

CONSOLIDATED STATEMENTS OF OPERATIONS  
TEXAS INDUSTRIES, INC. AND SUBSIDIARIES

| In thousands except per share                                   | Three months ended<br>November 30, |                 | Six months ended<br>November 30, |                    |
|---|------------------------------------|-----------------|----------------------------------|--------------------|
|   | 2006                               | 2005            | 2006                             | 2005               |
| NET SALES   | \$245,832                          | \$220,764       | \$517,484                        | \$462,648          |
| Cost of products sold   | <u>194,057</u>                     | <u>197,935</u>  | <u>399,395</u>                   | <u>392,156</u>     |
| GROSS PROFIT  | 51,775                             | 22,829          | 118,089                          | 70,492             |
| Selling, general and administrative                             | 30,147                             | 14,832          | 51,205                           | 38,060             |
| Interest  | 4,643                              | 7,851           | 10,185                           | 17,115             |
| Loss on debt retirements and spin-off charges                   | --                                 | 107             | --                               | 112,391            |
| Other income  | <u>(24,800)</u>                    | <u>(8,161)</u>  | <u>(28,351)</u>                  | <u>(12,302)</u>    |
|   | <u>9,990</u>                       | <u>14,629</u>   | <u>33,039</u>                    | <u>155,264</u>     |
| INCOME (LOSS) FROM CONTINUING OPERATIONS<br>BEFORE INCOME TAXES | 41,785                             | 8,200           | 85,050                           | (84,772)           |
| Income taxes (benefit)  | <u>13,133</u>                      | <u>2,006</u>    | <u>26,967</u>                    | <u>(30,942)</u>    |
| INCOME (LOSS) FROM CONTINUING OPERATIONS                        | 28,652                             | 6,194           | 58,083                           | (53,830)           |
| Income from discontinued operations – net of income taxes       | <u>--</u>                          | <u>--</u>       | <u>--</u>                        | <u>8,691</u>       |
| NET INCOME (LOSS)   | <u>\$ 28,652</u>                   | <u>\$ 6,194</u> | <u>\$ 58,083</u>                 | <u>\$ (45,139)</u> |
| Basic earnings (loss) per share                                 |                                    |                 |                                  |                    |
| Income (loss) from continuing operations                        | \$ 1.19                            | \$ .27          | \$ 2.42                          | \$ (2.35)          |
| Income from discontinued operations                             | <u>--</u>                          | <u>--</u>       | <u>--</u>                        | <u>.38</u>         |
| Net income (loss)   | <u>\$ 1.19</u>                     | <u>\$ .27</u>   | <u>\$ 2.42</u>                   | <u>\$ (1.97)</u>   |
| Diluted earnings (loss) per share                               |                                    |                 |                                  |                    |
| Income (loss) from continuing operations                        | \$ 1.09                            | \$ .26          | \$ 2.21                          | \$ (2.35)          |
| Income from discontinued operations                             | <u>--</u>                          | <u>--</u>       | <u>--</u>                        | <u>.38</u>         |
| Net income (loss)   | <u>\$ 1.09</u>                     | <u>\$ .26</u>   | <u>\$ 2.21</u>                   | <u>\$ (1.97)</u>   |
| Average shares outstanding                                      |                                    |                 |                                  |                    |
| Basic   | 24,001                             | 23,020          | 23,980                           | 22,921             |
| Diluted   | <u>27,602</u>                      | <u>23,671</u>   | <u>27,558</u>                    | <u>22,921</u>      |
| Cash dividends per share  | <u>\$ .075</u>                     | <u>\$ .075</u>  | <u>\$ .15</u>                    | <u>\$ .15</u>      |
| Major product shipments   |                                    |                 |                                  |                    |
| Cement (tons)   | 1,239                              | 1,241           | 2,627                            | 2,583              |
| Stone, sand and gravel (tons)                                   | 5,573                              | 5,954           | 12,034                           | 13,267             |
| Ready-mix concrete (cubic yards)                                | 979                                | 971             | 1,959                            | 2,012              |
| Major product prices  |                                    |                 |                                  |                    |
| Cement (\$/ton)   | \$ 94.85                           | \$ 84.94        | \$ 94.66                         | \$ 83.42           |
| Stone, sand and gravel (\$/ton)                                 | 6.83                               | 5.85            | 6.71                             | 5.78               |
| Ready-mix concrete (\$/cubic yard)                              | 74.76                              | 68.51           | 74.33                            | 67.72              |

