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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 2013

Commission file number 1-31763

KRONOS WORLDWIDE, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE **(State or other jurisdiction of incorporation or organization)**	**76-0294959** **(IRS Employer Identification No.)**

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Number of shares of the Registrant's common stock outstanding on April 30, 2013: 115,906,598.

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KRONOS WORLDWIDE, INC. AND SUBSIDIARIES

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

KRONOS WORLDWIDE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions)

	December 31, 2012	March 31, 2013 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 282.7	**$ 102.2**
Restricted cash	2.7	**1.9**
Accounts and other receivables	285.8	**387.0**
Inventories, net	638.3	**531.3**
Prepaid expenses and other	9.8	**9.0**
Deferred income taxes	4.1	**4.1**
Total current assets	1,223.4	**1,035.5**
Other assets:		
Investment in TiO_2 manufacturing joint venture	109.9	**100.1**
Marketable securities	21.6	**27.7**
Deferred income taxes	120.5	**168.7**
Other	29.1	**25.1**
Total other assets	281.1	**321.6**
Property and equipment:		
Land	45.2	**43.6**
Buildings	238.9	**231.7**
Equipment	1,082.9	**1,051.2**
Mining properties	131.3	**124.8**
Construction in progress	37.3	**41.7**
	1,535.6	**1,493.0**
Less accumulated depreciation and amortization	1,013.1	**989.8**
Net property and equipment	522.5	**503.2**
Total assets	$ 2,027.0	**$ 1,860.3**

KRONOS WORLDWIDE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

(In millions)

	December 31, 2012	March 31, 2013 (unaudited)
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 21.2	**$ 21.1**
Accounts payable and accrued liabilities	273.2	**266.6**
Income taxes	23.1	**31.5**
Deferred income taxes	10.9	**10.6**
Total current liabilities	328.4	**329.8**
Noncurrent liabilities:		
Long-term debt	378.9	**278.6**
Deferred income taxes	24.0	**42.5**
Accrued pension cost	189.2	**181.5**
Accrued postretirement benefit cost	14.1	**14.0**
Other	30.3	**31.4**
Total noncurrent liabilities	636.5	**548.0**
Stockholders' equity:		
Common stock	1.2	**1.2**
Additional paid-in capital	1,399.1	**1,399.1**
Retained deficit	(141.1)	**(199.6)**
Accumulated other comprehensive loss	(197.1)	**(218.2)**
Total stockholders' equity	1,062.1	**982.5**
Total liabilities and stockholders' equity	$ 2,027.0	**$ 1,860.3**

Commitments and contingencies (Notes 8 and 12)

See accompanying Notes to Condensed Consolidated Financial Statements.

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KRONOS WORLDWIDE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

	Three months ended March 31, 2012	Three months ended March 31, 2013
	(unaudited)	
Net sales	$ 561.3	**$ 463.6**
Cost of sales	299.8	**459.7**
Gross margin	261.5	**3.9**
Selling, general and administrative expense	48.8	**49.4**
Other operating income (expense):		
Currency transaction gains, net	.1	**1.8**
Other operating expense, net	(3.4)	**(3.2)**
Income (loss) from operations	209.4	**(46.9)**
Other income (expense):		
Interest and dividend income	2.3	**.3**
Loss on prepayment of debt	—	**(6.6)**
Interest expense	(6.3)	**(6.4)**
Income (loss) before income taxes	205.4	**(59.6)**
Income tax expense (benefit)	68.5	**(18.5)**
Net income (loss)	$ 136.9	**$ (41.1)**
Net income (loss) per basic and diluted share	$ 1.18	**$ (.35)**
Cash dividends per share	$ .15	**$ .15**
Weighted-average shares outstanding used in the calculation of net income (loss) per share	115.9	**115.9**

See accompanying Notes to Condensed Consolidated Financial Statements.

KRONOS WORLDWIDE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions)

	Three months ended March 31,	
	2012	2013
	(unaudited)	
Net income (loss)	$ 136.9	**$ (41.1)**
Other comprehensive income (loss), net of tax:		
Marketable securities adjustment	(7.2)	**3.7**
Currency translation adjustment	16.6	**(27.3)**
Pension plans	1.7	**2.5**
Total other comprehensive income (loss)	11.1	**(21.1)**
Comprehensive income (loss)	$ 148.0	**$ (62.2)**

See accompanying Notes to Condensed Consolidated Financial Statements.

KRONOS WORLDWIDE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Three months ended March 31, 2013

(In millions)

	Common stock	Additional paid-in capital	Retained deficit	Accumulated other comprehensive loss	Total stockholders' equity
			(unaudited)		
Balance at December 31, 2012	$ 1.2	$1,399.1	$(141.1)	$ (197.1)	$ 1,062.1
Net loss	—	—	(41.1)	—	(41.1)
Other comprehensive loss, net	—	—	—	(21.1)	(21.1)
Dividends paid	—	—	(17.4)	—	(17.4)
Balance at March 31, 2013	$ 1.2	$1,399.1	$(199.6)	$ (218.2)	$ 982.5

See accompanying Notes to Condensed Consolidated Financial Statements.

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KRONOS WORLDWIDE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Three months ended March 31, 2012	Three months ended March 31, 2013
	(unaudited)	
Cash flows from operating activities:		
Net income (loss)	$ 136.9	**$ (41.1)**
Depreciation and amortization	11.9	**12.6**
Deferred income taxes	24.1	**(32.7)**
Loss on prepayment of debt	—	**6.6**
Defined benefit pension plan expense greater (less) than cash funding	(.1)	**1.4**
Distributions from (contributions to) TiO_2 manufacturing joint venture, net	(18.8)	**9.8**
Other, net	.4	**2.4**
Change in assets and liabilities:		
Accounts and other receivables	(162.4)	**(83.0)**
Inventories	(126.1)	**93.1**
Prepaid expenses	(.8)	**.5**
Accounts payable and accrued liabilities	(13.7)	**33.0**
Income taxes	12.9	**16.4**
Accounts with affiliates	29.6	**(59.7)**
Other, net	1.4	**1.4**
Net cash used in operating activities	(104.7)	**(39.3)**
Cash flows from investing activities:		
Capital expenditures	(23.3)	**(19.0)**
Change in restricted cash, net	(1.6)	**.7**
Loans to Valhi:		
Loans	(43.9)	**—**
Collections	27.9	**—**
Proceeds from sale of marketable securities	21.1	**—**
Net cash used in investing activities	(19.8)	**(18.3)**
Cash flows from financing activities:		
Indebtedness:		
Borrowings	107.4	**191.8**
Principal payments	(.4)	**(295.3)**
Dividends paid	(17.4)	**(17.4)**
Net cash provided by (used in) financing activities	89.6	**(120.9)**
Cash and cash equivalents – net change from:		
Operating, investing and financing activities	(34.9)	**(178.5)**
Currency translation	.3	**(2.0)**
Balance at beginning of period	82.5	**282.7**
Balance at end of period	$ 47.9	**$ 102.2**

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KRONOS WORLDWIDE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(In millions)

	Three months ended March 31,	
	2012	2013
	(unaudited)	
Supplemental disclosures:		
Cash paid for:		
Interest	$ —	**$ 5.9**
Income taxes	30.8	**14.0**
Accrual for capital expenditures	1.8	**4.1**

See accompanying Notes to Condensed Consolidated Financial Statements.

KRONOS WORLDWIDE, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013

(unaudited)

Note 1 – Organization and basis of presentation:

Organization – We are a majority-owned subsidiary of Valhi, Inc. (NYSE: VHI). At March 31, 2013, Valhi held approximately 50% of our outstanding common stock and NL Industries, Inc. (NYSE: NL) held an additional 30% of our common stock. Valhi owns approximately 83% of NL's outstanding common stock. Approximately 93% of Valhi's outstanding common stock is held by Contran Corporation and its subsidiaries. Substantially all of Contran's outstanding voting stock is held by trusts established for the benefit of certain children and grandchildren of Harold C. Simmons (for which Mr. Simmons is the sole trustee), or is held directly by Mr. Simmons or other persons or entities related to Mr. Simmons. Consequently, Mr. Simmons may be deemed to control Contran, Valhi and us.

Basis of presentation – The unaudited Condensed Consolidated Financial Statements contained in this Quarterly Report have been prepared on the same basis as the audited Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2012 that we filed with the Securities and Exchange Commission (SEC) on March 12, 2013 (2012 Annual Report). In our opinion, we have made all necessary adjustments (which include only normal recurring adjustments) in order to state fairly, in all material respects, our consolidated financial position, results of operations and cash flows as of the dates and for the periods presented. We have condensed the Consolidated Balance Sheet and Statement of Stockholders' Equity at December 31, 2012 contained in this Quarterly Report as compared to our audited Consolidated Financial Statements at that date, and we have omitted certain information and footnote disclosures (including those related to the Consolidated Balance Sheet at December 31, 2012) normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Our results of operations for the interim period ended March 31, 2013 may not be indicative of our operating results for the full year. The Condensed Consolidated Financial Statements contained in this Quarterly Report should be read in conjunction with our 2012 Consolidated Financial Statements contained in our 2012 Annual Report.

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

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Note 2 – Accounts and other receivables:

	December 31, 2012	March 31, 2013
	(In millions)	
Trade receivables	$ 229.7	**$ 303.8**
Receivable from affiliate – Louisiana Pigment Company, L.P.	—	**35.4**
Recoverable VAT and other receivables	38.9	**38.0**
Refundable income taxes	18.3	**10.8**
Allowance for doubtful accounts	(1.1)	**(1.0)**
Total	$ 285.8	**$ 387.0**

Note 3 – Inventories, net:

	December 31, 2012	March 31, 2013
	(In millions)	
Raw materials	$ 151.5	**$ 90.5**
Work in process	27.3	**27.6**
Finished products	394.8	**347.7**
Supplies	64.7	**65.5**
Total	$ 638.3	**$ 531.3**

Note 4 – Marketable securities:

Our marketable securities consist of investments in the publicly-traded shares of related parties: Valhi, NL and CompX International Inc. NL owns a majority of CompX's outstanding common stock. All of our marketable securities are accounted for as available-for-sale securities, which are carried at fair value using quoted market prices in active markets for each marketable security, and represent a Level 1 input within the fair value hierarchy. See Note 13. Because we have classified all of our marketable securities as available-for-sale, any unrealized gains or losses on the securities are recognized through other comprehensive income, net of deferred income taxes.

