

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

**SCHEDULE 13D**

Under the Securities Exchange Act of 1934

(Amendment No. 69)\*

**Valhi, Inc.**

(Name of Issuer)

**Common Stock, par value \$0.01 per share**  
(Title of Class of Securities)

**918905 10 0**

(CUSIP Number)

**Steven L. Watson**  
**Three Lincoln Centre**  
**Suite 1700**  
**5430 LBJ Freeway**  
**Dallas, Texas 75240-2694**  
**(972) 233-1700**

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

**August 16, 2007**

(Date of Event which requires Filing  
of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of sections 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)

---

1	NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY) <b>Valhi Holding Company</b>	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) <b>OO</b>	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION <b>Delaware</b>	
	NUMBER OF SHARES	7 SOLE VOTING POWER <b>-0-</b>
	BENEFICIALLY OWNED BY	8 SHARED VOTING POWER <b>105,098,763</b>
	EACH REPORTING PERSON WITH	9 SOLE DISPOSITIVE POWER <b>-0-</b>
		10 SHARED DISPOSITIVE POWER <b>105,098,763</b>
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>105,098,763</b>	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) <b>92.3%</b>	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) <b>CO</b>	

1	NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)	
	<b>Valhi Group, Inc.</b>	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	
	(a) <input type="checkbox"/>	
	(b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS)	
	<b>WC</b>	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	<b>Nevada</b>	
	7	SOLE VOTING POWER
		<b>-0-</b>
	8	SHARED VOTING POWER
		<b>105,098,763</b>
	9	SOLE DISPOSITIVE POWER
		<b>-0-</b>
	10	SHARED DISPOSITIVE POWER
		<b>105,098,763</b>
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	
	<b>105,098,763</b>	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)	
	<b>92.3%</b>	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)	
	<b>CO</b>	

1	NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)	
	<b>National City Lines, Inc.</b>	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	
	(a) <input type="checkbox"/>	
	(b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS)	
	<b>WC</b>	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	<b>Delaware</b>	
	NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER <b>-0-</b>
		8 SHARED VOTING POWER <b>105,098,763</b>
		9 SOLE DISPOSITIVE POWER <b>-0-</b>
		10 SHARED DISPOSITIVE POWER <b>105,098,763</b>
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>105,098,763</b>	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) <b>92.3%</b>	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) <b>CO</b>	

1	NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)	
	<b>NOA, Inc.</b>	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	
	(a) <input type="checkbox"/>	
	(b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS)	
	<b>Not applicable</b>	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	<b>Texas</b>	
	7	SOLE VOTING POWER
		<b>-0-</b>
	8	SHARED VOTING POWER
		<b>105,098,763</b>
	9	SOLE DISPOSITIVE POWER
		<b>-0-</b>
	10	SHARED DISPOSITIVE POWER
		<b>105,098,763</b>
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	
	<b>105,098,763</b>	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)	
	<b>92.3%</b>	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)	
	<b>CO</b>	

1	NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)	
	<b>Dixie Holding Company</b>	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	
	(a) <input type="checkbox"/>	
	(b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS)	
	<b>Not applicable</b>	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	<b>Delaware</b>	
	NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER <b>-0-</b>
		8 SHARED VOTING POWER <b>105,098,763</b>
		9 SOLE DISPOSITIVE POWER <b>-0-</b>
		10 SHARED DISPOSITIVE POWER <b>105,098,763</b>
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>105,098,763</b>	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) <b>92.3%</b>	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) <b>CO</b>	

1	NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)	
	<b>Dixie Rice Agricultural Corporation, Inc.</b>	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	
	(a) <input type="checkbox"/>	
	(b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS)	
	<b>Not applicable</b>	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	<b>Louisiana</b>	
	NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER <b>-0-</b>
		8 SHARED VOTING POWER <b>105,098,763</b>
		9 SOLE DISPOSITIVE POWER <b>-0-</b>
		10 SHARED DISPOSITIVE POWER <b>105,098,763</b>
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>105,098,763</b>	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) <b>92.3%</b>	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) <b>CO</b>	

1	NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)	
	<b>Southwest Louisiana Land Company, Inc.</b>	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	
	(a) <input type="checkbox"/>	
	(b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS)	
	<b>Not applicable</b>	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	<b>Louisiana</b>	
	NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER <b>-0-</b>
		8 SHARED VOTING POWER <b>105,098,763</b>
		9 SOLE DISPOSITIVE POWER <b>-0-</b>
		10 SHARED DISPOSITIVE POWER <b>105,098,763</b>
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>105,098,763</b>	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) <b>92.3%</b>	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) <b>CO</b>	



1	NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)	
	<b>Contran Corporation</b>	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	
	(a) <input type="checkbox"/>	
	(b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS)	
	<b>WC</b>	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	<b>Delaware</b>	
	NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER <b>-0-</b>
		8 SHARED VOTING POWER <b>105,538,163</b>
		9 SOLE DISPOSITIVE POWER <b>-0-</b>
		10 SHARED DISPOSITIVE POWER <b>105,538,163</b>
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON <b>105,538,163</b>	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) <b>92.7%</b>	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) <b>CO</b>	

1	NAMES OF REPORTING PERSONS AND I.R.S. IDENTIFICATION NOS. OF SUCH PERSONS (ENTITIES ONLY)	
	<b>Harold C. Simmons</b>	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)	
	(a) <input type="checkbox"/>	
	(b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS)	
	<b>PF and OO</b>	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	<b>USA</b>	
	7	SOLE VOTING POWER
		<b>3,383</b>
	8	SHARED VOTING POWER
		<b>106,739,563</b>
	9	SOLE DISPOSITIVE POWER
		<b>3,383</b>
	10	SHARED DISPOSITIVE POWER
		<b>106,739,563</b>
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	
	<b>3,383</b>	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) <input checked="" type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)	
	<b>0.0%</b>	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)	
	<b>IN</b>	

**AMENDMENT NO. 69  
TO SCHEDULE 13D**

This amended statement on Schedule 13D (this “*Statement*”) relates to the common stock, par value \$0.01 per share (the “*Shares*”), of Valhi, Inc., a Delaware corporation (the “*Company*”). Items 2, 5, 6 and 7 of this Statement are hereby amended as set forth below. As a result of the Company’s repurchases of Shares, the aggregate ownership of the outstanding Shares of all of the reporting persons in this Statement increased by one percent on August 16, 2007.

**Item 2. Identity and Background.**

Item 2 is amended as follows.

(a) This Statement is filed:

- by Valhi Holding Company, (“*VHC*”) as a direct holder of Shares;
- by virtue of the direct and indirect ownership of securities of VHC, by Valhi Group, Inc. (“*VGI*”), National City Lines, Inc. (“*National*”), NOA, Inc. (“*NOA*”), Dixie Holding Company (“*Dixie Holding*”), Dixie Rice Agricultural Corporation, Inc. (“*Dixie Rice*”), Southwest Louisiana Land Company, Inc. (“*Southwest*”) and Contran Corporation (“*Contran*”); and
- by virtue of positions he holds with Contran and certain of the other entities (as reported on this Statement), by Harold C. Simmons (collectively, the “*Reporting Persons*”). By signing this Statement, each Reporting Person agrees that this Statement is filed on its or his behalf.

VHC, the Harold Simmons Foundation, Inc. (the “*Foundation*”), the Contran Amended and Restated Deferred Compensation Trust (the “*CDCT*”) and The Combined Master Retirement Trust (the “*CMRT*”) are the direct holders of approximately 92.3%, 0.9%, 0.4% and 0.1%, respectively, of the 113,846,778 Shares outstanding as of August 22, 2007 according to information furnished by the Company (the “*Outstanding Shares*”). VHC may be deemed to control the Company. VGI, National and Contran are the holders of approximately 87.4%, 10.3% and 2.3%, respectively, of the outstanding common stock of VHC. Together, VGI, National and Contran may be deemed to control VHC. National, NOA and Dixie Holding are the direct holders of approximately 73.3%, 11.4% and 15.3%, respectively, of the outstanding common stock of VGI. Together, National, NOA and Dixie Holding may be deemed to control VGI. Contran and NOA are the direct holders of approximately 85.7% and 14.3%, respectively, of the outstanding common stock of National and together may be deemed to control National. Contran and Southwest are the direct holders of approximately 49.9% and 50.1%, respectively, of the outstanding common stock of NOA and together may be deemed to control NOA. Dixie Rice is the direct holder of 100% of the outstanding common stock of Dixie Holding and may be deemed to control Dixie Holding. Contran is the holder of 100% of the outstanding common stock of Dixie Rice and may be deemed to control Dixie Rice. Contran is the holder of approximately 99.97% of the outstanding common stock of Southwest and may be deemed to control Southwest.

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 (the “*Trusts*”), 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 the Trusts, Mr. Simmons has the power to vote and direct the disposition of the shares of Contran stock held by the Trusts. Mr. Simmons, however, disclaims beneficial ownership of any shares of Contran stock that the Trusts hold.

The Foundation directly holds approximately 0.9% of the Outstanding Shares. The Foundation is a tax-exempt foundation organized for charitable purposes. Harold C. Simmons is the chairman of the board of the Foundation and may be deemed to control the Foundation.

Effective January 1, 2006, the Contran Deferred Compensation Trust No. 1 (as amended and restated effective as of January 1, 2004) and the Contran Deferred Compensation Trust No. 2 (as amended and restated effective as of January 1, 2004) were combined, merged and consolidated into the CDCT with the surviving CDCT being governed by the terms of the Contran Amended and Restated Deferred Compensation Trust Agreement between Contran and U.S. Bank National Association (the “*CDCT Trust Agreement*”).

The CDCT directly holds approximately 0.4% of the Outstanding Shares. U.S. Bank National Association (“*U.S. Bank*”) serves as the trustee of the CDCT. Contran established the CDCT and each of its predecessors as an irrevocable “rabbi trust” to assist Contran in meeting certain deferred compensation obligations that it owed 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 (i) retains the power to vote the Shares held directly by the CDCT, (ii) retains dispositive power over such Shares and (iii) may be deemed the indirect beneficial owner of such Shares. The description of the CDCT is qualified in its entirety by reference to the copy of the CDCT Trust Agreement filed as Exhibit 1 to this Amendment No. 69 to this Statement, which agreement is incorporated herein by reference.

The CMRT directly holds approximately 0.1% of the Outstanding Shares. Contran sponsors the CMRT to permit the collective investment by master trusts that maintain the assets of certain employee benefit plans Contran and related companies adopt. Mr. Simmons is the sole trustee of the CMRT and a member of the investment committee for the CMRT. Mr. Simmons is a participant in one or more of the employee benefit plans that invest through the CMRT.

