

KRONOS INTERNATIONAL INC
Form 424B3
July 15, 2005

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Registration No. 333-123680

PROSPECTUS

KRONOS INTERNATIONAL, INC.
Offer to Exchange
All Outstanding
8 7/8% Senior Secured Notes due 2009
euro 90,000,000 Aggregate Principal Amount
Issued on November 26, 2004
for
New 8 7/8% Senior Secured Notes due 2009
euro 90,000,000 Aggregate Principal Amount

We are offering to exchange an aggregate principal amount of up to euro 90,000,000 of our new 8 7/8% senior secured notes due 2009 (the "new notes"), which have been registered under the Securities Act of 1933, for a like amount of our old 8 7/8% senior secured notes due 2009 issued on November 26, 2004 (the "old notes").

- o The exchange offer expires at 12:00 midnight, New York City time, on August 15, 2005, unless we extend it.
- o We previously issued euro 285,000,000 of our 8 7/8% senior secured notes due 2009 ("initial notes"). This exchange offer relates solely to the old notes and does not apply to any of the initial notes.
- o The terms of the new notes to be issued are substantially identical to the terms of the old notes, except for transfer restrictions and registration rights relating to the old notes.
- o No established trading market for the new notes currently exists. We will apply to list the new notes on the Luxembourg Stock exchange in accordance with the rules of the Luxembourg Stock Exchange.
- o You may withdraw tenders of old notes at any time prior to the expiration of the exchange offer.
- o We will not receive any proceeds from the exchange offer.

See "Risk Factors" beginning on page 9 for a discussion of risk factors that you should consider before deciding to exchange your old notes for new notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a

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criminal offense.

The date of this prospectus is July 15, 2005.

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This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. We will provide you without charge, on your request, a copy of any document that is incorporated by reference into this prospectus, other than exhibits to those documents that are not specifically incorporated by reference into those documents, by writing Kronos International, Inc., 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697, Attention: Robert D. Graham, Vice President. To ensure timely delivery, please make your request as soon as practicable and, in any event, no later than five business days prior to the expiration of the exchange offer.

You should rely only on the information provided in this prospectus. We have not authorized anyone to provide you with any different information. The information in this prospectus is current only as of the date on the cover, and our business or financial condition and other information in this prospectus may change after that date.

We accept responsibility for the information contained in this prospectus. To the best of our knowledge, the information we give in this prospectus is in accordance with the facts and contains no omissions likely to affect the import of the Luxembourg Stock Exchange listing particulars.

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NOTICE TO NON-U.S. INVESTORS

This prospectus does not constitute an offer to sell or an invitation to

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subscribe for or purchase any of the new notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and this exchange offer may be restricted by law in certain jurisdictions. Persons into whose possession this prospectus comes are required to inform themselves about and to observe any such restrictions. Each prospective purchaser of the new notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the new notes or possesses or distributes this prospectus. In addition, each prospective purchaser must obtain any consent, approval or permission required under the regulations in force in any jurisdiction to which it is subject or in which it purchases, offers or sells the new notes. We shall have no responsibility for obtaining such consent, approval or permission.

Austria

The new notes may only be offered in the Republic of Austria in compliance with the provisions of the Austrian Capital Markets Act and other laws applicable in the Republic of Austria governing the offer and sale of the new notes in the Republic of Austria. The new notes are not registered or otherwise authorized for public offer either under the Capital Markets Act or the Investment Fund Act. The recipients of this prospectus and other selling material in respect of the new notes have been individually selected and are targeted exclusively on the basis of a private placement. Accordingly, the new notes must not be, and are not being, offered or advertised and no offering or marketing materials relating to the new notes may be made available or distributed in any way which could constitute a public offer under either the Capital Markets Act or the Investment Fund Act (whether presently or in the future). This exchange offer may not be made to any persons other than the recipients of this prospectus.

Belgium

The exchange offer is exclusively conducted under applicable private placement exemptions and is limited to (as amended from time to time): (i) investors required to invest a minimum of euro 250,000 (per investor and per transaction); (ii) institutional investors as defined in Article 3.2 of the Belgian Royal Decree of July 7, 1999 on the public character of financial transactions, acting for their own account; and (iii) persons for which the acquisition of the new notes subject to the exchange offer is necessary to enable them to exercise their professional activity.

Denmark

The new notes have not been offered or sold and may not be offered, sold or delivered, directly or indirectly, in the Kingdom of Denmark, unless in compliance with Chapter 12 of the Danish Executive Order 166 of 13 March 2003 in the First Public Offer of Certain Securities, issued pursuant to the Danish Act on Trading in Securities.

Finland

The new notes are not publicly offered or brought into general circulation in the Republic of Finland other than in compliance with the all applicable provisions of the laws of the Republic of Finland and especially in compliance with the Finnish Securities Markets Act (1989/495) and any regulation made thereunder, as supplemented and amended from time to time.

France

In France, the new notes may not be directly or indirectly offered or sold to the public, and offers and sales of the new notes will only be made in France

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to qualified investors for their own account, in accordance with Articles L411-1 and L411-2 of the Code Monetaire et Financier and Decree no. 98-880, dated October 1, 1998. Accordingly, this prospectus has not been submitted to the Commission des Operations de Bourse. Neither this prospectus nor any other offering material may be distributed to the public or used in connection with any offer for subscription or sale of the new notes to the public in France or offered to any investors other than those (if any) to whom offers and sales of

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the new notes in France may be made as described above and no prospectus (document d'information) shall be prepared and submitted for approval (visa) to the Commission des Operations de Bourse.

Les titres ne peuvent etre offerts ni vendus directement ou indirectement au public en France et l'offre ou la vente de ces titres ne pourra etre proposee qu' des investisseurs qualifies, pour leur proper compte conformement aux Articles L411-1 et L411-2 du Code Montetaire et Financier et au decret no. 98-880 du 1 octobre 1998. Par consequent, ce prospectus n'a pas ete soumis au visa de la Commission des Operations de Bourse et aucun document d'information ne sera prepare ou soumis puor visa la Commission des Operations de Bourse. Ni ce prospectus ni aucun autre document promotionnel ne pourront etre communiquees en France au public ou utilise dans le cadre do l'offre de souscription ou la vente ou l'offre de titres au public ou toute personne autre que les investisseurs (le cas echeant) decrits cidessus auxquels les titres peuvent etre offerts et vendus en France.

Germany

The new notes have not been and will not be publicly offered in Germany and, accordingly, no securities sales prospectus (Verkaufsprospekt) for a public offering of the new notes in Germany in accordance with the Securities Sales Prospectus Act of 13 December 1990, as amended (Wertpapier-Verkaufsprospektgesetz), has been or will be published or circulated in the Federal Republic of Germany. New notes have only been offered and sold and will only be offered and sold in the Federal Republic of Germany in accordance with the provisions of the Securities Sales Prospectus Act and any other laws applicable in the Federal Republic of Germany governing the issue, sale and offering of securities. Any resale of the new notes in the Federal Republic of Germany may only be made in accordance with the provisions of the Securities Sales Prospectus Act and any other laws applicable in the Federal Republic of Germany governing the sale and offering of securities.

Greece

This prospectus and the new notes to which it relates and any other material related thereto may not be advertised, distributed or otherwise made available to the public in Greece. The Greek Capital Market Committee has not authorized any public offering of the subscription of new notes. Accordingly, new notes may not be advertised, distributed or in any way offered or sold in Greece or to residents thereof except as permitted by Greek law.

Ireland

The new notes will not and may not be offered, sold, transferred or delivered, whether directly or indirectly, otherwise and in circumstances which do not constitute an offer to the public within the meaning of the Irish Companies Acts 1963 - 2001 and the new notes will not and may not be the subject of an offer in the Republic of Ireland to which the European Community (Transferable Securities and Stock Exchange) Regulations, 1992 of Ireland will apply. No application form has been issued or will be issued in the Republic of Ireland in respect of the new notes.

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Italy

In Italy, this prospectus has not been submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa ("CONSOB") and the offering of the new notes has not been notified to the Bank of Italy pursuant to Article 129 of the Banking Act; therefore, the new notes may not be offered, exchanged or delivered, nor may copies of this prospectus or of any other document relating to the new notes or the exchange offer be distributed in Italy.

Luxembourg

The new notes may not be directly or indirectly offered or sold to the public in the Grand-Duchy of Luxembourg and neither this prospectus nor any form of application, advertisement or other material in connection therewith may be distributed, published or made otherwise available in the Grand-Duchy of Luxembourg, unless the requirements of Luxembourg law concerning public offerings of securities have first been met. A listing on the Luxembourg Stock Exchange of the new notes does not necessarily imply that a public offering thereof has been authorized.

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Netherlands

The new notes are not and will not be offered in the Netherlands other than to persons who trade or invest in securities in the conduct of their profession or trade (which includes banks, securities intermediaries (including dealers and brokers), insurance companies, pension funds, other institutional investors and commercial enterprises which as an ancillary activity regularly invest in securities).

