

TITANIUM METALS CORP
Form DEF 14A
April 09, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by Registrant:
Filed by a Party other than the Registrant:

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to § 240.14a-12

Titanium Metals Corporation
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Titanium Metals Corporation
Three Lincoln Centre
5430 LBJ Freeway, Suite 1700
Dallas, Texas 75240-2697

April 9, 2009

To Our Stockholders:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of Titanium Metals Corporation which will be held on Monday, May 11, 2009, at 10:00 a.m., local time, at our corporate offices at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas. The matters to be acted upon at the meeting are described in the attached Notice of Annual Meeting of Stockholders and Proxy Statement.

Whether or not you plan to attend the meeting, please complete, date, sign and return the enclosed proxy card or voting instruction form in the accompanying envelope as promptly as possible to ensure that your shares are represented and voted in accordance with your wishes. Your vote, whether given by proxy or in person at the meeting, will be held in confidence by the inspector of election as provided in our bylaws.

Sincerely,

Steven L. Watson
Vice Chairman of the Board and
Chief Executive Officer

Titanium Metals Corporation
Three Lincoln Centre
5430 LBJ Freeway, Suite 1700
Dallas, Texas 75240-2697

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 11, 2009

To the Stockholders of Titanium Metals Corporation:

The 2009 Annual Meeting of Stockholders of Titanium Metals Corporation will be held on Monday, May, 11, 2009, at 10:00 a.m., local time, at our corporate offices at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas, for the following purposes:

- (1) To elect the seven director nominees named in the proxy statement to serve until the 2010 Annual Meeting of Stockholders; and
- (2) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The close of business on March 31, 2009 has been set as the record date for the meeting. Only holders of our common stock at the close of business on the record date are entitled to notice of, and to vote at, the meeting. A complete list of stockholders entitled to vote at the meeting will be available for examination during normal business hours by any of our stockholders, for purposes related to the meeting, for a period of ten days prior to the meeting at our corporate offices.

You are cordially invited to attend the meeting. Whether or not you plan to attend the meeting, please complete, date and sign the accompanying proxy card or voting instruction form and return it promptly in the enclosed envelope. If you choose, you may still vote in person at the meeting even though you previously submitted your proxy card.

By Order of the Board of Directors,

Clarence B. Brown III, Secretary

Dallas, Texas
April 9, 2009

Important Notice Regarding the Availability of Proxy Materials for the
Annual Stockholder Meeting to Be Held on May 11, 2009.

This proxy statement and annual report to stockholders (including the Annual Report on Form 10-K for the fiscal year ended December 31, 2008) are available at www.timet.com/proxy.

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GLOSSARY OF TERMS

“AST” means American Stock Transfer & Trust Company, our stock transfer agent.

“BMI” means Basic Management, Inc., a land management company in which a wholly owned subsidiary of Tremont owns approximately 32% of the outstanding equity securities (representing 29% of the voting securities).

“CDCT” means the Contran Amended and Restated Deferred Compensation Trust, an irrevocable “rabbi trust” established by Contran to assist it in meeting certain deferred compensation obligations that it owes to Harold C. Simmons.

“CMRT” means The Combined Master Retirement Trust, a trust Contran sponsors that permits the collective investment by master trusts that maintain assets of certain employee defined benefit plans Contran and related entities adopt.

“CompX” means CompX International Inc., one of our publicly held sister corporations that manufactures security products, furniture products and performance marine components.

“Contran” means Contran Corporation, the parent corporation of the consolidated tax group that includes CompX, Keystone, Kronos Worldwide, NL and Valhi.

“Dixie Rice” means Dixie Rice Agricultural Corporation, Inc., one of our parent corporations.

“EWI” means EWI RE, Inc., a reinsurance brokerage and risk management company wholly owned by NL.

“FAS 123R” means Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004) Share-Based Payment.

“Foundation” means the Harold Simmons Foundation, Inc., a tax-exempt foundation organized for charitable purposes.

“Grandchildren’s Trust” means the Annette Simmons Grandchildren’s Trust, a trust of which Harold C. Simmons and Annette C. Simmons are co-trustees and the beneficiaries of which are the grandchildren of Annette C. Simmons.

“independent directors” mean the following directors: Keith R. Coogan, Thomas P. Stafford, Terry N. Worrell and Paul J. Zucconi.

“ISA” means an intercorporate services agreement between or among Contran related companies pursuant to which employees of one or more related companies provide certain services, including executive officer services, to another related company on a fixed fee basis.

“Keystone” means Keystone Consolidated Industries, Inc., one of our publicly held sister corporations that manufactures steel fabricated wire products, industrial wire, bar products, billets and wire rod.

“Kronos Worldwide” means Kronos Worldwide, Inc., one of our publicly held sister corporations that is an international manufacturer of titanium dioxide pigments.

