

CONSOLIDATED BALANCE SHEETS
TEXAS INDUSTRIES, INC. AND SUBSIDIARIES

In thousands	May 31,	
	2006	2005
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 84,139	\$ 251,600
Short-term investments	50,606	--
Receivables – net	132,849	117,363
Inventories	102,052	83,291
Deferred income taxes and prepaid expenses	<u>33,599</u>	<u>28,754</u>
TOTAL CURRENT ASSETS	403,245	481,008
OTHER ASSETS		
Goodwill	58,395	58,395
Real estate and investments	125,913	100,200
Deferred charges and intangibles	22,706	27,571
Assets of discontinued operations	<u>--</u>	<u>1,114,627</u>
	207,014	1,300,793
		1,025,178
PROPERTY, PLANT AND EQUIPMENT		
Land and land improvements	128,056	131,911
Buildings	42,069	45,847
Machinery and equipment	688,255	682,962
Construction in progress	<u>95,094</u>	<u>22,096</u>
	953,474	882,816
Less depreciation and depletion	<u>483,163</u>	<u>470,163</u>
	<u>470,311</u>	<u>412,653</u>
	<u>\$ 1,080,570</u>	<u>\$ 2,194,454</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 63,581	\$ 58,022
Accrued interest, wages and other items	55,059	49,449
Current portion of long-term debt	<u>681</u>	<u>688</u>
TOTAL CURRENT LIABILITIES	119,321	108,159
LONG-TERM DEBT	251,505	603,126
CONVERTIBLE SUBORDINATED DEBENTURES	159,725	199,937
DEFERRED INCOME TAXES AND OTHER CREDITS	76,955	77,138
		80,050
LIABILITIES OF DISCONTINUED OPERATIONS	--	278,527
SHAREHOLDERS' EQUITY		
Common stock, \$1 par value	25,863	25,067
Additional paid-in capital	334,054	285,313
Retained earnings	169,696	686,476
Cost of common stock in treasury	(52,093)	(61,566)
Pension liability adjustment	<u>(4,456)</u>	<u>(7,723)</u>
	<u>473,064</u>	<u>927,567</u>
	<u>\$ 1,080,570</u>	<u>\$ 2,194,454</u>

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

In thousands	Year Ended May 31,		
	2006	2005	2004
OPERATING ACTIVITIES			
Net income	\$ 8,102	\$ 124,523	\$ 36,348
Adjustments to reconcile net income to cash provided by continuing operating activities			
Loss (income) from discontinued operations	(8,691)	(79,079)	4,378
Cumulative effect of accounting change	--	--	1,551
Loss on debt retirements	107,006	--	12,302
Gain on asset disposals	(34,768)	(6,582)	(37,997)
Depreciation, depletion and amortization	44,955	46,474	47,409
Deferred income taxes	6,581	33,811	319
Income tax benefit from stock option exercises	9,969	8,000	--
Other – net	(2,399)	889	5,391
Changes in operating assets and liabilities			
Receivables repurchased	--	--	(72,032)
Accounts receivable - net	(5,060)	(8,873)	1,052
Inventories	(18,761)	6,082	1,664
Prepaid expenses	63	(1,680)	(5,744)
Accounts payable and accrued liabilities	(12,155)	17,017	(3,011)
Other credits	<u>2,527</u>	<u>3,838</u>	<u>7,375</u>
Cash provided (used) by continuing operating activities	<u>97,369</u>	<u>144,420</u>	<u>(995)</u>
Cash provided (used) by discontinued operating activities	<u>(7,778)</u>	<u>73,104</u>	<u>12,668</u>
Net cash provided by operating activities	89,591	217,524	11,673
INVESTING ACTIVITIES			
Capital expenditures - expansions	(73,212)	(6,365)	(731)
Capital expenditures – other	(37,033)	(39,813)	(15,156)
Proceeds from asset disposals	23,107	7,136	47,243
Purchases of short-term investments	(50,500)	--	--
Investments in life insurance contracts	(4,366)	(58,798)	(1,162)
Other - net	<u>612</u>	<u>(677)</u>	<u>(2,875)</u>
Cash provided (used) by continuing investing activities	<u>(141,392)</u>	<u>(98,517)</u>	<u>27,319</u>
Cash used by discontinued investing activities	<u>(2,757)</u>	<u>(28,163)</u>	<u>(14,068)</u>
Net cash provided (used) by investing activities	(144,149)	(126,680)	13,251
FINANCING ACTIVITIES			
Long-term borrowings	250,000	--	718,097
Debt retirements	(600,700)	(699)	(592,398)
Debt issuance costs	(7,363)	(39)	(16,378)
Debt retirement costs	(96,029)	--	(8,605)
Interest rate swap terminations	--	(6,315)	8,358
Stock option exercises	7,510	41,399	2,515
Common dividends paid	<u>(6,908)</u>	<u>(6,643)</u>	<u>(6,336)</u>
Cash provided (used) by continuing financing activities	<u>(453,490)</u>	<u>27,703</u>	<u>105,253</u>
Cash provided by discontinued financing activities	<u>340,587</u>	<u>--</u>	<u>--</u>
Net cash provided (used) by financing activities	<u>(112,903)</u>	<u>27,703</u>	<u>105,253</u>
Increase (decrease) in cash and cash equivalents	(167,461)	118,547	130,177
Cash and cash equivalents at beginning of year	<u>251,600</u>	<u>133,053</u>	<u>2,876</u>
Cash and cash equivalents at end of year	<u>\$ 84,139</u>	<u>\$ 251,600</u>	<u>\$ 133,053</u>