VALHI INC /DE/
Form 10-Q
May 10, 2013
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 2013

Commission file number 1-5467

VALHI, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**87-0110150**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

5430 LBJ Freeway, Suite 1700, Dallas, Texas **75240-2697**
(Address of principal executive offices) **(Zip Code)**
Registrant s telephone number, including area code: (972) 233-1700

Indicate by check mark:

Whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x **No** ¨

Whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x **No** ¨

Whether the Registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Act).

Large accelerated filer	¨	**Accelerated filer**	x
Non-accelerated filer	¨	**Smaller reporting company**	¨**.**

Whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ **No** x**.**

Number of shares of the Registrant s common stock outstanding on May 3, 2013: 339,115,449.

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VALHI, INC. AND SUBSIDIARIES

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Items 2, 3, 4 and 5 of Part II are omitted because there is no information to report.

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VALHI, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

	December 31, 2012	March 31, 2013 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 366.9	**$ 179.7**
Restricted cash equivalents	8.1	**6.6**
Accounts and other receivables, net	302.5	**411.2**
Inventories, net	650.3	**544.0**
Other current assets	26.0	**20.2**
Deferred income taxes	9.6	**9.6**
Total current assets	1,363.4	**1,171.3**
Other assets:		
Marketable securities	256.8	**256.7**
Investment in affiliates	126.1	**116.0**
Goodwill	379.7	**379.7**
Deferred income taxes	120.3	**168.7**
Other noncurrent assets	161.1	**165.1**
Total other assets	1,044.0	**1,086.2**
Property and equipment:		
Land	48.3	**47.3**
Buildings	280.5	**271.1**
Equipment	1,127.7	**1,096.7**
Treatment, storage and disposal facility	158.7	**158.9**
Mining properties	72.3	**60.8**
Construction in progress	40.7	**44.3**
	1,728.2	**1,679.1**
Less accumulated depreciation	965.1	**939.8**
Net property and equipment	763.1	**739.3**
Total assets	$ 3,170.5	**$ 2,996.8**

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VALHI, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

(In millions)

	December 31, 2012	March 31, 2013 (unaudited)
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 29.6	**$ 29.6**
Accounts payable and accrued liabilities	334.6	**340.2**
Income taxes	23.1	**31.5**
Deferred income taxes	11.2	**10.8**
Total current liabilities	398.5	**412.1**
Noncurrent liabilities:		
Long-term debt	880.5	**770.6**
Deferred income taxes	454.8	**472.4**
Accrued pension costs	202.9	**194.6**
Accrued environmental remediation and related costs	42.6	**43.6**
Accrued postretirement benefits costs	21.2	**20.8**
Other liabilities	78.3	**80.1**
Total noncurrent liabilities	1,680.3	**1,582.1**
Equity:		
Valhi stockholders equity:		
Preferred stock	667.3	**667.3**
Common stock	3.6	**3.6**
Additional paid-in capital	78.9	**78.9**
Retained earnings	75.4	**18.6**
Accumulated other comprehensive loss	(42.0)	**(61.9)**
Treasury stock	(49.6)	**(49.6)**
Total Valhi stockholders equity	733.6	**656.9**
Noncontrolling interest in subsidiaries	358.1	**345.7**
Total equity	1,091.7	**1,002.6**
Total liabilities and equity	$ 3,170.5	**$ 2,996.8**

Commitments and contingencies (Notes 13 and 16)

See accompanying Notes to Condensed Consolidated Financial Statements.

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VALHI, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

	Three months ended March 31, 2012	2013
	(unaudited)	
Revenues and other income:		
Net sales	$ 582.8	**$ 499.2**
Other income, net	9.6	**8.8**
Total revenues and other income	592.4	**508.0**
Costs and expenses:		
Cost of sales	322.4	**486.3**
Selling, general and administrative	78.7	**69.7**
Loss on prepayment of debt		**6.6**
Interest	13.5	**15.4**
Total costs and expenses	414.6	**578.0**
Income (loss) from continuing operations before income taxes	177.8	**(70.0)**
Income tax expense (benefit)	59.0	**(21.8)**
Income (loss) from continuing operations	118.8	**(48.2)**
Income from discontinued operations, net of tax	.7	
Net income (loss)	119.5	**(48.2)**
Noncontrolling interest in net income (loss) of subsidiaries	30.6	**(8.4)**
Net income (loss) attributable to Valhi stockholders	$ 88.9	**$ (39.8)**

See accompanying Notes to Condensed Consolidated Financial Statements.

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VALHI, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)

(In millions, except per share data)

	Three months ended March 31, 2012	Three months ended March 31, 2013
Amounts attributable to Valhi stockholders:		
Income (loss) from continuing operations	$ 88.4	**$ (39.8)**
Income from discontinued operations	.5	
Net income (loss) attributable to Valhi stockholders	$ 88.9	**$ (39.8)**
Basic and diluted net income (loss) per share:		
Income (loss) from continuing operations	$ .26	**$ (.12)**
Income from discontinued operations		
Net income (loss) per share	$ .26	**$ (.12)**
Cash dividends per share	$ .042	**$ .05**
Basic and diluted weighted average shares outstanding	342.0	**342.0**

See accompanying Notes to Condensed Consolidated Financial Statements.

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VALHI, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions)

	Three months ended March 31, 2012	Three months ended March 31, 2013
	(unaudited)	(unaudited)
Net income (loss)	$ 119.5	**$ (48.2)**
Other comprehensive income (loss), net of tax:		
Currency translation	18.3	**(28.1)**
Marketable securities	(11.1)	**6.4**
Defined benefit pension plans	2.0	**2.7**
Other postretirement benefit plans	(.3)	**(.2)**
Total other comprehensive income (loss), net	8.9	**(19.2)**
Comprehensive income (loss)	128.4	**(67.4)**
Comprehensive income (loss) attributable to noncontrolling interest	29.4	**(7.7)**
Comprehensive income (loss) attributable to Valhi stockholders	$ 99.0	**$ (59.7)**

See accompanying Notes to Condensed Consolidated Financial Statements.