Marketable security	Fair value measurement level	Market Value	Cost Basis	Unrealized gains
		(In millions)		
As of December 31, 2012:				
Valhi common stock	1	$ 21.5	$15.3	$ 6.2
NL and CompX common stocks	1	.1	.1	—
Total		$ 21.6	$15.4	$ 6.2
As of March 31, 2013:				
Valhi common stock	1	**$ 27.6**	**$15.3**	**$ 12.3**
NL and CompX common stocks	1	**.1**	**.1**	**—**
Total		**$ 27.7**	**$15.4**	**$ 12.3**

At December 31, 2012 and March 31, 2013, we held approximately 1.7 million shares of Valhi's common stock with a quoted per share market price of $12.50 and $16.05, respectively. We also held a nominal number of shares of CompX and NL common stocks.

The Valhi, CompX and NL common stocks we own are subject to the restrictions on resale pursuant to certain provisions of SEC Rule 144. In addition, as a majority-owned subsidiary of Valhi we cannot vote our shares of Valhi common stock under Delaware Corporation Law, but we do receive dividends from Valhi on these shares, when declared and paid.

Note 5 – Other noncurrent assets:

	December 31, 2012	March 31, 2013
	(In millions)	
Deferred financing costs, net	$ 7.0	**$ 3.9**
Restricted cash	7.5	**7.3**
Pension asset	5.1	**4.7**
Other	9.5	**9.2**
Total	$ 29.1	**$ 25.1**

Note 6 – Accounts payable and accrued liabilities:

	December 31, 2012	March 31, 2013
	(In millions)	
Accounts payable	$ 161.3	**$ 178.1**
Employee benefits	29.6	**28.7**
Accrued sales discounts and rebates	14.9	**11.7**
Accrued interest	.2	**.1**
Payable to affiliates:		
Income taxes, net – Valhi	18.1	**—**
Louisiana Pigment Company, L.P.	23.5	**16.1**
Other	25.6	**31.9**
Total	$ 273.2	**$ 266.6**

Note 7 – Long-term debt:

	December 31, 2012	March 31, 2013
	(In millions)	
Term loan	$ 384.5	**$ 98.6**
Note payable to Contran	—	**185.0**
Revolving European credit facility	13.2	**12.8**
Other	2.4	**3.3**
Total debt	400.1	**299.7**
Less current maturities	21.2	**21.1**
Total long-term debt	$ 378.9	**$ 278.6**

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

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

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

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

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

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

Restrictions and other – Our European credit facility described above requires the borrower to maintain minimum levels of equity, requires the maintenance of certain financial ratios, limits dividends and additional indebtedness and contains other provisions and restrictive covenants customary in lending transactions of this type. Our term loan, North American revolving credit facility and note payable to Contran also contain restrictive covenants. At March 31, 2013, there were no restrictions on our ability to pay dividends.

We are in compliance with all of our debt covenants at March 31, 2013.

Note 8 – Income taxes:

	Three months ended March 31,	
	2012	2013
	(In millions)	
Expected tax expense (benefit), at U.S. Federal statutory income tax rate of 35%	$ 71.9	**$ (20.9)**
Non-U.S. tax rates	(7.7)	**(.4)**
Incremental tax on earnings of non-U.S. companies	4.0	**(1.4)**
U.S. state income taxes, net	.5	**1.1**
Adjustments to the reserve for uncertain tax positions, net	.4	**1.9**
Domestic manufacturing credit	(.6)	**(1.1)**
Nondeductible expenses	.3	**2.3**
Other, net	(.3)	**—**
Total	$ 68.5	**$ (18.5)**

	Three months ended March 31, 2012	Three months ended March 31, 2013
	(In millions)	
Comprehensive provision for income taxes (benefit) allocable to:		
Net income (loss)	$ 68.5	**$ (18.5)**
Other comprehensive income (loss):		
Marketable securities	(3.5)	**2.1**
Currency translation	—	**(3.8)**
Pension plans	.7	**1.1**
Total	$ 65.7	**$ (19.1)**

Tax authorities are examining certain of our U.S. and non-U.S. tax returns and have or may propose tax deficiencies, including penalties and interest. Because of the inherent uncertainties involved in settlement initiatives and court and tax proceedings, we cannot guarantee that these matters will be resolved in our favor, and therefore our potential exposure, if any, is also uncertain. In 2011 and 2012, we received notices of re-assessment from the Canadian federal and provincial tax authorities related to the years 2002 through 2004. We object to the re-assessments and believe the position is without merit. Accordingly, we are appealing the re-assessments and in connection with such appeal we were required to post letters of credit aggregating Cdn. $7.5 million (see Note 7). If the full amount of the proposed adjustment were ultimately to be assessed against us, the cash tax liability would be approximately $15.7 million. We believe we have adequate accruals for additional taxes and related interest expense which could ultimately result from tax examinations. We believe the ultimate disposition of tax examinations should not have a material adverse effect on our consolidated financial position, results of operations or liquidity. We currently estimate that our unrecognized tax benefits will change by $3 million during the next twelve months related to certain adjustments to our prior year returns.

Note 9 – Employee benefit plans:

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

	Three months ended March 31, 2012	Three months ended March 31, 2013
	(In millions)	
Service cost	$ 2.6	**$ 3.3**
Interest cost	5.8	**5.5**
Expected return on plan assets	(4.6)	**(5.1)**
Amortization of prior service cost	.4	**.4**
Amortization of net transition obligations	.1	**.1**
Recognized actuarial losses	2.0	**3.1**
Total	$ 6.3	**$ 7.3**

Postretirement benefits – The components of net periodic postretirement benefits other than pension (OPEB) cost are presented in the table below.

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

Contributions – We expect our 2013 contributions for our pension and other postretirement plans to be approximately $27 million.

Note 10 – Other noncurrent liabilities:

	December 31, 2012	March 31, 2013
	(In millions)	
Reserve for uncertain tax positions	$ 13.4	**$ 15.1**
Employee benefits	11.3	**10.8**
Other	5.6	**5.5**
Total	$ 30.3	**$ 31.4**

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Note 11 – Accumulated other comprehensive loss:

Changes in accumulated other comprehensive loss for the three months ended March 31, 2012 and 2013 are presented in the table below.

	Three months ended March 31,	
	2012	2013
	(In millions)	
Accumulated other comprehensive loss, net of tax:		
Marketable securities:		
Balance at beginning of year	$ 5.1	**$ 4.2**
Other comprehensive income (loss) – unrealized gains (losses) arising during the year	(7.2)	**3.7**
Balance at end of period	$ (2.1)	**$ 7.9**
Currency translation:		
Balance at beginning of year	$ (91.8)	**$ (63.5)**
Other comprehensive income (loss)	16.6	**(27.3)**
Balance at end of period	$ (75.2)	**$ (90.8)**
Defined benefit pension plans:		
Balance at beginning of year	$ (99.2)	**$(137.3)**
Other comprehensive income – amortization of prior service cost and net losses included in net periodic pension cost	1.7	**2.5**
Balance at end of period	$ (97.5)	**$(134.8)**
OPEB plans:		
Balance at beginning of year/end of period	$ .1	**$ (.5)**
Total accumulated other comprehensive loss:		
Balance at beginning of year	$(185.8)	**$(197.1)**
Other comprehensive income (loss)	11.1	**(21.1)**
Balance at end of period	$(174.7)	**$(218.2)**

See Note 9 for amounts related to our defined benefit pension plans and OPEB plans.

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Note 12 – Commitments and contingencies:

From time-to-time, we are involved in various environmental, contractual, product liability, patent (or intellectual property), employment and other claims and disputes incidental to our operations. In certain cases, we have insurance coverage for these items. We currently believe the disposition of all claims and disputes, individually or in the aggregate, should not have a material adverse effect on our consolidated financial position, results of operations or liquidity beyond the accruals we have already provided.

Please refer to our 2012 Annual Report for a discussion of certain other legal proceedings to which we are a party.

Note 13 – Financial instruments:

The following table summarizes the valuation of our financial instruments recorded on a fair value basis as of December 31, 2012 and March 31, 2013:

	Fair Value Measurements			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In millions)			
Asset (liability)				
December 31, 2012				
Currency forward contracts	$ 1.8	$ 1.8	$ —	$ —
Noncurrent marketable securities (See Note 4)	21.6	21.6	—	—
March 31, 2013				
Currency forward contracts	**$ (.1)**	**$ (.1)**	**$ —**	**$ —**
Noncurrent marketable securities (See Note 4)	**27.7**	**27.7**	**—**	**—**

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

At March 31, 2013, we had currency forward contracts to exchange:

- an aggregate of $33.0 million for an equivalent value of Canadian dollars at an exchange rate of Cdn. $1.02 per U.S. dollar. These contracts with Wells Fargo Bank, N.A. mature from April 2013 through February 2014 at a rate of $3.0 million per month, subject to early redemption provisions at our option;
- an aggregate $20.0 million for an equivalent value of Norwegian kroner at exchange rates ranging from kroner 5.84 to kroner 6.02 per U.S. dollar. These contracts with DnB Nor Bank ASA mature at a rate of $5.0 million per month in certain months from May 2013 through December 2013; and
- an aggregate €18.0 million for an equivalent value of Norwegian kroner at exchange rates ranging from kroner 7.48 to kroner 7.57 per euro. These contracts with DnB Nor Bank ASA mature at a rate of €2.0 million per month in certain months from April 2013 through December 2013.

