

VALHI INC /DE/
Form DEF 14A
April 10, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by Registrant:
Filed by a Party other than the Registrant:

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

Valhi, Inc.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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- 1) Amount Previously Paid:
 - 2) Form, Schedule or Registration Statement No.:
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 - 4) Date Filed:
-

Valhi, Inc.
Three Lincoln Centre
5430 LBJ Freeway, Suite 1700
Dallas, Texas 75240-2697

April 11, 2012

To our Stockholders:

You are cordially invited to attend the 2012 annual meeting of stockholders of Valhi, Inc., which will be held on Thursday, May 31, 2012, at 10:00 a.m., local time, at our corporate offices at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas. The matters to be acted upon at the meeting are described in the attached notice of annual meeting of stockholders and proxy statement.

Whether or not you plan to attend the meeting, please cast your vote as instructed on your proxy card or voting instruction form as promptly as possible to ensure that your shares are represented and voted in accordance with your wishes. Your vote, whether given by proxy or in person at the meeting, will be held in confidence by the inspector of election as provided in our bylaws.

In order to save mailing expenses, also enclosed with your 2012 annual meeting proxy materials are a:

- notice of stockholder action taken pursuant to the written consent of stockholders; and
- related information statement regarding an increase in the authorized shares of our common stock as described in the statement.

We are not incorporating the notice of stockholder action or the information statement into our 2012 annual meeting proxy materials. Additionally, you should not consider the information statement as soliciting material for our 2012 annual meeting of stockholders to be held on May 31, 2012.

IF YOU WANT YOUR SHARES VOTED AT OUR 2012 ANNUAL MEETING, YOU WILL NEED TO CAST YOUR VOTES AS INSTRUCTED ON YOUR PROXY CARD OR VOTING INSTRUCTION FORM. FOR MORE INFORMATION, WE URGE YOU TO READ OUR 2012 PROXY STATEMENT FOR OUR 2012 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 31, 2012. The notice of stockholder action and information statement included in this mailing do not require any action on your part and are provided to you for informational purposes only.

Sincerely,

Steven L. Watson
President and Chief Executive Officer

Valhi, Inc.
Three Lincoln Centre
5430 LBJ Freeway, Suite 1700
Dallas, Texas 75240-2697

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 31, 2012

To the Stockholders of Valhi, Inc.:

The 2012 annual meeting of stockholders of Valhi, Inc. will be held on Thursday, May 31, 2012, at 10:00 a.m., local time, at our corporate offices at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas, for the following purposes:

1. to vote on six director nominees named in the proxy statement to serve until the 2013 annual meeting of stockholders;
2. to vote on the 2012 Director Stock Plan;
3. to vote on an advisory resolution to approve our named executive officer compensation;
4. to vote on a stockholder proposal that our board of directors issue a sustainability report, if such stockholder proposal is properly presented at the meeting; and
5. to transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The close of business on April 2, 2012 has been set as the record date for the meeting. Only holders of our common stock at the close of business on the record date are entitled to notice of and to vote at the meeting. A complete list of stockholders entitled to vote at the meeting will be available for examination during normal business hours by any of our stockholders, for purposes related to the meeting, for a period of ten days prior to the meeting at our corporate offices.

You are cordially invited to attend the meeting. Whether or not you plan to attend the meeting, please cast your vote as instructed on the proxy card or voting instruction form as promptly as possible to ensure that your shares are represented and voted in accordance with your wishes.

By Order of the Board of Directors,

A. Andrew R. Louis, Secretary

Dallas, Texas
April 11, 2012

Important Notice Regarding the Availability of Proxy Materials for the

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Annual Stockholder Meeting to Be Held on May 31, 2012.

The proxy statement and annual report to stockholders (including Valhi's Annual Report on Form 10-K for the fiscal year ended December 31, 2011) are available at www.valhi.info/investor.

TABLE OF CONTENTS

Page

TABLE OF CONTENTS	
GLOSSARY OF TERMS	
GENERAL INFORMATION	
QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING	
CONTROLLING STOCKHOLDER	
SECURITY OWNERSHIP	
Ownership of Valhi	
Ownership of Related Companies	
PROPOSAL 1:ELECTION OF DIRECTORS	
Nominees for Director	
EXECUTIVE OFFICERS	
CORPORATE GOVERNANCE	
Controlled Company Status, Director Independence and Committees	
2011 Meetings and Standing Committees of the Board of Directors	
Audit Committee	
Management Development and Compensation Committee	
Executive Committee	
Risk Oversight	
Identifying and Evaluating Director Nominees	
Leadership Structure of the Board of Directors and Independent Director Meetings	
Stockholder Proposals and Director Nominations for the 2013 Annual Meeting of Stockholders	
Communications with Directors	
Compensation Committee Interlocks and Insider Participation	
Code of Business Conduct and Ethics	
Corporate Governance Guidelines	
Availability of Corporate Governance Documents	
COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS AND OTHER INFORMATION	
Compensation Discussion and Analysis	
Compensation Committee Report	
Summary of Cash and Certain Other Compensation of Executive Officers	
2011 Grants of Plan-Based Awards	
Outstanding Equity Awards at December 31, 2011	
Option Exercises and Stock Vested	
Pension Benefits	
Nonqualified Deferred Compensation	
Director Compensation	
Compensation Policies and Practices as They Relate to Risk Management	
Compensation Consultants	
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	
CERTAIN RELATIONSHIPS AND TRANSACTIONS	
Related Party Transaction Policy	
Relationships with Related Parties	
Intercorporate Services Agreements	
Risk Management Program	
Tax Matters	
CompX Loan from TFMC	
Related Party Loans for Cash Management Purposes	

	Data Recovery Program
	Provision of Utility Services to TIMET
	Sale of Excess Insurance Coverage to BMI
	WCS Financial Assurances
	Simmons Family Matters
	AUDIT COMMITTEE REPORT
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM MATTERS	
	Independent Registered Public Accounting Firm
	Fees Paid to PricewaterhouseCoopers LLP
	Preapproval Policies and Procedures
PROPOSAL 2:2012 DIRECTOR STOCK PLAN	
	Background
	Description of the 2012 Director Stock Plan
	Federal Income Tax Consequences
	Plan Benefits
	Vote Required
PROPOSAL 3:NONBINDING ADVISORY RESOLUTION ON NAMED EXECUTIVE OFFICER COMPENSATION	
	Background _
	Say-on-Pay Proposal
	Effect of the Proposal
	Vote Required
PROPOSAL 4:STOCKHOLDER PROPOSAL	
	Stockholder Proponent
	Proposed Stockholder Recital and Resolution
	Stockholder Supporting Statement
	Vote Required
	OTHER MATTERS
	2011 ANNUAL REPORT ON FORM 10-K
	STOCKHOLDERS SHARING THE SAME ADDRESS
REQUEST COPIES OF THE 2011 ANNUAL REPORT AND THIS PROXY STATEMENT	
EXHIBIT A — VALHI, INC. 2012 DIRECTOR STOCK PLAN	

GLOSSARY OF TERMS

“2012 Director Stock Plan” or “2012 plan” means the 2012 Director Stock Plan described in proposal 2, which provides for grants of our common stock to our directors.

“BMI” means Basic Management, Inc., a land management company in which a wholly owned subsidiary of Tremont owns approximately 32% of the outstanding equity securities (representing 29% of the voting securities).

“brokerage firm or other nominee” means a brokerage firm or other nominee such as a banking institution, custodian, trustee or fiduciary (other than our transfer agent, Computershare) through which a stockholder hold its shares of our common stock.

“broker/nominee non-vote” means a non-vote by a brokerage firm or other nominee for shares held for a client’s account for which the brokerage firm or other nominee does not have discretionary authority to vote on a particular matter and has not received instructions from the client.

“CDCT” means the Contran Amended and Restated Deferred Compensation Trust, an irrevocable “rabbi trust” established by Contran to assist it in meeting certain deferred compensation obligations that it owes to Harold C. Simmons.

“CMRT” means The Combined Master Retirement Trust, a trust Contran sponsors that permits the collective investment by master trusts that maintain assets of certain employee defined benefit plans Contran and related entities adopt.

“Computershare” means Computershare Trust Company, N.A., our stock transfer agent and registrar.

“CompX” means CompX International Inc., one of our publicly held subsidiaries that manufactures security products, furniture components and performance marine components.

“Contran” means Contran Corporation, the parent corporation of our consolidated tax group.

“Dixie Rice” means Dixie Rice Agricultural Corporation, Inc., one of our parent corporations.

“EWI” means EWI RE, Inc., a reinsurance brokerage and risk management corporation wholly owned by NL.

“Foundation” means the Harold Simmons Foundation, Inc., a tax-exempt foundation organized for charitable purposes.

“Grandchildren’s Trust” means The Annette Simmons Grandchildren’s Trust, a trust of which Harold C. Simmons and his wife, Annette C. Simmons, are co-trustees and the beneficiaries of which are the grandchildren of Annette C. Simmons.

“independent directors” means the following directors: Norman S. Edelcup, Thomas E. Barry and W. Hayden McIlroy.

“ISA” means an intercorporate services agreement between Contran and a related company pursuant to which employees of Contran provide certain services, including executive officer services, to such related company on an annual fixed fee basis.

“Keystone” means Keystone Consolidated Industries, Inc., one of our publicly held sister corporations that manufactures steel fabricated wire products, industrial wire, bar products, billets and wire rod.

“Kronos Worldwide” means Kronos Worldwide, Inc., one of our publicly held subsidiaries that is an international manufacturer of titanium dioxide products.

“named executive officer” means any person named in the 2011 Summary Compensation Table in this proxy statement.

“NL” means NL Industries, Inc., one of our publicly held subsidiaries that is a diversified holding company with significant investments in Kronos Worldwide and CompX.

“NYSE” means the New York Stock Exchange.

“PwC” means PricewaterhouseCoopers LLP, our independent registered public accounting firm.

“record date” means the close of business on April 2, 2012, the date our board of directors set for the determination of stockholders entitled to notice of and to vote at the 2012 annual meeting of our stockholders.

“Say-on-Pay” means the third proposal in this proxy statement for a nonbinding advisory vote for the consideration of our stockholders to approve the compensation of our named executive officers as such proposal is described and as such compensation is disclosed in this proxy statement.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Exchange Act” means the Securities Exchange Act of 1934, as amended.

“stockholder of record” means a stockholder of our common stock who holds shares directly (either in certificate or electronic form) in its name with our transfer agent, Computershare.

“Tall Pines” means Tall Pines Insurance Company, an indirect wholly owned captive insurance subsidiary of ours.