“named executive officer” means any person named in the Summary Compensation table in this proxy statement.

“NL” means NL Industries, Inc., one of our publicly held sister corporations that is a diversified holding company with principal investments in Kronos Worldwide and CompX.

“NL EMS” means NL Environmental Management Services, Inc., a wholly owned subsidiary of NL.

“non-management directors” mean the following directors who are not one of our executive officers: Keith R. Coogan, Glenn R. Simmons, Thomas P. Stafford, Terry N. Worrell and Paul J. Zucconi.

“NYSE” means the New York Stock Exchange.

“PwC” means PricewaterhouseCoopers LLP, our independent registered public accounting firm.

“record date” means the close of business on March 31, 2009, the date our board of directors set for the determination of stockholders entitled to notice of and to vote at the 2009 annual meeting of our stockholders.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Exchange Act” means the Securities Exchange Act of 1934, as amended.

“series A preferred stock” means our 6 ¾% series A convertible preferred stock, par value \$0.01 per share.

“Tall Pines” means Tall Pines Insurance Company, an indirect wholly owned captive insurance subsidiary of Valhi.

“TFMC” means TIMET Finance Management Company, one of our wholly owned subsidiaries.

“TIMET,” “us,” “we” or “our” means Titanium Metals Corporation.

“Tremont” means Tremont LLC, a wholly owned subsidiary of Valhi.

“Valhi” means Valhi, Inc., one of our publicly held sister corporations that is a diversified holding company with principal investments in NL and Kronos Worldwide.

“VHC” means Valhi Holding Company, one of our parent corporations.

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Titanium Metals Corporation
Three Lincoln Centre
5430 LBJ Freeway, Suite 1700
Dallas, Texas 75240-2697

PROXY STATEMENT

GENERAL INFORMATION

This proxy statement and the accompanying proxy card or voting instruction form are being furnished in connection with the solicitation of proxies by and on behalf of our board of directors for use at our 2009 Annual Meeting of Stockholders to be held on Monday, May 11, 2009 and at any adjournment or postponement of the meeting. The accompanying notice of annual meeting of stockholders sets forth the time, place and purposes of the meeting. The notice, this proxy statement, the accompanying proxy card or voting instruction form and our 2008 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, are first being mailed on or about April 9, 2009 to the holders of our common stock at the close of business on March 31, 2009. Our principal executive offices are located at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697.

Please refer to the Glossary of Terms on page ii for the definitions of certain capitalized or other terms used in this proxy statement.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: What is the purpose of the annual meeting?

A: At the annual meeting, stockholders will vote on the election of the seven directors named in this proxy statement and any other matter that may properly come before the meeting.

Q: How does the board recommend that I vote?

A: The board of directors recommends that you vote FOR each of the nominees for director named in this proxy statement.

Q: Who is allowed to vote at the annual meeting?

A: The board of directors has set the close of business on March 31, 2009 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting. Only holders of record of our common stock as of the close of business on the record date are entitled to vote at the meeting. On the record date, 181,107,221 shares of our common stock were issued and outstanding. Each share of our common stock entitles its holder to one vote.

Q: How do I vote?

A: If your shares are held by a bank, broker or other nominee (i.e., in "street name"), you must follow the instructions from your nominee on how to vote your shares.

If you are a stockholder of record, you may:

- vote in person at the annual meeting; or
- instruct the agents named on the proxy card how to vote your shares by completing, signing and mailing the enclosed proxy card in the envelope provided.

If you execute a proxy card but do not indicate how you would like your shares voted for one or more of the director nominees named in this proxy statement, the agents will vote FOR the election of each such director nominee and, to the extent allowed by applicable law, in the discretion of the agents on any other matter that may properly come before the meeting.

Q: Who will count the votes?

A: The board of directors has appointed AST, our transfer agent and registrar, to receive proxies and ballots, ascertain the number of shares represented, tabulate the vote and serve as inspector of election for the meeting.

Q: Is my vote confidential?

A: Yes. All proxy cards, ballots or voting instructions delivered to AST will be kept confidential in accordance with our bylaws.

Q: May I change or revoke my proxy or voting instructions?

A: If you are a stockholder of record, you may change or revoke your proxy instructions at any time before the meeting in any of the following ways:

- delivering to AST a written revocation;
- submitting another proxy card bearing a later date; or
- voting in person at the meeting.

If your shares are held by a bank, broker or other nominee, you must follow the instructions from your nominee on how to change or revoke your voting instructions.

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Q: What constitutes a quorum?