Portugal

The new notes have not been offered, advertised, sold or delivered and will not be directly or indirectly offered, advertised, sold, re-sold, re-offered or delivered in circumstances which could qualify as a public offer pursuant to the Codigo dos Valores Mobiliarios or in circumstances which could qualify the issue of the new notes as an issue in the Portuguese market to Portuguese residents, and the new notes have not been directly or indirectly distributed and the agreement, any other document, circular, advertisement or any offering material will not be directly or indirectly distributed except in accordance with all applicable laws and regulations. In particular, the new notes will not be offered to more than 200 Portuguese (non-institutional) investors; the notes will not be offered to unidentified addressees, nor will the offer of the new notes be preceded or performed by prospecting or solicitation of investment intentions of unidentified addressees, or with promotional material.

Sweden

A prospectus has not and will not be registered with the Swedish Financial Supervisory Authority. Accordingly, this prospectus may not be made available, nor may the new notes otherwise be marketed and offered for sale, to the public in Sweden under the Financial Instruments Trading Act (1991:980).

Switzerland

This prospectus has been prepared for private information purposes of investors only. It may not be used for and shall not be deemed a public offering of the new notes. No application has been made under Swiss law to publicly market the new notes in or out of Switzerland. Therefore, no public offer of the new notes or public distribution of this prospectus may be made in or out of

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Switzerland. This prospectus is strictly for private use by its holder and may not be passed on to third parties.

United Kingdom

The new notes will only be available for subscription pursuant to this exchange offer to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances that do not, and will not, constitute an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended. This prospectus is being distributed on the basis that each person in the United Kingdom to whom this prospectus is delivered is a person of the kind described in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 (the "FPO") or a high net worth company or unincorporated association or high value trust or other person of a kind described in Article 49(2) of the FPO and, accordingly, by accepting delivery of this prospectus the recipient warrants and acknowledges that it is such a person.

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PROSPECTUS SUMMARY

In this prospectus, "KII," "we," "us" and "our" refer to Kronos International, Inc. and its consolidated subsidiaries except where we expressly state that we are only referring to Kronos International, Inc. As used in this prospectus, "new notes" means our new 8 7/8% senior secured notes due 2009 that are being offered in this exchange offer and "old notes" means our outstanding 8 7/8% senior secured notes due 2009 issued on November 26, 2004. In June 2002, we issued euro 285,000,000 aggregate principal amount of our 8 7/8% senior secured notes due 2009, which were subject to an earlier exchange offer for notes registered under the Securities Act of 1933, as amended (the "Securities Act"), and which we collectively refer to in this prospectus as the "initial notes." In this prospectus, "notes" means the new notes, the old notes and the initial notes, collectively. The following summary contains basic information about us, the new notes and this exchange offer. This prospectus and the exchange offer do not apply to any of the initial notes. It likely does not contain all the information that is important to you. For a more complete understanding of us, the exchange offer and the new notes, we encourage you to read this prospectus in its entirety and the other documents we have referred you to.

The Company

We are a wholly-owned subsidiary of Kronos Worldwide, Inc. ("Kronos"). We conduct Kronos' European value-added titanium dioxide pigments ("TiO2") operations.

Titanium dioxide pigments are inorganic chemical products used for imparting whiteness, brightness and opacity to a diverse range of customer applications and end-use markets, including coatings, plastics, paper and other industrial and consumer "quality-of-life" products. TiO2 is considered a "quality-of-life" product with demand affected by gross domestic product in various regions of the world. TiO2, the largest commercially used whitening pigment by volume, derives its value from its whitening properties and opacifying ability (commonly referred to as hiding power). As a result of TiO2's high refractive index rating, it can provide more hiding power than any other commercially produced white pigment. In addition, TiO2 demonstrates excellent resistance to chemical attack, good thermal stability and resistance to ultraviolet degradation. TiO2 is supplied to customers in either a powder or slurry form.

Per capita consumption of TiO2 in the United States and Western Europe far exceeds that in other areas of the world and these regions are expected to

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continue to be the largest consumers of TiO₂. Significant regions for TiO₂ consumption could emerge in Eastern Europe, the Far East or China as the economies in these regions develop to the point that quality-of-life products, including TiO₂, experience greater demand.

We currently produce over 40 different TiO₂ grades, sold under the Kronos trademark, which provide a variety of performance properties to meet customers' specific requirements. Our major customers include domestic and international paint, plastics and paper manufacturers.

We and our distributors and agents sell and provide technical services for our products to over 4,000 customers in over 100 countries with the majority of sales in Europe. TiO₂ is distributed by rail, truck and ocean carrier in either dry or slurry form. Kronos, KII and our predecessors have produced and marketed TiO₂ in North America and Europe for over 80 years, and Kronos is the only leading TiO₂ producer committed to producing TiO₂ and related products as its sole business. We believe that we have developed considerable expertise and efficiency in the manufacture, sale, shipment and service of our products.

Our total net sales in 2004 were approximately \$808 million. Sales of TiO₂ represented about 90% of our total sales in 2004. Sales of other products, complementary to our TiO₂ business, comprise the following:

- o We operate an ilmenite mine in Norway pursuant to a governmental concession with an unlimited term. Ilmenite is a raw material used directly as a feedstock by some sulfate-process TiO₂ plants, including all of our European sulfate-process plants. The mine has estimated reserves that are expected to last at least 20 years. Ilmenite sales to third parties represented approximately 6% of our consolidated net sales in 2004.
- o We manufacture and sell iron-based chemicals, which are by-products and processed by-products of the TiO₂ pigment production process. These co-product chemicals are marketed through our Ecochem division, and are used primarily as treatment and conditioning agents for industrial effluents and municipal wastewater as well as in the

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manufacture of ore pigments, cement and agricultural products. Sales of iron-based chemical products were about 5% of sales in 2004.

- o We manufacture and sell certain titanium chemical products (titanium oxychloride and titanyl sulfate), which are side-stream products from the production of TiO₂. Titanium oxychloride is used in specialty applications in the formulation of pearlescent pigments, production of electroceramic capacitors for cell phones and other electronic devices. Titanyl sulfate products are used primarily in pearlescent pigments. Sales of these products were about 1% of sales in 2004.

Holding Company Structure

Our assets consist primarily of investments in our operating subsidiaries. A majority of our cash flows are generated by our operating subsidiaries, and our ability to service indebtedness, including our ability to pay the interest on and principal of the notes, depends upon cash dividends and distributions or other transfers we receive from our subsidiaries. None of our operating subsidiaries have guaranteed the repayment of the notes. See "Risk Factors - The notes (including the initial notes) are secured only by the pledge of 65% of the

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stock or other equity interests of certain of our first-tier subsidiaries, and assets of our subsidiaries will first be applied to repay indebtedness and liabilities of our subsidiaries and may not be sufficient to repay the new notes" and "Risk Factors - If our subsidiaries do not make sufficient distributions to us, then we will not be able to make payments on our debt, including the new notes."

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The following chart illustrates our corporate structure as of March 31, 2005. Ownership is 100% unless otherwise indicated.

[Chart goes here, which shows Kronos Worldwide's 100% ownership of each of Kronos Canada, Inc., Kronos Louisiana, Inc. and Kronos International, Inc. The chart also shows each of the subsidiaries of Kronos International, Inc. which are listed on Exhibit 21.1 to this Registration Statement. The chart also discloses (i) the remaining 50% of Louisiana Pigment Company is owned by Huntsman LLC, (ii) Kronos International, Inc. holds 99.27% of the outstanding shares of Societe Industrielle Du Titane, S.A. and the public owns the remaining shares, (iii) Kronos World Services, S.A./N.V. is in liquidation and Kronos Canada Inc. owns 0.001% of Kronos World Services, S.A./N.V., (iv) Kronos Titan GmbH owns two shares out of 543,145 shares of Kronos Europe S.A./N.V. as nominee shareholder for Kronos Denmark ApS and (v) 65% of the stock or other equity interests of Kronos Limited, Societe Industrielle Du Titane, S.A., Kronos Titan GmbH and Kronos Denmark ApS have been pledged to secure the new notes.]

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The Exchange Offer

In the exchange offer, we are offering to exchange your old notes for new notes, which are identical in all material respects to the old notes, except that:

- o the new notes will be registered under the Securities Act of 1933, as amended (the "Securities Act");
- o the new notes will not contain transfer restrictions and registration rights that relate to the old notes; and
- o the new notes will not contain provisions relating to the payment of additional interest to be made to the holders of the old notes under circumstances related to the timing of the exchange offer.

The summary below describes the principal terms of the exchange offer. The "Exchange Offer" section of this prospectus contains a more detailed description of the exchange offer.

Old Notes.....

