TITANIUM METALS CORP
Form PRER14A
May 14, 2004

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No. 1)

Filed by the Registrant [X]
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Check the appropriate box:
[X] Preliminary Proxy Statement
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(Name of Registrant as Specified In Its Charter)
TITANIUM METALS CORPORATION

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[Logo]

TITANIUM METALS CORPORATION
1999 Broadway, Suite 4300
Denver, Colorado 80202

May__________, 2004

Dear Stockholder:

You are cordially invited to attend the 2004 Annual Meeting of Stockholders of Titanium Metals Corporation ("TIMET" or the "Company"), which will be held on __________, June ___, 2004, at ______. (local time), at TIMET's corporate offices located at 1999 Broadway, Suite 4300, Denver, Colorado. In addition to matters to be acted on at the meeting, which are described in detail in the attached Notice of Annual Meeting of Stockholders and Proxy Statement, we will update you on the Company. I hope that you will be able to attend.

Whether or not you plan to attend the meeting, please complete, date, sign and return the enclosed proxy card or voting instruction form in the accompanying envelope so that your shares are represented and voted in accordance with your wishes. Your vote, whether given by proxy or in person at the meeting, will be held in confidence by the Inspector of Election for the meeting in accordance with TIMET's By-laws.

Sincerely,

J. Landis Martin
Chairman of the Board,
President and Chief Executive Officer

TITANIUM METALS CORPORATION
1999 Broadway, Suite 4300
Denver, Colorado 80202

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD JUNE ___, 2004

To the Stockholders of Titanium Metals Corporation:

NOTICE IS HEREBY GIVEN that the 2004 Annual Meeting of Stockholders (the "Annual Meeting") of Titanium Metals Corporation, a Delaware corporation ("TIMET" or the "Company"), will be held on __________, June ___, 2004, at _________ (local time), at TIMET's corporate offices located at 1999 Broadway, Suite 4300, Denver, Colorado, for the following purposes:

(1) To elect seven directors to serve until the 2005 Annual Meeting of Stockholders and until their successors are duly elected and qualified;

(2) To consider and vote on the Company's 2004 Senior Executive Cash Incentive Plan;

(3) To consider and vote on an amendment to the Company's Amended and Restated Certificate of Incorporation to increase the number of authorized shares of the Company's capital stock from 10,000,000 shares (9,900,000 shares of common stock, $.01 par value, and 100,000 shares of preferred stock, $.01 par value) to 100,000,000 shares (90,000,000 shares of common stock, $.01 par value, and 10,000,000 shares of preferred stock, $.01 par value);

(4) To consider and vote on an exchange offer pursuant to which the Company would issue shares of newly created Series A Preferred Stock in exchange for the 6.625% Convertible Preferred Securities, Beneficial Unsecured Convertible Securities of TIMET Capital Trust I; and

(5) To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors of the Company set the close of business on April 15, 2004 as the record date (the "Record Date") for the Annual Meeting. Only holders of TIMET's common stock, $.01 par value per share, at the close of business on the Record Date, are entitled to notice of, and to vote at, the Annual Meeting. The stock transfer books of the Company will not be closed following the Record Date. A complete list of stockholders entitled to vote at the Annual Meeting will be available for examination during normal business hours by any TIMET stockholder, for purposes related to the Annual Meeting, for a period of ten days prior to the Annual Meeting, at TIMET's corporate offices located at 1999 Broadway, Suite 4300, Denver, Colorado.

You are cordially invited to attend the Annual Meeting. Whether or not you plan to attend the Annual Meeting in person, please complete, date and sign the accompanying proxy card or voting instruction form and return it promptly in the enclosed envelope to ensure that your shares are represented and voted in accordance with your wishes. You may revoke your proxy by following the procedures set forth in the accompanying Proxy Statement. If you choose, you may still vote in person at the Annual Meeting even though you previously submitted your proxy.

In accordance with the Company's By-laws, your vote, whether given by proxy or in person at the Annual Meeting, will be held in confidence by the Inspector of Election for the Annual Meeting.

By order of the Board of Directors,

Joan H. Prusse
Vice President, General Counsel and Secretary

Denver, Colorado
May ___, 2004

TITANIUM METALS CORPORATION
1999 Broadway, Suite 4300
Denver, Colorado 80202

PROXY STATEMENT

GENERAL INFORMATION

This Proxy Statement and the accompanying proxy card or voting instruction form are being furnished in connection with the solicitation of proxies by and on behalf of the Board of Directors (referred to herein as the "Board of Directors") of Titanium Metals Corporation, a Delaware corporation (referred to herein as "TIMET" or the "Company"), for use at the 2004 Annual Meeting of Stockholders of the Company to be held on _________, June ___, 2004, at _________ (local time), at TIMET's corporate offices located at 1999 Broadway, Suite 4300, Denver, Colorado, and at any adjournment or postponement thereof (referred to herein as the "Annual Meeting"). This Proxy Statement and the accompanying proxy card or voting instruction form will first be mailed to the holders of TIMET's common stock, $.01 par value per share (referred to herein as "TIMET Common Stock"), on or about May ___, 2004.

PURPOSE OF THE ANNUAL MEETING

Stockholders of the Company represented at the Annual Meeting will consider and vote upon (i) the election of seven directors to serve until the 2005 Annual Meeting of Stockholders of the Company and until their successors are duly elected and qualified (See Proposal I); (ii) the Company's 2004 Senior Executive Cash Incentive Plan (See Proposal II); (iii) an amendment (referred to herein as "Certificate of Incorporation Amendment") to the Company's Amended and Restated Certificate of Incorporation to increase the number of authorized shares of the Company's capital stock from 10,000,000 shares (9,900,000 shares of common stock, $.01 par value, and 100,000 shares of preferred stock, $.01 par value) to 100,000,000 shares (90,000,000 shares of common stock, $.01 par value, and 10,000,000 shares of preferred stock, $.01 par value) (See Proposal III); (iv) an exchange offer (referred to herein as the "Exchange Offer") pursuant to which the Company would issue shares of newly created Series A Convertible Preferred Stock (referred to herein as "Series A Preferred Stock") in exchange for the 6.625% Convertible Preferred Securities, Beneficial Unsecured Convertible Securities (referred to herein as "BUCS") of TIMET Capital Trust I (referred to herein as the "Capital Trust") (See Proposal IV); and (v) such other business as may properly come before the Annual Meeting.

VOTING RIGHTS AND QUORUM

The presence, in person or by proxy, of the holders of a majority of the shares of TIMET Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum for the conduct of business at the Annual Meeting. Under applicable rules of the New York Stock Exchange (referred to herein as the "NYSE") and Securities and Exchange Commission (referred to herein as the "SEC"), brokers or other nominees holding shares of record on behalf of a client who is the actual beneficial owner of such shares are authorized to vote on certain routine matters without receiving instructions from the beneficial owner of the shares. If a broker/nominee who is entitled to vote on a routine matter does not vote such shares, such shares are referred to herein as "broker/nominee non-votes." Shares of TIMET Common Stock that are voted to abstain from any business coming before the Annual Meeting and broker/nominee non-votes will be counted as being in attendance at the Annual Meeting for purposes of determining whether a quorum is present.

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At the Annual Meeting, directors of the Company will be elected by a plurality of the affirmative vote of the outstanding shares of TIMET Common Stock present (in person or by proxy) and entitled to vote. The accompanying proxy card or voting instruction form provides space for a stockholder to withhold authority to vote for any or all nominees for the Board of Directors. Neither shares as to which authority to vote on the election of directors has been withheld nor broker/nominee non-votes will be counted as affirmative votes to elect nominees for the Board of Directors. However, since director nominees need only receive the vote of a plurality of the shares represented (in person or by proxy) at the Annual Meeting and entitled to vote, a vote withheld from a particular nominee will not affect the election of such nominee.

Approval of the 2004 Senior Executive Cash Incentive Plan, the Certificate of Incorporation Amendment and the Exchange Offer will require the affirmative vote of a majority of the shares represented at the Annual Meeting (in person or by proxy) and entitled to vote. Except as otherwise required by the Company's Amended and Restated Certificate of Incorporation, any other matter that may be submitted to a stockholder vote will also require the affirmative vote of a majority of the shares represented at the Annual Meeting (in person or by proxy) and entitled to vote. Shares of TIMET Common Stock that are voted to abstain from any business coming before the Annual Meeting and broker/nominee non-votes will not be counted as votes for or against the approval of the 2004 Senior Executive Cash Incentive Plan, the Certificate of Incorporation Amendment, the Exchange Offer or any other matter that may properly come before the Annual Meeting.

American Stock Transfer and Trust Company (referred to herein as "AST"), the transfer agent and registrar for TIMET Common Stock, has been appointed by the Board of Directors to receive proxies and ballots, ascertain the number of shares represented, tabulate the vote and serve as Inspector of Election at the Annual Meeting. All proxies and ballots delivered to AST will be kept confidential by AST in accordance with the Company's By-laws.

The record date set by the Board of Directors for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting was the close of business on April 15, 2004 (referred to herein as the "Record Date"). Only holders of shares of TIMET Common Stock at the close of business on the Record Date are entitled to vote at the Annual Meeting. As of the Record Date, there were 3,179,942 shares of TIMET Common Stock issued and outstanding, each of which will be entitled to one vote on each matter that comes before the Annual Meeting. See "Interests of Certain Persons" below.

On February 4, 2003, the stockholders of TIMET approved a one-for-ten reverse split of the TIMET Common Stock. The reverse stock split was effective at 5:00 p.m. E.S.T. on February 14, 2003, at which time each ten shares of TIMET Common Stock outstanding immediately prior to the reverse stock split were combined into one share of TIMET Common Stock immediately after the reverse stock split. All of the share numbers for TIMET Common Stock in this Proxy Statement reflect this one-for-ten reverse split, even if the date as to which such share number speaks to was prior to the effective date of the reverse stock split.

Prior to February 7, 2003, Tremont Corporation (referred to herein as "Tremont Corporation") held approximately 39.7% of the shares of TIMET Common Stock outstanding. On February 7, 2003, Valhi, Inc. (referred to herein as "Valhi") completed a merger with Tremont Corporation whereby, in a series of transactions, Tremont Corporation was merged into Tremont LLC (referred to herein as "Tremont LLC"), a wholly owned subsidiary of Valhi, Inc. For ease of reference, this series of transactions is called the Tremont Merger throughout this Proxy Statement.

INTERESTS OF CERTAIN PERSONS

Our principal stockholders and some of the TIMET's directors and officers have interests in the Exchange Offer that are different from, or in addition to, or that might conflict with, the interests of the holders of TIMET's securities. These conflicts include the following.

- As of the Record Date, Harold C. Simmons may be deemed to beneficially own 1,614,700 BUCS, representing approximately 40.1% of the outstanding BUCS. This is comprised of 1,600,000 BUCS directly owned by Mr. Simmons' spouse and 14,700 BUCS directly owned by Valhi. Mr. Simmons' spouse and Valhi have indicated that they intend to tender these BUCS in the Exchange Offer. Assuming that these BUCS are so tendered, and depending upon how many other BUCS are tendered, upon the consummation of the Exchange Offer, Mr. Simmons could be deemed to beneficially own at least a majority of the outstanding shares of Series A Preferred Stock. In such a case, Mr. Simmons would control the voting rights of the holders of the Series A Preferred Stock with respect to the election of an additional director in the event that dividends on the Series A Preferred Stock are in arrears for 12 quarterly periods. In addition, the affirmative vote of holders of at least two-thirds of the outstanding shares of Series A Preferred Stock is required to approve certain transactions that may adversely affect such holders. If Mr. Simmons could be deemed to beneficially own in excess of two-thirds of the outstanding shares of Series A Preferred Stock, he would also control the voting rights of the holders of the Series A Preferred Stock with respect to these matters, thereby limiting the value or importance of the voting rights associated with the Series A Preferred Stock.

