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VALHI INC /DE/
Form 8-K
November 24, 2004

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 18, 2004

Valhi, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	1-5467	87-0110150
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

(Address of principal executive offices) (Zip Code)

(972) 233-1700

(Registrant's telephone number, including area code)

(Former name or 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.
- Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

Effective November 18, 2004, Kronos International, Inc., a Delaware corporation and a subsidiary of the registrant ("KII"), entered into a Purchase Agreement (the "Purchase Agreement") with Deutsche Bank AG London ("Deutsche Bank") pursuant to which KII will issue and sell to Deutsche Bank euro 90 million of add-on 8.875% Senior Secured Notes due 2009 at the issue price of 107% plus accrued interest from and including July 1, 2004 (the "Add-On Notes"), which issuance and sale is anticipated to be on or about November 26, 2004. Also pursuant to the Purchase Agreement, at the closing of the offering of the Add-On Notes, KII will enter into a Registration Rights Agreement with Deutsche Bank for the benefit of the holders of the Add-On Notes (the "Registration Rights Agreement").

The Add-On Notes are being issued and sold as an add-on to KII's previously issued euro 285,000,000 aggregate principal amount of 8.875% Senior Secured Notes due 2009. It is expected that the net proceeds of the offering will be loaned to Kronos Worldwide, Inc., a Delaware corporation that is the sole stockholder of KII and a subsidiary of the registrant.

Pursuant to the Purchase Agreement, Deutsche Bank has agreed to resell the Add-On Notes under the Securities Act of 1933, as amended (the "Securities Act"), to qualified institutional buyers in the United States of America in reliance on Rule 144A and to persons outside of the United States in reliance on Regulation S. The Add-On Notes will not be registered under the Securities Act and, unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws.

Pursuant to the Registration Rights Agreement, KII will use its best efforts, and at its cost, to (i) file within 120 days of the issue date of the Add-On Notes a registration statement to register under the Securities Act notes of KII with terms substantially identical in all material respects to the Add-On Notes (the "Exchange Notes"), (ii) cause such registration statement to be declared effective within 270 days of the issue date of the Add-On Notes and (iii) complete an offer to exchange the Add-On Notes for the Exchange Notes within 300 days of the issue date of the Add-On Notes.

The descriptions herein of the Purchase Agreement and the Registration Rights Agreement are qualified in their entirety, and the terms thereof are incorporated herein, by reference to the Purchase Agreement and the Registration Rights Agreement filed as Exhibits 4.4 and 4.5, respectively, to the Current Report on Form 8-K of KII (File No. 333-100047) that was filed with the U.S. Securities and Exchange Commission on November 24, 2004.

For a description of the terms of, and collateral related to, the Add-On Notes, please see:

- (1) the Indenture governing the 8.875% Senior Secured Notes due 2009, dated as of June 28, 2002, between KII and The Bank of New York, as trustee (which is incorporated herein by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q of NL Industries, Inc. (File No. 1-640) for the quarter ended June 30, 2002 that was filed with the U.S. Securities and Exchange Commission on August 14, 2002 (the "Form 10-Q"));
- (2) Collateral Agency Agreement (shares of Kronos Limited), dated June 28, 2002, among The Bank of New York, U.S. Bank, N.A. and

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KII (which is incorporated herein by reference to Exhibit 4.6 to the Form 10-Q);

- (3) Security Over Shares Agreement, dated June 28, 2002, between KII and The Bank of New York (which is incorporated herein by reference to Exhibit 4.7 to the Form 10-Q);
- (4) Pledge of Shares (shares in Kronos Denmark ApS), dated June 28, 2002, between KII and U.S. Bank, N.A. (which is incorporated herein by reference to Exhibit 4.8 to the Form 10-Q);
- (5) Pledge Agreement (shares in Societe Industrielle du Titane S.A.), dated June 28, 2002, between KII and U.S. Bank, N.A (which is incorporated herein by reference to Exhibit 4.9 to the Form 10-Q); and
- (6) Partnership Interest Pledge Agreement (relating to fixed capital contribution in Kronos Titan GmbH & Co.), dated June 28, 2002, between KII and U.S. Bank, N.A. (which is incorporated herein by reference to Exhibit 4.10 to the Form 10-Q).

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

Item No.	Exhibit Index
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4.1	Indenture governing the 8.875% Senior Secured Notes due 2009, dated as of June 28, 2002, between Kronos International, Inc. and The Bank of New York, as trustee (incorporated herein by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q of NL Industries, Inc. (File No. 1-640) for the quarter ended June 30, 2002 that was filed with the U.S. Securities and Exchange Commission on August 14, 2002).

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.

VALHI, INC.
(Registrant)

By: /s/ Gregory M. Swalwell

Gregory M. Swalwell
Vice President and Controller

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