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VALHI, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Three months ended March 31, 2012	2013
	(unaudited)	
Cash flows from operating activities:		
Net income (loss)	$ 119.5	**$ (48.2)**
Depreciation and amortization	15.7	**18.6**
Loss on prepayment of debt		**6.6**
Benefit plan expense greater (less) than cash funding requirements:		
Defined benefit pension expense	.1	**1.3**
Other postretirement benefit expense	(.5)	**(.4)**
Deferred income taxes	25.2	**(34.9)**
Net distributions from (contributions to) $Ti0_2$ manufacturing joint venture, net	(18.8)	**9.8**
Other, net		**2.8**
Change in assets and liabilities:		
Accounts and other receivables, net	(163.4)	**(89.4)**
Inventories, net	(126.1)	**92.4**
Accounts payable and accrued liabilities	(8.0)	**29.2**
Accounts with affiliates	29.0	**(45.4)**
Income taxes	11.6	**16.4**
Other, net	1.3	**6.9**
Net cash used in operating activities	(114.4)	**(34.3)**
Cash flows from investing activities:		
Capital expenditures	(34.6)	**(20.2)**
Capitalized permit costs	(.9)	**(.2)**
Purchases of marketable securities	(.5)	**(3.8)**
Proceeds from:		
Disposal of mutual funds	21.1	
Disposal of other marketable securities	2.8	**4.0**
Disposal of assets held for sale		**1.6**
Collection of note receivable		**1.8**
Change in restricted cash equivalents, net	(2.3)	**.8**
Other, net	2.1	**(.3)**
Net cash used in investing activities	(12.3)	**(16.3)**

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VALHI, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(In millions)

	Three months ended March 31, 2012	2013
	(unaudited)	
Cash flows from financing activities:		
Indebtedness:		
Borrowings	$ 108.5	**$ 214.8**
Principal payments	(2.1)	**(327.9)**
Valhi cash dividends paid	(14.1)	**(17.0)**
Distributions to noncontrolling interest in subsidiaries	(4.7)	**(4.7)**
Other, net		**.2**
Net cash provided by (used in) financing activities	87.6	**(134.6)**
Cash and cash equivalents net change from:		
Operating, investing and financing activities	(39.1)	**(185.2)**
Effect of exchange rate on cash	.4	**(2.0)**
Cash and cash equivalents at beginning of period	96.4	**366.9**
Cash and cash equivalents at end of period	$ 57.7	**$ 179.7**
Supplemental disclosures:		
Cash paid (received) for:		
Interest, net of capitalized interest (including call premium paid)	$ 7.4	**$ 14.9**
Income taxes, net	23.9	**(1.6)**
Noncash investing activities:		
Accrual for capital expenditures	6.1	**4.4**
Accrual for capitalized permit costs	3.5	**.1**

See accompanying Notes to Condensed Consolidated Financial Statements.

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VALHI, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF EQUITY

Three months ended March 31, 2013

(In millions)

	Valhi Stockholders Equity							
	Preferred stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Non-controlling interest	Total equity
Balance at December 31, 2012	$ 667.3	$ 3.6	$ 78.9	$ 75.4	$ (42.0)	$ (49.6)	$ 358.1	$ 1,091.7
Net loss				(39.8)			(8.4)	(48.2)
Other comprehensive income (loss), net					(19.9)		.7	(19.2)
Cash dividends				(17.0)			(4.7)	(21.7)
Balance at March 31, 2013	$ 667.3	$ 3.6	$ 78.9	$ 18.6	$ (61.9)	$ (49.6)	$ 345.7	$ 1,002.6

See accompanying Notes to Condensed Consolidated Financial Statements.

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VALHI, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013

(unaudited)

Note 1 Organization and basis of presentation:

Organization We are majority owned by Contran Corporation and one of its subsidiaries, which own approximately 93% of our outstanding common stock at March 31, 2013. 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 (for which Mr. Simmons is the sole trustee) or is held directly by Mr. Simmons or other persons or entities related to Mr. Simmons. Consequently, Mr. Simmons may be deemed to control Contran and us.

Basis of Presentation Consolidated in this Quarterly Report are the results of our majority-owned and wholly-owned subsidiaries, including NL Industries, Inc., Kronos Worldwide, Inc., CompX International Inc., Tremont LLC and Waste Control Specialists LLC (WCS). Kronos (NYSE: KRO), NL (NYSE: NL), and CompX (NYSE MKT: CIX) each file periodic reports with the Securities and Exchange Commission (SEC).

The unaudited Condensed Consolidated Financial Statements contained in this Quarterly Report have been prepared on the same basis as the audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2012 that we filed with the SEC on March 15, 2013 (the 2012 Annual Report). In our opinion, we have made all necessary adjustments (which include only normal recurring adjustments) in order to state fairly, in all material respects, our consolidated financial position, results of operations and cash flows as of the dates and for the periods presented. We have condensed the Consolidated Balance Sheet at December 31, 2012 contained in this Quarterly Report as compared to our audited Consolidated Financial Statements at that date, and we have omitted certain information and footnote disclosures (including those related to the Consolidated Balance Sheet at December 31, 2012) normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Our results of operations for the interim period ended March 31, 2013 may not be indicative of our operating results for the full year. The Condensed Consolidated Financial Statements contained in this Quarterly Report should be read in conjunction with our 2012 Consolidated Financial Statements contained in our 2012 Annual Report.

In May 2012, we implemented a 3-for-1 split of our common stock. We have adjusted all share and per-share disclosures for the first quarter 2012 period to give effect to the stock split.

Unless otherwise indicated, references in this report to we, us or our refer to Valhi, Inc and its subsidiaries (NYSE: VHI), taken as a whole.

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Note 2 Business segment information:

Business segment	Entity	% controlled at March 31, 2013
Chemicals	Kronos	80%
Component products	CompX	87%
Waste management	WCS	100%

Our control of Kronos includes 50% we hold directly and 30% held directly by NL. We own 83% of NL. Our control of CompX is through NL. At March 31, 2013 we had an aggregate of 12.0 million shares of our Kronos common stock pledged as collateral for certain debt obligations of Contran. We receive a fee from Contran for pledging these Kronos shares, determined by a formula based on the market value of the shares pledged.

