SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 2000 Commission file number 1-13905

COMPX INTERNATIONAL INC.

(Exact name of Registrant as specified in its charter)

Delaware	57-0981653
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

16825 Northchase Drive, Suite 1200, Houston, Texas 77060

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (281) 423-3377

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Number of shares of Class A common stock outstanding on August 4, 2000: 6,182,680.

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

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COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands)

ASSETS	December 31, 1999	June 30, 2000
Current assets:		
Cash and cash equivalents	$ 12,169	$ 12,784
Accounts receivable	29,053	32,603
Income taxes receivable from affiliates	22	--
Refundable income taxes	462	704
Inventories	27,659	35,993
Prepaid expenses and other	1,858	1,524
Deferred income taxes	1,258	1,293
Total current assets	72,481	84,901
Other assets:		
Goodwill	41,697	42,843
Other intangible assets	2,787	2,769
Deferred income taxes	2,499	1,710
Other	203	656
Total other assets	47,186	47,978
Property and equipment:		
Land	3,549	3,626
Buildings	27,898	28,807
Equipment	70,242	70,353
Construction in progress	6,710	12,709
	108,399	115,495
Less accumulated depreciation	25,154	28,620
Net property and equipment	83,245	86,875
	$202,912	$219,754

See accompanying notes to consolidated financial statements.

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(In thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 1999	June 30, 2000
Current liabilities:		
Current maturities of long-term debt	$ 1,367	$ 450
Accounts payable and accrued liabilities	25,389	26,388
Income taxes payable to affiliates	--	20
Income taxes	91	569
Total current liabilities	26,847	27,427
Noncurrent liabilities:		
Long-term debt	20,900	31,101
Deferred income taxes	3,223	3,144
Accrued pension costs	1,209	1,326
Other	1,274	1,125
Total noncurrent liabilities	26,606	36,696
Minority interest	103	--
Stockholders' equity:		
Preferred stock	--	--
Class A common stock	61	61
Class B common stock	100	100
Additional paid-in capital	118,067	118,151
Retained earnings	37,415	47,003
Accumulated other comprehensive income - currency translation	(6,287)	(9,684)
Total stockholders' equity	149,356	155,631
	$ 202,912	$ 219,754

Commitments and contingencies (Note 1)

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

	Three months ended June 30, 1999	Three months ended June 30, 2000	Six months ended June 30, 1999	Six months ended June 30, 2000
Net sales	$ 54,970	$ 65,136	$ 110,173	$ 131,203
Costs and expenses:				
Cost of sales	39,075	46,616	78,146	95,139
Selling, general and administrative	6,166	7,014	12,700	13,832
Other income, net	(30)	(62)	(155)	(289)
Interest expense	442	538	836	1,071
	45,653	54,106	91,527	109,753
Income before income taxes and minority interest	9,317	11,030	18,646	21,450
Provision for income taxes	3,261	3,972	6,711	7,827
Income before minority interest	6,056	7,058	11,935	13,623
Minority interest	(24)	--	(66)	(3)
Net income	$ 6,080	$ 7,058	$ 12,001	$ 13,626
Basic and diluted earnings per common share	$ .38	$ .44	$ .74	$ .84
Cash dividends per share	$ --	$ .125	$ --	$ .25
Shares used in the calculation of per share amounts:				
Basic earnings per common share	16,146	16,151	16,146	16,149
Dilutive impact of outstanding stock options	--	31	--	20
Diluted earnings per common share	16,146	16,182	16,146	16,169

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Three months ended June 30, 1999	Three months ended June 30, 2000	Six months ended June 30, 1999	Six months ended June 30, 2000
Net income	$ 6,080	$ 7,058	$ 12,001	$ 13,626
Other comprehensive income - currency translation adjustment, net of tax	(1,641)	(1,395)	(4,207)	(3,397)
Comprehensive income	$ 4,439	$ 5,663	$ 7,794	$ 10,229

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Six months ended June 30, 2000