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

The following table presents the financial instruments that are not carried at fair value but which require fair value disclosure as of December 31, 2012 and March 31, 2013.

	December 31, 2012		March 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In millions)			
Cash, cash equivalents and restricted cash	$ 292.9	$ 292.9	**$ 111.4**	**$ 111.4**
Notes payable and long-term debt:				
Variable rate:				
Term loan	384.5	396.8	**98.6**	**101.6**
Note payable to Contran	—	—	**185.0**	**185.0**
European credit facility	13.2	13.2	**12.8**	**12.8**
Common stockholders’ equity	1,062.1	2,260.2	**982.5**	**1,813.9**

At December 31, 2012 and March 31, 2013, the estimated market price of our term loan was $1,017.5 per $1,000 principal amount and $1,016.3 per $1,000 principal amount, respectively. The fair value of our term loan is based on quoted market prices; however, these quoted market prices represent Level 2 inputs because the markets in which the term loan trades were not active. The fair values of our note payable to Contran and our European credit facility represent Level 2 inputs, and are deemed to approximate book value. The fair value of our common stockholders’ equity is based upon quoted market prices at each balance sheet date, which represent Level 1 inputs. Due to their near-term maturities, the carrying amounts of accounts receivable and accounts payable are considered equivalent to fair value.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS:

Business overview

We are a leading global producer and marketer of value-added titanium dioxide pigments (TiO_2). TiO_2 is used for a variety of manufacturing applications, including coatings, plastics, paper and other industrial and specialty products. For the three months ended March 31, 2013, approximately one-half of our sales volumes were into European markets. Our production facilities are located in Europe and North America.

We consider TiO_2 to be a "quality of life" product, with demand affected by gross domestic product, or GDP, and overall economic conditions in our markets located in various regions of the world. Over the long-term, we expect demand for TiO_2 will grow by 2% to 3% per year, consistent with our expectations for the long-term growth in GDP. However, even if we and our competitors maintain consistent shares of the worldwide market, demand for TiO_2 in any interim or annual period may not change in the same proportion as the change in GDP, in part due to relative changes in the TiO_2 inventory levels of our customers. We believe that our customers' inventory levels are influenced in part by their expectations for future changes in TiO_2 market selling prices as well as their expectations for future availability of product. Although certain of our TiO_2 grades are considered specialty pigments, the majority of our grades and substantially all of our production are considered commodity pigment products, with price and availability being the most significant competitive factors along with quality and customer service.

The factors having the most impact on our reported operating results are:

- our TiO_2 sales and production volumes,
- TiO_2 selling prices,
- currency exchange rates (particularly the exchange rate for the U.S. dollar relative to the euro, Norwegian krone and the Canadian dollar) and
- manufacturing costs, particularly raw materials, maintenance and energy-related expenses.

Our key performance indicators are our TiO_2 average selling prices and our TiO_2 sales and production volumes. TiO_2 selling prices generally follow industry trends and prices will increase or decrease generally as a result of competitive market pressures.

Executive summary

We reported a net loss of $41.1 million, or $.35 per share, in the first quarter of 2013 as compared to net income of $136.9 million, or $1.18 per share, in the first quarter of 2012. We had a net loss in the first quarter of 2013 compared to net income in the first quarter of 2012 principally due to a loss from operations resulting from the unfavorable effects of lower average selling prices, lower production volumes and higher raw material costs in 2013.

Our results in the first quarter of 2013 include a non-cash pre-tax charge of $6.6 million ($4.3 million, or $.04 per share, net of income tax benefit) related to the voluntary prepayment of $290 million principal amount of our term loan, consisting of the write-off of original issue discount costs and deferred financing costs associated with such prepayment.

Forward-looking information

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Statements in this Quarterly Report on Form 10-Q that are not historical facts are forward-looking in nature and represent management's beliefs and assumptions based on currently available information. Statements in this report including, but not limited to, statements found in Item 2 – "Management's Discussion and Analysis of Financial Condition and Results of Operations," are forward-looking statements that represent our management's beliefs and assumptions based on currently available information. In some cases you can identify forward-looking statements by the use of words such as "believes," "intends," "may," "should," "could," "anticipates," "expects" or comparable terminology, or by discussions of strategies or trends. Although we believe the expectations reflected in forward-looking statements are reasonable, we do not know if these expectations will be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly impact expected results. Actual future results could differ materially from those predicted. The factors that could cause our actual future results to differ materially from those described herein are the risks and uncertainties discussed in this Quarterly Report and those described from time to time in our other filings with the SEC including, but are not limited to, the following:

- Future supply and demand for our products
- The extent of the dependence of certain of our businesses on certain market sectors
- The cyclicality of our business
- Customer and producer inventory levels
- Unexpected or earlier-than-expected industry capacity expansion
- Changes in raw material and other operating costs (such as ore and energy costs)
- Changes in the availability of raw materials (such as ore)
- General global economic and political conditions (such as changes in the level of gross domestic product in various regions of the world and the impact of such changes on demand for TiO_2)
- Competitive products and substitute products
- Customer and competitor strategies
- Potential consolidation of our competitors
- Potential consolidation of our customers
- The impact of pricing and production decisions
- Competitive technology positions
- The introduction of trade barriers
- Possible disruption of our business, or increases in our cost of doing business, resulting from terrorist activities or global conflicts
- Fluctuations in currency exchange rates (such as changes in the exchange rate between the U.S. dollar and each of the euro, the Norwegian krone and the Canadian dollar), or possible disruptions to our business resulting from potential instability resulting from uncertainties associated with the euro

- Operating interruptions (including, but not limited to, labor disputes, leaks, natural disasters, fires, explosions, unscheduled or unplanned downtime, transportation interruptions and cyber attacks)
- Our ability to renew or refinance credit facilities
- Our ability to maintain sufficient liquidity
- The ultimate outcome of income tax audits, tax settlement initiatives or other tax matters
- Our ability to utilize income tax attributes, the benefits of which have been recognized under the more-likely-than-not recognition criteria
- Environmental matters (such as those requiring compliance with emission and discharge standards for existing and new facilities)
- Government laws and regulations and possible changes therein
- The ultimate resolution of pending litigation
- Possible future litigation.

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

Results of operations

Quarter ended March 31, 2013 compared to the quarter ended March 31, 2012 -

	Three months ended March 31,			
	2012		2013	
	(Dollars in millions)			
Net sales	$561.3	100%	**$463.6**	**100 %**
Cost of sales	299.8	53	**459.7**	**99**
Gross margin	261.5	47	**3.9**	**1**
Other operating income and expense, net	52.1	10	**50.8**	**(11)**
Income (loss) from operations	$209.4	37%	**$ (46.9)**	**(10)%**

	2012	2013	% Change
TiO_2 operating statistics:			
Sales volumes*	130	**132**	**1%**
Production volumes*	140	**122**	**(13)%**
Percentage change in net sales:			
TiO_2 product pricing			**(21)%**
TiO_2 sales volumes			**1**
TiO_2 product mix			**3**
Changes in currency exchange rates			**—**
Total			**(17)%**

* Thousands of metric tons

Current industry conditions – The TiO_2 industry has experienced decreased selling prices and production volumes as the majority of TiO_2 producers and consumers have been undertaking inventory correction initiatives in response to continued global economic weakness and uncertainty. While we operated our production facilities at full practical capacity rates in the first quarter of 2012, we operated our facilities at reduced rates during the remainder of 2012 (approximately 86% of practical capacity in the second quarter, approximately 71% in the third quarter and approximately 80% in the fourth quarter) to align production levels and inventories to current and anticipated near-term customer demand levels. We continued to operate our production facilities at reduced capacity rates in the first quarter of 2013 (approximately 92% of practical capacity).

Our average selling prices declined during the second half of 2012, and continued to decline during the first quarter of 2013. Our average selling prices at the end of the first quarter of 2013 were 7% lower than at the end of 2012, and were 22% lower than at the end of the first quarter of 2012.

We experienced significantly higher costs for our raw materials such as third party feedstock ore and petroleum coke in 2012. As one of the few vertically-integrated producers of sulfate process TiO_2, we operate two ilmenite mines in Norway which provide all of the feedstock for our European sulfate process facilities. Overall, the cost per metric ton of TiO_2 we produced during 2012 was approximately 50% higher as compared to 2011, primarily due to the higher feedstock ore costs procured from third parties and unabsorbed fixed production costs resulting from reduced production volumes. However, as a substantial portion of the TiO_2 products we sold in the first quarter of 2012 were produced with lower-cost feedstock ore purchased in 2011, our cost of sales per metric ton in the first quarter of 2012 was significantly lower as compared to the cost per metric ton for products we sold in the second, third and fourth quarters of 2012. We experienced some moderation in the cost of TiO_2 feedstock ore procured from third parties in 2013, however our cost of sales per metric ton of TiO_2 sold in the first quarter of 2013 was significantly higher than what we expect our cost of sales per metric ton of TiO_2 to be in the remainder of 2013, as a substantial portion of the TiO_2 products we sold in the first quarter of 2013 was produced with the higher-cost feedstock ore procured in 2012.

Net sales – Net sales in the first quarter of 2013 decreased 17%, or $97.7 million, compared to the first quarter of 2012 primarily due to a 21% decrease in average TiO_2 selling prices (which decreased net sales by approximately $118 million). TiO_2 selling prices will increase or decrease generally as a result of competitive market pressures, changes in the relative level of supply and demand as well as changes in raw material and other manufacturing costs.

Our sales volumes increased 1% in the first quarter of 2013 as compared to the first quarter of 2012 due to increased customer demand in export markets offset in part by slightly lower demand in North American and European markets. Our sales volumes in the first quarter of 2013 set a new record for a first quarter. We estimate that changes in currency exchange rates increased net sales by approximately $1 million as compared to the first quarter of 2012.