	Three months ended March 31,	
	2012	2013
	(In millions)	
Net sales:		
Chemicals	$ 561.3	**$ 463.6**
Component products	20.4	**21.5**
Waste management	1.1	**14.1**
Total net sales	$ 582.8	**$ 499.2**
Cost of sales:		
Chemicals	$ 300.4	**$ 460.3**
Component products	14.4	**15.5**
Waste management	7.6	**10.5**
Total cost of sales	$ 322.4	**$ 486.3**
Gross margin:		
Chemicals	$ 260.9	**$ 3.3**
Component products	6.0	**6.0**
Waste management	(6.5)	**3.6**
Total gross margin	$ 260.4	**$ 12.9**
Operating income (loss):		
Chemicals	$ 211.3	**$ (45.1)**
Component products	1.6	**1.5**
Waste management	(9.6)	**(1.6)**
Total operating income (loss)	203.3	**(45.2)**
Equity in earnings of investee	.1	**(.3)**
General corporate items:		
Securities earnings	7.1	**6.6**
Insurance recoveries	1.1	**.6**
Loss on prepayment of debt		**(6.6)**
General expenses, net	(20.3)	**(9.7)**
Interest expense	(13.5)	**(15.4)**

Income(loss) from continuing operations before income taxes	$ 177.8	**$ (70.0)**

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Segment results we report may differ from amounts separately reported by our various subsidiaries and affiliates due to purchase accounting adjustments and related amortization or differences in the way we define operating income. Intersegment sales are not material.

Note 3 Discontinued operations:

On December 28, 2012, CompX completed the sale of its furniture components operations to a competitor of that business. Please refer to Note 3 to our 2012 Annual Report for a complete description of the transaction.

Selected financial data for the operations of the disposed furniture components business is presented below:

	Three months ended March 31,2012 (In millions)	
Income statement:		
Net sales	**$**	**15.1**
Operating income	**$**	**1.3**
Income from discontinued operations:		
Income before taxes	**$**	**1.3**
Income tax expense		**.6**
Income from discontinued operations, net of tax		**.7**
Noncontrolling interest in income from discontinued operations		.2
Total discontinued operations, net of tax and noncontrolling interest	$	.5

In accordance with generally accepted accounting principles, the assets and liabilities relating to the furniture components reporting unit were eliminated from the 2012 Consolidated Balance Sheet at the date of sale. We have reclassified our March 31, 2012 Consolidated Statement of Operations to reflect the disposed operations as discontinued operations. We have not reclassified our March 31, 2012 Consolidated Statement of Cash Flows to reflect discontinued operations.

In conjunction with the sale of CompX s furniture components reporting unit, the buyer was not interested in retaining certain undeveloped land located in Taiwan owned by CompX s Taiwanese Furniture Component subsidiary. We had no additional use for the undeveloped land in Taiwan and therefore expected the land to be sold to a third party with CompX receiving the net proceeds. Based on the legal form of how we completed the disposal transaction, our interest in such land was represented by a $3.0 million promissory note receivable at December 31, 2012, issued to CompX by its former Taiwanese subsidiary which retained legal ownership in the land to facilitate the future sale of the land to a third party. The proceeds from a future sale of the land were required to be used to settle the note receivable. During the first quarter of 2013, an agreement was entered into with a third party to sell the land for $3.0 million, $1.8 million of which was received during the first quarter with the remaining $1.2 million received in April 2013. Such note receivable is classified as part of other current assets in our Consolidated Balance Sheet at December 31, 2012 and March 31, 2013.

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Note 4 Marketable securities:

	Market value	Cost basis (In millions)	Unrealized gains, net
December 31, 2012:			
Current assets:	$ .9	$ .9	$
Noncurrent assets:			
The Amalgamated Sugar Company LLC	$ 250.0	$ 250.0	$
Other	6.8	6.7	.1
Total	$ 256.8	$ 256.7	$ .1
March 31, 2013:			
Current assets	**$ .9**	**$ .9**	**$**
Noncurrent assets:			
The Amalgamated Sugar Company LLC	**$ 250.0**	**$ 250.0**	**$**
Other	**6.7**	**6.6**	**.1**
Total	**$ 256.7**	**$ 256.6**	**$ .1**

All of our marketable securities are accounted for as available-for-sale, which are carried at fair value, with any unrealized gains or losses recognized through accumulated other comprehensive income. Our marketable securities are carried at fair value using quoted market prices, primarily Level 1 inputs as defined by Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, except for our investment in The Amalgamated Sugar Company LLC (Amalgamated). Our current marketable securities are included with other current assets on our Condensed Consolidated Balance Sheets. Our investment in Amalgamated is measured using significant unobservable inputs, which are Level 3 inputs. Please refer to Note 4 in our 2012 Annual Report for a complete description of the valuation methodology for our investment in Amalgamated. There have been no changes to the carrying value of this investment during the periods presented. See Note 17.

Note 5 Accounts and other receivables, net:

	December 31, 2012	March 31, 2013
	(In millions)	
Trade accounts receivable:		
Kronos	$ 229.7	**$ 303.9**
CompX	8.7	**9.7**
WCS	4.8	**8.4**
VAT and other receivables	42.2	**43.1**
Refundable income taxes	18.3	**10.9**
Receivable from affiliates:		
LPC		**35.4**
Contran income taxes, net	.3	**1.2**
Allowance for doubtful accounts	(1.5)	**(1.4)**
Total	$ 302.5	**$ 411.2**

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Note 6 Inventories, net:

	December 31, 2012	March 31, 2013
	(In millions)	
Raw materials:		
Chemicals	$ 151.5	**$ 90.5**
Component products	3.3	**3.7**
Total raw materials	154.8	**94.2**
Work in process:		
Chemicals	27.3	**27.6**
Component products	5.9	**6.1**
Total in-process products	33.2	**33.7**
Finished products:		
Chemicals	395.6	**348.4**
Component products	2.1	**2.2**
Total finished products	397.7	**350.6**
Supplies (chemicals)	64.6	**65.5**
Total	$ 650.3	**$ 544.0**

Note 7 Other noncurrent assets:

	December 31, 2012	March 31, 2013
	(In millions)	
Investment in affiliates:		
TiO_2 manufacturing joint venture, Louisiana Pigment Company, L.P. (LPC)	$ 109.9	**$ 100.1**
Other	16.2	**15.9**
Total	$ 126.1	**$ 116.0**
Other assets:		
Waste disposal site operating permits, net	$ 65.7	**$ 64.3**
Restricted cash	20.9	**21.3**
Deferred financing costs	7.0	**3.9**
IBNR receivables	6.7	**6.8**
Capital lease deposit	6.2	**6.2**
Pension asset	5.1	**4.7**
Assets held for sale	2.6	**1.0**
Other	46.9	**56.9**
Total	$ 161.1	**$ 165.1**

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In the fourth quarter of 2012, CompX entered into an agreement to sell one of its facilities classified as an asset held for sale. The transaction closed during the first quarter of 2013. The net proceeds from the sale of $1.6 million approximated the carrying value of the assets as of the date of the sale.

