

First in Titanium Worldwide



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TITANIUM METALS CORPORATION

1999 ANNUAL REPORT



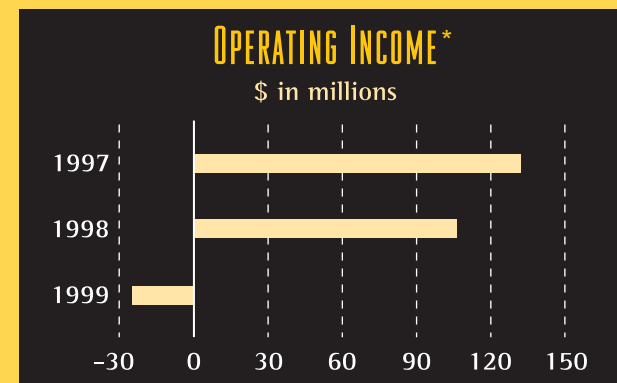
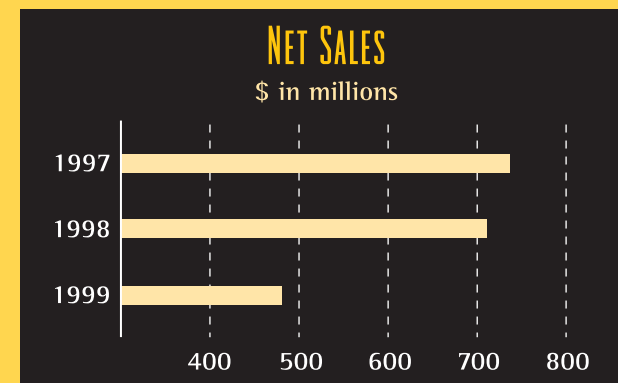
Financial Highlights

Titanium Metals Corporation (TIMET) is a leading producer of titanium mill products, with manufacturing and sales locations in both the United States and Europe. Our stock is traded on the New York Stock Exchange under the symbol TIE.

(\$ in millions, except per share data)	Years ended December 31,		
	1997	1998	1999
Statement of Operations Data:			
Net sales	\$ 733.6	\$ 707.7	\$ 480.0
Operating income (loss):			
Before special charges	133.0	106.7	(24.6)
Special charges	—	24.0	6.8
	\$ 133.0	\$ 82.7	\$ (31.4)
Net income (loss)	\$ 83.0	\$ 45.8	\$ (31.4)
Per Share Data:			
Basic earnings per share	\$ 2.64	\$ 1.46	\$ (1.00)
Diluted earnings per share	2.49	(a)	(a)
Cash dividends per common share	—	.12	.12
Stockholders' equity per common share	\$ 13.00	\$ 14.29	\$ 13.01
Balance Sheet Data:			
Cash and equivalents	\$ 69.0	\$ 15.5	\$ 20.7
Total assets	793.1	953.2	883.1
Indebtedness (b)	16.2	115.9	127.5
Convertible preferred securities	201.2	201.2	201.2
Stockholders' equity	408.9	448.4	408.1
Other Operating Data:			
Capital expenditures	\$ 66.3	\$ 115.2	\$ 24.8
Estimated order backlog at year end	\$ 530	\$ 350	\$ 195
Mill product shipments (thousands of metric tons)	15.1	14.8	11.4

(a) Antidilutive in 1998 and 1999.

(b) Includes bank and other debt and capital leases.



* Before Special Charges

Front Cover: Titanium sponge, the elemental form of titanium metal, is named for its porous appearance and is produced from rutile ore.

To Our Shareholders



Nineteen ninety-nine was a difficult and disappointing year for TIMET. Our sales were 32% lower than in 1998 due to a 23% decline in mill product volume and lower prices caused by reduced demand in both the aerospace and industrial sectors. Increased costs and production problems in North American operations also negatively impacted earnings.

At the end of 1998 the projected aerospace production rates for 2000 and beyond were lowered significantly, creating a decline in demand for titanium that began earlier and proved more severe than previously forecast. Throughout 1999, a significant number of the Company's major aerospace customers canceled or delayed previously scheduled orders. Adding to these aerospace market difficulties,

industrial sector demand for titanium has also softened due to the weakness in Asian and other economies.