On November 26, 2004, we completed offering of euro 90,000,000 aggregate amount of 8 7/8% senior secured which we refer to in this prospectus

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Registration Rights Agreement.....	notes. Simultaneously with the sale of we entered into a registration r which provides for the exchange exchange offer satisfies your ri registration rights agreement. exchange offer is over, you will to any exchange or registration respect to your old notes, except circumstances.
The Exchange Offer.....	We are offering to exchange the to euro 90,000,000 aggregate pri senior secured notes due 2009 th registered under the Securities refer to in this prospectus as t You may exchange old notes only multiples of euro 1,000 principa
Expiration of the Exchange Offer.....	The exchange offer will expire a midnight, New York City time, on August 15, 2005, or a later date time to which we may extend it.
Withdrawal.....	You may withdraw your tender of pursuant to the exchange offer a before the expiration of the exc will return any old notes not ac exchange for any reason without promptly after the expiration on the exchange offer.
Conditions to the Exchange Offer.....	The exchange offer is subject to conditions, which we may waive. "The Exchange Offer-Conditions t Offer" for more information rega conditions to the exchange offer
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Acceptance of Old Notes and Delivery of New Notes.....	We will accept and exchange any notes that are validly tendered offer and not withdrawn before t offer expires. The new notes wi promptly following the exchange
Resale of New Notes.....	We believe that the new notes is the exchange offer in exchange f be offered for resale, resold an transferred by you without compl registration and prospectus deli of the Securities Act if:
	<ul style="list-style-type: none"> o you are not our "affili meaning of Rule 405 und Securities Act; o you are acquiring the n ordinary course of your o you have not engaged in to engage in, and have or understanding with a participate in, a distr new notes.

If you are an affiliate of ours, in or intend to engage in, or have an arrangement or understanding with us to participate in, a distribution of the old notes, you must then:

- o you will not be permitted to offer or sell old notes in the exchange offer.
- o you must comply with the requirements of the and prospectus delivery rules under the Securities Act in connection with any resale of the old notes.

Each participating broker-dealer offering new notes for its own account under the exchange offer in exchange for old notes acquired by the broker-dealer as a result of market-making or other trading activity must acknowledge that it will deliver the old notes in connection with any resale of the old notes. See "Plan of Distribution."

Consequences of Failing to Exchange.....

If you are a holder of old notes and do not tender your old notes in the exchange offer, then you will continue to hold your old notes and will be entitled to all the rights and benefits of the old notes, but you will be subject to all the limitations and restrictions of the old notes in the indenture. Your old notes will remain subject to all the restrictions on transfer provided in the indenture for old notes and in the indenture. General and special untendered old notes will remain subject to the Securities Act unless registered under the Securities Act, except pursuant to an exemption from registration. If a transaction not subject to, the Securities Act and applicable state securities laws.

than in connection with the exchange offer. We do not currently anticipate that we will register the old notes under the Securities Act. The trading market for old notes may be adversely affected if some but not all old notes are tendered and accepted in the exchange offer.

Tax Considerations.....

The exchange of old notes for new notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes. See "Tax Considerations" for a more detailed description of the tax consequences of the exchange offer.

Use of Proceeds.....

We will not receive any cash proceeds from the issuance of new notes pursuant to the exchange offer.

Exchange Agent.....

The Bank of New York is the exchange agent for the exchange offer. The address is:

number of the exchange agent are
 "The Exchange Offer-Exchange Age
 in Luxembourg."

The New Notes

The new notes will evidence the same debt as the old notes and the initial notes and will be governed by the same indenture under which the old notes and the initial notes were issued. The summary below describes the principal terms of the new notes. The "Description of the New Notes" section of this prospectus contains a more detailed description of the terms and conditions of the new notes.

Issuer.....	Kronos International, Inc.
Securities Offered.....	euro 90,000,000 principal amount of 8 7/8% senior se previously issued of euro 285,000,000 aggregate prin Senior Secured Notes due 2009, which we refer to in the "initial notes". The new notes and the old note of a single class of securities together with the in
Maturity.....	June 30, 2009.
Interest Rate.....	8 7/8% per year (calculated using a 360-day year).
Interest Payment Dates.....	June 30 and December 30.
Ranking.....	The new notes will rank equally in right of payment the initial notes and with all of our senior debt an of payment to all of our subordinated debt. The new structurally subordinated to the debt and liabilitie subsidiaries. As of March 31, 2005, we had outstand \$169 million of debt and other liabilities that rank of payment with the new notes (which includes \$124 m the initial notes), \$217 million of debt and other l rank senior to the new notes and no debt and other l rank junior to the new notes. Such debt and other l rank senior to the new notes represent debt and othe our subsidiaries, while the debt and other liabiliti equally in right of payment with the new notes repre other liabilities. Also as of March 31, 2005, our s borrow approximately \$91 million under credit facili if borrowed would rank senior to the notes. See "Ca
Security.....	The new notes will be secured by pledges in favor of the new notes or a collateral agent on behalf of the the stock or other equity interests of certain of ou subsidiaries as indicated on the organizational char is the same collateral that secures the old notes an
Sinking Fund.....	None.
Optional Redemption.....	We cannot redeem the new notes until December 30, 20 and thereafter we may redeem some or all of the new redemption prices listed in the "Description of the under the heading "Optional Redemption," plus accrue

We do not currently intend to redeem any notes prior

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Change of Control Offer.....	although we reserve the right to so redeem the notes. If we undergo a change of control, we must give hold the opportunity to sell us their notes at 101% of th plus accrued interest. See "Description of the New at the Option of Holders upon Change of Control. Sh change of control occur, it is possible that we woul sufficient funds at the time of a change of control required repurchase of notes. See "Risk Factors - W ability to raise the funds necessary to finance the offer required by the indenture."
Asset Sale Proceeds.....	If we or our subsidiaries engage in asset sales, we either invest the net cash proceeds from such sales within a period of time, prepay senior debt or make purchase a principal amount of the notes equal to th proceeds. The purchase price of the new notes will principal amount, plus accrued interest. See "Descr Notes - Certain Covenants - Limitation on Asset Sale
Restrictive Covenants.....	The indenture governing the new notes contains coven (and most or all of our subsidiaries') ability to: <ul style="list-style-type: none"> o.....incur additional debt or enter into sale an transactions; o.....pay dividends or distributions on our capit repurchase our capital stock; o.....issue stock of subsidiaries; o.....make certain investments; o.....create liens on our assets to secure debt; o.....enter into transactions with affiliates; o.....merge or consolidate with another company; o.....transfer and sell assets. <p>These covenants are subject to a number of important exceptions.</p>
Market for the New Notes.....	The initial notes are listed on the Luxembourg Stock apply for the new notes to be listed on the Luxembou upon the completion of the exchange offer. The init quoted in the over the counter market in the United provide any assurance as to the liquidity of any mar notes.
Risk Factors.....	Investing in the new notes involves substantial risk Factors" for a description of certain of the risks y before investing in the new notes.

RISK FACTORS

Before you decide to exchange your old notes for new notes, you should carefully consider the following factors in addition to the other information contained in this prospectus. Each of the risks described in this section with respect to the new notes is equally applicable to the old notes.

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Risks Related to the Exchange Offer

You may have difficulty selling the old notes that you do not exchange.

If you do not exchange your old notes for the new notes offered in this exchange offer, then you will continue to be subject to transfer restrictions of your old notes. Those transfer restrictions are described in the indenture governing the new notes and in the legend contained on the old notes, and arose because we originally issued the old notes under exemptions from, and in transactions not subject to, the registration requirements of the Securities Act.

In general, you may offer or sell your old notes only if they are registered under the Securities Act and applicable state securities laws, or if they are offered and sold under an exemption from those requirements. We do not intend to register the old notes under the Securities Act.

If a large number of old notes are exchanged for new notes issued in the exchange offer, then it may be more difficult for you to sell your unexchanged old notes. In addition, if you do not exchange your old notes in the exchange offer, then you will no longer be entitled to have those notes registered under the Securities Act.

See "The Exchange Offer—Consequences of Failing to Exchange Old Notes" for a discussion of the possible consequences of failing to exchange your old notes.

Risks Related to the Notes

Our leverage may impair our financial condition.

We currently have a significant amount of debt. As of March 31, 2005, our total consolidated debt was approximately \$506.3 million, substantially all of which relates to the notes (including the initial notes).

Our level of debt could have important consequences to you, including:

- o making it more difficult for us to satisfy our obligations with respect to the notes;
- o increasing our vulnerability to adverse general economic and industry conditions;
- o requiring that a substantial portion of our cash flow from operations be used for the payment of interest on our debt, therefore reducing our ability to use our cash flow to fund working capital, capital expenditures, acquisitions and general corporate requirements;
- o limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions and general corporate requirements;
- o limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; and
- o placing us at a competitive disadvantage relative to other less leveraged competitors.

Subject to specified limitations, the indenture permits us and our subsidiaries to incur additional debt, including secured debt that may be

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secured by the collateral on a pari passu basis. In addition, as of March 31, 2005, our subsidiaries have unused borrowing availability of approximately \$91 million under our subsidiaries' credit facility, subject to certain tests, all

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of which borrowings are senior, structurally, to the notes and are secured by substantially all of the current assets of such subsidiaries. If new debt is added to our and our subsidiaries' current debt levels, then the related risks that we and they now face could intensify.

The notes (including the initial notes) are secured only by pledges of 65% of the stock or other equity interests of certain of our first-tier subsidiaries, and assets of our subsidiaries will first be applied to repay indebtedness and liabilities of our subsidiaries and may not be sufficient to repay the notes.