A: A quorum is the presence, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock entitled to vote at the meeting. Under the applicable rules of the NYSE and the SEC, brokers or other nominees holding shares of record on behalf of a client who is the actual beneficial owner of such shares are authorized to vote on certain routine matters without receiving instructions from the beneficial owner of the shares. If such a broker/nominee who is entitled to vote on a routine matter delivers an executed proxy card and votes on some matters and not others, a matter not voted on is referred to in this proxy statement as a “broker/nominee non-vote.” Abstentions and broker/nominee non-votes will be counted as being in attendance at the meeting for purposes of determining whether a quorum is present.

Q: Assuming a quorum is present, what vote is required to elect a director nominee or approve any other matter?

A: A plurality of the affirmative votes of the holders of our outstanding shares of common stock represented and entitled to be voted at the meeting is necessary to elect each director nominee named in this proxy statement. The accompanying proxy card or voting instruction form provides space for you to withhold authority to vote for any such director nominees. The election of directors is a routine matter on which a broker/nominee has discretionary authority to vote if such broker/nominee does not receive voting instructions from the beneficial holder of the shares to be voted. Neither shares as to which the authority to vote on the election of directors has been withheld nor broker/nominee non-votes will be counted as affirmative votes to elect director nominees. However, since director nominees need only receive the plurality of the affirmative votes from the holders represented and entitled to vote at the meeting to be elected, a vote withheld or a broker/nominee non-vote regarding a particular nominee will not affect the election of such director nominee.

Except as applicable laws may otherwise provide, the approval of any other matter that may properly come before the meeting will require the affirmative votes of the holders of a majority of the outstanding shares represented and entitled to vote at the meeting. Shares of our common stock that are voted to abstain from any other business coming before the meeting and broker/nominee non-votes will not be counted as votes for or against any such other matter.

Q: Who will pay for the cost of soliciting the proxies?

A: We will pay all expenses related to the solicitation, including charges for preparing, printing, assembling and distributing all materials delivered to stockholders. In addition to the solicitation by mail, our directors, officers and regular employees may solicit proxies by telephone or in person for which such persons will receive no additional compensation. Upon request, we will reimburse banking institutions, brokerage firms, custodians, trustees, nominees and fiduciaries for their reasonable out-of-pocket expenses incurred in distributing proxy materials and voting instructions to the beneficial owners of our common stock that such entities hold of record.

CONTROLLING STOCKHOLDER

As of the record date, VHC and other entities or individuals related to Harold C. Simmons held, in the aggregate, approximately 52.7% of our outstanding shares of common stock. VHC and such other entities or individuals have indicated their intention to have such shares represented at our 2009 annual meeting of stockholders and to vote such shares “FOR” the election of each of the nominees for director set forth in this proxy statement. If VHC and such other entities or individuals attend the meeting in person or by proxy and vote as indicated, the meeting will have a quorum present and the stockholders will elect all of the nominees to the board for directors.

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SECURITY OWNERSHIP

The following table and footnotes set forth as of the record date the beneficial ownership, as defined by regulations of the SEC, of our common stock held by each individual, entity or group known to us to own beneficially more than 5% of the outstanding shares of our common stock, each director, each named executive officer and all of our directors and current executive officers as a group. See footnote 4 below for information concerning the relationships of certain other individuals and entities that may be deemed to own indirectly and beneficially more than 5% of the outstanding shares of our common stock. None of the following entities or individuals own shares of our series A preferred stock. All information is taken from or based upon ownership filings made by such individuals or entities with the SEC or upon information provided by such individuals or entities.

Name of Beneficial Owner	TIMET Common Stock	
	Amount and Nature of Beneficial Ownership (1)	Percent of Class (1)(2)
Harold C. Simmons (3)	7,549,737(4)	4.2%
Valhi Holding Company (3)	47,250,761(4)	26.1%
N L Industries, Inc (3)	1,449,097(4)(5)	*
Valhi, Inc. (3)	826,959(4)	*
Contran Corporation (3)	785,502(4)(6)	*
The Combined Master Retirement Trust (3)	15,434,604(4)	8.5%
Harold Simmons Foundation, Inc. (3)	350,675(4)	*
Annette C. Simmons (3)	21,825,875(4)	12.0%
The Annette Simmons Grandchildren's Trust (3)	17,432 (4)	*
	95,490,642(4)	52.7%
Aletheia Research and Management, Inc.	10,484,251(7)	5.8%
Keith R. Coogan	2,000	*
Glenn R. Simmons	216,379(4)(8)	*
Thomas P. Stafford	2,000	*
Stevenson L. Watson	175,235(4)	*
Terri N. Worrell	1,000	*
Paul J. Zucconi	6,500	*
Bob D. O'Brien	-0-(4)	-0-
	-0-(4)	-0-

R o b e r t D . Graham		
J a m e s W . Brown	-0-(4)	-0-
C h a r l e s H . E n t r e k i n (9)	1,000	*

All our directors and current executive officers as a group (15 persons) 95,904,156(4)(5)(6)(7)(8) 52.9%

* Less than 1%.