Note 8 Accounts payable and accrued liabilities:

	December 31, 2012	March 31, 2013
	(In millions)	
Accounts payable	$ 169.6	**$ 186.9**
Payable to affiliates:		
Contran income taxes, net	2.6	
Contran trade items	26.8	**26.3**
LPC	23.4	**16.1**
Employee benefits	38.5	**34.3**
Accrued sales discounts and rebates	14.9	**11.8**
Environmental remediation and related costs	7.6	**6.9**
Deferred income	5.4	**5.7**
Reserve for uncertain tax positions	3.0	**3.0**
Other	42.8	**49.2**
Total	$ 334.6	$ 340.2

Note 9 Other noncurrent liabilities:

	December 31, 2012	March 31, 2013
	(In millions)	
Reserve for uncertain tax positions	$ 29.4	**$ 31.2**
Asset retirement obligations	23.8	**24.2**
Insurance claims and expenses	9.7	**9.7**
Employee benefits	11.3	**10.8**
Deferred income	1.0	**1.0**
Other	3.1	**3.2**
Total	$ 78.3	**$ 80.1**

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Note 10 Long-term debt:

	December 31, 2012	March 31, 2013
	(In millions)	
Valhi:		
Snake River Sugar Company	$ 250.0	**$ 250.0**
Contran credit facility	157.6	**149.0**
Total Valhi debt	407.6	**399.0**
Subsidiary debt:		
Kronos:		
Note payable to Contran		**185.0**
Term loan	384.5	**98.6**
Revolving European credit facility	13.2	**12.8**
CompX:		
Promissory note payable to Timet Finance Management Company	18.5	**18.2**
WCS:		
Financing capital lease	69.9	**69.6**
6% promissory notes	7.2	**7.2**
Other	9.2	**9.8**
Total subsidiary debt	502.5	**401.2**
Total debt	910.1	**800.2**
Less current maturities	29.6	**29.6**
Total long-term debt	$ 880.5	**$ 770.6**

Valhi *Contran credit facility* During the first three months of 2013, we had net repayments of $8.6 million under our Contran credit facility. The average interest rate on the existing balance as of and for the three months ended March 31, 2013 was 4.25%. At March 31, 2013, the equivalent of $76.0 million was available for borrowing under this facility.

Kronos *Term loan* In February 2013, Kronos voluntarily prepaid an aggregate $290 million principal amount of our term loan. We recognized a non-cash pre-tax interest charge of $6.6 million related to this prepayment consisting of the write-off of the unamortized original issue discount costs and deferred financing costs associated with such prepayment. Funds for such prepayment were provided by $100 million of Kronos cash on hand as well as borrowings of $190 million under a new loan from Contran as described below. As a result of this prepayment, the remaining $100 million principal amount of the term loan is not repayable until final maturity of the term loan in June 2018. The average interest rate on these borrowings as of and for the three months ended March 31, 2013 was 7% and 6.6%, respectively. The carrying amount of the term loan includes unamortized original issue discount of $1.4 million at March 31, 2013. It is possible Kronos might borrow additional amounts from Contran in the future to voluntarily prepay the remaining $100 million principal amount outstanding under the term loan.

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Note payable to Contran As discussed above, in February 2013 Kronos entered into a promissory note with Contran that allows it to borrow up to $290 million. This new loan from Contran contains terms and conditions similar to the terms and conditions of the term loan, except that the loan from Contran is unsecured and contains no financial maintenance covenant. The independent members of Kronos board of directors approved the terms and conditions of the loan from Contran. The note requires quarterly principal payments of $5.0 million which commenced in March 2013, with any remaining outstanding principal due by June 2018. Voluntary principal prepayments are permitted at any time without penalty. The note bears interest at LIBOR (with LIBOR no less than 1%) plus 4.125%, or the base rate (as defined in the agreement) plus 5.125%. Kronos is required to use the base rate method until such time as both (1) the term loan discussed above has been fully repaid and (2) the European credit facility has been amended on terms satisfactory to Contran, at which time we would have the option to use either the base rate or LIBOR rate methods. The average interest rate on these borrowings as of and for the period from issuance to March 31, 2013 was 7.375%.

Revolving European credit facility - During the first three months of 2013, Kronos had no borrowings or repayments under our European credit facility. The average interest rate on the existing balance as of and for the three months ended March 31, 2013 was 2.03% and 2.01%, respectively. At March 31, 2013, the equivalent of $140.5 million was available for borrowing under this facility.

Revolving North American credit facility Kronos had no borrowings or repayments under its North American credit facility for the three months ended March 31, 2013. At March 31, 2013 there were no outstanding borrowings under this revolving facility and approximately $125 million was available for borrowing.

Canada At March 31, 2013, an aggregate of Cdn. $7.5 million letters of credit were outstanding under Kronos Canadian subsidiary s loan agreement with the Bank of Montreal which exists solely for the issuance of up to Cdn. $10.0 million in letters of credit.

In January 2013, Kronos borrowed Cdn. $1.8 million (USD $1.8 million) under its Canadian subsidiary s agreement with an economic development agency of the Province of Quebec, Canada which was recorded net of Cdn. $.5 million (USD $.5 million) imputed interest.

CompX The average interest rate on the promissory note payable as of and for the three-month period ended March 31, 2013 was 1.3%.

Restrictions and other Certain of the credit facilities with unrelated, third-party lenders described above require the respective borrowers to maintain minimum levels of equity, require the maintenance of certain financial ratios, limit dividends and additional indebtedness and contain other provisions and restrictive covenants customary in lending transactions of this type. We are in compliance with all of our debt covenants at March 31, 2013.