Mr. Simmons is chairman of the board of the Company, VHC, VGI, National, NOA, Dixie Holding, Dixie Rice, Southwest and Contran.

By virtue of the holding of the offices, the stock ownership and his service as trustee, all as described above, (a) Mr. Simmons may be deemed to control such entities and (b) Mr. Simmons and certain of such entities may be deemed to possess indirect beneficial ownership of the 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 interest as a beneficiary of the CDCT and his vested beneficial interest, if any, in the Shares held by the CMRT.

Harold C. Simmons’ spouse is the direct owner of 43,400 Shares. Mr. Simmons may be deemed to share indirect beneficial ownership of such Shares. He disclaims all such beneficial ownership.

A trust of which Harold C. Simmons and his spouse are co-trustees and the beneficiaries of which are the grandchildren of his spouse is the direct holder of 36,500 Shares (the “*Grandchildren’s Trust*”). Mr. Simmons, as co-trustee of the Grandchildren’s Trust, has the power to vote and direct the

disposition of the Shares the Grandchildren's Trust directly holds. Mr. Simmons disclaims beneficial ownership of any Shares that the Grandchildren's Trust holds.

Harold C. Simmons is the direct owner of 3,383 Shares.

The Company is the direct holder of approximately 83.1% of the outstanding common stock of NL Industries, Inc. ("NL") and may be deemed to control NL. NL and a subsidiary of NL directly own 3,522,967 Shares and 1,186,200 Shares, respectively. Pursuant to Delaware law, the Company treats the Shares that NL and its subsidiary own as treasury stock for voting purposes and for the purposes of this Statement are not deemed outstanding.

Certain information concerning the directors and executive officers of the Reporting Persons, including offices held by Mr. Simmons, is set forth on **Schedule B** attached hereto and incorporated herein by reference.

(d) None of the Reporting Persons or, to the best knowledge of such persons, any of the persons named in **Schedule B** to this Statement has been convicted in a criminal proceeding in the past five years (excluding traffic violations or similar misdemeanors).

(e) None of the Reporting Persons or, to the best knowledge of such persons, any person named in **Schedule B** to this Statement, was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Harold C. Simmons and all persons named on **Schedule B** to this Statement are citizens of the United States, except as otherwise indicated on such Schedule.

#### **Item 5. Interest in Securities of the Issuer.**

Item 5 is amended as follows.

(a) VHC, the Foundation, the CDCT, the CMRT, the spouse of Harold C. Simmons, the Grandchildren's Trust and Harold C. Simmons are the direct beneficial owners of 105,098,763, 1,006,500, 439,400, 115,000, 43,400, 36,500 and 3,383 Shares, respectively.

By virtue of the relationships described under Item 2 of this Statement:

(1) VHC, VGI, Dixie Holding, Dixie Rice, National, NOA and Southwest may each be deemed be the beneficial owner of the 105,098,763 Shares (approximately 92.3% of the Outstanding Shares) that VHC directly holds;

(2) Contran may be deemed be the beneficial owner of the 105,538,163 Shares (approximately 92.7% of the Outstanding Shares) that VHC and the CDCT directly hold; and

(3) Harold C. Simmons may be deemed to be the beneficial owner of the 106,742,946 Shares (approximately 93.8% of the Outstanding Shares) that VHC, the Foundation, the CDCT, the CMRT, his spouse, the Grandchildren's Trust and he directly hold.

Except for the 3,383 Shares that he holds directly and to the extent of his interest as a beneficiary of the CDCT and his vested beneficial interest, if any, in Shares directly held by the CMRT, Mr. Simmons disclaims beneficial ownership of all Shares.

(b) By virtue of the relationships described in Item 2:

(1) VHC, VGI, Dixie Holding, Dixie Rice, National, NOA and Southwest may each be deemed to share the power to vote and direct the disposition of the 105,098,763 Shares (approximately 92.3% of the Outstanding Shares) that VHC directly holds;

(2) Contran may be deemed to share the power to vote and direct the disposition of the 105,538,163 Shares (approximately 92.7% of the Outstanding Shares) that VHC and the CDCT directly hold;

(3) Harold C. Simmons may be deemed to share the power to vote and direct the disposition of 106,739,563 Shares (approximately 93.8% of the Outstanding Shares) that VHC, the Foundation, the CDCT, the CMRT, his spouse and the Grandchildren's Trust directly hold; and

(4) Harold C. Simmons may be deemed to have sole power to vote and direct the disposition of 3,338 Shares that he directly holds.

The Reporting Persons understand, based on ownership filings with the U.S. Securities and Exchange Commission or upon information provided by the persons listed on **Schedule B** to this Statement, that such persons may be deemed to own personally and beneficially the Shares as indicated on **Schedule C** to this Statement.

(d) Each of VHC, the Foundation, the CDCT, the CMRT, the spouse of Harold C. Simmons, the Grandchildren's Trust and Harold C. Simmons has the right to receive and the power to direct the receipt of dividends from, and proceeds from the sale of, the Shares directly held by such entity or person.

#### **Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.**

Item 6 is amended as follows.

Contran and VHC are parties to a \$25.0 million revolving credit and letter of credit facility dated as of September 3, 1998, as amended and supplemented through October 27, 2006, with U.S. Bank (the "*U.S. Bank Facility*"). VHC became a party to the U.S. Bank Facility pursuant to the Extension and Amendment Agreement (2005) dated as of October 28, 2005 among Contran, National, VHC and U.S. Bank, pursuant to which, among other things:

- National was released from the payment guaranty and pledge agreement related to U.S. Bank Facility;

- VHC executed a Pledge Agreement dated October 28, 2005 between VHC and U.S. Bank whereby VHC pledged Shares as collateral for the U.S. Bank Facility; and
- VHC executed a Guaranty as of October 28, 2005 whereby VHC guaranteed Contran's payment and performance obligations under the U.S. Bank Facility.

Borrowings under the U.S. Bank Facility bear interest at the rate announced publicly from time to time by each bank as its base rate or at a rate of 1.75% over the London interbank offered rate of interest ("*LIBOR*"), are due October 26, 2007 or such extended maturity date as may be mutually agreed to, and are collateralized by, among other things, certain Shares. On August 22, 2007, no amounts had been borrowed, approximately \$7.4 million of letters of credit were outstanding and VHC had pledged 7,000,000 Shares under the U.S. Bank Facility. The foregoing summary of the U.S. Bank Facility is qualified in its entirety by reference to Exhibits 2 through 13 to this Amendment No. 69 to this Statement, all of which are incorporated herein by this reference.

On June 30, 2006, Dixie Rice paid off in its entirety its \$1.5 million loan from Southern Methodist University (the "*SMU Loan*"). All Shares VHC had pledged pursuant to the SMU Loan were returned to VHC and the related Collateral Agreement dated August 25, 2005 between Dixie Rice and VHC has terminated.

**Item 7. Material to be Filed as Exhibits.**

Item 7 is amended and restated as follows.

Exhibit 1*	Contran Amended and Restated Deferred Compensation Trust effective as of January 1, 2006 between Contran Corporation and U.S. Bank National Association.
Exhibit 2	Loan Agreement dated as of September 3, 1998 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 1 to Amendment No. 63 to this Schedule 13D).
Exhibit 3	Promissory Note dated September 3, 1998 in the original principal amount of \$25 million payable to the order of U.S. Bank National Association and executed by Contran Corporation (incorporated by reference to Exhibit 2 to Amendment No. 63 to this Schedule 13D).
Exhibit 4	Extension Agreement dated as of September 2, 1999 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 5 to Amendment No. 63 to this Statement).
Exhibit 5	Extension and Amendment Agreement dated as of August 31, 2000 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 11 to Amendment No. 64 to this Statement).
Exhibit 6	Extension and Amendment Agreement dated as of August 31, 2001 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 12 to Amendment No. 64 to this Statement).
Exhibit 7	Extension and Amendment Agreement dated as of August 28, 2002 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 16 to Amendment No. 65 to this Statement).
Exhibit 8	Amended and Restated Extension and Amendment Agreement dated as of October 24, 2003 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 12 to Amendment No. 67 to this Statement).
Exhibit 9	Extension and Amendment Agreement dated as of October 29, 2004 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 13 to Amendment No. 67 to this Statement).
Exhibit 10*	Extension and Amendment Agreement dated as of October 28, 2005 among Contran Corporation, National City Lines, Inc., Valhi Holding Company and U.S. Bank National Association.
Exhibit 11*	Guaranty dated as of October 28, 2005 executed by Valhi Holding Company for the benefit of U.S. Bank National Association.
Exhibit 12*	Pledge Agreement dated as of October 28, 2005 between Valhi Holding Company and U.S. Bank National Association.
Exhibit 13*	Extension and Amendment Agreement dated as of October 27, 2006 among Contran Corporation, Valhi Holding Company and U.S. Bank National Association.
Exhibit 14	Pledge Agreement dated as of August 25, 2005 between Contran Corporation and Valhi Holding Company for the benefit of the Contran Deferred Compensation Trust No. 1 (incorporated by reference to Exhibit 14 to Amendment No. 63 to this Schedule 13D).
Exhibit 15	Pledge Agreement dated as of August 25, 2005 between Contran Corporation and Valhi Holding Company for the benefit of the Contran Deferred Compensation Trust No. 2 (incorporated by reference to Exhibit 15 to Amendment No. 63 to this Schedule 13D).
Exhibit 16	Pledge Agreement dated as of August 25, 2005 between Contran Corporation and Valhi Holding Company for the benefit of the Contran Deferred Compensation Trust No. 3 (incorporated by reference to Exhibit 16 to Amendment No. 63 to this Schedule 13D).

\*

Filed herewith.

---

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

Date: August 27, 2007

/s/ Harold C. Simmons  
*Harold C. Simmons*  
*Signing in his individual capacity only.*

---

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

Date: August 27, 2007

/s/ Steven L. Watson

Steven L. Watson

*Signing in the capacities listed on Schedule "A" attached hereto and incorporated herein by reference.*

---



**SCHEDULE A**

Steven L. Watson, as President or Executive Vice President of each of:

CONTRAN CORPORATION  
DIXIE HOLDING COMPANY  
DIXIE RICE AGRICULTURAL CORPORATION, INC.  
NATIONAL CITY LINES, INC.  
NOA, INC.  
SOUTHWEST LOUISIANA LAND COMPANY, INC.  
VALHI GROUP, INC.  
VALHI HOLDING COMPANY

---

## SCHEDULE B

The names of the directors and executive officers of Contran Corporation (“*Contran*”), Dixie Holding Company (“*Dixie Holding*”), Dixie Rice Agricultural Corporation, Inc. (“*Dixie Rice*”), National City Lines, Inc. (“*National*”), NOA, Inc. (“*NOA*”), Southwest Louisiana Land Company, Inc. (“*Southwest*”), Valhi Group, Inc. (“*VGP*”) and Valhi Holding Company (“*VHC*”) and their present principal occupations are set forth below. Except as otherwise indicated, the business address of each such person is 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240.