- As of the Record Date, Valhi and a wholly owned subsidiary of Valhi, Tremont LLC, owned approximately 40.8% of the outstanding TIMET Common Stock, and The Combined Master Retirement Trust (referred to herein as the "CMRT"), a trust formed by Valhi to permit the collective investment by trusts that maintain the assets of certain employee benefit plans adopted by Valhi and certain related companies, owned an additional 8.4% of the outstanding TIMET Common Stock. TIMET's U.S. defined benefit pension plan began investing in the CMRT in the second quarter of 2003; however, the plan invests only in a portion of the CMRT that does not hold TIMET Common Stock. Mr. Simmons' spouse and Valhi have indicated that they intend to tender the BUCS held by them in the Exchange Offer. Assuming the conversion of only the BUCS that Valhi and Mr. Simmons own or may be deemed to beneficially own, Mr. Simmons may be deemed to beneficially own approximately 52.6% of the outstanding shares of TIMET Common Stock.

- Mr. Simmons is the Chairman of the Board of Contran Corporation (referred to herein as "Contran") and Valhi. Substantially, all of Contran's outstanding voting stock is held by trusts established for the benefit of certain children and grandchildren of Mr. Simmons, of which Mr. Simmons is the sole trustee, or is held by Mr. Simmons or persons or other entities related to Mr. Simmons. Mr. Simmons may be deemed to control each of Contran, Valhi and TIMET. Mr. Simmons disclaims beneficial ownership of all shares of TIMET Common Stock.

- As of the Record Date, J. Landis Martin, TIMET's Chairman of the Board, President and Chief Executive Officer, beneficially owned 113,000 BUCS, representing 2.8% of the outstanding BUCS. Mr. Martin has indicated that he intends to tender these BUCS in the Exchange Offer. Assuming the conversion of only the BUCS that Mr. Martin beneficially owns and the exercise of all of his exercisable stock options, Mr. Martin may be deemed to beneficially own approximately 4.6% of the outstanding shares of TIMET Common Stock, as of the Record Date.

o Glenn R. Simmons, the brother of Harold C. Simmons, is Vice Chairman of the Board of each of Contran and Valhi and is also a director of TIMET. Steven L. Watson is President and a director of

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Contran and is also President, Chief Executive Officer and a director of Valhi and a director of TIMET. Messrs. Simmons and Watson owe fiduciary duties to these other entities and their security holders and these duties may conflict with the fiduciary duties they owe to TIMET and the holders of TIMET Common Stock. As a director of Valhi, each of Messrs. Simmons and Watson may be deemed to beneficially own the 35,200 shares of TIMET Common Stock and the 14,700 BUCS owned by Valhi, although each disclaims beneficial ownership of such securities.

o AS OF THE RECORD DATE, TREMONT LLC, VALHI, THE CMRT, MR. SIMMONS' SPOUSE AND A TRUST RELATED TO HAROLD C. SIMMONS HELD, IN THE AGGREGATE, APPROXIMATELY 49.3% OF THE OUTSTANDING SHARES OF TIMET COMMON STOCK ENTITLED TO VOTE AT THE ANNUAL MEETING, AND J. LANDIS MARTIN, TIMET'S CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AND ENTITIES OR PERSONS RELATED TO MR. MARTIN HELD, IN THE AGGREGATE, 3.5% OF THE OUTSTANDING SHARES OF TIMET COMMON STOCK ENTITLED TO VOTE AT THE ANNUAL MEETING. TREMONT LLC AND RELATED ENTITIES, AND MR. MARTIN AND RELATED ENTITIES OR PERSONS, HAVE INDICATED THAT THEY INTEND TO HAVE SUCH SHARES REPRESENTED AT THE ANNUAL MEETING AND TO VOTE SUCH SHARES "FOR" THE ELECTION OF ALL OF THE NOMINEES FOR DIRECTOR SET FORTH IN THIS PROXY STATEMENT, "FOR" THE APPROVAL OF THE 2004 SENIOR EXECUTIVE CASH INCENTIVE PLAN, "FOR" THE CERTIFICATE OF INCORPORATION AMENDMENT AND "FOR" THE EXCHANGE OFFER. THEREFORE, IF ALL OF SUCH SHARES ARE VOTED AS INDICATED, ALL OF THE DIRECTOR NOMINEES WILL BE ELECTED AND ALL OF THE PROPOSALS WILL BE APPROVED.

Circumstances may exist in which the interest of these persons and those of the other holders of the BUCS, the Series A Preferred Stock or the TIMET Common Stock could be in conflict and in which decisions by these persons could adversely affect the holders of such securities.

PROXY SOLICITATION

This proxy solicitation is being made by and on behalf of the Board of Directors of the Company. The Company will pay all expenses of this proxy solicitation, including charges for preparing, printing, assembling and distributing all materials delivered to stockholders. In addition to solicitation by mail, directors, officers and regular employees of the Company may solicit proxies by telephone or personal contact for which such persons will receive no additional compensation. Upon request, the Company will reimburse banking institutions, brokerage firms, custodians, trustees, nominees and fiduciaries for their reasonable out-of-pocket expenses incurred in distributing proxy materials and voting instructions to the beneficial owners of TIMET Common Stock held of record by such entities.

All shares of TIMET Common Stock represented by properly executed proxies will, unless such proxies have previously been revoked, be voted in accordance with the instructions indicated in such proxies. If no instructions are indicated, such shares will be voted (a) "FOR" the election of each of the seven nominees set forth below as directors and (b) to the extent allowed by federal securities laws, in the discretion of the proxy holders on any other matter that may properly come before the Annual Meeting. Each holder of record of TIMET Common Stock giving the proxy enclosed with this Proxy Statement may revoke it at any time, prior to the voting thereof at the Annual Meeting, by (i) delivering to AST a written revocation of the proxy, (ii) delivering to AST a duly executed proxy bearing a later date, or (iii) voting in person at the Annual Meeting.

Attendance by a stockholder at the Annual Meeting will not in itself constitute the revocation of a proxy previously given.

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PROPOSAL I
ELECTION OF DIRECTORS

The By-laws of the Company currently provide that the Board of Directors shall consist of a minimum of three and a maximum of seventeen persons, as determined from time to time by the Board of Directors in its discretion. The number of directors is currently set at seven. The seven directors elected at the Annual Meeting will hold office until the 2005 Annual Meeting of Stockholders of the Company and until their successors are duly elected and qualified.

All of the nominees are currently directors of TIMET whose terms will expire at the Annual Meeting and who were nominated to stand for re-election to the Board by the unanimous vote of the full Board of Directors. All nominees have agreed to serve if elected. If any nominee is not available for election at the Annual Meeting, the proxy will be voted for an alternate nominee to be selected by the Board of Directors, unless the stockholder executing such proxy withholds authority to vote for the election of directors. The Board of Directors believes that all of its present nominees will be available for election at the Annual Meeting and will serve if elected.

The Board of Directors recommends a vote "FOR" each of the nominees identified below.

Nominees for Director
The following information has been provided by each respective nominee for election to the Board of Directors.

Norman N. Green, 69, has been a director of TIMET since 2002. In 1997, Mr. Green became an original director and one of the principal investors in Sage Telecom, a private, full service local and long distance telecommunications company operating in several southern states. Prior to this, Mr. Green was active in commercial real estate investment, development and management for over 40 years. Until 1995, Mr. Green was Chairman and sole owner of Stewart, Green Properties Ltd., which owned a group of private companies specializing in the development and management of major shopping centers in Canada and the U.S., operating approximately 5 million square feet of commercial real estate. From 1979 until 1990, Mr. Green was a co-owner of the Atlanta Flames, a National Hockey League franchise (the team later became the Calgary Flames). From 1990 until 1996, Mr. Green was the sole owner of the Minnesota North Stars (the team later became the Dallas Stars). He continues to serve as a consultant to the Dallas Stars organization. Teams owned by Mr. Green went to the Stanley Cup Finals several times during Mr. Green's tenure and won the Stanley Cup Championships in 1989 and 1999. Mr. Green was a member of the National Hockey League Board of Governors from 1979 to 1996, serving on all of its strategic committees. He is a member of the executive committee of the board for the Edwin L. Cox School of Business at Southern Methodist University and has been active in philanthropic and community service activities for over 30 years. Mr. Green is a member of TIMET's Management Development and Compensation Committee (referred to herein as the "Compensation Committee"), the Nominations Committee, and the Pension and Employee Benefits Committee (referred to herein as the "Pension Committee").

Gary C. Hutchison, M.D., 68, has been a director of TIMET since October 2003. Since 1968, Dr. Hutchison has practiced neurological surgery at Presbyterian Hospital in Dallas. Dr. Hutchison is a graduate of the University of Texas Southwestern Medical School in Dallas. He interned at the University of Oklahoma and received his neurosurgical residency training at the University of Texas

Southwestern Medical School and Parkland Memorial Hospital, as well as the National Hospital for Nervous Disease in London, England. Dr. Hutchison has been board certified by the American Board of Neurological Surgery since 1969. Dr. Hutchison has served on various health and medical boards and committees and is currently a member of the Board of Trustees of Texas Health Resources, Inc., Chairman of the Strategic

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Planning and Development Committee of Texas Health Resources, Inc., member of the Governance and Nominating Committee of Texas Health Resources, Inc., Vice Chairman of the Board of Trustees Presbyterian Hospital of Dallas and Associate Clinical Professor of Neurosurgery at the University of Texas Health Science Center in Dallas. Dr. Hutchison serves as Chair of the Compensation Committee, Chair of the Nominations Committee, and a member of the Audit Committee.

J. Landis Martin, 58, has been Chairman of the Board of TIMET since 1987, Chief Executive Officer of TIMET since 1995 and President from 1995 to 1996 and since 2000. Mr. Martin served as Chairman of the Board of Tremont Corporation from 1990, as Chief Executive Officer and a director of Tremont Corporation from 1988 and as President of Tremont Corporation from 1987 (except for a period in 1990), each until the Tremont Merger in 2003. Until his resignation in 2003, Mr. Martin served from 1987 as President and Chief Executive Officer, and from 1986 as a director of NL Industries, Inc. (referred to herein as "NL"), a manufacturer of titanium dioxide pigments. NL may be deemed to be an affiliate of TIMET. Mr. Martin is also a director of Halliburton Company, Apartment Investment and Management Company, and Trico Marine Services Inc. and a director and non-executive chairman of Crown Castle International Corporation.

Albert W. Niemi, Jr., Ph.D., 61, has been a director of TIMET since 2001. Dr. Niemi is the Dean of the Edwin L. Cox School of Business at Southern Methodist University, where he also holds the Tolleson Chair in Business Leadership. Before joining SMU, Dr. Niemi served as Dean of the Terry College of Business at the University of Georgia from 1982 to 1996. Dr. Niemi graduated cum laude from Stonehill College with an A.B. in economics and earned an M.A. and Ph.D. in economics from the University of Connecticut. Dr. Niemi is a member of the Business Accreditation Committee of the American Assembly of Collegiate Schools of Business and has chaired or served as a member on the accreditation review teams to more than 20 universities. Dr. Niemi recently completed a term on the Board of Governors of the American Association of University Administrators and is currently on the Board of Beta Gamma Sigma. Dr. Niemi also serves on the boards of Mayer Electric Supply Company and Bank of Texas, and on the Advisory Board of TXU Dallas. Dr. Niemi is Chair of TIMET's Audit Committee and a member of the Compensation Committee and the Pension Committee.