Cost of sales – Cost of sales increased $159.9 million or 53% in the first quarter of 2013 compared to 2012 primarily due to the net impact of higher raw material costs of approximately $110 million (primarily feedstock ore) and a 13% decrease in TiO_2 production volumes. Our cost of sales per metric ton of TiO_2 sold in the first quarter of 2013 was significantly higher than TiO_2 sold in the first quarter of 2012, as a substantial portion of the TiO_2 products we sold in the first quarter of 2012 was produced with lower-cost feedstock ore purchased in 2011, while a substantial portion of the TiO_2 products we sold in 2013 was produced with higher-cost feedstock ore purchased in 2012. Overall and as discussed above, the cost per metric ton of TiO_2 we produced during 2012 was approximately 50% higher as compared to 2011, primarily due to the higher feedstock ore costs and unabsorbed fixed production costs resulting from reduced production volumes. Cost of sales as a percentage of net sales increased to 99% in the first quarter of 2013 compared to 53% in the same period of 2012 primarily due to the effects of higher raw materials costs as discussed above.

Gross margin and income (loss) from operations – Income (loss) from operations decreased by $256.3 million from income of $209.4 million in the first quarter of 2012 to a loss of $46.9 million in the first quarter of 2013. Income (loss) from operations as a percentage of net sales decreased to (10)% in the first quarter of 2013 from 37% in the same period of 2012. This decrease was driven by the decline in gross margin, which decreased to 1% for the first quarter of 2013 compared to 47% for the first quarter of 2012. As discussed and quantified above, our gross margin decreased primarily due to the effects of lower selling prices and higher manufacturing costs (primarily raw materials). Additionally, changes in currency exchange rates have negatively affected our gross margin and income from operations. We estimate that changes in currency exchange rates decreased income from operations by approximately $6 million in the first quarter of 2013 as compared to the same period in 2012.

Other non-operating income (expense) – We recognized an aggregate $6.6 million pre-tax charge, consisting of the write-off of unamortized original issue discount costs and deferred financing costs, in the first quarter of 2013 related to the voluntary prepayment of $290 million of our term loan. See Note 7 to our Condensed Consolidated Financial Statements.

Interest and dividend income decreased $2.0 million to $.3 million in the first quarter of 2013 primarily due to lower balances available for investment, principally related to our loan to Valhi which was completely repaid in December 2012. Interest income on our loan to Valhi was $1.6 million in the first quarter of 2012.

Income tax provision – We recognized an income tax benefit of $18.5 million in the first quarter of 2013 compared to a provision of $68.5 million in the same period last year. This difference is primarily due to our decreased earnings. See Note 8 to our Condensed Consolidated Financial Statements for a tabular reconciliation of our statutory income tax provision to our actual tax provision.

We have substantial net operating loss carryforwards in Germany (the equivalent of $744 million and $100 million for German corporate and trade tax purposes, respectively, at December 31, 2012). At March 31, 2013, we have concluded that no deferred income tax asset valuation allowance is required to be recognized with respect to such carryforwards, principally because (i) such carryforwards have an indefinite carryforward period, (ii) we have utilized a portion of such carryforwards during the most recent three-year period and (iii) we currently expect to utilize the remainder of such carryforwards over the long term. However, prior to the complete utilization of such carryforwards, particularly if we were to generate losses in our German operations for an extended period of time, it is possible that we might conclude the benefit of such carryforwards would no longer meet the more-likely-than-not recognition criteria, at which point we would be required to recognize a valuation allowance against some or all of the then-remaining tax benefit associated with the carryforwards.

Effects of Currency Exchange Rates

We have substantial operations and assets located outside the United States (primarily in Germany, Belgium, Norway and Canada). The majority of our sales from non-U.S. operations are denominated in currencies other than the U.S. dollar, principally the euro, other major European currencies and the Canadian dollar. A portion of our sales generated from our non-U.S. operations is denominated in the U.S. dollar. Certain raw materials used worldwide, primarily titanium-containing feedstocks, are purchased in U.S. dollars, while labor and other production costs are purchased primarily in local currencies. Consequently, the translated U.S. dollar value of our non-U.S. sales and operating results are subject to currency exchange rate fluctuations which may favorably or unfavorably impact reported earnings and may affect the comparability of period-to-period operating results. In addition to the impact of the translation of sales and expenses over time, our non-U.S. operations also generate currency transaction gains and losses which primarily relate to the difference between the currency exchange rates in effect when non-local currency sales or operating costs are initially accrued and when such amounts are settled with the non-local currency.

Overall, we estimate that fluctuations in currency exchange rates had the following effects on our sales and income from operations for the periods indicated.

Impact of changes in currency exchange rates
Three months ended March 31, 2013 vs March 31, 2012

	Transaction gains recognized			Translation loss - impact of rate changes	Total currency impact 2013 vs 2012
	2012	2013	Change		
			(in millions)		
Impact on:					
Net sales	$—	$—	$ —	$ 1	$ 1
Income from operations	—	2	2	(8)	(6)

Outlook

During the first quarter of 2013 we operated our production facilities at 92% of practical capacity, which was a higher utilization rate as compared to our utilization rates during the last three quarters of 2012. If economic conditions improve in the various regions of the world in the remainder of 2013, we expect demand for our TiO_2 products would increase and our sales volumes would be expected to be higher in 2013 as compared to 2012. During 2013, we will continue to monitor current and anticipated near-term customer demand levels and align our production and inventories accordingly.

We experienced some moderation in the cost of TiO_2 feedstock ore procured in 2013, however our cost of sales per metric ton of TiO_2 sold in the first quarter of 2013 was significantly higher than what we expect our cost of sales per metric ton of TiO_2 to be in the remainder of 2013, as a substantial portion of the TiO_2 products we sold in the first quarter of 2013 was produced with the higher-cost feedstock ore procured in 2012. Although the cost of feedstock ore has moderated recently, such reductions have been inadequate to compensate for the decline in selling prices for our products. We started 2013 with selling prices 16% lower than as compared to the start of 2012, and prices declined by an additional 7% in the first quarter of 2013. We expect to implement increases in our selling prices during 2013 in order to adequately compensate for our raw material production costs, and in this regard, in February 2013 we announced certain price increases for all of our markets, implementation of which would begin in the second quarter of 2013. Industry data indicates that overall TiO_2 inventory held by producers has been significantly decreased. In addition, we believe most customers hold very low inventories of TiO_2 with many operating on a just-in-time basis. Shortages of certain TiO_2 grades have recently occurred, and lead times for delivery are increasing. We also believe TiO_2 prices have generally stabilized, and price increases have been realized in some accounts. The extent to which we will be able to achieve these and other possible additional price increases during 2013 will depend on market conditions.

Overall, we expect that income from operations in 2013 will be significantly lower as compared to 2012. The first quarter of 2012 income from operations was positively affected by the sale of TiO_2 produced with lower-cost feedstock ore purchased in 2011, as compared to our first quarter 2013 loss from operations which was negatively impacted by the sale of TiO_2 produced with higher-cost feedstock ore purchased in 2012. This negative fluctuation in operating income between the first quarter of 2012 and the first quarter of 2013 would more than offset any favorable effect of higher sales and production volumes that would result assuming demand levels continue to improve, as well as the favorable impact of increases in our selling prices that we may be able to achieve during the remainder of 2013.

Our expectations as to the future of the TiO_2 industry are based upon a number of factors beyond our control, including worldwide growth of gross domestic product, competition in the marketplace, continued operation of competitors, unexpected or earlier-than-expected capacity additions or reductions and technological advances. If actual developments differ from our expectations, our results of operations could be unfavorably affected.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated cash flows

Operating activities

Trends in cash flows as a result of our operating activities (excluding the impact of significant asset dispositions and relative changes in assets and liabilities) are generally similar to trends in our earnings.

Cash used in operating activities was $104.7 million in the first three months of 2012 compared to $39.3 million used in the first three months of 2013. This $65.4 million net decrease in the amount of cash used was primarily due to the net effects of the following items:

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- lower income from operations in 2013 of $256.3 million,
- lower net cash used in 2013 of $263.4 million associated with relative changes in our inventories, receivables, payables and accruals, primarily due to the relative decreases in our inventories and receivables, as discussed below,
- higher net distributions from our TiO_2 manufacturing joint venture in 2013 of $28.6 million, primarily due to the timing of the joint venture's working capital needs,
- lower net cash paid for income taxes in 2013 of $16.8 million resulting from our decreased profitability and
- higher cash paid for interest in 2013 of $5.9 million, primarily due to the timing of interest payments on our term loan in 2013.

Changes in working capital were affected by accounts receivable and inventory changes. As shown below:

- Our average days sales outstanding, or DSO, increased from December 31, 2012 to March 31, 2013 due to higher average daily net sales resulting from higher sales volumes partially offset by lower selling prices in the first quarter of 2013.
- Our average days sales in inventory, or DSI, decreased from December 31, 2012 to March 31, 2013 principally due to lower inventory costs and lower inventory volumes in the first quarter of 2013.

For comparative purposes, we have also provided comparable prior year numbers below.

	December 31, 2011	March 31, 2012	December 31, 2012	March 31, 2013
DSO	55 days	69 days	61 days	65 days
DSI	104 days	110 days	102 days	68 days

Investing activities

Our capital expenditures of $23.3 million and $19.0 million in the three months ended March 31, 2012 and 2013, respectively, were primarily to maintain and improve the cost effectiveness of our existing manufacturing facilities.

Financing activities

During the three months ended March 31, 2013, we:

- Voluntarily prepaid $290.0 million principal amount on our term loan,
- borrowed $190.0 million under our new note payable with Contran, and subsequently repaid $5.0 million,
- borrowed $1.8 million from a Canadian economic development agency, and
- paid a quarterly dividend to stockholders of $.15 per share for an aggregate dividend of $17.4 million.

