>
Stone, sand and gravel		
Shipments (tons)	5,201	5,551
Prices (\$/ton)	\$ 7.82	\$ 7.17
Cost of sales (\$/ton)	\$ 6.28	\$ 5.05

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 August 31, 2008 was \$8.9 million, a decrease of \$2.5 million from the prior year period.

Total segment sales for the three-month period ended August 31, 2008 increased \$1.6 million from the prior year period as total stone, sand and gravel sales were up \$.9 million on 9% higher average prices and 6% lower shipments.

Cost of sales for the three-month period ended August 31, 2008 increased \$4.4 million from the prior year period. Stone, sand and gravel costs increased primarily due to higher production and higher fuel and transportation costs. Our cost of diesel fuel per gallon in the current period increased approximately 73% from the prior year period.

Selling, general and administrative expense for the three-month period ended August 31, 2008 decreased \$.3 million from the prior year period primarily due to lower incentive expense.

Other income for the three-month period ended August 31, 2008 was comparable to the prior year period.

Consumer Products Operations

In thousands except per unit	Three months ended August 31,	
	2008	2007
Operating Results		
Total ready-mix concrete sales	\$ 78,894	\$ 79,990
Total other sales and delivery fees	<u>16,330</u>	<u>14,536</u>
Total segment sales	95,224	94,526
Cost of products sold	<u>91,744</u>	<u>85,720</u>
Gross profit	3,480	8,806
Selling, general and administrative	(4,315)	(4,905)
Other income	<u>385</u>	<u>176</u>
Operating Profit (Loss)	<u>\$ (450)</u>	<u>\$ 4,077</u>
Ready-mix concrete		
Shipments (cubic yards)	947	998
Prices (\$/cubic yard)	\$ 83.30	\$ 80.17
Cost of sales (\$/cubic yard)	\$ 81.15	\$ 73.90

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 loss for the three-month period ended August 31, 2008 was \$.5 million, a decrease in profit of \$4.5 million from the prior year period.

Total ready-mix concrete sales for the three-month period ended August 31, 2008 decreased \$1.1 million on 4% higher average prices and 5% lower volume.

Cost of sales for the three-month period ended August 31, 2008 increased \$6.0 million from the prior year period. Overall ready-mix concrete unit costs increased 10% 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 9% from the prior year period. Our cost of diesel fuel per gallon in the current period increased approximately 85% from the prior year period.

Selling, general and administrative expense for the three-month period ended August 31, 2008 decreased \$.6 million from the prior year period primarily due to lower incentive compensation expense.

Other income for the three-month period ended August 31, 2008 increased \$.2 million from the prior year period. Other income in the current period includes lease bonus payments of \$.2 million received upon the execution of oil and gas lease agreements on property we own in north Texas.

--more--

Unallocated Overhead and Other Income

In thousands	Three months ended August 31,	
	2008	2007
Other income	\$ 61	\$ 172
Selling, general and administrative	<u>(2,546)</u>	<u>(2,311)</u>
	<u>\$ (2,485)</u>	<u>\$ (2,139)</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 August 31,	
	2008	2007
Other income	\$ 2,185	\$ 675
Selling, general and administrative	<u>(1,950)</u>	<u>(5,809)</u>
	<u>\$ 235</u>	<u>\$ (5,134)</u>

Other income for the three-month period ended August 31, 2008 includes a bonus payment of \$1.6 million received upon the execution of an oil and gas lease agreement on property we own in north Texas that is not associated with any business segment.

Selling, general and administrative expense for the three-month period ended August 31, 2008 decreased \$3.9 million from the prior year period. The decrease was primarily the result of \$2.4 million lower incentive compensation expense and \$2.3 million lower stock-based compensation, offset in part by an increase in other expenses. 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 \$5.1 million and \$3.0 million during three-month periods ended August 31, 2008 and August 31, 2007, respectively.

Interest

Interest expense incurred for the three-month period ended August 31, 2008 was \$9.0 million, of which \$1.8 million was capitalized in connection with our Hunter, Texas cement plant expansion project and \$7.2 million was expensed. Interest expense incurred for the three-month period ended August 31, 2007 was \$6.1 million, all of which was capitalized in connection with our Oro Grande, California cement plant expansion project. Interest expense incurred increased \$2.9 million due to higher average outstanding debt and borrowings on life insurance contracts. An additional \$26.3 million in interest expense is currently estimated to be capitalized in connection with our Hunter expansion project. We expect to begin the startup and commissioning process during the winter of fiscal year 2010.

Loss on Debt Retirements

On August 18, 2008, we sold \$300 million aggregate principal amount of additional 7.25% senior notes due in 2013 at an offering price of \$93.25. The net proceeds were used to repay our \$150 million senior term loan and borrowings outstanding under our senior revolving credit facility in the amount of \$29.5 million. We recognized a loss on debt retirement of \$.9 million representing a write-off of debt issuance costs associated with the mandatory prepayment of the term loan.