“TFMC” means TIMET Finance Management Company, a wholly owned subsidiary of TIMET.

“TIMET” means Titanium Metals Corporation, one of our publicly held sister corporations that is an integrated producer of titanium metal products.

“Tremont” means Tremont LLC, one of our wholly owned subsidiaries.

“Valhi,” “us,” “we” or “our” means Valhi, Inc.

“VHC” means Valhi Holding Company, one of our parent corporations.

“WCS” means Waste Control Specialists LLC, an indirect privately held subsidiary of ours that is engaged in the waste management industry.

Valhi, Inc.
Three Lincoln Centre
5430 LBJ Freeway, Suite 1700
Dallas, Texas 75240-2697

PROXY STATEMENT

GENERAL INFORMATION

We are providing this proxy statement in connection with the solicitation of proxies by and on behalf of our board of directors for use at our 2012 annual meeting of stockholders to be held on Thursday, May 31, 2012, and at any adjournment or postponement of the meeting. We are furnishing our proxy materials to holders of our common stock as of the close of business on April 2, 2012. We initiated the mailing of our proxy materials to the holders of our common stock on or about April 11, 2012. The proxy materials include:

- the accompanying notice of the 2012 annual meeting of stockholders;
- this proxy statement;
- our 2011 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2011; and
- the proxy card (or voting instruction form if you hold your shares through a brokerage firm or other nominee and not through our transfer agent, Computershare).

We are furnishing our 2011 annual report to all of our stockholders entitled to vote at the 2012 annual meeting. We are not incorporating the 2011 annual report into this proxy statement and you should not consider the annual report as proxy solicitation material. The accompanying notice of annual meeting of stockholders sets forth the time, place and purposes of the meeting. Our principal executive offices are located at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697.

In order to save mailing expenses, also enclosed with your 2012 annual meeting proxy materials are a:

- notice of stockholder action taken pursuant to the written consent of stockholders; and
- related information statement regarding an increase in the authorized shares of our common stock as described in the statement.

We are not incorporating the notice of stockholder action or the information statement into our 2012 annual meeting proxy materials. Additionally, you should not consider the notice or information statement as soliciting material for our 2012 annual meeting of stockholders to be held on May 31, 2012.

IF YOU WANT YOUR SHARES VOTED AT OUR 2012 ANNUAL MEETING, YOU WILL NEED TO CAST YOUR VOTES AS INSTRUCTED ON YOUR PROXY CARD OR VOTING INSTRUCTION FORM. FOR MORE INFORMATION, WE URGE YOU TO READ THIS PROXY STATEMENT. The notice of stockholder action and information statement included in this mailing do not require any action on your part

and are provided to you for informational purposes only.

Please refer to the Glossary of Terms on page ii for the definitions of certain terms used in this proxy statement.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: What is the purpose of the annual meeting?

A: At the annual meeting, stockholders will vote on the following, as described in this proxy statement:

- Proposal 1 – the election of the six director nominees named in this proxy statement;
-

- Proposal 2 – the approval of the 2012 Director Stock Plan;
- Proposal 3 –the adoption of a nonbinding advisory resolution that approves the named executive officer compensation described in this proxy statement (Say-on-Pay); and
- Proposal 4 –a stockholder proposal that our board of directors issue a sustainability report (Sustainability Report).

In addition, stockholders will vote on any other matter that may properly come before the meeting.

Q: How does the board recommend that I vote?

A: The board of directors recommends that you vote FOR:

- each of the nominees for director named in this proxy statement;
- the approval of proposal 2 (2012 Director Stock Plan); and
- the approval and adoption of proposal 3 (Say-on-Pay).

The board of directors makes NO RECOMMENDATION regarding Proposal 4 – a stockholder proposal that our board of directors issue a sustainability report.

Q: Who is allowed to vote at the annual meeting?

A: The board of directors has set the close of business on April 2, 2012 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting. Only holders of our common stock as of the close of business on the record date are entitled to vote at the meeting. On the record date, 113,036,483 shares of our common stock were issued and outstanding. Each share of our common stock entitles its holder to one vote.

Q: If I hold my shares through a brokerage firm or other nominee, how may I vote in person at the annual meeting?

A: If you wish to vote in person at the annual meeting, you will need to follow the instructions on your voting instruction form on how to obtain the appropriate documents to vote in person at the meeting.

Q: How do I vote if I am a stockholder of record?

A: If you hold shares of our common stock directly (either in certificate or electronic form) with our transfer agent, Computershare, rather than through a brokerage firm or other nominee, you are a stockholder of record. As a stockholder of record, you may:

- vote over the internet at www.investorvote.com/VHI;
- vote by telephone using the voting procedures set forth on your proxy card;
- instruct the agents named on your proxy card how to vote your shares by completing, signing and mailing the enclosed proxy card in the envelope provided; or
- vote in person at the annual meeting.

Q:

What are the consequences if I am a stockholder of record and I execute my proxy card but do not indicate how I would like my shares voted for one or more of the director nominees named in this proxy statement or the other proposals described in this proxy statement?

A: If you are a stockholder of record (and not a brokerage firm or other nominee), the agents named on your proxy card will vote your shares on such uninstructed nominee or proposal as recommended by the board of directors in this proxy statement. However, the board of directors makes no recommendation regarding proposal 4 (sustainability report). Accordingly, if the agents receive no direction from you on proposal 4, the agents will abstain on this proposal, which abstention will have the same effect as a negative vote.

- 2 -

Q: If I do not want to vote my shares in person at the annual meeting, how do I vote if my shares are held through a brokerage firm or other nominee?

A: If your shares are held through a brokerage firm or other nominee, you must follow the instructions from your brokerage firm or other nominee on how to vote your shares. In order to ensure your brokerage firm or other nominee votes your shares in the manner you would like, you must provide voting instructions to your brokerage firm or other nominee by the deadline provided in the materials you received from your brokerage firm or other nominee.

Brokerage firms or other nominees may not vote your shares on the election of a director nominee or any of the other proposals in this proxy statement in the absence of your specific instructions as to how to vote. We encourage you to provide instructions to your brokerage firm or other nominee regarding the voting of your shares. If you do not instruct your brokerage firm or other nominee how to vote with respect to the election of a director nominee or on each of the other three proposals in this proxy statement, your brokerage firm or other nominee may not vote with respect to the election of such director nominee or on any uninstructed proposal and your vote will be counted as a “broker/nominee non-vote.” “Broker/nominee non-votes” are non-votes by a brokerage firm or other nominee for shares held in a client’s account for which the brokerage firm or other nominee does not have discretionary authority to vote on a particular matter and has not received instructions from the client. How we treat broker/nominee non-votes is separately described in each of the answers below regarding what constitutes a quorum, the requisite votes necessary to elect a director nominee or approve the other three proposals in this proxy statement.

Q: Who will count the votes?

A: The board of directors has appointed Computershare, our transfer agent and registrar, to ascertain the number of shares represented, tabulate the vote and serve as inspector of election for the meeting.

Q: Is my vote confidential?

A: Yes. All proxy cards, ballots or voting instructions delivered to Computershare will be kept confidential in accordance with our bylaws.

Q: How do I change or revoke my proxy instructions if I am a stockholder of record?

A: If you are a stockholder of record, you may change or revoke your proxy instructions in any of the following ways:

- delivering to Computershare a written revocation;
- submitting another proxy card bearing a later date;
- changing your vote on www.investorvote.com/VHI;
- using the telephone voting procedures set forth on your proxy card; or
- voting in person at the annual meeting.

Q: How do I change or revoke my voting instructions if my shares are held through a brokerage firm or other nominee?

A: If your shares are held through a brokerage firm or other nominee, you must follow the instructions from your brokerage firm or other nominee on how to change or revoke your voting instructions or how to vote in person at

the annual meeting.

Q: What constitutes a quorum?

A: A quorum is the presence, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock entitled to vote at the meeting.

- 3 -

Shares that are voted “abstain” or “withheld” are counted as present and entitled to vote and are, therefore, included for purposes of determining whether a quorum is present at the annual meeting.

As already discussed in the previous answer regarding how to vote shares held through a brokerage firm or other nominee, there are no proposals for the 2012 annual meeting that would allow a brokerage firm or nominee to vote uninstructed shares. If a brokerage firm or other nominee receives no instruction for the election of any director nominee or any of the proposals, such uninstructed shares will be counted as not entitled to vote and are, therefore, not considered for purposes of determining whether a quorum is present at the annual meeting. If a brokerage firm or other nominee receives instructions on the election of any director nominee or any of the other three proposals, such instructed shares will be counted as present and entitled to vote and are, therefore, included for purposes of determining whether a quorum is present at the annual meeting.

VHC directly held approximately 92.6% of the outstanding shares of our common stock as of the record date. VHC has indicated its intention to have its shares of our common stock represented at the meeting. If VHC attends the meeting in person or by proxy, the meeting will have a quorum present.

Q: Assuming a quorum is present, what vote is required to elect a director nominee?

A: A plurality of affirmative votes of the holders of our outstanding shares of common stock represented and entitled to vote at the meeting is necessary to elect each director nominee. You may indicate on your proxy card or in your voting instructions that you desire to withhold authority to vote for any of the director nominees. Since director nominees need only receive a plurality of affirmative votes from the holders represented and entitled to vote at the meeting to be elected, a vote withheld or a broker/nominee non-vote regarding a particular nominee will not affect the election of such director nominee.

VHC directly held approximately 92.6% of the outstanding shares of our common stock as of the record date. VHC has indicated its intention to have its shares of our common stock represented at the meeting and to vote such shares FOR the election of each of the director nominees named in this proxy statement. If VHC attends the meeting in person or by proxy and votes as indicated, the stockholders will elect all of the nominees named in this proxy statement to the board of directors.

Q: Assuming a quorum is present, what vote is required to adopt and approve proposal 2 (2012 Director Stock Plan)?

A: The affirmative votes of the majority of the shares present in person or represented by proxy at the 2012 annual meeting and entitled to vote on this proposal will be the requisite vote to approve the 2012 Director Stock Plan. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a negative vote. Broker/nominee non-votes will not be counted as entitled to vote and will have no effect on this proposal.

As already mentioned, VHC directly held approximately 92.6% of the outstanding shares of our common stock as of the record date. VHC has indicated its intention to have its shares of our common stock represented at the meeting and to vote such shares FOR the approval of the 2012 Director Stock Plan. If VHC attends the meeting in person or by proxy and votes as indicated, the stockholders will approve this proposal.

Q: Assuming a quorum is present, what vote is required to adopt and approve proposal 3 (Say-on-Pay)?