The notes (including the initial notes) are secured only by pledges of 65% of the stock or other equity interests of certain of our first-tier subsidiaries as indicated on the organizational chart on page 3. Each of the stock pledges securing the notes has been made in favor of the trustee or a collateral agent appointed under the indenture governing the notes and is governed by the local law of Denmark, France, Germany and the United Kingdom, as applicable, the jurisdictions where our pledged subsidiaries are formed. As a result, the validity of those pledges and the ability of the trustee or a collateral agent, as applicable, or noteholders to realize any benefits associated with the pledged shares may be limited under applicable local law as any action to enforce the stock pledges must be taken under the laws of the applicable jurisdiction and such laws may differ in significant respects from the laws of the United States. The rights of the trustee or a collateral agent, as applicable, or the noteholders to foreclose upon and sell the pledged shares upon the occurrence of a default is subject to limitations under applicable local bankruptcy laws if a bankruptcy proceeding were commenced by or against us or our subsidiaries. Any delay or inability to realize any benefit associated with the security interest in any jurisdiction or the application of local bankruptcy laws that are contrary to noteholders' interests could have a material adverse effect on the security interest we have granted in our subsidiaries and could result in an inability to realize the full value of the share pledges.

In addition to the foregoing, the old notes are and the new notes will be effectively subordinated in right of payment to all of the indebtedness and other liabilities of our subsidiaries, which, as of March 31, 2005, were approximately \$217 million. Furthermore, our debt under our subsidiaries' credit facility is secured by liens on substantially all of the current assets of our subsidiaries. The new notes will not, and the old notes do not, have the benefit of this collateral, nor any other assets of our subsidiaries. Accordingly, if an event of default occurs under our subsidiaries' credit facility, the lenders under our subsidiaries' credit facility will have a right to such assets and may foreclose upon the collateral. In that case, such assets would first be used to repay in full amounts outstanding under our subsidiaries' credit facility and may not be available to repay the notes. In the event of a bankruptcy event affecting any of our subsidiaries, local bankruptcy law would be likely to apply. In general, such local bankruptcy law affords significant protection for senior secured creditors, and, in the event of a bankruptcy event, such creditors may take actions that would materially and adversely affect the value of our ongoing business and the equity value of such subsidiaries. The remaining value, if any, of our assets may not be sufficient to repay the notes.

If the priority of the liens securing the new notes and the old notes becomes subordinated to the liens securing the initial notes, your ability to recover

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your investment in the new notes may be adversely impacted.

The priority of the liens securing the new notes and the old notes relative to the liens securing the Initial Notes are governed by the indenture described herein. Under the laws of certain jurisdictions governing the share pledges that secure the notes, the priority of liens on such shares is generally determined by the date of the filing or recording of the associated security document or, where applicable, the date of perfection of the security interest. This means that indebtedness that is intended to benefit from an equal security interest in an item of collateral may have a junior interest, as a matter of local law, when compared to a previously filed or perfected security interest notwithstanding that the original security interest is intended to rank equally with the new security interest. In such jurisdictions the liens securing the initial notes may have a priority lien to the lien securing the old notes and the new notes as a matter of law. Through the indenture, the trustee on behalf of the holders of the initial notes has agreed that its liens would rank equally with the liens securing the old notes and the new notes. If, notwithstanding the fact the indenture is governed by New York law, a court in one or more of such jurisdictions were to find that these lien ranking terms were invalid or unenforceable with respect to one or more items of collateral securing the old notes and the new notes, the holders of the initial notes may be entitled to recover amounts realized from the liquidation of such collateral before the holders of the old notes and the new notes. As a result, the holders of the old notes and the new notes may recover less (or nothing at all) relative to the holders of the initial notes.

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Servicing our debt requires a significant amount of cash and our ability to generate sufficient cash depends on many factors, some of which are beyond our control.

We are a party to various debt, lease and other agreements pursuant to which we are committed to pay approximately \$84.8 million in 2005. Our ability to make payments on and refinance our debt and to fund planned capital expenditures depends on our future ability to generate cash flow. To some extent, this is subject to general economic, financial, competitive, legislative and regulatory and other factors that are beyond our control. In addition, our ability to borrow funds under our subsidiaries' credit facility in the future will depend on these subsidiaries' ability to maintain specified financial ratios and satisfy certain financial covenants contained in the credit agreement for our subsidiaries' credit facility. Our business may not generate cash flow from operations and future borrowings may not be available to us under our subsidiaries' credit facility in an amount sufficient to enable us to pay our debt or to fund other liquidity needs. As a result, we may need to refinance all or a portion of our debt before maturity, and it is likely that we will need to refinance all or a portion of our debt on maturity. Our subsidiaries' credit facility matures in 2005. We may not be able to refinance any of our debt on favorable terms, if at all. Any inability to generate sufficient cash flow or refinance our debt on favorable terms could have a material adverse effect on our financial condition.

Covenant restrictions under our subsidiaries' credit facility and the indenture may limit our ability to operate our business.

Our subsidiaries' credit facility and the indenture governing the notes contain, among other things, covenants that may restrict our ability to finance future operations or capital needs or to engage in other business activities. Our subsidiaries' credit facility and the indenture restrict, among other things, our ability and the ability of our restricted subsidiaries to:

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- o borrow money, pay dividends or make distributions;
- o purchase or redeem stock;
- o make investments and extend credit;
- o engage in transactions with affiliates;
- o engage in sale-leaseback transactions;
- o freely distribute the proceeds from certain asset sales;
- o effect a consolidation or merger or sell, transfer, lease or otherwise dispose of all or substantially all of our assets; and
- o create liens on our assets.

In addition, our subsidiaries' credit facility requires these subsidiaries to maintain specified financial ratios and satisfy certain financial condition tests, which may require that action be taken to reduce debt or to act in a manner contrary to our business objectives. Events beyond our control, including changes in general business and economic conditions, may affect our ability to meet those financial ratios and financial condition tests. We cannot assure you that we will meet those tests or that the lenders will waive any failure to meet those tests. A breach of any of these covenants would result in a default under our subsidiaries' credit facility and any resulting acceleration under the credit facility may result in a default under the indenture. If an event of default under our subsidiaries' credit facility occurs, the lenders could elect to declare all amounts outstanding thereunder, together with accrued interest, to be immediately due and payable. Such action by the lenders could result in an effort to restructure such indebtedness or engage in asset sales in order to generate cash proceeds to satisfy such indebtedness. Any such debt restructuring may not be in our best interests or the best interests of the holders of the new notes. If we attempt an asset sale, whether on our own initiative or as a result of pressure from holders of our indebtedness, we may not be able to complete a sale on terms acceptable to us. Any default under our indebtedness, or the perception that we may go into default, could also adversely affect the trading value of the new notes.

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If our subsidiaries do not make sufficient distributions to us, we will not be able to make payments on our debt, including the notes.

Our assets consist primarily of investments in our operating subsidiaries. A majority of our cash flows are generated by our operating subsidiaries, and our ability to service indebtedness, including our ability to pay the interest on and principal of the notes, depends upon cash dividends and distributions or other transfers we receive from our subsidiaries. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to restrictions on or taxation of dividends or repatriation of earnings under applicable local law, monetary transfer restrictions and foreign currency exchange regulations in the jurisdictions in which our subsidiaries operate, and any restrictions imposed by the current and future debt instruments of our subsidiaries. Such payments to us by our subsidiaries are contingent upon our subsidiaries' earnings.

Our subsidiaries are separate and distinct legal entities that have no

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obligation, contingent or otherwise, to pay any amounts due pursuant to the notes or to make any funds available therefor, whether by dividends, loans, distributions or other payments, and do not guarantee the payment of interest on, or principal of, the notes. Any right that we have to receive any assets of any of our subsidiaries upon the liquidation or reorganization of any such subsidiary, and the consequent right of holders of notes to realize proceeds from the sale of such assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors and holders of debt issued by the subsidiary.

No public market exists for the new notes, and any market for the new notes may be illiquid.

The initial notes are listed on the Luxembourg Stock Exchange and application will be made to list the new notes on the Luxembourg Stock Exchange. The initial notes are quoted in the over the counter market in the United States. The initial purchaser of the old notes has informed us that it intends to make a market in the notes. However, the initial purchaser is not obligated to do so, and may cease market-making activities at any time. Accordingly, we cannot give any assurance as to:

- o the likelihood that an active market for the new notes will develop;
- o the liquidity of any such market;
- o the ability of holders to sell their new notes; or
- o the prices that holders may obtain for their new notes upon any sale.

In addition, the liquidity of the trading market for the new notes, if any, and the market price quoted for the new notes, will depend on many factors, including our operating results, the market for similar securities, currency exchange rates and interest rates. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the new notes. We cannot guarantee that the market for the new notes will not be subject to similar disruptions or that any such disruptions will not have an adverse effect on the value or marketability of the new notes.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture.

