

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 earliest event reported): January 30, 1998

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.)
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16825 Northchase Drive, Suite 1200, Houston, Texas (Address of principal executive offices)	77060-2544 (Zip Code)
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Registrant's telephone number, including area code: (281) 423-3300

Not applicable  
(Former name or address, if changed since last report)

Item 2. Acquisition or Disposition of Assets

On January 30, 1998 the Company completed the disposition of substantially all of the net assets of its Rheox specialty chemical operations to Elementis plc, a U.K.-based corporation, for \$465 million cash consideration, including \$20 million attributed to a five-year covenant not to compete. The Company used a portion of the net proceeds to repay and terminate Rheox's U.S. bank credit facilities.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(b) Pro forma financial information

Pro forma condensed consolidated financial statements of the Registrant, which present the pro forma effects of the transactions described in Item 2 above, assuming such transactions had occurred as of the dates set forth in the accompanying notes, are included herein as Exhibit 99.1.

(c) Exhibit

Item No.	Exhibit Index
99.1	Pro forma financial information of the Registrant.

\* \* \* \* \*

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 thereunto duly authorized.

NL INDUSTRIES, INC.  
(Registrant)

/s/ Dennis G. Newkirk  
Dennis G. Newkirk  
Vice President & Controller

Dated: February 13, 1998

NL INDUSTRIES, INC. AND SUBSIDIARIES  
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These pro forma condensed consolidated financial statements should be read in conjunction with the historical consolidated financial statements of NL Industries, Inc. The pro forma condensed consolidated financial statements are not necessarily indicative of the Company's consolidated financial position or results of continuing operations as they may be in the future.

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NL INDUSTRIES, INC. AND SUBSIDIARIES  
 PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

September 30, 1997  
 (Unaudited)

(In millions)

ASSETS	Pro forma adjustments			Pro forma
	Historical	(I)	(II)	
	-----	-----	-----	-----

Current assets:							
Cash and cash equivalents		\$ 102.2	\$318.1	\$20.0	(\$125.3)	\$ 315.0	
Accounts and notes receivable							
	160.6	(23.8)	-	-	136.8		
Inventories			172.3	(18.5)	-	153.8	
Other			12.6	(1.2)	-	11.4	
			-----	-----	-----	-----	
			447.7	274.6	20.0	(125.3)	617.0
			-----	-----	-----	-----	-----
Other assets:							
Marketable securities			31.1	-	-	31.1	
Investment in joint ventures			175.4	(2.1)	-	173.3	
Other			45.1	(1.6)	-	43.5	
			-----	-----	-----	-----	-----
			251.6	(3.7)	-	-	247.9
			-----	-----	-----	-----	-----
Property and equipment, net			423.9	(29.9)	-	-	394.0
			-----	-----	-----	-----	-----
			\$1,123.2	\$241.0	\$20.0	(\$125.3)	\$1,258.9
			=====	=====	=====	=====	=====

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NL INDUSTRIES, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

September 30, 1997  
(Unaudited)

(In millions)

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	Historical	Pro forma adjustments			Pro forma
		(I)	(II)	(III)	
	-----	-----	-----	-----	-----
Current liabilities:					
Notes payable & current long-term debt	\$ 78.7	\$ -	\$ -	(\$15.1)	\$ 63.6
Accounts payable & accrued liabilities	165.8	(12.8)	-	-	153.0
Other	19.6	-	4.0	-	23.6
	-----	-----	-----	-----	-----
	264.1	(12.8)	4.0	(15.1)	240.2
	-----	-----	-----	-----	-----
Noncurrent liabilities:					
Long-term debt	694.6	-	-	(110.2)	584.4
Deferred income taxes	139.5	(3.6)	-	-	135.9
Other	253.4	(0.7)	16.0	-	268.7
	-----	-----	-----	-----	-----
	1,087.5	(4.3)	16.0	(110.2)	989.0
	-----	-----	-----	-----	-----
Minority interest	0.3	-	-	-	0.3

Shareholders' equity (deficit):					
Common stock and paid-in capital	767.6	-	-	-	767.6
Accumulated deficit	(509.7)	256.2	-	-	(253.5)
Adjustments	(120.9)	1.9	-	-	(119.0)
Treasury stock	(365.7)	-	-	-	(365.7)
	(228.7)	258.1	-	-	29.4
	\$1,123.2	\$241.0	\$ 20.0	(\$125.3)	\$1,258.9

See accompanying notes to pro forma condensed consolidated balance sheet.