A: The proposed stockholder resolution contained in this proposal provides that the affirmative nonbinding advisory votes of the majority of the shares present in person or represented by proxy at the 2012 annual meeting and entitled to vote on this proposal will be the requisite vote to adopt the resolution and approve the compensation of our named executive officers as such compensation is disclosed in this proxy statement. Abstentions will be

counted as represented and entitled to vote and will therefore have the effect of a negative vote. Broker/nominee non-votes will not be counted as entitled to vote and will have no affect on this proposal.

As already mentioned, VHC directly held approximately 92.6% of the outstanding shares of our common stock as of the record date. VHC has indicated its intention to have its shares of our common stock represented at the meeting and to vote such shares FOR this nonbinding advisory proposal. If VHC attends the meeting in person or by proxy and votes as indicated, the stockholders will, by a nonbinding advisory vote, approve this proposal.

Q: Assuming a quorum is present, what vote is required to adopt and approve proposal 4 (Sustainability Report)?

A: The affirmative votes of the majority of the shares present in person or represented by proxy at the 2012 annual meeting and entitled to vote on this proposal will be the requisite vote to adopt and approve the stockholder proposed resolution that our board of directors issue a sustainability report. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a negative vote. Broker/nominee non-votes will not be counted as entitled to vote and will have no effect on this stockholder proposal.

As already mentioned, VHC directly held approximately 92.6% of the outstanding shares of our common stock as of the record date. VHC has indicated its intention to have its shares of our common stock represented at the meeting and to vote such shares AGAINST the approval of this stockholder proposal. If VHC attends the meeting in person or by proxy and votes as indicated, this stockholder proposal will NOT be approved.

Q: Assuming a quorum is present, what vote is required to approve any other matter to come before the meeting?

A: Except as applicable laws may otherwise provide, the approval of any other matter that may properly come before the meeting will require the affirmative votes of the holders of the majority of the outstanding shares represented and entitled to vote at the meeting. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a negative vote.

Q: If I am a stockholder of record, how will the agents named on my proxy card vote on any other matter to come before the meeting?

A: If you are a stockholder of record and to the extent allowed by applicable law, the agents named on your proxy card will vote in their discretion on any other matter that may properly come before the meeting.

Q: Why are a notice of stockholder action taken pursuant to the written consent of stockholders and related information statement regarding an increase in the authorized shares of our common stock included with the 2012 annual proxy materials I received?

A: We included the notice of stockholder action and information statement with the 2012 annual proxy materials in order to save mailing expenses. We are not incorporating the notice of stockholder action or the information statement into our 2012 annual meeting proxy materials. Additionally, you should not consider the information statement as soliciting material for our 2012 annual meeting. The notice of stockholder action and information statement do not require any action on your part and are provided for informational purposes only.

Q: How will our announced 3-for-1 common stock split affect the number of shares I have to vote at the annual meeting?

A: On March 15, 2012 we declared a 3-for-1 split of our common stock to be effected in the form of a stock dividend. Holders of record of our common stock at the close of business on May 2, 2012 will receive two additional shares for each share held as of the close of business on that date. Subject to certain customary regulatory approvals, we expect to distribute the additional shares at the close of business on May 10, 2012. Since the record date for the annual meeting is before the record date for the stock split, the stock split will have no effect on the number of shares you are entitled to vote at the annual meeting. You will only be able to vote as many

shares at the 2012 annual meeting as you held at the close of business on April 2, 2012 (the record date for the annual meeting).

- 5 -

Q: Who will pay for the cost of soliciting the proxies?

A: We will pay all expenses related to the solicitation, including charges for preparing, printing, assembling and distributing all materials delivered to stockholders. In addition to the solicitation by mail, our directors, officers and regular employees may solicit proxies by telephone or in person for which such persons will receive no additional compensation. Upon request, we will reimburse brokerage firms or other nominees for their reasonable out-of-pocket expenses incurred in distributing proxy materials and voting instructions to the beneficial owners of our common stock that hold such stock in accounts with such entities.

CONTROLLING STOCKHOLDER

VHC is the direct holder of approximately 92.6% of the outstanding shares of our common stock as of the record date. VHC has indicated its intention to have its shares of our common stock represented at the meeting and to vote such shares FOR the election of each of the director nominees named in this proxy statement and FOR proposals 2 (2012 Director Stock Plan) and 3 (Say-on-Pay) and AGAINST proposal 4 (Sustainability Report). If VHC attends the meeting in person or by proxy and votes as indicated, the meeting will have a quorum present and the stockholders will elect all of the nominees named in this proxy statement to the board of directors, will approve proposals 2 and 3 and will NOT approve Proposal 4.

SECURITY OWNERSHIP

Ownership of Valhi. The following table and footnotes set forth as of the record date the beneficial ownership, as defined by regulations of the SEC, of our common stock held by each individual, entity or group known to us to own beneficially more than 5% of the outstanding shares of our common stock, each director, each named executive officer and all of our directors and executive officers as a group. See footnote 4 below for information concerning the relationships of certain individuals and entities that may be deemed to own indirectly and beneficially more than 5% of the outstanding shares of our common stock. All information is taken from or based upon ownership filings made by such individuals or entities with the SEC or upon information provided by such individuals or entities.

Name of Beneficial Owner	Valhi Common Stock	
	Amount and Nature of Beneficial Ownership (1)	Percent of Class (1)(2)
H a r o l d C . S i m m o n s (3)	(4) 421,393	*
V a l h i H o l d i n g C o m p a n y (3)	(4) 104,677,716	92.6%
T I M E T F i n a n c e M a n a g e m e n t C o m p a n y (3)	(4) 2,122,339	1.9%
C o n t r a n C o r p o r a t i o n (3)	(4)(5) 392,762	*
H a r o l d S i m m o n s F o u n d a t i o n , I n c . (3)	(4) 827,300	*
A n n e t t e C . S i m m o n s (3)	(4) 265,338	*
T h e C o m b i n e d M a s t e r R e t i r e m e n t T r u s t (3)	(4) 115,000	*
T h e A n n e t t e S i m m o n s G r a n d c h i l d r e n ' s T r u s t (3)	29,300(4) 108,851,148(4)	* 96.3%
T h o m a s E . Barry	15,500(4)	*
N o r m a n S . Edelcup	39,000	*
W . H a y d e n McIlroy	6,500(4)(6)	*
G l e n n R . Simmons	17,410(4)(7)	*
S t e v e n L . Watson	28,746(4)	*
W i l l i a m J . Lindquist	-0-(4)	-0-
R o b e r t D . Graham	-0-(4)	-0-
B o b b y D . O'Brien	-0-(4)	-0-
All our directors and executive officers as a group (14 persons)	108,959,470(4)(5)(6)(7)	96.4%

* Less than 1%.

- (1) Except as otherwise noted, the listed entities, individuals or group have sole investment power and sole voting power as to all shares set forth opposite their names.
- (2) The percentages are based on 113,036,483 shares of our common stock outstanding as of the record date. NL, one of its wholly owned subsidiaries and Kronos Worldwide directly hold 3,604,790, 1,186,200 and 574,972 shares of our common stock, respectively. Since NL and Kronos Worldwide are majority owned subsidiaries of us and pursuant to Delaware law, we treat the shares of our common stock that NL, its subsidiary and Kronos Worldwide hold as treasury stock for voting purposes. For the purposes of calculating the percentage ownership of the outstanding shares of our common stock as of the record date in this proxy statement, such shares are not deemed outstanding.
- (3) The business address of VHC, Contran, the Foundation, the CMRT, Harold C. and Annette C. Simmons and the Grandchildren's Trust is Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697. The business address of TFMC is 1007 Orange Street, Suite 1400, Wilmington, Delaware 19801.
- (4) TIMET is the direct holder of 100% of the outstanding shares of TFMC common stock. Except as otherwise indicated, Harold C. Simmons and the following persons or entities related to him are the direct holders of the following percentages of the outstanding shares of TIMET common stock:

VHC	23.9%
Annette C.	
Simmons	12.5%
CMRT	8.8%
Harold C.	
Simmons	3.2%
Kronos	
Worldwide	2.4%
Contran	2.0%
NL	0.8%
Valhi	0.5%
Grandchildren's	Less than 0.1%
Trust	

NL's percentage ownership of TIMET common stock includes approximately 0.3% directly held by a wholly owned subsidiary of NL.

Harold C. Simmons and the following persons or entities related to him are the direct holders of the following percentages of the outstanding shares of Kronos Worldwide common stock:

Valhi	50.0%
NL	30.4%
Annette C. Simmons	0.8%
Harold C. Simmons	0.7%
TFMC	0.3%
Contran	Less than 0.1%

Harold C. Simmons and the following persons or entities related to him are the direct holders of the following percentages of the outstanding shares of NL common stock:

Valhi	83.0%
Harold C. Simmons	2.2%
Annette C. Simmons	0.8%
TFMC	0.5%
Kronos Worldwide	Less than 0.1%

Dixie Rice is the direct holder of 100% of the outstanding shares of VHC common stock. Contran is the beneficial holder of 100% of the outstanding shares of Dixie Rice common stock.

Substantially all of Contran's outstanding voting stock is held by trusts established for the benefit of certain children and grandchildren of Harold C. Simmons, of which Mr. Simmons is the sole trustee, or held by Mr. Simmons or persons or other entities related to Mr. Simmons. As sole trustee of these trusts, Mr. Simmons has the power to vote and direct the disposition of the shares of Contran stock held by these trusts. Mr. Simmons, however, disclaims beneficial ownership of any Contran shares these trusts hold.

The Foundation is a tax-exempt foundation organized for charitable purposes. Harold C. Simmons is the chairman of the board of the Foundation.

U.S. Bank National Association serves as the trustee of the CDCT. Contran established the CDCT as an irrevocable "rabbi trust" to assist Contran in meeting certain deferred compensation obligations that it owes to Harold C. Simmons. If the CDCT assets are insufficient to satisfy such obligations, Contran is obligated to satisfy the balance of such obligations as they come due. Pursuant to the terms of the CDCT, Contran retains the power to vote the shares held by the CDCT, retains dispositive power over such shares and may be deemed the indirect beneficial owner of such shares.

Contran sponsors the CMRT to permit the collective investment by master trusts that maintain assets of certain employee defined benefit plans Contran and related entities adopt. Harold C. Simmons is the sole trustee of this trust and a member of the investment committee for this trust. Thomas E. Barry is also a member of this trust's investment committee. Contran selects the trustee and members of this trust's investment committee. All of our executive officers

are participants in one or more of the employee defined benefit plans that invest through this trust. Each of such persons disclaims beneficial ownership of any of the shares this trust holds, except to the extent of his or her individual vested beneficial interest, if any, in the plan assets this trust holds.