Our biggest challenge for 2000 and beyond is resolving contractual issues with Boeing under our long-term contract. TIMET has worked diligently and earnestly to make this contract a success for TIMET and Boeing. However, after repeated assurances over two years of Boeing's good faith, Boeing has demanded that the agreement be re-negotiated to better suit Boeing's needs, including lower pricing and the elimination of any minimum Boeing purchase requirement. As a result, in March 2000, we filed a lawsuit against Boeing seeking damages estimated in excess of \$600 million. We are disappointed that we have been forced to take this very serious step to enforce our rights, but we did not feel we were left with any reasonable alternative to legal action.

In the meantime, we have made a significant change in the management structure of the Company. The new management team is focused on returning to profitability as quickly as possible by reducing costs, improving quality and streamlining our overall business processes. To that end, we have:

- Limited planned capital expenditures to include those intended principally for capital maintenance, environmental, health and safety purposes.
- Rationalized staffing and production worldwide to better fit current market conditions.
- Suspended the dividend on our common stock.
- Negotiated new credit agreements to provide liquidity through the current down-cycle.
- Initiated a plan to reduce overhead, inventory and receivables.

On the positive side, we have completed our major capital expenditures and are shifting manufacturing to newer, more efficient equipment to improve the overall manufacturing costs of the Company. We also completed implementation of the first phase of our SAP information system to improve our business processes.

The next few years will present a continuing challenge for us. We are redoubling efforts to return the Company to profitability.

J. Landis Martin

J. Landis Martin, Chairman, President & CEO

Optimize Performance Across the Enterprise

Planned Capital Equipment Projects are Complete

As part of our overall strategy to improve performance, TIMET's \$180 million capital expenditure program is now complete, with all new and refurbished equipment qualified and in production. We are now working on lowering production costs by focusing our manufacturing on the more cost-effective equipment.

In Toronto, Ohio, we commissioned a 4000 ton open die press in the second quarter of 1999 to replace our older 2500 ton press. The speed of the press, coupled with the increased heating capacity of the furnaces feeding it, makes the operation more efficient than the equipment it replaced.

In Morgantown, Pennsylvania, new VAR melt capacity complements the increased low-cost hearth melting capacity that was installed in 1998. The high scrap consumption capability of this operation provides the lowest cost feedstock for the nearby forge press in Toronto, maximizing utilization of the new press while reducing transportation time and costs.

