SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (Fee Required) - For the fiscal year ended December 31, 1995

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-640

NL INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

New Jersey	13-5267260
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

16825 Northchase Drive, Suite 1200, Houston, Texas	77060
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (713) 423-3300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock ($.125 par value)	New York Stock Exchange Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

As of February 29, 1996, 51,093,118 shares of common stock were outstanding. The aggregate market value of the 14,571,028 shares of voting stock held by nonaffiliates as of such date approximated $202 million.

Documents incorporated by reference:

The information required by Part III is incorporated by reference from the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

Forward-Looking Information.

The statements contained in this Annual Report on Form 10-K ("Annual Report") which are not historical facts, including, but not limited to, statements found (i) under the captions "Kronos-Industry", "Kronos-Products and operations", "Kronos-Manufacturing process and raw materials", "Kronos-Competition", "Rheox-Products and operations", "Rheox-Manufacturing process and raw materials", "Patents and Trademarks", "Foreign Operations", and "Regulatory and Environmental Matters", all contained in Item 1. Business, (ii) under the captions "Lead pigment litigation" and "Environmental matters and litigation", both contained in Item 3. Legal Proceedings, and (iii) under the captions "Results of Operations" and "Liquidity and Capital Resources", both contained in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, are forward-looking statements that involve a number of risks and uncertainties. The actual results of the future events described in such forward-looking statements in this Annual Report could differ materially from those stated in such forward-looking statements. Among the factors that could cause actual results to differ materially are the risks and uncertainties discussed in this Annual Report, including, without limitation, the portions referenced above, and the uncertainties set forth from time to time in the Company's other public reports and filings and public statements.

PART I

ITEM 1. BUSINESS

GENERAL

NL Industries, Inc., organized as a New Jersey corporation in 1891, conducts its operations through its principal wholly-owned subsidiaries, Kronos, Inc. and Rheox, Inc. Valhi, Inc. and Tremont Corporation, each affiliates of Contran Corporation, hold 54% and 18%, respectively, of NL's outstanding common stock. Contran holds, directly or through subsidiaries, approximately 91% of Valhi's and 44% of Tremont's outstanding common stock. Substantially all of Contran's outstanding voting stock is held by trusts established for the benefit of the children and grandchildren of Harold C. Simmons of which Mr. Simmons is the sole trustee. Mr. Simmons, the Chairman of the Board of NL and the Chairman of the Board, President and Chief Executive Officer of each of Contran and Valhi and a director of Tremont, may be deemed to control each of such companies. NL and its consolidated subsidiaries are sometimes referred to herein collectively as the "Company".

Kronos is the world's fourth largest producer of titanium dioxide pigments ("TiO2") with an estimated 11% share of the worldwide market. Approximately one-half of Kronos' 1995 sales volume was in Europe, where Kronos is the second largest producer of TiO2. In 1995, Kronos accounted for 87% of the Company's sales and 81% of its operating income. Rheox is the world's largest producer of rheological additives for solvent-based systems.

The Company's objective is to maximize total shareholder returns by (i) focusing on continued cost control, (ii) deleveraging during the current upturn of the TiO2 industry and (iii) investing in certain cost effective debottlenecking projects to increase TiO2 production capacity.

KRONOS

INDUSTRY

Titanium dioxide pigments are chemical products used for imparting whiteness, brightness and opacity to a wide range of products, including paints, plastics, paper, fibers and ceramics. TiO2 is considered to be a "quality-of-life" product with demand affected by the gross domestic product in various regions of the world.

Demand, supply and pricing of TiO2 have historically been cyclical. The last cyclical peak for TiO2 prices occurred in early 1990, with a cyclical low in the third quarter of 1993. The Company believes the TiO2 industry continues to have long-term potential. During the last TiO2 downturn, industry capacity utilization dropped from almost 100% to approximately 85%. Industry utilization increased to about 91% in 1995, and Kronos' selling prices in fourth quarter of 1995 were about 24% above the 1993 low point. Although TiO2 demand in Europe and the U.S. is expected to be relatively flat during the first half of 1996, the Company expects industry capacity utilization rates will increase over the next several years. The Company's expectations as to the future prospects of the TiO2 industry are based upon several factors beyond the Company's control, principally continued worldwide growth of gross domestic product and the absence of technological advancements in or modifications to TiO2 processes that would result in material and unanticipated increases in production efficiencies. To the extent that actual developments differ from the Company's expectations, the Company's and the TiO2 industry's future performance could be unfavorably affected.

Kronos has an estimated 18% share of European TiO2 sales and an estimated 9% share of U.S. TiO2 sales. Consumption per capita in the United States and Western Europe far exceeds that in other areas of the world and these regions are expected to continue to be the largest geographic markets for TiO2 consumption. If the economies in Eastern Europe, the Far East and China continue to develop, a significant market for TiO2 could emerge in those countries. Kronos believes that, due to its strong presence in Western Europe, it is well positioned to participate in growth in the Eastern European market . Geographic segment information is contained in Note 3 to the Consolidated Financial Statements.

PRODUCTS AND OPERATIONS

The Company believes that there are no effective substitutes for TiO2. However, extenders such as kaolin clays, calcium carbonate and polymeric opacifiers are used in a number of Kronos' markets. Generally, extenders are used to reduce to some extent the utilization of higher cost TiO2. The use of extenders has not significantly affected TiO2 consumption over the past decade because extenders generally have, to date, failed to match the performance characteristics of TiO2. The Company believes that the use of extenders will not materially alter the growth of the TiO2 business in the foreseeable future.

Kronos currently produces over 40 different TiO2 grades, sold under the Kronos and Titanox trademarks, which provide a variety of performance properties to meet customers' specific requirements. Kronos' major customers include international paint, plastics and paper manufacturers.

Kronos is one of the world's leading producers and marketers of TiO2. Kronos and its distributors and agents sell and provide technical services for

its products to over 5,000 customers with the majority of sales in Europe, the United States and Canada. Kronos' international operations are conducted through Kronos International, Inc., a German-based holding company formed in 1989 to manage and coordinate the Company's manufacturing operations in Germany, Canada, Belgium and Norway, and its sales and marketing activities in over 100 countries worldwide. Kronos and its predecessors have produced and marketed TiO2 in North America and Europe for over 70 years. As a result, Kronos believes that it has developed considerable expertise and efficiency in the manufacture, sale, shipment and service of its products in domestic and international markets. By volume, one-half of Kronos' 1995 TiO2 sales were to Europe, with 36% to North America and the balance to export markets.

Kronos is also engaged in the mining and sale of ilmenite ore (a raw material used in the sulfate pigment production process), and the manufacture and sale of iron-based water treatment chemicals (derived from co-products of the pigment production processes). Water treatment chemicals are used as treatment and conditioning agents for industrial effluents and municipal wastewater and in the manufacture of iron pigments.

MANUFACTURING PROCESS AND RAW MATERIALS

TiO2 is manufactured by Kronos using both the chloride process and the sulfate process. Approximately two-thirds of Kronos' current production capacity is based on its chloride process which generates less waste than the sulfate process. The waste acid resulting from the sulfate process is either neutralized or reprocessed at Kronos or third party facilities. Although most end-use applications can use pigments produced by either process, chloride process pigments are generally preferred in certain coatings and plastics applications, and sulfate process pigments are generally preferred for paper, fibers and ceramics applications. Due to environmental factors and customer considerations, the proportion of TiO2 industry sales represented by chloride process pigments has increased relative to sulfate process pigments in the past few years, and chloride process production facilities currently represent approximately 55% of industry capacity.

Kronos produced a record 393,000 metric tons of TiO2 in 1995, compared to 357,000 metric tons in 1994 and 352,000 metric tons in 1993. Kronos believes its annual attainable production capacity is approximately 390,000 metric tons, including its one-half interest in the joint venture-owned Louisiana plant (see "TiO2 manufacturing joint venture"). Following the completion of the $25 million debottlenecking expansion of its Leverkusen, Germany chloride process plant in 1997, the Company expects its worldwide annual attainable production capacity to increase to approximately 400,000 metric tons.

The primary raw materials used in the TiO2 chloride production process are chlorine, coke and titanium-containing feedstock derived from beach sand ilmenite and natural rutile ore. Chlorine and coke are available from a number of suppliers. Titanium-containing feedstock suitable for use in the chloride process is available from a limited number of suppliers around the world, principally in Australia, Africa, India and the United States. Kronos purchases slag refined from beach sand ilmenite from Richards Bay Iron and Titanium (Proprietary) Limited (South Africa), approximately 50% of which is owned by Q.I.T. Fer et Titane Inc. ("QIT"), an indirect subsidiary of RTZ Corp., under a long-term supply contract that expires in 2000. Natural rutile ore, another chloride feedstock, is purchased primarily from RGC Mineral Sands Limited (Australia), under a long-term supply contract that expires in 2000. Raw materials under these contracts are expected to meet Kronos' chloride feedstock requirements over the next several years.

The primary raw materials used in the TiO2 sulfate production process are sulfuric acid and titanium-containing feedstock derived primarily from rock and beach sand ilmenite. Sulfuric acid is available from a number of suppliers. Titanium-containing feedstock suitable for use in the sulfate process is available from a limited number of suppliers around the world. Currently, the principal active sources are located in Norway, Canada, Australia, India and South Africa. As one of the few vertically-integrated producers of sulfate process pigments, Kronos operates a rock ilmenite mine near Hauge i Dalane, Norway, which provided all of Kronos' feedstock for its European sulfate process pigment plants in 1995. Kronos' mine is also a commercial source of rock ilmenite for other sulfate process producers in Europe. Kronos also purchases sulfate grade slag under contracts negotiated annually with QIT and Tinfos Titanium and Iron K/S.

Kronos believes the availability of titanium-containing feedstock for both the chloride and sulfate processes is adequate through the remainder of the decade. Kronos does not anticipate experiencing any interruptions of its raw material supplies because of its long-term supply contracts, although political and economic instability in the countries from which the Company purchases its raw material supplies could adversely affect the availability.

TIO2 MANUFACTURING JOINT VENTURE

In October 1993, Kronos formed a manufacturing joint venture with Tioxide Group, Ltd., a wholly-owned subsidiary of Imperial Chemicals Industries PLC ("Tioxide"). The joint venture, which is equally owned by subsidiaries of Kronos and Tioxide (the "Partners"), owns and operates the Louisiana chloride process TiO2 plant formerly owned by Kronos. Production from the plant is shared equally by Kronos and Tioxide pursuant to separate offtake agreements.

A supervisory committee, composed of four members, two of whom are appointed by each Partner, directs the business and affairs of the joint venture, including production and output decisions. Two general managers, one appointed and compensated by each Partner, manage the day-to-day operations of the joint venture acting under the direction of the supervisory committee.

The manufacturing joint venture is intended to be operated on a break-even basis and, accordingly, Kronos' transfer price for its share of the TiO2 produced is equal to its share of the joint venture's production costs and interest expense. Kronos' share of the production costs are reported as cost of sales as the related TiO2 acquired from the joint venture is sold, and its share of the joint venture's interest expense is reported as a component of interest expense.

COMPETITION

The TiO2 industry is highly competitive. During the late 1980s worldwide demand approximated available supply and the major producers, including Kronos, were operating at or near available capacity and customers generally were served on an allocation basis. During the early 1990s, supply exceeded demand, primarily due to new chloride process capacity coming on-stream. Relative supply/demand relationships, which had a favorable impact on industry-wide prices during the late 1980s, had a negative impact during the subsequent downturn. During 1994 and the first half of 1995, improved industry capacity utilization resulted in increases in worldwide TiO2 prices. Average TiO2 prices in the fourth quarter of 1995 were 14% higher than the fourth quarter of 1994, and were about 17% lower than the previous peak.

Capacity additions that are the result of construction of grassroot plants in the worldwide TiO2 market require significant capital expenditures and substantial lead time (typically three to five years in the Company's experience) for, among other things, planning, obtaining environmental approvals and construction. No grassroot plants have been announced, but industry capacity in the next few years can be expected to increase as Kronos and its competitors complete debottlenecking projects at existing plants. Based on the factors described under the caption "Kronos-Industry" above, the Company expects that the average annual increase in industry capacity from announced debottlenecking projects will be less than the average annual demand growth for TiO2 during the next few years.

Kronos competes primarily on the basis of price, product quality and technical service, and the availability of high performance pigment grades. Although certain TiO2 grades are considered specialty pigments, the majority of grades and substantially all of Kronos' production are considered commodity pigments with price generally being the most significant competitive factor. Kronos has an estimated worldwide TiO2 market share of 11%, and believes that it is the leading marketer of TiO2 in a number of countries, including Germany and Canada.

Kronos' principal competitors are E.I. du Pont de Nemours & Co. ("DuPont"); Imperial Chemical Industries PLC (Tioxide); Hanson PLC (SCM Chemicals); Kemira Oy; Kerr-McGee Corporation; Ishihara Sangyo Kaisha, Ltd.; Bayer AG; and Thann et Mulhouse. These eight competitors have estimated individual worldwide market shares ranging from 4% to 21%, and an estimated aggregate 76% share. DuPont has over one-half of total U.S. TiO2 production capacity and is Kronos' principal North American competitor.

RHEOX

PRODUCTS AND OPERATIONS

Rheological additives control the flow and leveling characteristics for a variety of products, including paints, inks, lubricants, sealants, adhesives and cosmetics. Organoclay rheological additives are clays which have been chemically reacted with organic chemicals and compounds. Rheox produces rheological additives for both solvent-based and water-based systems. Rheox believes it is the world's largest producer of rheological additives for solvent-based systems and is also a supplier of rheological additives used in water-based systems. Rheological additives for solvent-based systems accounted for about 80% of Rheox's sales in 1995, with the remainder being principally rheological additives for water-based systems. Rheox introduced a number of new products during the past few years, the majority of which are for water-based systems, which represent a larger portion of the market than solvent-based systems. The Company believes water-based additives will account for an increasing portion of its sales in the long term.

Sales of rheological additives generally follow overall economic growth in Rheox's principal markets and are influenced by the volume of shipments of the worldwide coatings industry. Since Rheox's rheological additives are used in industrial coatings, plant and equipment spending has an influence on demand for this product line.

MANUFACTURING PROCESS AND RAW MATERIALS

The primary raw materials utilized in the production of rheological additives are bentonite clays, hectorite clays, quaternary amines, polyethylene waxes and castor oil derivatives. Bentonite clays are currently purchased under

a three-year contract, renewable through 2004, with a subsidiary of Dresser Industries, Inc. ("Dresser"), which has significant bentonite reserves in Wyoming. This contract assures Rheox the right to purchase its anticipated requirements of bentonite clays for the foreseeable future, and Dresser's reserves are believed to be sufficient for such purpose. Hectorite clays are mined from Company-owned reserves in Newberry Springs, California, which the Company believes are adequate to supply its needs for the foreseeable future. The Newberry Springs ore body contains the largest known commercial deposit of hectorite clays in the world. Quaternary amines are purchased primarily from a joint venture company 50%-owned by Rheox and are also generally available on the open market from a number of suppliers. Castor oil-based rheological additives are purchased from sources in the United States and abroad. Rheox has a supply contract with a manufacturer of these products which may not be terminated without 180 days notice by either party.

COMPETITION

Competition in the specialty chemicals industry is generally concentrated in the areas of product uniqueness, quality and availability, technical service, knowledge of end-use applications and price. Rheox's principal competitors for rheological additives for solvent-based systems are Laporte PLC and Sud-Chemie AG. Rheox's principal competitors for water-based systems are Rohm and Haas Company, Hercules Incorporated, The Dow Chemical Company and Union Carbide Corporation.

RESEARCH AND DEVELOPMENT

The Company's expenditures for research and development and technical support programs have averaged approximately $10 million annually during the past three years with Kronos accounting for approximately three-quarters of the annual spending. Research and development activities related to TiO_2 are conducted principally at the Leverkusen, Germany facility. Such activities are directed primarily toward improving both the chloride and sulfate production processes, improving product quality and strengthening Kronos' competitive position by developing new pigment applications. Activities relating to rheological additives are conducted primarily in the United States and are directed towards the development of new products for water-based systems, environmental applications and new end-use applications for existing product lines.

PATENTS AND TRADEMARKS

Patents held for products and production processes are believed to be important to the Company and contribute to the continuing business activities of Kronos and Rheox. The Company continually seeks patent protection for its technical developments, principally in the United States, Canada and Europe, and from time to time enters into licensing arrangements with third parties. In connection with the formation of the manufacturing joint venture with Tioxide, Kronos and certain of its subsidiaries exchanged proprietary chloride process and product technologies with Tioxide and certain of its affiliates. Use by each recipient of the other's technology in Europe is restricted until October 1996. The Company does not expect that the technology sharing arrangement with Tioxide will materially impact the Company's competitive position within the TiO_2 industry. See "Kronos - TiO_2 manufacturing joint venture."

The Company's major trademarks, including Kronos, Titanox and Rheox, are protected by registration in the United States and elsewhere with respect to those products it manufactures and sells.

FOREIGN OPERATIONS

The Company's chemical businesses have operated in international markets since the 1920s. Most of Kronos' current production capacity is located in Europe and Canada, and approximately one-third of Rheox's sales in each of the past three years have been from European production. Approximately three-quarters of the Company's 1995 consolidated sales were to non-U.S. customers, including 12% to customers in areas other than Europe and Canada. Foreign operations are subject to, among other things, currency exchange rate fluctuations and the Company's results of operations have in the past been both favorably and unfavorably affected by fluctuations in currency exchange rates. Effects of fluctuations in currency exchange rates on the Company's results of operations are discussed in Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Political and economic uncertainties in certain of the countries in which the Company operates may expose it to risk of loss. The Company does not believe that there is currently any likelihood of material loss through political or economic instability, seizure, nationalization or similar event. The Company cannot predict, however, whether events of this type in the future could have a material effect on its operations. The Company's manufacturing and mining operations are also subject to extensive and diverse environmental regulation in each of the foreign countries in which they operate. See "Regulatory and Environmental Matters."

CUSTOMER BASE AND SEASONALITY

The Company believes that neither its aggregate sales nor those of any of its principal product groups are concentrated in or materially dependent upon

any single customer or small group of customers. Neither the Company's business as a whole nor that of any of its principal product groups is seasonal to any significant extent. Due in part to the increase in paint production in the spring to meet the spring and summer painting season demand, TiO2 sales are generally higher in the second and third calendar quarters than in the first and fourth calendar quarters. Sales of rheological additives are influenced by the worldwide industrial protective coatings industry, where second calendar quarter sales are generally the strongest.

EMPLOYEES

As of December 31, 1995, the Company employed approximately 3,200 persons, excluding the joint venture employees, with approximately 400 employees in the United States and approximately 2,800 at sites outside the United States. Hourly employees in production facilities worldwide, including the TiO2 joint venture, are represented by a variety of labor unions, with labor agreements having various expiration dates. The Company believes its labor relations are good.

REGULATORY AND ENVIRONMENTAL MATTERS

Certain of the Company's businesses are and have been engaged in the handling, manufacture or use of substances or compounds that may be considered toxic or hazardous within the meaning of applicable environmental laws. As with other companies engaged in similar businesses, certain past and current operations and products of the Company have the potential to cause environmental or other damage. The Company has implemented and continues to implement various policies and programs in an effort to minimize these risks. The policy of the Company is to achieve compliance with applicable environmental laws and regulations at all its facilities and to strive to improve its environmental performance. It is possible that future developments, such as stricter requirements of environmental laws and enforcement policies thereunder, could adversely affect the Company's production, handling, use, storage, transportation, sale or disposal of such substances.

The Company's U.S. manufacturing operations are governed by federal environmental and worker health and safety laws and regulations, principally the Resource Conservation and Recovery Act, the Occupational Safety and Health Act, the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, the Toxic Substances Control Act and the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act ("CERCLA"), as well as the state counterparts of these statutes. The Company believes that all of its U.S. plants and the Louisiana plant owned and operated by the joint venture are in substantial compliance with applicable requirements of these laws or compliance orders issued thereunder. From time to time, the Company's facilities may be subject to environmental regulatory enforcement under such statutes. Resolution of such matters typically involves the establishment of compliance programs. Occasionally, resolution may result in the payment of penalties, but to date such penalties have not involved amounts having a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

The Company's European and Canadian production facilities operate in an environmental regulatory framework in which governmental authorities typically are granted broad discretionary powers which allow them to issue operating permits required for the plants to operate. The Company believes that all its plants are in substantial compliance with applicable environmental laws.