Harold C. Simmons is chairman of the board and chief executive officer of NL and the chairman of the board of each of Kronos Worldwide, TIMET, us, VHC, Dixie Rice and Contran.

By virtue of the holding of the offices, the stock ownership and his services as trustee, all as described above, (a) Harold C. Simmons may be deemed to control certain of such entities and (b) Mr. Simmons and certain of such entities may be deemed to possess indirect beneficial ownership of shares directly held by certain of such other entities. However, Mr. Simmons disclaims beneficial ownership of the shares beneficially owned, directly or indirectly, by any of such entities, except to the extent of his vested beneficial interest, if any, in shares held by the CDCT or the CMRT. Mr. Simmons disclaims beneficial ownership of all shares of our common stock beneficially owned, directly or indirectly, by VHC, TFMC, Contran, the Foundation, Kronos Worldwide or NL or its subsidiaries.

All of our directors or executive officers who are also directors or executive officers of VHC, TFMC, Contran and the Foundation or their affiliated entities disclaim beneficial ownership of the shares of our common stock that such entities directly or indirectly hold.

Annette C. Simmons is the wife of Harold C. Simmons. Mrs. Simmons disclaims beneficial ownership of all shares that she does not own directly. Mr. Simmons may be deemed to share indirect beneficial ownership of her shares. He disclaims all such beneficial ownership.

The Grandchildren's Trust is a trust of which Harold C. Simmons and Annette C. Simmons are co-trustees and the beneficiaries of which are the grandchildren of Annette C. Simmons. Mr. Simmons, as co-trustee of this trust, has the power to vote and direct the disposition of the shares this trust directly holds. Mr. Simmons disclaims beneficial ownership of any shares that this trust holds.

Contran is the sole owner of our 6% series A preferred stock (non-voting) and a trust related to Harold C. Simmons is the sole owner of VHC's 2% convertible preferred stock (non-voting). Messrs. Harold and Glenn Simmons and Watson each hold of record one director qualifying share of Dixie Rice.

VHC has pledged 8,577,160 shares of our common stock as security and 24,878,081 shares of TIMET common stock as security. NL has pledged 4,069,344 shares of Kronos Worldwide common stock as security. Contran has pledged 864 shares of our 6% series A preferred stock as security.

Shares owned by Contran or its related entities or their executive officers or directors may be held in margin accounts at brokerage firms. Under the terms of the margin account agreements, stocks and other assets held in these accounts may be pledged to secure margin obligations under these accounts. Harold C. Simmons holds 63,518 shares of our common stock, 574,866 shares of Kronos Worldwide common stock and 491,009 shares of NL common stock in a margin account at a brokerage firm. Annette C. Simmons holds all of her 265,338 shares of Valhi common stock, 882,876 shares of Kronos Worldwide common stock and 404,391 shares of NL common stock in a margin account at a brokerage firm. The Grandchildren's Trust holds all of its 29,300 shares of our common stock and 14,132 shares of TIMET common stock in a margin account at a brokerage firm. A family partnership of which Mr. McIlroy is a general partner holds all of its 6,500 shares of our common stock in a margin account at a brokerage firm.

The business address of the Foundation, Kronos Worldwide, NL and TIMET is Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697. The business address of Dixie Rice is 600 Pasquiere Street, Gueydan, Louisiana 70542.

(5) Includes 366,847 shares of our common stock that the CDCT holds directly. Contran retains the power to vote the shares held by the CDCT, retains dispositive power over such shares and may be deemed the indirect beneficial owner of such shares.

(6) A family partnership of which Mr. McIlroy is a general partner holds these shares.

(7) The shares of common stock shown as beneficially owned by Glenn R. Simmons include 1,100 shares his wife holds in her retirement accounts, with respect to which he disclaims beneficial ownership.

We understand that Contran and related entities may consider acquiring or disposing of shares of our common stock through open market or privately negotiated transactions, depending upon future developments, including, but not limited to, the availability and alternative uses of funds, the performance of our common stock in the market, an assessment of our business and prospects, financial and stock market conditions and other factors deemed relevant by such entities. We may similarly consider acquisitions of shares of our common stock and acquisitions or dispositions of securities issued by related entities.

Ownership of Related Companies. Some of our directors and executive officers own equity securities of several companies related to us.

Ownership of Kronos Worldwide and NL. The following table and footnotes set forth the beneficial ownership, as of the record date, of the shares of Kronos Worldwide and NL common stock held by each of our directors, each named executive officer and all of our directors and executive officers as a group. All information is taken from or based upon ownership filings made by such individuals or entities with the SEC or upon information provided by such individuals or entities.

Name of Beneficial Owner	Kronos Worldwide Common Stock		NL Common Stock	
	Amount and Nature of Beneficial Ownership (1)	Percent of Class (1)(2)	Amount and Nature of Beneficial Ownership (1)	Percent of Class (1)(3)
Harold C. Simmons	777,940(4)	*	1,052,054(4)	2.2%
Valhi, Inc.	57,990,042(4)	50.0%	40,387,531(4)	83.0%
NL Industries, Inc.	35,219,270(4)	30.4%	n/a	n/a
TIMET Finance Management Company	373,334(4)	*	222,100	*
Contran Corporation	5,372(4)	*	(4)	-0-
Kronos Worldwide	n/a(4)	n/a	-0-(4)	-0-
Annette C. Simmons	882,876(4)	*	2,000(4)	*
	95,248,834(4)	82.2%	404,391(4)	*
			42,068,076(4)	86.4%
Thomas E. Barry	-0-(4)	-0-	-0-(4)	-0-
Norman S. Edelcup	-0-(4)	-0-	-0-(4)	-0-
W. Hayden McIlroy	-0-(4)	-0-	-0-(4)	-0-
Glenn R. Simmons	42,762(4)(5)	*	-0-(4)	-0-
Steven L. Watson	103,652(4)	*	5,500(4)	*
William J. Lindquist	-0-(4)	-0-	15,500(4)	*
Robert D. Graham	-0-(4)	-0-	-0-(4)	-0-
Bobby D. O'Brien	-0-(4)	-0-	-0-(4)	-0-
All our directors and executive officers as a group (14 persons)	95,395,774(4)(5)	82.3%	-0-(4)	-0-
			42,089,576(4)	86.5%

* Less than 1%.

- (1) Except as otherwise noted, the listed entities, individuals or group have sole investment power and sole voting power as to all shares set forth opposite their names.
- (2) The percentages are based on 115,902,098 shares of Kronos Worldwide common stock outstanding as of the record date.
- (3) The percentages are based on 48,662,884 shares of NL common stock outstanding as of the record date.
- (4) See footnotes 2 and 4 to the Ownership of Valhi Table above for a description of certain relationships among the individuals, entities or groups appearing in this table. All of our directors or executive officers who are also directors or executive officers of Contran or any of its affiliated entities disclaim beneficial ownership of the

shares of Kronos Worldwide or NL common stock that such entities directly or indirectly own.

Other than the shares he holds directly, Harold C. Simmons disclaims beneficial ownership of any and all shares that his wife, Annette C. Simmons, directly or indirectly owns. Mrs. Simmons disclaims beneficial ownership of all shares she does not own directly.

See footnote 4 to the Ownership of Valhi Table for additional disclosure regarding pledged shares and shares held in margin accounts.

- (5) The shares of Kronos Worldwide common stock shown as beneficially owned by Glenn R. Simmons include 11,600 shares his wife holds directly and 850 shares she holds in her retirement account, with respect to all of which shares he disclaims beneficial ownership

Ownership of CompX. The following table and footnotes set forth the beneficial ownership, as of the record date, of the CompX class A and B common stock held by each of our directors, each named executive officer and all of our directors and executive officers as a group. All information is taken from or based upon ownership filings made by such individuals or entities with the SEC or upon information provided by such individuals or entities.

Beneficial Owner	CompX Class A Common Stock		CompX Class B Common Stock (1)		CompX Class A and Class B Common Stock Combined
	Amount and Nature of Beneficial Ownership (2)	Percent of Class (2)(3)	Amount and Nature of Beneficial Ownership (2)	Percent of Class (2)(3)	Percent of Class (2)(3)
Harold C. Simmons	359,065(4)	15.0%	-0-(4)	-0-	2.9%
NL Industries, Inc.	755,104(4)	31.6%	10,000,000(4)	100.0%	86.8%
Kronos Worldwide, Inc.	3,000(4)	*	-0-(4)	-0-	*
Annette C. Simmons	51,813(4)	2.2%	-0-(4)	-0-	*
	1,168,982(4)	49.0%	10,000,000(4)	100.0%	90.2%
Thomas E. Barry	-0-(4)	-0-	-0-(4)	-0-	-0-
Norman S. Edelcup	9,000(4)	*	-0-(4)	-0-	*
W. Hayden McIlroy	-0-(4)	-0-	-0-(4)	-0-	-0-
Glenn R. Simmons	24,553(4)(5)(6)	1.0%	-0-(4)	-0-	*
Steven L. Watson	15,000(4)(5)	*	-0-(4)	-0-	*
William J. Lindquist	-0-(4)	-0-	-0-(4)	-0-	-0-
Robert D. Graham	-0-(4)	-0-	-0-(4)	-0-	-0-
Bobby D. O'Brien	300(4)	*	-0-(4)	-0-	*
All our directors and executive officers as a group (14 persons)	1,218,035(4)(5)(6)	51.0%	10,000,000(4)	100.0%	90.6%

* Less than 1%.

- (1) Each share of CompX class B common stock entitles the holder to one vote on all matters except the election of directors, on which each share is entitled to ten votes. In certain instances, shares of CompX class B common stock are automatically convertible into shares of CompX class A common stock.
- (2) Except as otherwise noted, the listed entities, individuals or group have sole investment power and sole voting power as to all shares set forth opposite their names. The number of shares and percentage of ownership for each individual or group assumes the exercise by such individual or group (exclusive of others) of stock options that such individual or group may exercise within 60 days subsequent to the record date.
- (3) The percentages are based on 2,386,107 shares of CompX class A common stock outstanding as of the record date and 10,000,000 shares of CompX class B common stock outstanding as of the record date.
- (4) NL directly holds approximately 86.8% of the combined voting power of the outstanding shares of CompX class A and B common stock (approximately 98.4% for the election of directors).

See footnotes 2 and 4 to the Ownership of Valhi Table above for a description of certain relationships among the individuals, entities or groups appearing in this table. All of our directors or executive officers disclaim beneficial ownership of any shares of CompX class A or class B common stock that we or Kronos Worldwide directly or indirectly own.

