SECURITIES AND EXCHANGE COMMISSION

FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 - For the fiscal year ended December 31, 1998
OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-28538

Titanium Metals Corporation
(Exact name of registrant as specified in its charter)

Delaware	13-5630895
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1999 Broadway, Suite 4300, Denver, Colorado	80202
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (303)296-5600

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of Each Exchange on Which Registered
Common Stock ($.01 par value per share)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405

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of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K __

As of March 1, 1999, 31,369,405 shares of common stock were outstanding. The aggregate market value of the 19.1 million shares of voting stock held by nonaffiliates of Titanium Metals Corporation as of such date approximated $135 million.

Documents incorporated by reference:

The information required by Part III is incorporated by reference from the Registrant's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

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," "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 impact 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 the portions referenced above and those described from time to time in the Company's other filings with the Securities and Exchange Commission, such as the cyclicality of the Company's business and its dependence on the aerospace industry, the sensitivity of the Company's business to global industry capacity, global economic conditions, changes in product pricing, the impact of long term contracts with customers on the ability to raise prices, 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, potential difficulties in integrating acquisitions, uncertainties associated with new product development and the supply of raw materials and services and the possibilities

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of disruptions of normal business activities from "Year 2000" issues. 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.

PART I

ITEM 1: BUSINESS

~ General.~~~~~Titanium Metals Corporation ("TIMET" or the "Company") is one of the world's leading integrated producers of titanium sponge, ingot, slab and mill products and has the largest sales volume worldwide. The Company is the only integrated producer with major manufacturing facilities in both the United States and Europe, the world's principal markets for titanium. The Company estimates that in 1998 it accounted for approximately 27% of worldwide industry shipments of mill products and approximately 12% of world sponge production.

Titanium was first manufactured for commercial use in the 1950s. Titanium's unique combination of corrosion resistance, elevated-temperature performance and high strength-to-weight ratio makes it particularly desirable for use in commercial and military aerospace applications in which these qualities are essential design requirements for certain critical parts such as wing supports and jet engine components. While aerospace applications have historically accounted for a substantial portion of the worldwide demand for titanium and were approximately half of industry mill product shipments in 1998, the number of non-aerospace end-use markets for titanium has expanded substantially. Today, numerous industrial uses for titanium exist, including chemical and industrial power plants, desalination plants and pollution control equipment. Demand for titanium is also increasing in diverse new and emerging uses such as medical implants, sporting equipment, offshore oil and gas production installations, geothermal facilities, military armor and automotive uses.

TIMET's products include: titanium sponge, the basic form of titanium metal used in processed titanium products; titanium ingot and slab, the result of melting sponge and titanium scrap, either alone or with various other alloying elements; and forged products produced from ingot or slab, including billet, bar, flat products (plate, sheet, and strip), extrusions and wire. The Company believes it is among the lowest cost producers of titanium sponge and melt products due in part to its economies of scale, manufacturing expertise and investment in technology. The titanium industry is comprised of several manufacturers which, like the Company, produce a relatively complete range of titanium products and a significant number of producers worldwide that manufacture a limited range of titanium mill products. The Company believes that at least 90% of the world's titanium sponge is produced by six companies.

The Company intends to continue its focus on the following goals and objectives to change the traditional way business is conducted:

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. Maximize the long-term value of its core aerospace business by focusing on the Company's basic strengths of sponge production, melting and forging of various shapes of titanium products, and by entering into strategic agreements with major titanium users to help mitigate the cyclicality of the Company's aerospace business.

. Invest in strategic alliances, including joint ventures, acquisitions and entrepreneurial arrangements, as well as new markets, applications and products, to help reduce traditional dependence on the aerospace sector.

. Invest in technology, capacity and innovative projects aimed at reducing costs and enhancing productivity, quality, customer service and production capabilities.

. Stabilize the cost and supply of raw materials.

. Maintain a strong balance sheet.