- (1) Except as otherwise noted, the listed entities, individuals or group have sole investment power and sole voting power as to all shares set forth opposite their names. The number of shares and percentage of ownership for each individual or group assumes the exercise by such individual or group (exclusive of others) of stock options that such individual or group may exercise within 60 days subsequent to the record date.
- (2) The percentages are based on 181,107,221 shares of our common stock outstanding as of the record date.
- (3) The business address of VHC, NL, Valhi, Contran, the CMRT, the Foundation, Harold C. and Annette C. Simmons and the Grandchildren's Trust is Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697.
- (4) VHC, Annette C. Simmons, the CMRT, Harold C. Simmons, NL, Valhi, the CDCT, NL EMS, the Foundation and the Grandchildren's Trust are the holders of approximately 26.1%, 12.1%, 8.5%, 4.2%, 0.5%, 0.5%, 0.4%, 0.3%, 0.2% and less than 0.1%, respectively, of the outstanding shares of our common stock.

NL is the holder of 100% of the outstanding common stock of NL EMS. Valhi and TFMC are the direct holders of approximately 83.1% and 0.5%, respectively, of the outstanding common stock of NL. We are the holder of 100% of the outstanding common stock of TFMC.

VHC, TFMC, the Foundation and the CMRT are the direct holders of approximately 92.6%, 1.1%, 0.9% and 0.1%, respectively, of the outstanding common stock of Valhi. Dixie Rice is the direct holder of 100% of the outstanding common stock of VHC. Contran is the beneficial holder of 100% of the outstanding common stock of Dixie Rice.

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

The CDCT directly holds approximately 0.4% of the outstanding shares of our common stock. U.S. Bank National Association serves as the trustee of the CDCT. Contran established the CDCT as an irrevocable "rabbi trust" to assist Contran in meeting certain deferred compensation obligations that it owes to Harold C. Simmons. If the CDCT assets are insufficient to satisfy such obligations, Contran is obligated to satisfy the balance of such obligations as they come due. Pursuant to the terms of the CDCT, Contran (i) retains the power to vote the shares of our common stock held directly by the CDCT, (ii) retains dispositive power over such shares and (iii) may be deemed the indirect beneficial owner of such shares.

The CMRT directly holds approximately 8.5% of the outstanding shares of our common stock and 0.1% of the outstanding shares of Valhi common stock. TIMET's shares are held in a CMRT sub-trust in which TIMET's pension

plans do not have any beneficial interest. Contran sponsors the CMRT to permit the collective investment by master trusts that maintain assets of certain employee defined benefit plans Contran and related entities adopt. Harold C. Simmons is the sole trustee of this trust and a member of the investment committee for this trust. Contran's board of directors selects the trustee and members of the trust's investment committee. Other than Mr. Armstrong, all of our executive officers and Mr. Glenn Simmons are participants in one or more of the employee benefit plans that invest through the CMRT. Each of such persons disclaims beneficial ownership of any of the shares this trust holds, except to the extent of his or her individual vested beneficial interest, if any; in the plan assets this trust holds.

The Foundation directly holds approximately 0.2% of the outstanding shares of our common stock and 0.9% of the outstanding shares of Valhi common stock. The Foundation is a tax-exempt foundation organized for charitable purposes. Harold C. Simmons is the chairman of the board of the Foundation.

NL and NL EMS directly own 3,604,790 shares and 1,186,200 shares, respectively, of Valhi common stock. As already stated, Valhi directly holds 83.1% of the outstanding shares of NL common stock. Pursuant to Delaware law, Valhi treats the shares of Valhi common stock that NL and NL EMS own as treasury stock for voting purposes and for the purposes of this statement such shares are not deemed outstanding.

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Harold C. Simmons is the chairman of the board and chief executive officer of NL and the chairman of the board of us, Valhi, VHC, Dixie Rice and Contran.

By virtue of the holding of the offices, the stock ownership and his services as trustee, all as described above, (a) Harold C. Simmons may be deemed to control certain of such entities and (b) Mr. Simmons and certain of such entities may be deemed to possess indirect beneficial ownership of shares directly held by certain of such other entities. However, Mr. Simmons disclaims beneficial ownership of the shares beneficially owned, directly or indirectly, by any of such entities, except to the extent of his vested beneficial interest, if any, in shares held by the CDCT or CMRT. Mr. Simmons disclaims beneficial ownership of all shares of our common stock beneficially owned, directly or indirectly, by VHC, NL, Valhi, Contran or the Foundation.

