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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of the earliest event reported)
March 11, 2019

VALHI, INC.

(Exact name of registrant as specified in its charter)

Delaware	**1-5467**	**87-0110150**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

5430 LBJ Freeway, Suite 1700, Dallas, Texas	**75240-2697**
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code
(972) 233-1700

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

The registrant hereby furnishes the information set forth in its press release entitled "Valhi Reports Fourth Quarter 2018 Results" that the registrant issued on March 11, 2019, a copy of which is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The press release the registrant furnishes as Exhibit 99.1 to this current report is not deemed "filed" for purposes of section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Registration statements or other documents filed with the U.S. Securities and Exchange Commission shall not incorporate this information by reference, except as otherwise expressly stated in such filing.

Item 8.01 Other Events.

The registrant is also filing this current report to revise and update the description of its capital stock. Such description is set forth in Exhibit 99.2 to this current report and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Item No.	Exhibit Index
99.1	Press release dated March 11, 2019 entitled "Valhi Reports Fourth Quarter 2019 Results" and issued by the registrant
99.2	Description of the Registrant's Capital Stock

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VALHI, INC.
(Registrant)

By: /s/ Gregory M. Swalwell

Date: March 11, 2019

Gregory M. Swalwell, Executive Vice President, Chief Financial Officer and Chief Accounting Officer

PRESS RELEASE

FOR IMMEDIATE RELEASE

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VALHI REPORTS FOURTH QUARTER 2018 RESULTS

DALLAS, TEXAS . . March 11, 2019. Valhi, Inc. (NYSE: VHI) reported net income from continuing operations attributable to Valhi stockholders of $22.3 million, or $.07 per diluted share, in the fourth quarter of 2018 compared to $141.1 million, or $.41 per diluted share, in the fourth quarter of 2017. Valhi reported net income from continuing operations attributable to Valhi stockholders of $228.1 million, or $.67 per diluted share, in the full year of 2018 compared to $316.7 million, or $.93 per diluted share in the full year of 2017. Net income from continuing operations attributable to Valhi stockholders decreased from the 2017 periods primarily due to the net effects of a second quarter 2018 litigation settlement charge related to NL, lower operating results from our Chemicals Segment in both the fourth quarter and full year of 2018 and various income tax expense (benefit) items in both 2017 and 2018 as discussed below.

The Chemicals Segment's net sales of $349.4 million in the fourth quarter of 2018 were $103.9 million, or 23%, lower than in the fourth quarter of 2017. The Chemicals Segment's net sales of $1.7 billion in the full year of 2018 were $67.1 million, or 4%, lower than in the full year of 2017. The Chemicals Segment's net sales decreased in the fourth quarter of 2018 compared to the same period in 2017 due to the unfavorable effects of lower average TiO_2 selling prices and lower sales volumes. The Chemicals Segment's net sales decreased in the full year of 2018 compared to the full year of 2017 due to the net effect of higher average selling prices and lower sales volumes. The Chemicals Segment's average TiO_2 selling prices were 2% lower in the fourth quarter of 2018 as compared to the fourth quarter of 2017 and were 13% higher in the full year of 2018 as compared to 2017. The Chemicals Segment's average selling prices at the end of the fourth quarter of 2018 were 4% lower than at the end of the third quarter of 2018 and were 3% lower than at the end of 2017. Lower prices in the European, Latin American and export markets were partially offset by higher prices in North America at the end of 2018 as compared to the end of 2017. TiO_2 sales volumes in the fourth quarter of 2018 were 22% lower as compared to the record fourth quarter sales volumes of 2017 primarily due to lower sales in the European and export markets reflecting the effects of reduced shipments as customer inventory levels continued to return to more normal levels partially offset by higher sales in the North American market. The sales volumes in the full year of 2018 were 16% lower than the same period in 2017 primarily due to a combination of factors including (i) lower sales in all major markets resulting from a controlled ramp-up in January 2018 as the Chemicals Segment brought the second phase of its new global enterprise resource planning system online; (ii) inventory management to assure adequate supply to our customers during the spring and summer necessitated by the lower production volumes in the first three months of the year (as discussed below); (iii) product availability in the second quarter; and (iv) customer inventory level changes in the second, third and fourth quarters as discussed above. Fluctuations in currency exchange rates (primarily the euro) decreased net sales by approximately $4 million in the fourth quarter of 2018 and increased net sales by approximately $49 million in the full year of 2018 as compared to the same periods in 2017. The table at the end of this press release shows how each of these items impacted the overall change in net sales.