~Outlook~for~1999.~~~The business environment in which TIMET finds itself in 1999 is substantially different from the 1996-1998 market for titanium metal. Throughout 1996, 1997 and much of 1998, the Company was producing titanium ingot and mill products for aerospace customers in contemplation of continuing record jet aircraft build rates that were expected to last through at least 2001. During the second half of 1998 it became evident that the anticipated record rates of aircraft production would not be reached, and that a decline in overall production rates would begin earlier than forecast, particularly in titanium-intensive widebody planes. As aerospace customers continue to reduce inventories during 1999 and adjust to decreases in overall production rates, TIMET faces a decrease in demand from 1997-98 levels.

Adding to the challenges in the aerospace sector, industrial demand for titanium has also declined due to the weakness in Asian and other economies. This has led to significant declines in volume and pricing. These declines in TIMET's key markets occurred earlier than had been anticipated and at a time when the Company was in the midst of a large capital expenditure program to modernize operations and to provide lower-cost, more efficient capacity to meet peak demand for its products. The Company was also in the middle of installing enterprise-wide systems and software in order to standardize systems and information, improve efficiencies, reduce costs and also to help make its systems "Year 2000" ("Y2K") ready.

Assuming demand remains at currently expected levels and does not decrease or increase significantly in 1999, the Company currently expects net losses in at least the first two quarters and a return to modest profitability in the third or fourth quarter. In both the aerospace and industrial sectors, reduced demand and lower prices (including prices under new long term contracts referred to below) will cause lower sales and gross profit margins.

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On the expense side, TIMET's costs related to the new enterprise-wide system and Y2K compliance program will continue to run at high levels throughout 1999. At the same time, the benefits of the new system will likely be modest in 1999, particularly with the reduction in capacity utilization.

In the fourth quarter of 1998, TIMET began implementing a plan of action designed to address current market conditions without abandoning key elements of its long-term strategy, which it believes remain sound. The action plan entails the following:

. TIMET has permanently closed manufacturing facilities in Verdi, NV, Milbury, MA and Pomona, CA. The Company has also temporarily or permanently closed parts of facilities in Henderson, NV, Morgantown, PA and Witton, England.

. TIMET has planned workforce reductions of approximately 600 people in the United States and Europe. These reductions represent over 20% of its mid-1998 worldwide workforce and have occurred at all levels of the Company. Approximately two-thirds of the reductions have been implemented as of February 1999.

. TIMET has merged all of its North American manufacturing operations into one operating unit to reduce costs and, at the same time, improve customer service.

. Reductions in plant overhead costs as well as in selling and administrative costs have been targeted.

. Supply contracts with key vendors have been renegotiated in order to reduce volumes and, to some extent, prices.

. Capital expenditures will be substantially cut back with exceptions of expenditure for environmental and safety purposes and funds needed to complete carryover projects begun in 1998, including the capital needed to complete implementation of the Company's business enterprise-wide software system. Total capital expenditures are expected to be less than $40 million in 1999, compared to an aggregate of approximately $180 million in 1997 and 1998. For the year 2000, capital expenditures should decline further.

. Plans are already in place to reduce working capital, especially inventory and receivables, and the Company believes it will see the benefits of this program beginning in the first quarter of 1999.

. The Company has also obtained the agreement of Nippon Mining & Metals Company and Mitsui & Company Incorporated to defer indefinitely TIMET's plan to purchase approximately 5% of the outstanding stock of Toho Titanium Company, Ltd. from Nippon Mining & Metals and Mitsui at a purchase price of approximately $13 million. TIMET plans to proceed with the other elements of the previously announced strategic alliance between Toho and TIMET, including study of the possible formation of a titanium hearth melting joint venture in

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Japan and an anticipated long-term agreement for the purchase of certain grades of titanium sponge by TIMET from Toho.