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 the Company’s business, construction activity in the Company’s markets, abnormal periods of inclement weather, unexpected periods of equipment downtime, changes in costs of raw materials, fuel and energy, the impact of environmental laws, regulations and claims and risks and uncertainties described in the Company’s reports on SEC Forms 10-K, 10-Q and 8-K.

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--

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

In thousands except per share	Three months ended August 31,	
	2008	2007
NET SALES	\$ 256,392	\$ 263,454
Cost of products sold	<u>223,754</u>	<u>217,437</u>
GROSS PROFIT	32,638	46,017
Selling, general and administrative	17,338	22,183
Interest	7,245	--
Loss on debt retirements	907	--
Other income	<u>(8,241)</u>	<u>(2,253)</u>
INCOME BEFORE INCOME TAXES	<u>17,249</u>	<u>19,930</u>
	15,389	26,087
Income taxes	<u>4,731</u>	<u>8,173</u>
NET INCOME	<u>\$ 10,658</u>	<u>\$ 17,914</u>
Net income per share		
Basic	\$.39	\$.66
Diluted	<u>\$.38</u>	<u>\$.64</u>
Average shares outstanding		
Basic	27,506	27,333
Diluted	<u>27,831</u>	<u>27,896</u>
Cash dividends per share	<u>\$.075</u>	<u>\$.075</u>

CONSOLIDATED BALANCE SHEETS
TEXAS INDUSTRIES, INC. AND SUBSIDIARIES

In thousands	Unaudited August 31, 2008	May 31, 2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 118,548	\$ 39,527
Receivables – net	140,703	155,676
Inventories	142,695	130,181
Deferred income taxes and prepaid expenses	<u>28,449</u>	<u>30,398</u>
TOTAL CURRENT ASSETS	430,395	355,782
OTHER ASSETS		
Goodwill	60,110	60,110
Real estate and investments	34,720	59,971
Deferred charges and other	<u>13,907</u>	<u>11,332</u>
	108,737	131,413
PROPERTY, PLANT AND EQUIPMENT		
Land and land improvements	154,669	139,544
Buildings	57,026	56,976
Machinery and equipment	1,226,005	1,208,905
Construction in progress	<u>187,049</u>	<u>137,083</u>
	1,624,749	1,542,508
Less depreciation and depletion	<u>527,243</u>	<u>514,744</u>
	<u>1,097,506</u>	<u>1,027,764</u>
	<u>\$ 1,636,638</u>	<u>\$ 1,514,959</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 123,221	\$ 128,497
Accrued interest, wages and other	33,881	47,846
Current portion of long-term debt	<u>229</u>	<u>7,725</u>
TOTAL CURRENT LIABILITIES	157,331	184,068
LONG-TERM DEBT	539,195	401,880
DEFERRED INCOME TAXES AND OTHER CREDITS	111,187	112,498
SHAREHOLDERS' EQUITY		
Common stock, \$1 par value	27,538	27,493
Additional paid-in capital	463,559	459,877
Retained earnings	344,872	336,279
Accumulated other comprehensive loss	<u>(7,044)</u>	<u>(7,136)</u>
	<u>828,925</u>	<u>816,513</u>
	<u>\$ 1,636,638</u>	<u>\$ 1,514,959</u>

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

In thousands	Three months ended August 31,	
	2008	2007
OPERATING ACTIVITIES		
Net income	\$ 10,658	\$ 17,914
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation, depletion and amortization	16,865	13,318
Gains on asset disposals	(280)	(455)
Deferred income taxes	2,543	513
Stock-based compensation expense (credit)	(4,060)	(1,717)
Excess tax benefits from stock-based compensation	(1,212)	(3,287)
Loss on debt retirements	907	--
Other – net	(1,006)	(142)
Changes in operating assets and liabilities		
Receivables – net	14,269	(17,458)
Inventories	(12,515)	8,950
Prepaid expenses	1,366	1,735
Accounts payable and accrued liabilities	<u>(16,920)</u>	<u>(5,319)</u>
Net cash provided by operating activities	10,615	14,052
INVESTING ACTIVITIES		
Capital expenditures – expansions	(48,037)	(86,133)
Capital expenditures – other	(40,699)	(17,459)
Cash designated for property acquisitions	26,958	--
Proceeds from asset disposals	512	1,288
Investments in life insurance contracts	1,464	(415)
Other – net	<u>192</u>	<u>(24)</u>
Net cash used by investing activities	(59,610)	(102,743)
FINANCING ACTIVITIES		
Long-term borrowings	327,250	124,000
Debt retirements	(197,555)	(46,173)
Debt issuance costs	(2,306)	(944)
Stock option exercises	1,480	599
Excess tax benefits from stock-based compensation	1,212	3,287
Common dividends paid	<u>(2,065)</u>	<u>(2,051)</u>
Net cash provided by financing activities	<u>128,016</u>	<u>78,718</u>
Increase (decrease) in cash and cash equivalents	79,021	(9,973)
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>\$ 118,548</u>	<u>\$ 5,165</u>