Upon a change of control, we are required to offer to repurchase all outstanding notes at 101% of the face amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. A failure to make such an offer would constitute an event of default under the indenture. The source of funds for any such purchase of notes will be our available cash or cash generated from our subsidiaries' operations or other sources, including borrowing, sales of assets or sales of equity. We cannot assure you that sufficient funds will be available at the time of any change of control to make any required repurchases of notes tendered. If the holders of the notes exercise their right to require

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us to repurchase all of the notes upon a change of control, the financial effect of this repurchase could cause a default under our other debt, even if the change of control itself would not cause a default. Accordingly, it is possible that we will not have sufficient funds at the time of the change of control to finance the required repurchase of notes. See "Description of the New Notes - Change of Control" for additional information.

You may not be able to determine when a change of control has occurred.

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Under the indenture, within 60 days following the date on which a change of control occurs, we are required to send you and the trustee a notice of the offer to repurchase your notes. In some cases, such as, for example, a sale of substantially all of our assets, you may not be able to determine when a change of control giving rise to your right to have us repurchase notes has occurred, which may adversely affect your ability to enforce this provision of the indenture.

The terms of the exchange notes may not protect you if we undergo a highly leveraged transaction.

We may undergo a highly leveraged transaction, such as a recapitalization, reorganization, restructuring, merger or similar transaction. Such a transaction may not be included in the definition of change of control in the indenture or otherwise restricted by the terms of the indenture. In such an event, the indenture will not afford you protection from any adverse aspects of such transaction.

Risks Related to Our Business

Demand for, and prices of, our products are cyclical and we may experience prolonged depressed market conditions for our products, which may result in reduced earnings or operating losses.

Substantially all of our revenue is attributable to sales of TiO₂. Pricing within the global TiO₂ industry over the long term is cyclical, and changes in industry economic conditions, especially in Western industrialized nations, can significantly impact our earnings and operating cash flows. This may result in reduced earnings or operating losses, which may in turn adversely affect our ability to repay the notes.

Historically, the markets for many of our products have experienced alternating periods of tight supply, causing prices and profit margins to increase, followed by periods of capacity additions, resulting in oversupply and declining prices and profit margins. Our average TiO₂ selling prices were generally (i) decreasing during all of 2001 and the first quarter of 2002, (ii) flat during the second quarter of 2002, (iii) increasing during the last half of 2002 and the first quarter of 2003, (iv) flat during the second quarter of 2003, (v) decreasing during the second half of 2003 and the first half of 2004 and (vi) increasing during the second half of 2004 and the first quarter of 2005. Our overall average TiO₂ selling prices in billing currencies:

- o decreased by 10% during 2002 as compared to 2001;
- o were generally flat in 2003 as compared to 2002;
- o were 3% lower in 2004 as compared to 2003; and
- o were 5% higher in the first quarter of 2005 as compared to the first quarter of 2004.

Future growth in demand for our products may not be sufficient to alleviate any future conditions of excess industry capacity, and such conditions may not be sustained or may be further aggravated by anticipated or unanticipated capacity additions or other events.

The demand for TiO₂ during a given year is also subject to annual seasonal fluctuations. TiO₂ sales are generally higher in the first half of the year than

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in the second half of the year due in part to the increase in paint production in the spring to meet the spring and summer painting season demand.

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As a global business, we are exposed to local business risks in different countries, which could result in operating losses.

We conduct all of our business in several jurisdictions outside of the United States and are subject to risks normally associated with international operations, which include trade barriers, tariffs, exchange controls, national and regional labor strikes, social and political risks, general economic risks, seizures, nationalizations, compliance with a variety of foreign laws, including tax laws, and the difficulty in enforcing agreements and collecting receivables through foreign legal systems. For example, we have substantial net operating loss carryforwards in Germany, and any change in German tax law that adversely impacts our ability to fully utilize such carryforwards could adversely affect us. We could also be adversely affected by any restriction that limits our ability to repatriate our foreign profits back to the United States. Any loss may adversely affect our ability to repay the notes.

We may incur losses from fluctuations in currency exchange rates.

We operate our business in several different countries, and sell our products worldwide. Therefore, we are exposed to risks related to the prices that we receive for our products and the need to convert currencies that we may receive for some of our products into currencies required to pay some of our debt, or into currencies in which we purchase certain raw materials or pay for certain services, all of which could result in future gains or losses depending on fluctuations in exchange rates. These losses may adversely affect our ability to repay the notes.

We sell our products in a mature and highly competitive industry and face price pressures in the markets in which we operate, which may result in reduced earnings or operating losses.

The global markets in which we operate our business are highly competitive. Competition is based on a number of factors, such as price, product quality and service. Some of our competitors may be able to drive down prices for our products because their costs are lower than ours. In addition, some of our competitors' financial, technological and other resources may be greater than ours, and such competitors may be better able to withstand changes in market conditions. Our competitors may be able to respond more quickly than we can to new or emerging technologies and changes in customer requirements. Further, consolidation of our competitors or customers in any of the industries in which we compete may result in reduced demand for our products. The recurrence of any of these events could have a material adverse effect on our results of operations, which may in turn adversely affect our ability to repay the notes.

Higher costs or limited availability of our raw materials may decrease our liquidity, which may decrease our ability to repay the notes.

The number of sources for, and availability of, certain raw materials is specific to the particular geographical region in which a facility is located. We purchase titanium-bearing ores from three suppliers in different countries under multiple-year agreements. Political and economic instability in the countries from which we purchase our raw material supplies could adversely affect the availability of such feedstock. Should our vendors not be able to meet their contractual obligations or should we be otherwise unable to obtain necessary raw materials, we may incur higher costs for raw materials or may be required to reduce production levels, either of which may decrease our

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liquidity, which may in turn adversely affect our ability to repay the notes.

If we are unable to maintain our relationship with Kronos and its affiliates, we may not be able to replace on favorable terms our contracts with them and facilities that they provide, if at all.

We have entered into and intend to continue to enter into certain agreements, including service, supply and buy/sell agreements, with Kronos and its affiliates. If Kronos or any of its affiliates fails to perform its obligations under any of these agreements, or if any of these agreements terminate or we are otherwise unable to obtain the benefit thereunder for any reason, there could be a material adverse effect on our business, financial condition, results of operations or cash flows, which may in turn adversely affect our ability to repay the notes, if we are unable to obtain similar agreements on the same terms from third parties.

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Kronos and its affiliates may have conflicts of interest with us, and these conflicts could adversely affect our business and our ability to repay the notes.

For so long as Kronos and its affiliates retain their direct and indirect ownership of us, conflicts of interest could arise with respect to transactions involving business dealings between us and them, potential acquisitions of businesses or properties, the issuance of additional securities, our payment of dividends and other matters. In addition, affiliates of Kronos are also engaged in the business of producing and selling TiO₂ and may compete with us. See "Description of New Notes—Certain Covenants—Limitations on Transactions with Affiliates."

We are subject to many environmental and safety regulations that may result in unanticipated costs or liabilities. If these costs or liabilities are significant, our ability to pay dividends on our securities and the prices of our securities may decrease.

We are subject to extensive laws, regulations, rules and ordinances relating to the protection of the environment, including those governing the discharge of pollutants in the air and water and the generation, management and disposal of hazardous substances and wastes or other materials. We may incur substantial costs, including fines, damages and criminal penalties or civil sanctions, or experience interruptions in our operations for actual or alleged violations or compliance requirements arising under environmental laws. Our operations could result in violations under environmental laws, including spills or other releases of hazardous substances to the environment. Some of our operating facilities are in densely populated urban areas or in industrial areas adjacent to other operating facilities. In the event of an accidental release or catastrophic incident, we could incur material costs as a result of addressing such an event and in implementing measures to prevent such incidents. Given the nature of our business, violations of environmental laws may result in restrictions imposed on our operating activities or substantial fines, penalties, damages or other costs, including as a result of private litigation.

Our production facilities have been used for a number of years to manufacture products or conduct mining operations. We may incur additional costs related to compliance with environmental laws applicable to our historic operations and these facilities. In addition, we may incur significant expenditures to comply with existing or future environmental laws. Costs relating to environmental matters will be subject to evolving regulatory requirements and will depend on the timing of promulgation and enforcement of specific standards that impose requirements on our operations. Costs beyond those currently anticipated may be required under existing and future environmental laws.

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If our patents are declared invalid or our trade secrets become known to competitors, our ability to compete may be adversely affected.

Protection of our proprietary processes and other technology is important to our competitive position. Consequently, we rely on judicial enforcement for protection of our patents, and our patents may be challenged, invalidated, circumvented or rendered unenforceable. Furthermore, if any pending patent application filed by us does not result in an issued patent, or if patents are issued to us but such patents do not provide meaningful protection of our intellectual property, then the use of any such intellectual property by our competitors could result in decreasing our cash flows, which could adversely affect our ability to pay dividends on our securities and the prices of our securities. Additionally, our competitors or other third parties may obtain patents that restrict or preclude our ability to lawfully produce or sell our products in a competitive manner, which could have the same effects.

We also rely on unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position. Although it is our practice to enter into confidentiality agreements to protect our intellectual property, because these confidentiality agreements may be breached, such agreements may not provide sufficient protection for our trade secrets or proprietary know-how, or adequate remedies may not be available in the event of an unauthorized use or disclosure of such trade secrets and know-how. In addition, others could obtain knowledge of such trade secrets through independent development or other access by legal means.