(In thousands)

	Common Stock Class A	Common Stock Class B	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income - currency translation	Total stockholders' equity
Balance at December 31, 1999 ..	$61	$100	$118,067	$ 37,415	$(6,287)	$ 149,356
Net income	--	--	--	13,626	--	13,626
Other comprehensive income, net	--	--	--	--	(3,397)	(3,397)
Issuance of common stock	--	--	84	--	--	84
Cash dividends	--	--	--	(4,038)	--	(4,038)
Balance at June 30, 2000	$61	$100	$118,151	$ 47,003	$(9,684)	$ 155,631

See accompanying notes to consolidated financial statements.

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended June 30, 1999 and 2000

(In thousands)

	1999	2000
Cash flows from operating activities:		
Net income	$ 12,001	$ 13,626
Depreciation and amortization	4,607	6,264
Deferred income taxes	(169)	209
Other, net	(178)	(282)
	16,261	19,817
Change in assets and liabilities:		
Accounts receivable	(1,968)	(2,393)
Inventories	(26)	(4,504)
Accounts payable and accrued liabilities	(6,326)	1,111
Accounts with affiliates	13	41
Income taxes	(1,326)	3
Other, net	481	(205)
Net cash provided by operating activities	7,109	13,870
Cash flows from investing activities:		
Capital expenditures	(8,924)	(10,189)
Purchase of business units	(53,084)	(9,475)
Other, net	3	309
Net cash used by investing activities	(62,005)	(19,355)
Cash flows from financing activities:		
Indebtedness:		
Additions	20,000	12,081
Principal payments	(467)	(1,728)
Dividends	--	(4,038)
Issuance of common stock	--	36
Net cash provided by financing activities	19,533	6,351
Net increase (decrease) in cash and cash equivalents	$(35,363)	$ 866

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Six months ended June 30, 1999 and 2000

(In thousands)

	1999	2000
Cash and cash equivalents:		
Net change from operating, investing		
and financing activities	$(35,363)	$ 866
Business units acquired	4,157	--
Currency translation	(982)	(251)
	(32,188)	615
Balance at beginning of period	47,363	12,169
Balance at end of period	$ 15,175	$ 12,784
Supplemental disclosures:		
Cash paid for:		
Interest	$ 545	$ 973
Income taxes	8,676	7,386
Business units acquired - net assets consolidated:		
Cash and cash equivalents	$ 4,157	--
Goodwill and other intangible assets	15,800	2,539
Other non-cash assets	52,799	8,458
Liabilities	(19,672)	(1,522)
Cash paid	$ 53,084	$ 9,475

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of presentation:

The consolidated balance sheet of CompX International Inc. and subsidiaries (collectively, the "Company") at December 31, 1999 has been condensed from the Company's audited consolidated financial statements at that date. The consolidated balance sheet at June 30, 2000 and the consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the interim periods ended June 30, 1999 and 2000 have been prepared by the Company, without audit. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the consolidated financial position, results of operations and cash flows have been made. The results of operations for the interim periods are not necessarily indicative of the operating results for a full year or of future operations. Certain information normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. The accompanying consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (the "1999 Annual Report").

Basic earnings per share of common stock is based upon the weighted average number of common shares actually outstanding during each period. Diluted earnings per share of common stock includes the impact of outstanding dilutive stock options.

Commitments and contingencies are discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the 1999 Annual Report.

The Company is 64% owned by Valhi, Inc. (NYSE: VHI) and Valhi's wholly-owned subsidiary Valcor, Inc. Contran Corporation holds, directly or through subsidiaries, approximately 93% of Valhi's outstanding common stock. Substantially all of Contran's outstanding voting stock is held either by trusts established for the benefit of certain children and grandchildren of Harold C. Simmons, of which Mr. Simmons is sole trustee, or by Mr. Simmons directly. Mr. Simmons, the Chairman of the Board and Chief Executive Officer of each of Contran, Valhi and Valcor, may be deemed to control such companies and the Company.

