

CONSOLIDATED STATEMENTS OF OPERATIONS  
TEXAS INDUSTRIES, INC. AND SUBSIDIARIES

In thousands except per share	Three months ended August 31,	
	2006	2005
NET SALES	\$ 271,652	\$ 241,884
Cost of products sold	<u>205,338</u>	<u>194,221</u>
GROSS PROFIT	66,314	47,663
Selling, general and administrative	21,058	23,228
Interest	5,542	9,264
Loss on debt retirements and spin-off charges	--	112,284
Other income	<u>(3,551)</u>	<u>(4,141)</u>
	<u>23,049</u>	<u>140,635</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	43,265	(92,972)
Income taxes (benefit)	<u>13,834</u>	<u>(32,948)</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	29,431	(60,024)
Income from discontinued operations - net of income taxes	<u>--</u>	<u>8,691</u>
NET INCOME (LOSS)	<u>\$ 29,431</u>	<u>\$ (51,333)</u>
Basic earnings (loss) per share		
Income (loss) from continuing operations	\$ 1.23	\$ (2.63)
Income from discontinued operations	<u>--</u>	<u>.38</u>
Net income (loss)	<u>\$ 1.23</u>	<u>\$ (2.25)</u>
Diluted earnings (loss) per share		
Income (loss) from continuing operations	\$ 1.12	\$ (2.63)
Income from discontinued operations	<u>--</u>	<u>.38</u>
Net income (loss)	<u>\$ 1.12</u>	<u>\$ (2.25)</u>
Average shares outstanding		
Basic	23,959	22,822
Diluted	<u>27,515</u>	<u>22,822</u>
Cash dividends per share	<u>\$ .075</u>	<u>\$ .075</u>
Major product shipments		
Cement (tons)	1,388	1,342
Stone, sand and gravel (tons)	6,461	7,313
Ready-mix concrete (cubic yards)	980	1,041
Major product prices		
Cement (\$/ton)	\$ 94.48	\$ 82.02
Stone, sand and gravel (\$/ton)	6.61	5.73
Ready-mix concrete (\$/cubic yard)	73.90	66.99

CONSOLIDATED BALANCE SHEETS  
TEXAS INDUSTRIES, INC. AND SUBSIDIARIES

In thousands	Unaudited August 31, 2006	May 31, 2006
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 66,300	\$ 84,139
Short-term investments	39,122	50,606
Receivables – net	160,569	132,849
Inventories	101,330	102,052
Deferred income taxes and prepaid expenses	<u>26,820</u>	<u>33,599</u>
TOTAL CURRENT ASSETS	394,141	403,245
<b>OTHER ASSETS</b>		
Goodwill	58,395	58,395
Real estate and investments	107,604	125,913
Deferred charges and intangibles	<u>22,493</u>	<u>22,706</u>
	188,492	207,014
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land and land improvements	129,643	128,056
Buildings	41,918	42,069
Machinery and equipment	691,431	688,255
Construction in progress	<u>152,888</u>	<u>95,094</u>
	1,015,880	953,474
Less depreciation and depletion	<u>492,569</u>	<u>483,163</u>
	<u>523,311</u>	<u>470,311</u>
	<u>\$ 1,105,944</u>	<u>\$ 1,080,570</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 69,866	\$ 63,581
Accrued interest, wages and other items	44,662	55,059
Current portion of long-term debt	<u>680</u>	<u>681</u>
TOTAL CURRENT LIABILITIES	115,208	119,321
<b>LONG-TERM DEBT</b>	251,507	251,505
<b>CONVERTIBLE SUBORDINATED DEBENTURES</b>	159,655	159,725
<b>DEFERRED INCOME TAXES AND OTHER CREDITS</b>	81,204	76,955
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, \$1 par value	25,864	25,863
Additional paid-in capital	335,741	334,054
Retained earnings	192,441	169,696
Cost of common stock in treasury	(51,220)	(52,093)
Pension liability adjustment	<u>(4,456)</u>	<u>(4,456)</u>
	<u>498,370</u>	<u>473,064</u>
	<u>\$ 1,105,944</u>	<u>\$ 1,080,570</u>

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

In thousands	Three months ended August 31,	
	2006	2005
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 29,431	\$ (51,333)
Adjustments to reconcile net income (loss) to cash provided		
by continuing operating activities		
Income from discontinued operations	--	(8,691)
Loss on debt retirements	--	107,001
Gain on asset disposals	(490)	(355)
Depreciation, depletion and amortization	11,172	11,185
Deferred income taxes (benefit)	3,777	(31,832)
Stock-based compensation expense	554	4,714
Excess tax benefits from stock-based compensation	(881)	--
Other – net	(175)	283
Changes in operating assets and liabilities		
Receivables – net	(6,218)	211
Inventories	722	(4,670)
Prepaid expenses	953	(956)
Accounts payable and accrued liabilities	<u>(2,782)</u>	<u>(11,198)</u>
Cash provided by continuing operating activities	36,063	14,359
Cash used by discontinued operating activities	<u>--</u>	<u>(6,587)</u>
Net cash provided by operating activities	36,063	7,772
<b>INVESTING ACTIVITIES</b>		
Capital expenditures - expansions	(47,702)	(3,599)
Capital expenditures – other	(16,416)	(6,722)
Proceeds from asset disposals	987	817
Purchases of short-term investments	(8,500)	--
Sales of short-term investments	20,000	--
Investments in life insurance contracts	(2,402)	(1,028)
Other – net	<u>297</u>	<u>1,605</u>
Cash used by continuing investing activities	(53,736)	(8,927)
Cash used by discontinued investing activities	<u>--</u>	<u>(2,712)</u>
Net cash used by investing activities	(53,736)	(11,639)
<b>FINANCING ACTIVITIES</b>		
Long-term borrowings	--	250,000
Debt retirements	(1)	(600,009)
Debt issuance costs	--	(7,051)
Debt retirement costs	--	(96,024)
Stock option exercises	752	3,853
Excess tax benefits from stock-based compensation	881	--
Common dividends paid	<u>(1,798)</u>	<u>(1,711)</u>
Cash used by continuing financing activities	(166)	(450,942)
Cash provided by discontinued financing activities	<u>--</u>	<u>340,712</u>
Net cash used by financing activities	<u>(166)</u>	<u>(110,230)</u>
Decrease in cash and cash equivalents	(17,839)	(114,097)
Cash and cash equivalents at beginning of period	<u>84,139</u>	<u>251,600</u>
Cash and cash equivalents at end of period	<u>\$ 66,300</u>	<u>\$ 137,503</u>