While the laws regulating operations of industrial facilities in Europe vary from country to country, a common regulatory denominator is provided by the European Union (the "EU"). Germany, Belgium and the United Kingdom, each members of the EU, follow the initiatives of the EU. Norway, although not a member, generally patterns its environmental regulatory actions after the EU. The Company believes that Kronos is in substantial compliance with agreements reached with European environmental authorities and with an EU directive to control the effluents produced by TiO2 production facilities. The Company also believes that Rheox is in substantial compliance with the environmental regulations in Germany and the United Kingdom.

In order to reduce sulfur dioxide emissions into the atmosphere consistent with applicable environmental regulations, Kronos is currently installing off-gas desulfurization systems at its Norwegian and German plants at an estimated cost of $30 million and expects to complete the systems in 1996 and 1997, respectively. The manufacturing joint venture has installed a $16 million off-gas desulfurization system at the Louisiana plant which commenced operation in 1995. In addition, Kronos expects to complete an $11 million water treatment chemical purification project at its Leverkusen, Germany facility in 1996.

The Quebec provincial government has environmental regulatory authority over Kronos' Canadian chloride and sulfate process TiO2 production facilities in Varennes, Quebec. The provincial government regulates discharges into the St. Lawrence River. In May 1992, the Quebec provincial government extended Kronos' right to discharge effluents from its Canadian sulfate process TiO2 plant into the St. Lawrence River until June 1994. Kronos completed a waste acid neutralization facility and discontinued discharging waste acid effluents into the St. Lawrence River in June 1994. Notwithstanding the foregoing, in March 1993 Kronos' Canadian subsidiary and two of its directors were charged by the Canadian federal government with five violations of the Canadian Fisheries Act

relating to discharges into the St. Lawrence River from the Varennes sulfate process TiO2 production facility. The penalty for these violations, if proven, could be up to Canadian $15 million. Additional charges, if brought, could involve additional penalties. The Company believes that this charge is inconsistent with the extension granted by provincial authorities, referred to above, and is vigorously contesting the charge.

The Company's capital expenditures related to its ongoing environmental protection and improvement programs are currently expected to be approximately $23 million in 1996 and $5 million in 1997.

The Company has been named as a defendant, potentially responsible party ("PRP"), or both, pursuant to CERCLA and similar state laws in approximately 80 governmental enforcement and private actions associated with waste disposal sites and facilities currently or previously owned, operated or used by the Company, or its subsidiaries, or their predecessors, many of which are on the U.S. Environmental Protection Agency's ("U.S. EPA") Superfund National Priorities List or similar state lists. See Item 3 - "Legal Proceedings".

ITEM 2. PROPERTIES

Kronos currently operates four TiO2 facilities in Europe (Leverkusen and Nordenham, Germany; Langerbrugge, Belgium; and Fredrikstad, Norway). In North America, Kronos has a facility in Varennes, Quebec, Canada and, through the manufacturing joint venture described above, a one-half interest in a plant in Lake Charles, Louisiana. Certain of the Company's properties collateralize long-term debt agreements. See Note 10 to the Consolidated Financial Statements.

Kronos' principal German operating subsidiary leases the land under its Leverkusen TiO2 production facility pursuant to a lease expiring in 2050. The Leverkusen facility, with almost one-third of Kronos' current TiO2 production capacity, is located within an extensive manufacturing complex owned by Bayer AG, and Kronos is the only unrelated party so situated. Under a separate supplies and services agreement expiring in 2011, Bayer provides some raw materials, auxiliary and operating materials and utilities services necessary to operate the Leverkusen facility. Both the lease and the supplies and services agreement restrict Kronos' ability to transfer ownership or use of the Leverkusen facility.

All of Kronos' principal production facilities described above are owned, except for the land under the Leverkusen facility. Kronos has a governmental concession with an unlimited term to operate its ilmenite mine in Norway.

Specialty chemicals are produced by Rheox at facilities in Charleston, West Virginia; Newberry Springs, California; St. Louis, Missouri; Livingston, Scotland and Nordenham, Germany. All of such production facilities are owned.

ITEM 3. LEGAL PROCEEDINGS

LEAD PIGMENT LITIGATION

The Company was formerly involved in the manufacture of lead pigments for use in paint and lead-based paint. The Company has been named as a defendant or third party defendant in various legal proceedings alleging that the Company and other manufacturers are responsible for personal injury and property damage allegedly associated with the use of lead pigments. The Company is vigorously defending such litigation. Considering the Company's previous involvement in the lead pigment and lead-based paint businesses, there can be no assurance that additional litigation, similar to that described below, will not be filed. In addition, various legislation and administrative regulations have, from time to time, been enacted or proposed that seek to (a) impose various obligations on present and former manufacturers of lead pigment and lead-based paint with respect to asserted health concerns associated with the use of such products and (b) effectively overturn court decisions in which the Company and other pigment manufacturers have been successful. Examples of such proposed legislation include bills proposed in Massachusetts and Ohio which would permit civil liability for damages on the basis of market share and, in the case of Massachusetts, extend certain statutes of limitations. No legislation or regulations have been enacted to date which are expected to have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity. The Company has not accrued any amounts for the pending lead pigment litigation. Although no assurance can be given that the Company will not incur future liability in respect of this litigation in view of the inherent uncertainties involved in court and jury rulings in pending and possible future cases, based on, among other things, the results of such litigation to date, the Company believes that the pending lead pigment litigation is without merit. Liability that may result, if any, cannot reasonably be estimated.

In 1989 and 1990, the Housing Authority of New Orleans ("HANO") filed third-party complaints for indemnity and/or contribution against the Company, other alleged manufacturers of lead pigment (together with the Company, the "pigment manufacturers") and the Lead Industries Association (the "LIA") in 14 actions commenced by residents of HANO units seeking compensatory and punitive damages for injuries allegedly caused by lead pigment. The actions in the Civil District Court for the Parish of Orleans, State of Louisiana were dismissed by the district court in 1990. Subsequently, HANO agreed to consolidate all the

cases and appealed. In March 1992, the Louisiana Court of Appeals, Fourth Circuit, dismissed HANO's appeal as untimely with respect to three of these cases. With respect to the other cases included in the appeal, the court of appeals reversed the lower court decision dismissing the cases. These cases were remanded to the District Court for further proceedings. In November 1994, the District Court granted defendants' motion for summary judgment in one of the remaining cases and in June 1995 the District Court granted defendants' motion for summary judgment in several of the remaining cases. After such grant, only two cases remained pending.

In June 1989, a complaint was filed in the Supreme Court of the State of New York, County of New York, against the pigment manufacturers and the LIA. Plaintiffs seek damages, contribution and/or indemnity in an amount in excess of $50 million for monitoring and abating alleged lead paint hazards in public and private residential buildings, diagnosing and treating children allegedly exposed to lead paint in city buildings, the costs of educating city residents to the hazards of lead paint, and liability in personal injury actions against the City and the Housing Authority based on alleged lead poisoning of city residents (The City of New York, the New York City Housing Authority and the New York City Health and Hospitals Corp. v. Lead Industries Association, Inc., et al., No. 89-4617). In December 1991, the court granted the defendants' motion to dismiss claims alleging negligence and strict liability and denied the remainder of the motion. In January 1992, defendants appealed the denial. The Company has answered the remaining portions of the complaint denying all allegations of wrongdoing, and the case is in discovery. In May 1993, the Appellate Division of the Supreme Court affirmed the denial of the motion to dismiss plaintiffs' fraud, restitution, conspiracy and concert of action claims. In August 1993, the defendants' motion for leave to appeal was denied. In May 1994, the trial court granted the defendants' motion to dismiss the plaintiffs' restitution and indemnification claims, and plaintiffs have appealed. Defendants' motion for summary judgment on the remaining fraud claim was denied in August 1995; defendants have noticed an appeal. In December 1995, defendants moved for summary judgment on the basis that the fraud claim was time-barred; the motion is pending.

In March 1992, the Company was served with a complaint in Skipworth v. Sherwin-Williams Co., et al. (No. 92-3069), Court of Common Pleas, Philadelphia County. Plaintiffs are a minor and her legal guardians seeking damages from lead paint and pigment producers, the LIA, the Philadelphia Housing Authority and the owners of the plaintiffs' premises for bodily injuries allegedly suffered by the minor from lead-based paint. Plaintiffs' counsel has asserted that approximately 200 similar complaints would be served shortly, but no such complaints have yet been served. In April 1994, the court granted defendants' motion for summary judgment and the dismissal was affirmed by the Superior Court in October 1995. Plaintiffs sought review in the Pennsylvania Supreme Court in November 1995 and the request for review is pending.

In August 1992, the Company was served with an amended complaint in Jackson, et al. v. The Glidden Co., et al., Court of Common Pleas, Cuyahoga County, Cleveland, Ohio (Case No. 236835). Plaintiffs seek compensatory and punitive damages for personal injury caused by the ingestion of lead, and an order directing defendants to abate lead-based paint in buildings. Plaintiffs purport to represent a class of similarly situated persons throughout the State of Ohio. The amended complaint identifies 18 other defendants who allegedly manufactured lead products or lead-based paint, and asserts causes of action under theories of strict liability, negligence per se, negligence, breach of express and implied warranty, fraud, nuisance, restitution, and negligent infliction of emotional distress. The complaint asserts several theories of liability including joint and several, market share, enterprise and alternative liability. In October 1992, the Company and the other defendants moved to dismiss the complaint with prejudice. In July 1993, the court dismissed the complaint. In December 1994, the Ohio Court of Appeals reversed the trial court dismissal and remanded the case to the trial court.

In November 1993, the Company was served with a complaint in Brenner, et al. v. American Cyanamid, et al., (No. 12596-93) Supreme Court, State of New York, Erie County alleging injuries to two children purportedly caused by lead pigment. The complaint seeks $24 million in compensatory and $10 million in punitive damages for alleged negligent failure to warn, strict products liability, fraud and misrepresentation, concert of action, civil conspiracy, enterprise liability, market share liability, and alternative liability. In January 1994, the Company answered the complaint, denying liability. Discovery is proceeding.

In January 1995, the Company was served with complaints in Wright (Alvin) and Wright (Allen) v. Lead Industries, et. al., (Nos. 94-363042 and 363043), Circuit Court, Baltimore City, Maryland. Plaintiffs are two brothers (one deceased) who allege injuries due to exposure to lead pigment. The complaints, as amended in April 1995, seek more than $100 million in compensatory and punitive damages for alleged strict liability, negligence, conspiracy, fraud and unfair and deceptive trade practices claims. In July 1995, the trial court granted, in part, the defendants' motion to dismiss, and dismissed the plaintiffs' fraud and unfair and deceptive trade practices claims. A trial date has been set in these consolidated cases for October 1996, and discovery is proceeding. In February 1996, the Company filed a motion for summary judgement, which is pending.

In November 1995, the Company was served with the complaint in Jefferson v.

Lead Industry Association, et. al. (No. 95-2835), filed in the U.S. District Court for the Eastern District of Louisiana. The complaint asserts claims against the LIA and the lead pigment defendants on behalf of a putative class of allegedly injured children in Louisiana. The complaint purports to allege claims for strict liability, negligence, failure to warn, breach of alleged warranties, fraud and misrepresentation, and conspiracy, and seeks actual and punitive damages. The complaint asserts several theories of liability, including joint and several and market share liability. The Company moved to dismiss the complaint in February 1996.

In January 1996, the Company was served with a complaint on behalf of individual intervenors in German, et. al. v. Federal Home Loan Mortgage Corp., et. al., (U.S. Dist. Court, Southern District of New York, Civil Action No. 93 Civ. 6941 (RWS)). This class action lawsuit had originally been brought against the City of New York and other landlord defendants. The intervenors' complaint alleges claims against the Company and other former manufacturers of lead pigment for medical monitoring, property abatement, and other injunctive relief, based on various causes of action, including negligent product design, negligent failure to warn, strict products liability, fraud and misrepresentation, concert of action, civil conspiracy, enterprise liability, market share liability, breach of express and implied warranties, and nuisance. The intervenors purport to represent a class of children and pregnant women who reside in New York City.

The Company believes that the foregoing lead pigment actions are without merit and intends to continue to deny all allegations of wrongdoing and liability and to defend such actions vigorously.

The Company has filed actions seeking declaratory judgment and other relief against various insurance carriers with respect to costs of defense and indemnity coverage for certain of its environmental and lead pigment litigation. NL Industries, Inc. v. Commercial Union Insurance Cos., et al., Nos. 90-2124, - -2125 (HLS) (District Court of New Jersey). The action relating to lead pigment litigation defense costs filed in May 1990 against Commercial Union Insurance Company ("Commercial Union") seeks to recover defense costs incurred in the City of New York lead pigment case and two other cases which have since been resolved in the Company's favor. In July 1991, the court granted the Company's motion for summary judgment and ordered Commercial Union to pay the Company's reasonable defense costs for such cases. In June 1992, the Company filed an amended complaint in the United States District Court for the District of New Jersey against Commercial Union seeking to recover costs incurred in defending four additional lead pigment cases which have since been resolved in the Company's favor. In August 1993, the court granted the Company's motion for summary judgment and ordered Commercial Union to pay the reasonable costs of defending those cases. In July 1994, the court entered judgment on the order requiring Commercial Union to pay previously-incurred Company costs in defending those cases. In September 1995, the U.S. Court of Appeals for the Third Circuit reversed and remanded for further consideration the decision by the trial court that Commercial Union was obligated to pay the Company's reasonable defense costs in certain of the lead pigment cases. The trial court had made its decision applying New Jersey law; the appeals court concluded that New York and not New Jersey law applied and remanded the case to the trial court for a determination under New York law. Other than granting motions for summary judgment brought by two excess liability insurance carriers, which contended that their policies contained unique pollution exclusion language, and certain summary judgment motions regarding policy periods, the court has not made any final rulings on defense costs or indemnity coverage with respect to the Company's pending environmental litigation. The Court has not made any final ruling on indemnity coverage in the lead pigment litigation. No trial dates have been set. Other than rulings to date, the issue of whether insurance coverage for defense costs or indemnity or both will be found to exist depends upon a variety of factors, and there can be no assurance that such insurance coverage will exist in other cases. The Company has not considered any potential insurance recoveries for lead pigment or environmental litigation in determining related accruals.

ENVIRONMENTAL MATTERS AND LITIGATION

The Company has been named as a defendant, PRP, or both, pursuant to CERCLA and similar state laws in approximately 80 governmental and private actions associated with waste disposal sites and facilities currently or previously owned, operated or used by the Company, or its subsidiaries, or their predecessors, many of which are on the U.S. EPA's Superfund National Priorities List or similar state lists. These proceedings seek cleanup costs, damages for personal injury or property damage, or both. Certain of these proceedings involve claims for substantial amounts. Although the Company may be jointly and severally liable for such costs, in most cases it is only one of a number of PRPs who are also jointly and severally liable. In addition to the matters noted above, certain current and former facilities of the Company, including several divested secondary lead smelter and former mining locations, are the subject of environmental investigations or litigation arising out of industrial waste disposal practices and mining activities.

The extent of CERCLA liability cannot be determined until the Remedial Investigation and Feasibility Study ("RIFS") is complete, the U.S. EPA issues a record of decision and costs are allocated among PRPs. The extent of liability under analogous state cleanup statutes and for common law equivalents are subject to similar uncertainties. The Company believes it has provided adequate accruals for reasonably estimable costs for CERCLA matters and other

environmental liabilities. At December 31, 1995, the Company had accrued $100 million with respect to those environmental matters which are reasonably estimable. The Company determines the amount of accrual on a quarterly basis by analyzing and estimating the range of possible costs to the Company. Such costs include, among other things, remedial investigations, monitoring, studies, clean-up, removal and remediation. It is not possible to estimate the range of costs for certain sites. The Company has estimated that the upper end of the range of reasonably possible costs to the Company for sites for which it is possible to estimate costs is approximately $169 million. No assurance can be given that actual costs will not exceed accrued amounts or the upper end of the range for sites for which estimates have been made, and no assurance can be given that costs will not be incurred with respect to sites as to which no estimate presently can be made. The imposition of more stringent standards or requirements under environmental laws or regulations, new developments or changes respecting site cleanup costs or allocation of such costs among PRPs, or a determination that the Company is potentially responsible for the release of hazardous substances at other sites could result in expenditures in excess of amounts currently estimated by the Company to be required for such matters. Further, there can be no assurance that additional environmental matters will not arise in the future. More detailed descriptions of certain legal proceedings relating to environmental matters are set forth below.

The Company has been identified as a PRP by the U.S. EPA because of its former ownership of three secondary lead smelters (battery recycling plants) in Pedricktown, New Jersey; Granite City, Illinois; and Portland, Oregon. In all three matters, the Company voluntarily entered into administrative consent orders with the U.S. EPA requiring the performance of a RIFS, a study with the objective of identifying the nature and extent of the hazards, if any, posed by the sites, and selecting a remedial action, if necessary.

At Pedricktown, the U.S. EPA divided the site into two operable units. Operable unit one covers contaminated ground water, surface water, soils and stream sediments. The Company submitted the final RIFS for operable unit one to the U.S. EPA in May 1993. In July 1994, the U.S. EPA issued the Record of Decision for operable unit one. The U.S. EPA estimates the cost to complete operable unit one is $18.7 million. The U.S. EPA recently issued a notice requesting that the PRPs enter into an agreement to perform the remedial design phase of operable unit one. In addition, the U.S. EPA incurred past costs in the estimated amount of $4 million to $5 million. The U.S. EPA issued an order with respect to operable unit two in March 1992 to the Company and 30 other PRPs directing immediate removal activities including the cleanup of waste, surface water and building surfaces. The Company has complied with the order, and the work with respect to operable unit two is completed. The Company has paid approximately 50% of operable unit two costs, or $2.5 million.

At Granite City, the RIFS is complete, and in 1990 the U.S. EPA selected a remedy estimated to cost approximately $28 million. In July 1991, the United States filed an action in the U.S. District Court for the Southern District of Illinois against the Company and others (United States of America v. NL Industries, Inc., et al., Civ. No. 91-CV 00578) with respect to the Granite City smelter. The complaint seeks injunctive relief to compel the defendants to comply with an administrative order issued pursuant to CERCLA, and fines and treble damages for the alleged failure to comply with the order. The Company and the other parties did not comply with the order believing that the remedy selected by the U.S. EPA was invalid, arbitrary, capricious and not in accordance with law. The complaint also seeks recovery of past costs of $.3 million and a declaration that the defendants are liable for future costs. Although the action was filed against the Company and ten other defendants, there are 330 other PRPs who have been notified by the U.S. EPA. Some of those notified were also respondents to the administrative order. In February 1992, the court entered a case management order directing that the remedy issues be tried before the liability aspects are presented. In August 1994, when the U.S. EPA reinitiated the residential yard soils remediation in Granite City after an agreed-upon stay of the cleanup pending completion of a health study and reopening of the administrative record, the PRPs and the City of Granite City sought an injunction against the U.S. EPA to prevent further cleanup until after the record was reopened for submittal of additional comments on the selected remedy. In September 1995, the U.S. EPA released its decision selecting cleanup remedies for the Granite City site. The cost of the remedies selected by the U.S. EPA aggregates, in its estimation, $40.8 million to $67.8 million, although its decision states that the higher amount is not considered to be representative of expected costs. The Company believes that certain components of the U.S. EPA's estimated costs may be erroneous and presently intends to challenge portions of the U.S. EPA's selection of the remedy. There is no allocation among the PRPs for these costs.