The Chemicals Segment's operating income in the fourth quarter of 2018 was $47.7 million as compared to $123.8 million in the fourth quarter of 2017. For the full year of 2018, the Chemicals Segment's operating income was $342.9 million as compared to $358.5 million in 2017. The Chemicals Segment's operating income decreased in the fourth quarter of 2018 compared to the 2017 period primarily due to the unfavorable effects of lower average TiO_2 selling prices, lower sales and production volumes and higher raw materials and other production costs. The Chemicals Segment's operating income decreased in the full year of 2018 compared to the full year of 2017 primarily due to the net impact of higher average TiO_2 selling prices, lower sales and production volumes and higher raw materials and other production costs. The Chemicals Segment's TiO_2 production volumes were 8% lower in the fourth quarter and 7% lower in the full year of 2018 as compared to the same periods in 2017. The Chemicals Segment's production facilities operated at 95% of average practical capacity utilization rates in 2018 (95%, 97%, 92% and 95% in the first, second, third and fourth quarters of 2018, respectively) compared to full practical capacity utilization rates for the comparable periods in 2017. The decrease in TiO_2 production volumes in the 2018 periods compared to the production volumes in the comparable 2017 periods was primarily due to increased maintenance activities at certain facilities in 2018, and the implementation of a productivity-enhancing improvement project at the Chemicals Segment's Belgian facility in the first quarter of 2018. Fluctuations in currency exchange rates also affected operating income comparisons, which increased segment profit by approximately $7 million in the fourth quarter of 2018 and by approximately $33 million in the full year of 2018 as compared to the same periods in 2017.

The Component Products Segment's net sales increased 9% in the fourth quarter of 2018 and 6% in the full year of 2018 compared to the respective periods of 2017. The Component Products Segment's net sales increased over both the comparable 2017 periods primarily due to higher marine component sales volumes to manufacturers of ski/waterboard boats and larger center-console boats, and to a lesser extent higher security products sales to certain markets, particularly transportation and office furniture. The Component Products Segment's operating income was comparable in the fourth quarter of 2018 to the fourth quarter of 2017. For the full year of 2018, Component Products Segment's operating income increased primarily due to improved fixed cost leverage facilitated by higher production volumes for both security products and marine components.

The Real Estate Management and Development Segment had fourth quarter 2018 sales of $11.9 million, including $9.0 million in revenue on sales of land held for development, compared to sales of $17.5 million in the fourth quarter of 2017, including $15.4 million in sales of land held for development. For the full year of 2018 the Real Estate Management and Development Segment had sales of $40.0 million, including $31.7 million in revenue on sales of land held for development, compared to sales of $38.4 million in the full year of 2017, including $29.9 million in sales of land held for development. The Real Estate Management and Development Segment had operating income in the fourth quarter of 2018 of $2.1 million, a decrease of $1.4 million compared to operating income of $3.5 million in the 2017 period, consistent with lower land sales revenues due to relative changes in the amount of development activities in the fourth quarter of 2018. The Real Estate Management and Development Segment had operating income of $10.0 million in the full year of 2018 compared to $6.6 million in the same period of 2017 also due to relative changes in the amount of development activities for the full year of 2018. Land sales revenue is generally recognized over time based on costs inputs, and land sales revenues are dependent on spending for development activities as we balance development requirements with home builder outputs during the year. Land sales revenues are also impacted by the relative timing of when new land parcel sales are closed. Operating income in the full year of 2018 also includes $3.1 million of income in the first quarter related to the recognition of tax increment reimbursement note receivables.