Outstanding debt obligations

At March 31, 2013, our consolidated debt comprised:

- $185.0 million under our note payable to Contran due in June 2018,
- $100.0 million outstanding ($98.6 million carrying value, net of unamortized original issue discount) under our term loan due in June 2018,
- €10 million ($12.8 million) under our European revolving credit facility which matures in September 2017, and
- approximately $3.3 million of other indebtedness.

Our term loan, North American and European revolvers and our note payable to Contran contain a number of covenants and restrictions which, among other things, restrict our ability to incur additional debt, incur liens, pay dividends or merge or consolidate with, or sell or transfer substantially all of our assets to, another entity, and contains other provisions and restrictive covenants customary in lending transactions of this type. Our term loan requires that a specified financial covenant (leverage to EBITDA, as defined) be maintained at a ratio less than or equal to 3.5 to 1.0, and our European revolving credit facility also requires the maintenance of certain financial ratios. Certain of our credit agreements also contain provisions which could result in the acceleration of indebtedness prior to their stated maturity for reasons other than defaults for failure to comply with typical financial or payment covenants. For example, certain credit agreements allow the lender to accelerate the maturity of the indebtedness upon a change of control (as defined in the agreement) of the borrower. In addition, certain credit agreements could result in the acceleration of all or a portion of the indebtedness following a sale of assets outside the ordinary course of business. We are in compliance with all of our debt covenants at March 31, 2013. We believe that we will be able to continue to comply with the financial covenants contained in our credit facilities and term loan through their maturity; however if future operating results differ materially from our expectations we may be unable to maintain compliance. In such an event, we believe we have alternate sources of liquidity, including cash on hand and borrowings under our North American revolver or additional borrowings from Contran (neither of which contain any financial maintenance covenants) in order to adequately address any compliance issues which might arise.

Our assets consist primarily of investments in operating subsidiaries, and our ability to service parent-level obligations, including our term loan, depends in part upon the distribution of earnings of our subsidiaries, whether in the form of dividends, advances or payments on account of intercompany obligations or otherwise. The term loan is collateralized by, among other things, a first priority lien on (i) 100% of the common stock of certain of our U.S. wholly-owned subsidiaries, (ii) 65% of the common stock or other ownership interest of our Canadian subsidiary (Kronos Canada, Inc.) and certain first-tier European subsidiaries (Kronos Titan GmbH and Kronos Denmark ApS) and (iii) a $362.1 million unsecured promissory note issued by our wholly-owned subsidiary, Kronos International, Inc. (KII). The term loan is also collateralized by a second priority lien on our U.S. assets which collateralize our North American revolving facility. Our North American revolving credit facility is collateralized by, among other things, a first priority lien on the borrower's trade receivables and inventories.

See Note 7 to our Condensed Consolidated Financial Statements.

Future cash requirements

Liquidity

Our primary source of liquidity on an ongoing basis is cash flows from operating activities which is generally used to (i) fund working capital expenditures, (ii) repay any short-term indebtedness incurred for working capital purposes and (iii) provide for the payment of dividends. From time-to-time we will incur indebtedness, generally to (i) fund short-term working capital needs, (ii) refinance existing indebtedness or (iii) fund major capital expenditures or the acquisition of other assets outside the ordinary course of business. We will also from time-to-time sell assets outside the ordinary course of business and use the proceeds to (i) repay existing indebtedness, (ii) make investments in marketable and other securities, (iii) fund major capital expenditures or the acquisition of other assets outside the ordinary course of business or (iv) pay dividends.

The TiO_2 industry is cyclical, and changes in industry economic conditions significantly impact earnings and operating cash flows. Changes in TiO_2 pricing, production volumes and customer demand, among other things, could significantly affect our liquidity.

We routinely evaluate our liquidity requirements, alternative uses of capital, capital needs and availability of resources in view of, among other things, our dividend policy, our debt service and capital expenditure requirements and estimated future operating cash flows. As a result of this process, we have in the past and may in the future seek to reduce, refinance, repurchase or restructure indebtedness, raise additional capital, repurchase shares of our common stock, modify our dividend policy, restructure ownership interests, sell interests in our subsidiaries or other assets, or take a combination of these steps or other steps to manage our liquidity and capital resources. Such activities have in the past and may in the future involve related companies. In the normal course of our business, we may investigate, evaluate, discuss and engage in acquisition, joint venture, strategic relationship and other business combination opportunities in the TiO_2 industry. In the event of any future acquisition or joint venture opportunity, we may consider using then-available liquidity, issuing our equity securities or incurring additional indebtedness.

At March 31, 2013, we had aggregate cash, cash equivalents and restricted cash on hand of $111.4 million, of which $62.7 million was held by non-U.S. subsidiaries. At March 31, 2013, we had $125 million available for borrowing under our North American revolving credit facility and €110 million ($140.5 million) under our European credit facility. We could borrow all available amounts under each of our credit facilities without violating our existing debt covenants. Based upon our expectation for the TiO_2 industry and anticipated demands on cash resources, we expect to have sufficient liquidity to meet our short term obligations (defined as the twelve-month period ending March 31, 2014) and our long-term obligations (defined as the five-year period ending March 31, 2018, our time period for long-term budgeting). If actual developments differ from our expectations, our liquidity could be adversely affected.

Capital expenditures

We currently estimate that we will invest approximately $60 million in capital expenditures to maintain and improve our existing facilities during 2013, including the $19.0 million we have spent through March 31, 2013.

Stock repurchase program

In December 2010 our board of directors authorized the repurchase of up to 2.0 million shares of our common stock in open market transactions, including block purchases, or in privately-negotiated transactions at unspecified prices and over an unspecified period of time. To date, we have not made any repurchases under the plan and all 2.0 million shares are available for repurchase.

Off-balance sheet financing

We do not have any off-balance sheet financing agreements other than the operating leases discussed in our 2012 Annual Report.

Commitments and contingencies

See Notes 8 and 12 to the Condensed Consolidated Financial Statements for a description of certain income tax examinations currently underway and legal proceedings.

Recent accounting pronouncements

Not applicable

Critical accounting policies

For a discussion of our critical accounting policies, refer to Part I, Item 7 – “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2012 Annual Report. There have been no changes in our critical accounting policies during the first three months of 2013.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

General

We are exposed to market risk, including currency exchange rates, interest rates and security prices, and raw material prices. There have been no material changes in these market risks since we filed our 2012 Annual Report, and refer you to Part I, Item 7A. – “Quantitative and Qualitative Disclosure About Market Risk” in our 2012 Annual Report. See also Note 13 to our Condensed Consolidated Financial Statements.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

We maintain a system of disclosure controls and procedures. The term “disclosure controls and procedures,” as defined by Exchange Act Rule 13a-15(e), means controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit to the SEC under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports we file or submit to the SEC under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions to be made regarding required disclosure. Each of Steven L. Watson, our Chief Executive Officer, and Gregory M. Swalwell, our Executive Vice President and Chief Financial Officer, have evaluated the design and operating effectiveness of our disclosure controls and procedures as of March 31, 2013. Based upon their evaluation, these executive officers have concluded that our disclosure controls and procedures are effective as of March 31, 2013.

Internal control over financial reporting

We also maintain internal control over financial reporting. The term "internal control over financial reporting," as defined by Exchange Act Rule 13a-15(f), means a process designed by, or under the supervision of, our principal executive and principal financial officers, or persons performing similar functions, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets,
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and
- Provide reasonable assurance regarding prevention or timely detection of an unauthorized acquisition, use or disposition of our assets that could have a material effect on our Condensed Consolidated Financial Statements.

As permitted by the SEC, our assessment of internal control over financial reporting excludes (i) internal control over financial reporting of our equity method investees and (ii) internal control over the preparation of our financial statement schedules required by Article 12 of Regulation S-X. However, our assessment of internal control over financial reporting with respect to our equity method investees did include our controls over the recording of amounts related to our investment that are recorded in our Condensed Consolidated Financial Statements, including controls over the selection of accounting methods for our investments, the recognition of equity method earnings and losses and the determination, valuation and recording of our investment account balances.

Changes in internal control over financial reporting

There has been no change to our internal control over financial reporting during the quarter ended March 31, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Part II. OTHER INFORMATION

Item 1. Legal Proceedings

Refer to Note 12 of the Condensed Consolidated Financial Statements and to our 2012 Annual Report for descriptions of certain legal proceedings.

Item 1A. Risk Factors

For a discussion of the risk factors related to our businesses, refer to Part I, Item 1A., “Risk Factors,” in our 2012 Annual report. There have been no material changes to such risk factors during the three months ended March 31, 2013.

Item 6. Exhibits

10.1*	Restated and Amended Agreement by and between Richards Bay Titanium (Proprietary) Limited (acting through its sales agent Rio Tinto Iron & Titanium Limited) and Kronos (US), Inc effective January 1, 2012. The exhibits to this Exhibit 10.1 have not been filed because they relate to procedures for sampling and analyzing the ore under contract and are not an integral part of the agreement. Upon request, the Registrant will furnish supplementally to the Commission a copy of any omitted exhibit.
31.1	Certification
31.2	Certification
32.1	Certification
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Portions of the exhibit have been omitted pursuant to a request for confidential treatment.

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SIGNATURES

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

	Kronos Worldwide, Inc.
	(Registrant)
Date: May 8, 2013	/s/ Gregory M. Swalwell
	Gregory M. Swalwell Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date: May 8, 2013	/s/ Tim C. Hafer
	Tim C. Hafer Vice President and Controller (Principal Accounting Officer)

Exhibit 10.1

Portions of this Exhibit have been omitted based upon a request for confidential treatment. This Exhibit, including the non-public information, has been filed separately with the U.S. Securities and Exchange Commission. "[*]" designates portions of this document that have been redacted pursuant to the request for confidential treatment filed with the U.S. Securities and Exchange Commission.