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Note 11 Employee benefit plans:

Defined benefit plans The components of our net periodic defined benefit pension cost are presented in the table below.

	Three months ended March 31,	
	2012	2013
	(In millions)	
Service cost	$ 2.6	**$ 3.3**
Interest cost	6.4	**6.1**
Expected return on plan assets	(5.5)	**(6.1)**
Amortization of unrecognized:		
Prior service cost	.4	**.4**
Net transition obligations	.1	**.1**
Actuarial losses	2.3	**3.4**
Total	$ 6.3	**$ 7.2**

Other postretirement benefits The components of our net periodic other postretirement benefit cost are presented in the table below.

	Three months ended March 31,	
	2012	2013
	(In millions)	
Service cost	$ .1	**$ .1**
Interest cost	.2	**.2**
Amortization of prior service credit	(.5)	**(.5)**
Total	$ (.2)	**$ (.2)**

Contributions We expect to contribute the equivalent of $28.5 million and $1.6 million, respectively, to all of our defined benefit pension plans and other postretirement benefit plans during 2013.

Note 12 Other income, net:

	Three months ended March 31,	
	2012	2013
	(In millions)	
Securities earnings:		
Dividends and interest	$ 7.1	**$ 6.5**
Securities transactions, net		**.1**
Total	7.1	**6.6**
Equity in earnings of investee	.1	**(.3)**
Currency transactions, net	.1	**1.7**
Insurance recoveries	1.1	**.6**
Other, net	1.2	**.2**

Total	$ 9.6	**$ 8.8**

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Insurance recoveries reflect, in part, amounts we received from certain of our former insurance carriers and relate to the recovery of prior lead pigment and asbestos litigation defense costs incurred by NL.

Note 13 Income taxes:

	Three months ended March 31,	
	2012	2013
	(In millions)	
Expected tax expense (benefit), at U.S. federal statutory income tax rate of 35%	$ 62.2	**$ (24.5)**
Incremental tax on earnings of non-U.S. companies	4.0	**(1.4)**
Non-U.S. tax rates	(7.7)	**(.4)**
Adjustment to the reserve for uncertain tax positions, net	.5	**2.0**
Nondeductible expenses	.6	**2.5**
U.S. state income taxes and other, net	(.6)	
Income tax expense (benefit)	$ 59.0	**$ (21.8)**

	Three months ended March 31,	
	2012	2013
	(In millions)	
Comprehensive provision for income taxes (benefit) allocable to:		
Continuing operations	$ 59.0	$ (21.8)
Discontinued operations	.6	
Other comprehensive income (loss):		
Marketable securities	(5.6)	3.6
Currency translation		(3.8)
Pension plans	.8	1.2
OPEB plans	(.2)	(.2)
Total	$ 54.6	$ (21.0)

Tax authorities are examining certain of our U.S. and non-U.S. tax returns and have or may propose tax deficiencies, including penalties and interest. Because of the inherent uncertainties involved in settlement initiatives and court and tax proceedings, we cannot guarantee that these matters will be resolved in our favor, and therefore our potential exposure, if any, is also uncertain. In 2011 and 2012, Kronos received notices of re-assessment from the Canadian federal and provincial tax authorities related to the years 2002 through 2004. We object to the re-assessments and believe the position is without merit. Accordingly, we are appealing the re-assessments and in connection with such appeal we were required to post letters of credit aggregating Cdn. $7.5 million (see Note 10). If the full amount of the proposed adjustment were ultimately to be assessed against us, the cash tax liability would be approximately $15.7 million. We believe we have adequate accruals for additional taxes and related interest expense which could ultimately result from tax examinations. We believe the ultimate disposition of tax examinations should not have a material adverse effect on our consolidated financial position, results of operations or liquidity. We currently estimate that our unrecognized tax benefits will change by $4.4 million during the next twelve months related to certain adjustments to our prior year returns and the expiration of certain statutes of limitations.

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Note 14 Noncontrolling interest in subsidiaries:

	December 31, 2012	March 31, 2013
	(In millions)	
Noncontrolling interest in net assets:		
Kronos	$ 267.0	**$ 251.2**
NL	77.8	**81.3**
CompX	13.3	**13.2**
Total	$ 358.1	**$ 345.7**

	Three months ended March 31,	
	2012	2013
	(In millions)	
Noncontrolling interest in net income (loss) of subsidiaries:		
Kronos	$ 26.8	**$ (8.1)**
NL	3.6	**(.4)**
CompX	.2	**.1**
Total	$ 30.6	**$ (8.4)**

A portion of the noncontrolling interest in the net income of CompX in 2012 relates to discontinued operations. See Note 3.

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Note 15 Accumulated other comprehensive loss:

Changes in accumulated other comprehensive loss attributable to Valhi stockholders for the three months ended March 31, 2012 and 2013 are presented in the table below, net of related deferred income taxes.

	Three months ended March 31, 2012	Three months ended March 31, 2013
	(In millions)	
Accumulated other comprehensive income (loss), net of tax:		
Marketable securities:		
Balance at beginning of year	$ 6.4	**$ 2.1**
Other comprehensive loss unrealized losses during the year	(5.2)	**(.2)**
Balance at end of period	$ 1.2	**$ 1.9**
Currency translation adjustment:		
Balance at beginning of year	$ 37.5	**$ 53.3**
Other comprehensive income (loss)	14.1	**(21.5)**
Balance at end of period	$ 51.6	**$ 31.8**
Defined benefit pension plans:		
Balance at beginning of year	$ (72.6)	**$ (101.5)**
Other comprehensive income amortization of prior service cost and net losses included in net periodic pension cost	1.5	**2.1**
Balance at end of period	$ (71.1)	**$ (99.4)**
OPEB plans:		
Balance at beginning of year	$ 5.4	**$ 4.1**
Other comprehensive loss amortization of prior service credit	(.3)	**(.3)**
Balance at end of period	$ 5.1	**$ 3.8**
Total accumulated other comprehensive loss:		
Balance at beginning of period	$ (23.3)	**$ (42.0)**
Other comprehensive income (loss)	10.1	**(19.9)**
Balance at end of period	$ (13.2)	**$ (61.9)**

See Note 11 for amounts related to our defined benefit pension plans and OPEB plans.