Name	Present Principal Occupation
L. Andrew Fleck	Vice president of Dixie Rice and Southwest; real estate manager for Contran.
Robert D. Graham	Vice president of Contran, Dixie Holding, Dixie Rice, National, NOA, Southwest, Valhi, Inc. (the “ <i>Company</i> ”), VGI and VHC; executive vice president of Titanium Metals Corporation, a sister corporation of the Company (“ <i>TIMET</i> ”); and vice president, general counsel and secretary of Kronos Worldwide, Inc. (“ <i>Kronos Worldwide</i> ”) and NL Industries, Inc. (“ <i>NL</i> ”), both subsidiaries of the Company.
J. Mark Hollingsworth	Vice president and general counsel of the Company, Contran, Dixie Holding, Dixie Rice, National, NOA, Southwest, VGI and VHC; general counsel of CompX International Inc., a subsidiary of the Company (“ <i>CompX</i> ”); trust counsel of The Combined Master Retirement Trust, a trust Contran sponsors that permits the collective investment by trusts that maintain the assets of certain employee benefit plans Contran and related companies adopt (the “ <i>CMRT</i> ”); and acting general counsel of Keystone Consolidated Industries, Inc. (“ <i>Keystone</i> ”), a subsidiary of Contran.
William J. Lindquist	Director and senior vice president of Contran, Dixie Holding, National, NOA, VGI and VHC; senior vice president of the Company, Dixie Rice and Southwest.
A. Andrew R. Louis	Secretary of the Company, Contran, CompX, Dixie Holding, Dixie Rice, National, NOA, Southwest, TIMET, VGI and VHC.
Kelly D. Luttmer	Vice president and tax director of the Company, Contran, CompX, Dixie Holding, Dixie Rice, Kronos Worldwide, National, NL, NOA, Southwest, TIMET, VGI and VHC.
Andrew McCollam, Jr. (1)	President and director of Southwest; director of Dixie Rice; and a private investor.
Bobby D. O’Brien	Vice president, chief financial officer and director of Dixie Holding, National, NOA, VGI and VHC; executive vice president and chief financial officer of TIMET; and vice president and chief financial officer of the Company, Contran, Dixie Rice, Southwest and VHC.
Glenn R. Simmons	Vice chairman of the board of the Company, Contran, Dixie Holding, Dixie Rice, National, NOA, VGI and VHC; chairman of the board of CompX and Keystone; director and executive vice president of Southwest; and a director of Kronos Worldwide, NL and TIMET.
Harold C. Simmons	Chairman of the board of the Company, Contran, Dixie Holding, Dixie Rice, National, NOA, Southwest, TIMET, VGI and VHC; chairman of the board and chief executive officer of Kronos Worldwide and NL; and trustee and member of the investment committee of the CMRT.
Richard A. Smith (2)	Vice president of Dixie Rice.
John A. St. Wrba	Vice president and treasurer of the Company, Contran, Dixie Holding, Dixie Rice, Kronos Worldwide, National, NL, NOA, Southwest, TIMET, VGI and VHC.
Gregory M. Swalwell	Vice president and controller of the Company, Contran, Dixie Holding, National, NOA, Southwest, VGI and VHC; vice president, finance and chief financial officer of Kronos Worldwide and NL; and vice president of Dixie Rice, Southwest and TIMET.
Steven L. Watson	Director, president and chief executive officer of the Company; vice chairman, president and chief executive officer of TIMET; director and president of Contran, Dixie Holding, Dixie Rice, National, NOA, VGI and VHC; director and executive vice president of Southwest; vice chairman of Kronos Worldwide; and a director of CompX, Keystone and TIMET.

(1) The principal business address for Mr. McCollam is 402 Canal Street, Houma, Louisiana 70360.

(2) The principal business address for Mr. Smith is 600 Pasquiere Street, Gueydan, Louisiana 70542-0010.



### SCHEDULE C

Based upon ownership filings with the U.S. Securities and Exchange Commission or upon information provided by the persons listed on Schedule B to this Statement, such persons may be deemed to own personally and beneficially Shares, as outlined below:

Name	Shares Held	Options Held (1)	Total
L. Andrew Fleck	-0-	-0-	-0-
Robert D. Graham	-0-	-0-	-0-
J. Mark Hollingsworth	-0-	80,000	80,000
William J. Lindquist	-0-	80,000	80,000
A. Andrew R. Louis	-0-	65,000	65,000
Kelly D. Luttmer	-0-	65,000	65,000
Andrew McCollam, Jr.	550	-0-	550
Bobby D. O'Brien	-0-	80,000	80,000
Glenn R. Simmons	200	-0-	200
Harold C. Simmons (2)	83,283	-0-	83,283
Richard A. Smith	333	-0-	333
John A. St. Wrba	-0-	-0-	-0-
Gregory M. Swalwell	1,166	80,000	81,166
Steven L. Watson	17,246	50,000	67,246

- (1) Represents Shares issuable pursuant to the exercise within 60 days of the execution date of this Statement of stock options.
- (2) Includes 43,400 and 36,500 Shares directly held, respectively, by Harold C. Simmons' spouse and a trust of which Harold C. Simmons and his spouse are co-trustees and the beneficiaries of which are the grandchildren of his spouse. Mr. Harold C. Simmons also may be deemed to possess indirect beneficial ownership of the other Shares set forth in Item 5(a) of this Statement, held by other Reporting Persons. Mr. Simmons disclaims beneficial ownership of all Shares except for the 3,383 Shares that he holds directly and to the extent of his interest as a beneficiary of the CDCT and his vested beneficial interest, if any, in Shares directly held by the CMRT.

## EXHIBIT INDEX

Exhibit 1*	Contran Amended and Restated Deferred Compensation Trust effective as of January 1, 2006 between Contran Corporation and U.S. Bank National Association.
Exhibit 2	Loan Agreement dated as of September 3, 1998 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 1 to Amendment No. 63 to this Schedule 13D).
Exhibit 3	Promissory Note dated September 3, 1998 in the original principal amount of \$25 million payable to the order of U.S. Bank National Association and executed by Contran Corporation (incorporated by reference to Exhibit 2 to Amendment No. 63 to this Schedule 13D).
Exhibit 4	Extension Agreement dated as of September 2, 1999 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 5 to Amendment No. 63 to this Statement).
Exhibit 5	Extension and Amendment Agreement dated as of August 31, 2000 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 11 to Amendment No. 64 to this Statement).
Exhibit 6	Extension and Amendment Agreement dated as of August 31, 2001 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 12 to Amendment No. 64 to this Statement).
Exhibit 7	Extension and Amendment Agreement dated as of August 28, 2002 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 16 to Amendment No. 65 to this Statement).
Exhibit 8	Amended and Restated Extension and Amendment Agreement dated as of October 24, 2003 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 12 to Amendment No. 67 to this Statement).
Exhibit 9	Extension and Amendment Agreement dated as of October 29, 2004 among Contran Corporation, National City Lines, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 13 to Amendment No. 67 to this Statement).
Exhibit 10*	Extension and Amendment Agreement dated as of October 28, 2005 among Contran Corporation, National City Lines, Inc., Valhi Holding Company and U.S. Bank National Association.
Exhibit 11*	Guaranty dated as of October 28, 2005 executed by Valhi Holding Company for the benefit of U.S. Bank National Association.
Exhibit 12*	Pledge Agreement dated as of October 28, 2005 between Valhi Holding Company and U.S. Bank National Association.
Exhibit 13*	Extension and Amendment Agreement dated as of October 27, 2006 among Contran Corporation, Valhi Holding Company and U.S. Bank National Association.
Exhibit 14	Pledge Agreement dated as of August 25, 2005 between Contran Corporation and Valhi Holding Company for the benefit of the Contran Deferred Compensation Trust No. 1 (incorporated by reference to Exhibit 14 to Amendment No. 63 to this Schedule 13D).
Exhibit 15	Pledge Agreement dated as of August 25, 2005 between Contran Corporation and Valhi Holding Company for the benefit of the Contran Deferred Compensation Trust No. 2 (incorporated by reference to Exhibit 15 to Amendment No. 63 to this Schedule 13D).
Exhibit 16	Pledge Agreement dated as of August 25, 2005 between Contran Corporation and Valhi Holding Company for the benefit of the Contran Deferred Compensation Trust No. 3 (incorporated by reference to Exhibit 16 to Amendment No. 63 to this Schedule 13D).

\* Filed herewith.

**CONTRAN AMENDED AND RESTATED  
DEFERRED COMPENSATION TRUST**

(Amending, Restating and Consolidating Trust No. 1 Originally Established February 11, 1994  
and Trust No. 2 Originally Established October 1, 1995)

**AMENDED AND RESTATED As OF JANUARY 1, 2006**

This Amended and Restated Agreement ("*Trust Agreement*") is made effective as of the 1st day of January, 2006 by and between Contran Corporation, a Delaware corporation ("*Company*") and U.S. Bank National Association ("*Trustee*");

**WHEREAS**, Company and a former trustee had previously entered into the Contran Deferred Compensation Trust No. 1 dated February 11, 1994 (hereinafter called "*Trust No. 1*"), most recently amended and restated under the terms of a trust agreement by and between Company and Trustee effective as of January 1, 2004; and

**WHEREAS**, Company and a former trustee had previously entered into the Contran Deferred Compensation Trust No. 2 dated October 1, 1995 (hereinafter called "*Trust No. 2*"), most recently amended and restated under the terms of a trust agreement by and between Company and Trustee effective as of January 1, 2004; and

**WHEREAS**, the Company and Employee are parties to the 1984 Deferred Compensation Agreement Amended and Restated as of January 1, 2004 (the "*1984 Agreement*"), the 1993 Deferred Compensation Agreement Amended and Restated as of January 1, 2004 (the "*1993 Agreement*"), the Harold C. Simmons Contran Corporation 2000 Deferred Compensation Agreement (the "*2000 Agreement*"), and the Harold C. Simmons Contran Corporation 2001 Deferred Compensation Agreement (the "*2001 Agreement*") (collectively, the "*Prior Agreements*"); and

