



**NL INDUSTRIES, INC.**

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July 5, 2004

Dear Shareholder:

On May 20, 2004, NL Industries, Inc. (NYSE: NL) declared a regular quarterly dividend equal to \$0.20 per share on its common stock in the form of shares of common stock of Kronos Worldwide, Inc. (NYSE: KRO), which shares were valued based on the closing sales price of Kronos Worldwide common stock on May 19, 2004 of \$30.00 per share. Accordingly, on July 5, 2004, NL distributed to you 1/150th of a share of Kronos Worldwide common stock for every share of NL common stock you held of record as of the close of business on June 11, 2004, the record date for the distribution. No fractional shares of Kronos Worldwide common stock were distributed. As part of the distribution, EquiServe Trust Company, N.A., the stock transfer agent for Kronos Worldwide and NL's distribution agent for the distribution, will aggregate and then sell at the then prevailing market price all undistributed fractional shares of Kronos Worldwide common stock. If you would have otherwise been entitled to receive a fractional share, EquiServe will also send you a check for your portion of such sale proceeds.

The distribution is generally taxable to you as dividend income for federal income tax purposes based on a value equal to the closing price, as reported on the New York Stock Exchange, for a share of Kronos Worldwide common stock as of July 2, 2004, which was \$34.95 per share. ***Your initial tax basis for your shares of Kronos Worldwide common stock is equal to this \$34.95 per share amount.*** Each shareholder who receives cash as a result of the distribution agent's sale of fractional shares of Kronos Worldwide common stock will be treated as if the shareholder had received such fractional share as part of the distribution and then sold the fractional share. Accordingly, the shareholder will recognize short-term gain or loss equal to the difference between the cash received and the portion of the tax basis in Kronos Worldwide common stock that is allocable to the fractional share. Prior to January 31, 2005, you will receive a Form 1099-DIV from EquiServe that will include the dividend income you received as a result of the distribution and, if you receive cash attributable to the sale of fractional shares, you will receive prior to January 31, 2005 a Form 1099-B from EquiServe that will include the proceeds attributable to such sale. *Please consult your tax advisor as to the particular tax consequences to you of the distribution.*

The enclosed stock distribution statement confirms your ownership of Kronos Worldwide common stock. For your security and convenience, EquiServe has established a book-entry account in your name and credited the account with your whole share balance of Kronos Worldwide common stock. The book-entry method eliminates the need for traditional paper stock certificates. ***If you wish to keep your shares in book-entry form at EquiServe, no action is necessary on your part.***

Holding your shares in book-entry form can be advantageous to you since it eliminates the potential for lost or stolen certificates. You will not receive a stock certificate for your shares of Kronos Worldwide common stock unless you request it. If you do wish to receive a stock certificate, please call EquiServe at 1-800-935-9330 using a touch-tone telephone and select the option "to issue shares." Your request will be processed without charge, and a certificate will be mailed to you within approximately two business days after EquiServe's receipt of the request.

Enclosed with this letter you will find information about the book-entry system. If you have other questions about this distribution or your shares of Kronos Worldwide common stock, please call EquiServe at 1-781-575-2725, write EquiServe at P.O. Box 43070, Providence, Rhode Island 02940-3070 or visit the EquiServe web site at [www.equiserve.com](http://www.equiserve.com).

Sincerely

Harold C. Simmons  
Chairman of the Board and  
Chief Executive Officer of  
NL Industries, Inc.