Glenn R. Simmons, 76, has been a director of TIMET since 1999. Mr. Simmons is Chairman of the Board of Keystone Consolidated Industries, Inc. (referred to herein as "Keystone"), a steel fabricated wire products, industrial wire and carbon steel rod company (Keystone filed a petition under Chapter 11 of the U.S. Bankruptcy Code in 2004), and CompX International Inc. (referred to herein as "CompX"), a manufacturer of ergonomic computer support systems, precision ball bearing slides and security products. CompX is a majority-owned, indirect subsidiary of Valhi. Valhi is a diversified holding company, engaged in the manufacture of titanium dioxide pigments (through its majority interest in Kronos Worldwide, Inc. (referred to herein as "Kronos")) and component products (through its majority interest in CompX) and also engaged in waste management. Since 1987, Mr. Simmons has been Vice Chairman of the Board of Valhi and of Contran, a diversified holding company. Mr. Simmons has been an executive officer and/or director of various companies related to Valhi and Contran since 1969. Mr. Simmons is also a director of NL and Kronos, and served as a director of Tremont Corporation until the Tremont Merger in 2003. Keystone, Valhi, Tremont LLC, Kronos and CompX may be deemed to be affiliates of TIMET. See notes (3) and (12) to Security Ownership of TIMET below. Mr. Simmons is Chair of TIMET's Pension Committee. Mr. Simmons is a brother of Harold C. Simmons.

Steven L. Watson, 53, has been a director of TIMET since 2000. Mr. Watson has been President and a director of Valhi and Contran since 1998 and has served as an executive officer and/or director of Valhi, Contran and various companies related to Valhi and Contran since 1980. Mr. Watson also serves

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on the board of directors of NL, CompX, Kronos and Keystone and served as a director of Tremont Corporation until the Tremont Merger in 2003. See notes (3) and (12) to Security Ownership of TIMET below.

Paul J. Zucconi, 63, has been a director of TIMET since 2002. In 2001, Mr. Zucconi retired after 33 years at KPMG LLP where he was most recently an audit partner. Mr. Zucconi is a member of the American Institute of Certified Public Accountants ("AICPA") and is involved in developing the professional development courses for the AICPA. Mr. Zucconi also serves on the Board of Directors and Audit Committee of Torchmark Corporation, a major life and health insurance company, and the Board of Directors of the National Kidney Foundation of North Texas, Inc. Mr. Zucconi is a member of the Audit Committee.

For information concerning certain transactions to which certain director nominees are parties and other matters, see "Certain Relationships and Transactions" below.

Board Meetings
The Board of Directors held five meetings in 2003. Each of the directors participated in at least 75% of the total number of such meetings and of the committee meetings (for committees on which they served) held during their period of service in 2003. The Board of Directors does not have a formal policy regarding Board members' attendance at the Company's annual meetings. All of TIMET's then-serving Board members attended the 2003 Annual Meeting of Stockholders.

Board Committees
The Board of Directors has established the following standing committees:

Audit Committee. The responsibilities and authority of the Audit Committee include, among other things, providing oversight with respect to the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence and the performance of the Company's internal audit function; retaining the Company's independent auditor, overseeing the external audit function and approving all fees relating to the Company's independent auditor; reviewing with the independent auditor the scope and results of the annual auditing engagement and the system of internal accounting controls, reviewing the Company's Annual Report on Form 10-K, including annual financial statements, reviewing and discussing with management the Company's interim financial statements and directing and supervising special audit inquiries. The Company's Board of Directors has adopted a revised written charter for the Audit Committee, a copy of which is attached as Appendix A to this Proxy Statement and which will be posted on TIMET's website at www.timet.com prior to the 2004 Annual Meeting in accordance with applicable rules and regulations. The current members of the Audit Committee are Dr. Niemi (Chair), Dr. Hutchison, and Mr. Zucconi. Mr. Zucconi is the Audit Committee "financial expert" as such term is defined in Item 401(b) of Regulation S-K. The Company believes that each of the members of the Audit Committee is independent in accordance with applicable rules and regulations. The Audit Committee held 10 meetings in 2003. See "Audit Committee Report" and "Independent Auditor Matters" below.

Management Development and Compensation Committee. The principal responsibilities and authority of the Compensation Committee are to review and approve certain matters involving employee compensation (including executives), including making recommendations to the Board of Directors regarding certain compensation matters involving the Chief Executive Officer, to review and approve grants of stock options, stock appreciation rights and awards of restricted stock under the 1996 Long Term Performance Incentive Plan of Titanium Metals Corporation adopted by the Company and approved by the Company's stockholders (referred to herein as the "TIMET Stock Incentive Plan"), except as otherwise delegated by the Board of Directors, to review and recommend adoption of or revision to compensation plans and employee

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benefit programs, to review and recommend compensation policies and practices and to prepare such compensation committee disclosures as may be required, to review and recommend any executive employment contract, and to provide counsel on key personnel selection, organization strategies and such other matters as the Board of Directors may from time to time direct. The current members of the Compensation Committee are Dr. Hutchison (Chair), Dr. Niemi and Mr. Green. The Company believes that each of the members of the Compensation Committee is independent in accordance with applicable rules and regulations. The Compensation Committee held one meeting and took action by written consent two times in 2003.

Nominations Committee. From January to May 2003, the Company had a Nominations Committee comprised of Mr. Watson (Chair), Dr. Niemi and Mr. Green. From May 2003 until March 2004, the Company had no standing Nominations Committee and the entire Board of Directors performed the duties of the Nominations Committee in that time period. On March 24, 2004, the Board of Directors re-established the Nominations Committee to comply with recently adopted NYSE corporate governance standards. The principal responsibilities and authority of the Nominations Committee are to review and make recommendations to the Board of Directors regarding such matters as the size and composition of the Board of Directors, criteria for director nominations, director candidates, the term of office for directors, and make recommendations to the Board of Directors regarding corporate governance principles, to oversee the evaluation of the Board and of the Company's management and such other related matters as the Board of Directors may request from time to time. The current members of the Nominations Committee are Dr. Hutchison (Chair) and Mr. Green. The Company believes that each of the members of the Nominations Committee is independent in accordance with applicable rules and regulations. The Nominations Committee will consider recommendations by stockholders of the Company with respect to the election of directors if such recommendations are submitted in writing to the Secretary of the Company and received not later than December 31 of the year prior to the next annual meeting of stockholders. The Nominations Committee has not adopted any formal policy regarding minimal qualifications of recommended nominees, but considers the criteria approved by the Board of Directors from time to time. A copy of the Nominations Committee charter will be posted on TIMET's website at www.timet.com prior to the 2004 Annual Meeting in accordance with applicable rules and regulations. The Nominations Committee held one meeting in 2003.

Pension and Employee Benefits Committee. The Pension Committee is established to oversee the administration of the Company's pension and employee benefit plans other than the TIMET Stock Incentive Plan. The Pension Committee is currently composed of Mr. Simmons (Chair), Mr. Green and Dr. Niemi. The Pension Committee held no meetings and took action by written consent four times during 2003.

Members of the standing committees will be appointed at the meeting of the Board of Directors immediately following the Annual Meeting. The Board of Directors has previously established, and from time to time may establish, other committees to assist it in the discharge of its responsibilities. The Company will post the charters for each of its committees on its website www.timet.com prior to the 2004 Annual Meeting in accordance with applicable rules and regulations. Security holders of the Company may send communications to the Board of Directors by mailing such communications to: Titanium Metals Corporation, 1999 Broadway, Suite 4300, Denver, CO 80202, Attention: Board of Directors. The Company's management will forward all stockholder communications requiring the attention of the Board of Directors to the Board members or the relevant Board committee members.

Compensation of Directors

Under the compensation plan for non-employee directors adopted by the Company and by the Company's stockholders (referred to herein as the "Director Compensation Plan"), effective May 20, 2003, directors of

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the Company who are not employees of the Company receive an annual cash retainer of $20,000, paid in quarterly installments, plus an annual cash retainer of $2,000, paid in quarterly installments, for each committee a member serves upon. Directors also receive an annual stock retainer ranging between 500 shares (if the closing price of TIMET Common Stock on the date of the grant is above $20 per share) and 2,000 shares (if the closing price is less than $5 per share). In addition, non-employee directors receive an attendance fee of $1,000 per day for meeting attendance. Directors are also reimbursed for reasonable expenses incurred in attending Board of Directors' and committee meetings. Prior May 20, 2003, directors of the Company who were not employees of the Company received a retainer at an annual rate of $15,000 in cash plus 100 shares of TIMET Common Stock. In addition, non-employee directors received an attendance fee of $1,000 per meeting for each meeting of the Board of Directors or a committee of the Board of Directors attended in person ($350 for telephonic participation). Committee chairs received an additional attendance fee of $1,000 for each committee meeting attended in person ($350 for telephonic participation). Directors were also reimbursed for reasonable expenses incurred in attending Board of Directors' and committee meetings.

EXECUTIVE OFFICERS

Set forth below is certain information relating to the current executive officers of the Company. Biographical information with respect to J. Landis Martin is set forth under "Election of Directors" above. See also "Certain Relationships and Transactions" below.

Name	Age	Position(s)
J. Landis Martin	58	Chairman of the Board, President
Christian Leonhard	58	Chief Operating Officer - Europe
Robert E. Musgraves	49	Chief Operating Officer - North Ame

Christian Leonhard, 58, served as Executive Vice President-Operations of TIMET from 2000 to 2002 when he became Chief Operating Officer - Europe. Mr. Leonhard joined TIMET in 1988 as General Manager of TIMET France. He was promoted to President of TIMET Savoie S.A. (referred to herein as "TIMET Savoie") in 1996 and President of European Operations in 1997.

Robert E. Musgraves, 49, has served as Chief Operating Officer - North America since 2002. Mr. Musgraves served as Executive Vice President of TIMET from 2000 to 2002 and served as General Counsel from 1990 to 2002. Mr. Musgraves was Vice President from 1990 to 2000 and Secretary of TIMET from 1991 to 2000. Mr. Musgraves also served as General Counsel and Secretary of Tremont Corporation from 1993 and as Vice President of Tremont Corporation from 1994 until the Tremont Merger in 2003.

SECURITY OWNERSHIP

Ownership of TIMET Common Stock

The following table and accompanying notes set forth, as of the Record Date, the beneficial ownership, as defined by the regulations of the SEC, of TIMET Common Stock held by (i) each person or group of persons known to TIMET to beneficially own more than 5% of the outstanding shares of any class of TIMET's securities (including TIMET Common Stock), (ii) each director or nominee for director of TIMET, (iii) each executive officer of TIMET listed in the Summary Compensation Table below who is not a director or nominee for

director of TIMET and (iv) all executive officers and directors and nominees for director of TIMET as a group. See notes (3) and (12) following the table immediately below for information concerning individuals and entities that may be deemed to indirectly beneficially own those shares of TIMET Common Stock directly beneficially owned by Tremont LLC, the Combined Master Retirement Trust and Annette Simmons, the spouse of Harold C. Simmons. All information has been taken from or is based upon ownership filings made by such persons with the SEC or upon information provided by such persons to TIMET.