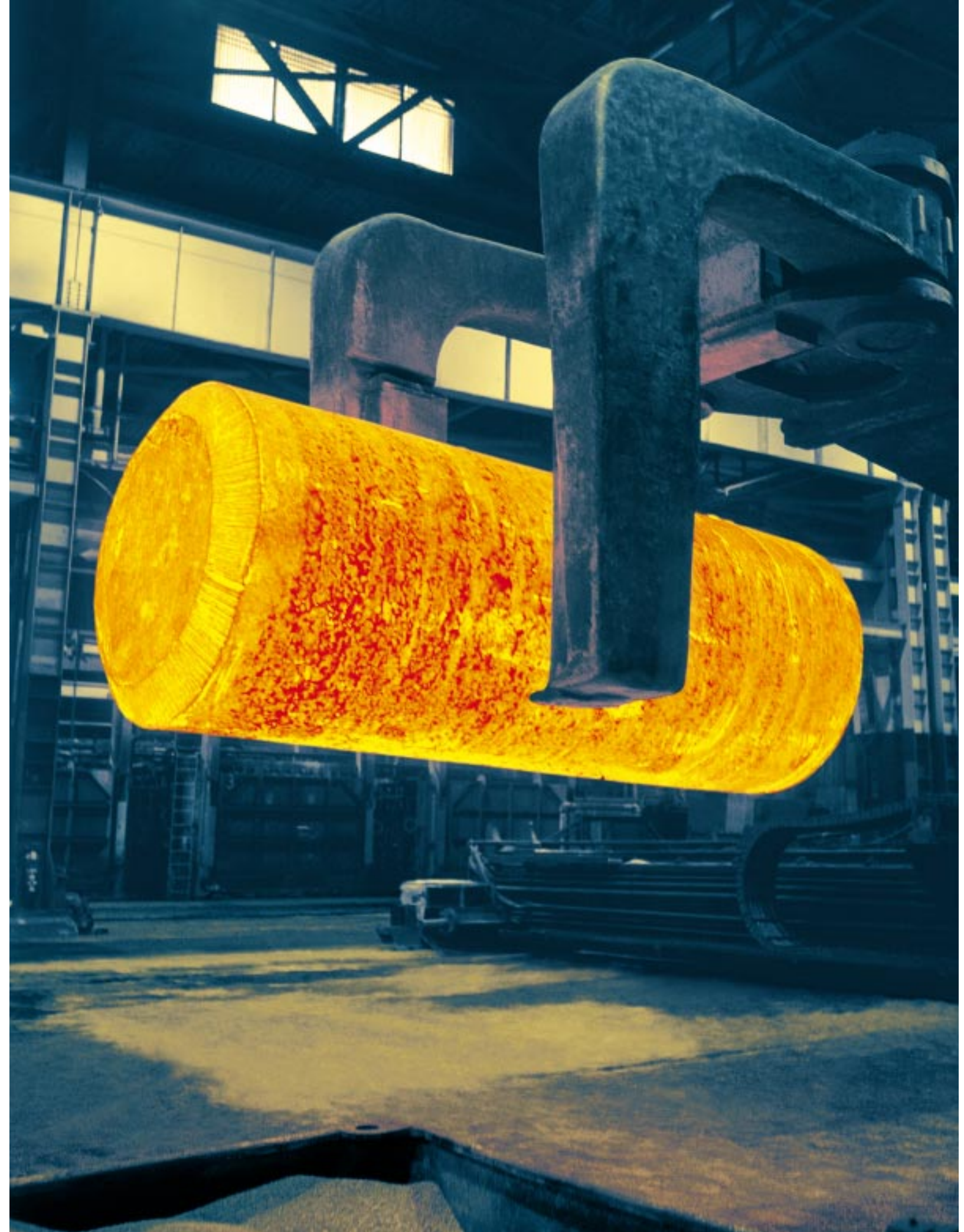
Focus on Improving the Business Process

With our business enterprise software system installed at most of the Company's operations, management is focused on exploiting and leveraging the system's capabilities to improve our overall business processes.

Our manufacturing and sales teams are now organized into worldwide units designed to take full advantage of the software system's ability to provide information across locations and markets. Common measurement systems and internal benchmarking allow us to better identify areas of strength and weakness and translate "best practices" to the rest of the Company.

We have included every key aspect of our operations in a business process optimization initiative, toward the goal of establishing continuous improvement throughout the organization. Team activities are underway in manufacturing, distribution, sales, and finance to speed customer responsiveness, reduce cycle times, and increase the reliability of our manufacturing processes.

Titanium ingot, produced from sponge, scrap, and alloying elements, is heated and transferred to an open die press for conversion to mill product form.



Continue Working Closely with Customers

Use Long-Term Agreements to Temper the Aerospace Cycle

Aircraft deliveries in 1999, for which titanium was supplied in 1997 or 1998, reached record levels. A reduction in future U.S. aircraft production was announced in late 1998, generating significant excess inventory in the titanium market and lowering the base rate of consumption considerably. The Company estimates that the net effect of these two forces was to drop titanium industry shipments to the aerospace sector by 36% in 1999 from the 1997 peak.

Despite the difficulties we have had with Boeing, our long-term agreements with other major aerospace customers continue to be key to our aerospace strategy. Next year our results will be dependent upon volumes ordered under these long-term agreements by customers like Wyman-Gordon, Rolls-Royce, and Pratt & Whitney.

Respond to Signs of Recovery in the Industrial Sector

TIMET's industrial sales in 1999 were generally flat compared to 1998. We project activity in this market to remain flat for most of 2000, with potential for improvement in late 2000 and into 2001.

In Asia, while consumer economies have rebounded somewhat from the 1997 financial crisis, capital infrastructure spending remains weak. However, as these economies continue to strengthen, inquiries related to capital spending are beginning to increase. In addition, more favorable exchange rates are helping to improve our competitiveness.

Pursue Developments in Emerging Markets

As a key component of our long-term strategy to diversify our revenue base, TIMET continues to encourage and support the use of titanium in new applications where acceptance of the metal is growing.