Annette C. Simmons is the wife of Harold C. Simmons and the direct owner of 21,825,875 shares of our common stock, 269,775 shares of NL common stock and 200,900 shares of Valhi common stock. Mr. Simmons may be deemed to share indirect beneficial ownership of such shares. Mr. Simmons disclaims all such beneficial ownership. Ms. Simmons disclaims beneficial ownership of all shares of the issuer's common stock that she does not own directly.

Harold C. Simmons is the direct owner of 7,549,737 shares of our common stock, 880,600 shares of NL common stock and 154,838 shares of Valhi common stock.

The Grandchildren's Trust is the direct holder of 17,432 shares of our common stock and 34,000 shares of Valhi common stock. Mr. and Ms. Simmons, each as co-trustee of this trust, each have the power to vote and direct the disposition of the shares of the common stock the trust holds. Mr. Simmons and his spouse each disclaims beneficial ownership of any shares that this trust holds.

The business address of Contran and TIMET is Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697. The business address of Dixie Rice is 600 Pasquiere Street, Gueydan, Louisiana 70542.

- (5) Includes 566,529 shares of our common stock held by NL EMS.
- (6) Represents the 795,502 shares of our common stock the CDCT directly holds.
- (7) Based on Schedule 13G dated December 31, 2008 Aletheia Research and Management, Inc. filed with the SEC. Aletheia Research and Management, Inc. has sole voting and dispositive power over all of these shares. The address of Aletheia Research and Management, Inc. is 100 Wilshire Boulevard, Suite 1960, Santa Monica, California 90401.
- (8) Includes 72,782 shares of our common stock held by his spouse.
- (9) Dr. Entrekin resigned as our president – global operations and chief operating officer effective April 14, 2008.

We understand that Contran and related entities may consider acquiring or disposing of shares of our common stock or series A preferred stock through open market or privately negotiated transactions, depending upon future developments, including, but not limited to, the availability and alternative uses of funds, the performance of our common stock or series A preferred stock in the market, an assessment of our business and prospects, financial and stock market conditions and other factors deemed relevant by such entities. We may similarly consider acquisitions of shares of our common stock or series A preferred stock and acquisitions or dispositions of securities issued by related entities.

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ELECTION OF DIRECTORS

Our bylaws provide that the board of directors shall consist of one or more members as determined by our board of directors or stockholders. The board of directors has currently set the number of directors at seven and recommends the seven director nominees named in this proxy statement for election at our 2009 annual stockholder meeting. The directors elected at the meeting will hold office until our 2010 Annual Meeting of Stockholders and until their successors are duly elected and qualified or their earlier removal or resignation.

All of the nominees are currently members of our board of directors whose terms will expire at the meeting. Our nominations committee unanimously nominated each of the nominees to stand for re-election to our board. All of the nominees have agreed to serve if elected. If any nominee is not available for election at the meeting, all shares represented by a proxy card will be voted FOR an alternate nominee to be selected by the board of directors, unless the stockholder executing such proxy card withholds authority to vote for such nominee. The board of directors believes that all of its nominees will be available for election at the meeting and will serve if elected.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE FOLLOWING NOMINEES FOR DIRECTOR.

Nominees for Director. The respective nominees have provided the following information.

Keith R. Coogan, age 56, has served on our board of directors since 2004. From 2007 to January 2009, Mr. Coogan served as president, chief executive officer and as a director of Pomeroy IT Solutions, Inc., an information technology services and solutions provider. From 2002 to 2006, Mr. Coogan served as chief executive officer of Software Spectrum, Inc., a global business-to-business software services provider that Level 3 Communications, Inc. sold to Insight Enterprises Inc. in 2006 and that, from 1991 to 2002, was a publicly held corporation. From 1990 to 2002, he served in various other executive officer positions with Software Spectrum, Inc., including vice president of finance and operations and chief operating officer. He is also a director of Kronos Worldwide and a member of Kronos Worldwide's audit committee and management development and compensation committee. Mr. Coogan is a member of our audit committee and our management development and compensation committee.

Glenn R. Simmons, age 81, has served on our board of directors since 1999. Mr. Simmons has been vice chairman of the board of Valhi and Contran and chairman of the board of CompX and Keystone since prior to 2004. He also serves on the board of directors of Kronos Worldwide and NL. In 2004, Keystone filed a voluntary petition for reorganization under federal bankruptcy laws and emerged from the bankruptcy proceedings in 2005. Mr. Simmons has been an executive officer or director of various companies related to Valhi and Contran since 1969. He is a brother of Harold C. Simmons.