RICHARDS BAY CHLORIDE SLAG SALES AGREEMENT

THIS RESTATED AND AMENDED AGREEMENT is made as of November 17, 2011 but effective 1 January 2012 by and between RICHARDS BAY TITANIUM (PROPRIETARY) LIMITED, a South African Corporation with offices at Richards Bay, KwaZulu Natal, South Africa (hereafter "RBT") (acting through its sales agent RIO TINTO IRON & TITANIUM LIMITED a corporation with offices at 2 Eastbourne Terrace, London, W2 6LG, United Kingdom (hereinafter "RIT")) and KRONOS (US), INC., a Delaware corporation with offices at 5 Cedar Brook Drive, Cranbury, New Jersey, 08512, U.S.A. (hereafter "Buyer") (herein the "Agreement").

WITNESSETH

WHEREAS:

A. RBT is a significant producer of titanium bearing slag and Buyer is a significant consumer of titanium bearing slag of the type produced by RBT;

B. RIT is the exclusive sales and marketing agent for RBT;

C. The parties are desirous of entering into a new Richards Bay Chloride Slag Sales Agreement whereby the manufacture and purchase of predetermined amount of product is established for the mutual benefit of enhancing predictability of the operations of each of the parties; and

D. The parties entered into a Richards Bay Slag Sales Agreement originally dated May 1, 1995 (the "Previous Agreement") and that such agreement and all subsequent amendments are superseded by this Agreement effective January 1, 2012

NOW, THEREFORE, for and in consideration of the covenants and conditions herein contained, the parties hereto ratify and confirm their agreement effective January 1, 2012 as follows:

ARTICLE I. SCOPE

RBT agrees to sell and deliver, and Buyer agrees to buy and take delivery of chloride grade titanium bearing slag, produced by RBT at Richards Bay, South Africa (hereinafter called ("Product"), in the quantities and at the times hereinafter specified.

ARTICLE II. DEFINITIONS

Unless otherwise indicated, a “ton” is a metric ton of one thousand kilograms dry weight, a “month”, a “quarter” and a “year” are a calendar month, a calendar quarter and a calendar year, respectively, “dollars”, “cents” and the dollar and cent signs (“$” and “¢”) refer to lawful money of the United States of America, “Official Samples” has the meaning given to it in Article XI, all percentages are based on dry weights.

ARTICLE III. TERM

A. This Agreement shall be for a term of five (5) years commencing on January 1, 2012 and ending on December 31, 2016.

B. In the event that either party shall become bankrupt, insolvent, commit any act of bankruptcy or insolvency, or compromise with its creditors, then the other party shall have the option, without notice or demand, to cancel this Agreement or, at its option, to require specific performance and demand damages hereunder to the extent such performance does not occur. The preceding rights are without prejudice to any other rights and remedies as are available to the parties hereunder or otherwise under the law.

C. In the event of termination of this Agreement in accordance with the terms herein, Articles XII, XVIII and XXII shall survive termination, and each party shall retain any accrued rights and remedies, including any rights and remedies it has or may have against the other party in respect of any past breach of this Agreement.

ARTICLE IV. QUANTITY

A. Subject to the following provisions of this Article IV., RBT shall sell and deliver and Buyer shall purchase and take delivery of the following quantity of Product (in each case, the “Contracted Quantity”):

   a) For each of the years 2012 and 2013 the Contracted Quantity shall be in the range of * tons per annum;

   b) For the year 2014 the Contracted Quantity shall be * tons per annum; and

   c) For each of the years 2015 and 2016 the Contracted Quantity shall be * tons.

B. For each of the years 2015 and 2016, Buyer has the right but not the obligation to request an increase to the annual Contracted Quantity by * tons. Should Buyer wish to exercise the right for the additional quantity, RBT shall be notified of this in writing on or before October 15 of the previous year. RBT has the right to accept or reject this request within 30 days and shall inform Buyer in writing within seven days following the 30 day period of its decision. In the event that RBT accepts the request the Contracted Quantity for such year shall be * tons per annum.

C. For any given year during the period 2012 to 2016 it is the intention of both parties to use their reasonable efforts to make available for shipment or effect the shipment of, as the case may be, the total Contracted Quantity on a quarterly basis in installments of approximately equal quantities.

D. Total shipments for the full year shall allow for a 3% shipping tolerance. Volume shipped within this tolerance shall be considered performance of the Contracted Quantity obligation.

E. The annual Contracted Quantity for the specific year shall be reduced accordingly by the quarterly volume allocation not taken up as described in Article V. of this Agreement.

ARTICLE V. PRICE

Basic Price

A. The base price for Product which is produced, sold and delivered hereunder for each quarter during the Term of this Agreement shall be that amount per ton (FOB Richards Bay, *% TiO2 basis) as negotiated on a quarterly basis on or before the start of the quarter immediately preceding the first day of the quarter the price is to be effective (the “Basic Price”). The Basic Price for the calendar quarter January 1 to March 31, 2012 is * per MT.

B. The parties agree that failure to agree a Basic Price in any quarter shall not be treated as a matter of dispute and shall therefore not be subject to any arbitration procedures. If no agreement is reached on the Basic Price for any quarter the Buyer has the option to cancel its volume allocation for such quarter (the “Opt Out Option”). Buyer shall give RBT written notice when it chooses to exercise the Opt Out Option within 7 (seven) days of the start of the quarter immediately preceding the first day of the quarter the price is to be effective.

C. In the event that Buyer exercises its Opt Out Option for two consecutive quarters the Agreement shall terminate with immediate effect and no party shall have any future obligations under this Agreement

D. In the event that Buyer exercises its Opt Out Option for four separate albeit not consecutive quarters the Agreement shall terminate with immediate effect when Buyer exercises its fourth Opt Out Option and no party shall have any future obligations under this Agreement.

E. In the event that RBT delays volume from one quarter to another the existing Basic Price shall be applicable to such quantity. In the event that Buyer delays volume from one quarter to another the new quarter’s Basic Price shall be applicable to such quantity.

F. In the event that a shipment is delayed from one quarter to another as result of delays at the loading port the existing Basic Price shall be applicable to such delayed quantity. In the event that Buyer fails to nominate a vessel causing a delay of volume from one quarter to another the new quarter’s Basic Price shall be applicable to such quantity.

Price Adjustment for TiO2 Content

G. The Basic Price established under this Article V.A. is for Product containing *% titanium dioxide (“TiO2”) content. If the TiO2 content of Product exceeds *%, the Basic Price shall be adjusted upwards by * of the Basic Price for each increment of *% or part thereof by which the TiO2 content exceeds *%. If the TiO2 content of Product is less than *%, the Basic Price shall be adjusted downwards by * of the Basic Price for each decrement of *% or part thereof by which the TiO2 content is less than *% but greater than *%.

Price Adjustment for Product Sizing

H. In the event the sizing of the Product shipments exceeds the specifications set forth below, the Basic Price shall be adjusted downwards by a percentage, or fractions thereof, equal to the percentage of the Product:

plus * microns in excess of * percent (*%);
minus * microns in excess of * percent (*%);
minus * microns in excess of * percent (*%).

I. Price adjustments pursuant to sizing shall be made on an individual shipment basis.

ARTICLE VI. SHIPMENTS

A. Shipments shall be as ordered by and pursuant to the instructions of Buyer as the same shall be agreed to by RBT. Buyer shall obtain any import licenses or other documents that may be required to import Product into the country of destination. RBT shall obtain any export license or other documents that may be required to export product from South Africa.

B. RBT and Buyer shall agree on a shipping schedule whereby deliveries are spread more or less evenly throughout the year on a quarterly basis. Buyer shall arrange for and furnish a bulk cargo vessel (herein called “Buyer’s Vessel”) for each shipment. Notwithstanding the agreed shipping schedule, Buyer must request STEM (as defined in Article VI.D. below) for a specific tonnage from RBT and RBT must confirm STEM in respect of each shipment at least forty-five (45) days prior to the arrival of Buyer’s Vessel in Richards Bay.

Buyer shall provide RBT with a notice of arrival of each of Buyer’s Vessels at least two (2) weeks prior to its estimated time of arrival at Richards Bay.

C. In the event RBT has given STEM to Buyer and if Product is not available for loading at the stockpile area provided by S.A. Port Operations on the date for which STEM has been given and if demurrage or dead freight is incurred as a result of such non-availability, RBT shall pay Buyer demurrage and/or dead freight at the rate specified or determined between Buyer and the shipping company under the Charter Party. In arranging for any Buyer’s Vessel, Buyer will use its best efforts to have the terms of the Charter Party permit RBT, in the case of a shortfall of Product at the Richards Bay dock, to elect between having Buyer’s Vessel:

a) wait for arrival of Product at docks and thereby incur demurrage up to the expiration of time stipulated or determined under the charter party (and incur dead freight if a shortfall is not cured eventually); or

b) load a portion of a shipment of Product and thereby incur dead freight.

In order to facilitate RBT's decision, Buyer shall promptly advise RBT, on request, of the applicable demurrage or dead freight rates.

D. The word "STEM", as used in this Article VI shall mean the confirmation of availability of sufficient Product for a particular shipment, at Richards Bay Harbour, on a given date or period to be stated when stem is requested and given.

E. In no event shall RBT be liable for any losses, cost or damages in excess of such demurrage or dead freight rates except as provided for in Article XVI hereof or in the event of non availability of product as defined in this Article VI.

ARTICLE VII. TITLE AND RISK OF LOSS

Title to and risk of loss in Product shall pass to Buyer upon passing the ship's rail of Buyer's Vessel at the loading dock at the Port of Richards Bay, South Africa. Once the title to and risk of loss in Product has passed to Buyer, RBT shall not be responsible for any losses or damages of any kind and howsoever arising in connection with Product or otherwise, except as expressly provided in this Agreement.

