

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 31, 1996

(Date of Report, date of earliest event reported)

VALHI, INC.

(Exact name of Registrant as specified in its charter)

Delaware 1-5467 87-0110150

(State or other jurisdiction of incorporation) (Commission File Number) (IRS Employer Identification 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)

Not applicable

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

Item 2: Acquisition or Disposition of Assets

In September 1996, Medite Corporation, an indirect, wholly-owned subsidiary of the Company, announced that it had signed three separate letters of intent involving the sale of substantially all of its assets. The first transaction, involving the sale of Medite's timber and timberlands to Rogue Resources, LLC, an Oregon-based partnership of forest product operators, closed in October 1996 for approximately \$118 million cash consideration, of which

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approximately \$53 million of the cash proceeds were used to pay off and terminate Medite's U.S. bank credit facilities. The second transaction, involving the sale of Medite's Irish medium density fiberboard ('MDF') subsidiary to Willamette Industries, Inc., closed in November 1996 for \$61.5 million cash consideration plus the assumption of approximately \$21 million of

Irish bank debt. Medite continues to negotiate a definitive agreement with Sierra Pine, a California limited partnership, for the third transaction involving the sale of Medite's Oregon MDF facility, and Medite currently expects to complete an agreement and close this transaction in the first quarter of 1997. Medite had previously expected to also sell to Sierra Pine its two Oregon timber conversion facilities, but discussions with Sierra Pine regarding these facilities have been discontinued and Medite has determined to permanently close these facilities. One of such facilities was closed in December 1996, and Medite is evaluating other opportunities to either sell or close the other facility in 1997.

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

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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.

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.

VALHI, INC.
(Registrant)

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By: /s/ Bobby D. O'Brien

Bobby D. O'Brien
Vice President

Date: December 31, 1996

Exhibit 99.1

VALHI, 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 Valhi, Inc. The pro forma condensed consolidated financial statements are not necessarily indicative of Valhi's consolidated financial position or results of continuing operations as they may be in the future.

No pro forma condensed consolidated statement of income for the nine months ended September 30, 1996 is presented herein. Such pro forma amounts would be the same amounts as reflected in Valhi's unaudited consolidated statement of income for the nine months ended September 30, 1996 included in its Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, as previously filed with the Commission.

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VALHI, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

September 30, 1996
(Unaudited)

(In millions)

ASSETS	Valhi Historical	Pro forma adjustments		
		(I)	(II)	Pro forma
Current assets:				
Cash and cash equivalents	\$160.6	\$157.9	(\$53.0)	\$265.5
Accounts and notes receivable	244.1	(17.1)	-	227.0
Inventories	318.3	(14.8)	-	303.5
Prepaid expenses	11.2	(0.9)	-	10.3
Deferred income taxes	5.6	(0.1)	-	5.5
	739.8	125.0	(53.0)	811.8
Other assets:				
Marketable securities	155.6	-	-	155.6
Investment in joint ventures	192.0	-	-	192.0
Natural resource properties	90.2	(53.7)	-	36.5
Goodwill	258.8	-	-	258.8
Intangible and other assets	74.9	(1.6)	-	73.3

	771.5	(55.3)	-	716.2
Property and equipment, net	857.6	(69.6)	-	788.0
	\$2,368.9	\$0.1	(\$53.0)	\$2,316.0

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VALHI, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

September 30, 1996
(Unaudited)

(In millions)

LIABILITIES AND STOCKHOLDERS' EQUITY	Valhi Historical	Pro forma adjustments		
		(I)	(II)	Pro forma
		-----	-----	-----
Current liabilities:				
Notes payable & current long-term debt	\$205.2	(\$3.5)	(\$8.0)	\$193.7
Accounts payable & accrued liabilities	322.5	(12.7)	-	309.8
Income taxes	40.0	(1.0)	-	39.0
Deferred income taxes	2.8	-	-	2.8
	570.5	(17.2)	(8.0)	545.3
Noncurrent liabilities:				
Long-term debt	1,038.7	(21.1)	(45.0)	972.6
Accrued pension cost	58.3	-	-	58.3
Accrued OPEB cost	76.8	-	-	76.8
Accrued environmental costs	113.0	-	-	113.0
Deferred income taxes	215.3	(19.8)	-	195.5
Other	34.9	(0.6)	-	34.3
	1,537.0	(41.5)	(45.0)	1,450.5
Minority interest in NL subsidiaries	0.3	-	-	0.3
Stockholders' equity:				
Common stock and paid-in capital	36.6	-	-	36.6
Retained earnings	244.6	58.8	-	303.4
Treasury stock	(71.0)	-	-	(71.0)
Adjustments:				-
Currency translation	(8.7)	-	-	(8.7)
Marketable securities	62.5	-	-	62.5
Pension liabilities	(2.9)	-	-	(2.9)
	261.1	58.8	-	319.9
	\$2,368.9	\$0.1	(\$53.0)	\$2,316.0