Harold C. Simmons, age 77, has served as our chairman of the board since 2005 and on our board of directors since 2004. He served as our chief executive officer from 2005 to 2006 and our vice chairman of the board from 2004 to 2005. Mr. Simmons has been chairman of the board of Valhi and Contran, chairman of the board and chief executive officer of NL and chairman of the board of Kronos Worldwide since prior to 2004. He served as Kronos Worldwide's chief executive officer from prior to 2004 to February 2009 and Valhi's chief executive officer in 2002 and prior years. He has been an executive officer or director of various companies related to Valhi and Contran since 1961. Mr. Simmons is a brother of Glenn R. Simmons.

General Thomas P. Stafford (retired), age 78, has served on our board of directors since 2006 and previously served as our director from 1996 to 2003. Gen. Stafford was selected as an astronaut in 1962, piloted Gemini VI in 1965 and commanded Gemini IX in 1966. In 1969, Gen. Stafford was named Chief of the Astronaut Office and was the Apollo X commander for the first lunar module flight to the moon. He commanded the Apollo-Soyuz joint mission with the

Soviet cosmonauts in 1975. He served as U.S. Air Force Deputy Chief of Staff for Research and Development and Acquisition. After his retirement from the United States Air Force in 1979 as Lieutenant General, he became chairman of Gibraltar Exploration Limited, an oil and gas exploration and production company, and served in that position until 1984, when he joined General Technical Services, Inc., a consulting firm. Gen. Stafford was also affiliated with Stafford, Burke and Hecker, Inc., a Washington-based consulting firm, from 1982 until 2005. Gen. Stafford has more recently served as an advisor to a number of governmental agencies including the National Aeronautics and Space Administration (NASA) and the Air Force Material Command. He is currently chairman of the NASA Advisory Council Task Force on the International Space Station Program, and also served as co-chairman of the Stafford-Covey NASA Space Shuttle Return to Flight Task Group. Gen. Stafford has received many honors and decorations including the Congressional Space Medal of Honor. He is also a director of NL and chairman of each of NL's audit committee and management development and compensation committee. Gen. Stafford is chairman of each of our audit committee, management development and compensation committee and nominations committee.

Steven L. Watson, age 58, has served as our chief executive officer since 2006, our vice chairman of the board since 2005 and on our board of directors since 2000. He served as our president during 2006. Mr. Watson has been Valhi's chief executive officer since 2002 and president and a director of Valhi and Contran since prior to 2004. He has also served as chief executive officer of Kronos Worldwide since February 2009 and its vice chairman of the board since 2004. Mr. Watson is also a director of CompX, Keystone and NL. He has served as an executive officer or director of various companies related to us and Contran since 1980.

Terry N. Worrell, age 64, has served on our board of directors since 2007 and previously served on our board in 2003. Mr. Worrell has been a private investor with Worrell Investments, Inc., a real estate investment company, since 1989. From 1974 to 1989, Mr. Worrell was president and chief executive officer of Sound Warehouse of Dallas Inc., a chain of retail music stores. Mr. Worrell is a director of Regency Centers Corporation, a real estate investment trust. Mr. Worrell also serves as a director and on each of the audit committee and management development and compensation committee of NL. He is a member of our audit committee, management development and compensation committee, and nominations committee.

Paul J. Zucconi, age 68, has served on our board of directors since 2002. In 2001, Mr. Zucconi retired after 33 years at KPMG LLP where he was most recently an audit partner. Mr. Zucconi is a member of the American Institute of Certified Public Accountants. Mr. Zucconi serves on the board of directors and audit committee of each of Torchmark Corporation, a major life and health insurance company, and Affirmative Insurance Holdings, Inc., a provider of non-standard automobile insurance, and serves on the board of directors of the National Kidney Foundation serving North Texas. He also serves as a trustee and a member of the audit committee of the American Beacon Funds, a series of mutual funds. Mr. Zucconi is a member of our audit committee.

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EXECUTIVE OFFICERS

Set forth below is certain information relating to our executive officers. Each executive officer serves at the pleasure of the board of directors. Biographical information with respect to Harold C. Simmons, Glenn R. Simmons and Steven L. Watson is set forth under the Nominees for Director subsection above.

Name	Age	Position(s)
Harold C. Simmons	77	Chairman of the Board
Steven L. Watson	58	Vice Chairman of the Board and Chief Executive Officer
Bobby D. O'Brien	51	President
Robert D. Graham	53	Executive Vice President
Christopher Armstrong	44	Executive Vice President – Strategic Planning and Business Initiatives
James W. Brown	52	Vice President and Chief Financial Officer
Kelly D. Luttmer	45	Vice President and Tax Director
Andrew B. Nace	44	Vice President and General Counsel
John A. St. Wrba.	52	Vice President and Treasurer
Scott E. Sullivan	40	Vice President and Controller

Bobby D. O'Brien has served as our president since 2007. He served as our executive vice president and chief financial officer from 2006 to 2007 and our vice president from 2004 to 2006. Mr. O'Brien has served as chief financial officer and vice president of Valhi and Contran since prior to 2004. From prior to 2004 until 2005 and 2004, he served as treasurer of Valhi and Contran, respectively. Mr. O'Brien has served in financial and accounting positions with various companies related to us and Contran since 1988.