ARTICLE VIII. PAYMENT

A. Regular Payments. Unless otherwise agreed, payment in U.S. dollars shall be made by Buyer by telegraphic transfer to RBT's account * at Citibank N.A., 111 Wall Street, New York. NY 10043, U.S.A., naming RBT as beneficiary, or such other account as RBT shall notify Buyer, within thirty (30) days of the Bill of Lading date. RBT shall supply the following documents:

1 RBT's commercial invoice covering the shipment, based on the assumption that the TiO_2 content of Product is *%;

2 Surveyor's certificate of mass (weight certificate);

3 Full set of clean onboard ocean bills of lading covering the shipment by the cargo vessel in question, designating "Richards Bay Titanium (Proprietary) Limited" as shipper and Buyer as consignee or any other affiliated company designated by Buyer as consignee; and

4 Such other documents and papers as may be required to clear Product for shipment from South Africa to the port of destination.

The above mentioned documents shall be couriered to Buyer or such affiliated company as Buyer shall have designated in accordance with Article XIX. RBT shall accept payment from Buyer or any of Buyer's affiliated companies, but Buyer shall be primarily and separately liable for all sums due under this Agreement.

B. Final Invoice and Payment

Any price adjustment which may be necessary as a result of the outcome of RBT's analysis of the Official Sample shall be embodied in a final invoice that will be forwarded to Buyer along with the certificate of analysis signed by RBT within twentyone (21) days of completion of loading. In the event of a debit to Buyer, the final invoice shall be presented, and payment by Buyer shall be effected, in the same manner as detailed In Article VIII.A. above. In the event of a credit to Buyer, RBT shall remit the relevant amount to Buyer by telegraphic transfer within thirty (30) days of the date of the final invoice.

C. Other Invoices and Payments. Payment of other amounts due hereunder, such as the fees referred to in Articles XI.B.2 and XI.C.5 shall be made by Buyer to RBT within thirty (30) days of Buyer's receipt of an invoice for such amounts.

ARTICLE IX. SPECIFICATIONS

A. The Product shall contain at least *%, but typically *% equivalent TiO_2 by weight, determined as set forth in Article XI hereof.

B. The Product shall meet the following specifications:

1 Maximum chromium oxide (Cr_2O_3) content of *% by weight:

2 Maximum vanadium pentoxide (V_2O_5) content of *% by weight;

3 Maximum manganese oxide (MnO) content of *% by weight;

4 Maximum calcium oxide (CaO) content of *% by weight;

5 Maximum moisture (H20) content of *% by weight;

6 Maximum magnesium oxide (MgO) content of one *% by weight; and

7 Maximum reduced titanium dioxide (Ti_2O_3) content of *% by weight.

C. The product shall meet the following typical sizing specifications:

plus * microns a maximum of * percent (*%);
minus * microns a maximum of * percent (*%);
minus * microns a maximum of * percent (*%).

D. The specifications set out in Article IX.A., IX.B. and IX.C. shall be referred to in this Agreement as the "Specifications".

ARTICLE X. WARRANTY

A. RBT warrants that Product sold and delivered hereunder shall conform to the Specifications set forth in Article IX. hereof.

B. In the event that any Product sold and delivered hereunder does not conform to said Specifications and in the event the parties are unable to agree on an equitable adjustment, RBT shall, at its cost and expense, including freight, insurance and handling costs, remove or otherwise dispose of such nonconforming Product from Buyer's location and replace It with an equivalent quantity of Product at Buyer's plant which meets the Specifications within sixty (60) days. RBT's obligation to remove or dispose of and replace nonconforming Product shall not be applicable in the event Buyer fails to give notice to RBT of such nonconforming Product as provided for in Article XI. Buyer may terminate the Agreement should RBT fail to deliver conforming Product within sixty (60) days.

The warranty and remedy expressed in this Article X is the sole and exclusive warranty made by RBT with respect to the Product to be delivered under this Agreement. RBT makes no other warranty, express, implied (including any warranty of merchantability or fitness for a particular purpose), statutory or otherwise.

C. RBT shall not be responsible for any damage, direct, indirect, consequential or incidental relating directly or indirectly to the use, sale and/or resale of any Product. RBT's sole obligation in the event of delivery of nonconforming Product shall be that set forth in this Article X. Buyer agrees to indemnify and hold RBT harmless from and against any claims, losses, damages, costs, expenses or liability of whatsoever nature from third parties arising out of or in connection with such use, sale and/or resale of any Product.

ARTICLE XI. INSPECTION, WEIGHING, SAMPLING AND ANALYSIS

A. Inspection and Weighing. Inspection of Buyer's Vessels' holds for cleanliness and protection and determination of weight of Product loaded aboard Buyer's Vessel draft survey, will be made by Capt. G.A. Chettles & Assoc., a registered independent surveyor, or such other inspector acceptable to RBT and Buyer. The cost of such surveys shall be borne equally by RBT and Buyer and shall be included in RBT's commercial invoice referred to in Article VIII.A.1. Such surveyor shall be entitled to reject any vessel not found to be suitable for loading of Product, provided such surveyor sends to Buyer, by facsimile, the reasons for such rejection and his certification that the Buyer's Vessel as presented would not adequately protect the Product from contamination. Such rejection shall be for Buyer's account. Such surveyor shall determine the weight of Product loaded aboard Buyer's Vessel. The Product weight so determined, which includes moisture, shall, on the basis of the analyses of the Official Samples then be adjusted for the moisture content. The resulting dry weight shall be the basis on which Product is invoiced for payment.

B. Sampling. Each shipment of Product delivered to Buyer's Vessel at Richards Bay shall be sampled by an independent testing company, Bureau Veritas or such other independent testing laboratory acceptable to both parties. Such independent laboratory shall take and distribute representative samples (hereinafter called "Official Samples") from each shipment in accordance with the "Sampling and Sample Preparation Procedure", set forth in Exhibit "A", Procedure "SAM 78", attached hereto and made a part hereof.

The fees for services of such independent testing laboratory shall be paid for equally by RBT and Buyer and shall be included in RBT's commercial invoice referred to in Article VIII.

It is acknowledged that S.A. Port Operations has installed an automatic sampler in the belt loading system. If and when such installation is fully functional and its accuracy bas been proven, RBT and Buyer shall discuss the use of such automatic sampler as well as agree on a revision of the current Sampling and Sampling Preparation Procedures as set forth in SAM 78.

C. Analysis

1. Methods of Analysis. All analyses shall be made by the methods outlined in Exhibit “B” Procedure “SAM 004”, Exhibit “C” Procedure “SAM 124”, Exhibit “D” Procedure “SAM 051”, Exhibit “E” Procedure “SAM 079” and Exhibit “F” Procedure “SAM 008” which are attached hereto and made a part hereof, or by such other methods as RBT shall consider appropriate provided that the results obtained from such other methods are consistent with the results which would be obtained by using the methods outlined in the above-mentioned exhibits.

2. Analysis by RBT. RBT shall analyze the Official Samples and the results of such analysis for each shipment shall be provided to Buyer not later than thirty (30) days following the date of such shipment.

3. Analysis by Buyer. Buyer may, but shall not be obligated to, analyze the Official Samples. Unless Buyer notifies RBT within sixty (60) days of receipt of an Official Sample that Buyer’s analysis indicates that Product fails to meet Specifications or that the TiO_2 content is more than * percent (*%) different from RBT’s analysis, the results of RBT’s analysis shall be final and conclusive.

4. Umpire Procedure. Should Buyer’s analysis of the Official Sample indicate that Product does not meet Specifications or that the TiO_2 content of Product is more than * (*%) different from RBT’s analysis, Buyer may so advise RBT and RBT shall request the independent testing laboratory referred to above to forward for analysis its retained Official Sample to such umpire analyst (being an independent testing laboratory) as shall be agreed to from time to time by the parties. The parties hereby agree at this time for this purpose that Inspectorate Griffith Limited, 2 Perry Road, Witham, Essex, CM8 3TU, U.K. shall be the initial umpire analyst The umpire shall analyze the Official Sample in accordance with the methods outlined in the Exhibits referred to in Article XI.C.

5. Settlement. The umpire’s analysis as to TiO_2 content and that of Buyer or RBT, whichever is in closer agreement, shall be averaged as the basis for final settlement; provided that if the umpire’s analysis lies exactly halfway between Buyer’s and RBT’s analyses, the umpire’s analysis shall be the basis for final settlement.

   If such final basis for settlement results in a price adjustment in accordance with the procedure described in Article V of this Agreement, RBT shall issue a credit or debit invoice as the case may be. If an umpire’s analysis is required on any Specification other than TiO_2, the umpire’s analysis and that of Buyer or RBT, whichever is in closer agreement, shall be averaged as the basis for final settlement; provided that if the umpire’s analysis lies exactly halfway between the Buyer’s and RBT’s analyses, the umpire’s analysis shall be the basis for final settlement. If such analysis determines that Product does not meet each of such Specifications, the parties shall proceed as described in Article IX.B. of this Agreement. The cost of an umpire’s analysis shall be paid by the party whose analysis varies most from the umpire’s analysis unless such variations are equal and then the cost shall be borne equally by the parties.

D. Revision of Sampling and Analytical Procedures. The procedures set forth in the Exhibits referred to in this article are believed to be the most satisfactory ones now available. However, better procedures may become available. Each of said Exhibits may be revised from time to time, without formal amendment to this Agreement; provided that each such revision shall require the written approval of Buyer and RBT.

ARTICLE XII. ARBITRATION

Any dispute between the parties hereto arising out of or in any way connected with this Agreement, its negotiation, performance, breach, existence or validity shall, unless settled by mutual agreement or conciliation and failing settlement thereunder, be referred for final and binding arbitration, in London, England, under the Rules of Conciliation and Arbitration of the International Chamber of Commerce. The arbitration shall be presided over by three arbitrators; of which RBT shall appoint one and Buyer shall appoint another, and the two appointed arbitrators shall appoint the Chairman of the arbitral tribunal within thirty (30) days following their appointment by the parties hereto, failing which the Chairman shall be appointed by the International Court of Arbitration of the International Chamber of Commerce. The language of the arbitration and all documents submitted therein shall be in English.