The Company will adopt Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, no later than the first quarter of 2001. Under SFAS No. 133, all derivatives will be recognized as either assets or liabilities and measured at fair value. The accounting for changes in fair value of derivatives will depend upon the intended use of the derivative. The impact on the Company of adopting SFAS No. 133, if any, has not yet been determined, but will be dependent upon the extent to which the Company is a party to derivative contracts or hedging activities covered by SFAS No. 133 at the time of adoption, including derivatives embedded in non-derivative host contracts. As permitted by the transition requirements of SFAS No. 133, as amended, the Company will exempt from the scope of SFAS No. 133 all host contracts containing embedded derivatives which were issued or acquired prior to January 1, 1999.

The Company will adopt the Securities and Exchange Commission's Staff Accounting Bulletin ("SAB") No. 101, Revenue Recognition, as amended, in the fourth quarter of 2000. SAB No. 101 provides guidance on the recognition, presentation and disclosure of revenue, including specifying basic criteria which must be met before revenue can be recognized. The impact on the Company of adopting SAB No. 101 has not been determined, in part because the SEC is continuing to provide additional informal guidance and clarification concerning the exact requirements of SAB No. 101. If the impact of adopting SAB No. 101 is material, the Company will adopt SAB No. 101 retroactively to the beginning of 2000, and previously reported results of operations for the first three quarters of 2000 would be restated.

Note 2 - Business segment information:

The Company operates in one business segment - the manufacture and sale of hardware components for office furniture and other markets. The Company's products consist of ergonomic computer support systems, precision ball bearing slides, and security products.

	Three months ended June 30,		Six months ended June 30,	
	1999	2000	1999	2000
	(In thousands)			
Net sales	$ 54,970	$ 65,136	$ 110,173	$ 131,203
Operating income	$ 9,729	$ 11,506	$ 19,327	$ 22,232
Interest expense	(442)	(538)	(836)	(1,071)
Other, net	30	62	155	289
Income before income taxes	$ 9,317	$ 11,030	$ 18,646	$ 21,450

Note 3 - Inventories:

	December 31, 1999	June 30, 2000
	(In thousands)	
Raw materials	$ 9,038	$11,390
Work in process	8,669	12,524
Finished products	9,898	11,938
Supplies	54	141
	$27,659	$35,993

Note 4 - Accounts payable and accrued liabilities:

	December 31, 1999	June 30, 2000
	(In thousands)	
Accounts payable	$ 9,850	$12,256
Accrued liabilities:		
Employee benefits	7,746	8,369
Insurance	707	612
Royalties	504	301
Other	6,582	4,850
	$25,389	$26,388

Note 5 - Indebtedness:

	December 31, 1999	June 30, 2000
	(In thousands)	
Revolving bank credit facility	$20,000	$31,000
Capital lease obligations and other	2,267	551
	22,267	31,551
Less current maturities	1,367	450
	$20,900	$31,101

Note 6 - Other income:

	Three months ended June 30,		Six months ended June 30,	
	1999	2000	1999	2000
	(In thousands)			
Interest income	$ 175	$ 157	$ 420	$ 285
Foreign currency transactions, net	(218)	(131)	(411)	(47)
Other, net	73	36	146	51
	$ 30	$ 62	$ 155	$ 289

Note 7 - Provision for income taxes:

	Three months ended June 30,		Six months ended June 30,	
	1999	2000	1999	2000
	(In thousands)			
Expected tax expense	$ 3,261	$ 3,861	$ 6,525	$ 7,508
Non-U.S. tax rates	57	22	115	84
No tax benefit for amortization of goodwill	131	155	278	311
Other, net	(188)	(66)	(207)	(76)
	$ 3,261	$ 3,972	$ 6,711	$ 7,827

Note 8 - Acquisitions:

In January 2000, the Company acquired substantially all of the operating assets of Chicago Lock Company for approximately $9.4 million in cash. The purchase price has been allocated to the individual assets acquired and liabilities assumed based upon preliminary estimated fair values. The actual allocation may be different from the preliminary allocation due to refinements in the estimates of the fair values of the net assets acquired. CompX used borrowings under its existing credit facility to pay the cash purchase price. The pro forma effect of this acquisition is not material.