NL has pledged 381,104 shares of CompX class A common stock as security. Annette C. Simmons holds all of her 51,813 shares of CompX class A common stock, in a margin account at a brokerage firm.

- 11 -

PROPOSAL 1
ELECTION OF DIRECTORS

Our bylaws provide that the board of directors shall consist of one or more members as determined by our board of directors or stockholders. The board of directors has currently set the number of directors at six and recommends the six director nominees named in this proxy statement for election at our 2012 annual stockholder meeting. The directors elected at the meeting will hold office until our 2013 annual stockholder meeting and until their successors are duly elected and qualified or their earlier removal or resignation.

All of the nominees are currently members of our board of directors whose terms will expire at the 2012 annual meeting. All of the nominees have agreed to serve if elected. If any nominee is not available for election at the meeting, your shares will be voted FOR an alternate nominee to be selected by the board of directors, unless you withhold authority to vote for such unavailable nominee. The board of directors believes that all of its nominees will be available for election at the meeting and will serve if elected.

OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE FOLLOWING NOMINEES FOR DIRECTOR.

Nominees for Director. All of our nominees have extensive senior management and policy-making experience. Each of the nominees has served on our board of directors for at least eight years and is knowledgeable about our business. Each of our independent directors is financially literate. The board of directors considered each nominee's specific business experiences described in the biographical information provided below in determining whether to nominate him for election as a director.

Thomas E. Barry, age 68, has served on our board of directors since 2000. Dr. Barry is vice president for executive affairs at Southern Methodist University and has been a professor of marketing in the Edwin L. Cox School of Business at Southern Methodist University since prior to 2007. Dr. Barry has also served as a director of Keystone and a member of its audit committee and management development and compensation committee since 2008. He is a member of our audit committee and management development and compensation committee.

Dr. Barry has over 11 years of experience on our board of directors, audit committee and management development and compensation committee. He also has senior executive, operating, corporate governance, finance and financial accounting oversight experience from a large, non-profit, private educational institution for which he currently serves and from another publicly held corporation affiliated with us for which he currently serves.

Norman S. Edelcup, age 76, has served on our or certain of our predecessors' boards of directors since 1975. Since 2003, he has served as mayor of Sunny Isles Beach, Florida. He also has served as a trustee for the Baron Funds, a mutual fund group, since prior to 2007. Since 2007, he has served as a director of Marquis Bank located in Coral Gables, Florida. From 2001 to 2004, Mr. Edelcup served as senior vice president of Florida Savings Bancorp. He served as senior vice president of Item Processing of America, Inc., a processing service bureau, from 1999 to 2000 and as chairman of the board from 1989 to 1998. Mr. Edelcup is a certified public accountant and served as senior vice president and chief financial officer of Avatar Holdings, Inc. (formerly GAC Corporation), a real estate development firm, from 1976 to 1983; vice chairman of the board, senior vice president and chief financial officer of Keller Industries, Inc., a building products manufacturer, from 1968 to 1976; and as a senior accountant with Arthur Andersen & Co., a public accounting firm, from 1958 to 1962. He has served as a director of CompX since prior to 2007 and is chairman of its audit committee. He is chairman of our audit committee and management development and compensation committee.

Mr. Edelcup has over 36 years of experience on the board of directors of us or our predecessors and over 15 years on our audit committee and management development and compensation committee. He also has senior executive, operating, corporate governance, finance and financial accounting experience as the mayor of a city for which he currently serves and from other publicly and privately held entities for which he currently serves or formerly served.

W. Hayden McIlroy, age 72, has served on our board of directors since 2003. He is a private investor, primarily in real estate. From 1975 to 1986, Mr. McIlroy was the owner and chief executive officer of McIlroy Bank and Trust in Fayetteville, Arkansas. He also founded other businesses, primarily in the food and agricultural industries. Mr. McIlroy is a member of our audit committee.

Mr. McIlroy has over eight years of experience on our board of directors, audit committee and management development and compensation committee. He also has senior executive, operating, corporate governance, finance and financial accounting oversight experience from a privately held bank and other privately held entities for which he formerly served.

Glenn R. Simmons, age 84, has served on our or certain of our predecessors' boards of directors since 1980. Since prior to 2007, Mr. Simmons has been vice chairman of the board of us and Contran, chairman of the board of CompX and Keystone and on the board of directors of Kronos Worldwide, NL and TIMET since prior to 2007. In 2004, Keystone filed a voluntary petition for reorganization under federal bankruptcy laws and emerged from the bankruptcy proceedings in 2005. Mr. Simmons has been an executive officer or director of various companies related to us and Contran since 1969. He is a member of our executive committee and a brother of Harold C. Simmons.

Mr. Simmons has a long and extensive experience with our business. He also has senior executive, operating, corporate governance, finance and financial accounting oversight experience from other publicly and privately held entities affiliated with us for which he currently serves or formerly served.

Harold C. Simmons, age 80, has served on our or certain of our predecessors' boards of directors since 1980. Mr. Simmons has been chairman of the board of us, Contran and Kronos Worldwide and chairman of the board and chief executive officer of NL since prior to 2007. Mr. Simmons served as chief executive officer of Kronos Worldwide from prior to 2007 to 2009. He also has served as chairman of the board of TIMET since prior to 2007. Mr. Simmons has been an executive officer or director of various companies related to us and Contran since 1961. He serves as chairman of our executive committee and is a brother of Glenn R. Simmons.

Mr. Simmons has a long and extensive experience with our business. He also has senior executive, operating, corporate governance, finance and financial accounting oversight experience from other publicly and privately held entities affiliated with us for which he currently serves or formerly served.

Steven L. Watson, age 61, has served on our board of directors since 1998. Mr. Watson has been our chief executive officer since 2002 and our president since 1998. He has served as Contran's president and a director of Contran since prior to 2007. He has also served as chief executive officer of Kronos Worldwide since 2009 and its vice chairman of the board since prior to 2007 and TIMET's vice chairman of the board since prior to 2007 and its chief executive officer from prior to 2007 to 2009. Since prior to 2007, Mr. Watson has served as a director of CompX, Keystone and NL. Mr. Watson has served as an executive officer or director of various companies related to us and Contran since 1980. Mr. Watson serves as a member of our executive committee.

Mr. Watson has a long and extensive experience with our business. He also has senior executive, operating, corporate governance, finance and financial accounting oversight experience from other publicly and privately held entities affiliated with us for which he currently serves or formerly served.

EXECUTIVE OFFICERS

Set forth below is certain information relating to our executive officers. Each executive officer serves at the pleasure of the board of directors. Biographical information with respect to Harold C. Simmons, Glenn R. Simmons and Steven L. Watson is set forth under the Nominees for Director subsection above.

Name	Age	Position(s)
H a r o l d C . Simmons	80	Chairman of the Board

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Simmons	G l e n n R . 84	Vice Chairman of the Board
Watson	S t e v e n L . 61	President and Chief Executive Officer
Lindquist	W i l l i a m J . 55	Senior Vice President
Graham	R o b e r t D . 56	Vice President
Hollingsworth	J . M a r k 60	Vice President and General Counsel
Louis	A . A n d r e w R . 51	Vice President and Secretary
Luttmer	K e l l y D . 48	Vice President and Global Tax Director
O'Brien	B o b b y D . 54	Vice President and Chief Financial Officer
Wrba	J o h n A . S t . 55	Vice President and Treasurer
Swalwell	G r e g o r y M . 55	Vice President and Controller

William J. Lindquist has served as our senior vice president since 1998. Since prior to 2007, he has served as senior vice president and a director of Contran. Since 2007, he has also served as the chief executive officer of WCS. Mr. Lindquist has served as an executive officer or director of various companies related to us and Contran since 1980.

Robert D. Graham has served as our vice president since 2002. Mr. Graham has also served as Kronos Worldwide's executive vice president and general counsel since 2009 and its vice president and general counsel from prior to 2007 to 2009. Since prior to 2007, he has served as vice president and general counsel of NL and vice president of Contran. He has been executive vice president of TIMET since prior to 2007 and executive vice president of CompX since 2010.

J. Mark Hollingsworth has served as our vice president and general counsel since 1998. Since prior to 2007, he has also served as Contran's vice president and general counsel and CompX's and Keystone's general counsel. He has served as vice president of CompX since 2007 and vice president of Keystone since 2009. Mr. Hollingsworth has served as legal counsel of various companies related to us and Contran since 1983.

Kelly D. Luttmer has served as our vice president and tax global director since May 2011. She served as our vice president and tax director from 2004 to May 2011. She also has served as vice president and global tax director of CompX, Contran, Keystone, Kronos Worldwide, NL and TIMET since May 2011. Previously, she served as vice president and tax director of CompX, Contran, Kronos Worldwide, NL and TIMET from prior to 2007 to May 2011 and of Keystone from 2010 to May 2011. Ms. Luttmer has served in tax accounting positions with various companies related to us and Contran since 1989.

Bobby D. O'Brien has served as our vice president and chief financial officer since 2004. He has also served as chief executive officer of TIMET since 2009, president of TIMET since 2007 and vice president and chief financial officer of Contran since prior to 2007. In 2007 and prior years, he served as executive vice president and chief financial officer of TIMET. Mr. O'Brien has served in financial and accounting positions with various companies related to us and Contran since 1988.

John A. St. Wrba has served as our vice president and treasurer since 2005. Since prior to 2007, he has also served as vice president and treasurer of Contran, Kronos Worldwide, TIMET and NL. He has served as vice president and treasurer of CompX since May 2011.

Gregory M. Swalwell has served as vice president and controller of us and Contran since 1998. He has also served as Kronos Worldwide's executive vice president and chief financial officer since 2009 and its vice president and chief financial officer from prior to 2007 to 2009. Since prior to 2007, he has served as vice president, finance and chief financial officer of NL and vice president of TIMET. Mr. Swalwell has served in financial and accounting positions with various companies related to us and Contran since 1988.

A. Andrew R. Louis has served as vice president and secretary of us, CompX, Kronos Worldwide and NL since May 2011. He served as secretary of us, CompX, Kronos Worldwide and NL since prior to 2007 to 2011 and of Contran since 1998. He served as secretary of TIMET from prior to 2007 to 2008. Mr. Louis has served as legal counsel of various companies related to us and Contran since 1995.