Having completed the RIFS at Portland, the Company conducted predesign studies to explore the viability of the U.S. EPA's selected remedy pursuant to a June 1989 consent decree captioned U.S. v. NL Industries, Inc., Civ. No. 89-408, United States District Court for the District of Oregon. Subsequent to the completion of the predesign studies, the U.S. EPA issued notices of potential liability to approximately 20 PRPs, including the Company, directing them to perform the remedy, which was initially estimated to cost approximately $17 million, exclusive of administrative and overhead costs and any additional costs, for the disposition of recycled materials from the site. In January 1992, the U.S. EPA issued unilateral administrative orders to the Company and six other PRPs directing the performance of the remedy. The Company and the other PRPs commenced performance of the remedy. Based upon site operations to

date, the remedy is not proceeding in accordance with engineering expectations or cost projections; therefore, the Company and the other PRPs have met with the U.S. EPA to discuss alternative remedies for the site. The U.S. EPA authorized the Company and the other PRPs to cease performing most aspects of the selected remedy. In September 1994, the Company and the other PRPs submitted a focused feasibility study to the U.S. EPA, which proposes alternative remedies for the site. In January 1996, the Company and the other PRP's submitted to U.S. EPA the Amended Remedy Document ("ARD"), recommending selection of a new remedy for the site. The U.S. EPA has indicated that it intends to notice the ARD for public comment in 1996 and will thereafter select a new remedy for the site. Pursuant to an interim allocation, the Company's share of remedial costs is approximately 50%. In November 1991, Gould, Inc., the current owner of the site, filed an action, Gould Inc. v. NL Industries, Inc., No. 91-1091, United States District Court for the District of Oregon, against the Company for damages for alleged fraud in the sale of the smelter, rescission of the sale, past CERCLA response costs and a declaratory judgment allocating future response costs and punitive damages. The court granted Gould's motion to amend the complaint to add additional defendants (adjoining current and former landowners) and third party defendants (generators). The amended complaint deletes the fraud and punitive damages claims asserted against NL; thus, the pending action is essentially one for reallocation of past and future cleanup costs. Discovery is proceeding. A trial date has been tentatively set for September 1996.

The Company and other PRPs entered into an administrative consent order with the U.S. EPA requiring the performance of a RIFS at two sites in Cherokee County, Kansas, where the Company and others formerly mined lead and zinc. A former subsidiary of the Company mined at the Baxter Springs subsite, where it is the largest viable PRP. The final RIFS was submitted to the U.S. EPA in May 1993. In August 1994, the U.S. EPA issued its proposed plan for the cleanup of the Baxter Springs and Treece sites in Cherokee County. The proposed remedy is estimated by U.S. EPA to cost $6 million.

In January 1989, the State of Illinois brought an action against the Company and several other subsequent owners and operators of the former lead oxide plant in Chicago, Illinois (People of the State of Illinois v. NL Industries, et al., No. 88-CH-11618, Circuit Court, Cook County). The complaint seeks recovery of $2.3 million of cleanup costs expended by the Illinois Environmental Protection Agency, plus penalties and treble damages. In October 1992, the Supreme Court of Illinois reversed the Appellate Division, which had affirmed the trial court's earlier dismissal of the complaint, and remanded the case for further proceedings. In December 1993, the trial court denied the State's petition to reinstate the complaint, and dismissed the case with prejudice. In February 1996, the appeals court affirmed the dismissal. The time in which review by the state Supreme Court may be sought has not expired.

In 1980, the State of New York commenced litigation against the Company in connection with the operation of a plant in Colonie, New York formerly owned by the Company. Flacke v. NL Industries, Inc., No. 1842-80 ("Flacke I") and Flacke v. Federal Insurance Company and NL Industries, Inc., No. 3131-92 ("Flacke II"), New York Supreme Court, Albany County. The plant manufactured military and civilian products from depleted uranium and was acquired from the Company by the U.S. Department of Energy ("DOE") in 1984. Flacke I seeks penalties for alleged violations of New York's Environmental Conservation Law, and of a consent order entered into to resolve these alleged violations. Flacke II seeks forfeiture of a $200,000 surety bond posted in connection with the consent order, plus interest from February 1980. The Company denied liability in both actions. The litigation had been inactive from 1984 until July 1993 when the State moved for partial summary judgment for approximately $1.5 million on certain of its claims in Flacke I and for summary judgment in Flacke II. In January 1994, the Company cross-moved for summary judgment in Flacke I and Flacke II. All summary judgment motions have been denied and both parties have appealed.

Residents in the vicinity of the Company's former Philadelphia lead chemicals plant commenced a class action allegedly comprised of over 7,500 individuals seeking medical monitoring and damages allegedly caused by emissions from the plant. Wagner, et al. v. Anzon, Inc. and NL Industries, Inc., No. 87-4420, Court of Common Pleas, Philadelphia County. The complaint sought compensatory and punitive damages from the Company and the current owner of the plant, and alleged causes of action for, among other things, negligence, strict liability, and nuisance. A class was certified to include persons who resided, owned or rented property, or who work or have worked within up to approximately three-quarters of a mile from the plant from 1960 through the present. The Company answered the complaint, denying liability. In December 1994, the jury returned a verdict in favor of the Company. Plaintiffs have appealed. Residents also filed consolidated actions in the United States District Court for the Eastern District of Pennsylvania, Shinozaki v. Anzon, Inc. and Wagner and Antczak v. Anzon and NL Industries, Inc. Nos. 87-3441, 87-3502, 87-4137 and 87-5150. The consolidated action is a putative class action seeking CERCLA response costs, including cleanup and medical monitoring, declaratory and injunctive relief and civil penalties for alleged violations of the Resource Conservation and Recovery Act ("RCRA"), and also asserting pendent common law claims for strict liability, trespass, nuisance and punitive damages. The court dismissed the common law claims without prejudice, dismissed two of the three RCRA claims as against the Company with prejudice, and stayed the case pending the outcome of the state court litigation.

In July 1991, a complaint was filed in the United States District Court for the Central District of California, United States of America v. Peter Gull and

NL Industries, Inc., Civ. No. 91-4098, seeking recovery of $2 million in costs incurred by the United States in response to the alleged release of hazardous substances into the environment from a facility located in Norco, California, treble damages and $1.75 million in penalties for the Company's alleged failure to comply with the U.S. EPA's administrative order No. 88-13. The order, which alleged that the Company arranged for the treatment or disposal of materials at the Norco site, directed the immediate removal of hazardous substances from the site. The Company carried out a portion of the remedy at the Norco site, but did not complete the ordered activities because it believed they were in conflict with California law. The Company answered the complaint denying liability. The government claims it expended in excess of $2.7 million for this matter. Trial was held in March and April 1993. In April 1994, the court entered final judgment in this matter directing the Company to pay $6.3 million plus interest. The court ruled that the Company was liable for approximately $2.7 million in response costs plus approximately $3.6 million in penalties for failure to comply with the administrative order. Both the Company and the government have appealed. In August 1994, this matter was referred to mediation, which is pending.

At a municipal and industrial waste disposal site in Batavia, New York, the Company and six others have been identified as PRPs. The U.S. EPA has divided the site into two operable units. Pursuant to an administrative consent order entered into with the U.S. EPA, the Company conducted a RIFS for operable unit one, the closure of the industrial waste disposal section of the landfill. The Company's RIFS costs are approximately $2 million. In June 1995, the U.S. EPA issued the record of decision for operable unit one, which is estimated by the U.S. EPA to cost approximately $12.3 million. In September 1995, the U.S. EPA and certain PRPs entered into an administrative order on consent for the remedial design phase of the remedy for operable unit one. The Company and other PRPs entered into an interim cost sharing arrangement for this phase of work. With respect to the second operable unit, the extension of the municipal water supply, the U.S. EPA estimated the costs at $1.2 million plus annual operation and maintenance costs. The Company and the other PRPs are performing the work comprising operable unit two. The U.S. EPA has also demanded approximately $.9 million in past costs from the PRPs.

See Item 1 - "Business - Regulatory and Environmental Matters".

OTHER LITIGATION

Rhodes, et al. v. ACF Industries, Inc., et al. (Circuit Court of Putnam County, West Virginia, No. 95-C-261). Twelve plaintiffs brought this action against the Company and various other defendants in July 1995. Plaintiffs allege that they were employed by demolition and disposal contractors, and claim that as a result of the defendants' negligence they were exposed to asbestos during demolition and disposal of materials from defendants' premises in West Virginia. Plaintiffs allege personal injuries and seek compensatory damages totaling $18.5 million and punitive damages totaling $55.5 million. The Company has filed an answer denying plaintiffs' allegations. Discovery is proceeding.

The Company has been named as a defendant in various lawsuits alleging personal injuries as a result of exposure to asbestos in connection with formerly-owned operations. Various of these actions remain pending. One such case, In re: Monongalia Mass II, (Circuit Court of Monongalia County, West Virginia, Nos. 93-C-362, et al.), involving approximately 1,800 plaintiffs, is scheduled to begin trial in August 1996. The Company is aware that claims on behalf of approximately 400 additional plaintiffs have been filed, but the Company has not yet been served with those claims. The Company intends to defend these matters vigorously.

The Company is also involved in various other environmental, contractual, product liability and other claims and disputes incidental to its present and former businesses, and the disposition of past properties and former businesses.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the quarter ended December 31, 1995.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

NL's common stock is listed and traded on the New York and Pacific Stock Exchanges under the symbol "NL". As of February 29, 1996, there were approximately 9,500 holders of record of NL common stock. The following table sets forth the high and low sales prices for NL common stock on the New York Stock Exchange ("NYSE") Composite Tape. On February 29, 1996, the closing price of NL common stock according to the NYSE Composite Tape was $13 7/8.

	High	Low
Year ended December 31, 1994:		
First quarter	$ 9-5/8	$ 4-3/8
Second quarter	9-1/2	6-1/8

Third quarter	11-7/8	8-3/8
Fourth quarter	13-1/4	9
Year ended December 31, 1995:		
First quarter	$13-1/2	$11-3/4
Second quarter	16-5/8	11-7/8
Third quarter	17-1/2	13-1/2
Fourth quarter	16-5/8	10-7/8

The Company's Senior Notes generally limit the ability of the Company to pay dividends to 50% of consolidated net income, as defined, subsequent to October 1993. The Company did not pay a dividend in 1993, 1994 or 1995. At December 31, 1995, $6 million was available for dividends. On February 15, 1996, the Company announced the resumption of a regular quarterly dividend by declaring a $.10 per share cash dividend to be paid to shareholders of record on March 1, 1996. The declaration and payment of future dividends and the amount thereof will be dependent upon the Company's results of operations, financial condition, contractual restrictions and other factors deemed relevant by the Company's Board of Directors.

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data set forth below should be read in conjunction with the Consolidated Financial Statements and Notes thereto, and Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Years ended December 31,				
	1991	1992	1993	1994	1995
	(In millions, except per share amounts)				
INCOME STATEMENT DATA:					
Net sales	$ 840.3	$ 893.5	$ 805.3	$ 888.0	$1,023.9
Operating income	139.0	110.7	62.4	111.4	199.7
Income (loss) from continuing operations	(24.0)	(44.6)	(83.2)	(24.0)	85.6
Net income (loss)	(16.5)	(76.4)	(109.8)	(24.0)	85.6
Per common share:					
Income (loss) from continuing operations	$ (.40)	$ (.88)	$ (1.63)	$ (.47)	$ 1.66
Net income (loss)	(.27)	(1.50)	(2.16)	(.47)	1.66
Cash dividends	$ .60	$ .35	$ -	$ -	$ -
BALANCE SHEET DATA (AT YEAR-END):					
Cash, cash equivalents and current marketable securities	$ 353.3	$ 187.9	$ 147.6	$ 156.3	$ 141.3
Current assets	795.5	635.8	467.5	486.4	551.1
Total assets	1,831.0	1,472.1	1,206.5	1,162.4	1,271.7
Current liabilities	360.2	248.8	232.5	244.9	302.4
Long-term debt including current maturities	1,288.9	1,035.3	870.9	789.6	783.7
Shareholders' deficit	(58.3)	(146.3)	(264.8)	(293.1)	(209.4)
OTHER DATA:					
Net debt (1)	$ 936.0	$ 847.7	$ 723.2	$ 633.4	$ 681.6
EBITDA (2)	126.6	115.1	67.2	101.3	212.1
Interest expense, net (3)	59.9	104.3	95.1	78.9	75.4
Cash interest expense, net (4)	53.9	98.0	86.8	60.8	59.7
Capital expenditures	195.1	85.2	48.0	36.9	64.2
TiO2 sales volumes (in thousands metric tons)	303	336	346	376	366
Average TiO2 selling price index (1983=100)	147	139	127	131	150

(1) Net debt represents notes payable and long-term debt less cash, cash equivalents and current marketable securities.

(2) EBITDA, as presented, represents operating income less corporate expense, net, plus depreciation, depletion and amortization. EBITDA is presented as a supplement to the Company's operating income and cash flow from operations because the Company believes that certain parties find EBITDA a useful tool for measuring the Company's performance and ability to service debt. EBITDA is not a substitute for either operating income or cash flow from operations.

(3) Interest expense, net represents interest expense less general corporate interest and dividend income.

(4) Cash interest expense, net represents interest expense, net less non-cash interest expense (deferred interest expense on the Senior Secured Discount Notes and amortization of deferred financing costs).

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

GENERAL

The Company's operations are conducted in two business segments - TiO2 conducted by Kronos and specialty chemicals conducted by Rheox. As discussed below, TiO2 selling prices increased during 1994 and the first nine months of 1995 after four consecutive years of a declining price trend. Kronos' operating income and margins improved significantly during 1994 and 1995.

NET SALES AND OPERATING INCOME

	Years ended December 31,			% Change	
	1993	1994	1995	1994-93	1995-94
		(In millions)			
Net sales:					
Kronos	$697.0	$770.1	$ 894.1	+10%	+16%
Rheox	108.3	117.9	129.8	+9%	+10%
	$805.3	$888.0	$1,023.9	+10%	+15%
Operating income:					
Kronos	$ 36.1	$ 80.6	$ 161.2	+123%	+100%
Rheox	26.3	30.8	38.5	+17%	+25%
	$ 62.4	$111.4	$ 199.7	+78%	+79%
Percent change in TiO2:					
Sales volume				+9%	-3%
Average selling prices (in billing currencies)				+3%	+15%

The improvement in Kronos' 1995 results was primarily due to higher average TiO2 selling prices and higher TiO2 production volumes, partially offset by lower TiO2 sales volumes. In billing currency terms, Kronos' 1995 average TiO2 selling prices were approximately 15% higher than in 1994 and were 3% higher in 1994 compared to 1993. However, the majority of the 1995 increase in average selling prices occurred during the first half of the year and average TiO2 selling prices in the fourth quarter of 1995 were 1% lower than the third quarter of 1995.

Sales volume of 366,000 metric tons of TiO2 in 1995 decreased 3% compared to the record level of 1994, with declines in both Europe and North America, due to softening demand in the second half of 1995 and customers building inventories during 1994 and early 1995. Kronos increased its production to 94% of its capacity in 1994 and to full capacity in 1995. Kronos has curtailed production rates in early 1996 in response to soft demand and its high inventory levels. Kronos anticipates TiO2 demand will remain soft during the first half of 1996, although industry capacity utilization rates are expected to increase over the next several years. Kronos' TiO2 sales volumes increased 9% in 1994 over 1993, with increases in all major regions. Approximately one-half of Kronos' 1995 TiO2 sales, by volume, were attributable to markets in Europe with approximately 36% attributable to North America and the balance to other regions.

Demand, supply and pricing of TiO2 have historically been cyclical and the last cyclical peak for TiO2 prices occurred in early 1990. Kronos believes that its operating margins for 1996 could be lower than in 1995 due principally to the net effect of higher sales volumes, offset by increased raw material costs, lower production volumes and lower technology fee income.

Rheox's operating income improved in 1995 compared to 1994 due to higher sales volumes and selling prices. Operating income increased during 1994 over 1993 due to higher sales volumes and lower operating costs.

The Company has substantial operations and assets located outside the United States (principally Germany, Norway, Belgium and Canada). The U.S. dollar value of the Company's foreign sales and operating costs are subject to currency exchange rate fluctuations which may slightly impact reported earnings and may effect the comparability of period to period operating results. A significant amount of the Company's sales are denominated in currencies other than the U.S. dollar (64% in 1995), principally major European currencies and the Canadian dollar. Certain purchases of raw materials, primarily titanium-containing feedstocks, are denominated in U.S. dollars, while labor and other production costs are primarily denominated in local currencies. Fluctuations in

the value of the U.S. dollar relative to other currencies increased 1995 sales by $54 million compared to 1994 and decreased 1994 sales by $2 million compared to 1993.

GENERAL CORPORATE

The following table sets forth certain information regarding general corporate income (expense).

	Years ended December 31,			Change	
	1993	1994	1995	1994-93	1995-94
			(In millions)		
Securities earnings	$ 8.5	$ 3.9	$ 7.4	$(4.6)	$ 3.5
Corporate expenses, net	(41.5)	(44.7)	(26.6)	(3.2)	18.1
Interest expense	(99.1)	(83.9)	(81.6)	15.2	2.3
	$(132.1)	$(124.7)	$(100.8)	$ 7.4	$23.9

Securities earnings fluctuate in part based upon the amount of funds invested and yields thereon. Corporate expenses, net were significantly lower in 1995 compared to 1994 due to lower provisions for environmental remediation and litigation costs. Corporate expenses in 1994 were slightly higher than 1993 as a $20 million gain related to the settlement of a lawsuit was offset by increases in provisions for environmental remediation and litigation costs.

INTEREST EXPENSE

Interest expense in 1994 and 1995 declined compared to the respective prior-year periods due to lower levels of debt, principally Kronos' Deutsche mark-denominated debt, and lower interest rates on such DM-denominated debt.

PROVISION FOR INCOME TAXES

The principal reasons for the difference between the U.S. federal statutory income tax rates and the Company's effective income tax rates are explained in Note 13 to the Consolidated Financial Statements. The Company's operations are conducted on a worldwide basis and the geographic mix of income can significantly impact the Company's effective income tax rate. In 1995, due to the Company's return to profitability, the Company recognized approximately $10 million of U.S. deferred tax assets which the Company believes satisfy the "more-likely-than-not" recognition criteria. During the fourth quarter of 1995, the Company recorded deferred tax benefits of $6.6 million due to the reduction in dividend withholding tax rates pursuant to ratification of the new U.S./Canada income tax treaty. In 1993 and 1994, the geographic mix of income, including losses in certain jurisdictions for which no current refund was available and recognition of a deferred tax asset was not considered appropriate, contributed to the Company's effective tax rate varying from a normally-expected rate. The Company's deferred income tax status at December 31, 1995 is discussed in "Liquidity and Capital Resources".

Extraordinary item

See Note 16 to the Consolidated Financial Statements.

CHANGE IN ACCOUNTING PRINCIPLE

See Notes 2 and 19 to the Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated cash flows provided by operating, investing and financing activities for each of the past three years are presented below.

	Years ended December 31,		
	1993	1994	1995
		(In millions)	
Net cash provided (used) by:			
Operating activities	$ (7.3)	$ 181.7	$ 71.5
Investing activities	181.9	(32.8)	(62.2)
Financing activities	(155.3)	(132.1)	(3.3)
Net cash provided by operating, investing and financing activities	$ 19.3	$ 16.8	$ 6.0

The TiO_2 industry is cyclical, with the previous peak in selling prices in early 1990 and the latest trough in the third quarter of 1993. During the last TiO_2 downturn, the Company's operations used significant amounts of cash. Since the 1993 trough, the Company's cash provided by operating activities substantially improved as the Company's operating income improved. Changes in the Company's inventories, receivables and payables (excluding the effect of currency translation) also contributed

to the cash provided by operations in 1993 and 1994; however, such changes used cash in 1995 primarily due to increased inventory levels. Receipt of the German tentative tax refund, discussed below, significantly increased the Company's cash flow from operating activities during 1994. A $30 million technology exchange fee received from Tioxide in October 1993, which is being recognized as a component of operating income over three years, also favorably impacted cash flow from operating activities in 1993.

Cash provided (used) by investing activities includes capital expenditures in each period, and in 1993 included $161 million net cash generated from the formation of the manufacturing joint venture with Tioxide. Cash provided by investing activities also included net sales of marketable securities of $68 million in 1993 primarily used to fund debt repayments. In 1994 and 1995, net proceeds of $15 million and $26 million, respectively, from the sale of trading securities are components of the cash provided from operations as a result of the adoption of SFAS No. 115.

The Company's capital expenditures during the past three years include an aggregate of $73 million ($26 million in 1995) for the Company's ongoing environmental protection and compliance programs, including a Canadian waste acid neutralization facility, a Norwegian onshore tailings disposal system and off-gas desulfurization systems. The Company's estimated 1996 and 1997 capital expenditures are $63 million and $56 million, respectively, and include $23 million and $5 million, respectively, in the area of environmental protection and compliance primarily related to the off-gas desulfurization systems and water treatment chemical purification project. The Company spent $9 million in 1995, and plans to spend an additional $11 million in 1996 and $5 million in 1997, in capital expenditures related to a debottlenecking project at its Leverkusen, Germany chloride process TiO2 facility that is expected to increase the Company's worldwide annual attainable production to approximately 400,000 metric tons in 1997. The capital expenditures of the manufacturing joint venture are not included in the Company's capital expenditures.

