

Edgar Filing: NL INDUSTRIES INC - Form 8-K

NL INDUSTRIES INC  
Form 8-K  
December 22, 2003

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

December 8, 2003

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(Date of Report, date of earliest event reported)

NL INDUSTRIES, INC.

-----  
(Exact name of Registrant as specified in its charter)

|  |  |   |
|--|--|---|
| New Jersey   | 1-640  | 13-5267260                              |
| -----  | -----  | -----                                   |
| (State or other<br>jurisdiction of<br>incorporation) | (Commission<br>File Number)                          | (IRS Employer<br>Identification<br>No.) |
| 5430 LBJ Freeway, Suite 1700, Dallas, TX             |  | 75240-2697                              |
| -----  | -----  | -----                                   |
| (Address of principal executive offices)             |  | (Zip Code)                              |
|  | (972) 233-1700                                       |   |
| -----  | -----  | -----                                   |
|  | (Registrant's telephone number, including area code) |   |

Item 2: Acquisition or Disposition of Assets

On December 8, 2003, NL Industries, Inc. ("NL") completed the distribution to its shareholders of one share of common stock of Kronos Worldwide, Inc. ("Kronos"), previously a wholly-owned subsidiary of NL, for every two shares of NL common stock outstanding as of the close of business on November 17, 2003. NL distributed approximately 23.9 million shares of Kronos' common stock,

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representing approximately 48.8% of the outstanding stock of Kronos. Immediately prior to the distribution of the shares of Kronos common stock, Kronos distributed a \$200 million promissory note payable by Kronos to NL.

Reference is made to the Information Statement filed by Kronos for a discussion of the transactions described above, a copy of which is filed as Exhibit 99.2 to this Form 8-K and is incorporated herein by reference.

At September 30, 2003, Valhi, Inc. ("Valhi") and Tremont LLC ("Tremont"), a wholly-owned subsidiary of Valhi, own an aggregate of approximately 85% of the outstanding shares of common stock of NL. Valhi, Tremont and NL are members of the same consolidated tax group for U.S. federal income tax purposes. NL is a party to a tax sharing agreement with Valhi pursuant to which NL generally computes its provision for income taxes on a separate-company basis, and NL makes payments to or receives payments from Valhi in amounts that it would have paid to or received from the U.S. Internal Revenue Service had NL not been a member of such consolidated tax group. Prior to completion of the distribution by NL to its shareholders of 48.8% of the outstanding shares of common stock of Kronos, Kronos and its qualifying subsidiaries were members of NL's tax group. Following completion of the distribution, Kronos and its qualifying subsidiaries are no longer be members of NL's tax group, but Kronos and its qualifying subsidiaries will remain members of the same tax group of which Valhi and Tremont are members. The distribution by NL to its shareholders of 48.8% of the outstanding shares of common stock of Kronos is taxable to NL, and NL is required to recognize a taxable gain equal to the difference between the fair market value of the shares of Kronos common stock distributed (\$17.25 per share, equal to the closing market price of Kronos' common stock on December 8, 2003) and NL's adjusted tax basis in such stock at the date of distribution. With respect to the shares of Kronos distributed to Valhi and Tremont (20.2 million shares in the aggregate), effective December 1, 2003, Valhi and NL amended the terms of their tax sharing agreement to not require NL to pay up to Valhi the tax liability generated from the distribution of such Kronos shares to Valhi and Tremont, since the tax on that portion of the gain is deferred at the Valhi level due to Valhi, Tremont and NL being members of the same tax group. Reference is made to the Amended Tax Agreement between Valhi and NL dated as of December 1, 2003, a copy of which is filed as Exhibit 10.1 to this Form 8-K and is incorporated herein by reference.

### 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   |
|----------|---|
| 10.1     | Amended Tax Agreement between Valhi, Inc. and NL Industries, Inc. dated as of |

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December 1, 2003.

- 99.1 Pro forma financial information of the Registrant.
- 99.2 Information Statement dated November 10, 2003 - incorporated by reference to Exhibit 99.1 to Amendment No. 4 to the General Form for Registration of Securities on Form 10 (File No. 1-31763) filed by Kronos Worldwide, Inc. with the Securities and Exchange Commission on November 14, 2003.

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 hereunto duly authorized.

NL INDUSTRIES, INC.  
(Registrant)

By: /s/ Gregory M. Swalwell  
Gregory M. Swalwell  
Vice President, Finance

Date: December 23, 2003