Corporate expenses were 20% higher in the fourth quarter of 2018 compared to the fourth quarter of 2017, primarily due to higher administrative costs and litigation fees and related costs in 2018, offset in part by lower environmental remediation and related costs in 2018. Corporate expenses were 22% higher in the full year of 2018 compared to the same period in 2017, primarily due to higher administrative costs and litigation fees and related costs, somewhat offset by lower environmental remediation and related costs in 2018 compared to 2017. In May 2018, NL entered into a settlement agreement in the Santa Clara County, California ligation under which, as supplemented, we recognized a pre-tax $62 million ($40.7 million or $.12 per diluted share net of income taxes and noncontrolling interest) litigation settlement expense in the second quarter of 2018. The settlement agreement is subject to a number of conditions. Beginning in January 2018 as a result of the adoption of ASU 2016-01, we began recognizing the changes in fair value with respect to shares of Valhi common stock held by subsidiaries attributable to the noncontrolling interest in our results of operations, and such changes in fair value aggregated a $1.0 million unrealized loss in the fourth quarter and a $12.2 million unrealized loss in the full year 2018. In the first quarter of 2018 we sold two parcels of land not used in our operating activities for an aggregate pre-tax gain of $12.5 million ($9.5 million, or $.03 per diluted share, net of income taxes and noncontrolling interest). In the third quarter of 2018 we recognized a pre-tax securities transaction gain of $12.5 million ($9.9 million, or $.03 per diluted share, net of income taxes) related to the sale of our interest in the Amalgamated Sugar Company LLC.

In September 2017, the Chemicals Segment voluntarily prepaid and terminated its term loan indebtedness using a portion of the proceeds from the September 2017 issuance by Kronos International, Inc., its wholly-owned subsidiary, of €400 million principal amount of 3.75% Senior Secured Notes due September 2025. The Company's results in the third quarter of 2017 include a pre-tax charge of $7.1 million ($.01 per diluted share, net of tax and noncontrolling interest) related to such prepayment.

The Company's income tax benefit in 2018 includes a third quarter net benefit of $112 million ($.33 per diluted share) related to the recognition of a non-cash deferred income tax benefit related to Valhi's investment in Kronos and a fourth quarter charge of $4.0 million ($.01 per diluted share) related to a current cash income tax expense on global intangible low-tax income.

The Company's income tax benefit in 2017 includes (i) a non-cash deferred income tax benefit of $186.7 million ($.32 per diluted share) as a result of the reversal of the deferred income tax asset valuation allowances associated with the Chemicals Segment's German and Belgian operations ($16.3 million or $.03 per diluted share in the fourth quarter), (ii) a fourth quarter non-cash deferred income tax benefit of $18.7 million ($.03 per diluted share) as a result of the reversal of a deferred income tax asset valuation allowance related to certain U.S. deferred income tax assets of one of the Chemicals Segment's non-U.S. subsidiaries (which subsidiary is treated as a dual resident for U.S. income tax purposes), (iii) a fourth quarter provisional current income tax expense of $76.2 million ($.13 per diluted share) as a result of the Tax Cuts and Jobs Act (2017 Tax Act) enacted on December 22, 2017 for the one-time repatriation tax imposed on the post-1986 undistributed earnings of the Chemicals Segment's non-U.S. subsidiaries, (iv) a fourth quarter non-cash deferred income tax benefit of $77.1 million ($.22 per diluted share) related to the revaluation of our net deferred income tax liability resulting from the reduction in the U.S. federal corporate income tax rate enacted as part of the 2017 Tax Act, (v) an aggregate income tax benefit of $11.8 million ($.02 per diluted share) related to the execution and finalization of an Advance Pricing Agreement between Canada and Germany, mostly in the third quarter, and (vi) a fourth quarter provisional non-cash deferred income tax expense of $5.3 million ($.01 per diluted share) related to a change in our conclusions regarding our permanent reinvestment assertion with respect to the post–1986 undistributed earnings of the Chemicals Segment's European subsidiaries.

As previously reported, on January 26, 2018 we completed the sale of our Waste Management Segment, the results of operations of which have been reclassified to discontinued operations for all periods presented. Discontinued operations in the full year of 2018 consists principally of a first quarter pre-tax gain on the disposal of this Segment of $58.5 million ($34.7 million, or $.10 per diluted share, net of income taxes).

