SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 - For the quarter ended March 31, 2002

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	77060-2544
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (281) 423-3300

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) had been subject to such filing requirements for the past 90 days.
Yes X No

Number of shares of common stock outstanding on May 13, 2002: 48,824,884

NL INDUSTRIES, INC. AND SUBSIDIARIES

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NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands)

ASSETS	March 31, 2002	December 31, 2001
Current assets:		
Cash and cash equivalents	$ 76,384	$ 116,037
Restricted cash equivalents	54,771	63,257
Restricted marketable debt securities	8,663	3,583
Accounts and notes receivable	139,238	125,721
Receivable from affiliates	3,301	3,698
Refundable income taxes	1,181	1,530
Inventories	187,209	231,056
Prepaid expenses	4,144	3,193
Deferred income taxes	10,601	11,011
Total current assets	485,492	559,086
Other assets:		
Marketable equity securities	42,705	45,227
Receivable from affiliate	31,400	31,650
Investment in TiO2 manufacturing joint venture	137,528	138,428
Prepaid pension cost	18,384	18,411
Restricted marketable debt securities	11,219	16,121
Restricted cash equivalents	5,640	--
Unrecognized net pension obligations	5,901	5,901
Other	13,781	6,517
Total other assets	266,558	262,255
Property and equipment:		
Land	24,355	24,579
Buildings	129,968	130,710
Machinery and equipment	536,238	537,958
Mining properties	68,691	67,649
Construction in progress	8,643	5,071

	767,895	765,967
Less accumulated depreciation and depletion	442,357	436,217
Net property and equipment	325,538	329,750
	$1,077,588	$1,151,091

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(In thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	March 31, 2002	December 31, 2001
Current liabilities:		
Notes payable	$ 46,382	$ 46,201
Current maturities of long-term debt	1,038	1,033
Accounts payable and accrued liabilities ...	142,542	176,223
Payable to affiliates	8,130	6,919
Accrued environmental costs	52,472	59,891
Income taxes	6,515	7,277
Deferred income taxes	1,501	1,530
Total current liabilities	258,580	299,074
Noncurrent liabilities:		
Long-term debt	170,246	195,465
Deferred income taxes	143,432	143,256
Accrued environmental costs	51,412	47,589
Accrued pension cost	26,206	26,985
Accrued postretirement benefits cost	29,536	29,842
Other	14,488	14,729
Total noncurrent liabilities	435,320	457,866
Minority interest	7,388	7,208
Shareholders' equity:		
Common stock	8,355	8,355
Additional paid-in capital	777,597	777,597
Retained earnings	219,342	222,722
Accumulated other comprehensive loss	(210,483)	(206,351)
Treasury stock	(418,511)	(415,380)

Total shareholders' equity	376,300	386,943
	$ 1,077,588	$ 1,151,091

Commitments and contingencies (Note 16)

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Three months ended March 31, 2002 and 2001

(In thousands, except per share data)

	2002	2001
Revenues and other income:		
Net sales	$ 202,357	$ 226,060
Litigation settlement gains, net	1,920	10,582
Other income, net	3,075	4,849
	207,352	241,491
Costs and expenses:		
Cost of sales	156,253	149,902
Selling, general and administrative	34,845	32,322
Interest	6,442	6,976
	197,540	189,200
Income before income taxes, minority interest and extraordinary item	9,812	52,291
Income tax expense	3,184	17,146
Income before minority interest and extraordinary item	6,628	35,145
Minority interest	184	586
Income before extraordinary item	6,444	34,559
Extraordinary item - early extinguishment of debt, net of tax benefit of $32	(60)	--
Net income	$ 6,384	$ 34,559
Basic earnings per share:		
Income before extraordinary item	$ .13	$ .69
Extraordinary item	--	--
Net income	$ .13	$ .69
Diluted earnings per share:		
Income before extraordinary item	$ .13	$ .69

Extraordinary item	--	--
Net income	$ .13	$ .69
Weighted average shares used in the calculation of earnings per share:		
Basic	48,870	50,079
Dilutive impact of stock options	68	270
Diluted	48,938	50,349

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Three months ended March 31, 2002 and 2001

(In thousands)

	2002	2001
Net income	$ 6,384	$ 34,559
Other comprehensive loss, net of tax:		
Marketable securities adjustment	(1,523)	(3,802)
Currency translation adjustment	(2,609)	(15,898)
Total other comprehensive loss	(4,132)	(19,700)
Comprehensive income	$ 2,252	$ 14,859

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Three months ended March 31, 2002

(In thousands)

				Accumulated other comprehensive income (loss)				
	Common stock	Additional paid-in capital	Retained earnings	Currency translation	Pension liabilities	Marketable securities	Treasury stock	Total
Balance at December 31, 2001	$ 8,355	$ 777,597	$ 222,722	$(208,349)	$ (6,352)	$ 8,350	$(415,380)	$ 386,943

Net income	--	--	6,384	--	--	--	--	6,384
Other comprehensive loss, net of tax	--	--	--	(2,609)	--	(1,523)	--	(4,132)
Dividends	--	--	(9,764)	--	--	--	--	(9,764)
Treasury stock:								
Acquired (228 shares)	--	--	--	--	--	--	(3,271)	(3,271)
Reissued (12 shares)	--	--	--	--	--	--	140	140
Balance at March 31, 2002	$ 8,355	$ 777,597	$ 219,342	$(210,958)	$ (6,352)	$ 6,827	$(418,511)	$ 376,300

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three months ended March 31, 2002 and 2001

(In thousands)

	2002	2001
Cash flows from operating activities:		
Net income	$ 6,384	$ 34,559
Depreciation, depletion and amortization	7,782	7,511
Deferred income taxes	718	7,555
Distributions from TiO2 manufacturing joint venture	900	1,500
Litigation settlement gain, net included in restricted cash	--	(10,307)
Extraordinary item	60	--
Other, net	(669)	(1,606)
	15,175	39,212
Change in assets and liabilities:		
Accounts and notes receivable	(25,282)	(25,788)
Insurance receivable	10,909	1,000
Inventories	43,049	11,928
Prepaid expenses	(845)	(1,348)
Accounts payable and accrued liabilities	(36,161)	(14,578)
Income taxes	(629)	(2,404)
Other, net	6,580	1,248
Net cash provided by operating activities	12,796	9,270
Cash flows from investing activities:		
Capital expenditures	(5,461)	(5,913)
Loans to affiliates:		
Loans	--	(13,400)
Collections	250	--
Acquisition of business	(9,149)	--
Change in restricted cash equivalents and restricted marketable debt securities, net	110	615
Other, net	36	280
Net cash used by investing activities	(14,214)	(18,418)

NL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Three months ended March 31, 2002 and 2001

(In thousands)

	2002	2001
Cash flows from financing activities:		
Dividends paid	$ (9,764)	$ (10,017)
Treasury stock:		
Purchased	(3,271)	--
Reissued	140	593
Principal payments of debt	(25,263)	(177)
Net cash used by financing activities	(38,158)	(9,601)
Cash and cash equivalents:		
Net change from:		
Operating, investing and financing activities	(39,576)	(18,749)
Currency translation	(273)	(1,920)
Acquisition of business	196	--
	(39,653)	(20,669)
Balance at beginning of period	116,037	120,378
Balance at end of period	$ 76,384	$ 99,709
Supplemental disclosures - cash paid for:		
Interest	$ 1,976	$ 1,160
Income taxes, net	$ 3,095	$ 12,319
Acquisition of business:		
Cash and cash equivalents	$ 196	$ --
Restricted cash	2,685	--
Goodwill and other intangible assets	9,007	--
Other noncash assets	1,259	--
Liabilities	(3,998)	--
Cash paid	$ 9,149	$ --

See accompanying notes to consolidated financial statements.

NL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Organization and basis of presentation:

NL Industries, Inc. conducts its titanium dioxide pigments ("TiO2") operations through its wholly owned subsidiary, Kronos, Inc. At March 31, 2002, Valhi, Inc. and Tremont Corporation, each affiliates of Contran Corporation, held approximately 62% and 21%, respectively, of NL's outstanding common stock. At March 31, 2002, Contran and its subsidiaries held approximately 94% of Valhi's outstanding common stock, and a company 80% owned by Valhi and 20% owned by NL held approximately 80% of Tremont's outstanding common stock. Substantially all of Contran's outstanding voting stock is held by trusts established for the benefit of certain children and grandchildren of Harold C. Simmons, of which Mr. Simmons is sole trustee. Mr. Simmons, the Chairman of the Board of NL and the Chairman of the Board and Chief Executive Officer of Contran and Valhi and a director of Tremont, may be deemed to control each of such companies. See Note 8.