CORPORATE GOVERNANCE

Controlled Company Status, Director Independence and Committees. Because of VHC's ownership of approximately 92.6% of the outstanding shares of our common stock, we are considered a controlled company under the listing standards of the NYSE. Pursuant to the listing standards, a controlled company may choose not to have a majority of independent directors, independent compensation, nominations or corporate governance committees or charters for these committees. We have chosen not to have a majority of independent directors or an independent nominations or corporate governance committee or charters for these committees. Our board of directors believes that the full board of directors best represents the interests of all of our stockholders and that it is appropriate for all matters that would otherwise be considered by a nominations, corporate governance or risk oversight committee to be considered and acted upon by the full board of directors. Applying the NYSE director independence standards without any additional categorical standards, our board of directors has determined that Thomas E. Barry, Norman S. Edelpcup and W. Hayden McIlroy are independent and have no material relationship with us other than serving as our directors. While the members of our management development and compensation committee currently satisfy the independence requirements of the NYSE, we have chosen not to satisfy all of the NYSE corporate governance standards for a compensation committee.

In determining that Dr. Barry has no material relationship with us other than serving as our director, the board of directors considered the following relationship:

- in 2007, Harold C. and Annette C. Simmons made a commitment to donate \$20 million to Southern Methodist University, of which Dr. Barry is a vice president;
- pursuant to the commitment they contributed, or caused to be contributed, approximately \$7.7 million in each of 2008 and 2009 and \$5.0 million in 2010; and
- \$7.7 million is less than 2.0% of SMU's consolidated gross revenues and SMU's consolidated gross revenues net of scholarship allowances for each fiscal year in which they made a contribution to SMU.

2011 Meetings and Standing Committees of the Board of Directors. The board of directors held four meetings in 2011. Each director participated in at least 75% of such meetings and of the 2011 meetings of the committees on which he served at the time. It is expected that each director will attend our annual meeting of stockholders, which is held immediately before the annual meeting of the board of directors. All but one of our directors attended our 2011 annual stockholder meeting.

The board of directors has established and delegated authority to three standing committees, which are described below. The board of directors is expected to elect the members of the standing committees at the board of directors annual meeting immediately following the annual stockholder meeting. The board of directors has previously established, and from time to time may establish, other committees to assist it in the discharge of its responsibilities.

Audit Committee. Our audit committee assists with the board of directors' oversight responsibilities relating to our financial accounting and reporting processes and auditing processes. The purpose, authority, resources and responsibilities of our audit committee are more specifically set forth in its charter. Applying the requirements of the NYSE corporate governance standards (without additional categorical standards) and SEC regulations, as applicable, the board of directors has determined that:

- each member of our audit committee is independent, financially literate and has no material relationship with us other than serving as our director; and

- Mr. Norman S. Edelcup is an “audit committee financial expert.”

No member of our audit committee serves on more than three public company audit committees. For further information on the role of our audit committee, see the Audit Committee Report in this proxy statement. The current members of our audit committee are Norman S. Edelcup (chairman), Thomas E. Barry and W. Hayden McIlroy. Our audit committee held five meetings in 2011.

- 16 -

Management Development and Compensation Committee. The principal responsibilities of our management development and compensation committee are:

- to recommend to the board of directors whether or not to approve any proposed charge to us or any of our privately held subsidiaries pursuant to an ISA with a related party;
- to review, approve, administer and grant awards under our equity compensation plans; and
- to review and administer such other compensation matters as the board of directors may direct from time to time.

As discussed above, the board of directors has determined that each member of our management development and compensation committee is independent by applying the NYSE director independence standards (without additional categorical standards). In certain instances under our 1997 Long-Term Incentive Plan, a plan allowing for grants of cash or equity performance awards, the management development and compensation committee may delegate its authority to administer this plan to certain individuals, which delegation authority the committee has not utilized. With respect to the role of our executive officers in determining or recommending the amount or form of executive compensation, see the Compensation Discussion and Analysis section of this proxy statement. With respect to director compensation, our executive officers make recommendations on such compensation directly to our board of directors for its consideration without involving the management development and compensation committee. The current members of our management development and compensation committee are Norman S. Edelcup (chairman) and Thomas E. Barry. Our management development and compensation committee held one meeting in 2011 and took action by written consent on one occasion.

Executive Committee. The principal responsibilities of the executive committee are to take such actions as are required to manage us, within the limits provided by Delaware statutes and the board of directors. The current members of the executive committee are Harold C. Simmons (chairman), Glenn R. Simmons and Steven L. Watson. The executive committee did not hold any meetings in 2011.

Risk Oversight. Our board of directors oversees the actions we take in managing our material risks. Our management is responsible for our day-to-day management of risk. The board's oversight of our material risks is undertaken through, among other things, various reports and assessments that management presents to the board and the related board discussions. The board has delegated some of its primary risk oversight to our audit committee and management development and compensation committee. Our audit committee annually receives management's reports and assessments on, among other things, the risk of fraud, certain material business risks and a ranking of such material business risks and on our insurance program. The audit committee also receives reports from our independent registered public accounting firm regarding, among other things, financial risks and the risk of fraud. Our management development and compensation committee receives management's assessments on the likelihood that our compensation policies and practices could have a material adverse effect on us, as more fully described in the Compensation Policies and Practices as They Relate to Risk Management section of this proxy statement. The audit committee and management development and compensation committee report to the board of directors about their meetings. We believe the leadership structure of the board of directors is appropriate for our risk oversight.

Identifying and Evaluating Director Nominees. Historically, our management has recommended director nominees to the board of directors. As stated in our corporate governance guidelines:

- our board of directors has no specific minimum qualifications for director nominees;
- each nominee should possess the necessary business background, skills and expertise at the policy-making level and a willingness to devote the required time to the duties and responsibilities of membership on the board of directors;

and

- 17 -

- the board of directors believes that experience as our director is a valuable asset and that directors who have served on the board for an extended period of time are able to provide important insight into our operations and future.

In identifying, evaluating and determining our director nominees, the board of directors follows such corporate governance guidelines. The board also considers the nominee's ability to satisfy the need, if any, for required expertise on the board of directors or one of its committees. While we do not have any policy regarding the diversity of our nominees, the board does consider the diversity in the background, skills and expertise at the policy making level of our director nominees, and as a result our board believes our director nominees do possess a diverse range of senior management experience that aids the board in fulfilling its responsibilities. The board of directors believes its procedures for identifying and evaluating director nominees are appropriate for a controlled company under the NYSE corporate governance standards.

Leadership Structure of the Board of Directors and Independent Director Meetings. As discussed before, Harold C. Simmons serves as our chairman of the board and Steven L. Watson serves as our chief executive officer. Pursuant to our amended and restated corporate governance guidelines, our independent directors are entitled to meet on a regular basis throughout the year, and will meet at least once annually, without the participation of our other directors who are not independent. While we do not have a lead independent director, the chairman of our audit committee presides at all of the meetings of our independent directors. The board of directors believes our leadership structure is appropriate for a controlled company under the NYSE corporate governance standards. The board of directors believes our leadership structure is appropriate because the board recognizes that while there is no single organizational structure that is ideal in all circumstances, the board believes that having different individuals serve as our chairman of the board and as our chief executive officer provides an appropriate breadth of experience and perspective that effectively facilitates the formulation of our long-term strategic direction and business plans. In addition, the board of directors believes that since Harold C. Simmons and persons and entities related to him own, in the aggregate, a majority of our outstanding stock, his service as our chairman of the board is beneficial in providing strategic leadership for us since there is a commonality of interest that is closely aligned in building long-term stockholder value for all of our stockholders. In 2011, we complied with the NYSE requirements for meetings of our independent directors.

Stockholder Proposals and Director Nominations for the 2013 Annual Meeting of Stockholders. Stockholders may submit proposals on matters appropriate for stockholder action at our annual stockholder meetings, consistent with rules adopted by the SEC. We must receive such proposals not later than December 12, 2012 to be considered for inclusion in the proxy statement and form of proxy card relating to our annual meeting of stockholders in 2013. Our bylaws require that the proposal must set forth a brief description of the proposal, the name and address of the proposing stockholder as they appear in our records, the number of shares of our common stock the stockholder holds and any material interest the stockholder has in the proposal.

The board of directors will consider the director nominee recommendations of our stockholders in accordance with the process discussed above. Our bylaws require that a nomination set forth the name and address of the nominating stockholder, a representation that the stockholder will be a stockholder of record entitled to vote at the annual stockholder meeting and intends to appear in person or by proxy at the meeting to nominate the nominee, a description of all arrangements or understandings between the stockholder and the nominee (or other persons pursuant to which the nomination is to be made), such other information regarding the nominee as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC and the consent of the nominee to serve as a director if elected.

For proposals or director nominations to be brought at the 2013 annual meeting of stockholders but not included in the proxy statement for such meeting, our bylaws require that the proposal or nomination must be delivered or mailed to our principal executive offices in most cases no later than February 25, 2013. Proposals and nominations should be addressed to our corporate secretary at Valhi, Inc., Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas,

Texas 75240-2697.

Communications with Directors. Stockholders and other interested parties who wish to communicate with the board of directors or its independent directors may do so through the following procedures. Such communications not involving complaints or concerns regarding accounting, internal accounting controls and auditing matters related to us may be sent to the attention of our corporate secretary at Valhi, Inc., Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697. Provided that any such communication relates to our business or affairs and is within the function of our board of directors or its committees, and does not relate to insignificant or inappropriate matters, such communication, or a summary of such communication, will be forwarded to the chairman of our audit committee, who also serves as the presiding director of our independent director meetings.

- 18 -

Complaints or concerns regarding accounting, internal accounting controls and auditing matters, which may be made anonymously, should be sent to the attention of our general counsel with a copy to our chief financial officer at the same address as our corporate secretary. These complaints or concerns will be forwarded to the chairman of our audit committee. We will investigate and keep these complaints or concerns confidential and anonymous, to the extent feasible, subject to applicable law. Information contained in such a complaint or concern may be summarized, abstracted and aggregated for purposes of analysis and investigation.

Compensation Committee Interlocks and Insider Participation. As discussed above, for 2011 the management development and compensation committee was composed of Norman S. Edelcup and Thomas E. Barry. No member of the committee:

- was an officer or employee of ours during 2011 or any prior year;
- had any related party relationships with us that requires disclosure under applicable SEC rules; or
 - had any interlock relationships under applicable SEC rules.

For 2011, no executive officer of ours had any interlock relationships within the scope of the intent of applicable SEC rules. However, our chairman of the board, vice chairman of the board and president are on the board of directors of Contran and Contran employs each of them, and each serves as one of our directors.

Code of Business Conduct and Ethics. We have adopted a code of business conduct and ethics. The code applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer and controller. Only the board of directors may amend the code. Only our audit committee or other committee of the board of directors with specifically delegated authority may grant a waiver of this code. We will disclose amendments to or waivers of the code as required by law and the applicable rules of the NYSE. In February 2012, our board of directors made non-substantive amendments to the code.