The statements in this press release relating to matters that are not historical facts are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Although the Company believes the expectations reflected in such forward-looking statements are reasonable, it cannot give any assurances that these expectations will be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly impact expected results, and actual future results could differ materially from those predicted. While it is not possible to identify all factors, the Company continues to face many risks and uncertainties. Among the factors that could cause our actual future results to differ materially include, but are not limited to, the following:

- Future supply and demand for our products;
- The extent of the dependence of certain of our businesses on certain market sectors;
- The cyclicality of certain of our businesses (such as Kronos' TiO_2 operations);
- Customer and producer inventory levels;
- Unexpected or earlier-than-expected industry capacity expansion (such as the TiO_2 industry);
- Changes in raw material and other operating costs (such as ore, zinc, brass, aluminum, steel and energy costs) and our ability to pass those costs on to our customers or offset them with reductions in other operating costs;
- Changes in the availability of raw materials (such as ore);
- General global economic and political conditions (such as changes in the level of gross domestic product in various regions of the world and the impact of such changes on demand for, among other things, TiO_2 and component products);
- Competitive products and prices and substitute products, including increased competition from low-cost manufacturing sources (such as China);
- Possible disruption of our business or increases in the cost of doing business resulting from terrorist activities or global conflicts;
- Customer and competitor strategies;

- Potential difficulties in integrating future acquisitions;
- Potential difficulties in upgrading or implementing new accounting and manufacturing software systems (such as the Chemicals Segment's new enterprise resource planning system);
- Potential consolidation of our competitors;
- Potential consolidation of our customers;
- The impact of pricing and production decisions;
- Competitive technology positions;
- Our ability to protect or defend intellectual property rights;
- The introduction of trade barriers;
- The ability of our subsidiaries to pay us dividends;
- The impact of current or future government regulations (including employee healthcare benefit related regulations);
- Uncertainties associated with new product development and the development of new product features;
- Fluctuations in currency exchange rates (such as changes in the exchange rate between the U.S. dollar and each of the euro, the Norwegian krone and the Canadian dollar) or possible disruptions to our business resulting from potential instability resulting from uncertainties associated with the euro or other currencies;
- Operating interruptions (including, but not limited to, labor disputes, leaks, natural disasters, fires, explosions, unscheduled or unplanned downtime, transportation interruptions and cyber attacks);
- Decisions to sell operating assets other than in the ordinary course of business;
- The timing and amounts of insurance recoveries;
- Our ability to renew, amend, refinance or establish credit facilities;
- Our ability to maintain sufficient liquidity;
- The ultimate outcome of income tax audits, tax settlement initiatives or other tax matters, including future tax reform;
- Our ultimate ability to utilize income tax attributes, the benefits of which may or may not presently have been recognized under the more-likely-than-not recognition criteria;
- Environmental matters (such as those requiring compliance with emission and discharge standards for existing and new facilities, or new developments regarding environmental remediation at sites related to our former operations);
- Government laws and regulations and possible changes therein (such as changes in government regulations which might impose various obligations on former manufacturers of lead pigment and lead-based paint, including NL, with respect to asserted health concerns associated with the use of such products) including new environmental health and safety regulations;
- The ultimate resolution of pending litigation (such as NL's lead pigment litigation, environmental and other litigation);
- Our ability to comply with covenants contained in our revolving bank credit facilities;
- Our ability to complete and comply with the conditions of our licenses and permits;
- Changes in real estate values and construction costs in Henderson, Nevada;
- Water levels in Lake Mead; and
- Possible future litigation.

Should one or more of these risks materialize (or the consequences of such development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those currently forecasted or expected. We disclaim any intention or obligation to update or revise any forward-looking statement whether as a result of changes in information, future events or otherwise.

Valhi, Inc. is engaged in the titanium dioxide pigments, component products (security products and high performance marine components), waste management, and real estate management and development industries.