The consolidated balance sheet of NL Industries, Inc. and Subsidiaries (collectively, the "Company") at December 31, 2001 has been condensed from the Company's audited consolidated financial statements at that date. The consolidated balance sheet at March 31, 2002 and the consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the interim periods ended March 31, 2002 and 2001 have been prepared by the Company without audit. In the opinion of management all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the consolidated financial position, results of operations and cash flows have been made. The results of operations for the interim periods are not necessarily indicative of the operating results for a full year or of future operations.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP") have been condensed or omitted. Certain prior-year amounts have been reclassified to conform to the current year presentation. The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (the "2001 Annual Report").

The Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets," effective January 1, 2002. Under SFAS No. 142, goodwill, including goodwill arising from the difference between the cost of an investment accounted for by the equity method and the amount of the underlying equity in net assets of such equity method investee ("equity method goodwill"), will not be amortized on a periodic basis. Instead, goodwill (other than equity method goodwill) will be subject to an impairment test to be performed at least on an annual basis, and impairment reviews may result in future periodic write-downs charged to earnings. Equity method goodwill will not be tested for impairment in accordance with SFAS No. 142; rather, the overall carrying amount of an equity method investee will continue to be reviewed for impairment in accordance with existing GAAP. There is currently no equity method goodwill associated with the Company's equity method investee. All goodwill arising in a purchase business combination (including step acquisitions) completed on or after July 1, 2001 would not be periodically amortized from the date of such combination. The Company had goodwill of $6.4 million at March 31, 2002. See Note 3.

The Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," effective January 1, 2002. SFAS No. 144 retains the fundamental provisions of existing GAAP with respect to the recognition and measurement of long-lived asset impairment contained in SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." However, SFAS No. 144 provides new guidance intended to address certain significant implementation issues associated with SFAS No. 121, including expanded guidance with respect to appropriate cash flows to be used to determine whether recognition of any long-lived asset impairment is required, and if required how to measure the amount of the impairment. SFAS No. 144 also requires that any net assets to be disposed of by sale to be reported at the lower of carrying value or fair value less cost to sell, and expands the reporting of discontinued operations to include any component of an entity with operations and cash flows that can be clearly distinguished from the rest of the entity. The adoption of SFAS No. 144 effective January 1, 2002 did not have a material effect on the Company's consolidated financial position, results of operations or liquidity.

Note 2 - Earnings per share:

Basic earnings per share is based on the weighted average number of common shares outstanding during each period. Diluted earnings per share is based on the weighted average number of common shares outstanding and the dilutive impact of outstanding stock options.

Note 3 - Business combination

In January 2002, the Company acquired all of the stock and limited liability company units of EWI RE, Inc. and EWI RE, Ltd. (collectively "EWI"), respectively, for an aggregate of $9.2 million in cash, including acquisition costs of $.2 million. An entity controlled by one of Harold C. Simmons' daughters owned a majority of EWI, and a wholly owned subsidiary of Contran owned the remainder of EWI. EWI provides reinsurance brokerage services for insurance policies of the Company, its joint venture and other affiliates of Contran as well as external third-party customers. In addition, EWI expects to obtain new third-party customers in the future. The purchase was approved by a special committee of the Company's Board of Directors consisting of two of its independent directors, and the purchase price was negotiated by the special committee based upon its consideration of relevant factors, including but not limited to due diligence performed by independent consultants and an appraisal of EWI conducted by an independent third party selected by the special committee.

EWI's results of operations and cash flows are included in the Company's consolidated results of operations and cash flows beginning January 2002. The pro forma effect on the Company's results of operations in the first quarter of 2001, assuming the acquisition of EWI had occurred as of January 1, 2001, is not material. The aggregate cash purchase price of $9.2 million (including acquisition costs of $.2 million) has been allocated to the assets acquired and liabilities assumed, consisting of a definite-lived, customer list intangible asset of $2.6 million and goodwill of $6.4 million, based upon preliminary estimates of fair value. Such identifiable intangible asset and goodwill were included in other noncurrent assets at March 31, 2002. The actual allocation may be different from the preliminary allocation due to refinements in the estimates of fair values of the net assets acquired. The identifiable intangible asset will be amortized on a straight-line basis over a period of seven years with no assumed residual value. Goodwill will not be amortized on a periodic basis but instead will subject to periodic impairment tests in accordance with the requirements of SFAS No. 142. See Note 1.

Note 4 - Business segment information:

The Company's operations are conducted by Kronos in one operating business segment - the production and sale of TiO2.

	Three months ended March 31, 2002	Three months ended March 31, 2001
	(In thousands)	
Net sales	$ 202,357	$ 226,060
Other income, excluding corporate	783	1,242
	203,140	227,302
Cost of sales	156,253	149,902
Selling, general and administrative, excluding corporate	24,728	25,484
Operating income	22,159	51,916
General corporate income (expense):		
Securities earnings, net	1,280	2,606

Litigation settlement gains, net and other income ..	2,932	11,583
Corporate expenses	(10,117)	(6,838)
Interest expense	(6,442)	(6,976)
Income before income taxes and minority interest	$ 9,812	$ 52,291

Note 5 - Accounts and notes receivable:

	March 31, 2002	December 31, 2001
	(In thousands)	
Trade receivables	$ 129,098	$ 99,989
Insurance claims receivable	596	11,505
Recoverable VAT and other receivables	11,915	16,585
Allowance for doubtful accounts	(2,371)	(2,358)
	$ 139,238	$ 125,721

Note 6 - Inventories:

	March 31, 2002	December 31, 2001
	(In thousands)	
Raw materials	$ 43,589	$ 79,162
Work in process	9,408	9,675
Finished products	108,711	117,201
Supplies	25,501	25,018
	$187,209	$231,056

Note 7 - Marketable equity securities:

	March 31, 2002	December 31, 2001
	(In thousands)	
Available-for-sale marketable equity securities:		
Unrealized gains	$ 12,855	$ 14,917
Unrealized losses	(2,530)	(2,070)
Cost	32,380	32,380
Aggregate fair value	$ 42,705	$ 45,227

Note 8 - Receivable from affiliates:

A majority-owned subsidiary of the Company, NL Environmental Management Services, Inc. ("EMS"), loaned $13.4 million to Tremont under a reducing revolving loan agreement in the first quarter of 2001. See Note 1. The loan was approved by special committees of the Company's and EMS's Boards of Directors. The loan bears interest at prime plus 2% (6.75% at March 31, 2002), is due March 31, 2003 and is collateralized by 10.2 million shares of NL common stock owned by Tremont. The creditworthiness of Tremont is dependent in part on the value of the Company as Tremont's interest in the Company is one of Tremont's more substantial assets. The maximum amount available for borrowing by Tremont reduces by $250,000 per quarter. In each of the first quarter 2002 and the second, third and fourth quarters of 2001, Tremont repaid $250,000 of the loan. At March 31, 2002, the outstanding loan balance was $12.4 million and no amounts were available for additional borrowings by Tremont. The Company understands that Tremont may find it necessary to seek amendment of the terms of the revolving loan agreement and seek, among other things, extension of the maturity date and to increase the amount of borrowings available to Tremont in order for Tremont to meet its projected near term obligations and continue the payment of dividends at the present quarterly rate. The merits of Tremont's proposal will be considered once received. If the loan is extended, the Company does not expect a material impact on its liquidity. The current loan receivable balance of $1.0 million was included in receivable from affiliates at March 31, 2002. The remaining loan balance of $11.4 million was classified as noncurrent at March 31, 2002 as the Company does not expect repayment within one year.

In May 2001, a wholly owned subsidiary of EMS loaned $20 million to the Harold C. Simmons Family Trust No. 2 ("Family Trust"), one of the trusts described in Note 1, under a $25 million revolving credit agreement. The loan was approved by special committees of the Company's and EMS's Boards of

Directors. The loan bears interest at prime (4.75% at March 31, 2002), is due on demand with sixty days notice and is collateralized by 13,749 shares, or approximately 35%, of Contran's outstanding Class A voting common stock and 5,000 shares, or 100%, of Contran's Series E Cumulative preferred stock, both of which are owned by the Family Trust. The value of this collateral is dependent in part on the value of the Company as Contran's interest in the Company, through its beneficial ownership of Valhi, is one of Contran's more substantial assets. At March 31, 2002, $5 million was available for additional borrowing by the Family Trust. The loan was classified as noncurrent at March 31, 2002, as the Company does not expect to demand repayment within one year.

