

CONSOLIDATED STATEMENTS OF OPERATIONS
TEXAS INDUSTRIES, INC. AND SUBSIDIARIES

In thousands except per share	Three months ended February 28,		Nine months ended February 28,	
	2007	2006	2007	2006
NET SALES	\$216,771	\$216,763	\$734,255	\$679,411
Cost of products sold	<u>169,702</u>	<u>179,397</u>	<u>569,097</u>	<u>571,553</u>
GROSS PROFIT	47,069	37,366	165,158	107,858
Selling, general and administrative	27,476	20,487	78,681	58,547
Interest	3,289	7,340	13,474	24,455
Loss on debt retirements and spin-off charges	26	--	26	112,391
Other income	<u>(3,273)</u>	<u>(5,274)</u>	<u>(31,624)</u>	<u>(17,576)</u>
	<u>27,518</u>	<u>22,553</u>	<u>60,557</u>	<u>177,817</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	19,551	14,813	104,601	(69,959)
Income taxes (benefit)	<u>6,838</u>	<u>3,502</u>	<u>33,805</u>	<u>(27,440)</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	12,713	11,311	70,796	(42,519)
Income from discontinued operations – net of income taxes	<u>--</u>	<u>--</u>	<u>--</u>	<u>8,691</u>
NET INCOME (LOSS)	<u>\$ 12,713</u>	<u>\$ 11,311</u>	<u>\$ 70,796</u>	<u>\$ (33,828)</u>
Basic earnings (loss) per share				
Income (loss) from continuing operations	\$.52	\$.49	\$ 2.93	\$ (1.85)
Income from discontinued operations	<u>--</u>	<u>--</u>	<u>--</u>	<u>.38</u>
Net income (loss)	<u>\$.52</u>	<u>\$.49</u>	<u>\$ 2.93</u>	<u>\$ (1.47)</u>
Diluted earnings (loss) per share				
Income (loss) from continuing operations	\$.50	\$.47	\$ 2.71	\$ (1.85)
Income from discontinued operations	<u>--</u>	<u>--</u>	<u>--</u>	<u>.38</u>
Net income (loss)	<u>\$.50</u>	<u>\$.47</u>	<u>\$ 2.71</u>	<u>\$ (1.47)</u>
Average shares outstanding				
Basic	24,438	23,117	24,133	22,986
Diluted	<u>27,771</u>	<u>27,628</u>	<u>27,629</u>	<u>22,986</u>
Cash dividends per share	<u>\$.075</u>	<u>\$.075</u>	<u>\$.225</u>	<u>\$.225</u>
Major product shipments				
Cement (tons)	1,122	1,164	3,749	3,747
Stone, sand and gravel (tons)	4,527	5,417	16,561	18,684
Ready-mix concrete (cubic yards)	736	847	2,695	2,859
Major product prices				
Cement (\$/ton)	\$95.50	\$89.62	\$94.91	\$85.35
Stone, sand and gravel (\$/ton)	7.30	6.40	6.87	5.96
Ready-mix concrete (\$/cubic yard)	77.49	70.49	75.19	68.54

CONSOLIDATED BALANCE SHEETS
TEXAS INDUSTRIES, INC. AND SUBSIDIARIES

In thousands	Unaudited February 28, 2007	May 31, 2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 20,365	\$ 84,139
Short-term investments	--	50,606
Receivables – net	126,527	132,849
Inventories	114,751	102,052
Deferred income taxes and prepaid expenses	<u>18,779</u>	<u>33,599</u>
TOTAL CURRENT ASSETS	280,422	403,245
OTHER ASSETS		
Goodwill	58,395	58,395
Real estate and investments	132,884	125,913
Deferred charges and intangibles	<u>16,097</u>	<u>22,706</u>
	207,376	207,014
PROPERTY, PLANT AND EQUIPMENT		
Land and land improvements	132,081	128,056
Buildings	41,767	42,069
Machinery and equipment	712,048	688,255
Construction in progress	<u>298,682</u>	<u>95,094</u>
	1,184,578	953,474
Less depreciation and depletion	<u>511,406</u>	<u>483,163</u>
	<u>673,172</u>	<u>470,311</u>
	<u>\$ 1,160,970</u>	<u>\$ 1,080,570</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 74,810	\$ 63,581
Accrued interest, wages and other items	45,354	55,059
Current portion of long-term debt	<u>1,475</u>	<u>681</u>
TOTAL CURRENT LIABILITIES	121,639	119,321
LONG-TERM DEBT	250,358	251,505
CONVERTIBLE SUBORDINATED DEBENTURES	92,370	159,725
DEFERRED INCOME TAXES AND OTHER CREDITS	87,987	76,955
SHAREHOLDERS' EQUITY		
Common stock, \$1 par value	27,157	25,863
Additional paid-in capital	401,139	334,054
Retained earnings	229,559	169,696
Cost of common stock in treasury	(44,783)	(52,093)
Pension liability adjustment	<u>(4,456)</u>	<u>(4,456)</u>
	<u>608,616</u>	<u>473,064</u>
	<u>\$ 1,160,970</u>	<u>\$ 1,080,570</u>

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

In thousands	Nine months ended February 28,	
	2007	2006
OPERATING ACTIVITIES		
Net income (loss)	\$ 70,796	\$ (33,828)
Adjustments to reconcile net income (loss) to cash provided by continuing operating activities		
Income from discontinued operations	--	(8,691)
Loss on debt retirements	26	107,006
Gain on asset disposals	(570)	(9,277)
Depreciation, depletion and amortization	33,856	33,373
Deferred income taxes (benefit)	16,830	(26,632)
Stock-based compensation expense	10,268	6,484
Excess tax benefits from stock-based compensation	(1,647)	--
Other – net	1,533	(1,277)
Changes in operating assets and liabilities		
Receivables – net	4,540	7,239
Inventories	(12,259)	(20,262)
Prepaid expenses	3,910	377
Accounts payable and accrued liabilities	(1,532)	(512)
Cash provided by continuing operating activities	125,751	54,000
Cash used by discontinued operating activities	--	(7,704)
Net cash provided by operating activities	125,751	46,296
INVESTING ACTIVITIES		
Capital expenditures – expansions	(170,217)	(36,061)
Capital expenditures – other	(66,222)	(27,512)
Proceeds from asset disposals	961	14,509
Purchases of short-term investments	(8,500)	(48,500)
Sales of short-term investments	59,000	--
Investments in life insurance contracts	(5,288)	(4,071)
Other – net	(125)	(2,015)
Cash used by continuing investing activities	(190,391)	(103,650)
Cash used by discontinued investing activities	--	(2,757)
Net cash used by investing activities	(190,391)	(106,407)
FINANCING ACTIVITIES		
Long-term borrowings	--	250,000
Debt retirements	(1,285)	(600,353)
Debt issuance costs	--	(7,356)
Debt retirement costs	(4)	(96,029)
Stock option exercises	5,976	7,028
Excess tax benefits from stock-based compensation	1,647	--
Common dividends paid	(5,468)	(5,172)
Cash provided (used) by continuing financing activities	866	(451,882)
Cash provided by discontinued financing activities	--	340,587
Net cash provided (used) by financing activities	866	(111,295)
Decrease in cash and cash equivalents	(63,774)	(171,406)
Cash and cash equivalents at beginning of period	84,139	251,600
Cash and cash equivalents at end of period	<u>\$ 20,365</u>	<u>\$ 80,194</u>