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Loss of key personnel or our ability to attract and retain new qualified personnel could hurt our business and inhibit our ability to operate and grow successfully.

Our success in the highly competitive markets in which we operate will continue to depend to a significant extent on our leadership team and other key management personnel. We do not have binding employment agreements with any of these managers. This increases the risks that we may not be able to retain our current management personnel and we may not be able to recruit qualified individuals to join our management team, including recruiting qualified individuals to replace any of our current personnel that may leave in the future.

Our relationships with our union employees could deteriorate, which could adversely impact our operations, which may in turn adversely impact our ability to pay dividends on our securities and the prices of our securities.

As of March 31, 2005, we employed approximately 1,950 full-time persons. A significant number of our employees are subject to arrangements similar to collective bargaining arrangements. We may not be able to negotiate labor agreements with respect to these employees on satisfactory terms or at all. If our employees were to engage in a strike, work stoppage or other slowdown, we could experience a significant disruption of our operations or higher ongoing labor costs, which could adversely affect our ability to repay the notes.

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THE EXCHANGE OFFER

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Purpose and Effect of the Exchange Offer

When we issued the old notes on November 26, 2004, we entered into a registration rights agreement with the initial purchaser of the old notes. A copy of the registration rights agreement is filed as an exhibit to the registration statement of which this prospectus is a part. Under the registration rights agreement, we agreed to:

- o file and cause to become effective a registration statement with respect to an offer to exchange the old notes for new notes that have been registered under the Securities Act; or
- o file and cause to become effective a shelf registration statement with respect to the resale of the old notes.

If we complete the exchange offer within 300 days after the issuance of the old notes, then we will satisfy those requirements under the registration rights agreements. If we do not complete the exchange offer within 300 days of the issuance of the old notes and a shelf registration statement has not been declared effective, then we will be required to pay additional interest to the holders of the old notes.

Terms of the Exchange Offer

As of the date of this prospectus, euro 90.0 million aggregate principal amount of the old notes are outstanding. This prospectus and the accompanying letter of transmittal together constitute the exchange offer. This prospectus and the letter of transmittal are being sent to all registered holders of old notes. There will be no fixed record date for determining registered holders of old notes entitled to participate in the exchange offer.

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange any old notes properly tendered and not withdrawn before expiration of the exchange offer. We will issue euro 1,000 principal amount of new notes in exchange for each euro 1,000 principal amount of old notes surrendered under the exchange offer.

Old notes may be tendered only in integral multiples of euro 1,000. The exchange offer is not conditioned upon any minimum aggregate principal amount of old notes being tendered for exchange.

The form and terms of the new notes will be substantially identical to the form and terms of the old notes, except that the new notes:

- o will be registered under the Securities Act;
- o will not contain transfer restrictions and registration rights that relate to the old notes; and
- o will not contain provisions relating to the payment of additional interest to be made to the holders of the old notes under circumstances related to the timing of the exchange offer.

The new notes will evidence the same debt as the old notes. The new notes will be issued under and entitled to the benefits of the same indenture that authorized the issuance of the old notes. For a description of the indenture, see "Description of the New Notes."

In connection with the exchange offer, holders of the old notes do not have any appraisal or dissenters' rights under applicable law or the Indenture. We intend to conduct the exchange offer in accordance with the applicable requirements of the Securities Act, the Securities Exchange Act of 1934, as

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amended (the "Exchange Act"), and the rules and regulations of the SEC. The exchange offer is not being made to, nor will we accept tenders for exchange from, holders of old notes in any jurisdiction in which the exchange offer or the acceptance of it would not be in compliance with the securities or blue sky laws, or other applicable laws, of the jurisdiction.

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Holders who tender old notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of old notes. We will pay all charges and expenses, other than applicable taxes described below, in connection with the exchange offer. It is important that you read "-Fees and Expenses" for more details regarding fees and expenses incurred in the exchange offer.

We expressly reserve the right, in our sole discretion:

- o to extend the expiration date;
- o to delay accepting any old notes due to an extension of the exchange offer;
- o if any of the conditions set forth below under "-Conditions to the Exchange Offer" have not been satisfied, to terminate the exchange offer and not accept any notes for exchange; and
- o to amend the exchange offer in any manner.

Any delay in acceptance of any old notes due to an extension of the exchange offer will be consistent with Rule 14e-1(c) promulgated under the Exchange Act.

In the event of a material change in the exchange offer, including the waiver of a material condition, we will extend the offer period necessary so that at least five business days remain in the exchange offer following notice of the material change.

We will give written notice of any extension, delay, non-acceptance, termination or amendment as promptly as practicable by public announcement, and, in the case of an extension, no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

During an extension, all old notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any old notes not accepted for exchange for any reason will be returned without cost to the holder that tendered them promptly after the expiration or termination of the exchange offer.

Expiration of the Exchange Offer

The exchange offer will expire at 12:00, midnight, New York City time, on August 15, 2005. We can extend the exchange offer in our sole discretion, in which case the term "expiration date" shall mean the latest date and time to which we extend the exchange offer.

Conditions to the Exchange Offer

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Despite any other term of the exchange offer, we will not be required to accept for exchange any old notes or to issue new notes in the exchange offer. We may terminate or amend the exchange offer as provided in this prospectus before the expiration date if in our reasonable judgment:

- o the exchange offer, or the making of any exchange by a holder of old notes, would violate applicable law or any applicable interpretation of the staff of the SEC;
- o any action or proceeding has been instituted or threatened in any court or by any governmental agency with respect to the exchange offer that would reasonably be expected to impair our ability to proceed with the exchange offer, or a material adverse development has occurred in any existing action or proceeding that relates to us; and
- o the registration statement of which this prospectus is a part has not been declared, or will not continue to be, effective.

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We will not be obligated to accept for exchange any old notes that are not validly tendered in accordance with the exchange offer.

These conditions are solely for our benefit and we may assert them regardless of the circumstances that may give rise to them or waive them in whole or in part at any time or at various times in our sole discretion. We may waive the preceding conditions in whole or in part at any time or from time to time in our sole discretion. If we do so, the exchange offer will remain open for at least three business days following the waiver of any of the preceding conditions. If we fail at any time to exercise any of the foregoing rights, this failure will not constitute a waiver of that right. Each of these rights will be deemed an ongoing right that we may assert at any time or at various times.

We will not accept for exchange any old notes tendered, and will not issue new notes in exchange for any old notes, if at that time a stop order is threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939.

Procedures for Tendering

We have forwarded to you, along with this prospectus, a letter of transmittal relating to this exchange offer. Because all the old notes are held in book-entry accounts maintained by the exchange agent at Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), or Clearstream Banking, Societe Anonyme, Luxembourg ("Clearstream"), a holder need not submit a letter of transmittal if the holder tenders old notes in accordance with the procedures mandated by Euroclear or Clearstream, as the case may be. To tender old notes without submitting a letter of transmittal, the electronic instructions sent to Euroclear or Clearstream and transmitted to the exchange agent must contain your acknowledgment of receipt of and your agreement to be bound by and to make all of the representations contained in the letter of transmittal. In all other cases, a letter of transmittal must be manually executed and delivered as described in this prospectus.

To tender in the exchange offer, a holder must comply with the procedures of Euroclear or Clearstream, as applicable, and either:

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- o complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal; have the signature on the letter of transmittal guaranteed if the letter is transmittal so requires; and deliver the letter of transmittal or facsimile to the exchange agent or the paying agent in Luxembourg prior to 12:00, midnight, New York City time, on the expiration date; or
- o in lieu of delivering a letter of transmittal, instruct Euroclear or Clearstream, as the case may be, to transmit on behalf of the holder an agent's message to the exchange agent, which agent's message must be received by the exchange agent prior to 12:00, midnight, New York City time, on the expiration date.

In addition, either:

- o the exchange agent or the paying agent in Luxembourg must receive the certificates for the old notes along with the letter of transmittal; or
- o the exchange agent or the paying agent in Luxembourg must receive, before the expiration date, timely confirmation of the book-entry transfer of the old notes being tendered into the exchange agent's account at Euroclear or Clearstream according to the procedure for book-entry described below, along with the letter of transmittal or an agent's message.

The term "agent's message" means a message, transmitted by Euroclear or Clearstream and received by the exchange agent, which states that Euroclear or Clearstream has received an express acknowledgment from a participant tendering old notes that the participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce that agreement against the participant.

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To be tendered effectively, the exchange agent or the paying agent in Luxembourg must receive any physical delivery of the letter of transmittal and other required documents at the address set forth below under "-Exchange Agent; Paying Agent in Luxembourg" before the expiration of the exchange offer. To receive confirmation of valid tender of old notes, a holder should contact the exchange agent or the paying agent in Luxembourg at the applicable telephone number listed under "-Exchange Agent; Paying Agent in Luxembourg."

The tender by a holder that is not withdrawn before expiration of the exchange offer will constitute an agreement between that holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal. Only a registered holder of old notes may tender the old notes in the exchange offer. If a holder completing a letter of transmittal tenders less than all of the old notes held by that holder, then that tendering holder should fill in the applicable box of the letter of transmittal. The amount of old notes delivered to the exchange agent or the paying agent in Luxembourg will be deemed to have been tendered unless otherwise indicated.

