

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of the earliest event reported)
November 5, 2008

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

New Jersey
(State or other jurisdiction of incorporation)

1-640
(Commission
File Number)

13-5267260
(IRS Employer
Identification No.)

5430 LBJ Freeway, Suite 1700, Dallas, Texas
(Address of principal executive offices)

75240-2697
(Zip Code)

Registrant's telephone number, including area code
(972) 233-1700

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

From time to time, the registrant and companies related to the registrant may have loans or advances outstanding between them pursuant to term or demand notes. These loans or advances are generally entered into for cash management purposes, in which the lender is generally able to earn a higher rate of return on the loan than would have been earned if the lender invested the funds in other investments, and the borrower is able to pay a lower rate of interest than would be paid if the borrower had incurred third-party indebtedness. While certain of these loans may be of a lesser credit quality than cash equivalent instruments otherwise available to the lender, the lender will evaluate the credit risks involved and appropriately reflect the credit risks in the terms of the applicable loan.

In this regard, on October 29, 2008, the independent members of the board of directors of the registrant approved the terms of a loan (the “*Valhi Loan*”) from the registrant to Valhi, Inc., a parent corporation of the registrant (“*Valhi*”), in amounts up to \$40 million pursuant to a form of a revolving demand promissory note. The Valhi Loan was subject to the approval by Valhi. On November 5, 2008, the independent members of Valhi’s board of directors approved the Valhi Loan, and Valhi then executed the revolving demand promissory note documenting the Valhi Loan. Borrowings by Valhi from the registrant under the Valhi Loan are unsecured, generally bear interest at the prime rate minus 1.5% with interest payable quarterly and all principal and interest due on demand (and no later than December 31, 2009). The registrant’s obligation to loan money to Valhi under Valhi Loan is solely at the discretion of the registrant. It is the registrant’s understanding that Valhi currently intends to use any borrowings under the Valhi Loan to reduce the outstanding balance under its U.S. revolving bank credit facility.

This description of the Valhi Loan is qualified in its entirety by the complete terms of the Valhi Loan that is filed as Exhibit 10.1 to this current report and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Item No.</u>	<u>Description</u>
10.1*	Unsecured Revolving Demand Promissory Note dated November 5, 2008 in the original principal amount of \$40.0 million executed by Valhi, Inc. and payable to the order of NL Industries, Inc.
* Filed herewith	

SIGNATURE

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 hereunto duly authorized.

NL INDUSTRIES, INC.
(Registrant)

Date: November 5, 2008

By: /s/ Gregory M. Swalwell

Gregory M. Swalwell

Vice President, Finance and Chief Financial Officer

INDEX TO EXHIBITS

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* Filed herewith	

UNSECURED REVOLVING

DEMAND PROMISSORY NOTE

\$40,000,000.00

November 5, 2008

Section 1. *Promise to Pay.* For and in consideration of value received, the undersigned, Valhi, Inc., a corporation duly organized under the laws of the state of Delaware ("*Borrower*"), promises to pay to the order of NL Industries, Inc., a corporation duly organized under the laws of the state of New Jersey ("*NL*"), or the holder hereof (as applicable, *NL* or such holder shall be referred to as the "*Noteholder*"), the principal sum of FORTY MILLION and NO/100ths United States Dollars (\$40,000,000.00) or such lesser amount as shall equal the unpaid principal amount of the loan made by the Noteholder to Borrower together with interest on the unpaid principal balance from time to time pursuant to the terms of this Unsecured Revolving Demand Promissory Note, as it may be amended from time to time (this "*Note*"). This Note shall be unsecured and will bear interest on the terms set forth in Section 6 below. Capitalized terms not otherwise defined shall have the meanings given to such terms in Section 16 of this Note.

Section 2. *Place of Payment.* All payments will be made at Noteholder's address at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697, Attention: Treasurer, or such other place as the Noteholder may from time to time appoint in writing.

Section 3. *Payments.* The unpaid principal balance of this Note and any unpaid and accrued interest thereon shall be due and payable on the Final Payment Date. Prior to the Final Payment Date, any unpaid and accrued interest on an unpaid principal balance shall be paid in arrears quarterly on the last day of each March, June, September and December, commencing December 31, 2008. All payments on this Note shall be applied first to accrued and unpaid interest, next to accrued interest not yet payable and then to principal. If any payment of principal or interest on this Note shall become due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and the payment shall be the amount owed on the original payment date.