Net repayments of indebtedness in 1995 included $30 million in payments on the Rheox bank term loan, including $10 million of prepayments, and $15 million in scheduled repayments on the joint venture term loan. In addition, the Company borrowed $51 million under DM-denominated short-term credit facilities of which $11 million was repaid. In 1994 the Company borrowed DM 75 million ($45 million when borrowed) under the DM credit facility. Repayments of indebtedness in 1994 included DM 225 million ($140 million when paid) paid on the DM credit facility, $15 million paid on the Rheox bank term loan and $15 million paid on the joint venture term loan. Net repayments of indebtedness in 1993 included payments on the DM credit facility of DM 552 million ($342 million when paid), a $110 million net reduction in indebtedness related to the Louisiana plant and $350 million proceeds from the Company's public offering of debt.

At December 31, 1995, the Company had cash and cash equivalents aggregating $141 million (25% held by non-U.S. subsidiaries) including restricted cash and cash equivalents of $10 million. In addition, the Company's subsidiaries had $5 million and $191 million available for borrowing at December 31, 1995 under existing U.S. and non-U.S. credit facilities, respectively, of which $87 million of the non-U.S. amount is available only for (i) permanently reducing the DM term loan or (ii) paying future German income tax assessments, as described below. In January 1996, the Company borrowed DM 30 million under the revolving credit portion of the DM credit facility.

Based upon the Company's expectations for the TiO2 industry and anticipated demands on the Company's cash resources as discussed herein, the Company expects to have sufficient liquidity to meet its obligations including operations, capital expenditures and debt service. To the extent that actual developments differ from Company's expectations, the Company's liquidity could be adversely affected. On February 15, 1996, the Company announced the resumption of a regular quarterly dividend by declaring a $.10 per share cash dividend to be paid to shareholders of record on March 1, 1996.

Certain of the Company's income tax returns in various U.S. and non-U.S. jurisdictions, including Germany, are being examined and tax authorities have proposed or may propose tax deficiencies. During 1994, the German tax authorities withdrew certain proposed tax deficiencies of DM 100 million and remitted tax refunds aggregating DM 225 million ($136 million when received), including interest, on a tentative basis while examination of the Company's German income tax returns continued. The Company recently reached agreement in principle with the German tax authorities regarding such examinations which will resolve certain significant tax contingencies for years through 1990. The Company expects to finalize assessments and pay tax deficiencies of approximately DM 50 million ($35 million at December 31, 1995), including interest, in settlement of these issues during the first half of 1996. The Company considers the agreement in principle to be a favorable resolution of the contingencies and the anticipated payment is within previously-accrued amounts for such matters.

Certain other German tax contingencies remain outstanding and will continue to be litigated. No assurances can be given that this litigation will be resolved in the Company's favor in view of the inherent uncertainties involved in court rulings. Although the Company believes that it will ultimately prevail in the litigation, the Company has granted a DM 100 million ($70 million at December 31, 1995) lien on its Nordenham, Germany TiO2 plant in favor of the

German tax authorities until the litigation is resolved. The Company believes that it has adequately provided accruals for additional income taxes and related interest expense which may ultimately result from all such examinations and believes that the ultimate disposition of such examinations should not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

At December 31, 1995, the Company had net deferred tax liabilities of $157 million. The Company operates in numerous tax jurisdictions, in certain of which it has temporary differences that net to deferred tax assets (before valuation allowance). The Company has provided a deferred tax valuation allowance of $196 million at December 31, 1995, principally related to the U.S. and Germany, partially offsetting deferred tax assets which the Company believes do not currently meet the "more-likely-than-not" recognition criteria.

In addition to the chemicals businesses conducted through Kronos and Rheox, the Company also has certain interests and associated liabilities relating to certain discontinued or divested businesses and other holdings of marketable equity securities including securities issued by Valhi and other Contran subsidiaries.

The Company has been named as a defendant, PRP, or both, in a number of legal proceedings associated with environmental matters, including waste disposal sites or facilities currently or formerly owned, operated or used by the Company, many of which disposal sites or facilities are on the U.S. EPA's Superfund National Priorities List or similar state lists. On a quarterly basis, the Company evaluates the potential range of its liability at sites where it has been named as a PRP or defendant. The Company believes it has provided adequate accruals for reasonably estimable costs of such matters, but the Company's ultimate liability may be affected by a number of factors, including changes in remedial alternatives and costs and the allocation of such costs among PRPs. The Company is also a defendant in a number of legal proceedings seeking damages for personal injury and property damage arising out of the sale of lead pigments and lead-based paints. The Company has not accrued any amounts for the pending lead pigment litigation. Although no assurance can be given that the Company will not incur future liability in respect of this litigation, based on, among other things, the results of such litigation to date, the Company believes that the pending lead pigment litigation is without merit. Liability, that may result, if any, cannot reasonably be estimated. The Company currently believes the disposition of all claims and disputes, individually or in the aggregate, should not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity. There can be no assurance that additional matters of these types will not arise in the future. See Item 3 - "Legal Proceedings" and Note 18 to the Consolidated Financial Statements.

As discussed above, the Company has substantial operations located outside the United States for which the functional currency is not the U.S. dollar. As a result, the reported amount of the Company's assets and liabilities related to its non-U.S. operations, and therefore the Company's consolidated net assets, will fluctuate based upon changes in currency exchange rates. The carrying value of the Company's net investment in its German operations is a net liability due principally to its DM credit facility, while its net investment in its other non-U.S. operations are net assets.

The Company periodically evaluates its liquidity requirements, alternative uses of capital, capital needs and availability of resources in view of, among other things, its debt service and capital expenditure requirements and estimated future operating cash flows. As a result of this process, the Company has in the past and may in the future seek to reduce, refinance or restructure indebtedness, raise additional capital, modify its dividend policy, restructure ownership interests, sell interests in subsidiaries or other assets, or take a combination of such steps or other steps to manage its liquidity and capital resources. In the normal course of its business, the Company may review opportunities for the acquisition of businesses and assets in the chemicals industry. In the event of any future acquisition, the Company may consider using available cash, issuing equity securities or increasing its indebtedness to the extent permitted by the agreements governing the Company's existing debt. See Note 10 to the Consolidated Financial Statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this Item is contained in a separate section of this Annual Report. See "Index of Financial Statements and Schedules" on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item is incorporated by reference to NL's definitive proxy statement to be filed with the Securities and Exchange

Commission pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report (the "NL Proxy Statement").

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the NL Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference to the NL Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference to the NL Proxy Statement. See also Note 17 to the Consolidated Financial Statements.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES, AND REPORTS ON FORM 8-K

(a) and (d) Financial Statements and Schedules

The consolidated financial statements and schedules listed by the Registrant on the accompanying Index of Financial Statements and Schedules (see page F-1) are filed as part of this Annual Report.

(b) Reports on Form 8-K

Reports on Form 8-K for the quarter ended December 31, 1995 and thereafter through the date of this report.

October 19, 1995 - reported items 5 and 7.
January 25, 1996 - reported items 5 and 7.
February 15, 1996 - reported items 5 and 7.

(c) Exhibits

Included as exhibits are the items listed in the Exhibit Index. NL will furnish a copy of any of the exhibits listed below upon payment of $4.00 per exhibit to cover the costs to NL of furnishing the exhibits. Instruments defining the rights of holders of long-term debt issues which do not exceed 10% of consolidated total assets will be furnished to the Securities and Exchange Commission upon request.

Item No. Exhibit Index

3.1 By-Laws, as amended on June 28, 1990 - incorporated by reference to Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990.

3.2 Certificate of Amended and Restated Certificate of Incorporation dated June 28, 1990 - incorporated by reference to Exhibit 1 to the Registrant's Proxy Statement on Schedule 14A for the annual meeting held on June 28, 1990.

4.1 Registration Rights Agreement dated October 30, 1991, by and between the Registrant and Tremont Corporation - incorporated by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1991.

4.2 Indenture dated October 20, 1993 governing the Registrant's 11.75% Senior Secured Notes due 2003, including form of Senior Note - incorporated by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

4.3 Senior Mirror Notes dated October 20, 1993 - incorporated by reference to Exhibit 4.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

4.4 Senior Note Subsidiary Pledge Agreement dated October 20, 1993 between Registrant and Kronos, Inc. - incorporated by reference to Exhibit 4.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

4.5 Third Party Pledge and Intercreditor Agreement dated October 20, 1993 between Registrant, Chase Manhattan Bank (National Association) and Chemical Bank - incorporated by reference to Exhibit 4.5 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

4.6 Indenture dated October 20, 1993 governing the Registrant's 13% Senior Secured Discount Notes due 2005, including form of Discount Note - incorporated by reference to Exhibit 4.6 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

4.7 Discount Mirror Notes dated October 20, 1993 - incorporated by reference to Exhibit 4.8 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

4.8 Discount Note Subsidiary Pledge Agreement dated October 20, 1993 between Registrant and Kronos, Inc. - incorporated by reference to Exhibit 4.9 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.1 Amended and Restated Loan Agreement dated as of October 15, 1993 among Kronos International, Inc., the Banks set forth therein, Hypobank International S.A., as Agent and Banque Paribas, as Co-agent - incorporated by reference to Exhibit 10.17 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.2 Amended and Restated Liquidity Undertaking dated October 15, 1993 by the Registrant, Kronos, Inc. and Kronos International, Inc. to Hypobank International S.A., as agent, and the Banks set forth therein - incorporated by reference to Exhibit 10.18 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.3 Credit Agreement dated as of March 20, 1991 between Rheox, Inc. and Subsidiary Guarantors and The Chase Manhattan Bank (National Association) and the Nippon Credit Bank, Ltd., as Co-agents - incorporated by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1990.

10.4 Amendments 1 and 2 dated May 1, 1991 and February 15, 1992, respectively, to the Credit Agreement between Rheox, Inc. and Subsidiary Guarantors and the Chase Manhattan Bank (National Association) and the Nippon Credit Bank, Ltd. as Co-Agents- incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on form 10-Q for the quarter ended June 30, 1992.

10.5 Third amendment to the Credit Agreement, dated March 5, 1993 between Rheox, Inc. and Subsidiary Guarantors and the Chase Manhattan Bank (National Association) and the Nippon Credit Bank, Ltd as Co-Agents - incorporated by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992.

10.6 Fourth and Fifth Amendments to the Credit Agreement, dated September 23, 1994 and December 15, 1994, respectively, between Rheox, Inc. and Subsidiary Guarantors and the Chase Manhattan Bank (National Association) and the Nippon Credit Bank, Ltd. as Co-Agents - incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994.

10.7 Sixth and Seventh Amendments to the Credit Agreement, dated September 23, 1995 and February 2 1996, respectively, between Rheox, Inc. and Subsidiary Guarantors and the Chase Manhattan Bank (National Association) and the Nippon Credit Bank, Ltd. as Co-Agents.

10.8 Credit Agreement dated as of October 18, 1993 among Louisiana Pigment Company, L.P., as Borrower, the Banks listed therein and Citibank, N.A., as Agent - incorporated by reference to Exhibit 10.11 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.9 Security Agreement dated October 18, 1993 from Louisiana Pigment Company, L.P., as Borrower, to Citibank, N.A., as Agent - incorporated by reference to Exhibit 10.12 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.10 Security Agreement dated October 18, 1993 from Kronos Louisiana, Inc. as Grantor, to Citibank, N.A., as Agent - incorporated by reference to Exhibit 10.13 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.11 KLA Consent and Agreement dated as of October 18, 1993 between Kronos Louisiana, Inc. and Citibank, N.A., as Agent - incorporated by reference to Exhibit 10.14 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.12 Guaranty dated October 18, 1993, from Kronos, Inc., as guarantor, in favor of Lenders named therein, as Lenders, and Citibank, N.A., as Agent - incorporated by reference to Exhibit 10.15 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.13 Mortgage by Louisiana Pigment Company, L.P. dated October 18, 1993 in favor of Citibank, N.A. - incorporated by reference to Exhibit 10.16 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.14 Lease Contract dated June 21, 1952, between Farbenfabrieken Bayer Aktiengesellschaft and Titangesellschaft mit beschrankter Haftung (German language version and English translation thereof) - incorporated by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1985.

10.15 Contract on Supplies and Services among Bayer AG, Kronos Titan-GmbH and Kronos International, Inc. dated June 30, 1995 (English translation from German language document) - incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995.

10.16 Agreement dated February 8, 1984, between Bayer AG and Kronos Titan GmbH (German language version and English translation thereof) - incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1985.

10.17 Richards Bay Slag Sales Agreement dated May 1, 1995 between Richards Bay Iron and Titanium (Proprietary) Limited and Kronos, Inc.

10.18 Formation Agreement dated as of October 18, 1993 among Tioxide Americas Inc., Kronos Louisiana, Inc. and Louisiana Pigment Company, L.P. - incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.19 Joint Venture Agreement dated as of October 18, 1993 between Tioxide Americas Inc. and Kronos Louisiana, Inc. - incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.20 Amendment No. 1 to Joint Venture Agreement dated as of December 20, 1995 between Tioxide Americas Inc. and Kronos Louisiana, Inc.

10.21 Kronos Offtake Agreement dated as of October 18, 1993 between Kronos Louisiana, Inc. and Louisiana Pigment Company, L.P. - incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.22 Amendment No. 1 to Kronos Offtake Agreement dated as of December 20, 1995 between Kronos Louisiana, Inc. and Louisiana Pigment Company, L.P.

10.23 Tioxide Americas Offtake Agreement dated as of October 18, 1993 between Tioxide Americas Inc. and Louisiana Pigment Company, L.P. - incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.24 Amendment No. 1 to Tioxide Americas Offtake Agreement dated as of December 20, 1995 between Tioxide Americas Inc. and Louisiana Pigment Company, L.P.

10.25 TCI/KCI Output Purchase Agreement dated as of October 18, 1993 between Tioxide Canada Inc. and Kronos Canada, Inc. - incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.26 TAI/KLA Output Purchase Agreement dated as of October 18, 1993 between Tioxide Americas Inc. and Kronos Louisiana, Inc. - incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.27 Master Technology Exchange Agreement dated as of October 18, 1993 among Kronos, Inc., Kronos Louisiana, Inc., Kronos International, Inc., Tioxide Group Limited and Tioxide Group Services Limited - incorporated by reference to Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.28 Parents' Undertaking dated as of October 18, 1993 between ICI American Holdings Inc. and Kronos, Inc. - incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.29 Allocation Agreement dated as of October 18, 1993 between Tioxide Americas Inc., ICI American Holdings, Inc., Kronos, Inc. and Kronos Louisiana, Inc. - incorporated by reference to Exhibit 10.10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993.

10.30*	1985 Long Term Performance Incentive Plan of NL Industries, Inc., as adopted by the Board of Directors on February 27, 1985 - incorporated by reference to Exhibit A to the Registrant's Proxy Statement on Schedule 14A for the annual meeting held on April 24, 1985.
10.31	Form of Director's Indemnity Agreement between NL and the independent members of the Board of Directors of NL - incorporated by reference to Exhibit 10.20 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1987.
10.32*	1989 Long Term Performance Incentive Plan of NL Industries, Inc. as adopted by the Board of Directors on February 14, 1989 - incorporated by reference to Exhibit A to the Registrant's Proxy Statement on Schedule 14A for the annual meeting held on May 2, 1989.
10.33	Savings Plan for Employees of NL Industries, Inc. as adopted by the Board of Directors on February 14, 1989 - incorporated by reference to Exhibit B to the Registrant's Proxy Statement on Schedule 14A for the annual meeting held May 2, 1989.
10.34*	NL Industries, Inc. 1992 Non-Employee Director Stock Option Plan, as adopted by the Board of Directors on February 13, 1992 - incorporated by reference to Appendix A to the Registrant's Proxy Statement on Schedule 14A for the annual meeting held April 30, 1992.
10.35	Intercorporate Services Agreement by and between Valhi, Inc. and the Registrant effective as of January 1, 1995 - incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995.
10.36	Intercorporate Services Agreement by and between Contran Corporation and the Registrant effective as of January 1, 1995 -incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995.
10.37	Intercorporate Services Agreement by and between Tremont Corporation and the Registrant effective as of January 1, 1995.
10.38	Insurance Sharing Agreement, effective January 1, 1990, by and between the Registrant, NL Insurance, Ltd. (an indirect subsidiary of Tremont Corporation) and Baroid Corporation - incorporated by reference to Exhibit 10.20 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1991.
10.39*	Description of terms of an executive severance agreement between the Registrant and Joseph S. Compofelice - incorporated by reference to the last paragraph of page 16 entitled "Employment Agreements" of the Registrant's definitive proxy statement dated March 30, 1994.
10.40*	Description of terms of an executive severance agreement between the Registrant and Lawrence A. Wigdor - incorporated by reference to the last paragraph on page 16 entitled "Employment Agreements" of the Registrant's definitive proxy statement dated March 29, 1995.
10.41*	Executive Severance Agreement effective as of December 31, 1991 by and between the Registrant and J. Landis Martin - incorporated by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1991.
10.42*	Supplemental Executive Retirement Plan for Executives and Officers of NL Industries, Inc. effective as of January 1, 1991 - incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992.
10.43*	Agreement to Defer Bonus Payment dated December 28, 1995 between the Registrant and Lawrence A. Wigdor and related trust agreement.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Independent Accountants.
27.1	Financial Data Schedules for the year ended December 31, 1995.
99.1	Annual Report of Savings Plan for Employees of NL Industries, Inc. (Form 11-K) to be filed under Form 10-K/A to the Registrant's Annual Report on Form 10-K within 180 days after December 31, 1995.

* Management contract, compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NL Industries, Inc.
(Registrant)

By /s/ J. Landis Martin
J. Landis Martin, March 1, 1996
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated:

/s/ J. Landis Martin

J. Landis Martin,
March 1, 1996
Director, President and
Chief Executive Officer

/s/ Harold C. Simmons

Harold C. Simmons,
March 1, 1996
Chairman of the Board

/s/ Glenn R. Simmons

Glenn R. Simmons,
March 1, 1996
Director

/s/ Joseph S. Compofelice

Joseph S. Compofelice,
March 1, 1996
Director, Vice President and
Chief Financial Officer

/s/ Kenneth R. Peak

Kenneth R. Peak,
March 1, 1996
Director

/s/ Dr. Lawrence A. Wigdor

Dr. Lawrence A. Wigdor,
March 1, 1996
Director, President and Chief
Executive Officer of Kronos
and Rheox

/s/ Elmo R. Zumwalt, Jr.

Elmo R. Zumwalt, Jr.,
March 1, 1996
Director

/s/ Dennis G. Newkirk

Dennis G. Newkirk,
March 1, 1996
Vice President and Controller
(Principal Accounting Officer)

THIS INSTRUMENT IS SECURED BY A DEED OF TRUST, ASSIGNMENT OF PERMITS, RENTS AND BENEFITS, SECURITY AGREEMENT AND FIXTURE FILING, DATED AS OF JUNE 18, 1991

SIXTH AMENDMENT TO CREDIT AGREEMENT

SIXTH AMENDMENT dated as of September 23, 1995 TO CREDIT AGREEMENT dated as of March 20, 1991 among RHEOX, INC., a Delaware corporation (the "Company"); RHEOX INTERNATIONAL, INC., a Delaware corporation (the "Subsidiary Guarantor"); each of the lenders that is a signatory hereto (individually, a "Bank" and, collectively, the "Banks"); THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), a national banking association, and THE NIPPON CREDIT BANK, LTD., a Japanese banking corporation acting through its New York branch, as co-agents for the Banks (each in such capacity, a "Co-Agent" and, collectively, the "Co-Agents"); and THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), as administrative agent for the Banks (in such capacity, together with its successors in such capacity, the "Administrative Agent").

WHEREAS, the parties hereto are parties to a Credit Agreement dated as of March 20, 1991 among the Company, the Subsidiary Guarantor, the Banks, the Co-Agents and the Administrative Agent (as at any time amended or otherwise modified, the "Credit Agreement"; terms defined therein having their respective defined meanings when used herein unless otherwise defined herein);

WHEREAS, the Company has requested that the Credit Agreement be amended, and the Banks are willing to consent to such amendment upon the terms and conditions contained herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. AMENDMENTS. The Credit Documents are hereby amended (effective as provided in Section 3 hereof) as follows:

A. The first sentence of the definition of "Revolving Credit Termination Date" in Section 1.01 of the Credit Agreement is amended to read as follows:

> "'Revolving Credit Termination Date' shall mean September 23, 1996."