Note 9 - Accounts payable and accrued liabilities:

	March 31, 2002	December 31, 2001
	(In thousands)	
Accounts payable	$ 66,461	$ 99,358
Accrued liabilities:		
Employee benefits	26,013	29,722
Interest	9,331	4,980
Deferred income	3,333	4,000
Other	37,404	38,163
	76,081	76,865
	$142,542	$176,223

Note 10 - Other noncurrent liabilities:

	March 31, 2002	December 31, 2001
	(In thousands)	
Insurance claims and expenses	$ 8,998	$ 8,789
Employee benefits	3,397	3,476
Deferred income	--	333
Other	2,093	2,131
	$14,488	$14,729

Note 11 - Notes payable and long-term debt:

	March 31, 2002	December 31, 2001
	(In thousands)	
Notes payable - Kronos	$ 46,382	$ 46,201
Long-term debt:		
NL Industries, Inc. - 11.75% Senior Secured Notes (See Note 15)	$169,000	$194,000
Kronos	2,284	2,498
	171,284	196,498
Less current maturities	1,038	1,033
	$170,246	$195,465

In March 2002 the Company redeemed $25 million principal amount of the 11.75% Senior Secured Notes due October 2003 at the current call price of 100%. The extraordinary item for early extinguishment of debt related to the write-off of the unamortized deferred financing costs associated with the redemption.

Notes payable consists of (euro)27 million ($23.7 million and $24.0 million at March 31, 2002 and December 31, 2001, respectively) and NOK 200 million ($22.7 million and $22.2 million at March 31, 2002 and December 31, 2001, respectively,) at both March 31, 2002 and December 31, 2001.

Note 12 - Income taxes:

The difference between the provision for income tax expense attributable to income before income taxes and minority interest and the amount that would be expected using the U.S. federal statutory income tax rate of 35% is presented below.

Three months ended

	March 31, 2002	March 31, 2001
	(In thousands)	
Expected tax expense	$ 3,436	$ 18,302
Non-U.S. tax rates	(346)	(1,443)
Incremental tax on income of companies not included in NL's consolidated U.S. federal income tax return	130	180
Valuation allowance	(67)	(653)
U.S. state income taxes	(17)	195
Other, net	48	565
Income tax expense	$ 3,184	$ 17,146

Note 13 - Litigation settlement gains, net and other income, net:

Litigation settlement gains, net

In the first quarter of 2002 and 2001, the Company recognized litigation settlement gains with former insurance carrier groups of $1.9 million and $10.6 million, respectively, to settle certain insurance coverage claims related to environmental remediation. A majority of the proceeds from the 2001 settlement was transferred to special-purpose trusts established by the insurance carrier group to pay future remediation and other environmental expenditures of the Company. No further material settlements relating to litigation concerning environmental remediation coverage are expected.

Other income, net

	Three months ended March 31, 2002	Three months ended March 31, 2001
	(In thousands)	
Corporate interest and dividend income	$ 1,280	$ 2,606
Currency transactions, net	598	1,067
Noncompete agreement income	1,000	1,000
Disposition of property and equipment	(46)	(361)
Trade interest income	222	593
Other, net	21	(56)
	$ 3,075	$ 4,849

Note 14 - Leverkusen fire and insurance claim:

A fire on March 20, 2001 damaged a section of the Company's Leverkusen, Germany 35,000 metric ton sulfate-process TiO_2 plant ("Sulfate Plant") and, as a result, production of TiO_2 at the Leverkusen facility was halted. The fire did not enter the Company's adjacent 125,000 metric ton chloride-process TiO_2 plant ("Chloride Plant"), but did damage certain support equipment necessary to operate that plant. The damage to the support equipment resulted in a temporary shutdown of the Chloride Plant. The Chloride Plant became fully operational in April 2001 and the Sulfate Plant became approximately 50% operational in September 2001 and fully operational in late October 2001.

The Company settled its insurance claim involving the Leverkusen fire for $56.4 million during the fourth quarter of 2001 ($46.9 million received as of December 31, 2001, with the remaining $9.5 million received in January 2002), of which $27.3 million related to business interruption and $29.1 million related to property damage, clean-up costs and other extra expenses. The Company recognized a $17.5 million pre-tax gain in fourth quarter 2001 related to the property damage recovery after deducting $11.6 million of clean-up costs and other extra expenses incurred and the carrying value of assets destroyed in the fire. The gain was excluded from the determination of operating income. The $27.3 million of business interruption proceeds recognized in 2001 were allocated between other income, excluding corporate, which reflects recovery of lost margin ($7.2 million) and as a reduction of cost of sales to offset unallocated period costs ($20.1 million). No additional insurance recoveries related to the Leverkusen fire are expected to be received and there was no impact on the results of operations of the Company in the first quarter 2002.

Note 15 - Condensed consolidating financial information:

The Company's 11.75% Senior Secured Notes (the "Notes") are collateralized by a series of intercompany notes to NL (the "Parent Issuer"). The Notes are also collateralized by a first priority lien on the stock of Kronos.

In the event of foreclosure, the holders of the Notes would have access to the consolidated assets, earnings and equity of the Company. The Company believes the collateralization of the Notes, as described above, is the functional economic equivalent of a joint and several, full and unconditional guarantee of the Notes by Kronos.

Management believes that separate financial statements would not provide additional material information that would be useful in assessing the financial position of Kronos (the "Guarantor Subsidiaries"). In lieu of providing separate financial statements of the Guarantor Subsidiaries, the Company has included condensed consolidating financial information of the Parent Issuer, Guarantor Subsidiaries and non-guarantor subsidiaries in accordance with Rule 3-10(e) of the SEC's Regulation S-X. The Guarantor Subsidiaries and the non-guarantor subsidiaries comprise all of the direct and indirect subsidiaries of the Parent Issuer.

Investments in subsidiaries are accounted for by NL under the equity method, wherein the parent company's share of earnings is included in net income. Elimination entries eliminate (i) the parent's investments in subsidiaries and the equity in earnings of subsidiaries, (ii) intercompany payables and receivables and (iii) other transactions between subsidiaries.

NL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidating Balance Sheet
March 31, 2002
(In thousands)

ASSETS	NL Industries Inc.	Kronos, Inc.	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Current assets:					
Cash and cash equivalents	$ 8,464	$ 52,262	$ 15,658	$ --	$ 76,384
Restricted cash equivalents	50,683	--	4,088	--	54,771
Restricted marketable debt securities	8,663	--	--	--	8,663
Accounts and notes receivable	1,675	137,325	238	--	139,238
Receivable from affiliates	13,843	44	1,513	(12,099)	3,301
Refundable income taxes	--	1,168	13	--	1,181
Inventories	--	187,209	--	--	187,209
Prepaid expenses	574	3,514	56	--	4,144
Deferred income taxes	6,161	4,440	--	--	10,601

Total current assets	90,063	385,962	21,566	(12,099)	485,492
Other assets:					
Investment in subsidiaries	1,081,453	--	288	(1,081,741)	--
Marketable equity securities	368	--	42,337	--	42,705
Receivable from affiliates	169,000	629,798	66,400	(833,798)	31,400
Investment in TiO2 manufacturing joint venture	--	137,528	--	--	137,528
Prepaid pension cost	2,432	15,952	--	--	18,384
Restricted cash equivalents	5,640	--	--	--	5,640
Restricted marketable debt securities	11,219	--	--	--	11,219
Other	1,131	9,630	8,921	--	19,682
Total other assets	1,271,243	792,908	117,946	(1,915,539)	266,558
Property and equipment, net	3,546	321,981	11	--	325,538
	$ 1,364,852	$ 1,500,851	$ 139,523	$(1,927,638)	$ 1,077,588

NL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidating Balance Sheet, (Continued)
March 31, 2002
(In thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	NL Industries Inc.	Kronos, Inc.	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Current liabilities:					
Notes payable	$ --	$ 46,382	$ --	$ --	$ 46,382
Current maturities of long-term debt	--	1,038	--	--	1,038
Accounts payable and accrued liabilities	25,383	112,464	4,695	--	142,542
Payable to affiliates	9,667	9,930	632	(12,099)	8,130
Accrued environmental costs	7,975	--	44,497	--	52,472
Income taxes	183	6,203	129	--	6,515
Deferred income taxes	--	1,501	--	--	1,501
Total current liabilities	43,208	177,518	49,953	(12,099)	258,580
Noncurrent liabilities:					
Long-term debt	169,000	1,246	--	--	170,246
Notes payable to affiliate	664,798	169,000	--	(833,798)	--
Deferred income taxes	77,005	66,099	328	--	143,432
Accrued environmental costs	8,934	6,566	35,912	--	51,412
Accrued pension cost	1,431	24,775	--	--	26,206
Accrued postretirement benefits cost	16,817	12,719	--	--	29,536
Other	7,359	7,129	--	--	14,488
Total noncurrent liabilities	945,344	287,534	36,240	(833,798)	435,320
Minority interest	--	290	7,098	--	7,388
Shareholders' equity	376,300	1,035,509	46,232	(1,081,741)	376,300
	$ 1,364,852	$ 1,500,851	$ 139,523	$(1,927,638)	$ 1,077,588