Note 16 Commitments and contingencies:

Lead pigment litigation NL

NL s former operations included the manufacture of lead pigments for use in paint and lead-based paint. NL, other former manufacturers of lead pigments for use in paint and lead-based paint, and the Lead Industries Association (which discontinued business operations in 2002), have been named as defendants in various legal proceedings seeking damages for personal injury, property damage and governmental expenditures allegedly caused by the use of lead-based paints. Certain of these actions have been filed by or on behalf of states, counties, cities or their public housing authorities and school districts, and certain others have been asserted as class actions. These lawsuits seek recovery under a variety of theories, including public and private nuisance, negligent product design, negligent failure to warn, strict liability, breach of warranty, conspiracy/concert of action, aiding and abetting, enterprise liability, market share or risk contribution liability, intentional tort, fraud and misrepresentation, violations of state consumer protection statutes, supplier negligence and similar claims.

The plaintiffs in these actions generally seek to impose on the defendants responsibility for lead paint abatement and health concerns associated with the use of lead-based paints, including damages for personal injury, contribution and/or indemnification for medical expenses, medical monitoring expenses and costs for educational programs. To the extent the plaintiffs seek compensatory or punitive damages in these actions, such damages are generally unspecified. In some cases, the damages are unspecified pursuant to the requirements of applicable state law. A number of cases are inactive or have been dismissed or withdrawn. Most of the remaining cases are in various pre-trial stages. Some are on appeal following dismissal or summary judgment rulings in favor of either the defendants or the plaintiffs. In addition, various other cases (in which we are not a defendant) are pending that seek recovery for injury allegedly caused by lead pigment and lead-based paint. Although NL is not a defendant in these cases, the outcome of these cases may have an impact on cases that might be filed against NL in the future.

We believe that these actions are without merit, and we intend to continue to deny all allegations of wrongdoing and liability and to defend against all actions vigorously. We do not believe it is probable that we have incurred any liability with respect to all of the lead pigment litigation cases to which we are a party, and liability to us that may result, if any, in this regard cannot be reasonably estimated, because:

- NL has never settled any of the market share, risk contribution, intentional tort, fraud, nuisance, supplier negligence, breach of warranty, conspiracy, misrepresentation, aiding and abetting, enterprise liability, or statutory cases;

- no final, non-appealable adverse verdicts have ever been entered against NL; and

- NL has never ultimately been found liable with respect to any such litigation matters, including over 100 cases over a twenty-year period for which NL was previously a party and for which NL has been dismissed without any finding of liability.

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Accordingly, we have not accrued any amounts for any of the pending lead pigment and lead-based paint litigation cases. In addition, we have determined that liability to us which may result, if any, cannot be reasonably estimated because there is no prior history of a loss of this nature on which an estimate could be made, and there is no substantive information available upon which an estimate could be based**.**

New cases may continue to be filed against us. We cannot assure you that we will not incur liability in the future in respect of any of the pending or possible litigation in view of the inherent uncertainties involved in court and jury rulings. In the future, if new information regarding such matters becomes available to us (such as a final, non-appealable adverse verdict against us or NL otherwise ultimately being found liable with respect to such matters), at that time we would consider such information in evaluating any remaining cases then-pending against us as to whether it might then have become probable we have incurred liability with respect to these matters, and whether such liability, if any, could have become reasonably estimable. The resolution of any of these cases could result in the recognition of a loss contingency accrual that could have a material adverse impact on our net income for the interim or annual period during which such liability is recognized and a material adverse impact on our consolidated financial condition and liquidity.

Environmental matters and related litigation

Our operations are governed by various environmental laws and regulations. Certain of our businesses are and have been engaged in the handling, manufacture or use of substances or compounds that may be considered toxic or hazardous within the meaning of applicable environmental laws and regulations. As with other companies engaged in similar businesses, certain of our past and current operations and products have the potential to cause environmental or other damage. We have implemented and continue to implement various policies and programs in an effort to minimize these risks. Our policy is to maintain compliance with applicable environmental laws and regulations at all of our plants and to strive to improve environmental performance. From time to time, we may be subject to environmental regulatory enforcement under U.S. and non-U.S. statutes, the resolution of which typically involves the establishment of compliance programs. It is possible that future developments, such as stricter requirements of environmental laws and enforcement policies, could adversely affect our production, handling, use, storage, transportation, sale or disposal of such substances. We believe that all of our facilities are in substantial compliance with applicable environmental laws.

Certain properties and facilities used in our former operations, including divested primary and secondary lead smelters and former mining locations, are the subject of civil litigation, administrative proceedings or investigations arising under federal and state environmental laws and common law. Additionally, in connection with past operating practices, we are currently involved as a defendant, potentially responsible party (PRP) or both, pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act (CERCLA), and similar state laws in various governmental and private actions associated with waste disposal sites, mining locations, and facilities we or our predecessors, or our subsidiaries or their predecessors currently or previously owned, operated or used, certain of which are on the United States Environmental Protection Agency s (EPA) Superfund National Priorities List or similar state lists. These proceedings seek cleanup costs, damages for personal injury or property damage and/or damages for injury to natural resources. Certain of these proceedings involve claims for substantial amounts. Although we may be jointly and severally liable for these costs, in most cases we are only one of a number of PRPs who may also be jointly and severally liable, and among whom costs may be shared or allocated. In addition, we are also a party to a number of personal injury lawsuits filed in various jurisdictions alleging claims related to environmental conditions alleged to have resulted from our operations.

Obligations associated with environmental remediation and related matters are difficult to assess and estimate for numerous reasons including the:

- complexity and differing interpretations of governmental regulations,
- number of PRPs and their ability or willingness to fund such allocation of costs,
- financial capabilities of the PRPs and the allocation of costs among them,
- solvency of other PRPs,
- multiplicity of possible solutions,
- number of years of investigatory, remedial and monitoring activity required,
- uncertainty over the extent, if any, to which our former operations might have contributed to the conditions allegedly giving rise to such personal injury, property damage, natural resource and related claims, and
- number of years between former operations and notice of claims and lack of information and documents about the former operations.