B. Each reference in the Credit Agreement and the other Credit Documents to the Credit Agreement shall be deemed to be a reference to the Credit Agreement as amended hereby. Except as expressly provided in this Section 1, the Credit Agreement shall remain unchanged and in full force and effect.

SECTION 2. REPRESENTATIONS AND WARRANTIES. Each of the Company and the Subsidiary Guarantor represents and warrants that:

A. The execution and delivery of this Amendment by it has been duly authorized by all necessary corporate action on its part.

B. This Amendment has been duly executed and delivered by it, and each of this Amendment and the Credit Agreement as modified hereby constitutes its legal, valid and binding obligation enforceable in accordance with its respective terms subject, however, to the application by a court of general principles of equity and to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally.

SECTION 3. EFFECTIVENESS. The provisions of Section 1 hereof shall become effective on the date by which counterparts hereof have been duly executed by the Company, the Subsidiary Guarantor, the Banks and the Administrative Agent and delivered to the Administrative Agent and the Administrative Agent has received evidence reasonably satisfactory to it as to the truth of the representation contained in Section 2.A hereof.

SECTION 4. COUNTERPARTS. This Amendment may be executed in any number of counterparts, each of which may be deemed an original but all of which together shall constitute one and the same instrument.

SECTION 5. GOVERNING LAW. This Amendment shall be governed and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers duly authorized as of the date first above written.

RHEOX, INC.

By
  Name:
  Title:

RHEOX INTERNATIONAL, INC.

By
  Name:
  Title:

THE CHASE MANHATTAN BANK
  (NATIONAL ASSOCIATION), as
   Co-Agent and
   Administrative Agent

By
  Name:
  Title:

THE NIPPON CREDIT BANK, LTD.,
  as Co-Agent

By
  Name:
  Title:

THE CHASE MANHATTAN BANK
  (NATIONAL ASSOCIATION)

By
  Name:
  Title:

THE NIPPON CREDIT BANK, LTD.

By
  Name:
  Title:

VAN KAMPEN MERRITT PRIME
  RATE INCOME TRUST

By
  Name:
  Title:

RESTRUCTURED OBLIGATIONS BACKED
  BY SENIOR ASSETS B.V.

BY CHANCELLOR SENIOR SECURED
  MANAGEMENT, INC., its Portfolio
Advisor:

By
  Name:
  Title:

STICHTING RESTRUCTURED OBLIGATIONS
BACKED BY SENIOR ASSETS 2 (ROSA2)

BY CHANCELLOR SENIOR SECURED
  MANAGEMENT, INC., its Portfolio
Advisor:

By
  Name:
  Title:

GIROCREDIT BANK,
  NEW YORK BRANCH

By
  Name:
  Title:

BANQUE PARIBAS

By

Name:
Title:

THIS INSTRUMENT IS SECURED BY A DEED OF TRUST, ASSIGNMENT OF PERMITS, RENTS AND BENEFITS, SECURITY AGREEMENT AND FIXTURE FILING, DATED AS OF JUNE 18, 1991

SEVENTH AMENDMENT TO CREDIT AGREEMENT

SEVENTH AMENDMENT dated as of February 2, 1996 TO CREDIT AGREEMENT dated as of March 20, 1991 among RHEOX, INC., a Delaware corporation (the "Company"); RHEOX INTERNATIONAL, INC., a Delaware corporation (the "Subsidiary Guarantor"); each of the lenders that is a signatory hereto (individually, a "Bank" and, collectively, the "Banks"); THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), a national banking association, and THE NIPPON CREDIT BANK, LTD., a Japanese banking corporation acting through its New York branch, as co-agents for the Banks (each in such capacity, a "Co-Agent" and, collectively, the "Co-Agents"); and THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION), as administrative agent for the Banks (in such capacity, together with its successors in such capacity, the "Administrative Agent").

WHEREAS, the parties hereto are parties to a Credit Agreement dated as of March 20, 1991 among the Company, the Subsidiary Guarantor, the Banks, the Co-Agents and the Administrative Agent (as at any time amended or otherwise modified, the "Credit Agreement"; terms defined therein having their respective defined meanings when used herein unless otherwise defined herein);

WHEREAS, the Company has requested that the Credit Agreement be amended, and the Banks are willing to consent to such amendment upon the terms and conditions contained herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. AMENDMENTS. The Credit Documents are hereby amended (effective as provided in Section 3 hereof) as follows:

A. Section 9.07 of the Credit Agreement is amended by (i) relettering clauses (d), (e) and (f) thereof to be clauses (e), (f) and (g) respectively and (ii) inserting a new clause (d) therein reading as follows:

"(d) Indebtedness of the Company and its Subsidiaries to NL in an aggregate principal amount not exceeding $5,150,000 (or the equivalent or such amount (as of the date such Indebtedness is incurred) in any other currency), provided that the proceeds of such Indebtedness shall be used solely to make Investments permitted by Section 9.08(d) hereof (and it is understood and agreed that nothing contained in Section 9.18 hereof shall be deemed to prohibit the repayment of the principal of, or the payment of interest on, such Indebtedness);"

B. Each reference in the Credit Agreement and the other Credit Documents to the Credit Agreement shall be deemed to be a reference to the Credit Agreement as amended hereby. Except as expressly provided in this Section 1, the Credit Agreement shall remain unchanged and in full force and effect.

SECTION 2. REPRESENTATIONS AND WARRANTIES. Each of the Company and the Subsidiary Guarantor represents and warrants that:

A. The execution and delivery of this Amendment by it has been duly authorized by all necessary corporate action on its part.

B. This Amendment has been duly executed and delivered by it, and each of this Amendment and the Credit Agreement as modified hereby constitutes its legal, valid and binding obligation enforceable in accordance with its respective terms subject, however, to the application by a court of general principles of equity and to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally.

SECTION 3. EFFECTIVENESS. The provisions of Section 1 hereof shall become effective on the date by which counterparts hereof have been duly executed by the Company, the Subsidiary Guarantor, the Majority Banks and the Administrative Agent and delivered to the Administrative Agent.

SECTION 4. COUNTERPARTS. This Amendment may be executed in any number of counterparts, each of which may be deemed an original but all of which together shall constitute one and the same instrument.

SECTION 5. GOVERNING LAW. This Amendment shall be governed and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers duly authorized as of the date first above written.

RHEOX, INC.

By
  Name:
  Title:

RHEOX INTERNATIONAL, INC.

By
  Name:
  Title:

THE CHASE MANHATTAN BANK
  (NATIONAL ASSOCIATION), as
   Co-Agent and
   Administrative Agent

By
  Name:
  Title:

THE NIPPON CREDIT BANK, LTD.,
  as Co-Agent

By
  Name:
  Title:

THE CHASE MANHATTAN BANK
  (NATIONAL ASSOCIATION)

By
  Name:
  Title:

THE NIPPON CREDIT BANK, LTD.

By
  Name:
  Title:

VAN KAMPEN MERRITT PRIME
  RATE INCOME TRUST

By
  Name:
  Title:

RESTRUCTURED OBLIGATIONS BACKED
  BY SENIOR ASSETS B.V.

BY CHANCELLOR SENIOR SECURED
  MANAGEMENT, INC., its Portfolio
Advisor:

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STICHTING RESTRUCTURED OBLIGATIONS
BACKED BY SENIOR ASSETS 2 (ROSA2)

BY CHANCELLOR SENIOR SECURED
  MANAGEMENT, INC., its Portfolio
Advisor:

By
  Name:
  Title:

GIROCREDIT BANK,
  NEW YORK BRANCH

By
  Name:
  Title:

BANQUE PARIBAS

By
  Name:
  Title:

(***) - Denotes confidential text filed with SEC under separate cover.

RICHARDS BAY SLAG SALES AGREEMENT

THIS AGREEMENT is dated this 1st day of May, 1995, by and between RICHARDS BAY IRON AND TITANIUM (PROPRIETARY) LIMITED, a South African corporation with offices at Richards Bay, Natal, South Africa (hereinafter called "RBIT"), and KRONOS INC., a Delaware corporation with offices at P.O. Box 700, Wyckoffs Mill Road, Hightstown, New Jersey, 08520, U.S.A. (hereinafter called "BUYER").

W I T N E S S E T H :

WHEREAS RBIT and Buyer entered into an agreement for the purchase and sale of titanium bearing materials dated as of the 1st day of October, 1989 and amended January 1, 1991 and February 15, 1994;

WHEREAS RBIT and Buyer wish to renew their agreement;

NOW, THEREFORE, for and in consideration of the covenants and conditions herein contained, the parties hereto agree as follows, effective January 1, 1995:

ARTICLE I. SCOPE

RBIT agrees to sell and deliver, and Buyer agrees to buy and take delivery of, titanium-bearing slag (hereinafter called "RB Slag") produced at RBIT's plant at Richards Bay, Natal, South Africa (hereinafter called "RBIT's plant") for use in Buyer's chloride-process pigment plants in the quantities and at the times hereinafter specified and in accordance with the terms of this agreement (the "Agreement").

ARTICLE II. DEFINITIONS

Unless otherwise indicated, a "ton" is a metric ton of one thousand kilograms dry weight, a "day", "month" and a "year" are a calendar day, month and year respectively, "dollars", "cents" and the dollar and cent signs ("$" and "cents") refer to lawful money of the United States of America, "Official Samples" has the meaning given to it in Article XI. and all percentages are based on dry weights. "Taxes and duties" means all or any levies, imposts, duties, charges, fees, deductions and withholdings levied or imposed by any national, local or other public body or authority and "STEM" means the confirmation of availability of sufficient RB Slag for a particular shipment, at the Richards Bay harbour, on a given date or period to be stated when such confirmation is requested and given.

ARTICLE III. TERM

This Agreement shall be in effect for a term of six (6) years commencing on January 1, 1995, up to and including December 31, 2000 (the "Term"), subject to prior termination as hereinafter provided.

ARTICLE IV. QUANTITY

Buyer shall purchase and take delivery of RBIT shall sell and deliver, the following quantity of RB Slag during each year of the Term as follows (the "Contracted Quantity"):

A. (***)

B. (***)

Buyer shall commit to the actual quantity to be purchased in 1996 within the above range by written notice to RBIT on or before April 18, 1995, failing which such quantity shall be determined by RBIT.

C. (***)

Buyer shall commit to the actual quantity to be purchased in 1997 within the above range by written notice to RBIT on or before September 30, 1996, failing which such quantity shall be determined by RBIT.

D. (***)

Buyer shall commit to the actual quantity to be purchased in each of such years within the above range by written notice to RBIT on or before September 30th of the previous year, failing which such quantity shall be determined by RBIT.

E. (***)

ARTICLE V. PRICE

A. Basic Prices
The basic price for RB Slag which is sold and delivered hereunder for each year that this Agreement is in force shall be that amount per ton FOB (Incoterms 1990) Buyer's Vessel at Richards Bay set forth below for each such year (the "Basic Price"):

1. For 1995, the Basic Price of RB Slag shall be (***) per ton.

2. For 1996, the Basic Price of RB Slag shall be (***) per ton plus Escalation as herein defined.

3. For 1997 to 2000 inclusively, the Basic Price of RB Slag shall be the previous year's Basic Price plus Escalation as herein defined.

The term "Escalation" as it relates to this Agreement, is defined as the percentage increase in the All Items, All Urban Consumer Price Index in the USA ("AUCPI") for the applicable period of December to December set forth below as reported in the Detailed CPI Report issued by the US Department of Labor, multiplied by the applicable Basic Price. If there is no increase, or if there is a decrease in the AUCPI, Escalation shall be zero. For the year 1996, reference shall be made to the Escalation for the period of December 1994 to December 1995 and for each of the years 1997 to 2000, to the Escalation for the period of December to December of the year immediately prior to the year in question.

B. Price Adjustment for TiO_2 Content
The Basic Price established under this Article V. is for RB Slag containing 85% titanium dioxide (TiO_2) content. If the TiO_2 content of a shipment of RV Slag exceeds 85%, the Basic Price shall be adjusted upwards by 1/170th of the Basic Price for each whole increment of 0.5% by which the TiO_2 content exceeds 85%. If the TiO_2 content of such RB Slag is less than 85%, the Basic Price shall be adjusted downwards by 1/170th of the Basic Price for each decrement of 0.5% or part thereof by which the TiO_2 content is less than 85%.

C. The TiO_2 content shall be based on RBIT's analyses of the Official Samples (as defined in Article XI.) subject however, to revisions, if any, due to an umpire's analysis pursuant to Article XI. Price adjustments pursuant to this paragraph shall be made as provided herein and in Article VIII.

D. (***)

ARTICLE VI. SHIPMENTS

A. RBIT shall be responsible for arranging the transport of RB Slag from its plant to the stockpile area at the loading dock provided by Portnet at Richards Bay, which shall be solely responsible for loading RB Slag onboard Buyer's Vessel. Shipments shall be as ordered by and pursuant to the instructions of Buyer as the same shall be agreed to by RBIT. Buyer shall obtain any import licenses on or other documents that may be required to import RB Slag into the country of destination. RBIT shall obtain any export license on or other documents that may be required to export RB Slag from South Africa.

B. RBIT and Buyer shall agree on an annual shipping schedule. Buyer shall arrange for and furnish a bulk cargo vessel (herein called "Buyer's Vessel") for each shipment. Notwithstanding the agreed shipping schedule, Buyer must request and receive STEM from RBIT in respect to each shipment at least one(1) month prior to the arrival of Buyer's Vessel at Richards Bay. Buyer shall also provide RBIT with a telefaxed notice of arrival of each of Buyer's Vessels at least two (2) weeks prior to its estimated time of arrival at Richards Bay.

C. In the event RBIT has given STEM to Buyer and if RB Slag is not available for loading at the stockpile area provided by Portnet at Richards Bay on the date for which STEM has been given and if demurrage or dead freight is incurred as a result of such non-availability, RBIT shall pay Buyer demurrage or dead freight at the rate specified in Buyer's Charter Party. In arranging for any Buyer's Vessel, Buyer will use its best efforts to have the terms of the Charter Party permit RBIT, in the case of a shortfall of RB Slag at the Richards Bay harbour, to elect between having Buyer's Vessel:

a) wait for arrival of RB Slag at the loading dock and thereby incur demurrage; or

b) load a portion of a shipment of RB Slag and thereby incur dead freight.

In order to facilitate RBIT's decision, Buyer shall promptly advise RBIT, on request, of the applicable demurrage or dead freight rates. RBIT's decision shall be made and notified to Buyer at the latest on the date for which STEM has been given. In no event shall RBIT be liable for any losses, costs or damages in excess of such demurrage or dead freight rates, in the event of non-availability of RB Slag as defined in this Article VI.

ARTICLE VII. TITLE AND RISK OF LOSS

Title to and risk of loss in RB Slag shall pass to Buyer when the RB Slag has effectively passed the ship's rail of Buyer's Vessel at the loading dock at Richards Bay.

ARTICLE VIII. INVOICING AND PAYMENT

A. Regular Payments
Unless otherwise agreed, payment for RB Slag shall be made by Buyer in U.S. dollars by telegraphic transfer to RBIT's account (***) at Citibank N.A., 111 Wall Street, New York, NY 10043, USA, naming RBIT as beneficiary, or such other account as RBIT shall notify to Buyer, within (***) days of receipt by Buyer of the following documents:

1. RBIT's commercial invoice covering the shipment, based on the assumption that the TiO_2 content of RB Slag is 85%;

2. Surveyor's certificate of mass (weight certificate);

3. Full set of clean on-board ocean bills of lading covering the shipment by Buyer's Vessel in question, designating RBIT as shipper and Buyer or any affiliated company designated by Buyer as consignee; and

4. Such other documentation and papers as may be required to clear RB Slag for shipment from South Africa to the port of destination.

The above-mentioned documents shall be forwarded to Buyer's affiliate company to which shipment is being made. A copy of Item 1 shall simultaneously be sent to : Controller, Kronos Inc., 2 Greenspoint Plaza, 16825 Northchase Drive, Houston, Texas 77060-2544. RBIT shall accept payment from any of Buyer's affiliate companies, but Buyer shall be primarily and separately liable for all sums due under this Agreement.

B. Final Invoice
Any price adjustment which may be necessary as a result of the outcome of RBIT's analysis of the Official Sample shall be embodied in a final invoice forwarded to Buyer. In the event of a debit to Buyer, the final invoice shall be presented, and payment by Buyer shall be effected, in the same manner as in Article VIII.A. above. In the case of a credit to Buyer, RBIT shall remit the relevant amount to Buyer by telegraphic transfer within (***) days of preparation of the final invoice.

C. Final Annual Invoice and Payment
By January 31 of each year, RBIT shall prepare and present a Final Annual Invoice relating to the previous year, which Final Annual Invoice shall reflect amounts due, if any, calculated as provided for in Article IV.B. (***)

Payment by Buyer of the total amount due, if any, on the Final Annual Invoice shall be effected by telegraphic transfer to RBIT within (***) days of Buyer's receipt of such Final Annual Invoice.

ARTICLE IX. SPECIFICATIONS

A. RB Slag shall contain at least 84%, but typically 85%, equivalent TiO_2 by weight, determined as set forth in ARTICLE XI. of this Agreement.

B. RB Slag shall meet the following analyses:

1. Maximum chromium oxide (Cr_2O_3)content of 0.30% by weight;

2. Maximum vanadium pentoxide (V_2O_5)content of 0.60% by weight;

3. Maximum reduced titanium dioxide (Ti_2O_3) content of 35% by weight;

4. Maximum manganese oxide (MnO) content of 2.5% by weight;

5. Maximum calcium oxide (CaO) content of 0.20% by weight;

6. Maximum magnesium oxide (MgO) content of 1.30% by weight;

7. Maximum moisture (H_2O) content of 0.2% by weight.

C. The specifications set out in Article IX.A. and B. shall be referred to in this Agreement as the "Specifications."

ARTICLE X. WARRANTY

A. RBIT warrants that RB Slag sold and delivered hereunder shall conform to the Specifications set forth in Article IX. hereof.

B. In the event that any shipment of RB Slag sold and delivered hereunder does not conform to the said Specifications and in the event the parties are unable to agree on an equitable price adjustment, RBIT shall, at its cost and expense, remove or otherwise dispose of such non-conforming RB Slag and replace it with an equivalent quantity of RB Slag which meets the Specifications. RBIT's obligation to remove or dispose of and replace non-conforming RB Slag shall not be applicable in the event Buyer fails to give notice to RBIT of such non-conformance as provided for in Article XI.C.

C. The warranty and remedy expressed in this Article X. is the sole and exclusive warranty made by RBIT with respect to RB Slag to be sold and delivered under this Agreement and the exclusive remedy available to Buyer, whether based on strict liability, negligence, breach of express or implied warranty or any other theory or cause of action. RBIT makes no other representation or warranty of any kind other than as stated herein and this warranty may not be modified by any agent or other representative or RBIT.

D. RBIT shall not be responsible for any damages whatsoever, whether direct, indirect, consequential on or incidental, relating directly or indirectly to the use, sale and /or resale of any RB Slag. RBIT's sole obligation in the event of sale and delivery of non-conforming RB Slag shall be that set forth in this Article X. Buyer agrees to indemnify and hold RBIT harmless from and against any claims, losses, damages, costs, expenses or liability of whatsoever nature from third parties arising out of or in connection with such use, sale and / or resale of any RB Slag.

ARTICLE XI. INSPECTION, WEIGHING, SAMPLING AND ANALYSIS

A. Inspection and Weighing

Bureau Veritas, or another mutually agreed recognized independent surveyor at Richards Bay, shall inspect Buyer's Vessel for cleanliness and/or hold protection and is entitled to reject any vessel not found to be suitable for loading of RB Slag. Such rejection shall be for Buyer's account. Time taken for such inspection shall not count as laytime. Such surveyor shall determine the weight of RB Slag loaded aboard Buyer's Vessel, which shall include moisture. The weight determined shall be adjusted for the moisture content on the basis of the analyses of the Official Sample, with the resulting dry weight to be the basis for invoicing RB Slag for payment by Buyer. One-half of surveyor's cost of independent cargo surveys shall be paid by Buyer and shall be included in the commercial invoice referred to in Article VIII.A.1.

