



TELEPHONE: 972.233.1700

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

TELEPHONE FACSIMILE: 972.448.1445

May 10, 2012

Dear Stockholder:

We are pleased to advise you that effective March 15, 2012 our board of directors declared a three-for-one stock split in the form of a stock dividend that was distributed at the close of business on May 10, 2012 to our stockholders of record as of the close of business on May 2, 2012. We declared this stock split to improve trading liquidity for our common stock.

As a result of the split, you now own three times as many shares of our common stock as you previously owned. The total percentage of our outstanding common stock that you own, however, has not changed since every stockholder participated equally in the stock split.

You do not need to take any action as a result of the stock split. If you hold pre-split stock certificates, they are still valid. Do not destroy or return your old stock certificates. If you hold certificates or shares directly in electronic form with Computershare Trust Company, N.A., the transfer agent for our common stock, your additional stock-split shares were distributed to a new or existing account, as applicable, in your name with Computershare without issuing a stock certificate. Shares held directly in electronic form in an account with Computershare maintain all of the rights and privileges of shares represented by a physical certificate without the need to hold the certificate. If you would like to receive a physical certificate, instructions are provided on the attached transaction request form.

If you hold shares of our common stock through a brokerage firm or other nominee, your additional stock-split shares should be automatically posted to your account with your nominee.

Based upon current U.S. federal tax law:

- (1) you will not recognize a gain or loss as a result of the stock split;
- (2) your tax basis for each pre-split share should be allocated among the pre-split share and the additional two shares received as a dividend on the pre-split share based on the fair market value of each on the date of the distribution, which means that the tax basis immediately before the distribution of each pre-split share will be allocated one-third to the pre-split share and one-third to each of the two additional shares received as a dividend on the pre-split share; and
- (3) your holding period for each of the two additional stock-split shares will be the same as your holding period for the pre-split share on which the additional stock-split shares were paid.

The foregoing summary does not purport to be a complete analysis of all potential tax consequences of the stock split. We will post the information return required by §6045B of the Internal Revenue Code of 1986, as amended, on our website no later than June 15, 2012, which return will provide additional information related to the stock split. You are urged to consult your tax advisor to determine the particular tax consequences to you of the stock split, including the applicability and effect of state, local and foreign tax laws.

If you have questions about the stock split, please contact Computershare at:

P.O. Box 43046  
Providence, RI 02940  
(800) 317-2512  
[www.computershare.com](http://www.computershare.com)

Thank you for your investment in Valhi.

Sincerely,

**VALHI, INC.**