Section 4. *Prepayments.* This Note may be prepaid in part or in full at any time without penalty.

Section 5. *Borrowings.* Prior to the Final Payment Date, Noteholder expressly authorizes Borrower to borrow, repay and re-borrow principal under this Note in increments of \$100,000 on a daily basis so long as:

- the aggregate outstanding principal balance does not exceed \$40,000,000.00;
- no written demand for payment has been made by the Noteholder; and
- no Event of Default has occurred and is continuing.

Notwithstanding anything else in this Note, in no event will Noteholder be required to lend money to Borrower under this Note and loans under this Note shall be at the sole and absolute discretion of Noteholder.

Section 6. *Interest.* The unpaid principal balance of this Note (exclusive of any past due principal) shall bear interest at the rate per annum of the Prime Rate less one and one half percent (1.50%). In the event that principal or interest is not paid within five Business Days after such payment was due or declared due, all past due principal and past due interest owed under this Note will bear interest at rate per annum of the Prime Rate plus four percent (4.00%). Accrued interest on the unpaid principal of this Note shall be computed on the basis of a 365- or 366-day year for actual days (including the first, but excluding the last day) elapsed, but in no event shall such computation result in an amount of accrued interest that would exceed accrued interest on the unpaid principal balance during the same period at the Maximum Rate. Notwithstanding anything to the contrary, this Note is expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid to the Noteholder exceed the Maximum Rate. If, from any circumstances whatsoever, the Noteholder shall ever receive as interest an amount that would exceed the Maximum Rate, such amount that would be excessive interest shall be applied to the reduction of the unpaid principal balance and not to the payment of interest, and if the principal amount of this Note is paid in full, any remaining excess shall be paid to Borrower, and in such event, the Noteholder shall not be subject to any penalties provided by any laws for contracting for, charging, taking, reserving or receiving interest in excess of the highest lawful rate permissible under applicable law. All sums paid or agreed to be paid to Noteholder for the use, forbearance or detention of the indebtedness of the Borrower to Noteholder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full of the principal (including the period of any renewal or extension thereof) so that the interest on account of such indebtedness shall not exceed the Maximum Rate. If at any time the Contract Rate is limited to the Maximum Rate, any subsequent reductions in the Contract Rate shall not reduce the rate of interest on this Note below the Maximum Rate until the total amount of interest accrued equals the amount of interest that would have accrued if the Contract Rate had at all times been in effect. In the event that, upon demand or acceleration of this Note or at final payment of this Note, the total amount of interest paid or accrued on this Note is less than the amount of interest that would have accrued if the Contract Rate had at all times been in effect with respect thereto, then at such time, to the extent permitted by law, in addition to the principal and any other amounts Borrower owes to the Noteholder, the Borrower shall pay to the Noteholder an amount equal to the difference between: (i) the

lesser of the amount of interest that would have accrued if the Contract Rate had at all times been in effect or the amount of interest that would have accrued if the Maximum Rate had at all times been in effect; and (ii) the amount of interest actually paid on this Note.

Section 7. *Remedy.* Upon the occurrence and during the continuation of an Event of Default, the Noteholder shall have all of the rights and remedies provided in the applicable Uniform Commercial Code, this Note or any other agreement among Borrower and in favor of the Noteholder, as well as those rights and remedies provided by any other applicable law, rule or regulation. In conjunction with and in addition to the foregoing rights and remedies of the Noteholder, the Noteholder may declare all indebtedness due under this Note, although otherwise unmatured, to be due and payable immediately without notice or demand whatsoever. All rights and remedies of the Noteholder are cumulative and may be exercised singly or concurrently. The failure to exercise any right or remedy will not be a waiver of such right or remedy.

Section 8. *Right of Offset.* The Noteholder shall have the right of offset against amounts that may be due by the Noteholder now or in the future to Borrower against amounts due under this Note.

Section 9. *Record of Outstanding Indebtedness.* The date and amount of each repayment of principal outstanding under this Note or interest thereon shall be recorded by Noteholder in its records. The principal balance outstanding and all accrued or accruing interest owed under this Note as recorded by Noteholder in its records shall be the best evidence of the principal balance outstanding and all accrued or accruing interest owed under this Note; *provided* that the failure of Noteholder to so record or any error in so recording or computing any such amount owed shall not limit or otherwise affect the obligations of the Borrower under this Note to repay the principal balance outstanding and all accrued or accruing interest.