In addition to its short-term plan of actions as described above, the Company has long-term agreements with certain major aerospace customers, including The Boeing Company, Rolls-Royce plc, United Technologies Corporation (and related companies) and Wyman-Gordon Company. These agreements provide for (i) minimum market shares of the customers' titanium requirements (generally at least 70%) for extended periods (nine to ten years) and (ii) fixed or formula-determined prices generally for at least the first five years. These contracts are structured to provide incentives to both parties to lower TIMET's costs and share in the savings. These contracts and others represent the core of the Company's long-term aerospace strategy and in 1999 and beyond are anticipated to account for more than 60% of aerospace revenues. These agreements should limit pricing volatility (both up and down), for the long term benefit of both parties, while providing TIMET with a solid base of aerospace volume.

As a complement to the long-term agreements entered into with the Company's key customers, the Company has also entered into agreements with certain key suppliers that were intended to assure anticipated raw material needs to satisfy production requirements for the Company's key customers. When the order flow did not meet expectations in 1998, the Company sought to restructure the terms of certain agreements. The Company is continuing to work with suppliers and believes that the contracts can be amended or terminated without any material adverse effect to the Company.

With the new enterprise-wide information system in place, and the assured minimum volume shares and prices of the aerospace contracts referred to above, the Company can focus on cost reduction programs to increase TIMET's profitability to acceptable levels.

~Acquisitions~and~capital~transactions~during~the~past~three~years.~At the beginning of 1996, the Company was 75%-owned by Tremont Corporation and its operations were conducted primarily in the United States. During 1996, the Company expanded both geographically and operationally as a result of the acquisition of the titanium business of IMI plc (the "IMI Titanium Acquisition"), the acquisition of certain assets from Axel Johnson Metals, Inc. ("the "AJM Acquisition") and certain smaller acquisitions in Europe, all of which acquisitions are more fully described in Note 3 to the Consolidated Financial Statements.

The Company also significantly improved its liquidity and capital structure during 1996 through its initial public offering of common stock and the issuance of Company-obligated manditorily redeemable preferred securities (the "Convertible Preferred Securities") through a subsidiary trust, TIMET Capital Trust I. See Notes 10 and 11 to the Consolidated Financial Statements.

During 1997, the Company entered into a welded tube joint venture ("ValTimet") and in 1998 a castings joint venture ("Wyman-Gordon Titanium

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Castings"), both intended to combine best manufacturing practices and market coverage in these smaller markets. In 1998, TIMET acquired Loterios S.p.A. to increase market share in industrial markets, particularly oil and gas, and provide increased geographic sales coverage in Europe. These transactions are more fully described in Notes 3 and 4 to the Consolidated Financial Statements.

TIMET's strategy for investing in new markets and uses for titanium also includes investing in emerging businesses. In this regard, during 1997 the Company acquired equity interests in Ti.Pro, LLC, Titanium Memory Systems, Inc. ("TMS") and TiComp, Inc. Ti.Pro's focus is on developing the market for titanium in automobile racing and other specialty vehicle applications. TMS is continuing its development and production of a titanium substrate for use in computer hard disk drives. TiComp is working on the development and production of layered titanium and composite materials for a variety of potential applications.

Tremont now holds approximately 39% of TIMET's outstanding common stock. See Note 14 to the Consolidated Financial Statements.

~ Recent~Industry~Conditions.~The titanium industry historically has derived the majority of its business from the aerospace industry. The cyclical nature of the aerospace industry has been the principal cause of the historical fluctuations in performance of titanium companies, which had cyclical peaks in mill products shipments in 1980, 1989 and 1997 and cyclical lows in 1983 and 1991. During the 1996-1998 period, the Company reported aggregate net income of $176 million, which substantially more than offset the aggregate net losses of $93 million it reported during the difficult 1991-1995 period.

Worldwide industry mill product shipments of approximately 60,000 metric tons in 1997 were 65% above 1994 levels. In 1998, industry mill product shipments declined approximately 10%, to approximately 54,000 metric tons, with a further 15% decline, to approximately 46,000 metric tons, expected in 1999.