Note 9 - Foreign currency forward contracts:

Certain of the Company's sales generated by its non-U.S. operations are denominated in U.S. dollars. The Company periodically uses currency forward contracts to manage a portion of foreign exchange rate risk associated with such receivables, or similar exchange rate risk associated with future sales, denominated in a currency other than the holder's functional currency. At each balance sheet date, outstanding currency forward contracts are marked-to-market with any resulting gain or loss recognized in income currently. At June 30, 2000, the Company held such forward exchange contracts to exchange an aggregate of $18.2 million for an equivalent amount of Canadian dollars at exchange rates between Cdn. $1.4547 and Cdn. $1.4676. Such contracts mature through December 2000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Company reported net income of $7.1 million in the second quarter of 2000, an increase of 16% over net income of $6.1 million for the second quarter of 1999. The Company reported net income of $13.6 million in the first six months of 2000, a 13% increase over net income of $12.0 million in the first six months of 1999. In January 2000, the company acquired substantially all the operating assets of Chicago Lock Company. The purchase price of approximately $9.4 million in cash includes substantially all of Chicago Lock's operating assets, excluding real estate.

Results of Operations

Net sales. Net sales increased $10.1 million, or 18%, to $65.1 million in the second quarter of 2000 from $55.0 million in the second quarter of 1999. For the first six months of 2000, net sales of $131.2 million increased 19% when compared to net sales of $110.2 million for the first six months of 1999. The increases are principally due to increased demand for the Company's office furniture products, market share gains in slide products, and acquisitions. Excluding the effect of acquisitions, net sales increased 6% over the second quarter of 1999 with net sales of slides increasing 14%, and net sales of ergonomics and security products remaining essentially flat. For the six month period ended June 30, 2000, net sales, exclusive of acquisitions, increased 7% over the corresponding period of the prior year. Net sales of slides provided the majority of the change, increasing 13%, while net sales of ergonomics and security products remained flat. During the second quarter of 2000, weakness in the euro negatively impacted certain of the Company's net sales (principally slide products) which are denominated in euros. Excluding the effects of currency and acquisitions, net sales increased 8% and 9%, respectively, for the three and six month periods ended June 30, 2000 compared to the same periods in 1999, with net sales of slide products increasing 19% and 18% over the corresponding periods in 1999.

Operating income. Operating income in the second quarter of 2000 was $11.5 million, a 19% increase over operating income of $9.7 million for the second quarter of 1999. For the first six months of 2000, operating income increased $2.9 million, or 15%, to $22.2 million from $19.3 million for the first six months of 1999. Excluding acquisitions and the negative effects of foreign currency fluctuations, discussed above, operating income in the second quarter and first six months of 2000 increased 15% and 12%, respectively, compared to the same periods in 1999. The increases are due primarily to the increase in net sales discussed above. As a percentage of net sales, operating income in the second quarter and the first six months of 2000 remained essentially constant with the comparable 1999 periods. Excluding the effect of acquisitions, operating income as a percentage of net sales increased from 18% to 19% in the second quarter of 2000 compared to the second quarter of 1999, and increased from 19% to 20%, respectively, in the six month periods ended June 30, 1999 and 2000. These increases reflect improved manufacturing efficiencies associated with increased net sales. The effect of acquisitions in the second quarter and first six months of 2000 reflects lower margin sales of the Company's newly acquired Chicago Lock operations.

Liquidity and Capital Resources

Consolidated cash flows

Operating activities. Trends in cash flows from operating activities, excluding changes in assets and liabilities are generally similar to the trends in the Company's earnings. Such cash flows totaled $7.1 million and $13.9 million in the first six months of 1999 and 2000, respectively, compared to net income of $12.0 million and $13.6 million, respectively.