Ownership of TIMET Common Stock

	TIMET Common Stock	
Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent Class (
Greater than 5% Stockholders		
Harold C. Simmons(3)(4)		
Tremont LLC (3)	1,261,850	39
The Combined Master Retirement Trust(3)	266,812	8
Annette C. Simmons(3)(4)	214,240	6
Valhi, Inc. (3)	37,168	1
Annette Simmons' Grandchildren's Trust(4)	4,760	
Total(3)(4)	1,784,830	52

Royce & Associates, LLC (5)	229,329	7
Dimensional Fund Advisors Inc. (6)	202,100	6
State Street Research & Management Company (7)	174,179	5
Directors and Nominees		
Norman N. Green (8)	1,100	
Dr. Gary C. Hutchison	500	
J. Landis Martin (9)	175,771	5
Dr. Albert W. Niemi, Jr. (10)	1,700	
Glenn R. Simmons (3)(11)(12)	1,000	
Steven L. Watson (3) (12)(13)	3,050	
Paul J. Zucconi(14)	1,100	
Other Executive Officers		
Christian Leonhard (15)	4,800	
Robert E. Musgraves (16)	11,695	
All Directors and Nominees and Executive Officers of the Company as a group (9 persons) (3)(7)(8)(9)(10)(11)(12)(13)(14)(15)(16)(17)	200,716	6

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(1) All beneficial ownership is sole and direct unless otherwise noted.

(2) No percent of class is shown for holdings of less than 1%. For purposes of calculating individual and group percentages, the number of shares treated as outstanding for each individual includes stock options exercisable by such individual (or all individuals included in the group) within 60

days of the Record Date and shares each individual may acquire by conversion of convertible securities.

(3) Tremont LLC, the CMRT, Mrs. Harold C. Simmons and Valhi are the direct holders of approximately 39.7%, 8.4%, 6.3% and 1.2%, respectively, of the outstanding shares of TIMET Common Stock. Mr. Simmons' spouse and Valhi directly hold 1,600,000 and 14,700 BUCS, respectively, which are convertible into 214,240 and 1,968 shares, respectively, of TIMET Common Stock. The percentage ownership of TIMET Common Stock shown for Mr. Simmons' spouse and Valhi assumes, in each case, the full conversion of only each such holder's BUCS. BUCS are not entitled to vote on matters submitted to the holders of TIMET Common Stock prior to the conversion of BUCS into shares of TIMET Common Stock.

Substantially all of Contran's outstanding voting stock is held by trusts established for the benefit of certain children and grandchildren of Harold C. Simmons (referred to herein as the "Trusts"), of which Mr. Simmons is the sole trustee, or is held by Mr. Simmons or persons or other entities related to Mr. Simmons. As sole trustee of each of the Trusts, Mr. Simmons has the power to vote and direct the disposition of the shares of Contran stock held by each of the Trusts. Mr. Simmons, however, disclaims beneficial ownership of any shares of Contran stock that the Trusts hold.

Valhi is the direct holder of 100% of the outstanding membership interests of Tremont LLC. Valhi Group, Inc. (referred to herein as "VGI"), National City Lines, Inc. (referred to herein as "National"), Contran, the Harold Simmons Foundation, Inc. (referred to herein as the "Foundation"), the Contran Deferred Compensation Trust No. 2 (referred to herein as the "CDCT No. 2") and the CMRT are the direct holders of 77.6%, 9.1%, 3.1%, 0.9%, 0.4% and 0.1%, respectively, of the outstanding shares of Valhi's common stock. National, NOA, Inc. (referred to herein as "NOA") and Dixie Holding Company (referred to herein as "Dixie Holding") are the direct holders of approximately 73.3%, 11.4% and 15.3%, respectively, of the outstanding common stock of VGI. Contran and NOA are the direct holders of approximately 85.7% and 14.3%, respectively, of the outstanding common stock of National. Contran and Southwest Louisiana Land Company, Inc. (referred to herein as "Southwest") are the direct holders of approximately 49.9% and 50.1%, respectively, of the outstanding common stock of NOA. Dixie Rice Agricultural Corporation, Inc. (referred to herein as "Dixie Rice") is the direct holder of 100% of the outstanding common stock of Dixie Holding. Contran is the holder of 100% of the outstanding common stock of Dixie Rice and approximately 88.9% of the outstanding common stock of Southwest.

The CMRT directly holds approximately 8.4% of the outstanding shares of TIMET Common Stock and 0.1% of the outstanding shares of Valhi's common stock. Valhi established the CMRT as a trust to permit the collective investment by master trusts that maintain the assets of certain employee benefit plans Valhi and related companies, including TIMET, adopt. Mr. Simmons is the sole trustee of the CMRT and a member of the trust investment committee for the CMRT. Valhi's board of directors selects the trustee and members of the trust investment committee for the CMRT. Mr. Simmons, Glenn R. Simmons and Steven L. Watson are each members of Valhi's board of directors and participants in one or more of the employee benefit plans that invest through the CMRT. Each such person, however, disclaims beneficial ownership of any shares the CMRT holds, except to the extent, if any, of his individual, vested beneficial interest in the assets the CMRT holds.

The Foundation directly holds approximately 0.9% of the outstanding shares of Valhi's common stock. The Foundation is a tax-exempt foundation organized for charitable purposes. Harold C.

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Simmons is the Chairman of the Board of the Foundation and may be deemed to control the Foundation. Mr. Simmons, however, disclaims beneficial ownership of any shares of Valhi's common stock held by the Foundation.

The CDCT No. 2 directly holds approximately 0.4% of the outstanding shares of Valhi's common stock. U.S. Bank National Association serves as the trustee of the CDCT No. 2. Contran established the CDCT No. 2 as an irrevocable "rabbi trust" to assist Contran in meeting certain deferred compensation obligations that it owes to Harold C. Simmons. If the CDCT No. 2 assets are insufficient to satisfy such obligations, Contran is obligated to satisfy the balance of such obligations as they come due. Pursuant to the terms of the CDCT No. 2, Contran (i) retains the power to vote the shares of Valhi's common stock held directly by the CDCT No. 2, (ii) retains dispositive power over such shares and (iii) may be deemed the indirect beneficial owner of such shares. Mr. Simmons, however, disclaims beneficial ownership of the shares owned, directly or indirectly, by the CDCT No. 2, except to the extent of his interest as a beneficiary of the CDCT No. 2.

Valmont Insurance Company (referred to herein as "Valmont"), NL and a subsidiary of NL directly own 1,000,000 shares, 3,522,967 shares and 1,186,200 shares, respectively, of Valhi's common stock. Valhi is the direct holder of 100% of the outstanding common stock of Valmont. Valhi and Tremont LLC are the direct holders of 62.3% and 21.1%, respectively, of the outstanding shares of common stock of NL. Pursuant to Delaware law, Valhi treats the shares of Valhi's common stock that Valmont, NL and the subsidiary of NL own as treasury stock for voting purposes and for the purposes of this note such shares are not deemed outstanding.

Harold C. Simmons is Chairman of the Board and Chief Executive Officer of NL and Chairman of the Board of Tremont LLC, Valhi, VGI, National, NOA, Dixie Holding, Dixie Rice, Southwest and Contran.

By virtue of the offices held, the stock ownership and his services as trustee, all as described above, (a) Harold C. Simmons may be deemed to control the entities described above and (b) Mr. Simmons and certain of such entities may be deemed to possess indirect beneficial ownership of any shares directly held by certain of such other entities. Mr. Simmons disclaims beneficial ownership of the shares beneficially owned, directly or indirectly, by any of such entities, except to the extent otherwise expressly indicated in this note.

Harold C. Simmons may be deemed to share indirect beneficial ownership of the 1,600,000 BUCS (which are convertible into 214,240 shares of TIMET Common Stock) that Mrs. Simmons directly holds. Mr. Simmons disclaims all such beneficial ownership.

Glenn R. Simmons and Steven L. Watson are directors and/or officers of Tremont LLC, NL, Valhi, VGI, National, NOA, Dixie Holding, Dixie Rice, Southwest and Contran. Each of such persons disclaims beneficial ownership of any shares that any of such entities hold, whether directly or indirectly.

The business address of Tremont LLC, Valhi, VGI, National, NOA, Dixie Holding, Contran, the CMRT, the Foundation and Harold C. Simmons and his spouse is Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697. The business address of Dixie Rice is 600 Pasquiere Street, Gueydan, Louisiana 70542. The business address of Southwest is 402 Canal Street, Houma, Louisiana 70360.

(4) The Annette Simmons' Grandchildren's Trust, for which Harold C. Simmons and his spouse are co-trustees and of which the beneficiaries are the grandchildren of Mrs. Simmons, is the direct holder of 4,760 shares of TIMET Common Stock. Mr. Simmons and his spouse each disclaim beneficial ownership of these shares.

(5) As reported in the Statement on Schedule 13G filed with the SEC dated February 9, 2004. The address of Royce & Associates, LLC is 1414 Avenue of the Americas, New York, NY 10019.

(6) As reported in an Amendment to Statement on Schedule 13G filed with the SEC dated February 6, 2004. The address of Dimensional Fund Advisors Inc. is 1299 Ocean Avenue, 11th Floor, Santa Monica, CA 90401.

(7) As reported in the Statement on Schedule 13G filed with the SEC dated February 17, 2004. The address of State Street Research & Management Company is One Financial Center, 31st Floor, Boston, MA 02111-2690.

(8) The shares of TIMET Common Stock shown as beneficially owned by Norman N. Green include 500 shares that Mr. Green has the right to acquire by the exercise of stock options within 60 days of the Record Date under the Director Compensation Plan.

(9) The shares of TIMET Common Stock shown as beneficially owned by J. Landis

Martin include (i) 50,000 shares that Mr. Martin may acquire upon exercise of stock options within 60 days of the Record Date under the TIMET Stock Incentive Plan (subject to the qualification described in this note below), and (ii) 2,940 shares held by members of Mr. Martin's immediate family, beneficial ownership of which is disclaimed by Mr. Martin. Under the TIMET Stock Incentive Plan a grantee may not exercise out-of-the-money options. Taking this limitation into account, Mr. Martin's total beneficial ownership, as of the Record Date, would be 149,171 shares or 4.6%. Mr. Martin is also the direct holder of 103,000 BUCS and an indirect holder of 10,000 BUCS. See "Ownership of BUCS" below. Such BUCS are convertible into 13,792 and 1,339 shares, respectively, of TIMET Common Stock, which amounts are included in the TIMET Common Stock ownership number shown for Mr. Martin. No other director, nominee for director or executive officer of TIMET is known to hold any BUCS.

(10) The shares of TIMET Common Stock shown as beneficially owned by Albert W. Niemi, Jr. include 1,000 shares that Dr. Niemi has the right to acquire upon the exercise of stock options within 60 days of the Record Date under the Director Compensation Plan.

(11) The shares of TIMET Common Stock shown as beneficially owned by Glenn R. Simmons include 1,000 shares that Mr. Simmons has the right to acquire upon the exercise of stock options within 60 days of the Record Date under the Director Compensation Plan.

(12) Tremont LLC, Valhi and the CMRT each directly holds either TIMET Common Stock or BUCS. Glenn R. Simmons and Steven L. Watson are directors and/or officers of Tremont LLC and Valhi. By virtue of the offices of Tremont LLC and Valhi held by Glenn R. Simmons and Steven L. Watson, each of such persons may be deemed to possess indirect beneficial ownership of the TIMET securities directly held by Tremont LLC and Valhi. However, each of Glenn R. Simmons and Steven L. Watson disclaims beneficial ownership of any TIMET securities that Tremont LLC or Valhi holds, whether directly or indirectly. Valhi's board of directors selects the trustee and members of the trust investment committee for the CMRT. Glenn R. Simmons and Steven L. Watson are each members of Valhi's board of directors and participants in one or more of the employee benefit plans that

invest through the CMRT. Each such person, however, disclaims beneficial ownership of any shares the CMRT holds, except to the extent, if any, of his individual, vested beneficial interest in the assets the CMRT holds.

(13) The shares of TIMET Common Stock shown as beneficially owned by Steven L. Watson include 1,500 shares that Mr. Watson has the right to acquire upon the exercise of stock options within 60 days of the Record Date under the Director Compensation Plan.

