



TEXAS INDUSTRIES, INC

Corporate Governance Guidelines

I. PURPOSE

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the "Board") of Texas Industries, Inc. (the "Company") to assist the Board in the exercise of its responsibilities to the Company and its shareholders. These Guidelines should be interpreted in the context of all applicable laws and the Company's Certificate of Incorporation and Bylaws together with the charters of the Audit Committee, the Compensation Committee and the Governance Committee. They are intended to serve as a framework within which the Board may conduct its business and not as a set of legally binding obligations. These Guidelines are subject to modifications and the Board shall be able, in the exercise of its discretion, to deviate from these Guidelines from time to time, as the Board may deem appropriate or as may be required by applicable laws and regulations.

The Board is elected by and responsible to the shareholders. The Company's business is conducted by its employees, managers and officers, under the direction of the chief executive officer the ("CEO") and the oversight of the Board, to enhance the long-term value of the Company for the shareholders. The Board monitors the performance of the CEO and senior management to assure that the long-term interests of the shareholders are being served.

II. BOARD OF DIRECTORS STRUCTURE AND OPERATIONS/COMPENSATION

Selection Process and Size of Board

A class of directors is elected each year by the shareholders at the annual meeting of shareholders. The Company's Bylaws provide that the number of directors shall not be less than three (3) nor more than twenty-one (21) directors. Within these limits, the Board determines the number of directors on the Board. The Bylaws further provide that the Board shall be divided into three classes, each class being as nearly equal in number as possible. The three classes have staggered terms of three (3) years. Between annual shareholder meetings, the Board may elect directors to vacancies that may occur and to newly created positions.

The Board proposes a slate of nominees for election to a class of directors of the Board. Shareholders may propose nominees (other than self-nominations) for consideration by the Governance Committee of the Board by submitting the names, qualifications, and other supporting information required by the Bylaws to: Secretary, Texas Industries, Inc., 1341 W. Mockingbird Lane, Dallas, Texas 75247. Properly submitted nominations must be received by the date set forth in the most recent proxy statement to be considered by the Governance Committee for inclusion in the following year's nominations for elections, although the Company is not required to include such nominees in its proxy statement.

Qualifications and Tenure

Nominees for director will be individuals who shall have demonstrated exceptional ability and judgment and who shall be most effective, in conjunction with other nominees and members of the Board, in collectively serving the long-term interests of the shareholders. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time.

A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Directors should be prepared to offer their resignation in the event of any significant change in their personal circumstances that could affect the discharge of their responsibilities as directors of the Company, including a change in their principal job responsibilities.

Because of the value the Board places on having directors who are knowledgeable about the Company and its operations, the Board does not believe that arbitrary term limits on directors' service are appropriate.

A director will not be nominated for election to the Board after his or her 75th birthday, although a waiver of this limitation may be granted by the full Board.

Independence of Directors

The Board will have a majority of directors who meet the criteria for independence required by the New York Stock Exchange (NYSE). The Board recognizes, however, that directors who do not meet the NYSE's independence standards have historically made and can be expected to continue to make valuable contributions to the Board and to the Company by reason of their experience, judgment, intelligence and wisdom. The Company will not make any loans or extensions of credit to directors or executive officers.

Each of the Audit Committee, the Governance Committee and the Compensation Committee shall be composed entirely of independent directors satisfying applicable legal, regulatory and NYSE requirements necessary for an assignment to any such committee.

Board Committees

The Board may delegate such of its authority and responsibilities as it may determine to committees appointed by it, except to the extent limited by law or the Company's Certificate of Incorporation or Bylaws.

The Board has established the following Committees to assist the Board in discharging its responsibilities: (i) Audit, (ii) Compensation and (iii) Governance. The Board may establish an Executive Committee as provided in the Bylaws. The current charters of these Committees (other than the Executive Committee, the authority of which is established in the Company's Bylaws and by resolution of the Board) are published on the Company's public website (www.txi.com). The Committee chairs report, as appropriate, on the matters considered at each of their meetings to the full Board of Directors following each Committee meeting.

In addition to the requirement that a majority of the Board satisfies the independence standards discussed above, members of the Audit Committee may not directly or indirectly receive any compensation from the Company other than their director's compensation.

Compensation of the Board

The Compensation Committee shall have the responsibility for recommending to the Board compensation for non-employee directors. In discharging this duty, the Compensation Committee shall be guided by the following: (i) compensation should be competitive and fairly compensate directors for the time and effort required by Board and Committee members of a company of the size and scope of Texas Industries, Inc.; (ii) compensation should align directors' interest with the long-term interests of the shareholders; and (iii) the structure of the compensation should be transparent and easy for the shareholders to understand. Periodically, the Compensation Committee shall review non-employee director compensation.

A director who is an officer of the Company shall not receive additional compensation for such service as a director.

Board Orientation and Continuing Education

As appropriate, the Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal officers, internal auditors and independent auditors. Each director is expected to participate, at the Company's expense, in continuing educational programs from time to time, as appropriate.

Access to Management

Board members shall have access to the Company's management and, as appropriate, to the Company's outside advisors. Board members shall coordinate such access through the Chairman of the Board, the CEO or the Lead Non-Management Director; and Board members will use judgment to assure that this access is not distracting to the business operation of the Company.

Access to Independent Advisors

The Board and its Committees shall have the right at any time to retain independent outside financial, legal or other advisors at Company expense.