It is acknowledged that Portnet has installed an assized weightometer in the belt loading system. If and when such installation is fully functional and its accuracy has been proven, RBIT and Buyer will discuss the use of such weightometer for determination of the weight of RB Slag loaded aboard Buyer's Vessel.

B. Sampling

1. Each shipment of RB Slag delivered to Buyer's Vessel at Richards Bay shall be sampled by Bureau Veritas or such other independent testing laboratory as may be agreed between the parties. Such laboratory shall take and distribute representative samples (hereinafter called "Official Sample(s)") from each shipment in accordance with the "Sampling and Sample Preparation Procedure", set forth in Exhibit "A", Procedure "SAM0078", attached hereto and made a part hereof.

2. The fees for services of such independent testing laboratory shall be borne equally by RBIT and Buyer and shall be included in RBIT's commercial invoice to Buyer referred to in Article VIII.A.1.

C. Analysis

1. Method of Analysis - All analyses shall be made by the methods outlined in Exhibit "B", Procedure "SAM004", "SAM051", Exhibit "E", Procedure "SAM079" and Exhibit "F", Procedure "SAM008", which are attached hereto and made a part hereof.

2. Analysis by RBIT - RBIT shall analyse the Official Samples and the result of such analysis for each shipment shall be used to determine any price adjustment of RB Slag and shall accompany the final invoice forwarded to Buyer in accordance with Article VIII.B.

3. Analysis by Buyer - Buyer may, but shall not be obligated to,

analyse the Official Samples. Unless Buyer notifies RBIT, within sixty (60) days of receipt of an Official Sample, that Buyer's analysis indicated that RB Slag fails to meet the Specifications contained in ARTICLE IX. or that the TiO_2 content is more than one-half percent (0.5%) different from RBIT's analysis, the results of RBIT's analysis shall be final and conclusive.

4. Umpire Procedure - Should Buyer's analysis of the Official Sample indicate that RB Slag does not meet the Specifications contained in Article IX. or that the TiO_2 content of RB Slag is more than one-half percent (0.5%) different from RBIT's analysis, Buyer may so advise RBIT and RBIT shall request the independent testing laboratory referred to above to forward for analysis the retained Official Sample to such umpire analyst (being and independent testing laboratory) as shall be agreed to from time to time by the parties. The parties hereby agree that Inspectorate Samplers & Analysts Inc., P.O. Box 50, 180 South Main Street, Ambler, Pennsylvania U.S.A. 19002 shall be the umpire analyst until such time as the parties otherwise agree.

5. Settlement - The umpire's analysis as to TiO_2 content and that of Buyer or RBIT, whichever is in closer agreement to the umpire's analysis, shall be averaged as the basis for final settlement; provided that if the umpire's analysis lies exactly halfway between Buyer's and RBIT's analyses, the umpire's analysis shall be the basis for final settlement. If an umpire's analysis is required on any Specification other than TiO_2, the umpire's analysis and that of Buyer or RBIT, whichever is in closer agreement to the umpire's analysis, shall be averaged as the basis for final settlement; provided that if the umpires's analysis lies exactly halfway between the Buyer's and RBIT's analyses, the umpire's analysis shall be the basis for final settlement. If such analysis determines that RB Slag does not meet each of the Specifications contained in Article IX., the parties shall proceed as described in Article X. of this Agreement. The cost of an umpire's analysis shall be borne by the party whose analysis varies most from the umpire's analysis unless such variations are equal whereupon the cost shall be borne equally between RBIT and Buyer.

D. Revisions of Sampling and Analytical Procedures
The procedures set forth in the Exhibits referred to in this Article are believed to be the most satisfactory ones now available. In the event better procedures become available, each of said Exhibits may be revised with the written approval of Buyer and RBIT.

ARTICLE XII. ARBITRATION

A. Any dispute between RBIT and buyer arising out of or related to this Agreement or the performance hereof, including contentions that a party hereto has failed in the performance of its obligations, shall, unless settled by mutual agreement, be referred for conciliation and, failing settlement, for binding arbitration under the Rules of the International Chamber of Commerce ("ICC"). The parties agree that such conciliation and arbitration shall take place in London, England. The arbitration shall be presided over by a single arbitrator chosen by the parties, failing which, by three arbitrators of which number each party shall appoint one and the third arbitrator (who shall serve as the chairman of the arbitration tribunal) shall be chosen by the two arbitrators appointed by the parties, within ten (10) days after their appointment.

B. In the event that the arbitration panel has three members and the first two arbitrators cannot agree on the third arbitrator within thirty (30) days of their nomination, or that one party fails to nominate its arbitrator within sixty (60) days after the date on which a request for arbitration has been served, Such arbitrator shall be nominated by the International Court of Arbitration. Such arbitrator shall be of British nationality and of the legal profession.

C. In the event of a difference between the arbitrators, the decision of the majority shall constitute the judgment of the arbitrators. A judgment of any court of law of competent jurisdiction may be entered upon any award made by the arbitrators.

D. In the event one party fails to cooperate in the arbitration proceedings by refusing to attend before the arbitration panel, the other party shall be entitled, upon thirty (30) days notice, to present evidence before the arbitrator(s) in the absence of such party and the decision of the arbitrator(s) shall be binding on such party notwithstanding its failure to cooperate or participate therein.

ARTICLE XIII. TAXES AND DUTIES

All South African taxes and duties now or hereafter imposed on the export of RB Slag, in connection with this Agreement, shall be for the sole account of RBIT. All other taxes or duties now or hereafter imposed in connection with this Agreement, shall be for the sole account of Buyer.

ARTICLE XIV. PATENTS

A. RBIT shall protect and hold Buyer harmless against any and all claims that RB Slag in the state or form as sold under this Agreement infringes or allegedly infringes any product claims of any South African patent owned by third parties. RBIT shall, at its own cost and expense defend any and all suits which may be brought against Buyer on account of an alleged infringement of such South African patent or patents and RBIT shall pay any and all fees, including reasonable attorney's fees, costs and damages awarded in said suits; provided, however, that the total liability for damages under this ARTICLE XIV. shall in no event exceed the aggregate sales price of RB Slag sold to Buyer during the year in which such alleged infringement commenced.

B. RBIT's obligations pursuant to this Article XIV. shall be conditional upon Buyer giving prompt notice to RBIT of any claims by third parties of any such alleged infringement and of all information available to Buyer in respect of such alleged infringement or claim.

ARTICLE XV. FORCE MAJEURE

A. In the event of any contingency which is beyond the reasonable control of RBIT or Buyer including, but not limited to (i) any strike, lockout, industrial dispute, difference with workmen, accident, fire, explosion, drought, earthquake, flood, mobilization, war (whether declared or undeclared), act of any belligerent in any such war, civil commotion, political demonstration or disturbance, riot, rebellion, revolution or blockage, (ii) any requirement, regulation, restriction, intervention, or other act of any Government, whether legal or otherwise, (iii) any inability to secure or delay in securing export licenses or import licenses, cargo space or other transportation facilities necessary for the shipment of receipt of RB Slag or fuel or other supplies or material including water, ilmenite ore or electric power necessary for the operation of the mines and plants where RB Slag is produced or consumed, (iv) any delay in or interruption to transportation by rail, water or otherwise, (v) any damage to or destruction of such mines or plants or any breakdown of plants or machinery of RBIT or Buyer, or (vi) any other contingency which is beyond the reasonable control of RBIT or Buyer, whether or not of the nature or character hereinbefore specifically enumerated, which event delays or interferes with the performance of this Agreement or the consumption of RB Slag (an event of "Force Majeure"), then such event shall be considered sufficient justification for delay in making shipment or delivery or taking delivery or performance hereunder (other than the payment of money), in whole or in part, until such event ceases to exist, and this Agreement shall be deemed suspended for so long as such event delays or interferes with the performance hereof, provided that prompt notice (in no event later than one week of the occurrence of the event) of the commencement and end of any such event is given by the party affected to the other party. Any delay or interference which affects RBIT's ability to supply RB Slag to customers shall entitle RBIT to allocate equitably any available RB Slag among customers.

B. In the event of a Force Majeure, the obligation of RBIT to sell and deliver and of Buyer to buy and to take the Contracted Quantity of RB Slag with respect to any year shall, unless otherwise agreed between the parties, terminate at the end of the year as to such quantities of RB Slag not shipped by the end of the year due to such Force Majeure event. Nothing contained in this Article shall require Buyer to pay for, or RBIT to make up or compensate for, any RB Slag not delivered due to the application of this Article XV.

ARTICLE XVI. DEFAULT AND TERMINATION

A. A "default" shall mean any failure by either party to make any payment or to perform any obligation pursuant to this Agreement for any reason other than an event of Force Majeure as defined in ARTICLE XV. and the party in default has failed to remedy or diligently commenced to remedy such failure to pay or to perform within ninety (90) days after receiving written notice thereof from the other party. In the event of a default by one party, the other party not in default shall have the right (subject to the defaulting party's right to cure its default pursuant to this Article) to terminate this Agreement forthwith by providing notice to such effect to the defaulting party.

B. In the event of a default arising from a breach of Buyer's duty to pay for RB Slag delivered or for the total amount of the Contracted Quantity in any particular year, RBIT shall have the right to seek damages for all loss or damage sustained by the default. In addition, RBIT shall have the right (subject to Buyer's right to cure its default pursuant to this Article) to terminate this Agreement forthwith by providing notice to such effect to Buyer. In no event however shall Buyer be liable for consequential, indirect, incidental or special damages as a result of a default for failure to pay under this Agreement.

In the event of any default by RBIT arising from a failure to deliver RB Slag pursuant to this Agreement, RBIT (subject to RBIT's right to cure its default pursuant to this Article) shall compensate the Buyer for all loss or damage actually sustained as a direct result of the failure to deliver, including, but not limited to, the cost difference of securing an alternate supply of RB Slag, but excluding indirect, consequential, punitive or contingent damages of the default Buyer may suffer therewith including, but not limited to loss of revenue or profits as a result of Buyer's inability to operate, or shut down of its operations, loss of use of equipment, or cost of substitute equipment, claims of third parties, and the like. In addition, Buyer shall have the right (subject to RBIT's right to cure its default pursuant to this Article) to terminate this Agreement forthwith, by providing notice to such effect to RBIT, in the event RBIT does not deliver at least 90% of the Contracted Quantity of RB Slag in any year thereof.

C. In the event either party becomes bankrupt or insolvent, commits any act of bankruptcy or insolvency, makes any proposal, arrangement or compromise with its creditors or if it is liquidated or if its charter of incorporation is relinquished or canceled, the other party shall have the right to immediately terminate this Agreement without notice or demand.

D. The rights of termination contained in this ARTICLE XVI. are in addition to the right to demand damages specifically as permitted in this Agreement and to any other rights and remedies as are available in this Agreement.

ARTICLE XVII. WAIVER OF DEFAULT

Any failure by either party to give notice in writing to the other party of any breach or default in any of the terms or conditions of this Agreement shall not constitute a waiver thereof, nor shall any delay by either party in enforcing any of its rights hereunder be deemed a waiver of such rights nor shall a waiver by either party of any defaults of the other party be deemed a waiver of any other or subsequent defaults.

ARTICLE XVIII. NOTICES

Any notice to be given to either party under the terms of this Agreement shall be deemed to have been given if delivered by courier service or transmitted by telefax and subsequently confirmed by prepaid registered mail to the respective addresses or telefax numbers given below:

Notices to RBIT shall be addressed:

Richards Bay Iron and Titanium (Pty.) Limited
Post Office Box 401,
Richards Bay 3900,
Natal, South Africa
Attention: General Manager, Marketing
Telefax Number: +27.351.31186

with a copy of any such notice addressed to:

QIT-Fer et Titane Inc.
770 Sherbrooke Street
Suite 1800
Montreal, Quebec
Canada H3A 1G1
Attention: Director, Sales & Marketing, Titania Slag
Telefax Number: +1 (514) 286-9336

Notices to Buyer shall be addressed:

Kronos Inc.
P.O. Box 700
Hightstown, New Jersey
U.S.A. 08520
Attention: President
Telefax Number: +1 (609) 443-2496

with a copy of such notice to:

Kronos Inc.
2 Greenspoint Plaza
16825 Northchase Drive
Houston, Texas
U.S.A. 77060-2544
Attention: Director of Purchasing
Telefax Number: +1 (713) 423-3269

or to such other addressor telefax number as the addressee shall have

previously furnished in writing to the addressor. All notices shall be deemed to have been received on the day of delivery, if delivered, or on the day of transmission, if sent by telefax, during normal business hours (9:00 am to 5:00 pm) of the recipient, failing which, such notice shall be deemed to have been received on the next business day.

ARTICLE XIX. ASSIGNMENT

A. In the event of a sale by Buyer of any of its chloride-process pigment plants to an unrelated third party, Kronos agrees to obtain as an integral part of such sale, the assumption by the purchaser of the obligation to purchase from RBIT upon the same terms and conditions as in this Agreement, the RB Slag volumes corresponding to such plant, based on its average annual consumption of the 24 months preceding such sale.

B. Except as provided in Article XIX.A. above, no party may assign its rights or obligations under this Agreement without the prior written consent of the other party. The preceding sentence shall not apply to assignments made to parents, subsidiaries or related corporations of the parties hereto, providing that the party executing this Agreement shall remain primarily responsible for performance of its obligations hereunder unless such is waived in writing by the other party.

ARTICLE XX. ENTIRE AGREEMENT; AMENDMENT, MODIFICATION

This Agreement states the entire understanding between the parties hereto with respect to the subject matter hereof, and there are no agreements or understandings, oral or written, express or implied with reference to the subject matter hereof that are not merged herein or superseded hereby. This Agreement shall, effective January 1, 1995, replace the agreement between RBIT, QIT-Fer et Titane GmbH and Buyer dated October 1, 1989, as amended on January 1, 1991 and February 15, 1994. This Agreement may not be changed, modified or supplemented in any manner orally or otherwise except by an instrument in writing signed by a duly authorized representative of each of the parties hereto. The parties recognize that, for administrative purposes, documents such as purchase orders, acknowledgments, invoices and similar documents may be used during the time this Agreement is in force. In no event shall any term or condition contained in any such administrative documents be interpreted as amending or modifying the terms of this Agreement whether such administrative documents are signed or not.

ARTICLE XXI. GOVERNING LAW

This Agreement shall be governed by and construed under the substantive and procedural laws of South Africa in all respects, including construction, validity and performance.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized respective representatives, as of the day and year first hereinabove written.

RICHARDS BAY IRON & TITANIUM (PROPRIETARY) LIMITED

By: /s/ R. D. Macpherson

Name: R. D. Macpherson

Title: Managing Director

KRONOS INC.

By: /s/ D. C. Weaver

Name: D. C. Weaver

Title: Director Materials Management and Business Development

AMENDMENT NO. 1 TO JOINT VENTURE AGREEMENT

AMENDMENT dated as of December 20, 1995 between TIOXIDE AMERICAS INC., a Delaware corporation (the "Tioxide Partner") and KRONOS LOUISIANA, INC., a Delaware corporation (the "Kronos Partner").

W I T N E S S E T H :

WHEREAS, the parties hereto have heretofore entered into a Joint Venture Agreement dated as of October 18, 1993 (the "Joint Venture Agreement"); and

WHEREAS, the parties hereto desire to amend the Joint Venture Agreement to provide for the right of either the Tioxide Partner or the Kronos Partner to prepay the indebtedness incurred by the Joint Venture under the Credit Agreement by making one or more loans to the Joint Venture.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Definitions; References. Unless otherwise specifically defined herein, each term used herein which is defined in the Joint Venture Agreement shall have the meaning assigned to such term in the Joint Venture Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Agreement shall from and after the date hereof refer to the Joint Venture Agreement as amended hereby.

SECTION 2. Amendment of Section 1.01 of the Joint Venture Agreement. (a) The definition of "Fair Market Value" in Section 1.01 of the Joint Venture Agreement is amended by adding at the end of the parenthetical in clause (i) of the first sentence thereof the following phrase:

"; provided that the obligations of the Joint Venture incurred under the Tioxide Partner Note and the Kronos Partner Note shall not be treated as Debt, liabilities or other obligations of the Joint Venture outstanding at such time."

(b) The definition of "Tranche A Debt" in Section 1.01 of the Joint Venture Agreement is amended by adding at the end thereof the following phrase: "and provided further that for all purposes of the preceding proviso all payments made by the Joint Venture intended to be applied in respect of the Tranche A Debt with the proceeds of any Tioxide Partner Note shall be deemed to have been so applied."

(c) The definition of "Tranche B Debt" in Section 1.01 of the Joint Venture Agreement is amended by adding at the end thereof the following phrase: "and provided further that for all purposes of the preceding proviso all payments made by the Joint Venture intended to be applied in respect of the Tranche B Debt with the proceeds of any Kronos Partner Note shall be deemed to have been so applied."

(d) The following additional definitions are hereby added in alphabetical order in Section 1.01:

"Partner's JV Interest Proceeds" means proceeds from the disposition of any interest in the Joint Venture, which interest is held by or attributable to the holder of any Tioxide Partner Note or any Kronos Partner Note or which interest is held by or attributable to any affiliate of such holder.

"Kronos Partner Note" means a duly executed Note issued by the Joint Venture to the Kronos Partner pursuant to Section 12.07 of this Agreement.

"Tioxide Partner Note" means a duly executed Note issued by the Joint Venture to the Tioxide Partner pursuant to Section 12.07 of this Agreement.

SECTION 3. Amendment of Section 3.03(c) of the Joint Venture Agreement. (a) Section 3.03(c) of the Joint Venture Agreement is amended by adding in clause second of the first sentence of Section 3.03(c), after the word "Debt" each time such word appears in such clause second, the following phrase:

"(provided that the obligations of the Joint Venture incurred under any Tioxide Partner Note or any Kronos Partner Note shall not be treated as Debt of the Joint Venture)"

(b) Section 3.03(c) of the Joint Venture Agreement is amended by adding at the end of clause third of the first sentence of Section 3.03(c) the following phrase:

"; provided that all amounts paid pursuant to this clause third shall be deemed to be Partner's JV Interest Proceeds and shall be deemed applied to satisfy in full the obligations of the Joint Venture under all Tioxide Partner Note(s) if the Defaulting Partner is the Tioxide Partner or under all Kronos Partner Note(s) if the Defaulting Partner is the Kronos Partner."

SECTION 4. Amendment of Section 3.03(d) of the Joint Venture Agreement. Section 3.03(d) of the Joint Venture Agreement is amended by adding at the end of clause (ii) of the first sentence thereof and immediately prior to the word "and" the following phrase:

"; provided that the obligations of the Joint Venture incurred under any Tioxide Partner Note or any Kronos Partner Note shall not be treated as Debt of the Joint Venture"

SECTION 5. Amendment of Section 3.03(e) of the Joint Venture Agreement. (a) Section 3.03(e) of the Joint Venture Agreement is amended by adding at (A) the end of the definition of "AD" in clause (ii) of the first sentence thereof and (B) at the end of clause third of the second sentence thereof and immediately prior to the word "and", the following phrase in each place:

" (provided that the obligations of the Joint Venture incurred under any Tioxide Partner Note or any Kronos Partner Note shall not be treated as Debt of the Joint Venture)"

(b) Section 3.03(e) of the Joint Venture Agreement is amended by adding at the end of clause fourth in the second sentence thereof the following phrase:

"; provided that all amounts paid pursuant to this clause fourth shall be deemed to be Partner's JV Interest Proceeds and shall be deemed applied to satisfy in full the obligations of the Joint Venture under all Tioxide Partner Note(s) if the Defaulting Partner is the Tioxide Partner or under all Kronos Partner Note(s) if the Defaulting Partner is the Kronos Partner."

SECTION 6. Amendment of Section 4.03 of the Joint Venture Agreement. (a) Section 4.03 of the Joint Venture Agreement is amended by adding at the end of clause second and immediately prior to the semi-colon the following phrase:

"; provided that the obligations of the Joint Venture incurred under any Tioxide Partner Note or any Kronos Partner Note shall not be treated as Debt of the Joint Venture."

(b) Section 4.03 of the Joint Venture Agreement is amended by adding at the end of clause fourth in the first sentence thereof the following phrase:

"; provided that all amounts paid pursuant to this clause fourth shall be deemed to be Partner's JV Interest Proceeds and shall be deemed applied to satisfy in full the obligations of the Joint Venture under all Tioxide Partner Note(s) if the Electing Partner is the Tioxide Partner or under all Kronos Partner Note(s) if the Electing Partner is the Kronos Partner."