**WHEREAS**, Company established Trust No. 1 to provide itself with a source of funds to assist it in meeting its liabilities under the 1993 Agreement, the 2000 Agreement and the 2001 Agreement; and

**WHEREAS**, Company established Trust No. 2 to provide itself with a source of funds to assist it in meeting its liabilities under the 1984 Agreement; and

**WHEREAS**, effective as of December 21, 2005, the Company amended, restated and consolidated the Prior Agreements under the terms of the Harold C. Simmons 2005 Restated and Consolidated Deferred Compensation Agreement, more particularly described in Appendix "A" attached hereto and incorporated herein by this reference (the "*Plan*"); and

**WHEREAS**, Company has incurred or expects to incur liability under the terms of the Plan with respect to the individuals participating in such Plan; and

**WHEREAS**, Company desires to amend, restate, consolidate and merge Trust No. 1 and Trust No. 2 into a single trust which will hold the assets of Trust No. 1 and Trust No. 2, subject to the claims of Company's creditors in the event of Company's Insolvency, as herein defined, to be held and distributed in accordance with the terms of this Trust Agreement; and

**WHEREAS**, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974 ("*ERISA*"); and

**WHEREAS**, Company may, from time to time, make additional contributions to the Trust to provide itself with a source of funds to assist it in meeting its liabilities under the Plan; and

**WHEREAS**, for purposes of this Trust Agreement, the term "*subsidiary*" of Company shall mean an entity that is controlled by Company directly or indirectly through one or more intermediaries;

**NOW, THEREFORE**, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

**Section 1. Merger and Continuation of Trusts.**

(a) Effective as of the commencement of business on **January 1, 2006**, Trust No. 1 and Trust No. 2 have been combined, merged, and consolidated into this trust so that together they will become and be a single trust, with the surviving trust being governed by the terms of this Amended and Restated Deferred Compensation Trust.

(b) The Trust shall be irrevocable.

(c) The Trust is intended to be a grantor trust, of which Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(d) The principal of the Trust, and any earnings thereon shall be held separate and apart from other funds of Company and shall be used exclusively for the uses and purposes of Plan participants and general creditors as herein set forth. Plan participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in any assets of the Trust. Any rights created under the Plan and this Trust Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against Company. Any assets held by the Trust will be subject to the claims of Company's general creditors under federal and state law in the event of Insolvency, as defined in Section 3(a) herein.

(e) Company, in its sole discretion, may at any time, or from time to time, make additional deposits of cash or other property in trust with Trustee to augment the principal to be held, administered and disposed of by Trustee as provided in this Trust Agreement. Neither Trustee nor any Plan participant or beneficiary shall have any right to compel such additional deposits. The foregoing shall not modify any obligation of Company under the Plan.

(f) The parties expressly acknowledge and intend that, except in the event of a Change in Control as detailed in Section 14(d), Trustee shall serve as a custodial, directed trustee hereunder.

## **Section 2. Payments to Plan Participants and Their Beneficiaries.**

(a) Company shall deliver to Trustee a schedule (the "*Payment Schedule*") that indicates the amounts payable in respect of each Plan participant (and his or her beneficiaries), that provides a formula or other instructions acceptable to Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Plan(s)), and the time of commencement for payment of such amounts consistent with the terms of the Plan(s). Except as otherwise provided herein, Trustee shall make payments to the Plan participants and their beneficiaries in accordance with such Payment Schedule. The Trustee shall make provision for the reporting and withholding of any federal, state or local taxes as the Company shall direct in writing to be withheld with respect to the payment of benefits pursuant to the terms of the Plan(s) and shall promptly pay to the Company in cash such amounts withheld. The Company shall pay such amounts withheld to the appropriate taxing authorities. The Company shall provide the Trustee with specific directions regarding the manner, timing and form of tax reporting to be made to Plan participants and governmental agencies.

(b) The entitlement of a Plan participant or his or her beneficiaries to benefits under the Plan(s) shall be determined by Company or such party as it shall designate under the Plan, and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plans(s).

(c) Company may make payment of benefits directly to Plan participants or their beneficiaries as they become due under the terms of the Plan(s). Company shall notify Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to participants or their beneficiaries. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plan(s), Company shall make the balance of each such payment as it falls due. Trustee shall notify Company where principal and earnings are not sufficient but shall not have a duty to require that supplemental payments be made to Plan participants or supplemental contributions be made to the Trust.

(d) Company determination of Payment Schedules and a participant's entitlement to benefits shall be made annually by Company with respect to the deferred compensation accrued each year and may not thereafter be modified by Company without the participant's consent. For purposes of this Section 2(d) all Company actions with respect to a participant prior to the time of his death, disability, retirement or termination shall be by the members of its Board of Directors at such time, and all Company actions with respect to a participant following his death, disability, retirement or termination shall be by the members of its Board of Directors immediately prior to the participant's death, disability, retirement or termination.

(e) Any real estate held in a real estate subtrust of this Trust shall be distributed to the Plan participants or beneficiaries for whom such assets are held under such subtrust in accordance with the distribution provisions of the Plan(s), but only to the extent that the market value of the real estate (as determined by the Company) does not exceed the participant's or beneficiary's benefits.

## **Section 3. Trustee Responsibility Regarding Payments to Trust Beneficiary When Company Is Insolvent.**

(a) Trustee shall cease payment of benefits to Plan participants and their beneficiaries if the Company is insolvent. Company shall be considered "*Insolvent*" for purposes of this Trust Agreement if (i) Company is unable to pay its debts as they become due, or (ii) Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(b) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of Company under federal and state law as set forth below.

(1) The Board of Directors and the Chief Executive Officer of Company shall have the duty to inform the Trustee in writing of Company's Insolvency. If a person claiming to be a creditor of Company alleges in writing to Trustee that Company has become Insolvent, Trustee shall determine whether Company is Insolvent and, pending such determination, Trustee shall discontinue payment of benefits to Plan participants or their beneficiaries. In all cases, Trustee shall be entitled to conclusively rely upon the written certification of the continuing Directors of the Company when determining whether Company is insolvent.

(2) Unless Trustee has actual knowledge of Company's Insolvency, or has received notice from Company or a person claiming to be a creditor alleging that Company is Insolvent, Trustee shall have no duty to inquire whether Company is Insolvent. Trustee may in all events rely on such evidence concerning Company's solvency as may be furnished to Trustee and that provides Trustee with a reasonable basis for making a determination concerning Company's solvency. The Trustee may hire counsel and/or other professionals to assist it in making a determination as to the Company's insolvency. Any legal or other professional fees and expenses incurred by the Trustee in making its determination shall be paid from the Trust.

(3) If at any time Trustee has determined that Company is Insolvent, Trustee shall discontinue payments to Plan participants or their beneficiaries and shall hold the assets of the Trust for the benefit of Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Plan participants or their beneficiaries to pursue their rights as general creditors of Company with respect to benefits due under the Plan or otherwise.

(4) Trustee shall resume the payment of benefits to Plan participants or their beneficiaries in accordance with Section 2 of this Trust Agreement only after Trustee has determined that Company is not Insolvent (or is no longer Insolvent).

(c) Provided that there are sufficient assets, if Trustee discontinues the payment of benefits from the Trust pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan participants or their beneficiaries under the terms of the Plan (as certified by Company) for the period of such discontinuance, less the aggregate amount of any payments made to Plan participants or their beneficiaries by Company in lieu of the payments provided for hereunder during any such period of discontinuance.

## **Section 4. Payments to Company.**

(a) Except as provided in Sections 2(a), 3, 4(b) or 5(c) hereof, Company shall have no right or power to direct Trustee to return to Company or to divert to others any of the Trust assets before all payment of benefits have been made to Plan participants and their beneficiaries pursuant to the terms of the Plan.

(b) From time to time, Company may provide certification to the Trustee of its determination that the fair market value of the assets of the Trust exceeds the accrued liabilities of the Plan and may request in writing that the Trustee return to Company an amount equal to the difference between 100% of the amount of accrued liabilities of the Plan and the fair market value of the assets held by the Trust, so long as the difference exceeds one million dollars (\$1,000,000.00) (the “*Surplus Assets*”). Upon such written request and certification from Company, the Trustee shall return the Surplus Assets to Company, in the form requested by Company, as soon as administratively feasible.

#### **Section 5. Investment Authority.**

(a) Except as limited by Section 5(b), Trustee shall have the powers, rights and duties in addition to those provided elsewhere in this agreement or by law to be exercised only pursuant to the direction of Company or an investment manager appointed by Company: to invest and reinvest part or all of the trust fund in any real property, securities (including stock or rights to acquire stock) or obligations issued by Company or subsidiaries of Company, stocks, mutual fund shares (including proprietary funds of Trustee or its affiliates), partnership interests, venture capital investments, bonds, debentures, notes, commercial paper, treasury bills, any common, commingled or collective trust funds (including proprietary funds of Trustee or its affiliates), or pooled investment funds, any deposit accounts or funds maintained by a legal reserve life insurance company in accordance with an agreement between Trustee and such insurance company or a group annuity contract issued by such insurance company to Trustee as contract holder, any interest-bearing deposits held by any bank or similar financial institution (including Trustee or its affiliates), and to diversify such investments so as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so. In no event shall the Trust invest directly in real estate. Trust assets shall be limited to domestic United States assets or securities which may be held through the Depository Trust Company.

(b) Trustee shall not have any investment discretion with respect to the assets of the Trust and shall not sell or otherwise dispose of any assets that are deposited by Company with the Trust unless it is directed to do so by Company in writing. All rights associated with assets of the Trust shall be exercised by Company or the person designated by Company, and shall in no event be exercisable by or rest with Plan participants. Voting rights with respect to Trust assets will be exercised by Company.

(c) Company shall have the right at anytime, and from time to time in its sole discretion, to substitute assets of equal fair market value for any asset held by the Trust. This right is exercisable by Company in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

(d) To settle, compromise or submit to arbitration any claims, debt or damages due or owing to or from the Trust; to commence or defend suits or legal proceedings to protect any interest of the Trust; and to represent the Trust in all suits or legal proceedings in any court or before any other body or tribunal.

(e) To take all action necessary to pay for authorized transactions, including borrowing or raising monies from any lender, including Trustee, in its corporate capacity in conjunction with its duties under this Agreement and upon such terms and conditions as Trustee may deem advisable to settle security purchases and/or foreign exchange or contracts for foreign exchange, and securing the repayments thereof by pledging all or any part of the Trust. Trustee shall be entitled to collect from the Trust sufficient cash for reimbursement, and if such cash is insufficient, dispose of the assets of the Trust to the extent necessary to obtain reimbursement.