Section 10. *Waiver.* Borrower and each surety, endorser, guarantor, and other party now or subsequently liable for payment of this Note, severally waive demand, presentment for payment, notice of nonpayment, notice of dishonor, protest, notice of protest, notice of the intention to accelerate, notice of acceleration, diligence in collecting or bringing suit against any party liable on this Note, and further agree to any and all extensions, renewals, modifications, partial payments, substitutions of evidence of indebtedness, and the taking or release of any collateral with or without notice before or after demand by the Noteholder for payment under this Note.

Section 11. *Costs and Attorneys' Fees.* In the event the Noteholder incurs costs in collecting on this Note, this Note is placed in the hands of any attorney for collection, suit is filed on this Note or if proceedings are had in bankruptcy, receivership, reorganization, or other legal or judicial proceedings for the collection of this Note, Borrower and any guarantor jointly and severally agree to pay on demand to the Noteholder all expenses and costs of collection, including, but not limited to, reasonable attorneys' fees incurred in connection with any such collection, suit, or proceeding, in addition to the principal and interest then due.

Section 12. *Time of Essence.* Time is of the essence with respect to all of Borrower's obligations and agreements under this Note.

Section 13. *Jurisdiction and Venue.* THIS NOTE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS, AND BORROWER CONSENTS TO JURISDICTION IN THE COURTS LOCATED IN DALLAS, TEXAS.

Section 14. *Notice.* Any notice or demand required by this Note shall be deemed to have been given and received on the earlier of (i) when the notice or demand is actually received by the recipient or (ii) 72 hours after the notice is deposited in the United States mail, certified or registered, with postage prepaid, and addressed to the recipient. The address for giving notice or demand under this Note (i) to the Noteholder shall be the place of payment specified in Section 2 or such other place as the Noteholder may specify in writing to the Borrower and (ii) to Borrower shall be the address below the Borrower's signature or such other place as the Borrower may specify in writing to the Noteholder.

Section 15. *Successors and Assigns.* All of the covenants, obligations, promises and agreements contained in this Note made by Borrower shall be binding upon its successors and permitted assigns, as applicable. Notwithstanding the foregoing, Borrower shall not assign this Note or its performance under this Note without the prior written consent of the Noteholder.

Section 16. *Definitions.* For purposes of this Note, the following terms shall have the following meanings:

(a) "**Business Day**" shall mean any day banks are open in the state of Texas.

(b) "**Contract Rate**" means the amount of any interest (including fees, charges or expenses or any other amounts that, under applicable law, are deemed interest) contracted for, charged or received by or for the account of Noteholder.

(c) "**Final Payment Date**" shall mean the earlier of:

- written demand by the Noteholder for payment of all or part of the principal and interest accrued and unpaid thereon;
- December 31, 2009; or
- acceleration as provided herein.

(d) "**Event of Default**" wherever used herein, means any one of the following events:

(i) the Borrower fails to pay any amount due on this Note and/or any fees or sums due under or in connection with this Note after any such payment otherwise becomes due and payable and three Business Days after demand for such payment;

(ii) the Borrower otherwise fails to perform or observe any other provision contained in this Note and such breach or failure to perform shall continue for a period of thirty days after notice thereof shall have been given to the Borrower by the Noteholder;

(iii) a case shall be commenced against Borrower, or Borrower shall file a petition commencing a case, under any provision of the Federal Bankruptcy Code of 1978, as amended, or shall seek relief under any provision of any other bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or shall consent to the filing of any petition against it under such law, or Borrower shall make an assignment for the benefit of its creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver, trustee or liquidator of Borrower or all or any part of its property; or

(iv) an event occurs that, with notice or lapse of time, or both, would become any of the foregoing Events of Default.

(e) “**Maximum Rate**” shall mean the highest lawful rate permissible under applicable law for the use, forbearance or detention of money.

(f) “**Prime Rate**” shall mean the fluctuating interest rate per annum in effect from time to time equal to the base rate on corporate loans as reported as the Prime Rate in the Money Rates column of *The Wall Street Journal* or other reliable source.

BORROWER:

Valhi, Inc.

By: /s/ Gregory M. Swalwell

Gregory M. Swalwell
Vice President and Controller

Address:

5430 LBJ Freeway, Suite 1700
Dallas, Texas 75240-2697