The Company believes that the reduction in demand for aerospace products is attributable to a decline in the number of aircraft forecast to be produced, particularly in titanium-intensive wide body planes, compounded by reductions in inventories as customers adjust to the decreases in overall production rates. Industrial demand for titanium has also declined due to weakness in Asian and other economies.

Aerospace demand for titanium products, which includes both jet engine components such as rotor blades, discs, rings and engine cases, and air frame components, such as bulkheads, tail sections, landing gear and wing supports, can be broken down into commercial and military sectors. Industry shipments to the commercial aerospace sector in 1998 accounted for approximately 80% of total aerospace demand (40% of total titanium demand).

According to~The~Airline~Monitor~, a leading aerospace publication, the commercial airline industry reported operating income of over $11 billion (estimated) in 1998, compared to $16 billion in 1997 and $12 billion in 1996. The Company understands commercial aircraft deliveries are expected to peak in

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1999. Current expected deliveries for 2000 and 2001, while below the record levels of 1998 and 1999, are still high by historical standards, and the current generations of airplanes use substantially more titanium than their predecessors. The Company can give no assurance as to the extent or duration of the current commercial aerospace cycle or the extent to which it will result in demand for titanium products.

Since titanium's initial applications in the aerospace sector, the number of end-use markets for titanium has expanded substantially. Existing industrial uses for titanium include chemical plants, industrial power plants, desalination plants, and pollution control equipment. Titanium is also experiencing increased customer demand in new and emerging uses such as medical implants, sporting equipment, offshore oil and gas production installations, geothermal facilities, military armor and automotive uses. Several of these emerging applications

represent potential growth opportunities that the Company believes may reduce the industry's historical dependence on the aerospace market.
~
~ ~Products~and~Operations.~The Company is a vertically integrated titanium producer whose products include: titanium sponge, the basic form of titanium metal used in processed titanium products; titanium ingot and slab, the result of melting sponge and titanium scrap, either alone or with various other alloying elements; and forged and rolled products produced from ingot or slab, including billet, bar, flat products (plate, sheet, and strip) and extrusions. In 1998, approximately 97% of the Company's sales were generated by the Company's integrated titanium operations (its Titanium melted and mill products segment). The titanium product chain is described below.

Titanium sponge (so called because of its appearance) is the commercially pure, elemental form of titanium metal. The first step in sponge production involves the chlorination of titanium-containing rutile ores, derived from beach sand, with chlorine and coke to produce titanium tetrachloride. Titanium tetrachloride is purified and then reacted with magnesium in a closed system, producing titanium sponge and magnesium chloride as co-products. The Company's titanium sponge production capacity in Henderson, NV, incorporates vacuum distillation process ("VDP") technology, which removes the magnesium and magnesium chloride residues by applying heat to the sponge mass while maintaining vacuum in the chamber. The combination of heat and vacuum boils the residues from the reactor mass into the condensing vessel. The titanium mass is then mechanically pushed out of the original reactor, sheared and crushed, while the residual magnesium chloride is electrolytically separated and recycled.

Titanium ingots and slabs are solid shapes (cylindrical and rectangular, respectively) that weigh up to 8 metric tons in the case of ingots and up to 16 metric tons in the case of slabs. Each is formed by melting titanium sponge or scrap or both, usually with various other alloying elements such as vanadium, aluminum, molybdenum, tin and zirconium. Titanium scrap is a by-product of

milling and machining operations, and significant quantities of scrap are generated in the production process for most finished titanium products. The melting process for ingots and slabs is closely controlled and monitored

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utilizing computer control systems to maintain product quality and consistency and meet customer specifications. Ingots and slabs are both sold to customers and further processed into mill products.

Titanium mill products result from the forging, rolling, drawing and/or extrusion of titanium ingots or slabs into products of various sizes and grades. These mill products include titanium billet, bar, rod, plate, sheet, strip and extrusions. The Company sends certain products to outside vendors for further processing before being shipped to customers or to the Company's service centers. The Company's customers usually process the Company's products for their ultimate end-use or for sale to third parties.