CONSOLIDATED BALANCE SHEETS  
TEXAS INDUSTRIES, INC. AND SUBSIDIARIES

| In thousands                                   | Unaudited<br>November 30,<br>2006 | May 31,<br>2006     |
|--|-----------------------------------|---------------------|
| <b>ASSETS</b>                                  |                                   |                     |
| <b>CURRENT ASSETS</b>                          |                                   |                     |
| Cash and cash equivalents                      | \$ 83,648                         | \$ 84,139           |
| Short-term investments                         | 10,012                            | 50,606              |
| Receivables – net                              | 129,517                           | 132,849             |
| Inventories                                    | 100,929                           | 102,052             |
| Deferred income taxes and prepaid expenses     | <u>15,475</u>                     | <u>33,599</u>       |
| <b>TOTAL CURRENT ASSETS</b>                    | <b>339,581</b>                    | <b>403,245</b>      |
| <b>OTHER ASSETS</b>                            |                                   |                     |
| Goodwill                                       | 58,395                            | 58,395              |
| Real estate and investments                    | 131,513                           | 125,913             |
| Deferred charges and intangibles               | <u>22,271</u>                     | <u>22,706</u>       |
|  | 212,179                           | 207,014             |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>           |                                   |                     |
| Land and land improvements                     | 129,993                           | 128,056             |
| Buildings                                      | 41,839                            | 42,069              |
| Machinery and equipment                        | 699,909                           | 688,255             |
| Construction in progress                       | <u>226,393</u>                    | <u>95,094</u>       |
|  | 1,098,134                         | 953,474             |
| Less depreciation and depletion                | <u>503,070</u>                    | <u>483,163</u>      |
|  | <u>595,064</u>                    | <u>470,311</u>      |
|  | <u>\$ 1,146,824</u>               | <u>\$ 1,080,570</u> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>    |                                   |                     |
| <b>CURRENT LIABILITIES</b>                     |                                   |                     |
| Accounts payable                               | \$ 75,557                         | \$ 63,581           |
| Accrued interest, wages and other items        | 54,371                            | 55,059              |
| Current portion of long-term debt              | <u>1,475</u>                      | <u>681</u>          |
| <b>TOTAL CURRENT LIABILITIES</b>               | <b>131,403</b>                    | <b>119,321</b>      |
| <b>LONG-TERM DEBT</b>                          | <b>250,358</b>                    | <b>251,505</b>      |
| <b>CONVERTIBLE SUBORDINATED DEBENTURES</b>     | <b>159,655</b>                    | <b>159,725</b>      |
| <b>DEFERRED INCOME TAXES AND OTHER CREDITS</b> | <b>78,186</b>                     | <b>76,955</b>       |
| <b>SHAREHOLDERS' EQUITY</b>                    |                                   |                     |
| Common stock, \$1 par value                    | 25,864                            | 25,863              |
| Additional paid-in capital                     | 336,809                           | 334,054             |
| Retained earnings                              | 218,715                           | 169,696             |
| Cost of common stock in treasury               | (49,710)                          | (52,093)            |
| Pension liability adjustment                   | <u>(4,456)</u>                    | <u>(4,456)</u>      |
|  | <u>527,222</u>                    | <u>473,064</u>      |
|  | <u>\$ 1,146,824</u>               | <u>\$ 1,080,570</u> |

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

| In thousands  | Six months ended<br>November 30, |                   |
|---|----------------------------------|-------------------|
|   | 2006                             | 2005              |
| <b>OPERATING ACTIVITIES</b>   |                                  |                   |
| Net income (loss)   | \$ 58,083                        | \$ (45,139)       |
| Adjustments to reconcile net income (loss) to cash provided<br>by continuing operating activities |                                  |                   |
| Income from discontinued operations   | --                               | (8,691)           |
| Loss on debt retirements  | --                               | 107,006           |
| Gain on asset disposals   | (539)                            | (6,405)           |
| Depreciation, depletion and amortization  | 22,284                           | 22,319            |
| Deferred income taxes (benefit)   | 8,511                            | (31,328)          |
| Stock-based compensation expense  | 6,267                            | 3,795             |
| Excess tax benefits from stock-based compensation   | (1,563)                          | --                |
| Other – net   | (2,724)                          | (1,025)           |
| Changes in operating assets and liabilities   |                                  |                   |
| Receivables – net   | 2,816                            | 11,957            |
| Inventories   | 1,562                            | (7,695)           |
| Prepaid expenses  | 2,365                            | (1,161)           |
| Accounts payable and accrued liabilities  | <u>13,556</u>                    | <u>5,089</u>      |
| Cash provided by continuing operating activities  | 110,618                          | 48,722            |
| Cash used by discontinued operating activities  | <u>--</u>                        | <u>(7,114)</u>    |
| Net cash provided by operating activities   | 110,618                          | 41,608            |
| <b>INVESTING ACTIVITIES</b>   |                                  |                   |
| Capital expenditures – expansions   | (106,177)                        | (12,019)          |
| Capital expenditures – other  | (41,279)                         | (17,884)          |
| Proceeds from asset disposals   | 775                              | 10,429            |
| Purchases of short-term investments   | (8,500)                          | (24,527)          |
| Sales of short-term investments   | 49,000                           | --                |
| Investments in life insurance contracts   | (4,274)                          | (2,749)           |
| Other – net   | <u>(105)</u>                     | <u>237</u>        |
| Cash used by continuing investing activities  | (110,560)                        | (46,513)          |
| Cash used by discontinued investing activities  | <u>--</u>                        | <u>(2,757)</u>    |
| Net cash used by investing activities   | (110,560)                        | (49,270)          |
| <b>FINANCING ACTIVITIES</b>   |                                  |                   |
| Long-term borrowings  | --                               | 250,000           |
| Debt retirements  | (355)                            | (600,351)         |
| Debt issuance costs   | --                               | (7,298)           |
| Debt retirement costs   | --                               | (96,029)          |
| Stock option exercises  | 1,843                            | 5,880             |
| Excess tax benefits from stock-based compensation   | 1,563                            | --                |
| Common dividends paid   | <u>(3,600)</u>                   | <u>(3,440)</u>    |
| Cash used by continuing financing activities  | (549)                            | (451,238)         |
| Cash provided by discontinued financing activities  | <u>--</u>                        | <u>340,587</u>    |
| Net cash used by financing activities   | <u>(549)</u>                     | <u>(110,651)</u>  |
| Decrease in cash and cash equivalents   | (491)                            | (118,313)         |
| 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>\$ 83,648</u>                 | <u>\$ 133,287</u> |