NL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidating Balance Sheet
December 31, 2001
(In thousands)

ASSETS	NL Industries Inc.	Kronos, Inc.	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Current assets:					
Cash and cash equivalents	$ 10,413	$ 54,717	$ 50,907	$ --	$ 116,037
Restricted cash equivalents	63,257	--	--	--	63,257
Restricted marketable debt securities	3,583	--	--	--	3,583
Accounts and notes receivable	1,621	123,870	230	--	125,721
Receivable from affiliates	8,106	47	1,514	(5,969)	3,698
Refundable income taxes	--	1,528	2	--	1,530
Inventories	--	231,056	--	--	231,056
Prepaid expenses	551	2,642	--	--	3,193
Deferred income taxes	6,371	4,640	--	--	11,011
Total current assets	93,902	418,500	52,653	(5,969)	559,086
Other assets:					
Investment in subsidiaries	1,072,551	--	288	(1,072,839)	--
Marketable equity securities	216	--	45,011	--	45,227
Receivable from affiliates	194,000	655,918	31,650	(849,918)	31,650
Investment in TiO2 manufacturing joint venture	--	138,428	--	--	138,428
Prepaid pension cost	2,368	16,043	--	--	18,411
Restricted marketable debt securities	16,121	--	--	--	16,121
Other	1,318	11,100	--	--	12,418
Total other assets	1,286,574	821,489	76,949	(1,922,757)	262,255
Property and equipment, net	3,725	326,025	--	--	329,750
	$ 1,384,201	$ 1,566,014	$ 129,602	$(1,928,726)	$ 1,151,091

NL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidating Balance Sheet, (Continued)
December 31, 2001
(In thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY	NL Industries Inc.	Kronos, Inc.	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Current liabilities:					
Notes payable	$ --	$ 46,201	$ --	$ --	$ 46,201
Current maturities of long-term debt ...	--	1,033	--	--	1,033
Accounts payable and accrued liabilities	23,544	152,633	46	--	176,223
Payable to affiliates	1,083	11,365	440	(5,969)	6,919
Accrued environmental costs	10,529	--	49,362	--	59,891
Income taxes	96	7,181	--	--	7,277
Deferred income taxes	--	1,530	--	--	1,530
Total current liabilities	35,252	219,943	49,848	(5,969)	299,074
Noncurrent liabilities:					
Long-term debt	194,000	1,465	--	--	195,465
Notes payable to affiliate	655,918	194,000	--	(849,918)	--
Deferred income taxes	78,708	64,163	385	--	143,256
Accrued environmental costs	7,489	6,732	33,368	--	47,589
Accrued pension cost	1,427	25,558	--	--	26,985
Accrued postretirement benefits cost ...	16,806	13,036	--	--	29,842
Other	7,658	7,071	--	--	14,729
Total noncurrent liabilities	962,006	312,025	33,753	(849,918)	457,866
Minority interest	--	284	6,924	--	7,208
Shareholders' equity	386,943	1,033,762	39,077	(1,072,839)	386,943
	$ 1,384,201	$ 1,566,014	$ 129,602	$(1,928,726)	$ 1,151,091

NL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidating Statement of Income
Three months ended March 31, 2002
(In thousands)

	NL Industries Inc.	Kronos, Inc.	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues and other income:					
Net sales	$ --	$ 202,357	$ --	$ --	$ 202,357
Interest and dividends	6,115	8,741	871	(14,225)	1,502
Equity in income of subsidiaries	16,783	--	--	(16,783)	--
Litigation settlement gains, net	1,920	--	--	--	1,920
Other income (expense), net	1,012	561	--	--	1,573
	25,830	211,659	871	(31,008)	207,352
Costs and expenses:					
Cost of sales	--	156,253	--	--	156,253
Selling, general and administrative	8,164	25,710	971	--	34,845
Interest	14,300	6,367	--	(14,225)	6,442
	22,464	188,330	971	(14,225)	197,540
Income before income taxes, minority interest and extraordinary item	3,366	23,329	(100)	(16,783)	9,812
Income tax expense (benefit)	(3,078)	6,281	(19)	--	3,184
Income before minority interest and extraordinary item	6,444	17,048	(81)	(16,783)	6,628
Minority interest	--	10	174	--	184
Income before extraordinary item	6,444	17,038	(255)	(16,783)	6,444
Extraordinary item - early extinguishment of debt, net of tax benefit of $32	(60)	--	--	--	(60)
Net income	$ 6,384	$ 17,038	$ (255)	$ (16,783)	$ 6,384

NL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidating Statement of Income
Three months ended March 31, 2001
(In thousands)

	NL Industries Inc.	Kronos, Inc.	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues and other income:					
Net sales	$ --	$ 226,060	$ --	$ --	$ 226,060
Interest and dividends	7,140	6,595	1,559	(12,095)	3,199
Equity in income of subsidiaries	37,477	--	--	(37,477)	--
Litigation settlement gains, net	10,582	--	--	--	10,582
Other income, net	1,001	649	--	--	1,650
	56,200	233,304	1,559	(49,572)	241,491
Costs and expenses:					
Cost of sales	--	149,902	--	--	149,902
Selling, general and administrative	6,641	26,215	(534)	--	32,322
Interest	12,162	6,909	--	(12,095)	6,976
	18,803	183,026	(534)	(12,095)	189,200
Income before income taxes and minority interest	37,397	50,278	2,093	(37,477)	52,291

Income tax expense	2,838	14,308	--	--	17,146
Income before minority interest	34,559	35,970	2,093	(37,477)	35,145
Minority interest	--	5	581	--	586
Net income	$ 34,559	$ 35,965	$ 1,512	$ (37,477)	$ 34,559

NL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidating Statement of Cash Flows
Three months ended March 31, 2002
(In thousands)

	NL Industries Inc.	Kronos, Inc.	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided (used) by operating activities	$ (6,385)	$ 12,665	$ (464)	$ 6,980	$ 12,796
Cash flows from investing activities:					
Capital expenditures	--	(5,461)	--	--	(5,461)
Acquisition of business	--	(9,149)	--	--	(9,149)
Change in restricted cash equivalents and restricted marketable debt securities, net	7,322	--	(232)	(6,980)	110
Loans to affiliates, net	--	--	(34,750)	35,000	250
Other, net	9	27	--	--	36
Net cash provided (used) by investing activities	7,331	(14,583)	(34,982)	28,020	(14,214)
Cash flows from financing activities:					
Principal payments of debt	(25,000)	(263)	--	--	(25,263)
Treasury stock purchased, net	(3,131)	--	--	--	(3,131)
Dividends, net	(9,764)	--	--	--	(9,764)
Loans from affiliates	35,000	--	--	(35,000)	--
Net cash used by financing activities ..	(2,895)	(263)	--	(35,000)	(38,158)
Cash and cash equivalents:					
Net change from:					
Operating, investing and financing activities	(1,949)	(2,181)	(35,446)	--	(39,576)
Currency translation	--	(274)	1	--	(273)
Acquisition of business	--	--	196	--	196
	(1,949)	(2,455)	(35,249)	--	(39,653)
Balance at beginning of year	10,413	54,717	50,907	--	116,037
Balance at end of year	$ 8,464	$ 52,262	$ 15,658	$ --	$ 76,384

NL INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidating Statement of Cash Flows
Three months ended March 31, 2001
(In thousands)

	NL Industries Inc.	Kronos, Inc.	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities ...	$ 6,896	$ 10,608	$ 124	$ (8,358)	$ 9,270
Cash flows from investing activities:					
Capital expenditures	--	(5,913)	--	--	(5,913)

Loan to Tremont Corporation	--	--	(13,400)	--	(13,400)
Change in restricted cash equivalents	2,257	--	--	(1,642)	615
Other, net	--	280	--	--	280
Net cash provided (used) by investing activities	2,257	(5,633)	(13,400)	(1,642)	(18,418)
Cash flows from financing activities:					
Principal payments of debt	--	(177)	--	--	(177)
Treasury stock reissued	593	--	--	--	593
Dividends, net	(10,017)	(10,000)	--	10,000	(10,017)
Net cash used by financing activities	(9,424)	(10,177)	--	10,000	(9,601)
Cash and cash equivalents:					
Net change from:					
Operating, investing and financing activities	(271)	(5,202)	(13,276)	--	(18,749)
Currency translation	--	(1,917)	(3)	--	(1,920)
	(271)	(7,119)	(13,279)	--	(20,669)
Balance at beginning of year	3,632	52,979	63,767	--	120,378
Balance at end of year	$ 3,361	$ 45,860	$ 50,488	$ --	$ 99,709

Note 16 - Commitments and contingencies:

For descriptions of certain legal proceedings, income tax and other commitments and contingencies related to the Company, reference is made to (i) Management's Discussion and Analysis of Financial Condition and Results of Operations, (ii) Part II, Item 1 - "Legal Proceedings," and (iii) the 2001 Annual Report.