During the production process and following the completion of products, the Company performs extensive testing on its products, including sponge, ingot and mill products. Testing may involve chemical analysis, mechanical testing and ultrasonic and x-ray testing. The inspection process is critical to ensuring that the Company's products meet the high quality requirements of customers, particularly in aerospace components production.

The Company is dependent upon the services of outside processors to perform important processing functions with respect to certain of its products. In particular, the Company currently relies upon a single processor to perform certain rolling steps with respect to some of its plate, sheet and strip products, and upon a single processor to perform certain finishing and conditioning steps with respect to its slab products. Although the Company believes that there are other metal producers with the capability to perform these same processing functions, arranging for alternative processors, or possibly acquiring or installing comparable capabilities, could take several months and any interruption in these functions could have a material and adverse effect on the Company's business, results of operations, financial condition and cash flows in the short term. The Company is exploring ways to lessen its dependence on any individual processor.

~ Raw~Materials.~The principal raw materials used in the production of titanium mill products are titanium sponge, titanium scrap and alloying materials. The Company processes rutile ore into titanium tetrachloride and further processes the titanium tetrachloride into titanium sponge.

While the Company is one of six major worldwide producers of titanium sponge, it cannot supply all of its needs for all grades of titanium sponge internally and is dependent, therefore, on third parties for a portion of its sponge needs. The Company expects to provide approximately 45% of its 1999 sponge needs from suppliers in Japan and the former Soviet Union ("FSU").

TIMET has a long-term agreement, concluded in 1997, for the purchase of titanium sponge produced in Kazakhstan to support demand for both aerospace and non-aerospace applications. This sponge purchase agreement is for ten years, with firm pricing for the first five years (subject to certain possible adjustments). This contract provides for annual purchases by the Company of 6,000 to 10,000 metric tons. The parties have agreed in principle to a reduced minimum for 1999, and the Company currently expects to do the same for 2000.

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The Company also has agreed in principle to purchase on a long-term basis premium quality sponge produced in Japan primarily to support production of material for critical rotating jet engine applications.

The primary raw materials used in the production of titanium sponge are titanium-containing rutile ore, chlorine, magnesium and petroleum coke. Titanium-containing rutile ore is currently available from a number of suppliers around the world, principally located in Australia, Africa (South Africa and Sierra Leone), India and the United States. A majority of the Company's supply of rutile ore is currently purchased from Australian suppliers. The Company believes the availability of rutile ore will be adequate for the foreseeable future and does not anticipate any interruptions of its raw material supplies, although political or economic instability in the countries from which the Company purchases its raw materials could materially and adversely affect availability. In addition, although the Company believes that the availability of rutile ore is adequate in the near-term, there can be no assurance that the Company will not experience interruptions. Chlorine is currently obtained from a single source near the Company's plant, but alternative suppliers are available. Magnesium and petroleum coke are generally available from a number of suppliers.

Various alloying elements used in the production of titanium ingot are available from a number of suppliers. The Company has agreed in principle to enter into long-term agreements with certain suppliers for a substantial portion of its alloy requirements at fixed and/or formula-determined prices.
~
Markets~and~Customer~Base.~About 52% of the Company's 1998 sales were to customers within North America, with about 40% to European customers and the balance to other regions. No single customer represents more than 10% of the Company's direct sales. However, in 1998, about 75% of the Company's mill product shipments sales were used by the Company's customers to produce parts and other materials for the aerospace industry. The Company expects that while a majority of its 1999 sales will be to the aerospace sector, other markets will continue to represent a significant portion of sales.

The commercial aerospace industry consists of two major manufacturers of large (over 100 seats) commercial aircraft (Boeing Commercial Airplane Group and the Airbus consortium) and four major manufacturers of aircraft engines (Rolls-Royce, Pratt & Whitney (a unit of United Technologies Corporation), General Electric and SNECMA). The Company's sales are made both directly to these major manufacturers and to companies (including forgers such as Wyman-Gordon) that use the Company's titanium to produce parts and other materials for such manufacturers. If any of the major aerospace manufacturers were to significantly reduce build rates from those currently expected, there could be a material adverse effect, both directly and indirectly, on the Company.