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NL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET  
(Unaudited)

Note 1 - Basis of presentation:

The Pro Forma Condensed Consolidated Balance Sheet assumes the following transactions, more fully described in Item 2 of this Current Report on Form 8-K dated February 13, 1998, occurred on September 30, 1997:

- I - The Company sells substantially all of Rheox's specialty chemical net assets, excluding debt, for \$445 million cash consideration.
- II - The Company agrees with the purchaser not to compete in the rheological products business for a period of five years for \$20 million cash consideration.
- III - Rheox repays and terminates its U.S. bank indebtedness.

Note 2 - Pro forma adjustments:

- I - Reflect the sale of substantially all of Rheox's net assets as follows:

	Amount
	-----
	(In millions)
Aggregate cash consideration, net of estimated fees and expenses of \$10 million	\$435.0
	-----
Carrying value of assets sold and liabilities assumed:	
Cash and cash equivalents	6.9
Receivables	23.8
Inventories	18.5
Prepaid expenses	0.7
Investment in joint ventures	2.1
Other assets	1.3
Net property, plant and equipment	29.9
Accounts payable & accrued liabilities	(12.8)
Other noncurrent liabilities	(0.7)
Foreign currency translation component of equity	1.9
	-----
	71.6
	-----
Pre-tax gain	363.4
	-----
Income tax expense	107.2
	-----
Net-of-tax gain	\$256.2
	=====

The Company's actual net-of-tax gain on the sale Rheox's net assets will differ from the amount shown above because of, among other things, (a) differences in the net carrying value of the assets sold and liabilities assumed and (b) differences in income tax expense resulting from different tax law limitations in the period the sale actually occurred.

- II - Reflect the Company's agreement not to compete with the purchaser. The \$20 million consideration will be amortized over the five-year non-compete period.
- III - Reflect repayment of Rheox's U.S. bank indebtedness.

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NL INDUSTRIES, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Nine months ended September 30, 1997  
(Unaudited)

(In millions, except per share data)

	Historical	Pro forma adjustments		Pro forma
		(I)	(II)	
Revenues and other income:				
Net sales	\$740.4	(\$111.3)	\$ -	\$629.1
Other, net	11.7	-	3.0	14.7
	752.1	(111.3)	3.0	643.8
Costs and expenses:				
Cost of sales	557.4	(55.1)	-	502.3
Selling, general and administrative	152.7	(22.1)	-	130.6
Interest	57.9	(8.7)	-	49.2
	768.0	(85.9)	-	682.1
Loss before income taxes	(15.9)	(25.4)	3.0	(38.3)
Income tax expense (benefit)	7.8	(9.5)	-	(1.7)
Loss from continuing operations	(\$23.7)	(\$15.9)	\$3.0	(\$36.6)
Loss from continuing operations per basic share	(\$0.46)			(\$0.72)
Weighted average common shares outstanding	51.1			51.1

See accompanying notes to pro forma condensed consolidated statements of operations.

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NL INDUSTRIES, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

Year ended December 31, 1996  
(Unaudited)

(In millions, except per share data)

	Pro forma adjustments			Pro forma
	Historical	(I)	(II)	
Revenues and other income:				
Net sales	\$ 986.1	(\$134.9)	\$ -	\$851.2
Other, net	30.4	(2.8)	4.0	31.6
	<u>1,016.5</u>	<u>(137.7)</u>	<u>4.0</u>	<u>882.8</u>
Costs and expenses:				
Cost of sales	738.4	(69.8)	-	668.6
Selling, general and administrative	177.5	(26.3)	-	151.2
Interest	75.0	(5.8)	-	69.2
	<u>990.9</u>	<u>(101.9)</u>	<u>-</u>	<u>889.0</u>
Income (loss) before income taxes	25.6	(35.8)	4.0	(6.2)
Income tax expense (benefit)	14.8	(13.3)	-	1.5
Income (loss) from continuing operations	<u>\$ 10.8</u>	<u>(\$22.5)</u>	<u>\$ 4.0</u>	<u>(\$ 7.7)</u>
Income (loss) from continuing operations per basic share	<u>\$0.21</u>			<u>(\$0.15)</u>
Weighted average common shares outstanding	<u>51.1</u>			<u>51.1</u>

See accompanying notes to pro forma condensed consolidated statements of operations.

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NL INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

Note 1 - Basis of presentation:

The Pro Forma Condensed Consolidated Statements of Operations assume the disposition of the Company's specialty chemical operations, more fully described in Item 2 of this Current Report on Form 8-K dated February 13, 1998, occurred as of the beginning of 1996.

Note 2 - Pro forma adjustments:

- I - Eliminate Rheox's historical results of operations included in the Company's consolidated statements of operations. In future filings, the Company will report Rheox's results of operations through the date of disposal as discontinued operations.
- II - Record amortization of the deferred income related to the Company's agreement not to compete. There is no adjustment of income tax expense since the incremental income only results in a reduction of a loss for which no income tax benefit was previously recognized.