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VALHI, INC. AND SUBSIDIARIES
CONDENSED SUMMARY OF INCOME
(In millions, except earnings per share)

	Three months ended December 31,		Year ended December 31,	
	2017	**2018**	**2017**	**2018**
	(unaudited)			
Net sales				
Chemicals	$ 453.3	**$ 349.4**	$ 1,729.0	**$ 1,661.9**
Component products	25.1	**27.4**	112.0	**118.2**
Real estate management and development	17.5	**11.9**	38.4	**40.0**
Total net sales	$ 495.9	**$ 388.7**	$ 1,879.4	**$ 1,820.1**
Operating income				
Chemicals	$ 123.8	**$ 47.7**	$ 358.5	**$ 342.9**
Component products	2.7	**2.9**	15.2	**17.8**
Real estate management and development	3.5	**2.1**	6.6	**10.0**
Total operating income	130.0	**52.7**	380.3	**370.7**
General corporate items:				
Securities earnings	7.9	**2.4**	29.5	**38.5**
Insurance recoveries	.2	**.4**	0.4	**1.3**
Gain on land sales	-	-	-	**12.5**
Other components of net periodic pension and OPEB expense	(4.8)	**(3.3)**	(17.7)	**(14.5)**
Changes in market value of Valhi common stock held by subsidiaries	-	**(1.0)**	-	**(12.2)**
Litigation settlement expense	-	-	-	**(62.0)**
Loss on prepayment of debt	-	-	(7.1)	-
General expenses, net	(8.3)	**(10.0)**	(34.7)	**(42.4)**
Interest expense	(14.7)	**(10.3)**	(58.9)	**(55.7)**
Income from continuing operations before income taxes	110.3	**30.9**	291.8	**236.2**
Income tax expense (benefit)	(52.5)	**2.5**	(120.0)	**(30.7)**
Net income from continuing operations	162.8	**28.4**	411.8	**266.9**
Income (loss) from discontinued operations	(1.0)	**(4.6)**	(109.2)	**34.1**
Net income	161.8	**23.8**	302.6	**301.0**
Noncontrolling interest in net income of subsidiaries	21.7	**6.1**	95.1	**38.8**
Net income attributable to Valhi stockholders	$ 140.1	**$ 17.7**	$ 207.5	**$ 262.2**

VALHI, INC. AND SUBSIDIARIES
CONDENSED SUMMARY OF INCOME (Continued)
(In millions, except earnings per share)

	Three months ended December 31,		Year ended December 31,	
	2017	**2018**	**2017**	**2018**
	(unaudited)			
Amounts attributable to Valhi stockholders:				
Income from continuing operations	$ 141.1	**$ 22.3**	$ 316.7	**$ 228.1**
Income (loss) from discontinued operations	(1.0)	**(4.6)**	(109.2)	**34.1**
Net income attributable to Valhi stockholders	$ 140.1	**$ 17.7**	$ 207.5	**$ 262.2**
Basic and diluted net income per share				
Income from continuing operations	$ 0.41	**$ 0.07**	$ 0.93	**$ 0.67**
Income (loss) from discontinued operations	-	**(0.01)**	(0.32)	**0.10**
Net income attributable to Valhi stockholders	$ 0.41	**$ 0.06**	$ 0.61	**$ 0.77**
Basic and diluted weighted average shares outstanding	342.0	**342.1**	342.0	**342.0**

VALHI, INC. AND SUBSIDIARIES
IMPACT OF PERCENTAGE CHANGE IN CHEMICAL SEGMENT'S NET SALES
(unaudited)

	Three months ended December 31, 2018 vs. 2017	Year ended December 31, 2018 vs. 2017
Percentage change in TiO_2 net sales :		
TiO_2 product pricing	(2)%	13%
TiO_2 sales volumes	(22)	(16)
TiO_2 product mix	2	(4)
Changes in currency exchange rates	(1)	3
Total	(23)%	(4)%

Exhibit 99.2

Valhi, Inc.
Description of Capital Stock
March 11, 2019

General

Our third amended and restated certificate of incorporation authorizes the issuance of 505,000,000 shares of all classes of stock, consisting of 500,000,000 shares of common stock, $.01 par value per share, and 5,000,000 shares of preferred stock, $.01 par value per share.

