

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

April 30, 1997

(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

On April 30, 1997, the Company completed the disposition of its fast food operations conducted by its indirect wholly-owned subsidiary, Sybra, Inc. The disposition was accomplished in two separate, concurrent transactions. The first transaction involved the sale of certain restaurant real estate owned by Sybra to U.S. Restaurant Properties Master L.P., a Delaware limited partnership, for \$45 million cash consideration. The second transaction involved the sale of 100% of the common stock of Sybra by Valcor, Inc., a wholly-owned subsidiary of the Company, to I.C.H. Corporation, a Delaware corporation, for \$14 million cash consideration plus the repayment by I.C.H. of approximately \$23.8 million of Sybra's intercompany indebtedness owed to Valcor. Substantially all of the net-of-tax proceeds from these transactions are held by Valcor. Under certain

conditions, I.C.H. is obligated to pay an additional contingent consideration of approximately \$2 million to Valcor in the future.

As part of the transactions, the Company purchased 222,222 units of U.S. Restaurant Properties Master L.P. from U.S. Restaurant Properties for \$6 million cash consideration.

Prior to consummation of these transactions, Sybra increased the outstanding balance of its intercompany loan owed to Valcor from \$20 million to \$23.8 million, and used a portion of the proceeds to completely repay its outstanding bank indebtedness.

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 99.2.

(c) Exhibit

Item No. Exhibit Index

99.1 Press release dated May 1, 1997 issued by the Registrant describing the transactions discussed in Item 2 above.

99.2 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)

By: /s/ Bobby D. O'Brien

Bobby D. O'Brien
Vice President

Date: April 30, 1997

FOR IMMEDIATE RELEASE:

CONTACT:

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VICE PRESIDENT
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VALHI ANNOUNCES SALE OF SYBRA OPERATIONS

Dallas, Texas May 1, 1997 Valhi, Inc. (NYSE: VHI) announced that it had completed the sale of its fast food operations conducted by Sybra, Inc., a former wholly owned subsidiary of Valcor, Inc., which is a wholly owned subsidiary of Valhi.

The sale occurred in two separate concurrent transactions. The first transaction involved the sale of certain restaurant properties owned by Sybra to U.S. Restaurant Properties Master L.P. (NYSE: USV), a Delaware limited partnership, for \$45 million in cash consideration. The second transaction involved Valcor's sale of 100% of the stock of Sybra to I.C.H. Corporation (OTC: ICHD), a Delaware corporation, for \$14 million cash consideration plus I.C.H.'s repayment of approximately \$23.8 million of intercompany indebtedness that Sybra owed to Valcor. Valcor holds substantially all of the net proceeds. Under certain conditions, I.C.H. is obligated to pay an additional contingent consideration of approximately \$2 million to Valcor in the future.

As part of the transaction, Valhi purchased 222,222 units of U.S. Restaurant Properties from U.S. Restaurant Properties for \$6 million.

Valhi is engaged in the chemicals, component products and waste management industries.

Exhibit 99.2

VALHI, INC. AND SUBSIDIARIES

INDEX TO PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Page
Pro Forma Condensed Consolidated Balance Sheet - December 31, 1996	F-2/F-3
Notes to Pro Forma Condensed Consolidated Balance Sheet	F-4/F-5
Pro Forma Condensed Consolidated Statement of Income - Year ended December 31, 1996	F-6
Notes to Pro Forma Condensed Consolidated Statement of Income	F-7

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.

VALHI, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

December 31, 1996
(Unaudited)

(In millions)

ASSETS	Valhi Historical	Pro forma adjustments			Pro forma
		(I)	(II)	(III)	
Current assets:					
Cash and cash equivalents	\$255.7	(\$1.1)	\$73.6	(\$6.0)	\$322.2
Marketable securities	142.5	-	-	-	142.5
Accounts and notes receivable	178.8	-	-	-	178.8
Inventories	251.6	-	(1.5)	-	250.1
Prepaid expenses	7.5	-	(1.0)	-	6.5
Deferred income taxes	1.6	-	(1.2)	-	0.4
	-----	-----	-----	-----	-----
	837.7	(1.1)	69.9	(6.0)	900.5
Other					
assets:					
Marketable securities	17.3	-	-	6.0	23.3
Investment in joint ventures	196.7	-	-	-	196.7
Investment in Amalgamated	34.1	-	-	-	34.1
Mining properties	36.4	-	-	-	36.4
Goodwill	258.4	-	(5.0)	-	253.4
Intangible and other assets	74.2	-	(11.0)	-	63.2
	-----	-----	-----	-----	-----

	617.1	-	(16.0)	6.0	607.1
Property and equipment, net	690.2	-	(52.8)	-	637.4
	\$2,145.0	(\$1.1)	\$1.1	\$ -	\$2,145.0

VALHI, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

December 31, 1996
(Unaudited)

(In millions)

