



NL INDUSTRIES, INC.
THREE LINCOLN CENTRE
5430 LBJ FREEWAY
SUITE 1700
DALLAS, TEXAS 75240-2697

December 31, 2007

Dear Shareholder:

In 2007, 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 28, June 27, September 26 and December 26, 2007.

Based on a 2007 forecast and preliminary calculation, NL has made a determination that for federal income tax purposes:

- **40%** of the aggregate of these 2007 quarterly cash dividends should be taxable as a *qualified dividend*; and
- **60%** the aggregate of these 2007 quarterly cash dividends should be treated 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, such excess should be generally taxable to you as capital gain income.

This preliminary determination as to the treatment of the 2007 cash dividends is subject to change. You should receive a 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.