



NL INDUSTRIES, INC.

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

February 18, 2011

THIS LETTER SUPERSEDES AND REPLACES THE PRIOR LETTER DATED DECEMBER 31, 2010 REGARDING THE U.S. FEDERAL INCOME TAX TREATMENT OF THE 2010 QUARTERLY DIVIDENDS THAT NL INDUSTRIES, INC. PAID

Dear Shareholder:

In 2010, NL Industries, Inc. (NYSE: NL; CUSIP: 629156 40 7) declared and paid quarterly dividends on its common stock of \$0.125 per share in cash on each of March 25, June 24, September 28 and December 29, 2010.

Based on revisions to NL's preliminary forecast, NL has made a determination that for federal income tax purposes that you should treat:

- **10%** of the aggregate of these 2010 quarterly cash dividends as a *qualified dividend*; and
- **90%** of the aggregate of these 2010 quarterly cash dividends as a non-taxable *return of capital* to the extent of your tax basis in your NL shares and to the extent that these dividends exceed your tax basis in your NL shares, you should generally treat such excess as capital gain income.

This determination as to the treatment of the 2010 cash dividends supersedes and replaces the preliminary determination dated December 31, 2010. You should receive a revised Form 1099 reporting the appropriate tax treatment for these dividends.

PLEASE CONSULT YOUR TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES TO YOU OF THE DISTRIBUTION.

Sincerely

NL INDUSTRIES, INC.