Corporate Governance Guidelines. We have adopted corporate governance guidelines to assist the board of directors in exercising its responsibilities. Among other things, the corporate governance guidelines provide for director qualifications, for independence standards and responsibilities, for approval procedures for ISAs and that our audit committee chairman preside at all meetings of the independent directors.

Availability of Corporate Governance Documents. A copy of each of our audit committee charter, code of business conduct and ethics and corporate governance guidelines is available on our website at www.valhi.net under the corporate governance section.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS AND OTHER INFORMATION

Compensation Discussion and Analysis. This compensation discussion and analysis describes the key principles and factors underlying our executive compensation policies for our named executive officers. For the last three years, all of our named executive officers were employed and compensated directly by, and also served as executive officers of, Contran. For each of these years, we paid Contran fees to receive, among other things, the services of our named executive officers pursuant to certain ISAs between Contran and us or our privately held subsidiaries, which fees were approved in the aggregate by our independent directors after receiving the recommendation of our management development and compensation committee and the concurrence of our chief financial officer. As a result, a portion of the aggregate ISA fees we and our privately held subsidiaries paid to Contran was paid for services provided to us and our privately held subsidiaries by our named executive officers. The nature of the duties of each of our named executive officers is consistent with the duties normally associated with the officer titles and positions such officer

holds with us. Pursuant to certain other ISAs, each of CompX, Kronos Worldwide and NL also paid fees to Contran for, among other things, the services our named executive officers provided to those companies, which fees were approved by the independent directors of those companies. Additionally, we, CompX, Kronos Worldwide and NL each paid director fees in the form of cash and stock compensation to certain of our named executive officers who served on our or their board of directors. Other than these director fees, we did not pay any compensation directly to our named executive officers.

- 19 -

As defined in the Glossary of Terms at the beginning of this proxy statement, the phrase “named executive officers” refers to the five persons whose compensation is summarized in the 2011 Summary Compensation Table in this proxy statement. Such phrase does not refer to all of our executive officers.

Nonbinding Advisory Stockholder Vote on Executive Officer Compensation. For the 2011 annual meeting of stockholders, we submitted a nonbinding advisory proposal recommending the stockholders adopt a resolution approving the compensation of our named executive officers as disclosed in the 2011 proxy statement. At the annual meeting, the resolution received the affirmative vote of 97.2% of the eligible votes. We considered the favorable result and determined not to make any material changes to our compensation practices.

Intercorporate Services Agreements. The charges under these ISAs reimburse Contran for its cost of employing the personnel who provide the services by allocating such cost to us based on the estimated percentage of time such personnel were expected to devote to us over the year. The amount of the fee we paid for each year under these ISAs for a person who provided services to us represents, in management’s view, the reasonable equivalent of “compensation” for such services. See the Intercorporate Services Agreements part of the Certain Relationships and Transactions section of this proxy statement for the aggregate amount we paid to Contran in 2011 under these ISAs. Under the various ISAs among Contran and its subsidiaries and affiliates, we share the cost of the employment of our named executive officers with Contran and certain of its other publicly and privately held subsidiaries. For our named executive officers, the portion of the annual charge we paid for each of the last three years to Contran under these ISAs attributable to each of their services is set forth in footnote 2 to the 2011 Summary Compensation Table in this proxy statement. Footnotes 2 and 3 also set forth the cash fees and stock compensation we, Kronos Worldwide and NL paid to Mr. Harold Simmons and we, CompX, Kronos Worldwide and NL paid to Mr. Watson for each of their director services. The amount charged under these ISAs and the cash director fees are not dependent upon our financial performance. As discussed further below, the amounts charged under the ISAs are dependent upon Contran’s cost of employing or engaging the personnel who provide the services to us (including the services of our named executive officers) by allocating such cost to us based on the estimated percentage of time such personnel were expected to devote to us over the year. See the Director Compensation and the 2011 Grants of Plan-Based Awards sections in this proxy statement for a discussion of our director fees and the formulas by which they are determined.

We believe the cost of the services received under our ISAs with Contran, after considering the quality of the services received, is fair to us and is no less favorable to us than we could otherwise obtain from an unrelated third party for comparable services, based solely on our collective business judgment and experience without performing any independent market research.

In the early part of each year, Contran’s management, including certain of our named executive officers, estimates the percentage of time that each Contran employee, including our named executive officers, is expected to devote in the upcoming year to Contran and its subsidiaries and affiliates, including us. Contran’s management then allocates Contran’s cost of employing each of its employees among Contran and its various subsidiaries and affiliates based on such estimated percentages. Contran’s aggregate cost of employing each of its employees comprises:

- the annualized base salary of such employee at the beginning of the year;
- an estimate of the bonus Contran will pay or accrue for such employee (other than bonuses for specific matters) for the year, using as a reasonable approximation for such bonus the actual bonus that Contran paid or accrued for such employee in the prior year; and
- Contran’s portion of the social security and medicare taxes on such base salary and an estimated overhead factor (24% for each of 2011 and 2010 as compared to 17% for 2009) applied to the base salary for the cost of medical and life insurance benefits, unemployment taxes, disability insurance, defined benefit and defined contribution plan benefits, professional education and licensing and costs of providing an office, equipment and supplies related to

providing such services.

- 20 -

The overhead factor increased in 2010 as compared to 2009 primarily as a result of increased defined benefit pension plan costs resulting principally from changes in the funded status of Contran's defined benefit plan due to the negative overall impact of the global economic recession on the return on assets held by the plan. Contran's senior management subsequently made such adjustments to the details of the proposed ISA charges as they deemed necessary for accuracy, overall reasonableness and fairness to each company.

In the first quarter of each year, the proposed charges for that year under the ISAs with us and our privately held subsidiaries were presented to our management development and compensation committee, and the committee considered whether to recommend that our board of directors approve the aggregate charge under these ISAs. Among other things during such presentation, the committee was informed of:

- the quality of the services Contran provides to us and our privately held subsidiaries, including the quality of the services our executive officers provide to us;
- the \$1.0 million charge to us and our privately held subsidiaries for the services of Harold C. Simmons as our chairman of the board;
- the comparison of the ISA charge and number of full-time equivalent employees reflected in the charge by department for the prior year and proposed for the current year;
- the comparison of the prior year and proposed current year charges by department and in total and such amounts as a percentage of Contran's similarly calculated costs for its departments and in total for those years;
 - the comparison of the prior year and proposed current year average hourly rate; and
 - the concurrence of our chief financial officer as to the reasonableness of the proposed charge.

In determining whether to recommend that the board of directors approve the proposed aggregate ISA fee to be charged to us and our privately held subsidiaries, the management development and compensation committee considers the three elements of Contran's cost of employing the personnel who provide services to us, including the cost of employing our named executive officers, in the aggregate and not individually. After considering the information contained in such presentations, and following further discussion and review, our management development and compensation committee recommended that our board of directors approve the proposed aggregate ISA fee after concluding that:

- the cost to employ the personnel necessary to provide the quality of the services provided by Contran would exceed the proposed aggregate fee to be charged by Contran under the ISAs with us and our privately held subsidiaries; and
- the cost for such services would be no less favorable than could otherwise be obtained from an unrelated third party for comparable services.

In reaching its recommendation, our management development and compensation committee did not review:

- any ISA charge from Contran to any other publicly held sister or subsidiary company, although such charge was separately reviewed by the management development and compensation committee of the applicable company; and
- the compensation policies of Contran or the amount of time our named executive officers are expected to devote to us because:

- o each of our named executive officers provides services to many companies related to Contran, including Contran itself;
- o the fee we pay to Contran under the ISAs with us and our privately held subsidiaries each year does not represent all of Contran's cost of employing each of our named executive officers;
- o Contran and these other companies related to Contran absorb the remaining amount of Contran's cost of employing each of our named executive officers; and
- o the members of our management development and compensation committee consider the other factors discussed above in determining whether to recommend that the proposed ISA fee for each year be approved by the full board of directors.

Based on the recommendation of our management development and compensation committee as well as the concurrence of our chief financial officer, our independent directors approved the proposed aggregate annual ISA charge under the ISAs with us and our privately held subsidiaries effective January 1, 2011, with our other directors abstaining.

For financial reporting and income tax purposes, the ISA fees are expensed as incurred on a quarterly basis. Contran has implemented a limit of \$1.0 million on any individual's charge to a publicly held company in order to enhance the deductibility by the company of the charge for tax purposes under Section 162(m) of the Internal Revenue Code of 1986, if such section were to be deemed applicable. Section 162(m) generally disallows a tax deduction to publicly held companies for non-performance based compensation over \$1.0 million paid to the company's chief executive officer and four other most highly compensated executive officers. Because of this policy, the portion of the aggregate ISA fee we, NL, Kronos and CompX each paid to Contran in each of the last three years that was attributable to the services of Harold C. Simmons was limited to such \$1.0 million amount.

Equity-Based Compensation. Prior to 2009, we decided to forego the grant of any equity compensation other than the annual awards of stock to our directors as a portion of their annual retainers. We also do not have any security ownership requirements or guidelines for our management or directors. We do not currently anticipate any equity-based compensation will be granted in 2012, other than the annual grants of stock to our directors. See the Director Compensation and the 2011 Grant of Plan-Based Awards sections in this proxy statement for a discussion of these annual grants and the method by which the amount of such stock awards are determined. The dollar amount of stock awards appearing in the 2011 Summary Compensation Table represents the value recognized for financial statement reporting purposes of shares of common stock that we, Kronos Worldwide and NL each granted to Messrs. Harold Simmons and Watson, and shares of class A common stock that CompX granted to Mr. Watson, in the last three years for director services.

Deductibility of Compensation. It is our general policy to structure the performance-based portion of the compensation of our executive officers, if any, in a manner that enhances our ability to deduct fully such compensation under Section 162(m) of the Internal Revenue Code.

Compensation Committee Report. The management development and compensation committee has reviewed with management the Compensation Discussion and Analysis section in this proxy statement. Based on the committee's review and a discussion with management, the committee recommended to the board of directors that our compensation discussion and analysis be included in this proxy statement.

The following individuals, in the capacities indicated, hereby submit the foregoing report.

Norman S. Edelcup

Thomas E. Barry

Chairman of our Management
Development and Compensation
Committee

Member of our Management
Development and Compensation
Committee

- 22 -

Summary of Cash and Certain Other Compensation of Executive Officers. The 2011 Summary Compensation Table below provides information concerning compensation we and our subsidiaries paid or accrued for services rendered during the last three years by our chief executive officer, chief financial officer and each of the three other most highly compensated individuals (based on ISA charges to us and our subsidiaries) who were our executive officers at December 31, 2011. All of our named executive officers were employees of Contran for the last three years and provided their services to us and our subsidiaries pursuant to ISAs with Contran. For a discussion of these ISAs, see the Intercorporate Services Agreements part of the Certain Relationships and Transactions section of this proxy statement.

