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Texas Industries: The Wall Street Analyst Forum Presentation Transcript

Question-and-Answer Session

Ken Allen

Yes, sir.

Unidentified Audience Member

[Question inaudible]

Ken Allen

Well, half. The question was in California, with the bond initiatives of \$40 billion, how does all that play out in timing and where does it go. And in timing, I think, it's coming we haven't seen the benefit yet. There is a sense that we ought to begin to see the impact of the bond money in calendar year 2008. I want to stress "begin to see that" I don't think we will see the full impact in calendar year 2008.

And then, how much of that will impact the cement and aggregate industry? Well, half of that \$40 billion is highway construction, and then the other half will tend to be construction projects of all different types, as well. The highway program is going to be more cement and aggregate intensive than the other pieces are. But all \$40 billion in general numbers is going to have an impact on demand for building materials.

Again, in the light, I try to stress because we've watched this and other public entities over the last decade, as they stepped from one level to another it tends to take time to see the full impact from that. But it's a lot of money.

Unidentified Audience Member

[Question inaudible]

Ken Allen

We think that's the case. Okay, with political funding and things like that, it's a little bit like forecasting interest rates in terms of timing, and things like that. What we do feel confident about is over the next several years, highway funding in California will be good and strong.

Unidentified Audience Member

[Question inaudible]

Ken Allen

Good. The question is what's happening with pricing in California, the good answer is nothing. Demand for cement is down significantly, and we have price stability in California, and that's very important to us. Yes, ma'am.

Unidentified Audience Member

Can you tell us about acquisition of competitors in the same line of business, as well as adding product lines such as mortar and mortar aggregates?

Ken Allen

Good question. The question is, what other things could we be doing to grow either through acquisition or new product lines? On the acquisition front, we feel fortunate to have organic opportunities to grow, more acquisition multiples tend to be pretty high. We try to be very return-oriented in the company. And as a result, acquisitions are something that just hasn't been much of a focus in TXI.

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