(14) The shares of TIMET Common Stock shown as beneficially owned by Paul J. Zucconi include 500 shares that Mr. Zucconi has the right to acquire upon the exercise of stock options within 60 days of the Record Date under the Director Compensation Plan.

(15) The shares of TIMET Common Stock shown as beneficially owned by Christian Leonhard include 2,680 shares that Mr. Leonhard may acquire upon the exercise of stock options within 60 days of the Record Date under the TIMET Stock Incentive Plan.

(16) The shares of TIMET Common Stock shown as beneficially owned by Robert E. Musgraves include (i) 6,660 shares that Mr. Musgraves may acquire upon the

exercise of stock options within 60 days of the Record Date under the TIMET Stock Incentive Plan, (ii) 20 shares held by members of Mr. Musgraves' immediate family, beneficial ownership of which is disclaimed by Mr. Musgraves and (iii) 800 shares of TIMET Common Stock that represent restricted shares under the terms of the TIMET Stock Incentive Plan with respect to which shares Mr. Musgraves has the power to vote and receive dividends. Of the shares of TIMET Common Stock shown as beneficially owned by Mr. Musgraves, 1,440 shares are pledged to TIMET to secure repayment of a loan from TIMET in 1998 used to purchase a portion of such shares. See "Certain Relationships and Transactions--Contractual Relationships--TIMET Executive Stock Ownership Loan Plan" below.

(17) The shares of TIMET Common Stock shown as beneficially owned by "All Directors and Nominees and Executive Officers as a group" include 63,840 shares that members of this group have the right to acquire by the exercise of stock options within 60 days of the Record Date under the TIMET Stock Incentive Plan (subject to the qualification in note (9) above) or the TIMET Director Compensation Plan, 15,131 shares that members of this group have the right to acquire upon the conversion of BUCS and 800 shares of TIMET Common Stock that are restricted shares with respect to which members of the group have the power to vote and receive dividends.

TIMET understands that Tremont LLC and related entities may consider acquiring or disposing of shares of TIMET Common Stock or BUCS through open-market or privately negotiated transactions, depending upon future developments, including, but not limited to, the availability and alternative uses of funds, the performance of TIMET Common Stock or BUCS in the market, an assessment of the business of and prospects for TIMET, financial and stock market conditions and other factors. TIMET may similarly consider such acquisitions of shares of TIMET Common Stock or BUCS and acquisition or disposition of securities issued by related or unrelated parties. As of the Record Date, TIMET, through a wholly owned subsidiary, owned 1,277,710 shares of CompX Class A common stock, representing 24.9% of the total shares of CompX Class A common stock outstanding. TIMET does not, and understands that Tremont LLC also does not, presently intend to engage in any transaction or series of transactions that would result in TIMET Common Stock becoming eligible for termination of registration under the Securities Exchange Act of 1934, as amended (referred to herein as the "Exchange Act") or ceasing to be traded on a national securities exchange.

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Ownership of Valhi Common Stock

By virtue of the share ownership described above, for purposes of the SEC's regulations, Valhi may be deemed to be the parent of TIMET. The following table and accompanying notes set forth the beneficial ownership, as of the Record Date, of Valhi's common stock ($.01 par value per share) held by (i) each director or nominee for director of TIMET, (ii) each executive officer listed in the Summary Compensation Table who is not a director or nominee for director of TIMET and (iii) all executive officers and all directors and nominees for director of TIMET as a group. Except as set forth below and under the heading "Ownership of BUCS" below, no securities of TIMET's subsidiaries or less than majority owned affiliates are beneficially owned by any director, nominee for director or executive officer of TIMET. All information has been taken from or is based upon, ownership filings made by such persons with the SEC or upon information provided by such persons to TIMET.

Ownership of Valhi Common Stock

Valhi Common Stock

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent Class (
Directors and Nominees		
Norman N. Green	-0-	---
Dr. Gary C. Hutchison	-0-	
J. Landis Martin	4	---
Dr. Albert W. Niemi, Jr.	-0-	---
Glenn R. Simmons (3)	13,247	---
Steven L. Watson (4)	117,246	---
Paul J. Zucconi	-0-	---
Other Executive Officers		
Christian Leonhard	-0-	---
Robert E. Musgraves	-0-	---
All Directors and Nominees and Executive Officers of the Company as a group (9 persons) (3)(4)(5)	130,497	---

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(1) All beneficial ownership is sole and direct unless otherwise noted.

(2) No percent of class is shown for holdings of less than 1%. For purposes of calculating individual and group percentages, the number of shares treated as outstanding for each individual includes stock options exercisable by such individual (or all individuals included in the group) within 60 days of the Record Date.

(3) The shares of Valhi's common stock shown as beneficially owned by Glenn R. Simmons include 2,383 shares held in an individual retirement account for Mr. Simmons and 800 shares held in an individual retirement account for Mr. Simmons' spouse. Mr. Simmons disclaims beneficial ownership of the shares held in his spouse's retirement account.

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(4) The shares of Valhi's common stock shown as beneficially owned by Steven L. Watson include 100,000 shares that Mr. Watson has the right to acquire upon the exercise of stock options within 60 days of the Record Date under stock option plans adopted by Valhi and 2,035 shares held in an individual retirement account for Mr. Watson.

(5) The shares of Valhi's common stock shown as beneficially owned by "All Directors and Nominees and Executive Officers of the Company as a group" include 100,000 shares that members of this group have the right to acquire upon the exercise of stock options within 60 days of the Record Date as described in note (4) above.

Ownership of BUCS

The Capital Trust is a statutory business trust formed under the laws of the State of Delaware, all of whose common securities are owned by TIMET. The BUCS represent undivided beneficial interests in the Capital Trust. The Capital Trust exists for the sole purpose of issuing the BUCS and investing in an equivalent amount of 6.625% Convertible Junior Subordinated Debentures due 2026 (referred to herein as the "Subordinated Debentures") of TIMET. The BUCS are convertible, at the option of the holder thereof, into an aggregate of approximately 540,000 shares of TIMET Common Stock at a conversion rate of 0.1339 share of TIMET Common Stock for each BUCS. TIMET has, in effect, fully and unconditionally guaranteed repayment of all amounts due on the BUCS.

The BUCS were issued pursuant to an offering exempt from registration under the Securities Act of 1933, as amended (referred to herein as the "Securities Act"). Pursuant to an agreement with the original purchasers of the BUCS, TIMET has filed a registration statement under the Securities Act to register, among other things, the BUCS, the Subordinated Debentures, the TIMET Common Stock issuable upon the conversion of the BUCS, and certain other shares of TIMET Common Stock that are held by, or may be acquired by, Tremont LLC. See "Certain Relationships and Transactions--Contractual Relationships--Registration Rights" below. Except as set forth in notes (3), (9) and (12) to the table under the heading "Ownership of TIMET Common Stock" above, no director, nominee for director or executive officer of TIMET is known to hold any BUCS.

See also "Proposal IV - Exchange Offer and Issuance of Convertible Preferred Securities."

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EXECUTIVE COMPENSATION

Summary of Cash and Certain Other Compensation of Executive Officers

The following table and accompanying notes set forth certain information regarding the compensation earned, paid or accrued by TIMET to (i) TIMET's Chief Executive Officer and (ii) TIMET's other executive officers serving as executive officers at the end of the last completed fiscal year, in each case for services rendered during each of the fiscal years 2001, 2002 and 2003 (regardless of the year in which actually paid).

SUMMARY COMPENSATION TABLE (1)(2)

Annual Compensation

Name and Principal Position	Year	Salary ($)(3)	Bonus($)(4)	Other Annual Compensation ($) (4)	All Othe Compensation
Executive Officers					
J. Landis Martin Chairman of the Board, Chief Executive Officer and President	2003	250,000	-0-	-0-	20,905
	2002	500,000	-0-	131	19,491
	2001	500,000	1,000,000	-0-	20,493
Christian Leonhard (6)(7) Chief Operating	2003	250,446	-0-	-0-	77,115

Officer-Europe					
	2002	250,000	30,000	-0-	42,948
	2001	250,000	135,000	-0-	47,745
Robert E. Musgraves(6) Chief Operating Officer-North America	2003	225,000	80,000(8)	-0-	15,488
	2002	250,000	110,000	-0-	15,521
	2001	250,000	330,000	-0-	14,941

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(1) Columns required by the regulations of the SEC that would contain no entries have been omitted.

(2) J. Landis Martin and Robert E. Musgraves also served as executive officers of Tremont Corporation for a portion of 2003 prior to the Tremont Merger and during each of 2002 and 2001. The amounts shown as salary and bonus for Mr. Martin and Mr. Musgraves represent the full amount paid by TIMET for services rendered by such persons on behalf of both TIMET and Tremont Corporation during 2003, 2002 and 2001. Pursuant to an intercorporate services agreement, for that portion of 2003 that Mr. Martin and Mr. Musgraves performed services for Tremont Corporation and for each of 2002 and 2001, Tremont Corporation was obligated to reimburse TIMET for a portion (approximately 10% in 2002 and 2001) of the TIMET salary and regular bonus of each of Mr. Martin and Mr. Musgraves, and a proportionate share of applicable estimated fringe benefits and overhead expense for each, as follows:

Year	Martin	Musgraves
2003	$7,500	$ 9,150
2002	$60,000	$33,600
2001	$60,000	$45,600

(3) Effective January 1, 2003, Mr. Martin, Mr. Leonhard and Mr. Musgraves voluntarily reduced their salaries (from $500,000 to $250,000 for Mr. Martin and from $250,000 to $225,000 for Mr. Leonhard and Mr. Musgraves). In February 2004, the Compensation Committee approved a proposal to restore these salaries to their pre-reduction levels after the Company has reported positive quarterly net income for two consecutive quarters commencing in 2004. Following his relocation to Europe in July 2003, Mr. Leonhard was paid in euros at a rate of 236,250 euros per year. The amount included as salary for Mr. Leonhard during this portion of 2003 was converted to dollars at an exchange rate of (euro)1 = $1.17 (the average exchange rate for such period).

(4) Under TIMET's variable incentive compensation plan (referred to herein as the "Employee Cash Incentive Plan"), Mr. Leonhard and Mr. Musgraves are entitled to receive annual awards based upon TIMET's financial performance and the assessed performance of the individual. In 2003, Mr. Leonhard and Mr. Musgraves were each eligible to receive individual performance awards under the Employee Cash Incentive Plan. However, each officer elected to

forego such award because of the existence of a salary freeze applicable to senior-level salaried employees and the unavailability of incentive compensation for such employees. For 2002, Mr. Leonhard and Mr. Musgraves were each awarded $30,000 under the individual performance portion of the Employee Cash Incentive Plan but chose to defer payment of such award (without interest). Under SEC rules, these earned amounts are required to be shown in the "Bonus" column for 2002 even though not actually paid.

The amounts shown in the "Bonus" column for 2001 for Mr. Leonhard and $130,000 of the amount shown in the "Bonus" column for Mr. Musgraves for 2001 were paid pursuant to a special discretionary bonus program approved by the TIMET Board of Directors. This program was applicable to all U.S. and certain European salaried employees.

In lieu of participating in the Employee Cash Incentive Program, Mr. Martin participates in TIMET's Senior Executive Cash Incentive Plan (referred to herein as the "Senior Executive Cash Incentive Plan") which provides for payments based solely upon TIMET's financial performance. No payments were made under this plan to Mr. Martin during 2001, 2002 or 2003. At the Annual Meeting, stockholders are being asked to consider and vote upon a replacement to the Senior Executive Cash Incentive Plan. See "Proposal II-2004 Senior Executive Cash Incentive Plan".