The Company's order backlog was approximately $350 million at December 31, 1998, compared to $530 million at December 31, 1997. Approximately 95% of the 1998 year end backlog is expected to be delivered during 1999. Although the

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Company believes that the backlog is a reliable indicator of near-term business activity, conditions in the aerospace industry could change and result in future cancellations or deferrals of existing aircraft orders and materially and adversely affect the Company's existing backlog, orders, and future financial condition and operating results.

As of December 31, 1998, the estimated firm order backlog for Boeing and Airbus, as reported by~The~Airline~Monitor~, was 3,224 planes versus 2,753 planes at the end of 1997 and 2,370 planes at the end of 1996. The newer wide body planes, such as the Boeing 777 and the Airbus A-330 and A-340, tend to use a higher percentage of titanium in their frames, engines and parts (as measured by total fly weight) than narrow body planes. "Fly weight" is the empty weight of a finished aircraft with engines but without fuel or passengers. The Boeing 777, for example, utilizes titanium for approximately 9% of total fly weight, compared to between 2% to 3% on the older 737, 747 and 767 models. The estimated firm order backlog for wide body planes at year end 1998 was 820 (25% of total backlog) compared to 840 (30%) at the end of 1997.

Through various strategic relationships, the Company seeks to gain access to unique process technologies for the manufacture of its products and to expand existing markets and create and develop new markets for titanium. The Company has explored and will continue to explore strategic arrangements in the areas of product development, production and distribution. The Company also will continue to work with existing and potential customers to identify and develop new or improved applications for titanium that take advantage of its unique qualities.

~ ~
~ Competition.~The titanium metals industry is highly competitive on a worldwide basis. Producers of mill products are located primarily in the United States, Japan, Europe, FSU and China. The Company is one of four integrated producers in the world, with "integrated producers" being considered as those that produce at least both sponge and ingot. There are also a number of non-integrated producers that produce mill products from purchased sponge, scrap or ingot. The Company believes that most producers will generally operate at lower capacity levels in 1999 than in 1998, increasing price competition.

The Company's principal competitors in aerospace markets are Allegheny Teledyne Inc., RTI International Metals, Inc. (formerly RMI Titanium Company) and Verkhanya Salda Metallurgical Production Organization ("VSMPO"). These companies, along with the Japanese producers and other companies, are also principal competitors in industrial markets. The Company competes primarily on the basis of price, quality of products, technical support and the availability of products to meet customers' delivery schedules.

In the U.S. market, the increasing presence of non-U.S. participants has become a significant competitive factor. Until 1993, imports of foreign titanium products into the U.S. had not been significant. This was primarily attributable to relative currency exchange rates, tariffs and, with respect to Japan and the FSU, existing and prior duties (including antidumping duties). However, imports of titanium sponge, scrap, and mill products, principally from the FSU, have increased in recent years and have had a significant competitive impact on the U.S. titanium industry. To the extent the Company has been able to take

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advantage of this situation by purchasing such sponge, scrap or intermediate mill products from such countries for use in its own operations during recent years, the negative effect of these imports on the Company has been somewhat mitigated.

Generally, imports into the U.S. of titanium products from countries designated by the U.S. Government as "most favored nations" are subject to a 15% tariff (45% for other countries). Titanium products for tariff purposes are broadly classified as either wrought or unwrought. Wrought products include bar, sheet, strip, plate and tubing. Unwrought products include sponge, ingot, slab and billet. Starting in 1993, imports of titanium wrought products from Russia were exempted from this duty under the "generalized system of preferences" or "GSP" program designed to aid developing economies. In recent years, the GSP program has been subject to annual review and renewal and is currently scheduled to expire in the second quarter of 1999.