Note 17 - Accounting principles not yet adopted:

The Company will adopt SFAS No. 143, Accounting for Asset Retirement Obligations, no later than January 1, 2003. Under SFAS No. 143, the fair value of a liability for an asset retirement obligation covered under the scope of SFAS No. 143 would be recognized in the period in which the liability is incurred, with an offsetting increase in the carrying amount of the related long-lived asset. Over time, the liability would be accreted to its present value, and the capitalized cost would be depreciated over the useful life of the related asset. Upon settlement of the liability, an entity would either settle the obligation for its recorded amount or incur a gain or loss upon settlement. The Company is still studying this newly-issued standard to determine, among other things, whether it has any asset retirement obligations which are covered under the scope of SFAS No. 143, and the effect, if any, to the Company of adopting this standard has not yet been determined.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

	Three months ended March 31, 2002	2001	% Change
	(In millions, except percentages and metric tons)		
Net sales and operating income			
Net sales	$202.4	$226.1	-10%
Operating income	$ 22.2	$ 51.9	-57%
Operating income margin	11%	23%	

percentage			
TiO2 operating statistics			
Percent change in average selling price (in billing currencies)			-15%
Sales volume (metric tons in .... thousands)	112	103	+9%
Production volume (metric tons .. in thousands)	106	108	-2%

Kronos' operating income in the first quarter of 2002 decreased $29.7 million or 57% from the first quarter of 2001 due to lower average selling prices partially offset by higher sales volume.

Kronos' average selling price in billing currencies (which excludes the effects of foreign currency translation) during the first quarter of 2002 was 15% lower than the first quarter of 2001 and 5% lower than the fourth quarter of 2001. Compared with the fourth quarter of 2001, prices in billing currencies were lower in all major markets. The average selling price in billing currencies in March was slightly lower than the average selling price during the first quarter. Average selling prices in billing currencies continued to decline throughout the first quarter, however, the rate of decline slowed during the first quarter. The Company expects a lower average selling price for full-year 2002 compared to full-year 2001.

First-quarter 2002 sales volume was a record first quarter for Kronos and first quarter 2002 sales volume increased 9% from the first quarter of 2001 and increased 23% from the fourth quarter of 2001. Sales volume in the first quarter of 2002 was 9% and 15% higher in Europe and North America, respectively, compared with the first quarter of 2001, while export volume decreased 6%. Compared with the fourth quarter of 2001, sales volume increased 29% and 25% in Europe and North America, respectively, while export sales volume decreased moderately. Kronos anticipates its sales volume for full-year 2002 will be higher than full-year 2001. Finished goods inventory decreased approximately 6,300 metric tons during the quarter and inventory levels at the end of March represented about two months of sales.

First-quarter 2002 production volume was 2% lower than the comparable 2001 period with operating rates at 96% in the first quarter of 2002 compared with near full capacity in the first quarter of 2001. Kronos anticipates its production volume for full-year 2002 will be higher than that of full-year 2001, due in part to the Leverkusen fire.

A fire on March 20, 2001 damaged a section of the Company's Leverkusen, Germany 35,000 metric ton sulfate-process TiO2 plant ("Sulfate Plant") and, as a result, production of TiO2 at the Leverkusen facility was halted. The fire did not enter the Company's adjacent 125,000 metric ton chloride-process TiO2 plant ("Chloride Plant"), but did damage certain support equipment necessary to operate that plant. The damage to the support equipment resulted in a temporary shutdown of the Chloride Plant. The Chloride Plant became fully operational in April 2001 and the Sulfate Plant became approximately 50% operational in September 2001 and fully operational in late October 2001.

The Company settled its insurance claim involving the Leverkusen fire for $56.4 million during the fourth quarter of 2001 ($46.9 million received as of December 31, 2001, with the remaining $9.5 million received in January 2002), of which $27.3 million related to business interruption and $29.1 million related to property damage, clean-up costs and other extra expenses. The Company recognized a $17.5 million pre-tax gain in 2001 related to the property damage recovery after deducting $11.6 million of clean-up costs and other extra expenses incurred and the carrying value of assets destroyed in the fire. The gain was excluded from the determination of operating income. The $27.3 million of business interruption proceeds recognized in 2001 were allocated between other income, excluding corporate, which reflected recovery of lost margin ($7.2 million) and as a reduction of cost of sales to offset unallocated period costs ($20.1 million). No additional insurance recoveries related to the Leverkusen fire are expected to be received and there was no impact on the results of operations of the Company in the first quarter of 2002.

The Company expects TiO2 industry demand in 2002 to continue to improve over 2001 levels, because it expects worldwide economic conditions to improve and customer inventory levels to increase. Kronos' TiO2 production volume in 2002 is expected to approximate Kronos' 2002 TiO2 sales volume. In January 2002, Kronos announced price increases in all major markets of approximately 5% to 8% above existing December 2001 prices, scheduled to be implemented during the second quarter of 2002. Kronos is hopeful that it will realize a portion of the announced price increases, but the extent to which Kronos can realize these and possibly other price increases during 2002 will depend on improving market conditions and global economic recovery. However, because TiO2 prices were declining in 2001 and the first quarter of 2002, the Company believes that its average 2002 prices in billing currencies will be significantly below its average 2001 prices, even if price increases are realized. Overall, the Company expects its TiO2 operating income in 2002 will be significantly lower than 2001, primarily due to lower average TiO2 selling prices. The Company's expectations as to the future prospects of the Company and the TiO2 industry are based upon a number of factors beyond the Company's control, including worldwide growth of gross domestic product, competition in the marketplace, unexpected or earlier-than-expected capacity additions and technological advances. If actual developments differ from the Company's expectations, the Company's results of operations could be unfavorably affected.

Compared to the year-earlier period, cost of sales as a percentage of net sales increased in the first quarter of 2002 primarily due to lower average selling prices in billing currencies and lower production volume, partially offset by lower energy costs. Excluding the effects of foreign currency translation, which decreased the Company's expenses in the first quarter of 2002 compared to year-earlier period, the Company's selling, general and administrative expenses, excluding corporate expenses, in the first quarter of 2002 were comparable to the first quarter of 2001.

A significant amount of Kronos' sales and operating costs are denominated in currencies other than the U.S. dollar. Fluctuations in the value of the U.S. dollar relative to other currencies, primarily a stronger U.S. dollar compared to the euro in the first quarter of 2002 versus the year-earlier period, decreased the dollar value of sales in the first quarter of 2002 by a

net $6.0 million when compared to the year-earlier period. When translated from billing currencies to U.S. dollars using currency exchange rates prevailing during the respective periods, Kronos' first-quarter 2002 average selling price in U.S. dollars was 18% lower than in the first quarter of 2001 and 6% lower than the fourth quarter of 2001. The effect of the stronger U.S. dollar on Kronos' operating costs that are not denominated in U.S. dollars reduced operating costs in the first quarter of 2002 compared to the year-earlier period. In addition, sales to export markets are typically denominated in U.S. dollars and a stronger U.S. dollar improves margins on these sales at the Company's non-U.S. subsidiaries. The favorable margin on export sales tends to offset the unfavorable effect of translating local currency profits to U.S. dollars when the dollar is stronger. As a result, the net impact of currency exchange rate fluctuations on operating income in the first quarter of 2002 was not significant when compared to the first quarter of 2001.

General corporate

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

	Three months ended March 31, 2002	2001	Difference
	(In millions)		
Securities earnings	$ 1.3	$ 2.6	$ (1.3)
Corporate income	2.9	11.6	(8.7)
Corporate expense	(10.1)	(6.8)	(3.3)
Interest expense	(6.4)	(7.0)	.6

	$ (12.3)	$ .4	$ (12.7)
	=======	=======	=======

Securities earnings in the first three months of 2002 declined from the comparable period in 2001 primarily due to lower levels of funds invested and lower average yields. The Company expects securities earnings to be lower in 2002 compared with 2001 due to lower average yields and lower average levels of funds available for investment.

Corporate income in the first quarter of 2002 and 2001 included litigation settlement gains with former insurance carrier groups of $1.9 million and $10.6 million, respectively. See Note 13 to the Consolidated Financial Statements. No further material settlements relating to litigation concerning environmental remediation coverage are expected.