In 2001, the TIMET Board of Directors made one-time bonus awards to a small number of employees (including Mr. Martin and Mr. Musgraves) in recognition of their special efforts in achieving a favorable settlement of certain litigation on behalf of the Company. Of Mr. Martin's award of $1,000,000 (shown in the "Bonus" column for 2001), $550,000 was paid in 2001 and the remainder was paid in 2002 with accrued interest at 7% per annum (the above-market portion of such interest of $131 is reflected in the "All Other Compensation" column for Mr. Martin in 2002). Tremont Corporation also awarded Mr. Martin a $1,000,000 bonus in respect of the same litigation settlement, which amount is not reflected in the Summary Compensation Table. The Tremont Corporation bonus was paid $200,000 in 2002 and $800,000 in 2003, with interest on the unpaid portion at 7% per annum ($71,541 in 2002 and $37,146 in 2003). See note (8) below with respect to Mr. Musgraves' bonus awarded in connection with the same litigation settlement.

(5) Except as otherwise indicated in note (7) below, "All Other Compensation" amounts represent (i) matching contributions made or accrued by TIMET pursuant to the savings feature of TIMET's Retirement Savings Plan (suspended in April 2003), (ii) retirement contributions made or accrued by TIMET pursuant to the Retirement Savings Plan, (iii) life insurance premiums paid by TIMET and (iv) long-term disability insurance premiums paid by TIMET, as follows:

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	Year	Martin	Leonhard	Musgraves
Savings Match ($)	2003	462	-0-	462
	2002	2,468	-0-	2,000
	2001	5,000	-0-	2,530
Retirement Contribution ($)	2003	12,750	-0-	8,325
	2002	10,200	-0-	7,400

	2001	8,670	-0-	6,290
Life Insurance ($)	2003	-0-	2,124	1,600
	2002	-0-	1,620	1,599
	2001	-0-	1,620	1,599
Long-Term Disability Insurance ($)	2003	7,693	4,733	5,101
	2002	6,923	-0-	4,522
	2001	6,823	-0-	4,522

Under the terms of the TIMET universal life insurance plan, Mr. Musgraves is entitled to the cash surrender value of his individual policy. As of the Record Date, the policy for Mr. Musgraves had a cash surrender value of $4,704. Mr. Leonhard's life insurance policy has no cash surrender value.

(6) In 2000, Mr. Musgraves and Mr. Leonhard each received an award of 4,000 shares of restricted TIMET Common Stock. The restrictions lapse as to 20% of such shares on each of the first five anniversaries of such grant date. Any shares as to which restrictions have not lapsed are subject to forfeiture in the event of the termination of the individual's employment with TIMET (for reasons other than death, disability or retirement). Holders of restricted stock are entitled to vote and receive dividends with respect to such shares prior to the date restrictions lapse thereon. As of December 31, 2003, Mr. Musgraves held 1,600 shares of restricted TIMET Common Stock (valued at $84,016 at the $52.51 per share closing price of TIMET Common Stock on such date). In connection with his relocation to Europe in 2003, Mr. Leonhard's remaining unvested grant of restricted stock was cancelled and replaced with a grant of "phantom" restricted stock on identical terms except payable in cash rather than shares of TIMET Common Stock.

(7) The amounts shown as "All Other Compensation" for Mr. Leonhard include $70,258 in 2003, $41,328 in 2002, and $46,125 in 2001 paid to or on behalf of Mr. Leonhard in connection with his foreign assignments (including housing and car allowance, tax equalization payments, relocation costs and income taxes with respect to certain of such payments).

(8) In 2001, the TIMET Board of Directors awarded Mr. Musgraves a bonus of $360,000 in recognition of his special efforts in achieving a favorable settlement of certain litigation on behalf of the Company. Of this amount, $200,000 was paid in 2001 at the time of the award (reflected in the "Bonus" column for 2001). The balance would be earned and payable in two equal installments of $80,000 each in 2002 and 2003, subject to Mr. Musgraves' continued employment with TIMET. One such installment of $80,000 was earned and paid in May 2002 (reflected in the "Bonus" column for 2002), and the other installment was earned in May 2003. However, Mr. Musgraves elected to defer payment of the final installment of $80,000 (without interest). Under

SEC rules, this earned amount is required to be shown in the "Bonus" column for 2003 even though not paid.

Stock Option/SAR Grants in Last Fiscal Year

No stock options or stock appreciation rights (referred to herein as "SARs") were granted under the TIMET Stock Incentive Plan in 2003.

Stock Option Exercises and Holdings
The following table and accompanying notes provide information, with respect to the executive officers of TIMET listed in the "Summary Compensation Table" above, concerning the exercise of TIMET stock options during the last fiscal year and the value of unexercised TIMET stock options held as of December 31, 2003. No SARs have been granted under the TIMET Stock Incentive Plan.

Aggregated Option Exercises in 2003 and 12/31/03 Option Values

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at 12/31/03 (#) Exercisable/ Unexercisable
J. Landis Martin	-0-	-0-	42,780/12,220
Christian Leonhard	-0-	-0-	2,320/360
Robert E. Musgraves	-0-	-0-	6,120/540

Severance Arrangements and Employment Agreements
In 1999, the Company adopted a policy applicable to certain executive officers of the Company, including Mr. Martin, Mr. Musgraves and Mr. Leonhard, providing that the following payments will be made to each such individual in the event his employment is terminated by TIMET without cause (as defined in the policy) or such individual terminates his employment with TIMET for good reason (as defined in the policy): (i) one times such individual's annual TIMET base salary paid in the form of salary continuation, (ii) prorated bonus for the year of termination and (iii) certain other benefits. The base salary for purposes of the executive severance policy would be no less than those salaries in effect for each individual prior to their voluntary reduction in 2003.

Mr. Leonhard may be eligible for benefits under a statutory French indemnity program, pursuant to which he would receive (at his option and in lieu of any benefits under the foregoing executive severance policy) a severance payment equal to one year's salary payable by TIMET Savoie (in addition to any unemployment benefits he might be entitled to receive under the French governmental program).

Mr. Leonhard is party to an Amendment to Employment Contract executed as of November 25, 2003 with TIMET and its affiliate TIMET Savoie. Under this Contract Mr. Leonhard is seconded or assigned by TIMET Savoie to TIMET in the capacity of Director of European Operations and performs duties commensurate with that position. This Contract provides that Mr. Leonhard's annual gross salary is payable at a rate of 236,250 euros, and provides for certain other benefits customary for executives of his position.

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Equity Compensation Plan Information
The following table provides information, as of December 31, 2003, with respect to compensation plans and arrangements under which equity securities of TIMET

are authorized for issuance. All of TIMET's current equity compensation plans have been approved by TIMET's common stockholders.

Plan Category	Column (A) Number of Securities to be issued upon exercise of outstanding options, warrants, and rights	Column (B) Weighted-average exercise price of outstanding options, warrants and rights	Column Number of s remaining av future issuan equity compen (excluding reflected i
Equity compensation plans approved by security holders	110,150	$179	174,
Equity compensation plans not approved by security holders	- - -	- - -	- -
Total	110,150	$179	174,

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COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee of the Company's Board of Directors presents the following report on executive compensation.

The Compensation Committee is composed of directors who are neither officers nor employees of the Company, its subsidiaries or affiliates and who are not eligible to participate in any of the employee benefit plans administered by it. The Compensation Committee reviews and recommends compensation policies and is responsible for approving all compensation paid directly by the Company to the Company's executive officers other than compensation matters involving the Chief Executive Officer (the "CEO"). Any action regarding compensation matters involving the CEO is reviewed and approved by the Board after recommendation by the Compensation Committee.

Compensation Program Objectives

The Compensation Committee believes that the Company's primary goal is to increase stockholder value, as measured by dividends paid on and appreciation in the value of the Company's equity securities. It is the Compensation Committee's policy that compensation programs be designed to attract, retain, motivate and reward employees, including executive officers, who can lead the Company in accomplishing this goal. It is also the Compensation Committee's policy that compensation programs tie a large component of cash compensation to the Company's financial results, creating a performance-oriented environment that rewards employees for achieving pre-set financial performance levels and increasing stockholder value, thereby contributing to the long-term success of the Company.

During 2003, the Company's compensation program with respect to its executive officers, including the CEO, consisted of two primary components: base salary and variable compensation based upon Company and, in certain cases, individual performance.

Base Salaries

The Compensation Committee, in consultation with the CEO, reviews base salaries for the executive officers other than the CEO generally no more frequently than annually. The CEO's recommendation and the Compensation Committee's actions regarding base salaries are generally based primarily upon a subjective evaluation of past and potential future individual performance and contributions, changes in individual responsibilities, and alternative opportunities that might be available to the executives in question, as well as compensation data from companies employing executives in positions similar to those whose salaries were being reviewed, as well as market conditions for executives in general with similar skills, background and performance, both inside and outside of the metals industry (including companies contained in the peer group index plotted on the Performance Graph following this report), and other companies with similar financial and business characteristics as the Company or where the executive in question has similar responsibilities. Based upon the condition of the business and the outlook over the next few years, Mr. Leonhard and Mr. Musgraves, the Company's two Chief Operating Officers, voluntarily agreed to reduce their salaries from $250,000 to $225,000 beginning in 2003. Mr. Leonhard's annual compensation rate was modified from $225,000 to 236,250 euros upon his return to Europe in mid-2003. The salaries of Mr. Leonhard and Mr. Musgraves will remain at current levels until the Company reports positive quarterly net income for two consecutive quarters commencing in 2004, at which time those salaries will automatically be restored to pre-reduction levels at the beginning of the next quarter.

Cash Incentive Plans

Awards under TIMET's Employee Cash Incentive Plan represent a significant portion of the potential annual cash compensation to employees of TIMET and consist of a combination of awards based on the financial performance of TIMET and, in some cases, on individual performance. All of the Company's executive officers, other than Mr. Martin, were eligible to receive benefits under the Employee Cash Incentive Plan for 2003.

Potential awards under the Employee Cash Incentive Plan attributable solely to the performance of TIMET in 2003 were based on TIMET's achieving certain pre-set return on equity (ROE) goals, which the Company believes should increase stockholder value over time if they are met. Performance levels are tied to the Company's corporate-wide ROE as follows:

ROE	Performance Level
less than 3%	--
3%-6%	A
6%-12%	B
12%-24%	C
over 24%	D

In 2003, the Company achieved a return on equity of less than 3%, as calculated under the Employee Cash Incentive Plan, resulting in no Company-performance based payout.

Mr. Leonhard and Mr. Musgraves are eligible to receive individual performance awards under the Employee Cash Incentive Plan if each such executive's performance objectives were met during the prior fiscal year. Mr. Leonhard and Mr. Musgraves were eligible for 2003 performance awards under this Plan, based on individual performance without regard to Company performance. However, in light of TIMET's freeze on the salaries of senior-level salaried employees and the unavailability of any incentive compensation for senior-level salaried employees, both executive officers voluntarily elected to forego the awarding and payment of any such award until business conditions improve. Individual performance awards of $30,000 each were made to Mr. Leonhard and Mr. Musgraves for service in 2002 (reflected in the Summary Compensation Table), but each previously agreed to defer payment of those awards (the deferrals bear no interest).

In 1996, the Board established the Senior Executive Cash Incentive Plan, which was approved by the Company's stockholders in 1997. This plan was applicable only to Mr. Martin in 2003. The Senior Executive Cash Inventive Plan provided for payments based solely upon Company performance ranging between 0% for corporate returns on equity of less than 10% up to 150% of base salary for corporate returns on equity at 30% or greater. No payments were made to Mr. Martin for 2003 under this plan based upon the Company's return on equity of less than 10%. In 2004, the Board approved the 2004 Senior Executive Cash Incentive Plan which provides for payments based solely on Company performance ranging between 0% for corporate returns on equity of less than 3% up to 150% of base salary for corporate returns on equity at 30% or greater. This new plan is included in this Proxy Statement for stockholder approval as Proposal II.