(f) To appoint with prior written approval of Company custodians, subcustodians or subtrustees, domestic or foreign (including affiliates of Trustee), as to part or all of the Trust; provided, however, that Trustee shall not be liable for the acts or omissions of any subcustodian appointed under this Section 5.

(g) To hold property in nominee name, in bearer form, or in book entry form, in a clearinghouse corporation or in a depository (including an affiliate of Trustee), so long as Trustee’s records clearly indicate that the assets held are a part of the Trust; provided, however, that Trustee shall not be responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom, or regulation) with any recognized foreign or domestic clearing facility, book-entry system, centralized custodial depository, or similar organization.

(h) To settle indirect investments in Real Estate (the “*Real Estate*”) and exercise such other powers as may be required in connection with the Fund’s investments in Real Estate. The Trustee shall have no responsibility or discretion with respect to the ownership, management, administration, operation or control of any Real Estate. To the extent permitted by law, the Trustee shall be indemnified by the Company, to the extent not paid by the Fund, from all claims, liabilities, losses, damages and expenses, including reasonable attorneys’ fees and expenses, arising from or in connection with any matter relating to any Real Estate held in the Trust and which give rise to: (i) any violation of any applicable environmental or health or safety law, ordinance, regulation or ruling; or (ii) the presence, use, generation, storage, release, threatened release, or containment, treatment or disposal of any petroleum, including crude oil or any fraction thereof, hazardous substances, pollutants or contaminants as defined in the Comprehensive Environmental Response Compensation and Liability Act, as amended (CERCLA) or hazardous, toxic or dangerous substances or materials as many of these terms may be defined under any federal or state law in the broadest sense from time to time. This indemnification shall survive the sale or other disposition of any Real Estate investment of the Fund or the termination of this Agreement.

(i) Generally to do all acts, whether or not expressly authorized, which the Trustee may deem necessary or desirable for the protection of the Trust.

(j) Trustee shall retain in cash or other investments which are unproductive of income so much of the Trust fund as it may deem advisable its servicing of the Trust (e.g., Trust assets pending investment or disbursement) which may include retention of Trust assets in noninterest bearing accounts in the banking department of Trustee or of any affiliate thereof, notwithstanding the banking department’s or other entity’s receipt of “*float*” from such uninvested cash.

(k) In the event that a Change of Control occurs as defined in Section 14(d) and Trustee therefore becomes a discretionary trustee hereunder, to the fullest extent permitted by law, Trustee is expressly authorized to (i) retain the services of U.S. Bancorp Piper Jaffray Inc. and/or U.S. Bancorp Investments, Inc., each being affiliates of U.S. Bank National Association, and/or any other registered broker-dealer organization hereafter affiliated with U.S. Bank National Association, and any future successors in interest thereto (collectively, including U.S. Bank National Association, for the purposes of this paragraph referred to as the “*Affiliated Entities*”), to provide services to assist in or facilitate the purchase or sale of investment securities in the Trust, (ii) acquire as assets of the Trust shares of mutual funds to which Affiliated Entities provides, for a fee, services in any capacity and (iii) acquire in the Trust any other services or products of any kind or nature from the Affiliated Entities regardless of whether the same or similar services or products are available from other institutions. The Trust may directly or indirectly (through mutual funds fees and charges for example) pay management fees, transaction fees and other commissions to the Affiliated Entities for the services or products provided to the Trust and/or such mutual funds at such Affiliated Entities’ standard or



published rates without offset (unless required by law) from any fees charged by Trustee for its services as Trustee. Trustee may also deal directly with the Affiliated Entities regardless of the capacity in which it is then acting, to purchase, sell exchange or transfer assets of the Trust even though the Affiliated Entities are receiving compensation or otherwise profiting from such transaction or are acting as a principal in such transaction. Each of the Affiliated Entities is authorized to (i) effect transactions on national securities exchanges for the Trust as directed by Trustee, and (ii) retain any transactional fees related thereto, consistent with Section II (a)(1) of the Securities Exchange Act of 1934, as amended, and related Rule 11 a2-2(T). Included specifically, but not by way of limitation, in the transactions authorized by this provision are transactions in which any of the Affiliated Entities are serving as an underwriter or member of an underwriting syndicate for a security being purchased or are purchasing or selling a security for its own account. In other circumstances where Trustee is directed by Company or any Investment Manager, as applicable hereunder (collectively referred to for purposes of this paragraph as the “*Directing Party*”), Directing Party shall be authorized, and expressly retains the right hereunder, to direct Trustee to retain the services of, and conduct transactions with, Affiliated Entities fully in the manner described above.

Notwithstanding anything to the contrary contained in this Trust Agreement, in the event of a Change in Control as defined in Section 14(d), the Trustee shall have and exercise investment discretion with respect to all assets of the Trust.

**Section 6. Disposition of Income.**

During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

**Section 7. Accounting by Trustee.**

Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between Company and Trustee. Within 30 days following the close of each calendar year and within 30 days after the removal or resignation of Trustee, Trustee shall deliver to Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

**Section 8. Responsibility of Trustee.**

(a) Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, provided, however, that Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by Company which is contemplated by, and in conformity with, the terms of the Plan (as certified to Trustee by the Company) or this Trust and is given in writing by Company. In the event of a dispute between Company and a party, Trustee may apply to a court of competent jurisdiction to resolve the dispute. Company agrees to hold Trustee harmless and indemnify Trustee (for the purposes of this paragraph, “*Trustee*” includes the Trustee and any officers, directors, employees, agents and affiliates of Trustee) against Trustee’s costs, expenses and liabilities (including without limitation, reasonable attorney’s fees and expenses) arising out of or relating to any action or inaction taken by Trustee in reliance upon direction, request or approval given by Company or Investment Manager or otherwise taken in accordance with this Trust Agreement.

(b) If Trustee undertakes or defends any litigation arising in connection with this Trust, Company agrees to indemnify Trustee (for the purposes of this paragraph, “*Trustee*” includes the Trustee and any officers, directors, employees, agents and affiliates of Trustee) against Trustee’s costs, expenses and liabilities (including, without limitation, attorneys’ fees and expenses) relating thereto and to be primarily liable for such payments. If Company does not pay such costs, expenses and liabilities in a reasonably timely manner, Trustee may obtain payment from the Trust.

(c) Trustee may consult with legal counsel (who may also be counsel for Company generally) with respect to any of its duties or obligations hereunder and such legal fees and expenses shall be paid from the Trust.

(d) Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder and fees and expenses for such service providers shall be paid from the Trust.

(e) Trustee shall have, without exclusion, all powers conferred on Trustees by applicable law, unless expressly provided otherwise herein, provided, however, that if an insurance policy is held as an asset of the Trust, Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

(f) Notwithstanding any powers granted to Trustee pursuant to this Trust Agreement or to applicable law, Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.77012 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

(g) Notwithstanding anything in this Agreement to the contrary, Trustee shall not be responsible or liable for any losses to the Trust resulting from any event beyond the reasonable control of Trustee, its agents, or subcustodians, including but not limited to nationalization, strikes, expropriation, devaluation, seizure, or similar action by any governmental authority, de facto, or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the Trust’s property; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or acts or war, terrorism, insurrection or revolution; or acts of God; or any other similar or third-party event.

(h) This Section shall survive the termination of this Trust

**Section 9. Contractual Income and Settlement.**

(a) Trustee shall credit the Trust Fund with income and maturity proceeds on securities on contractual payment date net of any taxes or upon actual receipt as agreed between Trustee and Company. To the extent Company and Trustee have agreed to credit income on contractual payment date, Trustee may reverse such accounting entries with back value to the contractual payment date if Trustee reasonably believes that such amount will not be

received by it within a reasonable time but in no event later than two weeks following contractual payment date.

(b) Trustee will attend to the settlement of securities transactions on the basis of either contractual settlement day accounting or actual settlement day accounting as agreed between Company and Trustee. To the extent Company and Trustee have agreed to settle certain securities transactions on the basis of contractual settlement date accounting, Trustee may reverse with back value to the contractual settlement day an entry relating to such contractual settlement where the related transactions remain unsettled but in no event later than two weeks following contractual settlement date.

(c) Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Company acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash and in such circumstances, the Company shall have sole responsibility for nonreceipt of payment (or late payment) by the counterparty.

#### **Section 10. Compensation and Expense of Trustee.**

(a) Except as otherwise provided hereunder, Company shall pay all administrative and Trustee's fees and expenses. If not so paid, the fees and expenses shall be paid from the Trust.

(b) If Trustee advances cash or securities for any purpose, including the purchase or sale of foreign exchange or of contracts for foreign exchange, or in the event that Trustee shall incur or be assessed taxes, interest, charges, expenses, assessments, or other liabilities in connection with the performance of this Agreement, except such as may arise from its own negligent action, negligent failure to act or willful misconduct, any property at any time held for the Trust Fund under this agreement shall be security therefor and Trustee shall be entitled to collect from the Trust Fund sufficient cash for reimbursement, and if such cash is insufficient, dispose of the assets of the Trust Fund held under this Agreement to the extent necessary to obtain reimbursement. To the extent Trustee advances funds to the Trust for disbursement or to effect the settlement of purchase transactions, Trustee shall be entitled to collect from the Trust Fund any amount equal to what would have been earned on the sums advanced (an amount approximating the "federal funds" interest rate) and with respect to foreign assets, the rate applicable to the appropriate foreign market.

#### **Section 11. Resignation and Removal of Trustee.**

(a) Trustee may resign at any time by written notice to Company, which shall be effective thirty (30) days after receipt of such notice unless Company and Trustee agree otherwise.

(b) Prior to a Change of Control, Trustee may be removed by Company on thirty (30) days notice or upon shorter notice accepted by Trustee.

(c) Upon Change of Control, as defined herein, Trustee may not be removed by Company for one year.

(d) If Trustee resigns within one year of a Change of Control, as defined herein, Trustee shall select a successor trustee in accordance with the provisions of Section 12(b) hereof prior to the effective date of Trustee's resignation or removal.

#### **Section 12. Appointment of Successor.**

(a) If Trustee resigns or is removed in accordance with Section 11 (a) or (b) hereof, Company may appoint any third party, such as a bank trust department or other party that may be granted corporate trustee powers under state law, as a successor to replace Trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by Company or the successor Trustee to evidence the transfer.