Changes in assets and liabilities result primarily from the timing of production, sales and purchases. Such changes in assets and liabilities generally tend to even out over time and result in trends in cash flows from operating activities generally reflecting earnings trends.

Investing activities. Net cash used by investing activities totaled $62.0 million and $19.4 million in the first six months of 1999 and 2000, respectively. Included in cash used by investing activities in the first six months of 1999 and 2000 is the $53.1 million and $9.4 million related to the acquisitions of Thomas Regout and substantially all of the operating assets of Chicago Lock Company, respectively.

Capital expenditures for 2000 relate primarily to capacity expansion, equipment additions designed to improve manufacturing efficiencies and tooling. Capital expenditures for 2000 are estimated at approximately $25 million, the majority of which relate to projects emphasizing improved production efficiency and increased production capacity. In connection with the expansion of certain of its domestic production facilities, the Company has outstanding firm purchase commitments of $1.9 million at June 30, 2000. Firm purchase commitments for capital projects not commenced at June 30, 2000 were not material.

Financing activities. Net cash provided by financing activities totaled $19.5 million and $6.4 million in the first six months of 1999 and 2000, respectively. The Company paid its quarterly dividend of $2.0 million, or $.125 per share, in the first and second quarters of 2000. No dividends were paid during the first six months of 1999. Cash flows from financing activities in the first six months of 1999 includes $20.0 million of borrowings used to finance a portion of the acquisition of Thomas Regout. Similarly, cash flows from financing activities in the first quarter of 2000 includes $12.1 million of borrowings, $9.4 million of which were used to finance the acquisition of substantially all of the assets of Chicago Lock Company. Repayments of long-term debt totaled $1.7 million during the first six months of 2000 compared to $.5 million for the first six months of 1999.

Management believes that cash generated from operations and borrowing availability under the Company's unsecured Revolving Senior Credit Facility ($69 million available for borrowing at June 30, 2000), together with cash on hand, will be sufficient to meet the Company's liquidity needs for working capital, capital expenditures, debt service and dividends.

The Company periodically evaluates its liquidity requirements, alternative uses of capital, capital needs and available resources in view of, among other things, its capital expenditure requirements, its capital resources and its estimated future operating cash flows. As a result of this process, the Company may in the future seek to raise additional capital, refinance or restructure indebtedness, issue additional securities, modify its dividend policy or take a combination of such steps to manage its liquidity and capital resources. In the normal course of business, the Company may review opportunities for acquisitions, joint ventures or other business combinations in the component products industry. In the event of any such transaction, the Company may consider using available cash, issuing additional equity securities or increasing the indebtedness of the Company or its subsidiaries.

As provided by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company cautions that the statements in this Quarterly Report on Form 10-Q relating to matters that are not historical facts, including, but not limited to, statements found in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Forward-looking statements can be identified by the use of such words as "believes," "intends," "may," "should," "anticipates," "expected" or comparable terminology, or by discussions of strategies or trends. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give any assurance that these expectations will prove to be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly impact expected results, and actual future results could differ materially from those described in such forward-looking statements. While it is not possible to identify all factors, the Company continues to face many risks and uncertainties. Among the factors that could cause actual future results to differ materially are the risks and uncertainties discussed in this Quarterly Report and those described from time to time in the Company's other filings with the Securities and Exchange Commission. While it is not possible to identify all factors, the Company continues to face many risks and uncertainties including, but not limited to, future supply and demand for the Company's products, cost of raw materials, general global economic and political conditions, demand for office furniture, service industry employment levels, the possibility of labor disruptions, competitive products and prices, substitute products, customer and competitor strategies, the introduction of tariff or non-tariff trade barriers, the impact of pricing and production decisions, potential difficulties in integrating completed acquisitions, environmental matters (such as those requiring emission and discharge standards for existing and new facilities), government regulations and possible changes therein, possible future litigation and other risks and uncertainties. Should one or more of these risks materialize (or the consequences of such a development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those forecasted or expected. The Company disclaims any intention or obligation to update or revise any forward-looking statement whether as a result of new information, future events or otherwise.