Apart from the foregoing plans, the Compensation Committee or the Board may from time to time award such other bonuses as the Compensation Committee or Board deems appropriate from time to time under its general authority or under a separate discretionary plan. In 2001, the Board approved special bonuses of $1,000,000 for Mr. Martin ($550,000 of which was paid in 2001 and $450,000 of which was paid in 2002, together with interest on the unpaid balance) and $360,000 for Mr. Musgraves ($200,000 of which was

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paid in 2001 and $80,000 of which was paid in 2002) relating to the favorable settlement of certain litigation involving the Company. These amounts are reflected in the Summary Compensation Table. Mr. Musgraves voluntarily agreed to defer (without interest) payment of his $80,000 installment that was otherwise earned and payable in 2003.

Long-Term Incentive Compensation

The Compensation Committee recognizes the value of long-term incentive compensation that provides a benefit over an extended period of time. The Compensation Committee has, from time to time, used the TIMET Stock Incentive Plan to provide long-term incentives in the form of grants of stock options and restricted stock. No grants of stock options or restricted stock were made in 2003. In the future, the Compensation Committee may also consider using long-term cash incentives tied to performance or other criteria.

Tax Code Limitation on Executive Compensation Deductions

In 1993, Congress amended the Internal Revenue Code to impose a $1 million deduction limit on compensation paid to the CEO and the four other most highly compensated executive officers of public companies, subject to certain transition rules and exceptions for compensation received pursuant to non-discretionary performance-based plans approved by such company's stockholders. The Company's stockholders previously approved both the TIMET

Stock Incentive Plan and the Senior Executive Cash Incentive Plan in 1997. The limitation on deductibility requires re-approval of only the Senior Executive Cash Incentive Plan every five years. The Compensation Committee believes that payments made pursuant to the TIMET Stock Incentive Plan qualify for exemption from the deductibility limit as "performance-based compensation," but payments made under the Senior Executive Cash Incentive Plan would not at the present time because of the lack of current stockholder approval. Stockholders are being asked to approve the 2004 Senior Executive Cash Incentive Plan at the Annual Meeting. See Proposal II below. Approval of such plan at the Annual Meeting would satisfy the deductibility requirements. The Compensation Committee does not currently believe that any other existing compensation program of the Company could give rise to a deductibility limitation at current executive compensation levels. The Compensation Committee intends to periodically review the compensation plans of the Company to determine whether further action in respect of this limitation is warranted.

Chief Executive Officer Compensation

Based upon the condition of the business and the outlook over the next few years, Mr. Martin voluntarily reduced his salary from $500,000 to $250,000 beginning in 2003. Mr. Martin's salary will remain at current levels until the Company reports positive quarterly net income for two consecutive quarters commencing in 2004, at which time his salary will automatically be restored to its pre-reduction level at the beginning of the next quarter.

The foregoing report on executive compensation has been furnished by the Company's Management Development and Compensation Committee of the Board of Directors.

Management Development and Compensation Committee
Dr. Gary C. Hutchison, Chairman
Norman N. Green
Dr. Albert W. Niemi, Jr.

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PERFORMANCE GRAPH

Set forth below is a line graph comparing, for the period December 31, 1998 through December 31, 2003, the cumulative total stockholder return on TIMET Common Stock against the cumulative total return of (a) the S&P Composite 500 Stock Index and (b) a self-selected peer group, comprised solely of RTI International Metals, Inc. (NYSE: RTI) (formerly RMI Titanium Company), the principal U.S. competitor of TIMET in the titanium metals industry for which meaningful, same-period stockholder return information is available. The graph shows the value at December 31 of each year, assuming an original investment of $100 in each and reinvestment of cash dividends and other distributions to stockholders.

Comparison of Cumulative Return among Titanium Metals Corporation,
S&P Composite 500 Stock Index and Self-Selected Peer Group

[Chart]

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AUDIT COMMITTEE REPORT

The information contained in this report shall not be deemed "soliciting material" or "filed" with the SEC, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent the Company specifically requests that the material be treated as soliciting material or specifically incorporates this report by reference into a document filed under the Securities Act or the Exchange Act.

The Audit Committee of the Company's Board of Directors is comprised of three directors and operates under a written charter adopted by TIMET's Board. All members of the Audit Committee meet the independence standards established by the Board, the NYSE and the Sarbanes-Oxley Act of 2002. The Board adopted revisions to the Audit Committee's charter in February 2004. The revised Audit Committee charter is included as Appendix A to this Proxy Statement and will be posted on TIMET's website at www.timet.com prior to the 2004 Annual Meeting in accordance with applicable rules and regulations.

TIMET's management is responsible for preparing TIMET's consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). TIMET's independent auditor is responsible for auditing TIMET's consolidated financial statements in accordance with GAAP and for expressing an opinion on the conformity of TIMET's financial statements with GAAP. The Audit Committee assists TIMET's Board in fulfilling its responsibility to oversee management's implementation of TIMET's financial reporting process. In its oversight role, the Audit Committee reviewed and discussed the audited financial statements with management and with PricewaterhouseCoopers LLP ("PwC"), TIMET's independent auditor for 2003.

We have met privately with PwC and discussed any issues raised by PwC, including the required matters to be discussed by Statement of Auditing Standards No. 61, Communication With Audit Committee, as amended. PwC has provided to the Audit Committee written disclosures and the letter required by Independence Standards Board No. 1, Independence Discussions with Audit Committees, and the Audit Committee discussed with PwC that firm's independence. The Audit Committee also concluded that PwC's provision of non-audit services to TIMET and its subsidiaries is compatible with PwC's independence.

Based upon the foregoing considerations, the Audit Committee recommended to TIMET's Board that the audited financial statements be included in TIMET's Annual Report on Form 10-K for 2003.

The foregoing report is submitted by members of the Audit Committee of the Board.

Audit Committee
Dr. Albert W. Niemi, Jr., Chairman
Dr. Gary C. Hutchison
Paul J. Zucconi

INDEPENDENT AUDITOR MATTERS

Independent Auditors

PwC served as TIMET's independent auditor for the year ended December 31, 2003 and has been appointed to review TIMET's quarterly unaudited consolidated financial statements to be included in its Quarterly Reports on Form 10-Q for the first three quarters of 2004 and to audit TIMET's annual consolidated financial statements for the year ending December 31, 2004. Representatives of PwC are expected to attend the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Audit Committee Pre-Approval Procedures

The Audit Committee has adopted policies and procedures for pre-approving all work performed by the Company's outside auditor. The Audit Committee requires specific pre-approval prior to the engagement of the outside auditor for the following audit and audit-related services:

- Annual audits of the Company's consolidated financial statements, attestation services associated with TIMET's system of internal control over financial reporting and other services associated with TIMET's Annual Report on Form 10-K;
- Quarterly review procedures associated with the Company's unaudited interim consolidated financial statements and other services associated with the Company's Quarterly Reports on Form 10-Q;
- Services associated with registration statements filed by TIMET with the SEC, including responding to SEC comment letters and providing comfort letters;
- Statutory audits or annual audits of the annual financial statements of subsidiaries of the Company; o Quarterly review procedures of the interim financial statements of subsidiaries of TIMET; o Services associated with potential business acquisitions/dispositions involving the Company; o Any other services provided to TIMET not specifically described above or otherwise pre-approved by the Audit Committee; and
- Any material changes in terms, conditions or fees with respect to the foregoing resulting from changes in audit scope, TIMET structure or other applicable matters.

The Audit Committee must also pre-approve any of the specific types of services included within the following categories of audit, audit-related, tax and international corporate governance services:

- Audit Services:
  - Consultations with TIMET's management as to the accounting and/or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations of the SEC, the Financial Accounting Standards Board (referred to herein as "FASB"), the Public Company Accounting Oversight Board (referred to herein as "PCAOB") or other applicable U.S. or international regulatory or standard-setting bodies; and
  - Assistance with responding to SEC comment letters received by TIMET other than in connection with any registration statement filed with the SEC.
- Audit-Related Services:
  - Consultations with the Company's management as to the accounting and/or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations of the SEC, FASB, PCAOB or other applicable U.S. or international regulatory or standard-setting bodies.
  - Financial statement audits of employee benefit plans of TIMET;

- o Agreed-upon or expanded audit procedures related to the Company's accounting records required to respond to or comply with financial, accounting, legal, regulatory or contractual reporting requirements; and
- o Internal control reviews and assistance with internal control reporting requirements of TIMET (to the extent permitted by applicable rule or regulation).

o Tax Services:

- o Consultations with TIMET's management as to the tax treatment of transactions or events and/or the actual or potential tax impact of final or proposed laws, rules and regulations in U.S. (federal, state and local) and international jurisdictions;
- o Consultations with the Company's management related to compliance with existing or proposed tax laws, rules and regulations in U.S. (federal, state and local) and international jurisdictions;
- o Assistance in the preparation of and review of TIMET's U.S. (federal, state and local) and international income, franchise and other tax returns;
- o Assistance with tax inquiries, audits and appeals of TIMET before the U.S. Internal Revenue Service and similar state, local and international agencies;
- o Consultations with TIMET's management regarding domestic and international statutory, regulatory or administrative tax developments;
- o Transfer pricing and cost segregation studies of the Company; and o Expatriate tax assistance and compliance for TIMET and its employees.

o Other Services:

- o Assistance with corporate governance matters (including preparation of board minutes and resolutions) and assistance with the preparation and filing of documents (such as paperwork to register new companies or to de-register existing companies) involving the Company with non-U.S. governmental and regulatory agencies; provided, however, that the non-U.S. jurisdiction in which such services are provided does not require that the individual providing such service be licensed, admitted or otherwise qualified to practice law.

The Audit Committee reviews service proposals for proposed work to be performed by the outside auditor and, if acceptable to the Audit Committee, would pre-approve those services for a specified fee limit or range. For any general categories of services for which the Audit Committee may determine to pre-approve a specific fee amount or range in the absence of a specific proposal for services, an officer of TIMET is required to report the Company's incurring or payment of such fees to the full Audit Committee at the first meeting of the Audit Committee held subsequent to the engagement of the independent auditor to provide any of those services.

The Audit Committee requires the use of engagement letters prior to the engagement of TIMET's outside auditor for many of the foregoing services. The Audit Committee also prohibits the use of the outside auditor for the non-audit related services described under the terms of the SEC's rules on auditor independence.

Fees Paid to PriceWaterhouseCoopers LLP

The following table shows the aggregate fees PwC has billed or is expected to bill to TIMET and its subsidiaries for services rendered for 2002 and 2003. Of the services shown in the table below, approximately 98% were pre-approved by the Audit Committee (although not pursuant to the previously described pre-approval policies and procedures because those policies and procedures were not adopted until February 2004). The percentage of audit-related services that were not pre-approved by the Audit Committee does not adversely impact PwC's independence from TIMET under applicable regulations.

None of the hours expended by PwC to complete the audit for the last fiscal year were performed by persons other than PwC's full-time, permanent employees.

Type of Fees	2002	2003
Audit Fees (1)	$397,000	$552,000
Audit-Related Fees (2)	5,000	24,600
Tax Fees (3)	64,500	44,300
All Other Fees (4)	-0-	-0-
Total	$466,500	$620,900

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(1) Represents fees for the following services:

(a) audits of TIMET's consolidated year-end financial statements for each year;
(b) reviews of the unaudited quarterly financial statements appearing in TIMET's Forms 10-Q for each of the first three quarters of each year;
(c) consents filed with the SEC;
(d) normally provided statutory or regulatory filings or engagements for each year; and
(e) the estimated out-of-pocket costs PwC incurs in providing all of such services for which TIMET reimburses PwC.