(b) If Trustee resigns or is removed pursuant to the provisions of Section 11(d) hereof and selects a successor trustee, Trustee may appoint any third party such as a bank trust department or other party that may be granted corporate trustee powers under state law. The appointment of a successor trustee shall be effective when accepted in writing by the new trustee. The new trustee shall have all the rights and powers of the former Trustee, including ownership rights in Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by the successor trustee to evidence the transfer.

(c) The successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to Sections 6 and 7 hereof. The successor Trustee shall not be responsible for and Company shall indemnify and defend the successor Trustee from any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

#### **Section 13. Amendment or Termination.**

(a) This Trust Agreement may be amended by a written instrument executed by Trustee and Company. Notwithstanding the foregoing, no such amendment shall conflict with the terms of the Plan or shall make the Trust revocable after it has become irrevocable in accordance with Section 1(b) hereof.

(b) The Trust shall not terminate until the date on which Plan participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plan. Upon termination of the Trust any assets remaining in the Trust shall be returned to Company.

(c) Upon written approval of participants or beneficiaries entitled to payment of benefits pursuant to the terms of the Plan, Company may terminate this Trust prior to the time all benefit payments under the Plan have been made. All assets in the Trust at termination shall be returned to Company.

(d) Notwithstanding any other provision in this Trust Agreement, this Trust Agreement may not be amended within one year of the occurrence of a Change of Control.

#### **Section 14. Miscellaneous.**

(a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the

remaining provisions hereof.

(b) Benefits payable to Plan participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(c) This Trust Agreement shall be governed by and construed in accordance with the laws of Minnesota.

(d) For purposes of this Trust, Change of Control shall mean either (1) the purchase or other acquisition by any person, entity or group of persons, within the meaning of section 13(d) or 14(d) of the Securities Exchange Act of 1934 ("Act"), or any comparable successor provisions, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 30 percent or more of either the outstanding shares of common stock or the combined voting power of Company's then outstanding voting securities entitled to vote generally, or the approval by the stockholders of Company of a reorganization, merger, or consolidation, in each case, with respect to which persons who were stockholders of Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50 percent of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated Company's then outstanding securities, or a liquidation or dissolution of Company or of the sale of all or substantially all of Company's assets; or (2) the cessation to serve for any reason of Harold C. Simmons as Trustee of the Harold C. Simmons Family Trust No. 1, u/a January 1, 1964 and/or the Harold C. Simmons Family Trust No.2 u/a January 1, 1964.

Trustee shall have no independent duty of inquiry with respect to the occurrence of a Change in Control. Company shall furnish the Trustee with written notice of the occurrence of a Change in Control. Absent such notice, if any Plan participant shall provide the Trustee with written notice of a possible Change of Control, the Trustee may request that the Company furnish evidence to determine whether a Change of Control has occurred. In performing any of its obligations or taking any discretionary action under this Trust Agreement which is dependent upon a Change of Control having occurred, Trustee may rely on its determination, including any determination based upon an opinion of counsel (who may be counsel to the Company or the Trustee) or upon information provided by the continuing Directors of the Company or otherwise available to the Trustee, that a Change of Control has occurred. For this purpose, the continuing Directors of the Company as of the time of a possible change of control or insolvency are the persons who were directors immediately prior to such possible change of control or insolvency. Any legal or other professional fees and expenses incurred by Trustee in making a determination hereunder shall be paid from the Trust.

(e) Under no circumstances shall Trustee be liable for any indirect, consequential, or special damages with respect to its role as Trustee.

(f) Notwithstanding anything to the contrary contained elsewhere in this Trust Agreement, any reference to the Plan or Plan provisions which require knowledge or interpretation of the Plan shall impose a duty upon the Company to communicate such knowledge or interpretation to the Trustee. The Trustee shall have no obligation to know or interpret any portion of the Plan and shall in no way be liable for any proper action taken contrary to the Plan.

(g) Company and Trustee hereby each represent and warrant to the other that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on their behalf has the requisite authority to bind Company or Trustee to this Agreement.

**Section 15.                      Effective Date.**

The effective date of this Amended and Restated Contran Deferred Compensation Trust Agreement shall be January 1, 2006.  
[Balance of page intentionally left blank.]

---

IN WITNESS WHEREOF, the Company and the Trustee have executed this Trust as of the \_\_\_\_\_ day of December, 2006, but effective as herein stated.

**CONTRAN CORPORATION**  
**(Company)**

**U.S. BANK NATIONAL ASSOCIATION**  
**(Trustee)**

By: /s/ Steven L. Watson  
Steven L. Watson  
President

By: /s/ Ann Roemer  
Printed Name: Ann Roemer  
Title: Vice President

---

**APPENDIX A**

**to the  
CONTRAN DEFERRED COMPENSATION  
AMENDED AND RESTATED TRUST AGREEMENT  
AS OF JANUARY 1, 2006  
*Nonqualified Deferred Compensation Plan***

Harold C. Simmons 2005 Restated and Consolidated Deferred Compensation Agreement dated as of the 21<sup>st</sup> day of December, 2005 by and between Contran Corporation, a Delaware corporation, (therein referred to as the “*Company*”) and Harold C. Simmons (therein referred to as “*Employee*”).

## EXTENSION AND AMENDMENT AGREEMENT (2005)

This Extension and Amendment Agreement (2005) (the "Agreement") is entered into as of October 28, 2005, among CONTRAN CORPORATION ("Contran"), NATIONAL CITY LINES, INC. ("NCL"), VALHI HOLDING COMPANY ("VHC") (collectively, the "Contran Companies"), and U.S. BANK NATIONAL ASSOCIATION ("U.S. Bank").

### RECITALS

- A. Contran, NCL, and U.S. Bank are parties to a loan agreement dated as of September 3, 1998. That agreement, as it has been modified and amended, is referred to herein as the "Loan Agreement."
- B. Capitalized terms used in this Agreement that are not defined herein have the meanings assigned to those terms in the Loan Agreement.
- C. Contran's obligations pursuant to the Note are secured by the Pledged Securities. Contran has informed U.S. Bank that, as part of a corporate reorganization, ownership of the Pledged Securities will be transferred from NCL to VHC.
- D. Contran has requested U.S. Bank to extend the Expiry Date of the revolving credit facility provided by U.S. Bank pursuant to the Loan Documents to October 27, 2006. In addition, Contran has requested U.S. Bank's consent to the transfer of ownership of the Pledged Securities from NCL to VHC and to the release of NCL from any further obligations under the guaranty it executed with respect to the Obligations.
- E. U.S. Bank is prepared to extend the Expiry Date and to consent to the other matters requested by Contran, subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Contran Companies and U.S. Bank agree as follows:

### AGREEMENT

1. Conditions Precedent. This Agreement shall be effective if the following conditions are satisfied on or before October 28, 2005:
- (a) The Contran Companies execute this Agreement and deliver it to U.S. Bank;
  - (b) VHC executes and delivers to U.S. Bank a guaranty in form and content satisfactory to U.S. Bank in its reasonable discretion whereby VHC guarantees payment and performance of the Obligations (including the obligations of Contran pursuant to the Note);
  - (c) VHC executes and delivers to U.S. Bank a pledge agreement in form and content satisfactory to U.S. Bank in its reasonable discretion whereby VHC grants U.S. Bank a security interest in 7,000,000 shares of common stock of Valhi, Inc., owned by VHC;
  - (d) VHC delivers to U.S. Bank the original certificates with respect to the stock encumbered by the pledge agreement described above;
  - (e) Contran pays U.S. Bank \$31,250 in consideration of U.S. Bank's agreement to extend the Expiry Date of the revolving credit facility governed by the Loan Agreement on the basis set forth in this Agreement; and
  - (f) Contran completes, executes, and delivers to U.S. Bank a Federal Reserve Form U-1.

If the above-described conditions precedent are not satisfied by October 28, 2005 (or waived by U.S. Bank in writing in its sole and absolute discretion), this Agreement shall not be effective and the parties' rights and obligations shall continue to be governed by the Loan Documents (without giving effect to this Agreement).

2. Representations and Warranties of the Contran Companies. Each Contran Company represents and warrants to U.S. Bank that (a) it is in good standing under the laws of the state of its formation, (b) it has been authorized to execute and perform its obligations under this Agreement and the Loan Documents (as modified by this Agreement), (c) the individual executing this Agreement on its behalf has been duly authorized to take such action, (d) the Loan Documents (as amended by this Agreement) are enforceable against it in accordance with their respective terms, subject only to the effect of insolvency and other similar laws affecting the rights and remedies of creditors generally, general principles of equity whether applied by a court of law or equity, and generally applicable rules of law, (e) all financial information previously provided to U.S. Bank presents fairly its financial position as of the date of such financial information and the results of its operations and changes in financial position for the period in question, (f) the representations and warranties made to U.S. Bank in the Loan Documents continue to be true and correct in all material respects, and (g) the Contran Companies are not in default in any material respect under the Loan Documents as of the date of this Agreement.

3. Extension of Expiry Date. U.S. Bank hereby extends the Expiry Date, and U.S. Bank's commitment to make Advances to Contran (on the terms and conditions specified in the Loan Documents), to October 27, 2006.

4. Modified Definitions. The definitions of the terms "Contran Companies," "Guaranty," "LTV," and "Security Document" hereby are modified, amended, and restated as follows:

- (a) "Contran Companies" means Contran and Valhi Holding Company and "Contran Company" means any one of the Contran Companies;
- (b) "Guaranty" means the unconditional payment guaranty in the form satisfactory to U.S. Bank to be issued in favor of U.S. Bank by Valhi Holding Company on or about October 28, 2005;

(c) "LTV" means the percentage resulting from dividing the outstanding principal balance of the Advances on the date the LTV is being determined by the value of the Pledged Securities (as determined by multiplying the number of Pledged Securities (initially 7,000,000) by the published closing price for the stock on the preceding trading day, as published in the *Wall Street Journal* or, if the prices are not published, as reasonably determined by U.S. Bank); and

(d) "Security Document" means the pledge agreement executed by Valhi Holding Company on or about October 28, 2005, in a form acceptable to U.S. Bank and the related stock powers and compliance forms, and any security agreement and financing statements that any Contran Company hereafter executes to secure performance of the Obligations.

5 . Reaffirmation of Obligations. Contran and VHC hereby acknowledge and reaffirm their agreements to pay the Obligations in accordance with the terms of the Note and the Guaranty, respectively.

6. Cash Collateralization of Certain Letters of Credit. If U.S. Bank discontinues its commitment to extend the revolving credit facility to the Contran Companies, and at that time any letter of credit or letters of credit are outstanding under the Loan Documents, the Contran Companies within three Business Days of U.S. Bank's termination of that credit commitment shall deposit with U.S. Bank cash in an amount specified by U.S. Bank in its reasonable discretion sufficient to fully collateralize the Contran Companies' obligations in respect of such letters of credit.