III. MEETINGS

The Board of Directors ordinarily has four (4) regular meetings a year. Meetings are normally held at the Company's executive offices in Dallas, Texas, but occasionally a meeting is held elsewhere. Board meetings may also be held by conference call. Directors ordinarily are expected to attend all scheduled Board and Committee meetings, as well as the annual meeting of

shareholders, and are expected to review the materials provided to them in advance of each meeting.

The Board shall be responsible for its own agenda. The CEO will propose for the Board's approval items to be scheduled and discussed during the course of each meeting. Each member of the Board may also suggest for the Board's approval issues to be scheduled and discussed during the course of the fiscal year. Prior to each Board meeting, the CEO will discuss the other specific agenda items for the meeting with the Chairman. The CEO and the Chairman and the Committee Chairs, as appropriate, shall determine the nature and extent of information to be provided regularly to the directors before each scheduled Board or Committee meeting.

The Board will meet in executive session with the CEO after each regularly scheduled Board Meeting unless all directors present agree that there is no business to be brought before an executive session. In addition, the independent directors of the Company will meet in executive session following each regularly scheduled Board meeting without any inside director or Company executives present unless all independent directors present agree that there is no business to be brought before an executive session. These executive sessions may include any topic relevant to the business affairs of the Company as determined by the independent directors. The Lead Non-Management Director will preside at meetings of the independent directors.

IV. RESPONSIBILITIES AND DUTIES

In addition to the Board's general oversight of the CEO and senior management, the Board also is responsible for:

- selecting, evaluating and compensating the CEO and overseeing CEO succession planning;
- providing counsel and oversight on the selection, evaluation, development and compensation of the officers of the Company; and
- approving and maintaining a succession plan for the CEO and other key senior executives, including an emergency succession plan for the CEO.

Business, Product and Strategic Matters/Compliance with Law and Company Policy

As part of its overall responsibility to serve the long-term interests of the shareholders, the Board also shall:

- review, approve and monitor fundamental financial and business strategies and major Company actions;
- review and discuss reports by management on the performance of the Company, its plans, products and prospects;
- assess major risks facing the Company, and review and approve strategies for addressing such risks; and
- ensure processes are in place for maintaining the integrity and reputation of the Company, the integrity of its financial statements, compliance with law and Company policy, the integrity of relationships with customers and suppliers, and the integrity of relationships with other Company stakeholders.

V. CONFLICTS OF INTEREST AND RELATED PERSON TRANSACTIONS

The Board expects Company directors, as well as officers and employees, to act ethically at all times and in accordance with applicable Company codes of ethics. If an actual or potential conflict of interest or related person transaction arises for a director or executive officer, the director or executive officer shall promptly inform the Governance Committee. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests.

Proposed related person transactions of which the Committee has notice will be consummated only if the following steps are taken:

- The proposed related person transaction is submitted to the Committee for consideration at the next regularly scheduled or special Committee meeting; and
- The Committee considers the relevant facts and circumstances available to it and concludes that the proposed related person transaction is in, or is not inconsistent with, the best interests of the Company and its stockholders, as the Committee determines in good faith.

If a director or executive officer becomes aware of a related person transaction that has not been previously approved or ratified under these guidelines:

- The related person transaction will be submitted to the Committee promptly, and the Committee shall consider the relevant facts and circumstances available to it;
- If the transaction is ongoing, the Committee shall evaluate all reasonable options, including but not limited to ratification, amendment or termination of the related person transaction; and
- If the transaction is completed, the Committee shall evaluate the transaction to determine if rescission of the transaction is appropriate.

For the purposes of these guidelines, a "related person transaction" is a transaction, arrangement or relationship for which disclosure is required pursuant to Item 404 of Regulation S-K of the Securities and Exchange Commission.

VI. COMMUNICATIONS WITH BOARD, COMMITTEES AND DIRECTORS

Employees, shareholders and other interested parties may communicate with the Board, the Audit Committee or any independent director, about the Company's conduct or about its accounting, internal accounting controls or auditing matters, by: (i) Voice Mail (call (866) 235-9703 to leave a message); (ii) Internet (from the Company's website at www.txi.com click on "Company Overview", then "Investor Relations", then "Governance"); and (iii) email (to txi@openboard.info). To ensure anonymity, these communications will go through a third party who will maintain electronically and keep confidential all communications, receipt tracking and resolution records, and will be made available for review by Board and Audit Committee members and the Company's General Counsel or Vice President - Human Resources who will review and address all communications. The status of all outstanding communications addressed to the Board, a Committee or the independent directors will be reported to the respective addressee, as appropriate, on a quarterly basis unless such communications are considered, in the reasonable judgment of the General Counsel, to be inappropriate for submission to the intended recipients. Examples of communications that would be considered inappropriate for submission include those regarding matters such as customer complaints, solicitations, communications that do not relate to the Company's business or that relate to improper or irrelevant topics. Company policy prohibits the discharge, demotion, suspension, threatening, harassment or in any manner discrimination against any employee in the terms and conditions of employment based upon lawful actions of an employee with respect to the good faith submission of concerns and complaints.

VII. PERFORMANCE EVALUATION

The Board and each of the Committees will perform an annual self-evaluation. Each of the directors will be requested to provide his or her assessment of the effectiveness of the Board and the Committees on which he or she serves.