



**NL INDUSTRIES, INC.**

**THREE LINCOLN CENTRE  
5430 LBJ FREEWAY  
SUITE 1700  
DALLAS, TEXAS 75240-2697**

December 31, 2005

Dear Shareholder:

On February 22, 2005, NL Industries, Inc. (NYSE: NL) declared an increased regular quarterly dividend equal to \$0.25 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 February 18, 2005 of \$45.58 per share. Accordingly, on March 29, 2005, NL distributed to you approximately 0.005 of a share of Kronos Worldwide common stock for every share of NL common stock you held as of the close of business on March 14, 2005, the record date for the distribution. No fractional shares of Kronos Worldwide common stock were distributed. As part of the distribution, all undistributed fractional shares of Kronos Worldwide common stock were aggregated and then sold at the then prevailing market price. If you would have otherwise been entitled to receive a fractional share, your broker should have provided you with your portion of such sale proceeds.

Subsequently in 2005 NL declared and paid quarterly dividends on its common stock of \$0.25 per share in cash on each of June 28, September 28, and December 28, 2005.

*NL has determined that the March 29, 2005 distribution of Kronos Worldwide common stock and the subsequent 2005 quarterly cash dividends should be treated as a return of capital to the extent of your tax basis in your NL shares and to the extent that the distributions exceed your tax basis in your NL shares, such excess should be generally taxable to you as capital gain income for federal income tax purposes.*

The per share value of the March 29, 2005 distribution of Kronos Worldwide common stock is equal to the closing price, as reported on the New York Stock Exchange, for a share of Kronos Worldwide common stock on March 29, 2005, which was \$42.36 per share. ***Your initial per share tax basis for the shares of Kronos Worldwide common stock you received in this distribution is equal to this \$42.36 per share amount.*** Each shareholder who received cash as a result of the sale of fractional shares of Kronos Worldwide common stock is 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 per share tax basis in Kronos Worldwide common stock that is allocable to the fractional share.

You should receive a Form 1099-DIV from your broker that reflects the treatment described in this letter for the March 29, 2005 distribution of Kronos Worldwide common stock and the subsequent 2005 cash dividends. If you received cash in the distribution attributable to the sale of fractional shares, you should receive a Form 1099-B from your broker that includes the proceeds attributable to such sale. *Please consult your tax advisor as to the particular tax consequences to you of the distribution.*

Sincerely

**NL INDUSTRIES, INC.**