LIABILITIES AND STOCKHOLDERS' EQUITY	Valhi Historical	Pro forma adjustments			Pro forma
		(I)	(II)	(III)	
Current liabilities:					
Notes payable & current long-term debt	\$274.3	\$ -	(\$0.9)	\$ -	\$273.4
Accounts payable & accrued liabilities	250.7	-	(13.6)	-	237.1
Income taxes	8.2	-	-	-	8.2
Deferred income taxes	30.5	-	-	-	30.5
	563.7	-	(14.5)	-	549.2
Noncurrent liabilities:					
Long-term debt	844.5	(1.1)	(3.6)	-	839.8
Accrued pension cost	59.2	-	-	-	59.2
Accrued OPEB cost	56.3	-	-	-	56.3
Accrued environmental costs	109.9	-	-	-	109.9
Deferred income taxes	178.0	-	-	-	178.0
Other	29.2	-	(1.3)	-	27.9
	1,277.1	(1.1)	(4.9)	-	1,271.1
Minority interest in NL subsidiaries	0.3	-	-	-	0.3
Stockholders' equity:					
Common stock and paid-in capital	36.5	-	-	-	36.5
Retained earnings	282.8	-	20.5	-	303.3
Treasury stock	(71.1)	-	-	-	(71.1)
Adjustments:					-
Marketable securities	65.1	-	-	-	65.1
Currency translation	(6.2)	-	-	-	(6.2)
Pension liabilities	(3.2)	-	-	-	(3.2)
	303.9	-	20.5	-	324.4
	\$2,145.0	(\$1.1)	\$1.1	\$ -	\$2,145.0

See accompanying notes to pro forma condensed consolidated balance sheet.

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 April 30, 1997, occurred on December 31, 1996:

- I - Sybra increases its intercompany loan from Valcor by \$3.8 million (bringing its total intercompany loan from Valcor to \$23.8 million) and repays all of its outstanding bank indebtedness (\$1.1 million).

II - Sybra sells certain restaurant real estate to U.S. Resaturant Properties Master L.P., Valcor sells 100% of the common stock of Sybra to I.C.H. Corporation and I.C.H. repays \$23.8 million of intercompany indebtedness owed to Valcor by Sybra.

III - Valhi purchases 222,222 units of U.S Restaurant Properties Master L.P. for \$6 million.

Note 2 - Pro forma adjustments:

I - Reflect Sybra's borrowing \$3.8 million from Valcor and repaying \$1.1 million of bank indebtedness.

VALHI, INC. AND SUBSIDIARIES

NOTES TO PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

(Unaudited)

II - Reflect Sybra's sale of certain restaurant real estate to U.S. Restaurant Properties Master L.P., Valcor's sale of 100% of the common stock of Sybra to I.C.H. Corporation and I.C.H.'s repayment of \$23.8 million of intercompany indebtedness owed to Valcor by Sybra, as follows:

	Amount

	(In millions)
Aggregate cash consideration (including repayment of intercompany indebtedness owed to Valcor), net of estimated fees and expenses	\$81.0

Carrying value of assets sold and liabilities assumed:	
Cash and equivalents	4.0
Inventories	1.5
Prepaid expenses	1.0
Current deferred income taxes	1.2
Goodwill	5.0
Other intangible assets	10.9
Other assets	0.1
Net property, plant and equipment	52.8
Accounts payable & accrued liabilities	(13.6)
Long-term debt and capital lease obligations, including current portion	(4.5)
Noncurrent deferred income taxes	(0.3)
Other noncurrent liabilities	(1.3)

	56.8

Pre-tax gain	24.2

Income tax expense:	
Current income taxes	3.4
Deferred income taxes	0.3

	3.7
Net-of-tax gain	\$20.5
	=====

The overall effective income tax rate applicable to the pre-tax gain varies from the 35% statutory federal income tax rate due principally to the excess of tax basis over book basis of the common stock of Sybra sold for which no deferred income tax benefit was previously recognized.

III- Reflect purchase of 222,222 units of U.S. Restaurant Properties Master L.P. for \$6 million cash.

VALHI, INC. AND SUBSIDIARIES

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1996
(Unaudited)

(In millions, except per share data)

	Valhi Historical	Pro forma adjustments	Pro forma
Revenues and other income:	-----	-----	-----
Net sales	\$1,190.8	(\$116.0) (a)	\$1,074.8
Other, net	41.4	(0.1) (a)	41.9
	0.6 (b)		
	-----	-----	-----
	1,232.2	(115.5)	1,116.7
	-----	-----	-----
Costs and expenses:	-----	-----	-----
Cost of goods sold	909.3	(101.1) (a)	808.2
Selling, general and administrative	211.7	(6.2) (a)	205.5
Interest	100.2	(2.3) (a)	98.5
	0.6 (b)		
	-----	-----	-----
	1,221.2	(109.0)	1,112.2
	-----	-----	-----
Income of consolidated companies before income taxes	11.0	(6.5)	4.5
Equity in Amalgamated Sugar Company	10.0		10.0
Equity in Waste Control Specialists	(6.4)	-	(6.4)
	-----	-----	-----
Income before income taxes and minority interest	14.6	(6.5)	8.1
Provision for income taxes	3.5	(2.4) (a)	1.1
Minority interest	6.9	-	6.9
	-----	-----	-----
Income from continuing operations	\$4.2	(\$4.1)	\$0.1
	=====	=====	=====
Income from continuing operations per share	\$0.04		\$ -
	=====	=====	=====
Weighted average common shares outstanding	114.6		114.6
	=====	=====	=====

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

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 disposition of the Company's fast food operations, more fully described in Item 2 of this Current Report on Form 8-K dated April 30, 1997, occurred as of the beginning of 1996.

Note 2 - Pro forma adjustments:

- (a) Eliminate Sybra's historical results of operations included in Valhi's consolidated statement of income. In future filings, Valhi will report Sybra's results of operations through the date of disposal as discontinued operations.
- (b) Reclassification.