Corporate expense in the first three months of 2002 was higher than the year-earlier period, primarily due to higher environmental remediation expenses and higher legal fees. The Company expects corporate expense in 2002 to be higher than full year 2001.

Interest expense in the first quarter of 2002 decreased 9% primarily due to reduced levels of outstanding non-U.S. dollar denominated variable rate debt. Assuming no significant change in interest rates, interest expense in 2002 is expected to be lower than full year 2001 due to lower levels of outstanding indebtedness, including the effect of the $25 million in principal amount redemption of the 11.75% Senior Secured Notes in March 2002.

Provision for income taxes

The Company reduced its deferred income tax valuation allowance by $.1 million in the first quarter of 2002 and $.7 million in the first quarter of 2001 primarily as a result of utilization of certain tax attributes for which the benefit had not been previously recognized under the "more-likely-than-not" recognition criteria.

Accounting principles not yet adopted

See Note 17 to the Consolidated Financial Statements.

Other

Minority interest primarily relates to the Company's majority-owned environmental management subsidiary, NL Environmental Management Services, Inc. ("EMS").

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated cash flows from operating, investing and financing activities for the three months ended March 31, 2002 and 2001 are presented below.

	Three months ended March 31,	
	2002	2001
	(In millions)	
Net cash provided (used) by:		
Operating activities:		
Before changes in assets and liabilities	$ 15.2	$ 39.2
Changes in assets and liabilities	(2.4)	(29.9)
	-------	-------
	12.8	9.3
Investing activities	(14.2)	(18.4)
Financing activities	(38.2)	(9.6)
	-------	-------

Net cash used by operating, investing, and financing activities	$ (39.6)	$ (18.7)
	=======	=======

Operating activities

The TiO2 industry is cyclical and changes in economic conditions within the industry significantly affect the earnings and operating cash flows of the Company. Cash flow from operations, before changes in assets and liabilities, in the first three months of 2002 decreased from the comparable period in 2001 primarily due to $29.7 million of lower operating income. The net cash used to fund changes in the Company's inventories, receivables and payables (excluding the effect of currency translation) in the first three months of 2002 was significantly less than the first three months of 2001 with $20 million lower inventory balances (net of raw material accruals) and the collection of $9.5 million of insurance proceeds, offset by decreases in accounts payable and accrued liabilities in the first three months of 2002. Inventories and accounts payable were affected by certain non-cash accruals for certain titanium ore contracts of $31.6 million and $15.3 million at December 31, 2001 and 2000,

respectively. These non-cash accruals were reversed as raw materials were received under the contracts in the amounts of $25.8 million and $15.3 million in first quarters 2002 and 2001, respectively.

Investing activities

Capital expenditures of $5.5 million in first quarter 2002 included approximately $1.2 million related to ongoing reconstruction of the Leverkusen, Germany sulfate plant.

In January 2002, the Company acquired all of the stock and limited liability company units of EWI RE, Inc. and EWI RE, Ltd. (collectively "EWI"), respectively, for an aggregate of $9.2 million in cash, including capitalized acquisition costs of $.2 million. See Note 3 to the Consolidated Financial Statements.

A majority-owned subsidiary of the Company, NL Environmental Management Services, Inc. ("EMS"), loaned $13.4 million to Tremont under a reducing revolving loan agreement in the first quarter of 2001. See Note 1 to the Consolidated Financial Statements. The loan was approved by special committees of the Company's and EMS's Boards of Directors. The loan bears interest at prime plus 2% (6.75% at March 31, 2002), is due March 31, 2003 and is collateralized by 10.2 million shares of NL common stock owned by Tremont. The creditworthiness of Tremont is dependent in part on the value of the Company as Tremont's interest in the Company is one of Tremont's more substantial assets. The maximum amount available for borrowing by Tremont reduces by $250,000 per quarter. In the first quarter 2002 Tremont repaid $250,000 of the loan. At March 31, 2002, the outstanding loan balance was $12.4 million and no amounts were available for additional borrowings by Tremont. The Company understands that Tremont may find it necessary to seek amendment of the terms of the revolving loan agreement and seek, among other things, extension of the maturity date and to increase the amount of borrowings available to Tremont in order for Tremont to meet its projected near term obligations and continue the payment of dividends at the present quarterly rate. The merits of Tremont's proposal will be considered once received. If the loan is extended, the Company does not expect a material impact on its liquidity. The current loan receivable balance of $1.0 million was included in receivable from affiliates at March 31, 2002. The remaining loan balance of $11.4 million was classified as noncurrent at March 31, 2002, as the Company does not expect repayment within one year. See Note 8 to the Consolidated Financial Statements.

Financing activities

In March 2002 the Company redeemed $25.0 million principal amount of the 11.75% Senior Secured Notes due October 2003 at the current call price of 100%. The Company may redeem additional 11.75% Senior Secured Notes in 2002, however, there is no assurance that further redemptions will occur.

In the first quarter of 2002, the Company paid a regular quarterly dividend to shareholders of $.20 per share, aggregating $9.8 million. At March

31, 2002, the Company had $33 million available for payment of dividends, acquisition of treasury shares, acquisition of affiliate stock and other restricted payments as defined in the 11.75% Senior Secured Notes indenture. On May 8, 2002, the Company's Board of Directors declared a regular quarterly dividend of $.20 per share to shareholders of record as of June 14, 2002 to be paid on June 24, 2002.

Pursuant to its share repurchase program, the Company purchased 228,000 shares of its common stock in the open market at an aggregate cost of $3.3 million in the first quarter of 2002. Approximately 979,000 additional shares

are available for purchase under the Company's repurchase program. The available shares may be purchased over an unspecified period of time and are to be held as treasury shares available for general corporate purposes.

Cash, cash equivalents, restricted cash and restricted marketable debt securities and borrowing availability

At March 31, 2002, the Company had cash and cash equivalents aggregating $76 million ($43 million held by non-U.S. subsidiaries) and an additional $80 million of restricted cash equivalents and restricted marketable debt securities held by the Company, of which $17 million was classified as a noncurrent asset. The Company's subsidiaries had $8 million available for borrowing at March 31, 2002 under existing non-U.S. credit facilities.

Income tax contingencies

Certain of the Company's tax returns in various U.S. and non-U.S. jurisdictions are being examined and tax authorities have proposed or may propose tax deficiencies, including penalties and interest.

The Company's 1998 U.S. federal income tax return is currently being examined by the U.S. Internal Revenue Service. The Company has granted an extension of the statute of limitations for assessment until September 30, 2003.

The Company has received preliminary tax assessments for the years 1991 to 1997 from the Belgian tax authorities proposing tax deficiencies, including related interest, of approximately (euro)10.4 million ($9.1 million at March 31, 2002). The Company has filed protests to the assessments for the years 1991 to 1997. The Company is in discussions with the Belgian tax authorities and believes that a significant portion of the assessments is without merit.

No assurance can be given that the Company's tax matters will be favorably resolved due to the inherent uncertainties involved in court and tax proceedings. The Company believes that it has provided adequate accruals for additional 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 March 31, 2002, the Company had net deferred tax liabilities of $134 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 $150 million at March 31, 2002, principally related to Germany, partially offsetting deferred tax assets which the Company believes do not currently meet the "more-likely-than-not" recognition criteria.

Environmental matters and litigation

The Company has been named as a defendant, potentially responsible party ("PRP"), or both, in a number of legal proceedings associated with environmental matters, including waste disposal sites, mining locations and facilities currently or previously owned, operated or used by the Company, certain of which are on the U.S. Environmental Protection Agency's (the "U.S. EPA") 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, including sites for which EMS has contractually assumed the Company's obligation. The Company believes it has adequate accruals ($104 million at March 31, 2002) 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 allocations of such costs among PRPs. It is not possible to estimate the range of costs for certain sites. 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 $155 million. The Company's estimates of such liabilities have not been discounted to present value. No assurance can be given that actual costs will not exceed either 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 with respect to site cleanup costs, or the 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. Furthermore, there can be no assurance that additional environmental matters will not arise in the future.

Lead pigment litigation

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. There is no assurance that the Company will not incur future liability in respect of this pending litigation in view of the inherent uncertainties involved in court and jury rulings in pending and possible future cases. However, based on, among other things, the results of such litigation to date, the Company believes that the pending lead pigment and paint litigation is without merit. The Company has not accrued any amounts for such pending litigation. Liability that may result, if any, cannot reasonably be estimated. 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 which would permit civil liability for damages on the basis of market share, rather than requiring plaintiffs to prove that the defendant's product caused the alleged damage, and bills which would revive actions barred by the statute of limitations. The Company currently believes the disposition of all claims and disputes, individually and in the aggregate, should not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity. The Company expects that additional lead pigment and lead-based litigation may be filed against the Company in the future asserting similar or different legal theories and seeking similar or different types of damages and relief. See Item 1 - "Legal Proceedings."