7 . Effectiveness of this Agreement. This Agreement shall become effective only when each of the Contran Companies and U.S. Bank has signed it and has sent a copy of the signed document to the other parties to this Agreement (which may be accomplished by facsimile transmission). Each party to this Agreement shall deliver manually signed counterparts of this Agreement to the other.

8 . Release of NCL. Upon the timely satisfaction of the conditions precedent specified in paragraph 1 of this Agreement, U.S. Bank acknowledges and agrees that NCL shall be released of any further obligations under the Pledge Agreement and the Guaranty that NCL executed in favor of U.S. Bank on or about September 3, 1998.

9 . Other Terms Unchanged. All of the terms and conditions of the Loan Agreement and the Loan Documents remain in full force and effect, as expressly modified by the terms and conditions of this Agreement.

10 . Statutory Notice. **UNDER OREGON LAW, MOST AGREEMENTS, PROMISES, AND COMMITMENTS MADE BY U.S. BANK CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION, AND BE SIGNED BY U.S. BANK TO BE ENFORCEABLE.**

**U.S. BANK NATIONAL ASSOCIATION**

By: /s/ Janice T. Thede  
Janice T. Thede  
Vice President

**CONTRAN CORPORATION**

By: /s/ Bobby D. O'Brien  
Bobby D. O'Brien  
Vice President and Chief Financial Officer

**NATIONAL CITY LINES, INC.**

By: /s/ Bobby D. O'Brien  
Bobby D. O'Brien  
Vice President and Chief Financial Officer

**VALHI HOLDING COMPANY**

By: /s/ Eugene K. Anderson  
Eugene K. Anderson  
Vice President and Assistant Treasurer

## GUARANTY

For valuable consideration, Valhi Holding Company (“VHC”) hereby unconditionally guarantees payment and performance of all obligations of Contran Corporation (“Contran”) to U.S. Bank National Association (“U.S. Bank”) under that certain Loan Agreement dated as of September 3, 1998 (as it has been modified and amended) executed by Contran in favor of U.S. Bank. That loan agreement, as previously or hereafter modified or amended, is referred to herein as the “Loan Agreement.” Capitalized terms used in this guaranty (this “Guaranty”) have the meanings assigned to those terms in the Loan Agreement, unless otherwise specified herein.

1 . Consideration. VHC acknowledges that U.S. Bank is willing to make Advances only on the condition that VHC executes this Guaranty and thereby promises and agrees to pay and perform the Obligations as a direct and primary obligation of VHC. VHC and Contran are part of an affiliated group of companies whose business operations are integrated and financial reporting is consolidated. VHC is fully informed as to the business operations and Financial affairs of Contran. VHC acknowledges that VHC has received and will receive benefit from the Advances.

2. Waivers. VHC hereby waives:

2.1 Acceptance, presentment (including notice of dishonor), and demand;

2.2 Claims and defenses of subrogation, contribution, indemnity, exoneration, recourse, reimbursement, and substitution against Contran and its property;

2.3 Claims and defenses that would require U.S. Bank to (i) proceed first against Contran or the Pledged Securities before U.S. Bank can proceed against VHC, (ii) provide to VHC any information in the possession or control of U.S. Bank relating to the status of the relationship between Contran and U.S. Bank, the financial condition of Contran, the nature, status, location, or estimated value of the Pledged Securities or any action, inaction, or forbearance by U.S. Bank against Contran or the Pledged Securities;

2.4 Claims and defenses based on recoupment or any other disability or defense of Contran other than repayment of the Loan, including claims such as duress, lack of capacity, illegality, fraud, statute of limitations, accord and satisfaction, impairment of recourse, discharge of Contran through insolvency proceedings or otherwise, the manner, order, or timing of any foreclosure or disposition rights, election of remedies, or the forbearance by U.S. Bank of or with respect to any right or remedy that U.S. Bank may have against Contran or the Pledged Securities; and

2.5 Claims and defenses based on suretyship, including extension of due dates, material modifications, and impairment of rights of recourse.

3 . Consent. Without thereby limiting the generality of the foregoing waivers, VHC consents to forbearance, material modification, extension of due dates, compromise, and discharge of the debts and obligations hereby guaranteed, and to partial or full releases, impairment, and abandonment of any item or items of the Pledged Securities without prior notice to or consent of VHC and in such order and for such consideration as U.S. Bank may consider appropriate.

4 . Insolvency Proceedings. If Contran becomes the subject of any bankruptcy case, receivership case, or other insolvency case or proceeding, VHC authorizes U.S. Bank to make Advances and extend credit to such person as the debtor or debtor-in possession and repayment of such Advances will be covered by this Guaranty. This Guaranty specifically includes any amount that U.S. Bank may be required to repay on account of an avoided transfer or preference. Regardless of the payment or performance of the debts and the obligations hereby guaranteed, the liability of VHC to U.S. Bank will continue until 10 days after the expiration of the longest of any potentially applicable federal or state statute of limitations relating to preferences and fraudulent transfers.

5 . Subordination of Claims and Equity Interests. Effective upon an uncured Event of Default by Contran under the Loan Documents and continuing only for so long as such default continues to exist, VHC subordinates VHC’s claims against and equity interests in Contran (including the rights to payment, collection, or enforcement of any present or future debt or obligation of Contran to VHC) so as to provide, to the maximum extent practicable, that the debts and obligations of Contran to U.S. Bank will be paid and performed, before any debts or obligations of Contran to VHC are paid or performed, or any distribution is made on account of the equity securities of Contran that are owned or held by VHC. VHC agrees that any money that VHC might receive on account of such debts, obligations, equity securities, or contribution rights will be deemed to be held in trust by VHC for the benefit of U.S. Bank and will be delivered immediately to U.S. Bank upon receipt.

6. Representations and Warranties. VHC represents and warrants to U.S. Bank that:

6.1 This Guaranty, and any accompanying Security Documents are enforceable against VHC in accordance with the terms hereof, subject to the effect of insolvency (including bankruptcy, reorganization, and receivership), moratorium, and other similar laws affecting the rights and remedies of creditors generally, general principles of equity, whether applied by a court of law or equity, and other generally applicable rules of law; and

6.2 Neither the execution of this Guaranty and any accompanying Security Documents nor performance by VHC of the obligations hereunder or thereunder (a) is prohibited by, or will result in a fine, penalty, or similar sanction under, any applicable law, regulation, or court or administrative order, (b) will violate VHC’s organizational documents, or (c) will breach, or constitute an event of default under, any agreement, instrument, mortgage, indenture, or other contract to which VHC is a party, or by which it or its property is bound.

7 . Organization Documents. VHC promptly will provide U.S. Bank with copies of its organizational documents and the resolutions authorizing this Guaranty and any accompanying Security Documents.

8 . Costs. The prevailing party in the trial or appeal of any civil action or insolvency proceeding to construe or enforce this Guaranty and/or to defend any claims, offsets, defenses, counterclaims, and third-party claims that are asserted under contract, tort, or other common law theories will be entitled to recover reasonable attorney fees in addition to costs and disbursements and such fees, costs, and disbursements will bear interest at the default rate specified in the Note from the date when reimbursement is requested in writing until the date that such reimbursement is made.



9 . Jury Trial Waiver. VHC WAIVES TRIAL BY JURY IN ANY CONTROVERSY (CLAIM, OFFSET, DEFENSE, COUNTERCLAIM, OR THIRD-PARTY CLAIM WHETHER ASSERTED IN TORT OR CONTRACT) ARISING OUT OF OR IN ANY WAY RELATED TO CONSTRUCTION, PERFORMANCE, AND/OR ENFORCEMENT OF THIS GUARANTY.

10. Governing Law. This Guaranty is governed by the substantive provisions of Oregon law, without regard to principles of conflict of laws.

11. Consent to Jurisdiction. VHC irrevocably submits to the jurisdiction of any state and federal court sitting in Portland, Oregon, in any action or proceeding relating to this Guaranty and waives any and all claims that such forum is inconvenient or that there is a more convenient forum located elsewhere.

12. Miscellaneous.

12.1 VHC's liability and obligations under this Guaranty for performance of the Obligations are primary and are joint and several with Contran. VHC may not assign its obligations hereunder.

12.2 This is an irrevocable, continuing guaranty and will remain in force until such time as all Obligations have been discharged in full.

12.3 This Guaranty will bind VHC, and its successors, and shall inure to the benefit of U.S. Bank, and its successors and assigns.

12.4 This Guaranty may be delivered by facsimile transmission. If VHC delivers this Guaranty by facsimile transmission, such delivery will constitute the promise of VHC to deliver the manually-signed version of this Guaranty to U.S. Bank as soon as reasonably possible.

12.5 Statutory Notice. **UNDER OREGON LAW, MOST AGREEMENTS, PROMISES, AND COMMITMENTS MADE BY U.S. BANK CONCERNING LOANS AND OTHER CREDIT EXTENSIONS THAT ARE NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE, MUST BE IN WRITING, EXPRESS CONSIDERATION, AND BE SIGNED BY U.S. BANK TO BE ENFORCEABLE.**

Dated as of October 28, 2005.

**VALHI HOLDING COMPANY**

By: /s/ Eugene K. Anderson  
Eugene K. Anderson  
Vice President and Assistant Treasurer

## PLEDGE AGREEMENT

This Pledge Agreement is entered into as of October 28, 2005, by Valhi Holding Company ("VHC") for the benefit of U.S. Bank National Association ("U.S. Bank").

### RECITALS

A. U.S. Bank provides a revolving credit facility to Contran Corporation ("Contran") pursuant to a Loan Agreement dated as of September 3, 1998 (as such agreement has been amended from time to time). That loan agreement, as previously or hereafter modified or amended, is referred to in this Pledge Agreement as the "Loan Agreement."

B. Capitalized terms used in this Pledge Agreement have the meanings assigned to those terms in the Loan Agreement, unless otherwise specified herein.

C. One of the conditions precedent to U.S. Bank's agreement to continue to make Advances to Contran is that VHC execute this Pledge Agreement and deliver to U.S. Bank the certificates representing the Pledged Securities (as that term is defined below) and stock powers executed in blank.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which hereby are acknowledged, U.S. Bank and VHC agree as follows:

### AGREEMENT

1. Pledge. VHC hereby pledges, assigns, transfers, and grants a security interest to U.S. Bank, for the benefit of U.S. Bank, in and to all of the following investment securities (including any certificates, voting rights, owner prerogatives, dividends, redemptions, and other cash and non-cash distributions, and other entitlements related thereto):

7,000,000 shares of stock of Valhi, Inc., a Delaware corporation (currently evidenced by certificate nos. AT11870, AT11872, AT11873, AT11874, AT11875, AT11876, and AT11877), and all profits, products and other proceeds thereof (the "Pledged Securities").