In addition, the imposition of more stringent standards or requirements under environmental laws or regulations, new developments or changes regarding site cleanup costs or the allocation of costs among PRPs, solvency of other PRPs, the results of future testing and analysis undertaken with respect to certain sites or a determination that we are potentially responsible for the release of hazardous substances at other sites, could cause our expenditures to exceed our current estimates. We cannot assure you that actual costs will not exceed accrued amounts or the upper end of the range for sites for which estimates have been made, and we cannot assure you that costs will not be incurred for sites where no estimates presently can be made. Further, additional environmental and related matters may arise in the future. If we were to incur any future liability, this could have a material adverse effect on our consolidated financial statements, results of operations and liquidity.

We record liabilities related to environmental remediation and related matters when estimated future expenditures are probable and reasonably estimable. We adjust such accruals as further information becomes available to us or as circumstances change. Unless the amounts and timing of such estimated future expenditures are fixed and reasonably determinable, we generally do not discount estimated future expenditures to their present value due to the uncertainty of the timing of the pay out. We recognize recoveries of costs from other parties, if any, as assets when their receipt is deemed probable. At December 31, 2012 and March 31, 2013, we have not recognized any receivables for recoveries.

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We do not know and cannot estimate the exact time frame over which we will make payments for our accrued environmental and related costs. The timing of payments depends upon a number of factors, including but not limited to the timing of the actual remediation process; which in turn depends on factors outside of our control. At each balance sheet date, we estimate the amount of our accrued environmental and related costs which we expect to pay within the next twelve months, and we classify this estimate as a current liability. We classify the remaining accrued environmental costs as a noncurrent liability.

Changes in the accrued environmental remediation and related costs during the first three months of 2013 are presented in the table below.

	Amount (In millions)
Balance at the beginning of the year	$ 50.2
Additions charged to expense, net	1.2
Payments, net	(.8)
Changes in currency exchange rates	(.1)
Balance at the end of period	$ 50.5
Amounts recognized in our Condensed Consolidated Balance Sheet at the end of the period:	
Current liabilities	$ 6.9
Noncurrent liabilities	43.6
Total	$ 50.5

NL On a quarterly basis, NL evaluates the potential range of its liability for environmental remediation and related costs at sites where it has been named as a PRP or defendant. At March 31, 2013, NL had accrued approximately $48 million related to approximately 50 sites associated with remediation and related matters that it believes are at the present time and/or in their current phase reasonably estimable. The upper end of the range of reasonably possible costs to NL for remediation and related matters for which we believe it is possible to estimate costs is approximately $139 million, including the amount currently accrued.

NL believes that it is not possible to estimate the range of costs for certain sites. At March 31, 2013, there were approximately 5 sites for which NL is not currently able to estimate a range of costs. For these sites, generally the investigation is in the early stages, and NL is unable to determine whether or not it actually had any association with the site, the nature of our responsibility, if any, for the contamination at the site and the extent of contamination at and cost to remediate the site. The timing and availability of information on these sites is dependent on events outside of NL s control, such as when the party alleging liability provides information to NL. At certain of these previously inactive sites, NL has received general and special notices of liability from the EPA and/or state agencies alleging that NL, sometimes with other PRPs, is liable for past and future costs of remediating environmental contamination allegedly caused by former operations. These notifications may assert that NL, along with any other alleged PRPs, is liable for past and/or future clean-up costs. As further information becomes available to NL for any of these sites which would allow NL to estimate a range of costs, we would at that time adjust our accruals. Any such adjustment could result in the recognition of an accrual that would have a material effect on our consolidated financial statements, results of operations and liquidity.

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Other We have also accrued approximately $2.1 million at March 31, 2013 for other environmental cleanup matters. This accrual is near the upper end of the range of our estimate of reasonably possible costs for such matters.

Insurance coverage claims

We are involved in certain legal proceedings with a number of our former insurance carriers regarding the nature and extent of the carriers obligations to us under insurance policies with respect to certain lead pigment and asbestos lawsuits. The issue of whether insurance coverage for defense costs or indemnity or both will be found to exist for our lead pigment and asbestos litigation depends upon a variety of factors and we cannot assure you that such insurance coverage will be available.

We have agreements with three former insurance carriers pursuant to which the carriers reimburse us for a portion of our future lead pigment litigation defense costs, and one such carrier reimburses us for a portion of our future asbestos litigation defense costs. We are not able to determine how much we will ultimately recover from these carriers for defense costs incurred by us because of certain issues that arise regarding which defense costs qualify for reimbursement. While we continue to seek additional insurance recoveries, we do not know if we will be successful in obtaining reimbursement for either defense costs or indemnity. Accordingly, we recognize insurance recoveries in income only when receipt of the recovery is probable and we are able to reasonably estimate the amount of the recovery.

For additional discussion of certain litigation involving NL and certain of its former insurance carriers, please refer to our 2012 Annual Report.

Other litigation

NL NL has been named as a defendant in various lawsuits in several jurisdictions, alleging personal injuries as a result of occupational exposure primarily to products manufactured by our former operations containing asbestos, silica and/or mixed dust. In addition, some plaintiffs allege exposure to asbestos from working in various facilities previously owned and/or operated by NL. There are 1,125 of these types of cases pending, involving a total of approximately 1,643 plaintiffs. In addition, the claims of approximately 8,298 plaintiffs have been administratively dismissed or placed on the inactive docket in Ohio, Indiana and Texas state courts. We do not expect these claims will be re-opened unless the plaintiffs meet the courts medical criteria for asbestos-related claims. We have not accrued any amounts for this litigation because of the uncertainty of liability and inability to reasonably estimate the liability, if any. To date, we have not been adjudicated liable in any of these matters. Based on information available to us, including:

- facts concerning historical operations,
- the rate of new claims,
- the number of claims from which we have been dismissed and
- our prior experience in the defense of these matters.

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We believe that the range of reasonably possible outcomes of these matters will be consistent with our historical costs (which are not material). Furthermore, we do not expect any reasonably possible outcome would involve amounts material to our consolidated financial position, results of operations or liquidity. We have sought and will continue to vigorously seek, dismissal and/or a finding of no liability from each claim. In addition, from time to time, we have received notices regarding asbestos or silica claims purporting to be brought against former subsidiaries, including notices provided to insurers with which we have entered into settlements extinguishing certain insurance policies. These insurers may seek indemnification from us.