Common Stock

*Common Stock Outstanding***.** As of March 8, 2019, there were 339,185,449 shares of our common stock issued and outstanding for voting purposes. In addition to those shares of our common stock, as of March 8, 2019 there were another 16,097,886 shares of our common stock issued and owned by majority-owned subsidiaries of ours; pursuant to Delaware law, we treat those shares as treasury stock for voting purposes. The outstanding shares of our common stock are duly authorized, validly issued, fully paid and nonassessable.

Voting Rights. Each holder of our common stock is entitled to one vote for each share of our common stock held of record on the applicable record date on all matters submitted to a vote of our stockholders, except as described above regarding shares owned by majority-owned subsidiaries.

Dividend Rights. Holders of our common stock, including majority-owned subsidiaries holding our stock, are entitled to receive such dividends as may be declared from time to time by our board of directors out of funds legally available for dividends, subject to any preferential dividend rights granted to the holders of any outstanding shares of preferred stock.

Rights upon Liquidation. Holders of our common stock are entitled to share pro rata, upon our liquidation, dissolution or winding up, in all remaining assets available for distribution to stockholders after payment of or provision for our liabilities and the liquidation preference of any outstanding preferred stock of ours at that time.

No Preemptive Rights. Holders of our common stock have no preemptive rights to purchase, subscribe for or otherwise acquire any unissued or treasury shares of our common stock or any of our other securities.

Preferred Stock

*Preferred Stock Outstanding***.** As of March 8, 2019, we have designated and issued 5,000 shares of 6% Series A preferred stock, par value $0.01 per share. All of our shares of Series A preferred stock are held by Contran Corporation, one of our parent companies. Each share of Series A preferred stock:

- entitles its holder to:
  - upon our liquidation, dissolution or winding up of our affairs, to receive a liquidation preference of $133,466.75 per share of Series A preferred stock, which is referred to as the liquidation preference, plus an amount equal to any declared and unpaid dividends (and only to the extent declared and unpaid) for the full or partial dividend period in which the liquidation, dissolution or winding up occurs, before any distribution of assets is made to holders of our common stock;
  - receive, only when and as authorized and declared by our board of directors, cash dividends at the annual rate of 6% of the per share liquidation preference, which dividends are payable quarterly in arrears and do not accrue or accumulate under any circumstances;
- does not entitle its holder to:
  - a preferential dividend right that is senior to our common stock;
  - except in limited circumstances, any voting rights; and
  - redemption or conversion rights or maturity date or protections provided by a sinking fund.

This description of our 6% Series A preferred stock is qualified in its entirety the actual terms of such preferred stock outlined in our third amended and restated certificate of incorporation, included as exhibit 3.1 to our Current Report on Form 8-K dated May 27, 2016 and filed on May 31, 2016.

*Blank Check Preferred Stock***.** Under our third amended and restated certificate of incorporation, our board of directors has the authority, without stockholder approval, to create one or more classes or series within a class of preferred stock, to issue shares of preferred stock in such class or series up to the maximum number of shares of the relevant class or series of preferred stock authorized, and to determine the preferences, rights, privileges and restrictions of any such class or series, including the dividend rights, voting rights, the rights and terms of redemption, the rights and terms of conversion, liquidation preferences, the number of shares constituting any such class or series and the designation of such class or series. Acting under this authority, our board of directors could create and issue a class or series of preferred stock with rights, privileges or restrictions, and adopt a stockholder rights plan, having the effect of discriminating against an existing or prospective holder of securities as a result of such stockholder beneficially owning or commencing a tender offer for a substantial amount of our common stock. One of the effects of authorized but unissued and unreserved shares of preferred stock may be to issue shares of preferred stock with rights superior to our common stock. Another of the effects of authorized but unissued and unreserved shares of capital stock may be to render more difficult or discourage an attempt by a potential acquirer to obtain control of us by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management. The issuance of such shares of capital stock may have the effect of delaying, deferring or preventing a change in control of us without any further action by our stockholders. However, since we are a majority-owned subsidiary of our parent companies, it would be difficult for an unrelated party to obtain control of us without the cooperation of our controlling stockholder. We have no present intention to adopt a stockholder rights plan, but could do so without stockholder approval at any future time.