Other

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 in the past has sought, and in the future may seek, to reduce, refinance, repurchase or restructure indebtedness; raise additional capital;

repurchase shares of its common stock; 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, divestiture, joint venture or other business combinations in the chemicals or other industries, as well as the acquisition of interests in, and loans to, related companies. In the event of any acquisition or joint venture transaction, 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.

Special note regarding forward-looking statements

The statements contained in this Report on Form 10-Q ("Quarterly Report") which are not historical facts, including, but not limited to, statements found under the captions "Results of Operations" and "Liquidity and Capital Resources" above, are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Forward-looking statements can be identified by the use of words such as "believes," "intends," "may," "will," "should," "could," "anticipates," "expects," or comparable terminology or by discussions of strategy or trends. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve risks and uncertainties, including, but not limited to, the cyclicality of the titanium dioxide industry, global economic and political conditions, global productive capacity, customer inventory levels, changes in product pricing, changes in product costing, changes in foreign currency exchange rates, competitive technology positions, operating interruptions (including, but not limited to, labor disputes, leaks, fires, explosions, unscheduled downtime, transportation interruptions, war and terrorist activities), recoveries from insurance claims and the timing thereof, the ultimate resolution of pending or possible future lead pigment litigation and legislative developments related to the lead paint litigation, the outcome of other litigation, and other risks and uncertainties included in this Quarterly Report and in the 2001 Annual Report, and the uncertainties set forth from time to time in the Company's filings with the Securities and Exchange Commission. Should one or more of these risks materialize (or the consequences of such a development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those forecasted or expected. The Company disclaims any intention or obligation to update publicly or revise such statements whether as a result of new information, future events or otherwise.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to the 2001 Annual Report for descriptions of certain previously reported legal proceedings.

Cofield, et. al. v. Lead Industries Association, et al. (Circuit Court for Baltimore City, Maryland, Case No. 24-C-99-004491). The time for plaintiffs to timely file an appeal of the previously reported dismissal of this case has expired and with no notice of appeal having been received by the Company.

Lewis, et al. v. Lead Industries Association, et al. (Circuit Court of Cook County, Illinois, County Department, Chancery Division, Case No. 00CH09800). In March 2002 the trial court dismissed all claims in this previously reported case. Plaintiffs have appealed.

Gaines, et al. v. The Sherwin-Williams Company, et al. (Circuit Court of Jefferson County, Mississippi, Civil Action No. 2000-0604). Upon motion to reconsider the case has been remanded to state court and local paint retailers reinstated as defendants in this previously reported case.

In re: Lead Paint Litigation, Superior Court of New Jersey, Middlesex County, Case Code 702. One additional municipality has filed suit in this previously reported case.

Rainer, et al. v. E.I. du Pont de Nemours, et al. ("Rainer I"), No. 5:00CV-223-M; Rainer, et al. v. Bill Richardson, et al. ("Rainer II"), No. 5:00CV-220-M; Shaffer, et al. v. Atomic Energy Commission, et al. ("Shaffer"), No. 5:00CV-307-M. In March 2002 the court approved the previously reported settlement in these cases and dismissed the claims against the Company and NLO, Inc. ("NLO") and the Department of Energy ("DOE") has agreed to pay the settlement amount. In the previously reported case of Dew, et al. v. Bill Richardson, et al. ("Dew"), No. 5:00CV-221-M, the Company's and NLO's motions to dismiss plaintiffs' claims were granted in part and denied in part. Pretrial proceedings and discovery continue in the Dew case.

Liberty Independent School District, et al. v. Lead Industries Association, et al. (District Court of Liberty County, Texas, No. 63,332). In May 2002 the Company was served with an amended complaint in this previously reported case. The amended complaint adds Liberty County, the City of Liberty, and the Dayton Independent School District as plaintiffs and drops the Lead Industries Association as a defendant.

It is possible that other governmental entities or other plaintiffs may file claims related to lead pigment and paint similar to those described above and in the 2001 Annual Report.

Since the filing of the 2001 Annual Report, the Company has been named as a defendant in asbestos cases in various jurisdictions on behalf of approximately 150 additional personal injury claimants.

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

The Company held its Annual Meeting of Shareholders on May 8, 2002. All the nominees for director were elected with the voting results for each as follows:

Director	Shares For	Shares Withheld
Ms. Ann Manix	47,166,757	448,386
Mr. J. Landis Martin	47,337,241	277,902
Mr. George E. Poston	47,394,487	220,656
Mr. Glenn R. Simmons	47,122,427	492,716
Mr. Harold C. Simmons	47,124,025	491,118
General Thomas P. Stafford	47,183,951	431,192
Mr. Steven L. Watson	47,116,287	498,856

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10.1 - Intercorporate Services Agreement by and between Contran Corporation and the Registrant effective as of January 1, 2002.

10.2 - Intercorporate Services Agreement by and between Tremont Corporation and the Registrant effective as of January 1, 2002.

10.3 - Intercorporate Services Agreement by and between Titanium Metals Corporation and the Registrant effective as of January 1, 2002.

(b) Reports on Form 8-K

There were no Reports on Form 8-K filed during the quarter ended March 31, 2002 and through the date of this report.

SIGNATURES

Pursuant to the requirements 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)

Date: May 13, 2002

By /s/ Robert D. Hardy

Robert D. Hardy
Principal Financial and
Accounting Officer

EXHIBIT 10.1

INTERCORPORATE SERVICES AGREEMENT

This INTERCORPORATE SERVICES AGREEMENT (the "Agreement"), effective as of January 1, 2002, amends and supersedes that certain Intercorporate Services Agreement effective as of January 1, 2001 between CONTRAN CORPORATION, a Delaware corporation ("Contran"), and NL INDUSTRIES, INC., a New Jersey corporation ("NL").

Recitals

A. NL desires to have the services of certain Contran personnel and Contran is willing to provide such services under the terms of this Agreement.

B. Contran desires to have the services of certain NL personnel and NL is willing to provide such services under the terms of this Agreement.

C. The costs of maintaining the additional personnel necessary to perform the functions provided for by this Agreement would exceed the amount charged to such party that is contained in the net fee set forth in Section 4 of this Agreement and that the terms of this Agreement are no less favorable to each party than could otherwise be obtained from a third party for comparable services.

D. Each party desires to continue receiving the services presently provided by the other party and its affiliates and each party is willing to continue to provide such services under the terms of this Agreement.

Agreement

For and in consideration of the mutual premises, representations and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto mutually agree as follows:

Section 1. Contran Services to be Provided. Contran agrees to make available to NL, upon request, the following services (the "Contran Services") to be rendered by the internal staff of Contran and affiliates of Contran:

(a) Consultation and assistance in the development and implementation of NL's corporate business strategies, plans and objectives;

(b) Consultation and assistance in management and conduct of corporate affairs and corporate governance consistent with the charter and bylaws of NL;

(c) Consultation and assistance in maintenance of financial records and controls, including preparation and review of periodic financial statements and reports to be filed with public and regulatory entities and those required to be prepared for financial institutions or pursuant to indentures and credit agreements;

(d) Consultation and assistance in cash management and in arranging financing necessary to implement the business plans of NL;

(e) Consultation and assistance in tax management and administration, including, without limitation, preparation and filing of tax returns, tax reporting, examinations by government authorities and tax planning;

(f) certain administration and management services with respect to NL's insurance and risk management needs, including, without limitation, administration of NL's:

(i) property and casualty insurance program,

(ii) claims management program,

(iii) property loss control program; and

(g) Such other services as may be requested by NL from time to time.

Section 2. NL Services to be Provided. NL agrees to make available to Contran, upon request, the following services (the "NL Services," and collectively with the Contran Services, the "Services") to be rendered by the internal staff of NL:

(a) certain administration and support services with respect to Contran's insurance and risk management needs; and

(b) Such other services as may be requested by Contran from time to time.

This Agreement does not apply to, and the Services provided for herein do not include, any services that Harold C. Simmons, Glenn R. Simmons or Steven L. Watson may provide to NL in their roles as members of NL's board of directors or any other activity related to such board of directors.