SECTION 7. Amendment of Section 4.06 of the Joint Venture Agreement. (a) Section 4.06 of the Joint Venture Agreement is amended by adding the following phrase after the phrase "Debt, liabilities and obligations" in clause (a)(i) of the first sentence thereof:

"(provided that the obligations of the Joint Venture to the Exiting Partner incurred under any Tioxide Partner Note or any Kronos Partner Note shall not be treated as Debt, liabilities or obligations)"

(b) Section 4.06 of the Joint Venture Agreement is amended by adding the following phrase after the phrase "executory obligations" in clause (a)(ii) of the first sentence thereof:

"(provided that the obligations of the Joint Venture to the Exiting Partner incurred under any Tioxide Partner Note or any Kronos Partner Note shall not be treated as executory obligations)"

(c) Section 4.06 of the Joint Venture Agreement is amended by adding the following phrase after the phrase "Debt, liabilities and other obligations" in clause (b)(ii) of the first sentence thereof and in sub-clause (2) of the provided further clause of the first sentence thereof:

"(provided that the obligations of the Joint Venture to the Exiting Partner incurred under any Tioxide Partner Note or any Kronos Partner Note shall not be treated as Debt, liabilities or other obligations)"

(d) Section 4.06 of the Joint Venture Agreement is amended by changing the

word "Purchasing" to "purchasing" the first time such term is used in Section 4.06.

(e) Section 4.06 of the Joint Venture Agreement is amended by adding the following phrase after the phrase "Debt" each time such term is used in the "provided, however," clause of Section 4.06 and the first time such term is used in the "provided further" clause of Section 4.06:

"(provided that the obligations of the Joint Venture to the Exiting Partner incurred under any Tioxide Partner Note or any Kronos Partner Note shall not be treated as Debt)"

(f) Section 4.06 of the Joint Venture Agreement is amended by adding the following sentences at the end of such Section 4.06:

"If the Exiting Partner is the Tioxide Partner, all Tioxide Partner Notes shall be deemed satisfied in full and the Tioxide Partner shall indemnify and hold harmless the Joint Venture and the purchasing Partner with respect to all obligations evidenced by a Tioxide Partner Note, and shall execute all documents reasonably requested by the Joint Venture or the purchasing Partner to evidence such indemnification and hold harmless obligations. If the Exiting Partner is the Kronos Partner, all Kronos Partner Notes shall be deemed satisfied in full and the Kronos Partner shall indemnify and hold harmless the Joint Venture and the purchasing Partner with respect to all obligations evidenced by a Kronos Partner Note, and shall execute all documents reasonably requested by the Joint Venture or the purchasing Partner to evidence such indemnification and hold harmless obligations."

SECTION 8. Amendment of Section 12.07. A new Section 12.07 is added to the Joint Venture Agreement to read in its entirety as follows:

"Section 12.07. Prepayment of Credit Agreement. The Partners agree that either Partner shall have the right in accordance with this Section 12.07 to prepay (i) in case of the Tioxide Partner, all or any portion of the Tranche A Debt and (ii) in case of the Kronos Partner, all or any portion of the Tranche B Debt. If the Tioxide Partner elects to prepay all or any portion of the Tranche A Debt or the Kronos Partner elects to prepay all or any portion of the Tranche B Debt, the Partner so electing may provide to the Joint Venture the funds to effect such prepayment either through a capital contribution to that Partner's capital account in the Joint Venture or through a loan to the Joint Venture. If such Partner elects to provide the funds to the Joint Venture through a loan to the Joint Venture, the indebtedness incurred by the Joint Venture in connection with any such prepayment shall be evidenced by a note substantially in the form of Exhibit 4 to this Agreement. Any such note issued to the Tioxide Partner shall be referred to herein as a "Tioxide Partner Note" and any such note issued to the Kronos Partner shall be referred to herein as a "Kronos Partner Note." Any such note may be issued only if all necessary consents as are required at such time under the Credit Agreement and the Joint Venture Agreement have been obtained prior to such issuance. Prior to issuance of a Tioxide Partner Note, the Tioxide Partner shall deliver to the Joint Venture evidence reasonably satisfactory to the Joint Venture, including without limitation a representation and certification, that the Tioxide Partner has all necessary corporate power and authority and has taken all necessary corporate action to authorize the transaction to be evidenced by the Tioxide Partner Note. Prior to issuance of a Kronos Partner Note, the Kronos Partner shall deliver to the Joint Venture evidence, reasonably satisfactory to the Joint Venture, that the Kronos Partner has all necessary corporate power and authority and has taken all necessary corporate action to authorize the transaction to be evidenced by the Kronos Partner Note. No Tioxide Partner Note may be endorsed, assigned or otherwise transferred except to a Tioxide Group Member which transfer must be concurrent with the assignment of the Tioxide Partner's Percentage Interest to such Tioxide Group Member in accordance with the provisions of Section 4.01 of this Agreement. No Kronos Partner Note may be endorsed, assigned or otherwise transferred except to a Kronos Group Member which transfer must be concurrent with the assignment of the Kronos Partner's Percentage Interest to such Kronos Group Member in accordance with the provisions of Section 4.01 of this Agreement. In no event shall any loan pursuant to this Section 12.07 or any indebtedness evidenced by a Tioxide Partner Note or a Kronos Partner Note be deemed to be a Convertible Loan or Debt of the Joint Venture. In no event shall any loan pursuant to this Section 12.07 or any indebtedness evidenced by a Tioxide Partner Note or a Kronos Partner Note change either Partner's Percentage Interest, create, confer or be the basis for any voting, management, control or similar rights with respect to the Joint Venture or create, confer or be the basis for the exercise of creditor rights by the Tioxide Partner or the Kronos Partner or any other holder of such note, as the case may be, with respect to or in any manner whatsoever that would impair or adversely affect the rights of the other Partner."

SECTION 9. Amendment of Section 13.05. (a) Section 13.05 of the Joint Venture Agreement is amended by adding at the end of clause first and in front of the semi-colon the following phrase:

"(provided that the obligations of the Joint Venture incurred under any Tioxide Partner Note or any Kronos Partner Note shall not be treated as

debt or liabilities of the Joint Venture)"

(b) Section 13.05 of the Joint Venture Agreement is amended by adding at the end of clause second and in front of the semi-colon the following phrase:

"(provided that all amounts so distributed shall be deemed to be Partner's JV Interest Proceeds and shall be deemed applied to satisfy in full the obligations of the Joint Venture under all Tioxide Partner Note(s) if distributed to the Tioxide Partner or under all Kronos Partner Note(s) if distributed to the Kronos Partner)"

(c) Section 13.05 of the Joint Venture Agreement is amended by adding at the end of such Section a new sentence as follows:

"Whether or not any Property or proceeds are distributed to the Partners under clause second above, upon distribution of all Property or proceeds of the Joint Venture, if any, pursuant to this Section 13.05, all Tioxide Partner Note(s) and Kronos Partner Note(s) shall be deemed satisfied in full."

SECTION 10. Amendment of Section 13.06. Section 13.06 of the Joint Venture Agreement is amended by adding at the end of such Section a new sentence as follows: "Notwithstanding the foregoing or anything to the contrary in this Agreement, in no event shall any obligations of the Joint Venture under any Tioxide Partner Note or any Kronos Partner Note be treated as liabilities or obligations and no amounts shall be set aside or withheld in respect of any Tioxide Partner Note or Kronos Partner Note."

SECTION 11. Addition of Exhibit 4. A new Exhibit 4 is hereby added to the Joint Venture Agreement which shall be in the form of Exhibit A to this Amendment.

SECTION 12. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the principles of conflicts of laws of such State.

SECTION 13. Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

TIOXIDE AMERICAS INC.

By /s/ John Collingwood
Title: President & CEO

KRONOS LOUISIANA, INC.

By /s/ Susan E. Alderton
Title: Vice President

AMENDMENT NO. 1 TO OFFTAKE AGREEMENT

AMENDMENT dated as of December 20, 1995 between KRONOS LOUISIANA, INC. ("Kronos Louisiana") and LOUISIANA PIGMENT COMPANY, L.P. (the "Joint Venture").

W I T N E S S E T H :

WHEREAS, the parties hereto have heretofore entered into an Offtake Agreement dated as of October 18, 1993 (the "Agreement"); and

WHEREAS, the parties hereto desire to amend the Agreement to provide for one or more prepayments of Tranche B Facility (as defined in the Agreement) by Kronos Louisiana.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Definitions; References. Unless otherwise specifically defined herein, each term used herein which is defined in the Agreement shall have the meaning assigned to such term in the Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Agreement shall from and after the date hereof refer to the Agreement as amended hereby.

SECTION 2. Amendment of Article 1 of the Agreement. Article 1 (Definitions) of the Agreement is hereby amended by:

(a) adding the following new definitions in alphabetical order:

"Kronos Loan Costs" shall mean, for any period, the aggregate of principal, interest and other payments payable during such period by the Joint Venture under any Kronos Partner Note.

"Kronos Partner Note" shall have the meaning ascribed to such term in Section 1.01 of the Joint Venture Agreement.

"Tioxide Partner Note" shall have the meaning ascribed to such term in Section 1.01 of the Joint Venture Agreement.

(b) amending the first sentence of the definition of "Fixed Operating Costs" by adding at the end thereof the phrase "or any Tioxide Partner Note or any Kronos Partner Note".

(c) amending the last sentence of the definition of "Fixed Operating Costs" by adding at the end thereof the phrase "and Kronos Loan Costs."

(d) amending the proviso beginning on the fifth line of the definition of "Principal Repayment Amount" to read as follows:

"provided, however, such amount shall be calculated as if all payments under this Agreement in respect of principal of the Tranche B Facility and all proceeds of any Kronos Partner Note were applied to reduce such principal, without regard to whether so applied."

SECTION 3. Amendment of Section 6.1 of the Agreement. Section 6.1 of the Agreement is hereby amended by adding the phrase ", Kronos Loan Costs" in front of the phrase "and Variable Costs" in clause (ii) of such Section.

SECTION 4. Amendment of Section 6.2 of the Agreement. Section 6.2 of the Agreement is hereby amended by adding the following proviso at the end of such section: "provided, however, that all payments with respect to Kronos Loan Costs shall be made pursuant to Section 6.9 below".

SECTION 5. Amendment of Section 6.9 of the Agreement. A new section 6.9 is hereby added to the Agreement to read in its entirety as follows:

> "6.9. Kronos Louisiana agrees to make full payment by wire transfer to the Joint Venture of the Kronos Loan Costs payable on any date on or before such date or, instead of making any such payments by wire transfer, upon written notice to the Joint Venture and to Tioxide Americas not less than three (3) business days prior to such date, such amounts may be set-off on such date directly by Kronos Louisiana and the indebtedness evidenced by the Kronos Partner Note(s) shall be deemed satisfied as of such date to the extent of such set-off."

SECTION 6. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 7. Counterparts. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if

the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

KRONOS LOUISIANA, INC.

By: /s/ Susan E. Alderton
Title: Vice President

LOUISIANA PIGMENT COMPANY, L.P.

By: KRONOS LOUISIANA, INC.,
its general partner

By: /s/ Susan E. Alderton
Title: Vice President

By: TIOXIDE AMERICAS INC.,
its general partner

By: /s/ John Collingwood
Title: President & CEO

AMENDMENT NO. 1 TO OFFTAKE AGREEMENT

AMENDMENT dated as of December 20, 1995 between TIOXIDE AMERICAS INC. ("Tioxide Americas") and LOUISIANA PIGMENT COMPANY, L.P. (the "Joint Venture").

W I T N E S S E T H :

WHEREAS, the parties hereto have heretofore entered into an Offtake Agreement dated as of October 18, 1993 (the "Agreement"); and

WHEREAS, the parties hereto desire to amend the Agreement to provide for one or more prepayments of Tranche A Facility (as defined in the Agreement) by Tioxide Americas.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Definitions; References. Unless otherwise specifically defined herein, each term used herein which is defined in the Agreement shall have the meaning assigned to such term in the Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Agreement shall from and after the date hereof refer to the Agreement as amended hereby.

SECTION 2. Amendment of Article 1 of the Agreement. Article 1 (Definitions) of the Agreement is hereby amended by:

(a) adding the following new definitions in alphabetical order:

"Kronos Partner Note" shall have the meaning ascribed to such term in Section 1.01 of the Joint Venture Agreement.

"Tioxide Partner Note" shall have the meaning ascribed to such term in Section 1.01 of the Joint Venture Agreement.

"Tioxide Loan Costs" shall mean, for any period, the aggregate of principal, interest and other payments payable during such period by the Joint Venture under any Tioxide Partner Note.

(b) amending the last sentence of the definition of "Fixed Operating Costs" by adding at the end thereof the phrase "and Tioxide Loan Costs."

(c) amending the first sentence of the definition of "Fixed Operating Costs" by adding at the end thereof the phrase "or any Tioxide Partner Note or any Kronos Partner Note".

(d) amending the proviso beginning on the fifth line of the definition of "Principal Repayment Amount" to read as follows:

"provided, however, such amount shall be calculated as if all payments under this Agreement in respect of principal of the Tranche A Facility and all proceeds of any Tioxide Partner Note were applied to reduce such principal, without regard to whether so applied."

SECTION 3. Amendment of Section 6.1 of the Agreement. Section 6.1 of the Agreement is hereby amended by adding the phrase ", Tioxide Loan Costs" in front of the phrase "and Variable Costs" in clause (ii) of such Section.

SECTION 4. Amendment of Section 6.2 of the Agreement. Section 6.2 of the Agreement is hereby amended by adding the following proviso at the end of such section: "provided, however, that all payments made with respect to Tioxide Loan Costs shall be made pursuant to Section 6.9 below".

SECTION 5. Amendment of Section 6.9 of the Agreement. A new section 6.9 is hereby added to the Agreement to read in its entirety as follows:

> "6.9. Tioxide Americas agrees to make full payment by wire transfer to the Joint Venture of the Tioxide Loan Costs payable on any date on or before such date or, instead of making any such payments by wire transfer, upon written notice to the Joint Venture and to Kronos Louisiana not less than three (3) business days prior to such date, such amounts may be set-off on such date directly by Tioxide Americas and the indebtedness evidenced by the Tioxide Partner Note shall be deemed satisfied as of such date to the extent of such set-off."

SECTION 6. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 7. Counterparts. This Amendment may be signed in any number

of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

TIOXIDE AMERICAS INC.

By: /s/ John Collingwood
Title: President & CEO

LOUISIANA PIGMENT COMPANY, L.P.

By: KRONOS LOUISIANA, INC.,
its general partner

By: /s/ Susan E. Alderton
Title: Vice President

By: TIOXIDE AMERICAS INC.,
its general partner

By: /s/ John Collingwood
Title: President & CEO

INTERCORPORATE SERVICES AND REIMBURSEMENT AGREEMENT

INTERCORPORATE SERVICES AND REIMBURSEMENT AGREEMENT effective as of January 1, 1995, by and between Tremont Corporation ("Tremont"), a Delaware corporation, and NL Industries, Inc. ("NL"), a New Jersey corporation.

WHEREAS, Tremont desires that NL provide certain services to Tremont, and NL is willing to provide such services to Tremont, as provided in this Agreement.

NOW, THEREFORE, in consideration of the premises and promises set forth herein, the parties to this Agreement agree as follows:

1. SERVICES PROVIDED. NL will make available to Tremont and its subsidiaries the following services (the "Services"):

a. certain administration and management services with respect to Tremont's insurance and risk management needs, including:

(i) management of claims (including insured and self-insured workers compensation and liability claims);
(ii) budgeting and related activities;
(iii) administration of Tremont's captive insurance company;
(iv) coordination of property loss control program; and
(v) administration of Tremont's insurance program, excluding all employee benefit and welfare related programs.

b. certain administration and management services with respect to Tremont's real properties and interests.

c. consultation and assistance in performing internal audit projects, as requested.

2. FEES FOR SERVICES AND REIMBURSEMENT OF EXPENSES. Tremont shall pay to NL an annual fee of $33,480 for the Services described in paragraphs 1.a and 1.b above payable in monthly installments of $2,790 during the term of this Agreement plus all out-of-pocket expenses incurred in the performance of the Services. In addition, Tremont will pay to NL within thirty (30) days after receipt of an invoice (such invoices to occur no more frequently than once per month) an amount equal to the product of $600 multiplied by the number of days devoted by NL's internal auditors to providing Services described in paragraph 1.c above times the number of internal auditors providing such Services plus all out-of-pocket expenses incurred in the performance of the Services; provided, however, in the event that Tremont determines, in its sole discretion, that it no longer desires certain of the Services or NL determines, in its sole discretion, that it no longer desires to provide certain of the Services, then Tremont or NL, as appropriate, shall provide the other party with a ninety (90) day prior written notice of cancellation describing the Services to be terminated or discontinued and Tremont and NL during such ninety-day period shall agree to a pro-rata reduction of the fees due hereunder for such terminated or discontinued Services.

3. LIMITATION OF LIABILITY. In providing Services hereunder, NL shall have a duty to act, and to cause its agents to act, in a reasonably prudent manner, but neither NL nor any officer, director, employee or agent of NL shall be liable to Tremont or its subsidiaries for any error of judgment or mistake of law or for any loss incurred by Tremont or its subsidiaries in connection with the matters to which this Agreement relates, except a loss resulting from willful misfeasance, bad faith or gross negligence on the part of NL or from NL's reckless disregard of obligations and duties under this Agreement.

4. INDEMNIFICATION OF NL BY TREMONT. Tremont shall indemnify and hold harmless NL, its subsidiaries and their respective officers, directors and employees from and against any and all losses, liabilities, claims, damages, costs and expenses (including reasonable attorneys' fees and other expenses of litigation) to which such party may become subject arising out of the provision by NL to Tremont and its subsidiaries of the Services, provided that such indemnity shall not protect any such party against any liability to which such person would otherwise by subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of obligations and duties hereunder.

5. FURTHER ASSURANCE. Each of the parties will make, execute, acknowledge and deliver such other instruments and documents, and take all such other actions, as the other party may reasonably request and as may reasonably by required in order to effectuate the purposes of this Agreement and to carry out the terms hereof.

6. NOTICES. All communications hereunder shall be in writing and shall be addressed to:

If to NL: NL Industries, Inc.
16825 Northchase Drive, Suite 1200
Houston, Texas 77060
Attention: General Counsel

If to Tremont: Tremont Corporation
1999 Broadway, Suite 4300
Denver, Colorado 80202
Attention: General Counsel

or such other address as the parties shall have specified in writing.

7. AMENDMENT AND MODIFICATION. Neither this Agreement nor any item hereof may be changed, waived, discharged or terminated other than by agreement in writing signed by the parties hereto.

8. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto, provided that this Agreement may not be assigned by either of the parties hereto without the prior written consent of the other party.

9. MISCELLANEOUS. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. This Agreement shall be governed in all respects, including validity, interpretation and affect, by the laws of the State of Texas.

10. TERM OF AGREEMENT. This Agreement shall be effective as of January 1, 1995, and shall remain in effect until December 31, 1995, subject to a renewal by mutual written agreement for succeeding one-year terms commencing January 1, 1996. This Agreement may be terminated at any time by mutual consent of the parties and by either party upon ninety (90) days prior written notice to the other party. Upon such termination or upon the expiration of this Agreement, the parties' rights and obligations hereunder shall cease and terminate except with respect to rights and obligations arising on or prior to the date of expiration or termination and the rights and obligations arising under paragraph 4 above.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the 27th day of July, 1995, which Agreement will be deemed to be effective as of January 1, 1995.

NL INDUSTRIES, INC.

By: /s/ Dennis G. Newkirk
Dennis G. Newkirk
Vice President

TREMONT CORPORATION

By: /s/ Mark A. Wallace
Mark A. Wallace
Vice President

LTH\2515

AGREEMENT TO DEFER BONUS PAYMENT

This AGREEMENT TO DEFER BONUS PAYMENT (this "Agreement") is made this 28 day of December 1995 between NL Industries, Inc., a New Jersey corporation (the "Corporation") and Lawrence A. Wigdor ("Executive").

