

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Valhi, Inc.		87-0110150	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Jane Grimm	(972) 233-1700	jgrimm@valhi.net	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
5430 LBJ Freeway, Suite 1700		Dallas, TX 75240	
8 Date of action		9 Classification and description	
6/1/2020		1-for-12 Reverse Stock Split	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
918905 209		VHI	

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On May 28, 2020, Valhi, Inc. announced that its stockholders' approved a 1-for-12 reverse stock split of its common stock. The reverse stock split will occur on June 1, 2020, with trading to begin on a split-adjusted basis on the NYSE at the market open on June 2, 2020. Such split-adjusted shares will continue trading under the symbol "VHI", but will be assigned a new CUSIP number (listed on line 10 above).

No fractional shares will be issued in connection with the reverse stock split. Stockholders otherwise entitled to receive a fractional share will receive a cash payment in lieu of such fractional shares.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Stockholders impacted by the 1-for-12 reverse stock split of Valhi, Inc. common stock will be required by Section 358 of the Internal Revenue Code to ratably allocate the aggregate tax basis of old Valhi, Inc. common shares held prior to the reverse stock split (except for the portion of such tax basis that is allocated to any fractional shares) among the shares of new Valhi, Inc. common stock resulting from the reverse stock split.

Pursuant to Section 1223(1) of the Internal Revenue Code, the holding period of new Valhi, Inc. common shares resulting from the 1-for-12 reverse stock split will include the holding period of the old Valhi, Inc. common shares acquired prior to the reverse stock split if the old Valhi, Inc. common shares were a capital asset as defined in Section 1221 of the Internal Revenue Code.

Stockholders who acquired shares of old Valhi, Inc. common stock on different dates and at different prices should consult their tax advisor regarding the allocation of tax basis and determination of holding period for their shares of new Valhi, Inc. common stock.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ Please see the response to line 15 for a description of the calculation of the change in tax basis.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Sections 358 and 1223

18 Can any resulting loss be recognized? ▶ Please consult your tax advisor regarding the recognition of losses occurring from the redemption of the fractional shares.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Not Applicable

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ Kristin McCoy Date ▶ 6/9/2020
Print your name ▶ Kristin B. McCoy Title ▶ Vice President, Tax

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			