The year saw a breakthrough order for titanium pipe and pipe fittings from the U.S. Navy at Avondale Industries, valued at just under \$2 million, for the water main system on U.S. Navy LPD 17 ships to be built in the future using current designs.

During 1999, TIMET also received its first significant seamless pipe order for application in the energy market. We continue to work with many customers in the energy industry where the realization of titanium's value to their operations is increasing.

Architectural applications continue to expand, as the Van Gogh Museum in Amsterdam was completed with TIMET titanium exterior cladding. In addition, the National Scottish Science Center in Glasgow selected titanium supplied by TIMET and Nippon Steel for the exterior of its new home. Architectural projects used almost \$2 million of TIMET titanium in 1999. We expect several projects now in design to continue to fuel the growth of this market.

Corporate Information

Directors

J. Landis Martin, Chairman
Titanium Metals Corporation

Joseph S. Compofelice
CompX International Inc.

Edward C. Hutcheson, Jr.
Pinnacle Global Group, Inc.

Glenn R. Simmons
Valhi, Inc.

Gen. Thomas P. Stafford (Retired)
Stafford, Burke & Hecker, Inc.

Steven L. Watson
Valhi, Inc.

Executive Officers

President & Chief Executive Officer

J. Landis Martin

Executive Vice Presidents

Dr. Charles H. Entrekkin, Jr.
Commercial

Christian Léonhard
Operations

Robert E. Musgraves
General Counsel & Secretary

Mark A. Wallace
Chief Financial Officer & Treasurer

Stockholder Information

Stock Listings and Quotations Titanium Metals Corporation's common stock is listed on the New York Stock Exchange under the symbol TIE.

Annual Meeting The Company's 2000 Annual Meeting of Stockholders will be held at such place and time as described in the Notice of Annual Meeting and Proxy Statement sent to the Company's stockholders as of the record date for the annual meeting. Proxy cards should be signed, dated and returned promptly to ensure that all shares are represented at the annual meeting and voted in accordance with the instruction of their owners. Stockholders are encouraged to attend the annual meeting.

Transfer Agent First Chicago Trust Division of Equiserve acts as transfer agent, registrar and dividend-paying agent for the Company and therefore maintains all stockholder records for the Company. All inquiries about accounts and other related matters should be directed to First Chicago in writing or by telephone. Telephone inquiries may be directed to First Chicago's "Telephone Response Center" at (201) 324-1225, which is available Monday through Friday between 9:00 a.m. and 5:00 p.m. (Eastern time). Written inquiries may be made to First Chicago at: P.O. Box 2500, Jersey City, New Jersey 07303-2500.

Stockholders must provide their taxpayer identification number (or Social Security number), the name(s) in which their shares are registered, and the record address when requesting information.

Form 10-K Report A copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission for the fiscal year ended December 31, 1999, which includes complete audited financial statements, is included in this Annual Report. Additional copies are available to stockholders. Requests should be addressed to: Titanium Metals Corporation, 1999 Broadway, Suite 4300, Denver, Colorado 80202.

Forward-Looking Information The statements contained in this Annual Report on Form 10-K that are not historical facts, including, but not limited to, statements found in Item 1 - Business, Item 2 - Properties, Item 3 - Legal Proceedings and Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Forward-looking statements can be identified by the use of words such as "believes," "intends," "may," "will," "looks," "should," "anticipates," "expected" or comparable terminology or by discussions of strategy or trends. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly affect expected results. Actual future results could differ materially from those described in such forward-looking statements, and the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Among the factors that could cause actual results to differ materially are the risks and uncertainties discussed in this Annual Report, including in those portions referenced above and those described from time to time in the Company's other filings with the Securities and Exchange Commission include, but are not limited to, the cyclical nature of the commercial aerospace industry, the performance of The Boeing Company and other aerospace manufacturers under their long-term purchase agreements with the Company, global economic conditions, global productive capacity for titanium, changes in product pricing, the impact of long-term contracts with vendors on the ability of the Company to reduce or increase supply or achieve lower costs, the possibility of labor disruptions, control by certain stockholders and possible conflicts of interest, uncertainties associated with new product development and the supply of raw materials and services and other risks and uncertainties. Should one or more of these risks materialize (or the consequences of such a development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those forecasted or expected.