WHEREAS, Executive is a participant in the "Share in Performance" Plan (the "SIP") established by the Corporation in 1989 to recognize and reward employees whose performance has substantially contributed to the success of the Corporation;

WHEREAS, The Corporation and Executive desire to defer payment of $615,000 which Executive, in the absence of this Agreement, would be entitled to receive under the SIP prior to March 15, 1996 with respect to services performed by Executive for the Corporation during the 1995 calendar year (Executive's "1995 SIP Bonus") until January 6, 1997 (or such earlier date as the Corporation, in its sole discretion, may determine); and

WHEREAS, the Corporation and Lourdes T. Hernandez, as trustee, will enter into an agreement (the "Trust Agreement") which establishes an irrevocable trust (the "Trust") which is intended to hold and invest an amount of funds equal to Executive's 1995 SIP Bonus until such bonus is paid to Executive pursuant to this Agreement;

NOW, THEREFORE, in consideration of the agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Executive's 1995 SIP Bonus shall be paid to Executive, or his designated beneficiaries, upon the earliest to occur of (a) January 6, 1997, (b) the termination of Executive's employment (including Executive's resignation) for any reason, (c) Executive's death, or (d) such date as shall be determined by the Compensation Committee of the Board of Directors (the "Committee") in its sole discretion.

2. The amount of Executive's 1995 SIP Bonus shall accrue interest beginning on the day after the date such amount would be payable under the SIP in the absence of this Agreement (the "Original Payment Date") up to and including the date such amount is paid to Executive pursuant to Paragraph 1 hereof (the "Deferred Payment Date") and the entire amount of such accrued interest shall be paid to Executive, or his designated beneficiaries, on the Deferred Payment Date. Such interest shall accrue at the rate of eight and three-quarters percent (8.75%) per annum. Interest accrued pursuant to this Paragraph 2 shall compound on a semi-annual basis and shall be computed for the actual number of days elapsed on the basis of a year consisting of 365 or 366 days.

3. The Corporation on or before January 31, 1996, will enter into the Trust Agreement and thereby establish the Trust. On the date that Executive's 1995 SIP Bonus would be payable to Executive under the SIP in the absence of this Agreement, the Corporation shall contribute an amount equal to the amount of Executive's 1995 SIP Bonus to the Trust.

4. Subject to the terms of the Trust Agreement, the Corporation may satisfy its payment obligations to Executive, or to his designated beneficiaries, under this Agreement by (a) directing the Trustee to make such payments from the principal and/or earnings of the Trust, (b) making such payments directly from the Corporation's internal funds, or (c) by any combination of (a) and (b), provided that all payments to Executive, or to his designated beneficiaries, pursuant to this Agreement shall be made in immediately available funds.

5. The Corporation shall withhold, either from Executive's 1995 SIP Bonus in the year such amount is paid to Executive pursuant to Paragraph 1 hereof, or from any salary, bonus or other compensatory payment made to Executive as the Corporation in it sole discretion may determine, such amounts as is required by law to be withheld in 1996 or 1997, as the case may be, pursuant to Code sectionsection 3101 and 3121(v)(2) or successor provisions thereof.

6. Title to and beneficial ownership of any assets, whether cash or investments and whether held by the Corporation or the Trust, which the Corporation may earmark to meet its payment obligations to Executive under this Agreement, shall at all times remain in the Corporation or the Trust, as applicable, and Executive and his designated beneficiaries shall not have any property interest whatsoever in any specific assets of the Corporation or the Trust. Any right of the Executive or any of his designated beneficiaries to receive payments from the Corporation under this Agreement shall be no greater than the right of any unsecured general creditor of the Corporation.

7. The right of Executive or any other person to any payment under this Agreement shall not be assigned, transferred, pledged or encumbered except by will or by the laws of descent and distribution.

8. If the Committee shall find that any person to whom any payment is payable under this Agreement is unable to care for his or her affairs because of illness or accident, or is a minor, any payment due (unless a prior claim therefor shall have been made by a duly appointed guardian or other legal representative) may be paid to the spouse, a child, a parent, a brother or sister, or the person or persons designated by the Executive in writing, or, in the absence of any of the foregoing, to any one or more persons deemed by the Committee to be appropriate. Any such payment shall be a complete discharge of the liabilities of the Corporation under this Agreement.

9. Nothing contained herein shall be construed as conferring upon Executive the right to continue in the employ of the Corporation as an executive or in any other capacity.

10. This Agreement shall be binding upon and inure to the benefit of the Corporation, its successors and assigns, and the Executive and his heirs, executors, administrators, and legal representatives.

11. This Agreement contains the entire agreement of the between the parties with respect to the subject matter hereof, and supersedes any prior understandings, agreements, or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way. In the event of any conflict between the terms and provisions of this Agreement and the terms and provisions of any employment or severance agreement entered into by the parties hereto, the terms and provisions of this Agreement shall govern.

12. This Agreement shall be governed by the laws of the State of Texas, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Texas.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

NL INDUSTRIES, INC.

By: /s/ Joe S. Compofelice
Its: Vice President and Chief
Financial Officer

EXECUTIVE

/s/ Lawrence A. Wigdor
Lawrence A. Wigdor

TRUST AGREEMENT

This Agreement is made effective as of the 31st day of January, 1996 by and between NL Industries, Inc. (the "Corporation") and Lourdes T. Hernandez (the "Trustee");

WHEREAS, the Corporation and Lawrence A. Wigdor (the "Executive") have entered into the Agreement to Defer Bonus Payment (the "Deferral Agreement") attached hereto as Exhibit A;

WHEREAS, the Corporation has incurred or expects to incur liability under the terms of such Deferral Agreement with respect to the Executive;

WHEREAS, the Corporation wishes to establish a trust (hereinafter called the "Trust") and to contribute to the Trust assets that shall be held therein, subject to the claims of the Corporation's creditors in the event of the Corporation's Insolvency, as herein defined, until paid to the Executive and his beneficiaries in such manner and at such times as specified in the Deferral Agreement;

WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Deferral Agreement as an unfunded plan maintained for the purpose of providing deferred compensation for a member of the select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974;

WHEREAS, it is the intention of the Corporation to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Deferral Agreement;

NOW, THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

SECTION 1. ESTABLISHMENT OF TRUST

(a) The Corporation hereby deposits with the Trustee in trust $100 or such other amount as determined by the Corporation, which shall become the principal of the Trust to be held, administered and disposed of by the Trustee as provided in this Trust Agreement.

(b) The Trust hereby established shall be irrevocable.

(c) The Trust is intended to be a grantor trust, of which the Corporation is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(d) The principal of the Trust, and any earnings thereon shall be held separate and apart from other funds of the Corporation and shall be used exclusively for the uses and purposes of the Executive and general creditors as herein set forth. The Executive and his beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Deferral Agreement and this Trust Agreement shall be mere unsecured contractual rights of the Executive and his beneficiaries against the Corporation. Any assets held by the Trust will be subject to the claims of the Corporation's general creditors under federal and state law in the event of Insolvency, as defined in Section 3(a) herein.

(e) The Corporation shall make additional deposits of cash or other property in trust with the Trustee in accordance with the terms of the Deferral Agreement to augment the principal to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. Neither the Trustee nor the Executive or any of his beneficiaries shall have any right to compel additional deposits, except as may be required by the terms of the Deferral Agreement.

SECTION 2. PAYMENTS TO EXECUTIVE AND HIS BENEFICIARIES.

(a) The Corporation shall deliver to the Trustee a written schedule (the "Payment Schedule") that indicates the amounts payable in respect of the Executive (and his beneficiaries), that provides the amounts so payable, the form in which such amount is to be paid, and the dates for payment of such amounts. Except as otherwise provided herein, the Trustee shall make payments to the Executive and his beneficiaries in accordance with such Payment Schedule. The Corporation may amend or modify such Payment Schedule from time to time by providing the Trustee with written notice of such amendments. The Trustee may conclusively rely on such Payment Schedule. The Trustee shall make provision for the reporting and withholding of any federal, state or local taxes that may be required to be withheld with respect to the payment of benefits pursuant to the terms of the Deferral Agreement and shall pay amounts withheld to the appropriate taxing authorities or determine that such amounts have been reported, withheld and paid by the Corporation.

(b) The entitlement of the Executive or his beneficiaries to benefits under the Deferral Agreement shall be determined by the Corporation in accordance with the terms of the Deferral Agreement, and any claim for such benefits shall be considered and reviewed under the terms of the Deferral Agreement.

(c) The Corporation may make payment of benefits directly to the Executive or his beneficiaries as they become due under the terms of the Deferral Agreement. The Corporation shall notify the Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to the Executive or his beneficiaries. Such payments by the Corporation shall not amend the Payment Schedule unless the Corporation specifically amends said Schedule in writing. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the Payment Schedule, the Corporation shall make the balance of each such payment as it falls due. The Trustee shall notify the Corporation where principal and earnings are not sufficient.

SECTION 3. TRUSTEE RESPONSIBILITY REGARDING PAYMENTS TO TRUST BENEFICIARY WHEN THE CORPORATION IS INSOLVENT.

(a) The Trustee shall not make any payments to the Executive or his beneficiaries if the Corporation is Insolvent. Notwithstanding any other provision of this Trust Agreement, all determinations by the Trustee under this Trust Agreement regarding whether the Corporation is solvent or Insolvent should be based solely on the written representation to the Trustee from the Corporation's Controller or Chief Financial Officer without independent investigation by the Trustee. The Corporation shall be considered "Insolvent" for purposes of this Trust Agreement if (i) the Corporation is unable to pay its debts as they become due, or (ii) the Corporation is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(b) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of the Corporation under federal and state law as set forth below.

(1) The Board of Directors, the Chief Executive Officer, the

Chief Financial Officer ("CFO") and the Controller of the Corporation shall have the duty to inform the Trustee in writing of the Corporation's Insolvency with respect to any payment date on the Payment Schedule. If a person claiming to be a creditor of the Corporation alleges in writing to the Trustee that the Corporation has become Insolvent, the Trustee shall determine whether the Corporation is Insolvent; such determination shall be made based solely on written representation from the Corporation's Controller or Chief Financial Officer. Pending such determination, the Trustee shall not make any payments to Executive or his beneficiaries.

(2) Unless the Trustee has received notice from the Corporation that the Corporation is Insolvent, the Trustee shall have no duty at any time to inquire whether the Corporation is Insolvent. The Trustee shall in all events rely on such representation from the Corporation in making a determination concerning the Corporation's solvency.

(3) In the event that the Corporation's Controller or Chief Financial Officer has notified the Trustee in writing of the Corporation's Insolvency, the Trustee shall not make any payments to the Executive or his beneficiaries and shall hold the assets of the Trust for the benefit of the Corporation's general creditors. Nothing in this Trust Agreement shall in any way diminish or impair any rights of the Executive or his beneficiaries to pursue their rights as general creditors of the Corporation with respect to payments due under the Deferral Agreement or otherwise.

(4) The Trustee shall resume making payments to the Executive or his beneficiaries in accordance with Section 2 of this Trust Agreement only after the Trustee has determined that the Corporation is not Insolvent (or is no longer Insolvent).

(c) Provided that there are sufficient assets, if the Trustee discontinues making payments from the Trust pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to the - Executive or his beneficiaries under the terms of the Deferral Agreement for the period of such discontinuance, less the aggregate amount of any payments made to the Executive or his beneficiaries by the Corporation in lieu of the payments provided for hereunder during any such period of discontinuance.

SECTION 4. PAYMENTS TO THE CORPORATION.

Except as provided in Section 3 hereof, the Corporation shall have no right or power to direct the Trustee to return to the Corporation or to divert to others any of the Trust assets before all payments have been made to the Executive or his beneficiaries pursuant to the terms of the Deferral Agreement.

SECTION 5. INVESTMENT AUTHORITY.

In no event may the Trustee invest in securities (including stock or rights to acquire stock) or obligations issued by the Corporation, other than a de minimis amount held in common investment vehicles in which the Trustee invests. All rights associated with assets of the Trust shall be exercised, solely in accordance with the directions of the Corporation, by the Trustee or the person designated by the Trustee, and shall in no event be exercisable by or rest with the Executive.

SECTION 6. DISPOSITION OF INCOME.

During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

SECTION 7. ACCOUNTING BY THE TRUSTEE.

The Trustee shall keep records of such investments, receipts, disbursements, and all other transactions required to be made, as shall be agreed upon in writing between the Corporation and the Trustee. Within 60 days following the close of each calendar year and within 60 days after the removal or resignation of the Trustee, the Trustee shall deliver to the Corporation a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be. In the event the Trustee delegates the obligaitons of this section to an employe of the Corporation, such obligations shall be deemed to be fulfilled by the Trustee.

SECTION 8. RESPONSIBILITY OF THE TRUSTEE.

(a) The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, provided, however, that the Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by the Corporation in connection,

directly or indirectly, with, the terms of the Deferral Agreement or this Trust. In the event of a dispute between the Corporation and a party, the Trustee may apply to a court of competent jurisdiction to resolve the dispute.

(b) The Corporation agrees to indemnify and hold the Trustee harmless from any and all costs, fees, expenses (including without limitation attorney's fees and expenses), claims or lawsuits by any person or entity, liabilities or obligations of any type or nature arising or related, directly or indirectly, to the Deferral Agreement, this Trust or any action or failure to act by the Trustee in connection in any way with any of the foregoing. Futhermore, if the Trustee undertakes or defends any litigation arising in connection with this Trust, the Corporation agrees to indemnify the Trustee against the Trustee's costs, expenses and liabilities (including, without limitation, attorneys' fees and expenses) relating thereto and to be solely liable for such payments. If the Corporation does not pay such costs, expenses and liabilities in a reasonably timely manner, the Trustee may obtain payment from the Trust.

(c) The Trustee may consult with legal counsel (who may also be counsel for the Corporation generally) with respect to any of its duties or obligations hereunder.

(d) The Trustee may hire and the Corporation may make available to the Trustee agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder. In addition, the Trustee may delegate any of its duties under this Trust to employees and management of the Corporation and the Trustee may conclusively rely on the reports of such employees and management without further investigation.

(e) The Trustee shall have, without exclusion, all powers conferred on the Trustees by applicable law, unless expressly provided otherwise herein, provided, however, that if an insurance policy is held as an asset of the Trust, the Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

(f) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or to applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

SECTION 9. COMPENSATION AND EXPENSES OF TRUSTEE.

The Corporation shall pay all administrative and Trustee's fees and expenses. If not so paid, the fees and expenses shall be paid from the Trust.

SECTION 10. RESIGNATION AND REMOVAL OF TRUSTEE.

(a) The Trustee may resign at any time by written notice to the Corporation, which shall be effective 15 days after receipt of such notice unless the Corporation and the Trustee agree otherwise.

(b) The Trustee may be removed by the Corporation on 15 days notice to the Trustee or upon shorter notice accepted by the Trustee.

(c) Upon a Change of Control, as defined herein, the Trustee may not be removed by the Corporation for 18 months.

(d) Upon resignation or removal of the Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within 30 days after receipt of notice of resignation, removal or transfer, unless the Corporation extends the time limit.

(e) If the Trustee resigns or is removed, a successor shall be appointed, in accordance with Section 11 hereof, by the effective date of resignation or removal under paragraphs (a) or (b) of this section. If no such appointment has been made, the Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

SECTION 11. APPOINTMENT OF SUCCESSOR.

(a) If the Trustee resigns or is removed in accordance with Section 10(a) or (b) hereof, the Corporation may appoint any third party, such as a bank trust department or other party that may be granted corporate trustee powers under state law, as a successor to replace the Trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by the Corporation or the successor Trustee to evidence the transfer.

(b) The successor Trustee need not examine the records and acts of

any prior Trustee and may retain or dispose of existing Trust assets, subject to Sections 7 and 8 hereof. The successor Trustee shall not be responsible for and the Corporation shall indemnify and defend the successor Trustee from any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

SECTION 12. AMENDMENT OR TERMINATION.

(a) This Trust Agreement may be amended by a written instrument executed by the Trustee and the Corporation. Notwithstanding the foregoing, no such amendment shall conflict with the terms of the Deferral Agreement or shall make the Trust revocable.

(b) The Trust shall not terminate until the date on which the Executive and his beneficiaries are no longer entitled to any payments pursuant to the terms of the Deferral Agreement. Upon termination of the Trust any assets remaining in the Trust shall be returned to the Corporation.

SECTION 13. MISCELLANEOUS.

(a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) No amount payable to the Executive or any of his beneficiaries under this Trust Agreement may be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(c) This Trust Agreement shall be governed by and construed in accordance with the laws of Texas.

(d) For purposes of this Trust, Change of Control shall mean the purchase or other acquisition by any person, entity or group of persons, within the meaning of section 13(d) or 14(d) of the Securities Exchange Act of 1934 ("Act"), or any comparable successor provisions, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 30 percent or more of either the outstanding shares of common stock or the combined voting power of the Corporation's then outstanding voting securities entitled to vote generally, or the approval by the stockholders of the Corporation of a reorganization, merger, or consolidation, in each case, with respect to which persons who were stockholders of the Corporation immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50 percent of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated Corporation's then outstanding securities, or a liquidation or dissolution of the Corporation or of the sale of all or substantially all of the Corporation's assets.

SECTION 14. EFFECTIVE DATE.

The effective date of this Trust Agreement shall be January 31, 1996.

* * * * *

EXECUTED on the dates of the respective acknowledgments hereto, to be effective as of the 31st day of January, 1996.

- TRUSTOR -

- TRUSTEE -

THE STATE OF TEXAS

COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 19___, by _____.

Notary Public in and for
the State of T E X A S

My Commission Expires:

_____

EXHIBIT 21.1 SUBSIDIARIES OF THE REGISTRANT

NAME OF CORPORATION	Jurisdiction of incorporation or organization	% of Voting Securities Held
Kronos, Inc.	Delaware	100
Kronos (US) Inc.	Delaware	100
Kronos International, Inc.	Delaware	100
NL Industries (Deutschland) GmbH	Germany	100
Kronos Titan-GmbH	Germany	100
Unterstutzungskasse Titan GmbH	Germany	100
Kronos Chemie-GmbH	Germany	100
Kronos Europe S.A./N.V.	Belgium	100
Kronos World Services S.A./N.V.	Belgium	100
Kronos B.V.	Holland	100
Kronos Canada, Inc.	Canada	100
2927527 Canada Inc.	Canada	100
2969157 Canada Inc.	Canada	100
Societe Industrielle Du Titane, S.A.	France	93
Kronos Norge A/S	Norway	100
Kronos Titan A/S	Norway	100
Titania A/S	Norway	100
The Jossingfjord Manufacturing Company A/S	Norway	100
Kronos Limited	United Kingdom	100
Kronos Louisiana, Inc.	Delaware	100
Louisiana Pigment Company, L.P.	Delaware	50*
Rheox, Inc.	Delaware	100
Rheox International, Inc.	Delaware	100
Bentone Sud, S.A.	France	86
Rheox GmbH	Germany	100
Bentone-Chemie GmbH	Germany	70
Rheox Limited	United Kingdom	100
Abbey Chemicals Limited	United Kingdom	70
Rheox Europe S.A./N.V.	Belgium	100
RK Export, Inc.	Barbados	100
Enenco, Inc.	New York	50*

* Unconsolidated joint venture accounted for by the equity method.

EXHIBIT 21.1 SUBSIDIARIES OF THE REGISTRANT (Continued)

NAME OF CORPORATION	Jurisdiction of incorporation or organization	% of Voting Securities Held
Other:		
National Lead Company	New Jersey	100
NL Industries (USA), Inc.	Texas	100
NLO, Inc.	Ohio	100
Salem Lead Company	Massachusetts	100
Sayre & Fisher Land Company	New Jersey	100
153506 Canada Inc.	Canada	100
The 1230 Corporation	California	100
United Lead Company	New Jersey	100

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the:

(i) Registration Statement No. 2-98713 on Form S-8 and related Prospectus with respect to the 1985 Long Term Performance Incentive Plan of NL Industries, Inc.; and

(ii) Registration Statement No. 33-25913 on Form S-8 and related Prospectus with respect to the Savings Plan for Employees of NL Industries, Inc.; and

(iii) Registration Statement No. 33-29287 on Form S-8 and related Prospectus with respect to the 1989 Long Term Performance Incentive Plan of NL Industries, Inc.; and

(iv) Registration Statement No. 33-48145 on Form S-8 and related Prospectus with respect to the NL Industries, Inc. 1992 Non-Employee Directors Stock Option Plan.

of our report which is dated February 8, 1996 on our audits of the consolidated financial statements and financial statement schedules of NL Industries, Inc. as of December 31, 1994 and 1995, and for each of the three years in the period ended December 31, 1995, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

Houston, Texas
March 1, 1996

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM NL INDUSTRIES INC.'S CONSOLIDATED FINANACIAL STATEMENTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS.

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