In 1997, GSP benefits to these products were suspended when the level of Russian wrought products imports reached 50% of all imports of titanium wrought products. A petition was filed in 1997 to restore duty-free status to these products, and that petition was granted in June 1998. In addition, a petition was also filed to bring unwrought products under the GSP program, which would allow such products from the countries of the FSU (notably Russia and, in the case of sponge, Kazakhstan and Ukraine) to be imported into the U.S. without the payment of regular duties. This petition concerning unwrought products has not been acted upon pending further investigation of the merits of such a change.

In addition to regular duties, titanium sponge imported from countries of the FSU (Russia, Kazakhstan and Ukraine) has for many years been subject to substantial antidumping penalties. In addition, titanium sponge imports from Japan were subject to a standing antidumping order, but no penalties had been attached in recent years. In 1998, the International Trade Commission ("ITC") revoked all outstanding antidumping orders on titanium sponge based upon a determination that changed circumstances in the industry did not warrant continuation of the orders. TIMET has appealed that decision, with first hearings expected in the second quarter of 1999. Pending the appeal, the orders remain revoked.

Further reductions in, or the complete elimination of, all or any of these tariffs could lead to increased imports of foreign sponge, ingot, and mill products into the U.S. and an increase in the amount of such products on the market generally, which could adversely affect pricing for titanium sponge and mill products and thus the business, financial condition, results of operations and cash flows of the Company. However, the Company has, in recent years, been one of the largest importers of foreign titanium sponge and mill products into the U.S. To the extent the Company remains a substantial purchaser of these products, any adverse effects on product pricing as a result of any reduction in, or elimination of, any of these tariffs would be partially ameliorated by the decreased cost to the Company for these products to the extent it currently

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bears the cost of the import duties.

Producers of other metal products, such as steel and aluminum, maintain forging, rolling and finishing facilities that could be modified without substantial expenditures to produce titanium products. The Company believes, however, that entry as a producer of titanium sponge would require a significant capital investment and substantial technical expertise. Titanium mill products also compete with stainless steels, nickel alloys, steel, plastics, aluminum and composites in many applications.

~Research~and~Development.~The Company's research and development activities are directed toward improving process technology, developing new alloys, enhancing the performance of the Company's products in current applications, and searching for new uses of titanium products. For example, one of the Company's proprietary alloys, TIMETAL(R)21S, has been specified for a number of aerospace applications, including the Boeing 777. Additionally, TIMETAL LCB, a low cost beta alloy, is being tested for new non-aerospace applications, and TIMETAL 15-3 has been introduced into the sporting goods markets. The Company conducts the majority of its research and development activities at its Henderson, NV laboratory, which the Company believes is one of the largest titanium research and development centers in the world. Additional

research and development activities are performed at the Witton, England facility.

~ Patents~and~Trademarks.~The Company holds U.S. and non-U.S. patents applicable to certain of its titanium alloys and manufacturing technology. The Company continually seeks patent protection with respect to its technical base and has occasionally entered into cross-licensing arrangements with third parties. However, most of the titanium alloys and manufacturing technology used by the Company do not benefit from patent or other intellectual property protection. The Company believes that the trademarks TIMET(R) and TIMETAL, which are protected by registration in the U.S. and other countries, are significant to its business.

~ Employees.~ As of December 31, 1998, the Company employed approximately 2,550 persons (1,650 in the U.S. and 900 in Europe), down approximately 16% from a total of 3,025 at the end of 1997. During 1999, the Company expects to reduce employment by an additional 300 persons, the vast majority of which should occur during the first quarter.

The Company's production and maintenance workers in Henderson, NV and its production, maintenance, clerical and technical workers in Toronto, OH are represented by the United Steelworkers of America ("USWA") under contracts expiring in October 2000 and June 2002, respectively. Employees at the Company's other U.S. facilities are not covered by collective bargaining agreements.