(2) Represents fees for assurance and services reasonably related to the audit or review of TIMET's financial statements for each year. These services may include accounting consultations, attest services concerning financial accounting and reporting standards, audits of employee benefit plans and advice concerning internal controls.

(3) Represents fees for tax compliance, tax advice and tax planning services.

(4) The Company incurred no other fees from PwC in the last two fiscal years for services not described in the other categories.

PROPOSAL II
2004 SENIOR EXECUTIVE CASH INCENTIVE PLAN

General

The Board believes that cash incentive compensation that is based upon the Company's financial results is important both in order to attract and retain high quality employees and also to provide incentives to such employees to maximize the Company's financial performance and thereby increase stockholder value. Consequently, in 1996, the Board established the Senior Executive Cash Incentive Plan which has historically been applicable to a very small number of executive officers of the Company. The stockholders of the Company approved the 1996 Senior Executive Cash Incentive Plan in 1997, which approval was effective through 2002.

In 2004, the Compensation Committee, and subsequently the Board of Directors (excluding Mr. Martin), unanimously approved an amendment to the 1996 Senior Executive Cash Incentive Plan to modify the threshold return on equity level that must be achieved (from 10% to 3%) before incentive compensation is earned under the plan. The Board believed this change was appropriate since no incentive compensation had been payable under the plan since 1998.

In order that payments under the 2004 Senior Executive Cash Incentive Plan qualify as "performance-based compensation" under the Internal Revenue Code (referred to herein as the "Tax Code"), among other criteria, the 2004 Senior Executive Cash Incentive Plan must be approved by stockholders of the Company. The effect of such approval is that annual aggregate compensation amounts paid to eligible plan participants in excess of $1 million would qualify for deductibility by the Company as compensation expense. Consequently, the 2004 Senior Executive Cash Incentive Plan is being presented to stockholders for their consideration at the Annual Meeting.

The following summary of the 2004 Senior Executive Cash Incentive Plan is qualified in its entirety by reference to the full text of the plan, a copy of which is attached to this Proxy Statement as Appendix B.

Summary Description of Plan

The individuals eligible to participate in the 2004 Senior Executive Cash Incentive Plan will be those executive officers of the Company determined by the Compensation Committee from time to time. Currently, only the Company's Chief Executive Officer, J. Landis Martin, is eligible to participate in the 2004 Senior Executive Cash Incentive Plan. The 2004 Senior Executive Cash Incentive Plan provides that participants in such plan are not also eligible to participate in TIMET's Employee Cash Incentive Plan.

The Compensation Committee (or such other committee as is designated by the Board from time to time which consists of two or more independent members who meet the requirements of Section 162(m) of the Tax Code) shall be responsible for administration of the 2004 Senior Executive Cash Incentive Plan. Except as may otherwise be required in the future by Section 162(m) of the Tax Code from time to time, the Compensation Committee, acting in its sole discretion and without the need for any notice, at any time and from time to time, may modify or amend the 2004 Senior Executive Cash Incentive Plan or suspend or terminate such plan in its entirety, except any amendment that changes the material terms of the performance goals (or as otherwise required by Section 162(m) of the Tax Code) will be subject to further approval of the Company's stockholders.

Cash awards under the 2004 Senior Executive Cash Incentive Plan are based solely upon the Company's financial performance in a given fiscal year and not on any individual performance criteria. Under the plan, the financial performance of the Company is determined based upon corporate-wide return on equity (as calculated under the 2004 Senior Executive Cash Incentive Plan). At a return on equity of less than 3%, no

award is payable. At returns on equity of more than 3% and up to 10%, awards range from 10% to 50% of the participant's eligible earnings, with specific awards fully prorated based upon the proportional increase in return on equity from 3% to 10% (e.g., a return on equity of 6.5% results in an award equal to 30% of eligible earnings). At returns on equity of more than 10% and up to 30%, awards range from 50% to 150% of eligible earnings, again with specific awards being fully prorated based upon the proportional increase in return on equity from 10% to 30% (e.g., a return on equity of 25% results in an award equal to 125% of eligible earnings). Awards are capped at 150% of eligible earnings, and no participant may receive performance-based awards under the 2004 Senior Executive Cash Incentive Plan in excess of $2 million annually. The amount that any participant in the 2004 Senior Executive Cash Incentive Plan will receive under the plan is not determinable in advance prior to the completion of the Company's fiscal year and the certification by the Compensation Committee of the actual performance level achieved by the Company for such year.

Within 90 days of the end of each fiscal year, the Compensation Committee determines and certifies the performance level achieved by the Company for such fiscal year. Awards are paid in cash as soon as practicable thereafter. Except in the case of death or disability (as determined under the plan) or except as otherwise determined by the Compensation Committee, a participant must be employed by the Company on the last day of the fiscal year to be eligible to receive any award under the 2004 Senior Executive Cash Incentive Plan with respect to such fiscal year.

Nothing in the 2004 Senior Executive Cash Incentive Plan shall interfere with or limit in any way the right of the Company to terminate or change a participant's employment at any time or confer on any participant any right to continue in the employ of the Company for any period of time or to continue such participant's present or any other rate of compensation. No participant shall have any right to future continued participation in the 2004 Senior Executive Cash Incentive Plan. No right or interest of any participant in the 2004 Senior Executive Cash Incentive Plan shall be assignable or transferable, or subject to any lien, directly, by operation of law or otherwise, including execution, levy, garnishment, attachment, pledge, or bankruptcy.

The affirmative vote of the holders of a majority of the shares of TIMET Common Stock present (in person or by proxy) and entitled to vote at the meeting is necessary to constitute approval of the 2004 Senior Executive Cash Incentive Plan by the stockholders. Persons and entities related to Harold C. Simmons and J. Landis Martin have expressed their intent to vote the shares of TIMET Common Stock that they hold, representing approximately 52.8% of the shares of TIMET Common Stock entitled to vote at the Annual Meeting, in favor of the 2004 Senior Executive Cash Incentive Plan. Therefore, if all of such shares are voted as indicated, the 2004 Senior Executive Cash Incentive Plan will be approved. The Board of Directors recommends a vote FOR the 2004 Senior Executive Cash Incentive Plan.

PROPOSAL III
AMENDMENT TO AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO INCREASE AUTHORIZED SHARES

The Board of Directors is requesting that stockholders authorize the amendment of the Company's Amended and Restated Certificate of Incorporation to increase the number of authorized shares of the Company' s capital stock from 10,000,000 shares (9,900,000 shares of common stock, $.01 par value, and 100,000 shares of preferred stock, $.01 par value) to 100,000,000 shares (90,000,000 shares of common stock, $.01 par value, and 10,000,000 shares of preferred stock, $.01 par value) (referred to herein as the "Certificate of Incorporation Amendment"). One of the purposes of the proposed increase is to permit a five-for-one split of the TIMET Common Stock, to be effected in the form of a stock dividend. Another

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purpose is to facilitate the Exchange Offer, as described in Proposal IV. The Certificate of Incorporation Amendment will also permit the Company additional flexibility to meet future stock needs. The Board of Directors approved the proposed stock split and the Certificate of Incorporation Amendment on March 24, 2004. The Certificate of Incorporation Amendment, in substantially its final form, is attached to this Proxy Statement as Appendix C.

Under Delaware law, in order for the Company to amend its Certificate of Incorporation, the Board of Directors must first approve the amendment. Following approval by the Board of Directors, the stockholders must approve the proposed amendment. Approval of the Certificate of Incorporation Amendment requires the affirmative vote of a majority of the outstanding stock entitled to vote on the Certificate of Incorporation Amendment. Under Delaware law, stockholders are not entitled to dissenter's rights with respect to the proposed Certificate of Incorporation Amendment, and the Company is not independently providing stockholders with any such right.

The Board believes that the proposed five-for-one split in the common stock would result in a market price that should be more attractive to a broader spectrum of investors and improve trading market volume and result in greater liquidity of the TIMET Common Stock and therefore should benefit both the Company and its stockholders.

The increase in the authorized common shares will increase the ratio of authorized but unissued stock to issued stock above the current ratio, thus increasing the Company's flexibility in meeting future stock needs. As of the Record Date, of the 100,000,000 shares of TIMET Common Stock that would be authorized by the Certificate of Incorporation Amendment, 15,899,710 shares would be issued as of the effectiveness of the stock split. In addition, as a result of the stock split, the number of shares issuable under the Company's stock compensation programs and the TIMET Common Stock reserved for conversion of the BUCS will also be adjusted proportionally.

Unless deemed advisable by the Board or otherwise required by law or regulation, no stockholder authorization would be sought for the issuance of authorized but unissued shares. Such shares could be used for general corporate purposes, including future financings or acquisitions. The Board of Directors may consider from time to time offers and plans from third parties, related parties or management that could lead to the issuance of additional shares of authorized but unissued shares of capital stock. Since the ratio of authorized but unissued stock to issued stock will increase, approval of the Certificate of Incorporation Amendment will increase the risk of dilution of current stockholders if the Company were to issue additional shares of the authorized stock.

As of the Record Date, there were 3,179,942 shares of issued and outstanding TIMET Common Stock, excluding 9,000 shares of treasury stock. None of the authorized shares of the Company's preferred stock has been issued as of the Record Date. Neither the common stock nor the preferred stock provides preemptive rights to purchase newly issued shares.

If the proposed Certificate of Incorporation Amendment is approved by stockholders at the Annual Meeting, the Company will file a Certificate of

Amendment to its Amended and Restated Certificate of Incorporation with the Delaware Secretary of State and apply to the NYSE, on which TIMET Common Stock is listed, for the listing of additional shares of TIMET Common Stock to be issued in the stock split. The stock split will become effective on the business day following the later of: (i) the date on which the Certificate of Amendment to the Company's Amended and Restated Certificate of Incorporation is accepted for filing by the Secretary of State of Delaware and (ii) the date on which the supplemental listing application authorizing the listing of the additional shares resulting from the split is approved by the NYSE. This effective date will occur sometime after the Annual Meeting. Holders of record of TIMET Common

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Stock at the close of business on the effective date will be entitled to receive four additional shares of TIMET Common Stock for each share then held.

The stock split would be accomplished by mailing to each stockholder of record, as soon as practicable following the effective date, a certificate or account statement (for those with accounts with our transfer agent, AST) representing the new shares. The new certificate or account statement will represent four additional shares of TIMET Common Stock for each share held as of the close of business on the effective date of the split.

Each currently outstanding stock certificate will continue to represent the same number of shares shown on its face. Current certificates will not be exchanged for new certificates. Do not destroy your current certificates or return them to the Company or its transfer agent.

The Company has been advised by its tax counsel that, under U.S. federal income tax laws the receipt of additional shares of TIMET Common Stock in the stock split will not constitute taxable income to stockholders, the cost or other tax basis to a stockholder of each existing share held immediately prior to the split will be divided equally among the corresponding five shares held immediately after the split, and the holding period for each of the five shares will include the period for which the corresponding existing share was held. The laws of jurisdictions other than the United States may impose income taxes on the receipt by a stockholder of additional shares of TIMET Common Stock resulting from the split. Stockholders are urged to consult their own tax advisors.

The par value per share of TIMET Common Stock will remain unchanged at $.01 per share after the stock split. As a result, on the effective date of the stock split, the stated capital account on our balance sheet attributable to the common stock will be increased proportionally from its present amount, based on the four additional shares to be issued for each share of TIMET Common Stock, and the additional paid-in capital account will be debited with the amount by which the stated capital account is increased. The per share common stock net income or loss and net boo