The security interest granted hereby secures payment and performance of the Obligations. Without limiting the generality of the foregoing, the Loan Agreement requires the pledge of additional investment securities in certain circumstances. When pledged, such additional investment securities immediately will become part of the Pledged Securities and, therefore, be subject to the terms and conditions of this Pledge Agreement.

2. Representations and Warranties. VHC represents and warrants to U.S. Bank that:

- (a) VHC is and will be the sole legal and beneficial owner and holder of the Pledged Securities;
- (b) Neither the execution nor the performance of this Pledge Agreement violates any law, regulation, rule, or order applicable to VHC, or any agreement, instrument, or indenture to which VHC is a party, or by which VHC's property is bound; and
- (c) The Pledged Securities are not subject to any security interest, lien, or adverse claim other than the security interest granted to U.S. Bank in this Pledge Agreement.

3. Perfection. VHC promptly will deliver the certificates representing the Pledged Securities to U.S. Bank and promptly will issue any additional documents, such as stock powers, and to take any additional action, such as notification to intermediaries, that U.S. Bank reasonably believes are necessary or appropriate to perfect the security interest created by this Pledge Agreement.

4. Voting; Cash Proceeds. VHC will have the right before an Event of Default to:

- (a) Exercise all voting rights attendant to the Pledged Securities; and
- (b) Receive and use all distributions (which includes any and all dividends) made on account of the Pledged Securities without accounting to U.S. Bank for such distributions. Notwithstanding the foregoing, VHC will not, as the owner of the Pledged Securities, vote for or consent to any merger, share exchange, transfer (sale, lease, exchange, mortgage, pledge, dedication, or other disposition) of assets outside of the ordinary course of business or other business combination involving the issuer of the Pledged Securities or the dissolution of the issuer of the Pledged Securities, without the prior written consent of U.S. Bank, which will not be unreasonably withheld or delayed.

Following an Event of Default, U.S. Bank will have the exclusive right to vote and to receive, demand, sue for and use all distributions, proceeds, or other payments on account of the Pledged Securities. In the event VHC receives any distribution or payment in respect of or relation to the Pledged Securities after an Event of Default, such person will hold such distribution or payment as agent for U.S. Bank in the form received and will comply with the orders of U.S. Bank with respect thereto.

5. Custodial Matters. U.S. Bank's only duty under this Pledge Agreement is to use reasonable care in the custody and preservation of the certificates with respect to the Pledged Securities.

6. Default. VHC will be in default under this Pledge Agreement if:

- (a) An Event of Default occurs under the Loan Agreement;
- (b) Any representation or warranty made by VHC in this Pledge Agreement is false or misleading in any material respect; or
- (c) VHC breaches any promise or agreement made in this Pledge Agreement.

7 . Remedies. TIME IS OF THE ESSENCE. Following an Event of Default, U.S. Bank will have the right to dispose of the Pledged Securities in one or more transactions in accordance with applicable federal and state securities laws and the Uniform Commercial Code. These rights are cumulative with the rights of U.S. Bank at law and under the other agreements that U.S. Bank has with VHC and Contran. If U.S. Bank is unable to dispose of the Pledged Securities by public sale because of limitations imposed by federal or state securities laws (or is unwilling to invest the time and money necessary to register the Pledged Securities or obtain an exemption from registration requirements), and U.S. Bank desires to dispose of the Pledged Securities by private sale(s), then U.S. Bank will give VHC and the issuer of the Pledged Securities at least 10 days' prior written notice of U.S. Bank's intention to conduct a private sale and may at any time thereafter conduct a private sale or sales of all or portions of the Pledged Securities without further notice to VHC.

8. Costs and Expenses.

(a) VHC promises and agrees to reimburse U.S. Bank for all advances made by U.S. Bank to protect and preserve the Pledged Securities and for all reasonable costs and expenses incurred by U.S. Bank (including attorney and brokerage fees) in exercising its rights and remedies against the Pledged Securities, and to pay interest on such amounts at the Default Rate from the date reimbursement is demanded until the amount is paid in immediately available funds.

(b) The prevailing party in the trial or appeal of any civil action or insolvency proceeding to collect on or construe this Pledge Agreement will be entitled to the award of a reasonable attorney fee in addition to its costs and disbursements. If U.S. Bank uses an attorney to assist in enforcement of this Pledge Agreement, VHC will reimburse U.S. Bank on demand for that expense even if no action or proceeding is commenced.

9 . Jurisdiction. VHC irrevocably submits to the jurisdiction of any state or federal court sitting in Portland, Oregon, in any action or proceeding relating to this Pledge Agreement and waives any and all claims that such forum is inconvenient or that there is a more convenient forum located elsewhere.

10. Waiver of Jury Trial. VHC hereby waives trial by jury in any controversy (claim, defense, offset, counterclaim, or third-party claim whether asserted in tort or contract) arising out of or in any way related to construction, performance, and/or enforcement of this Pledge Agreement.

11. Miscellaneous.

(a) This Pledge Agreement will bind the successors and assigns of VHC and will inure to the benefit of the participants, successors, and assigns of U.S. Bank.

(b) The laws of the state of Oregon will govern construction and enforcement of this Pledge Agreement, without giving effect to principles of conflicts of laws.

(c) No provision of this Pledge Agreement can or will be waived or modified by conduct or oral agreement either before or after this Pledge Agreement is executed.

**U.S. BANK NATIONAL ASSOCIATION**

**VALHI HOLDING COMPANY**

By: /s/Jane T. Thede  
Jane T. Thede  
Vice President

By: /s/ Eugene K. Anderson  
Eugene K. Anderson  
Vice President and Assistant Treasurer

## EXTENSION AND AMENDMENT AGREEMENT (2006)

This Extension and Amendment Agreement (2006) (the "Agreement") is entered into as of October 27, 2006, among CONTRAN CORPORATION ("Contran"), VALHI HOLDING COMPANY ("VHC") (collectively, the "Contran Companies"), and U.S. BANK NATIONAL ASSOCIATION ("U.S. Bank").

### RECITALS

A. Contran and U.S. Bank are parties to a loan agreement dated as of September 3, 1998. That agreement, as it has been modified and amended, is referred to herein as the "Loan Agreement."

B. Capitalized terms used in this Agreement that are not defined herein have the meanings assigned to those terms in the Loan Agreement.

C. Pursuant to a Guaranty and a Pledge Agreement dated October 28, 2005, VHC guaranteed payment and performance of Contran's obligations pursuant to the Note and VHC granted U.S. Bank a security interest in the Pledged Securities as collateral for the Obligations.

D. Contran has requested U.S. Bank to extend the Expiry Date of the revolving credit facility provided by U.S. Bank pursuant to the Loan Documents to October 26, 2007. U.S. Bank is prepared to do so, subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Contran Companies and U.S. Bank agree as follows:

### AGREEMENT

1. Conditions Precedent. This Agreement shall be effective if the following conditions are satisfied on or before October 27, 2006:

- (a) The Contran Companies execute this Agreement and deliver it to U.S. Bank; and
- (b) Contran completes, executes, and delivers to U.S. Bank a Federal Reserve Form U-1.

If the above-described conditions precedent are not satisfied by October 27, 2006 (or waived by U.S. Bank in writing in its sole and absolute discretion), this Agreement shall not be effective and the parties' rights and obligations shall continue to be governed by the Loan Documents (without giving effect to this Agreement).

2. Representations and Warranties of the Contran Companies. Each Contran Company hereby represents and warrants to U.S. Bank that (a) it is in good standing under the laws of the state of its formation, (b) it has been authorized to execute and perform its obligations under this Agreement and the Loan Documents (as modified by this Agreement), (c) the individual executing this Agreement on its behalf has been duly authorized to take such action, (d) the Loan Documents (as amended by this Agreement) are enforceable against it in accordance with their respective terms, subject only to the effect of insolvency and other similar laws affecting the rights and remedies of creditors generally, general principles of equity whether applied by a court of law or equity, and generally applicable rules of law, (e) all financial information previously provided to U.S. Bank presents fairly its financial position as of the date of such financial information and the results of its operations and changes in financial position for the period in question, (f) the representations and warranties made to U.S. Bank in the Loan Documents continue to be true and correct in all material respects, and (g) the Contran Companies are not in default in any material respect under the Loan Documents as of the date of this Agreement.

3. Extension of Expiry Date. U.S. Bank hereby extends the Expiry Date, and U.S. Bank's commitment to make Advances to Contran (on the terms and conditions specified in the Loan Documents), to October 26, 2007.

4. Reaffirmation of Obligations. Contran and VHC hereby acknowledge and reaffirm their agreements to pay the Obligations in accordance with the terms of the Note and the Guaranty, respectively.

5. Cash Collateralization of Certain Letters of Credit. If U.S. Bank discontinues its commitment to extend the revolving credit facility to the Contran Companies, and at that time any letter of credit or letters of credit are outstanding under the Loan Documents, the Contran Companies within three Business Days of U.S. Bank's termination of that credit commitment shall deposit with U.S. Bank cash in an amount specified by U.S. Bank in its reasonable discretion sufficient to fully collateralize the Contran Companies' obligations in respect of such letters of credit.

6. Effectiveness of this Agreement. This Agreement shall become effective only when each of the Contran Companies and U.S. Bank has signed it and has sent a copy of the signed document to the other parties to this Agreement (which may be accomplished by facsimile transmission or electronic transmission). Each party to this Agreement shall deliver manually signed counterparts of this Agreement to the other.

7. Other Terms Unchanged. All of the terms and conditions of the Loan Agreement and the Loan Documents remain in full force and effect, as expressly modified by the terms and conditions of this Agreement.

8. Statutory Notice. **UNDER OREGON LAW, MOST AGREEMENTS, PROMISES, AND COMMITMENTS MADE BY U.S. BANK CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION, AND BE SIGNED BY U.S. BANK TO BE ENFORCEABLE.**

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Janice T. Thede

Janice T. Thede

Vice President

**CONTRAN CORPORATION**

By: /s/ Bobby D. O'Brien

Bobby D. O'Brien

Vice President and Chief Financial Officer

**VALHI HOLDING COMPANY**

By: /s/ Eugene K. Anderson

Eugene K. Anderson

Vice President and Assistant Treasurer