If old notes, the letter of transmittal or any other required documents are physically delivered to the exchange agent or the paying agent in Luxembourg, the method of delivery is at the holder's election and risk. Rather than mail these items, we recommend that holders use an overnight or hand delivery service. In all cases, holders should allow sufficient time to assure delivery to the exchange agent or the paying agent in Luxembourg before expiration of the exchange offer. Holders should not send the letter of transmittal or old notes to us. Holders may request their respective brokers, dealers, commercial banks, trust companies or other nominees to effect the above transactions for them.

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Any beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct it to tender on the owner's behalf. If the beneficial owner wishes to tender on its own behalf, then it must, prior to completing and executing the letter of transmittal and delivering its old notes, either:

- o make appropriate arrangements to register ownership of the old notes in the owner's name; or
- o obtain a properly completed bond power from the registered holder of old notes.

The transfer of registered ownership may take considerable time and may not be completed prior to the expiration date.

If the applicable letter of transmittal is signed by the record holder(s) of the old notes tendered, then the signature must correspond with the name(s) written on the face of the old note without alteration, enlargement or any change whatsoever. If the applicable letter of transmittal is signed by a participant in Euroclear or Clearstream, as applicable, then the signature must correspond with the name as it appears on the security position listing as the holder of the old notes.

Except as set forth below, a signature on a letter of transmittal or a notice of withdrawal must be guaranteed by an eligible guarantor institution.

Eligible guarantor institutions include banks, brokers, dealers, municipal securities dealers, municipal securities brokers, government securities dealers, government securities brokers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations. The signature need not be guaranteed by an eligible guarantor institution if the old notes are tendered:

- o by a registered holder of old notes who has not completed the box entitled "Special Registration Instructions" or "Special Delivery Instructions" on the letter of transmittal; or
- o for the account of an eligible institution.

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If the letter of transmittal is signed by a person other than the registered holder of any old notes, then the old notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder's name appears on the old notes and an eligible institution must guarantee the signature on the bond power.

If the letter of transmittal or any old notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, then these persons should so indicate when signing. Unless we waive this requirement, they should also submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

We will determine in our sole discretion all questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tendered old notes. Our determination will be final and binding. We reserve the absolute right to reject any old notes not properly tendered or any old notes the acceptance of which would, in the opinion of our counsel, be unlawful. We

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also reserve the right to waive any defects, irregularities or conditions of tender as to particular old notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. If we waive a condition with respect to any particular holder, we will waive it for all holders.

Unless waived, holders of old notes must cure any defects or irregularities in connection with tenders of old notes within the time that we determine. Although we intend to notify holders of defects or irregularities with respect to tenders of old notes, neither we, the exchange agent, the paying agent in Luxembourg nor any other person will incur any liability for failure to give notification. Tenders of old notes will not be deemed made until those defects or irregularities have been cured or waived. Any old notes received by the exchange agent or the paying agent in Luxembourg that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the exchange agent or the paying agent in Luxembourg without cost to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

By signing the letter of transmittal, or causing Euroclear or Clearstream, as applicable, to transmit an agent's message to the exchange agent, each tendering holder of old notes will represent to us that, among other things:

- o any new notes that the holder receives will be acquired in the ordinary course of its business;
- o the holder has no arrangement or understanding with any person or entity to participate in the distribution of the new notes;
- o if the holder is not a broker-dealer, that it is not engaged in and does not intend to engage in the distribution of the new notes;
- o if the holder is a broker-dealer that will receive new notes for its own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities, that it will deliver a prospectus, as required by law, in connection with any resale of those new notes (see "Plan of Distribution"); and
- o the holder is not our "affiliate," as defined in Rule 405 of the Securities Act.

If any holder or any such other person is our "affiliate," or is engaged in or intends to engage in or has an arrangement or understanding with any person to participate in a distribution of the new notes to be acquired in the exchange offer, then that holder or any such other person:

- o may not rely on the applicable interpretations of the staff of the SEC;
- o is not entitled and will not be permitted to tender old notes in the exchange offer; and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer who acquired its old notes as a result of market-making activities or other trading activities and thereafter receives new notes issued for its own account in the exchange offer, must acknowledge that it will deliver a prospectus in connection with any resale of such new notes issued in the exchange offer. The letter of transmittal states that by so acknowledging and by

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delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. See "Plan of Distribution" for a discussion of the exchange and resale obligations of broker-dealers in connection with the exchange offer.

Acceptance of Old Notes for Exchange; Delivery of New Notes

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all old notes properly tendered and will issue the new notes registered under the Securities Act. For purposes of the exchange offer, we shall be deemed to have accepted properly tendered old notes for exchange when, as and if we have given oral or written notice to the exchange agent, with written confirmation of any oral notice to be given promptly thereafter. See "-Conditions to the Exchange Offer" for a discussion of the conditions that must be satisfied before we are required to accept any old notes for exchange.

For each old note accepted for exchange, the holder will receive a new note registered under the Securities Act having a principal amount equal to, and in the denomination of, that of the surrendered old note. Accordingly, registered holders of new notes on the relevant record date for the first interest payment date following the consummation of the exchange offer will receive interest accruing from the most recent date to which interest has been paid or, if no interest has been paid on the old notes, from the date of issuance of the old notes. Old notes that we accept for exchange will cease to accrue interest from and after the date of consummation of the exchange offer. Under the registration rights agreement, we may be required to make additional payments of additional interest to the holders of the old notes under circumstances relating to the timing of exchange offer.

In all cases, we will issue new notes for old notes that we have accepted for exchange under the exchange offer only after the exchange agent or the paying agent in Luxembourg has timely received:

- o the certificates representing the old notes, or a timely confirmation from Euroclear or Clearstream of book-entry transfer of the old notes into the exchange agent's account;
- o a properly completed and duly executed letter of transmittal, or in the case of a book-entry tender, a properly transmitted agent's message; and
- o all other required documents.

Book-Entry Transfer

The exchange agent has advised us that it will establish an account with respect to the old notes at Euroclear and Clearstream as book-entry transfer facilities, for purposes of the exchange offer within two business days after the date of this prospectus. Any financial institution that is a participant in the book-entry transfer facility's system may make book-entry delivery of old notes by causing the book-entry transfer facility to transfer the old notes into the exchange agent's account at the facility in accordance with the facility's procedures for transfer. However, although delivery of old notes may be effected through book-entry transfer at the facility, a properly completed and duly executed letter of transmittal or an agent's message, and any other required documents, must nonetheless be transmitted to, and received by, the exchange agent or the paying agent in Luxembourg at the address set forth below under "-Exchange Agent; Paying Agent in Luxembourg" prior to 12:00, midnight, New York City time, on the expiration date.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, holders of old notes may withdraw their tenders at any time before expiration of the exchange offer.

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For a withdrawal to be effective, the exchange agent must receive a notice of withdrawal transmitted by Euroclear or Clearstream on behalf of the holder in accordance with the standard operating procedures of Euroclear or Clearstream, or a written notice of withdrawal, which may be by telegram, facsimile transmission or letter, at one of the addresses set forth below under "-Exchange Agent; Paying Agent in Luxembourg."

Any notice of withdrawal must:

- o specify the name of the person who tendered the old notes to be withdrawn;
- o identify the old notes to be withdrawn, including the principal amount of the old notes to be withdrawn; and
- o where certificates for old notes have been transmitted, specify the name in which the old notes were registered, if different from that of the withdrawing holder.

If certificates for old notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of those certificates, the withdrawing holder must also submit:

- o the serial numbers of the particular certificates to be withdrawn; and
- o a signed notice of withdrawal with signatures guaranteed by an eligible institution, unless the withdrawing holder is an eligible institution.

If old notes have been tendered pursuant to the procedures for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at Euroclear or Clearstream, as applicable, to be credited with the withdrawn old notes and otherwise comply with the procedures of the facility.

We will determine all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal, and our determination shall be final and binding on all parties. We will deem any old notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer. We will return any old notes that have been tendered for exchange but that are not exchanged for any reason to their holder without cost to the holder. You may retender properly withdrawn old notes by following one of the procedures described under "-Procedures for Tendering" above at any time on or before expiration of the exchange offer.