Robert D. Graham has served as our executive vice president since 2006. From 2004 to 2006, he served as our vice president. He has served as vice president of Valhi and Contran and vice president and general counsel of Kronos Worldwide and NL since prior to 2004.

Christopher Armstrong has served as our executive vice president – strategic planning and business initiatives since April 2008. He served as a consultant to us on strategic planning and business development matters since November 2007. From 1998 to 2007 Mr. Armstrong served as a professional in the Corporate Development and Turnaround Divisions of PwC and FTI Consulting ultimately holding the position of senior managing director.

James W. Brown has served as our vice president and chief financial officer since 2007. He served as our vice president, corporate finance since 2006. From 2003 to 2006, he served as vice president and controller of NL and Kronos Worldwide.

Kelly D. Luttmer has served as our vice president and tax director since 2006. She has served as vice president of CompX, Contran, Kronos Worldwide, NL and Valhi since 2004 and tax director of Valhi, CompX, Contran, Kronos Worldwide and NL since prior to 2004. Ms. Luttmer has served in tax accounting positions with various companies related to us and Contran since 1989.

Andrew B. Nace has been our vice president and general counsel since 2006. Mr. Nace has served as legal counsel to companies related to us and Contran since prior to 2004.

John A. St. Wrba has served as our vice president since 2004 and treasurer since 2005. Mr. St. Wrba has served as vice president and treasurer of Valhi since 2005, Contran since 2004 and NL since prior to 2004. He has also served as vice president of Kronos Worldwide since 2004 and treasurer of Kronos Worldwide since prior to 2004.

Scott E. Sullivan has been our vice president and controller since 2006 and served as our assistant corporate controller from 2004 to 2006. In 2004 and prior years, he served as our director of financial reporting. Prior to joining us in 2001, he was a senior manager at PricewaterhouseCoopers LLP.

CORPORATE GOVERNANCE

Controlled Company Status, Director Independence. Because persons and entities related to Mr. Harold C. Simmons own 52.7% of our common stock, we are considered a controlled company under the corporate governance standards of the NYSE. Although pursuant to the NYSE listing standards, a controlled company may choose not to have a majority of independent directors, independent compensation, nominating or corporate governance committees or charters for these committees, we currently intend to continue voluntarily complying with the NYSE listing standards for non-controlled companies. We may choose at any time in the future to only comply with those NYSE listing standards applicable to controlled companies. Applying the NYSE director independence standards without any additional categorical standards, our board of directors has determined that Keith R. Coogan, Thomas P. Stafford, Terry N. Worrell and Paul J. Zucconi are independent and have no material relationship with us other than serving as our directors. Accordingly, our board of directors has a majority of independent directors.

In determining that Mr. Worrell has no material relationship with us other than serving as our director, the board of directors considered the following relationship:

As part of a five-year pledge of \$5.0 million, the Foundation, of which Harold C. Simmons is the chairman of the board, contributed to Children's Medical Foundation of Texas, of which foundation Mr. Worrell serves as a trustee, \$1.0 million in each of 2006 and 2007 and \$500,000 in January 2009.

The board determined that Mr. Worrell did not have a direct or indirect material interest in this transaction based on his representation that he receives no compensation for serving as a trustee of Children's Medical Foundation of Texas.

2008 Meetings and Standing Committees of the Board of Directors. The board of directors held four meetings and took action by written consent on two occasions in 2008. Each director participated in at least 75% of all of such meetings and of the 2008 meetings of the committees on which he served at the time. It is expected that each director will attend our annual meeting of stockholders, which is held immediately before the annual meeting of the board of directors. All but two of our directors attended our 2008 annual stockholder meeting.

The board of directors has established and delegated authority to three standing committees, which are described below. The board of directors is expected to elect the members of the standing committees at the board of directors annual meeting immediately following the annual stockholder meeting. The board of directors from time to time may establish other committees to assist it in the discharge of its responsibilities. Although as a controlled company we are no longer required to have a management development and compensation committee or nominations committee, we currently intend to retain both committees.

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Audit Committee. Our audit committee assists with the board of directors' oversight responsibilities relating to our financial accounting and reporting processes and auditing processes. The purpose, authority, resources and responsibilities of our audit committee are more specifically set forth in its committee charter. Applying the requirements of the NYSE listing standards (without additional categorical standards) and SEC regulations, as applicable, the board of directors has determined that:

- each member of our audit committee is independent, financially literate and has no material relationship with us other than serving as our director; and
 - Mr. Paul J. Zucconi is an “audit committee financial expert.”

