



**NL INDUSTRIES, INC.**

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

January 31, 2007

Dear Shareholder:

In 2006, 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 31, June 28, September 28 and December 27, 2006.

*NL has made a determination that these 2006 quarterly cash dividends should be treated as a 100% of a return of capital to the extent of your tax basis in your NL shares and to the extent that these 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.*

You should receive a Form 1099-DIV that reflects the final determination as to the tax treatment for these 2006 cash dividends. *Please consult your tax advisor as to the particular tax consequences to you of the distribution.*

Sincerely

**NL INDUSTRIES, INC.**