See accompanying notes to pro forma condensed consolidated balance sheet.

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VALHI, 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 December 31, 1996, occurred on September 30, 1996:

I - Medite sells substantially all of its assets.

II - Medite prepays a portion of its U.S. bank indebtedness.

Note 2 - Pro forma adjustments:

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

	Amount

	(In millions)
Cash consideration, net of estimated fees and expenses	\$214.5

Carrying value of assets sold and liabilities assumed:	
Cash and equivalents	1.7
Accounts and notes receivable	17.1
Inventories	14.8
Other current assets	1.0
Timber and timberlands	53.7
Other assets	1.6
Net property, plant and equipment	69.6
Accounts payable & accrued liabilities	(12.7)
Income taxes payable	(1.0)
Long-term debt, including current portion	(24.6)
Deferred income taxes and other noncurrent liabilities	(4.4)

	116.8

Pre-tax gain	97.7

Income tax expense:	
Current income taxes	54.9
Deferred income taxes	(16.0)

	38.9
Net-of-tax gain	\$58.8
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VALHI, INC. AND SUBSIDIARIES

NOTES TO PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

(Unaudited)

The cash consideration presented above includes Medite's current estimate of (i) the net realizable value of the two Oregon timber conversion facilities which Medite has determined to permanently close and sell and (ii) the cash proceeds

which will be realized from the sale of the Oregon MDF facility based upon the current negotiations for the definitive agreement.

The effective income tax rate relating to the net pre-tax gain on disposal differs from the 35% federal statutory rate due principally to the impact of state income taxes.

II - Repayment of \$53.0 million of Medite's U.S. bank indebtedness.

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VALHI, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1995
(Unaudited)

(In millions, except per share data)

	Valhi Historical	Pro forma adjustments	Pro forma
<hr/>			
Revenues and other income:			
Net sales	\$1,960.8	(\$200.0)	\$1,760.8
Other, net	33.4	(1.6)	31.8
	-----	-----	-----
	1,994.2	(201.6)	1,792.6
	-----	-----	-----
Costs and expenses:			
Cost of goods sold	1,426.7	(164.6)	1,262.1
Selling, general and administrative	330.6	(12.0)	318.6
Interest	126.2	(8.0)	118.2
	-----	-----	-----
	1,883.5	(184.6)	1,698.9
	-----	-----	-----
Income of consolidated companies before income taxes	110.7	(17.0)	93.7

Equity in Waste Control Specialists	(0.5)	-	(0.5)
Income before income taxes and minority interest	110.2	(17.0)	93.2
Provision for income taxes	41.1	(6.4)	34.7
Minority interest in NL subsidiaries	0.6	-	0.6
Income from continuing operations	\$68.5	(\$10.6)	\$57.9
Income from continuing operations per share	\$0.60		\$0.51
Weighted average common shares outstanding	114.4		114.4

See accompanying notes to pro forma condensed consolidated statement of income.

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VALHI, INC. AND SUBSIDIARIES

NOTES TO PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

Note 1 - Basis of presentation:

The Pro Forma Condensed Consolidated Statement of Income assumes the sale of substantially all of Medite's assets, more fully described in Item 2 of this Current Report on Form 8-K dated December 31, 1996, occurred as of the beginning of 1995.

Note 2 - Pro forma adjustments -

Eliminate Medite's historical results of operations included in Valhi's consolidated statement of income. In future filings, Valhi will report Medite's results of operations as discontinued operations.

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