Part II. OTHER INFORMATION

ITEM 4. Submission of Matters to a Vote of Security Holders.

The Company held its Annual Meeting of Shareholders on May 11, 2000. Paul M. Bass, Jr., David A. Bowers, Joseph S. Compofelice, Edward J. Hardin, Ann Manix, Glenn R. Simmons and Steven L. Watson were elected as directors, each receiving votes "For" their election from over 99% of the 104.9 million votes eligible to be voted at the Annual Meeting.

ITEM 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

10.1 Intercorporate Services Agreement between the Registrant and Valhi, Inc. effective as of January 1, 2000.

10.2 Intercorporate Services Agreement between the Registrant and NL Industries, Inc. effective as of January 1, 2000 - incorporated by reference to Exhibit 10.6 to NL Industries, Inc.'s Quarterly Report on Form 10-Q (File No. 1-640) for the quarter ended June 30, 2000.

27.1 Financial Data Schedule for the six-month period ended June 30, 2000.

(b) Reports on Form 8-K

Reports on Form 8-K for the quarter ended June 30, 2000.

April 17, 2000 - Reported Items 5 and 7. April 18, 2000 - Reported Items 5 and 7. May 11, 2000 - Reported Items 5 and 7. May 30, 2000 - Reported Items 5 and 7.

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 thereunto duly authorized.

COMPX INTERNATIONAL INC.

(Registrant)

Date August 10, 2000 By: /s/ John A. Miller

John A. Miller
Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date August 10, 2000 By: /s/ Todd W. Strange

Todd W. Strange
Vice President and Controller
(Principal Accounting Officer)

INTERCORPORATE SERVICES AGREEMENT

This INTERCORPORATE SERVICES AGREEMENT (the "Agreement"), effective as of January 1, 2000, amends and supersedes that certain Intercorporate Services Agreement effective as of January 1, 1999 between VALHI, INC., a Delaware corporation ("Valhi"), and COMPX INTERNATIONAL INC., a Delaware corporation ("Recipient").

Recitals

A. Employees and agents of Valhi and affiliates of Valhi perform management, financial and administrative functions for Recipient without direct compensation from Recipient.

B. Recipient does not separately maintain the full internal capability to perform all necessary management, financial and administrative functions that Recipient requires.

C. The cost of maintaining the additional personnel by Recipient necessary to perform the functions provided for by this Agreement would exceed the fee set forth in Section 3 of this Agreement and that the terms of this Agreement are no less favorable to Recipient than could otherwise be obtained from a third party for comparable services.

D. Recipient desires to continue receiving the management, financial and administrative services presently provided by Valhi and affiliates of Valhi and Valhi is willing to continue to provide such services under the terms of this Agreement.

Agreement

For and in consideration of the mutual premises, representations and covenants herein contained, the parties hereto mutually agree as follows:

Section 1. Services to be Provided. Valhi agrees to make available to Recipient the following services (the "Services") to be rendered by the internal staff of Valhi and affiliates of Valhi:

(a) Consultation in the development and implementation of Recipient's corporate business strategies, plans and objectives;

(b) Consultation in management and conduct of corporate affairs and corporate governance consistent with the charter and bylaws of Recipient;

(c) Consultation in maintenance of financial records and controls, including preparation and review of periodic financial statements and reports to be filed with public and regulatory entities and those required to be prepared for financial institutions or pursuant to indentures and credit agreements;

(d) Consultation in cash management and in arranging financing necessary to implement the business plans of Recipient;

(e) Consultation in tax management and administration, including, without limitation, preparation and filing of tax returns, tax reporting, examinations by government authorities and tax planning;

(f) Consultation with respect to employee benefit plans and incentive compensation arrangements; and

(g) Such other services as may be requested by Recipient or deemed necessary and proper from time to time.