ARTICLE XIII. TAXES AND DUTIES

All South African taxes and duties now or hereafter imposed during the term of this Agreement shall be for the sole account of RBT. All taxes and duties now or hereafter imposed on the import of the Product during the term of this Agreement shall be for the sole account of Buyer.

ARTICLE XIV. PATENTS

A. RBT agrees to protect and hold Buyer harmless against any and all claims that Product in the state or form as sold under this Agreement infringes or allegedly infringes any Product claims of any South African or United States patent owned by third parties. RBT will, at its own cost and expense, defend any and all suits which may be brought against Buyer on account of said infringement of such patent or patents, and RBT shall pay any and all fees, costs and damages awarded in said suits; provided, however, that the total liability for damages under Ibis Article XIV shall in no event exceed the aggregate sales price of Product sold to Buyer during the year in which such infringement commenced.

B. RBT’s obligations pursuant to Article XIV shall be conditional upon Buyer giving prompt notice to RBT of any claims by third parties of any such alleged infringement and of all information available to Buyer in respect of such alleged infringement or claim.

ARTICLE XV. FORCE MAJEURE

In the event of any contingency which is beyond the reasonable control of RBT or Buyer including, but not limited to (i) any strike, lockout, industrial dispute, difference with workmen, accident, fire, explosion, earthquake, flood, mobilization, war (whether declared or undeclared), act of any belligerent in any such war, civil commotion, political demonstration or disturbance, riot, rebellion, revolution or blockage, (ii) any requirement, regulation, restriction, intervention, or other act of any Government, whether legal or otherwise, (iii) any inability to secure or delay in securing export licenses or import licenses, cargo space or other transportation facilities necessary for the shipment or receipt of Product or fuel or other supplies or material including but not limited to water, ilmenite ore or electric power necessary for the operation of the mines and plants where Product is produced or consumed, (iv) any delay in or interruption to transportation by rail, water or otherwise, (v) any damage to or destruction of such mines or plants or any breakdown of plants or machinery of RBT or Buyer, or (vi) any other contingency which is beyond the reasonable control of RBT or Buyer, whether or not of the nature or character hereinbefore specifically enumerated, but excluding market conditions of any nature, which event delays or interferes with the performance of this Agreement or the consumption of Product, in spite of the affected parties' bonafide efforts to mitigate such event, then such event shall be considered sufficient justification for delay in making shipment or delivery or taking delivery or performance hereunder (other than the payment of money), in whole or in part, until such event ceases to exist, and this Agreement shall be deemed suspended for so long as such event delays or interferes with the performance hereof, provided that prompt notice (normally within one week of the occurrence of the event) of the commencement and end of any such event is given by the party affected to the other party. Any delay or interference which affects RBT's supply of Product to customers shall entitle RBT to allocate equitably any available Product among customers in its discretion.

Anything to the contrary hereinabove notwithstanding, if such event occurs, the obligation of RBT to sell and deliver and of Buyer to buy and to take delivery of Product with respect to any year shall terminate unless otherwise agreed between the parties at the end of the year as to quantities of Product which have not been loaded aboard Buyer's Vessel at Richards Bay, by the end of the year due to such event. Nothing contained in this Article shall require Buyer to pay for, or RBT to make up or compensate for, any Product not delivered due to application of this Article. Either party may terminate the Agreement if such event continues for more than one hundred and eighty (180} days.

ARTICLE XVI. DEFAULT & LIMITS OF LIABILITY

For purposes of Article XVI, a "default" shall mean any failure by either party to make any payment when due or to perform any obligation under or pursuant to this Agreement for any reason other than an event of Force Majeure as defined in Article XV.

No default shall be deemed to have occurred unless the party in default shall have first been given written notice of such default and shall have failed to cure such default within thirty (30) days in the event of a failure to pay and in all other events, within sixty (60) days after receipt of such written notice.

In the event of a default arising from a breach of Buyer's duty to pay for Product delivered or for the total quantity of Product to be purchased in any particular year, RBT shall have the right to seek damages for all loss or damage actually sustained as a direct result of the default. In addition, RBT shall have the right (subject to Buyer's right to cure its default pursuant to this Article) to terminate this Agreement forthwith by providing notice to such effect to Buyer. Notwithstanding anything contained herein to the contrary, in no event shall Buyer be liable for consequential, indirect or special damages as a result of a default for failure to pay under this Agreement.

In the event of any default by RBT arising from a failure to deliver Product pursuant to this Agreement, RBT (subject to RBT's rights to cure its default pursuant to this Article) shall compensate Buyer for all loss or damage actually sustained as a direct result of the failure to deliver but excluding indirect, consequential, punitive or contingent damages of the default Buyer may suffer therewith including, but not limited to, loss of revenue or profits as a result of Buyer's inability to operate, or shutdown of its operations, loss of use of equipment, or cost of substitute equipment, claims of third parties, and the like.

ARTICLE XVII. <u>WAIVER OF DEFAULT</u>

Any failure by either party to give notice in writing to the other party of any breach or default in any terms or conditions of this Agreement shall not constitute a waiver thereof, nor shall any delay by either party in enforcing any of its rights hereunder be deemed a waiver of such rights nor shall a waiver by either party of any defaults of the other party be deemed a waiver of any other or subsequent defaults.

ARTICLE XVIII. <u>CONFIDENTIALITY</u>

This Agreement and information obtained by one party from the other by virtue of this Agreement, shall remain confidential and shall not be disclosed to any third party without the prior written consent of the other party, unless such information is publicly available, or previously known to the recipient or is required to be disclosed by law.

ARTICLE XIX. <u>NOTICES</u>

Any notice to be given to any party under the term of this Agreement shall be deemed to have been delivered by courier service or transmitted by telefax and subsequently confirmed by prepaid registered mail to the respective addresses or telefax number given below:

TO RBT: c/o Rio Tinto Iron and Titanium Ltd.
2 Eastbourne Terrace
London, W2 6LG
United Kingdom
Telefax: (44) 20 7781 1819
<u>Attention</u>: General Manager Sales & Marketing, TiO2 Products

TO BUYER: Kronos (US) Inc.
c/o KRONOS INTERNATIONAL, Inc.
Peschstrasse 5
D-51373 Leverkusen
Germany
Telefax: (49) 214 401 526
Attention: Vice President Purchasing

or to such other address as the addressee shall have previously furnished in writing to the addressor. All notices shall be deemed to have been received on the day of delivery, if delivered by courier service or on the day of transmission, if sent by telefax, during normal business hours (9.00am to 5.00pm) of the recipient, failing which, such notice shall be deemed to have been received on the next business day.

ARTICLE XX. ASSIGNMENT

Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party, which consent shall not be reasonably withheld or delayed. The preceding sentence shall not apply to assignments made to parents, subsidiaries, or related corporations, partnerships or other entities of the parties hereto, providing that the party executing this Agreement shall remain primarily responsible for performance of its obligations hereunder unless such is waived in writing by the other party. Buyer may also assign its rights or obligations under this Agreement without prior written consent of RBT to an unrelated financially capable purchaser of all or essentially of Buyer's TiO2 pigment business, provided that the assignee agrees to assume all of Buyer's duties and obligations hereunder and Buyer agrees to and shall remain secondarily responsible for performance of its obligations hereunder unless such is waived in writing by RBT.

ARTICLE XXI. ENTIRE AGREEMENT, AMENDMENT, MODIFICATION

This Agreement states the entire understanding between the parties hereto with respect to the subject matter hereof, and there are no agreements or understandings, oral or written, expressed or implied with reference to the subject matter hereof that are not merged herein or superseded hereby. This Agreement may not be changed, modified or supplemented in any manner orally or otherwise except by an instrument in writing signed by a duly authorized representative of each of the parties hereto. The parties recognize that, for administrative purposes, documents such as purchase orders, acknowledgements, invoices and similar documents may be used during the term of this Agreement. In no event shall any term or condition contained in any such administrative documents be interpreted as amending or modifying the terms of this Agreement whether such administrative documents are signed or not.

ARTICLE XXII. GOVERNING LAW

This agreement shall be governed by and construed under the Laws of England and Wales, in all respects, including construction, validity and performance to the exclusion of the United Nations Convention on International Sale of Goods and excluding any choice of law rules that would apply the law of any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized respective representatives, as of the day and year first above written.

RICHARDS BAY TITANIUM (PROPRIETARY) LIMITED (acting through its sales agent, Rio Tinto Iron & Titanium Ltd.)	KRONOS (US), INC.
By: /s/ Jean-Francois Turgeon	By: /s/ D.C. Weaver
Name: Jean-Francois Turgeon	Name: D. C. Weaver
Title: MD RTIT	Title: Ch. Executive Mgt. Committee

EXHIBIT 31.1

CERTIFICATION

I, Steven L. Watson, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Kronos Worldwide, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2013

/s/ Steven L. Watson

Steven L. Watson
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Gregory M. Swalwell, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Kronos Worldwide, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2013

/s/ Gregory M. Swalwell

Gregory M. Swalwell
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Kronos Worldwide, Inc. (the Company) on Form 10-Q for the quarter ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Steven L. Watson, Chief Executive Officer of the Company, and I, Gregory M. Swalwell, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Steven L. Watson

Steven L. Watson
Chief Executive Officer

/s/ Gregory M. Swalwell

Gregory M. Swalwell
Chief Financial Officer

May 8, 2013

Note: The certification the registrant furnishes in this exhibit is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Registration Statements or other documents filed with the Securities and Exchange Commission shall not incorporate this exhibit by reference, except as otherwise expressly stated in such filing.