Mr. Zucconi currently serves on four public company audit committees. The board of directors has determined that such simultaneous service by Mr. Zucconi does not impair his ability to effectively serve on our audit committee. For further information on the role of our audit committee, see the Audit Committee Report in this proxy statement. The current members of our audit committee are Thomas P. Stafford (chairman), Keith R. Coogan, Terry N. Worrell and Paul J. Zucconi. Our audit committee held seven meetings and took action by written consent on two occasions in 2008.

Management Development and Compensation Committee. The principal responsibilities and authority of the management development and compensation committee are as follows:

- to review and approve certain matters involving executive compensation, including making recommendations to the board of directors regarding any proposed changes to us pursuant to an ISA;
- to review and approve grants of stock options, stock appreciation rights and awards of restricted stock under our stock incentive plan;
- to review and recommend adoption of or revisions to compensation plans and employee benefit programs except as otherwise delegated by the board of directors;
- to review and recommend compensation policies and practices and to review and approve such compensation committee disclosures as may be required; and
- to review and recommend any executive employment contract, and to provide counsel on key personnel selection, organization strategies and such other matters as the board of directors may from time to time direct.

The purpose, authority, resources and responsibilities of our management development and compensation committee are more specifically set forth in its committee charter. As discussed above, the board of directors has determined that each member of our management development and compensation committee is independent by applying the NYSE director independence standards (without additional categorical standards). In certain instances under our 1996 Long-Term Incentive Plan, a plan allowing for grants of cash or equity performance awards, the management development and compensation committee may delegate its authority to administer this plan to certain individuals, which delegation authority the committee has not utilized. With respect to the role of our executive officers in determining or recommending the amount or form of executive compensation, see the Compensation Discussion and Analysis section of this proxy statement. With respect to director compensation, our executive officers make recommendations on such compensation directly to our board of directors for its consideration without involving the management development and compensation committee. The current members of our management development and compensation committee are Thomas P. Stafford (chairman), Keith R. Coogan and Terry N. Worrell. Our management development and compensation committee held one meeting and took action by written consent on two

occasions in 2008.

Nominations Committee. The principal responsibilities and authority of the nominations committee are to:

- identify individuals qualified to become board members and recommend to the board for its consideration and approval a slate of candidates to stand for election to the board;
- review and make recommendations on such matters relating to the board as the board may request from time to time, including, without limitation, the size and composition of the board, the classification or non-classification of the board, the term of office of board members, criteria for nominations of candidates to stand for election to the board and procedures for the nominations process;
- consider written recommendations made by our stockholders with respect to the election of board members;
- review and reassess its charter and our corporate governance guidelines periodically and report to our board of directors any suggested changes to either; and
 - oversee the evaluations of our board of directors and management.

The purpose, authority, resources and responsibilities of our nominations committee are more specifically set forth in its committee charter. As discussed above, the board of directors has determined that each member of our nominations committee is independent by applying the NYSE director independence standards (without additional categorical standards). The current members of our nominations committee are Thomas P. Stafford (chairman) and Terry N. Worrell. Our nominations committee held one meeting in 2008. See the Stockholder Proposals and Director Nominations for the 2010 Annual Meeting of Stockholders section below for the committee's procedures for receiving director nominations.

Non-Management and Independent Director Meetings. Pursuant to our corporate governance guidelines, our non-management directors are entitled to meet on a regular basis throughout the year, and will meet at least once annually, without management participation. Our independent directors also meet at least once annually, without management participation. The chairman of our audit committee presides at all of these meetings. In 2008, we complied with these requirements.

Stockholder Proposals and Director Nominations for the 2010 Annual Meeting of Stockholders. Stockholders may submit proposals on matters appropriate for stockholder action at our annual stockholder meetings, consistent with rules adopted by the SEC. We must receive such proposals not later than December 10, 2009 to be considered for inclusion in the proxy statement and form of proxy card relating to our annual meeting of stockholders in 2010. Our bylaws require that the proposal must set forth a brief description of the proposal, the name and address of the proposing stockholder as they appear on our books, the number of shares of our common stock the stockholder holds and any material interest the stockholder has in the proposal.

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Pursuant to the nominations committee's charter and our bylaws, a stockholder's written recommendation to the nominations committee for a nominee that is not an incumbent or recommended by our management shall set forth:

- the name and address of the nominating stockholder;
- a representation that the stockholder will be a stockholder of record at the annual stockholder meeting and intends to appear in person or by proxy at the meeting to nominate the nominee;
- a description of all arrangements or understandings between the stockholder and the nominee (or other persons pursuant to which the nomination is to be made);
- such other information regarding the nominee as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC; and