Section 2. Miscellaneous Services. It is the intent of the parties hereto that Valhi provide only the Services requested by Recipient in connection with routine management, financial and administrative functions related to the ongoing operations of Recipient and not with respect to special projects, including corporate investments, acquisitions and divestitures. The parties hereto contemplate that the Services rendered in connection with the conduct of Recipient's business will be on a scale compared to that existing on the effective date of this Agreement, adjusted for internal corporate growth or contraction, but not for major corporate acquisitions or divestitures, and that adjustments may be required to the terms of this Agreement in the event of such major corporate acquisitions, divestitures or special projects. Recipient will continue to bear all other costs required for outside services including, but not limited to, the outside services of attorneys, auditors, trustees, consultants, transfer agents and registrars, and it is expressly understood that Valhi assumes no liability for any expenses or services other than those stated in Section 1. In addition to the fee paid to Valhi by Recipient for the Services provided pursuant to this Agreement, Recipient will pay to Valhi the amount of out-of-pocket costs incurred by Valhi in rendering such Services.

Section 3. Fee for Services. Recipient agrees to pay to Valhi $139,000 quarterly, commencing as of January 1, 2000, pursuant to this Agreement.

Section 4. Original Term. Subject to the provisions of Section 5 hereof, the original term of this Agreement shall be from January 1, 2000 to December 31, 2000.

Section 5. Extensions. This Agreement shall be extended on a quarter-to-quarter basis after the expiration of its original term unless written notification is given by Valhi or Recipient thirty (30) days in advance of the first day of each successive quarter or unless it is superseded by a subsequent written agreement of the parties hereto.

Section 6. Limitation of Liability. In providing its Services hereunder, Valhi shall have a duty to act, and to cause its agents to act, in a reasonably prudent manner, but neither Valhi nor any officer, director, employee or agent of Valhi or its affiliates shall be liable to Recipient for any error of judgment or mistake of law or for any loss incurred by Recipient in connection with the matter to which this Agreement relates, except a loss resulting from willful misfeasance, bad faith or gross negligence on the part of Valhi.

Section 7. Indemnification of Valhi by Recipient. Recipient shall indemnify and hold harmless Valhi, its affiliates and their respective officers, directors and employees from and against any and all losses, liabilities, claims, damages, costs and expenses (including attorneys' fees and other expenses of litigation) to which Valhi or any such person may become subject arising out of the Services provided by Valhi to Recipient hereunder, provided that such indemnity shall not protect any person against any liability to which such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence on the part of such person.

Section 8. Further Assurances. Each of the parties will make, execute, acknowledge and deliver such other instruments and documents, and take all such other actions, as the other party may reasonably request and as may reasonably be required in order to effectuate the purposes of this Agreement and to carry out the terms hereof.

Section 9. Notices. All communications hereunder shall be in writing and shall be addressed, if intended for Valhi, to Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240, Attention: President, or such other address as it shall have furnished to Recipient in writing, and if intended for Recipient, to Two Greenspoint Plaza, 16825 Northchase Drive, Suite 1200, Houston, Texas 77060, Attention: Chairman of the Board, or such other address as it shall have furnished to Valhi in writing.

Section 10. Amendment and Modification. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated other than by agreement in writing signed by the parties hereto.

Section 11. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Valhi and Recipient and their respective successors and assigns, except that neither party may assign its rights under this Agreement without the prior written consent of the other party.

Section 12. Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the state of Texas.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

VALHI, INC.

/s/ Bobby D. O'Brien

By: ---------------------------------------

Bobby D. O'Brien
Vice President and Treasurer

COMPX INTERNATIONAL INC.

/s/ John A. Miller

By: ---------------------------------------

John A. Miller
Vice President, Chief Financial Officer
and Treasurer

<ARTICLE> 5
<LEGEND>
THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM COMPX
INTERNATIONAL INC.'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED JUNE 30, 2000, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH
CONSOLIDATED FINANCIAL STATEMENTS.
</LEGEND>
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