Section 3. Miscellaneous Services. It is the intent of the parties hereto that each party to this Agreement provide (a "Providing Party") only such Services as are requested by the other party (a "Receiving Party") in connection with routine management, financial and administrative functions related to the ongoing operations of the Receiving Party and not with respect to special projects, including corporate investments, acquisitions and divestitures. The parties hereto contemplate that the Services rendered by a Providing Party in connection with the conduct of each Receiving Party's business will be on a scale compared to that existing on the effective date of this Agreement, adjusted for internal corporate growth or contraction, but not for major corporate acquisitions or divestitures, and that adjustments may be required to the terms of this Agreement in the event of such major corporate acquisitions, divestitures or special projects. Each Receiving Party will continue to bear all other costs required for outside services including, but not limited to, the outside services of attorneys, auditors, trustees, consultants, transfer agents and registrars, and it is expressly understood that each Providing Party assumes no liability for any expenses or services other than those stated in this

Agreement to be provided by such party. In addition to the amounts charged to a Receiving Party for Services provided pursuant to this Agreement, such Receiving Party will pay the Providing Party the amount of out-of-pocket costs incurred by the Providing Party in rendering such Services.

Section 4. Net Fee for Services. NL agrees to pay to Contran a net annual fee of $1,503,000 payable in quarterly installments of $375,750 each on the first business day of each quarter, commencing as of January 1, 2002, pursuant to this Agreement. In addition to the net annual fee:

(a) Contran shall credit or pay to NL additional amounts plus all related out-of-pocket costs, all as agreed to by the parties, for all NL Services provided under Subsection 2(b); and

(b) NL shall credit or pay to Contran additional amounts plus all related out-of-pocket costs, all as agreed to by the parties, for all Contran Services provided under Subsection 1(f).

Section 5. Original Term. Subject to the provisions of Section 6 hereof, the original term of this Agreement shall be from January 1, 2002 to December 31, 2002.

Section 6. Extensions. This Agreement shall be extended on a quarter-to-quarter basis after the expiration of its original term unless written notification is given by Contran or NL thirty (30) days in advance of the first day of each successive quarter or unless it is superseded by a subsequent written agreement of the parties hereto.

Section 7. Limitation of Liability. In providing Services hereunder, each Providing Party shall have a duty to act, and to cause its agents to act, in a reasonably prudent manner, but no Providing Party nor any officer, director, employee or agent of such party nor or its affiliates shall be liable to a Receiving Party for any error of judgment or mistake of law or for any loss incurred by the Receiving Party in connection with the matter to which this Agreement relates, except a loss resulting from willful misfeasance, bad faith or gross negligence on the part of the Providing Party.

Section 8. Indemnification. Each Receiving Party shall indemnify and hold harmless the Providing Party, its affiliates and their respective officers, directors and employees from and against any and all losses, liabilities, claims, damages, costs and expenses (including attorneys' fees and other expenses of litigation) to which such Providing Party or person may become subject arising out of the Services provided by such Providing Party to the Receiving Party hereunder, provided that such indemnity shall not protect any person against any liability to which such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence on the part of such person.

Section 9. Confidentiality. Except as otherwise required by applicable law, each of the parties agrees that it will maintain in confidence all confidential information regarding the other party supplied to it in the course of the performance of this Agreement.

Section 10. Further Assurances. 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 be required in order to effectuate the purposes of this Agreement and to carry out the terms hereof.

Section 11. Notices. All communications hereunder shall be in writing and shall be addressed, if intended for Contran, to Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240, Attention: President, or such other address as it shall have furnished to NL in writing, and if intended for NL, to Two Greenspoint Plaza, 16825 Northchase Drive, Suite 1200, Houston, Texas 77060, Attention: President, or such other address as it shall have furnished to Contran in writing.

Section 12. Amendment and Modification. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated other than by agreement in writing signed by the parties hereto.

Section 13. Successor and Assigns. This Agreement shall be binding upon and inure to the benefit of Contran and NL and their respective successors and assigns, except that neither party may assign its rights under this Agreement without the prior written consent of the other party.

Section 14. Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the state of Texas.

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

CONTRAN CORPORATION

By:/s/ Steven L. Watson

Steven L. Watson
President

NL INDUSTRIES, INC.

By:/s/ Robert D. Hardy

Robert D. Hardy
Vice President

EXHIBIT 10.2

INTERCORPORATE SERVICES AGREEMENT

INTERCORPORATE SERVICES AGREEMENT effective as of January 1, 2002 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 tax services and use of NL's corporate aircraft to Tremont, and NL is willing to provide such services to Tremont pursuant to the terms of 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 the following services (the "Services"):

(a) consultation and assistance in tax management and administration, including, without limitation, preparation and filing of tax returns, tax reporting, examinations by government authorities and tax planning; and

(b) use of corporate aircraft.

2. Fees for Services and Reimbursement of Expenses. During the Term (as defined below) of this Agreement, Tremont shall pay to NL an annual fee of $81,650 (the "Annual Fee") for the Services described in paragraph 1(a) above payable in quarterly installments of $20,412 plus all out-of-pocket expenses incurred in connection with the performance of such Services. Regarding Services described in Paragraph 1(b), Tremont will pay to NL within thirty (30) days after receipt of an invoice an amount equal to Tremont's share of NL's corporate aircraft expenses which includes Tremont's share of the monthly management fee (computed on a per hour basis) and actual flight hour costs at a rate of $1,911 per hour (subject to annual escalation) plus fuel variable charges, segment fees and excise taxes. Notwithstanding the foregoing, 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 thirty (30) 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 any 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 be 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, 2002, and shall remain in effect for a term of one year until December 31, 2002 (the "Term"); provided, however, the Agreement shall be extended on a quarter-to-quarter basis after the expiration of the Term unless written notification is given by either party thirty (30) days in advance of the first day of each successive quarter or unless it is terminated or superseded by a subsequent written agreement of the parties hereto. 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.

11. Confidentiality. Except as otherwise required by applicable law, each of the parties agrees that it will maintain in confidence all confidential information regarding the other party supplied to it in the course of the performance of this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the 8th day of May, 2002, which Agreement will be deemed to be effective as of January 1, 2002.

NL INDUSTRIES, INC.

By:/s/ Robert D. Hardy

Robert D. Hardy
Vice President

TREMONT CORPORATION

By:/s/ Mark A. Wallace

Mark A. Wallace
Vice President

EXHIBIT 10.3

INTERCORPORATE SERVICES AGREEMENT

This INTERCORPORATE SERVICES AGREEMENT (the "Agreement") is made effective as of January 1, 2002, by and between Titanium Metals Corporation ("TIMET"), a Delaware corporation, and NL Industries, Inc. ("NL"), a New Jersey corporation.

WHEREAS, TIMET desires that NL provide certain tax services and use of NL's corporate aircraft to TIMET, as set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and promises set forth herein and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties to this Agreement agree as follows:

1. Services Provided. NL will make available to TIMET and its subsidiaries the following services (the "Services"):

(a) consultation and assistance in tax management and administration, including, without limitation, preparation and filing of tax returns, tax reporting, examinations by government authorities and tax planning;

(b) use of corporate aircraft.

2. Fees for Services and Reimbursement of Expenses. During the Term (as defined below) of the Agreement, TIMET shall pay to NL an annual fee of $250,150 for the Services described in paragraph 1(a) above payable in quarterly installments of $62,537 plus all out-of-pocket expenses incurred in connection with the performance of such Services. Regarding Services described in Paragraph 1(b), TIMET will pay to NL within thirty (30) days after receipt of an invoice an amount equal to TIMET's share of NL's corporate aircraft expenses which includes TIMET's share of the monthly management fee (computed on a per hour basis) and actual flight hour costs at a rate of $1,911 per hour (subject to annual escalation) plus fuel variable charges, segment fees and excise taxes. Notwithstanding the foregoing, in the event that TIMET 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 TIMET or NL, as appropriate, shall provide the other party with a thirty (30) day prior written notice of cancellation describing the Services to be terminated or discontinued and TIMET 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 TIMET or its subsidiaries for any error of judgment or mistake of law or for any loss incurred by TIMET 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 TIMET. TIMET 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 TIMET and its subsidiaries of any of the Services, provided that such indemnity shall not protect any such party against any liability to which such person would otherwise be 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 TIMET:	Titanium Metals 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 erminated 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, 2002, and shall remain in effect for a term of one year until December 31, 2002 (the "Term"); provided, however, the Agreement shall be extended on a quarter-to-quarter basis after the expiration of the Term unless written notification is given by either party thirty (30) days in advance of the first day of each successive quarter or unless it is terminated or superseded by a subsequent written agreement of the parties hereto. 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.

11. Confidentiality. Except as otherwise required by applicable law, each of the parties agrees that it will maintain in confidence all confidential information regarding the other party supplied to it in the course of the performance of this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement effective as of the 8th day of May, 2002, which Agreement will be deemed to be effective as of January 1, 2002.

NL INDUSTRIES, INC.

By:/s/ Robert D. Hardy

Robert D. Hardy
Vice President

TITANIUM METALS CORPORATION

By:/s/ Mark A. Wallace

Mark A. Wallace
Executive Vice President