



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

December 31, 2008

Dear Stockholder:

During 2008, Valhi, Inc. (NYSE: VHI; CUSIP: 918901 10 0) declared and paid quarterly dividends on its common stock of \$0.10 per share in cash on each of March 31, June 27, September 30 and December 31, 2008 (collectively, the "*Quarterly Cash Dividends*").

*Based on a 2008 forecast and preliminary calculation*, Valhi has made the determination that for federal income tax purposes **74.00%** of the value of your Quarterly Cash Dividends will be taxable to you as a *qualified dividend* and **26.00%** of the value of your Quarterly Cash Dividends should be characterized as a non-taxable *return of capital* to the extent of your tax basis in your Valhi shares. To the extent that the aggregate amount of the return of capital exceeds the tax basis in your Valhi shares, such excess should be generally taxable to you as capital gain income. With respect to the qualified dividends, such dividends could be "extraordinary dividends" for Valhi stockholders that are corporations.

*This preliminary determination as to the treatment of the 2008 dividends may be subject to change.* You should receive a Form 1099 reporting the appropriate tax treatment for these dividends.

***YOU ARE URGED TO CONSULT WITH YOUR TAX ADVISOR AS TO YOUR SPECIFIC TAX TREATMENT OF THE DIVIDENDS.***

Sincerely

**VALHI, INC.**