2011 SUMMARY COMPENSATION TABLE (1)

Name and Principal Position	Year	Salary	Stock Awards	Total
H a r o l d C . Simmons Chairman of the Board	2011	\$4,064,500(2)	\$65,560(3)	\$4,130,060
	2010	4,047,000(2)	28,490(3)	4,075,490
	2009	4,047,000(2)	21,920(3)	4,068,920
S t e v e n L . Watson President and Chief Executive Officer	2011	2,303,300(2)	79,010(3)	2,382,310
	2010	2,291,800(2)	39,380(3)	2,331,180
	2009	1,855,300(2)	30,995(3)	1,886,295
W i l l i a m J . Lindquist Senior Vice President	2011	1,113,600(2)	-0-	1,113,600
	2010	1,761,200(2)	-0-	1,761,200
	2009	1,281,000(2)	-0-	1,281,000
R o b e r t D . Graham Vice President	2011	1,344,400(2)	-0-	1,344,400
	2010	1,340,700(2)	-0-	1,340,700
	2009	1,295,200(2)	-0-	1,295,200
B o b b y D . O'Brien Vice President and Chief Financial Officer	2011	1,058,400(2)	-0-	1,058,400
	2010	882,700(2)	-0-	882,700
	2009	950,200(2)	-0-	950,200

(1) Certain non-applicable columns have been omitted from this table.

(2) The amounts shown in the 2011 Summary Compensation Table as salary for each named executive officer include the portion of the fees we and our subsidiaries paid to Contran pursuant to certain ISAs with respect to the services such officer rendered to us and our subsidiaries. The ISA charges disclosed for Contran employees who perform executive officer services to us and our subsidiaries are based on various factors described in the Compensation Discussion and Analysis section of this proxy statement. Our management development and compensation committee considers the factors described in the Compensation Discussion and Analysis section of this proxy statement in determining whether to recommend that our board of directors approve the proposed aggregate ISA fees from Contran to us and our privately held subsidiaries. As discussed in the Compensation Discussion and Analysis section of this proxy statement, our management development and compensation

committee does not consider any ISA charge from Contran to any other publicly held sister company or subsidiary of ours, although such charge is separately reviewed by the management development and compensation committee of the applicable company. The amounts shown in the table as salary for each of Messrs. Simmons and Watson also includes director cash compensation paid to him by us and our subsidiaries. The components of salary shown in the 2011 Summary Compensation Table for each of our named executive officers are as follows.

- 23 -

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	2009	2010	2011
Harold C. Simmons			
ISA Fees:			
CompX	\$1,000,000	\$1,000,000	\$ 1,000,000
Kronos Worldwide	1,000,000	1,000,000	1,000,000
NL	1,000,000	1,000,000	1,000,000
Valhi	1,000,000	1,000,000	1,000,000
Director Fees Earned or Paid in			
Cash:			
Kronos Worldwide	23,000	24,000	25,500
NL	24,000	23,000	24,500
Valhi	-0-	-0-	14,500
	\$ 4,047,000	\$ 4,047,000	\$ 4,064,500
Steven L. Watson			
ISA Fees:			
CompX	\$ 81,100	\$ 84,500	\$ 84,500
Kronos Worldwide	670,000(a)	993,500(a)	980,000(a)
NL	416,900(b)	468,000(b)	468,000(b)
Valhi	616,300(c)	675,800(c)	675,800(c)
Director Fees Earned or Paid in			
Cash:			
CompX	24,000	23,000	26,500
Kronos Worldwide	23,000	23,000	26,500
NL	24,000	24,000	26,500
Valhi	-0-	-0-	15,500
	\$ 1,855,300	\$ 2,291,800	\$ 2,303,300
William J. Lindquist			
ISA Fees:			
CompX	\$ 24,400	\$ 21,300	\$ 25,600
Kronos Worldwide	61,000	74,700(a)	89,600(a)
NL	24,400	-0-	-0-
Valhi	1,171,200 (c)	1,665,200 (c)	998,400 (c)
	\$ 1,281,000	\$ 1,761,200	\$ 1,113,600
Robert D. Graham			
ISA Fees:			
CompX	\$ 97,400	\$ 90,600	\$ 81,000
Kronos Worldwide	457,700(a)	425,700(a)	631,700(a)
NL	486,900	552,600(b)	421,100(b)
Valhi	253,200 (c)	271,800 (c)	210,600 (c)
	\$ 1,295,200	\$ 1,340,700	\$ 1,344,400
Bobby D. O'Brien			
ISA Fees:			
CompX	\$ 58,700	\$ 51,300	\$ 61,500
Kronos Worldwide	88,000	77,000	92,300
NL	269,800(b)	236,100(b)	283,100(b)

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Valhi	533,700	(c)	518,300	(c)	621,500	(c)
	\$ 950,200		\$ 882,700		\$ 1,058,400	

- (a) Includes amounts allocated to Kronos International, Inc., a wholly owned subsidiary of Kronos Worldwide, under the ISA between Contran and Kronos Worldwide.
- (b) Includes amounts allocated to EWI, a wholly owned subsidiary of NL, under the ISA between Contran and NL.
- (c) Includes amounts Contran charged pursuant to ISAs to Medite Corporation, Tall Pines, Tremont or WCS, each a privately held subsidiary of ours.

- 24 -

- (3) Stock awards to these named executive officers in the last three years consisted of shares of CompX, Kronos Worldwide, NL or Valhi common stock these companies granted to Messrs. Simmons and Watson for their services as directors of those companies. See the 2011 Grants of Plan-Based Awards Table below for more details regarding the 2011 grants. The stock awards consisted of the following:

Shares of Common Stock	Date of Grant	Closing Price on Date of Grant	Grant Date Value of Shares of Common Stock
Harold C. Simmons			
1,000 shares of Kronos Worldwide common stock	May 12, 2011	\$27.385	\$27,385
1,000 shares of NL common stock	May 18, 2011	\$16.500	16,500
500 shares of Valhi common stock	May 26, 2011	\$43.350	21,675
			\$65,560
2,000 shares of Kronos Worldwide common stock	May 13, 2010	\$8.890	\$17,780
1,500 shares of NL common stock	May 19, 2010	\$7.140	10,710
			\$28,490
3,000 shares of Kronos Worldwide common stock	May 14, 2009	\$3.960	\$11,880
1,000 shares of NL common stock	May 12, 2009	\$10.040	10,040
			\$21,920
Steven L. Watson			
1,000 shares of CompX class A common stock	May 25, 2011	\$13.450	\$13,450
1,000 shares of Kronos Worldwide common stock	May 12, 2011	\$27.385	27,385
1,000 shares of NL common stock	May 18, 2011	\$16.500	16,500
500 shares of Valhi common stock	May 26, 2011	\$43.350	21,675
			\$79,010
1,000 shares of CompX class A common stock	May 26, 2010	\$10.890	\$10,890
2,000 shares of Kronos Worldwide common stock	May 13, 2010	\$8.890	17,780
1,500 shares of NL common stock	May 19, 2010	\$7.140	10,710
			\$39,380

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1,500 shares of CompX class A common stock	May 27, 2009	\$6.050	\$ 9,075
3,000 shares of Kronos Worldwide common stock	May 14, 2009	\$3.960	11,880
1,000 shares of NL common stock	May 12, 2009	\$10.040	10,040
			\$30,995

The Kronos Worldwide common stock share amounts and closing prices per share have been adjusted to give effect to Kronos Worldwide's 2-for-1 common stock split distributed in the form of a dividend on May 20, 2011. We valued these stock awards at the closing price of a share of the common stock on the date of grant, consistent with the requirements of Financial Accounting Standards Board Accounting Standards Codification Topic 718.

- 25 -

2011 Grants of Plan-Based Awards. The following table sets forth details of the stock awards we and certain of our subsidiaries granted to certain of our named executive officers in 2011 for their services as directors of each corporation. No other named executive officer received any plan-based awards from us or our subsidiaries in 2011.

2011 GRANTS OF PLAN-BASED AWARDS (1)

Name	Grant Date	Date of Approval (2)	All Other Stock Awards: Number of Shares of Stock or Units (#) (2)(3)	Grant Date Fair Value of Stock and Option Awards (2)(3)
Harold C. Simmons				
Kronos Worldwide common stock (4)	May 12, 2011	January 1, 2004	1,000	\$27,385
N L c o m m o n s t o c k (5)	May 18, 2011	January 1, 2004	1,000	16,500
V a l h i c o m m o n s t o c k (6)	May 26, 2011	May 25, 2011	500	21,675
				\$65,560
Steven L. Watson				
C o m p X c o m m o n s t o c k (7)	May 25, 2011	May 19, 2003	1,000	\$13,450
Kronos Worldwide common stock (4)	May 12, 2011	January 1, 2004	1,000	27,385
N L c o m m o n s t o c k (5)	May 18, 2011	January 1, 2004	1,000	16,500
V a l h i c o m m o n s t o c k (6)	May 26, 2011	May 25, 2011	500	21,675
				\$79,010

(1) Certain non-applicable columns have been omitted from this table.

(2) As preapproved by the respective management development and compensation committees of each of CompX, Kronos Worldwide and NL, each director elected on the day of each such issuer's annual stockholder meeting (other than CompX's chief executive officer) receives a grant of shares of such issuer's common stock as determined by the following formula based on the closing price of a share of the common stock on the date of such meeting.

Range of Closing Price Per Share on the Date of Grant	Shares of Common Stock to Be Granted
Under \$5.00	2,000
\$5.00 to \$9.99	1,500
\$10.00 to \$20.00	1,000
Over \$20.00	500

Prior to May 25, 2011, as preapproved by our management development and compensation committee, on the day of each annual stockholder meeting each of our nonemployee directors (Dr. Barry and Messrs. Edelcup and McIlroy) elected on that date received a grant of shares of our common stock based on the same formula. Effective May 25, 2011, our management development and compensation committee expanded the recipients of the stock awards to all of our directors pursuant to the same formula. Accordingly, all of our directors received such stock awards in 2011 pursuant to the formula, including Messrs. Harold C. Simmons, Glenn R. Simmons and Steven L. Watson.

All of these shares are fully vested and tradable immediately on their date of grant, other than restrictions under applicable securities laws. For the purposes of this table, we valued these stock awards at the closing price per share of the common stock on their date of grant, consistent with the requirements of Financial Accounting Standards Board Accounting Standards Codification Topic 718. The closing prices were:

Common Stock	Date of Grant
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