WCS Previously, the Lone Star Chapter of the Sierra Club has filed various lawsuits in Texas District Court against the Texas Commission on Environmental Quality (TCEQ). These lawsuits challenge WCS by-product and low-level radioactive waste disposal licenses. Subsequently, the District Court upheld the TCEQ s determination that the Sierra Club lacked standing to pursue a challenge to the by-product disposal license, the Sierra Club appealed, and WCS by-product disposal license remains in effect pending resolution of the appeal. In May 2012, the same District Court subsequently held that, contrary to the TCEQ s determination, the Sierra Club had standing to pursue a challenge to the low-level radioactive waste disposal license, and ordered the TCEQ to undertake a contested case hearing in which the Sierra Club could participate. Shortly thereafter, both the TCEQ and WCS appealed the District Court s order in respect to the low-level radioactive waste disposal license, and the District Court s order is suspended, and WCS low-level radioactive waste disposal license remains in effect, pending resolution of this appeal. On the same day that WCS filed its appeal with regards to the District Court s order in respect of its low-level radioactive waste disposal license, the Sierra Club filed another lawsuit in the same Texas District Court, making a challenge to WCS low-level radioactive waste disposal license substantially identical to its prior challenge that was the subject of the District Court s May 2012 ruling. Both the TCEQ and WCS filed a motion to dismiss this latest lawsuit filed by the Sierra Club for lack of jurisdiction, which the District Court denied. TCEQ and WCS took an interlocutory appeal to the denial of their plea to jurisdiction, and Sierra Club has filed a petition for writ of injunction with the same Third Court of Appeals in Austin. WCS believes all of these actions by the Sierra Club are without merit and that the Sierra Club has no proper standing to challenge any of its licenses and permits. WCS intends to continue to defend against any and all such actions vigorously, and to continue to operate its West Texas facilities in accordance with the terms of its licenses and permits.

Other For a discussion of other legal proceedings to which we are a party, please refer to our 2012 Annual Report.

In addition to the litigation described above, we and certain of our affiliates are also involved in various other environmental, contractual, product liability, patent (or intellectual property), employment and other claims and disputes incidental to our present and former businesses. In certain cases, we have insurance coverage for these items, although we do not expect any additional material insurance coverage for our environmental claims.

We currently believe that the disposition of all of these various other claims and disputes, individually or in the aggregate, should not have a material adverse effect on our consolidated financial position, results of operations or liquidity beyond the accruals already provided.

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Note 17 Financial instruments and fair value measurements:

The following table summarizes the valuation of our marketable securities, financial instruments and other items recorded on a fair value basis as of:

		Fair Value Measurements		
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)		
Asset (liability)				
December 31, 2012:				
Marketable securities:				
Current	$ .9	$	$ .9	$
Noncurrent	256.8	3.5	3.3	250.0
Currency forward contracts	1.8	1.8		
March 31, 2013:				
Marketable securities:				
Current	**$ .9**	**$**	**$ .9**	**$**
Noncurrent	**256.7**	**3.6**	**3.1**	**250.0**
Currency forward contracts	**(.1)**	**(.1)**		

See Note 4 for information on how we determine fair value of our noncurrent marketable securities.

Certain of Chemicals Segment s sales generated by its non-U.S. operations are denominated in U.S. dollars. Our Chemicals Segment periodically uses currency forward contracts to manage a very nominal portion of currency exchange rate risk associated with trade receivables denominated in a currency other than the holder s functional currency or similar exchange rate risk associated with future sales. We have not entered into these contracts for trading or speculative purposes in the past, nor do we currently anticipate entering into such contracts for trading or speculative purposes in the future. Derivatives used to hedge forecasted transactions and specific cash flows associated with financial assets and liabilities denominated in currencies other than the U.S. dollar and which meet the criteria for hedge accounting are designated as cash flow hedges. Consequently, the effective portion of gains and losses is deferred as a component of accumulated other comprehensive income and is recognized in earnings at the time the hedged item affects earnings. Contracts that do not meet the criteria for hedge accounting are marked-to-market at each balance sheet date with any resulting gain or loss recognized in income currently as part of net currency transactions. The fair value of the currency forward contracts is determined using Level 1 inputs based on the currency spot forward rates quoted by banks or currency dealers.

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At March 31, 2013, our Chemicals Segment had currency forward contracts to exchange:

- an aggregate of $33.0 million for an equivalent value of Canadian dollars at an exchange rate of Cdn. $1.02 per U.S. dollar. These contracts with Wells Fargo Bank, N.A. mature from April 2013 through February 2014 at a rate of $3.0 million per month, subject to early redemption provisions at our option;

- an aggregate $20.0 million for an equivalent value of Norwegian kroner at exchange rates ranging from kroner 5.84 to kroner 6.02 per U.S. dollar. These contracts with DnB Nor Bank ASA mature at a rate of $5.0 million per month in certain months from May 2013 through December 2013; and

- an aggregate 18.0 million for an equivalent value of Norwegian kroner at exchange rates ranging from kroner 7.48 to kroner 7.57 per euro. These contracts with DnB Nor Bank ASA mature at a rate of 2.0 million per month in certain months from April 2013 through December 2013.

The estimated fair value of our currency forward contracts at March 31, 2013 was a $.1 million loss, of which $.1 million is recognized as part of accounts and other receivables and $.2 million is recognized as part of accounts payable and accrued liabilities. There is also a corresponding $.1 million currency transaction loss recognized in our Condensed Consolidated Statement of Income. Our Chemicals Segment is not currently using hedge accounting for its outstanding currency forward contracts at March 31, 2013, and it did not use hedge accounting for any of such contracts previously held in 2012.

The following table presents the financial instruments that are not carried at fair value but which require fair value disclosure:

	December 31, 2012		March 31,2013	
	Carrying amount	Fair value	Carrying amount	Fair value
		(In millions)		
Cash, cash equivalents and restricted cash equivalents	$ 395.9	$ 395.9	**$ 207.5**	**$ 207.5**
Long-term debt (excluding capitalized leases):				
Kronos note payable to Contran	$	$	**$ 185.0**	**$ 185.0**
Kronos term loan	384.5	396.8	**98.6**	**101.6**
Snake River Sugar Company fixed rate loans	250.0	250.0	**250.0**	**250.0**
WCS fixed rate debt	77.1	77.1	**76.8**	