Exchange Agent; Paying Agent in Luxembourg

The Bank of New York has been appointed as exchange agent for the exchange offer, and The Bank of New York (Luxembourg) S.A. has been appointed as paying agent in Luxembourg for the exchange offer. All executed letters of transmittal should be delivered to either our exchange agent or our paying agent in Luxembourg at the applicable address set forth below. You should direct questions and requests for assistance, requests for additional copies of this

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prospectus or of the letter of transmittal to the exchange agent or the paying agent in Luxembourg addressed as follows:

The Exchange Agent:

By Registered Mail, Hand Delivery or Overnight Courier:

The Bank of New York
Lower Ground Floor
30 Cannon Street
London
EC4M 6XH
Attn: Julie Levy

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For Information, Call:
011 44 (207) 964-6513 or
011 44 (207) 964-7235

By Facsimile Transmission:
(for Eligible Institutions Only)
011 44 (207) 964-6369 or
011 44 (207) 964-7294

Confirm by Telephone:
011 44 (207) 964-7235

The Paying Agent in Luxembourg:

By Registered Mail, Hand Delivery or Overnight Courier:

The Bank of New York (Luxembourg) S.A.
Aerogolf Center, 1A Hoehenhof
L-1736 Senningerberg
Luxembourg
Attn: _____

For Information, Call:
011 44 (0) 20 7964 7662

By Facsimile Transmission:
(for Eligible Institutions Only)
011 44 (0) 20 7964 6399

Confirm by Telephone:
011 44 (0) 20 7964 7662

Delivery of the letter of transmittal to an address other than as shown above or transmission of the letter of transmittal via facsimile other than as set forth above does not constitute a valid delivery of the letter of transmittal.

Fees and Expenses

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related

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reasonable out-of-pocket expenses.

We will pay the cash expenses to be incurred in connection with the exchange offer, including the following:

- o SEC registration fees;
- o fees and expenses of the exchange agent and trustee;
- o our accounting and legal fees; and
- o our printing and mailing costs.

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Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of old notes under the exchange offer. A tendering holder of old notes, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- o certificates representing old notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of old notes tendered;
- o new notes are to be delivered to, or issued in the name of, any person other than the registered holder of the old notes;
- o tendered old notes are registered in the name of any person other than the person signing the letter of transmittal; or
- o a transfer tax is imposed for any reason other than the exchange of old notes under the exchange offer.

If satisfactory evidence of payment of transfer taxes is not submitted with the letter of transmittal, then the amount of any transfer taxes will be billed to the tendering holder.

Accounting Treatment

We will record the new notes in our accounting records at the same carrying value as the old notes, which is the aggregate principal amount, as reflected in our accounting records on the date of exchange, plus any unamortized premium related to the issuance of the old notes. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer. The expenses of the exchange offer will be amortized over the term of the new notes.

Resale of New Notes

Based on interpretations of the staff of the SEC, as set forth in no-action letters to third parties, we believe that new notes issued under the exchange offer in exchange for old notes may be offered for resale, resold and otherwise transferred by any old note holder without further registration under the Securities Act and without delivery of a prospectus that satisfies the requirements of Section 10 of the Securities Act if:

- o the holder is not our "affiliate" within the meaning of Rule 405 under the Securities Act;
- o the new notes are acquired in the ordinary course of the holder's business; and

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- o the holder does not intend to participate in a distribution of the new notes.

Any holder who exchanges old notes in the exchange offer with the intention of participating in any manner in a distribution of the new notes must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

This prospectus may be used for an offer to resell, resale or other retransfer of new notes. With regard to broker-dealers, only broker-dealers that acquired the old notes as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives new notes for its own account in exchange for old notes, where the old notes were acquired by the broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the new notes. Please read "Plan of Distribution" for more details regarding the transfer of new notes.

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Consequences of Failing to Exchange Old Notes

Holders who desire to tender their old notes in exchange for new notes registered under the Securities Act should allow sufficient time to ensure timely delivery. Neither we nor the exchange agent is under any duty to give notification of defects or irregularities with respect to the tenders of old notes for exchange.

Old notes that are not tendered or are tendered but not accepted will, following the consummation of the exchange offer, continue to be subject to the provisions in the indenture regarding the transfer and exchange of the old notes and the existing restrictions on transfer set forth in the legend on the old notes and in the offering memorandum dated November 26, 2004, relating to the old notes. Except in limited circumstances with respect to specific types of holders of old notes, we will have no further obligation to provide for the registration under the Securities Act of such old notes. In general, old notes, unless registered under the Securities Act, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not anticipate that we will take any action to register the untendered old notes under the Securities Act or under any state securities laws.

Upon completion of the exchange offer, holders of the old notes will not be entitled to any further registration rights under the registration rights agreement, except under limited circumstances.

Old notes that are not exchanged in the exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits their holders have under the indenture relating to the old notes and the new notes. Holders of the new notes and any old notes that remain outstanding after consummation of the exchange offer will vote together as a single class for purposes of determining whether holders of the requisite percentage of the class have taken certain actions or exercised certain rights under the indenture.

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USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the new notes under the exchange offer. In consideration for issuing the new notes as contemplated by this prospectus, we will receive the old notes in like principal

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amount, the terms of which are identical in all material respects to the new notes. The old notes surrendered in exchange for the new notes will be retired and canceled and cannot be reissued. Accordingly, the issuance of the new notes will not result in any increase or decrease in our indebtedness.

CAPITALIZATION

The following table sets forth our unaudited historical consolidated cash and cash equivalents and capitalization as of March 31, 2005. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and the related notes included elsewhere in this prospectus. Euro amounts have been presented in U.S. dollars at an exchange rate of euro 1.00 to \$1.29, based on the closing spot rate on March 31, 2005 reported by Bloomberg.

(In millions)

Cash, cash equivalents and restricted cash equivalents.....	\$ 17.1
	=====
Debt:	
Senior secured notes due 2009.....	\$ 493.0
Revolving credit facilities of subsidiaries.....	13.0
Other.....	.3

Total debt.....	506.3
Stockholder's equity.....	227.1

Total capitalization.....	\$ 733.4
	=====

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SELECTED FINANCIAL AND OTHER DATA

The statement of operations data for the years ended December 31, 2002, 2003 and 2004, and the balance sheet data as of December 31, 2003 and 2004, have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The statement of operations data for the years ended December 31, 2000 and 2001, and the balance sheet data as of December 31, 2000, 2001 and 2002, have been derived from our audited consolidated financial statements not separately presented herein. The statement of operations data for the three months ended March 31, 2004 and 2005, and the balance sheet data as of March 31, 2005, have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The balance sheet data as of March 31, 2004 has been derived from our unaudited consolidated financial statements not separately presented herein. In our opinion, all adjustments, consisting only of normal recurring adjustments, necessary to state fairly the consolidated financial position, results of operations and cash flows for such interim periods have been made. The results of operations for the interim periods are not necessarily indicative of the operating results for a full year or of future operations. The selected financial and other data below should be read in conjunction with "Management's Discussion and Analysis of Financial

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Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Year ended December 31,				
	2000	2001	2002	2003	2004
	(in millions, except per share data a				
STATEMENT OF OPERATIONS DATA:					
Net sales.....	\$ 620.5	\$ 554.6	\$ 579.7	\$ 715.9	\$ 808.0
Net income.....	80.1	113.7	52.3	81.8	326.0
BALANCE SHEET DATA (at period end):					
Total assets.....	530.1	532.5	611.3	750.5	985.2
Long-term debt including current maturities....	196.1	482.9	325.9	356.7	533.2
Redeemable preferred stock and profit participation certificates.....	504.9	617.4	-	-	-
Stockholders' equity (deficit).....	(427.7)	(777.5)	76.8	111.6	206.5
TiO2 OPERATING STATISTICS:					
Average selling price index (1990 = 100).....	90	87	79	82	80
Sales volume*.....	294	265	297	310	336
Production volume*.....	297	269	293	320	328
Production rate as a percentage of capacity....	Full	87%	93%	Full	Full
OTHER FINANCIAL DATA:					
Ratio of earnings to fixed charges (unaudited) (1).....	4.8	4.2	2.7	3.3	2.7
Ratio of earnings to combined fixed charges and preferred dividends (unaudited) (2).....	3.5	1.8	1.5	3.3	2.7

* Metric tons in thousands

(1) Fixed charges represents, as applicable, the sum of (i) total interest expense and (ii) the interest component of rent expense (calculated as one-third of rent expense). Earnings represents, as applicable, the sum of (i) fixed charges, (ii) income before income taxes and minority interest and (iii) amortization of capitalized interest.

(2) Combined fixed charges and preferred dividends represents, as applicable, the sum of (i) total interest expense, (ii) preferred stock dividends and accretion and (iii) the interest component of rent expense (calculated as one-third of rent expense). Earnings represents, as applicable, the sum of (i) combined fixed charges, (ii) income before income taxes and minority interest and (iii) amortization of capitalized interest.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Critical Accounting Policies and Estimates

The accompanying "Management's Discussion and Analysis of Financial Condition and Results of Operations" are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. On an on-going basis, we evaluate our estimates, including those related to bad debts, inventory reserves, impairments of investments in marketable securities and investments accounted for by the equity method, the recoverability of other long-lived assets (including goodwill and other intangible assets), pension benefit obligations and the underlying actuarial assumptions related thereto, the realization of deferred income tax assets and accruals for, litigation, income tax and other contingencies. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from previously-estimated amounts under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements:

- o We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments and other factors. We take into consideration the current financial condition of our customers, the age of the outstanding balance and the current economic environment when assessing the adequacy of the allowance. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. During 2002, 2003 and 2004, the net amount written off against the allowance for doubtful accounts as a percentage of the balance of the allowance for doubtful accounts as of the beginning of the year ranged from 15% to 24%.
- o We provide reserves for estimated obsolescence or unmarketable inventories equal to the difference between the cost of inventory and the estima