Over 80% of the salaried and hourly employees at the Company's European facilities are members of various European labor unions, generally under annual agreements, certain of which are still under negotiation for 1999.

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The USWA engaged in a nine month work stoppage at the Company's Henderson facility in 1993 - 1994 and in a three month stoppage at the Toronto facility in 1994. While the Company currently has long-term contracts with the USWA and considers its employee relations to be satisfactory, it is possible that there could be future work stoppages that could materially and adversely affect the Company's business, financial condition, results of operations or cash flows.

~ Regulatory~and~Environmental~Matters.~The Company's operations are governed by various Federal, state, local and foreign environmental and worker safety laws and regulations. In the U.S., such laws include the Federal Clean Air Act, the Clean Water Act and the Resource Conservation and Recovery Act. The Company uses and manufactures substantial quantities of substances that are considered hazardous or toxic under environmental and worker safety and health laws and regulations. In addition, at the Company's Henderson, NV facility, the Company uses substantial quantities of titanium tetrachloride, a material classified as extremely hazardous under Federal environmental laws. The Company has used such substances throughout the history of its operations. As a result, risk of environmental damage is inherent in the Company's operations. The Company's operations pose a continuing risk of accidental releases of, and worker exposure to, hazardous or toxic substances. There is also a risk that government environmental requirements, or enforcement thereof, may become more stringent in the future. There can be no assurances that some, or all, of the risks discussed under this heading will not result in liabilities that would be material to the Company's business, results of operations, financial condition or cash flows.

The Company's operations in Europe are similarly subject to foreign laws and regulations respecting environmental and worker safety matters, which laws are generally less stringent than U.S. laws and which have not had, and are not presently expected to have, a material adverse effect on the Company. There can be no assurance that such foreign laws will not become more stringent.

The Company believes that its operations are in compliance in all material respects with applicable requirements of environmental and worker safety laws. The Company's policy is to continually strive to improve environmental, health and safety performance. From time to time, the Company may be subject to environmental regulatory enforcement under various statutes, resolution of which typically involves the establishment of compliance programs. Occasionally, resolution of these matters may result in the payment of penalties, but to date no material penalties have been incurred. The Company incurred capital expenditures for health, safety and environmental protection and compliance of approximately $4 million in each of 1997 and 1998, and its capital budget provides for approximately $6 million of such expenditures in 1999. However, the imposition of more strict standards or requirements under environmental laws and regulations could result in expenditures in excess of amounts estimated to be required for such matters. See Note 15 to the Consolidated Financial Statements - "Commitments and Contingencies - Environmental Matters," which information is incorporated herein by reference.

ITEM 2: PROPERTIES

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Set forth below is a listing of the Company's manufacturing facilities. In addition to its U.S. sponge capacity discussed below, the Company's 1999 worldwide melting capacity aggregates approximately 48,000 metric tons (26% of world capacity), and its mill products capacity aggregates approximately 20,000 metric tons (16% of world capacity). Approximately 63% of TIMET's worldwide melting capacity is represented by electron beam cold hearth melting ("EB") furnaces, 35% by vacuum arc remelting ("VAR") furnaces and 2% by a vacuum induction melting ("VIM") furnace.

During much of the past three years, the Company operated its major production facilities at high levels of practical capacity. Production levels and capacity utilization in 1999 will be lower than in 1998.

<TABLE>
<CAPTION>
~<S>~ ~<C>~ ~Annual~Capacities~

~M~anufacturing~Location ~	~P~roducts~Manufactured~	~M~elting	Mill Products
		~(metric~tons)~	
Henderson, Nevada+	Sponge, Ingot	13,600	-
Morgantown, Pennsylvania+	Slab, Ingot, Raw Materials Processing	20,700	-
Vallejo, California*	Ingot (including non-titanium superalloys)	1,600	-
Toronto, Ohio+	Billet, Bar, Plate, Sheet, Strip	-	9,200
Witton, England*	Ingot, Billet, Bar	9,800	6,000
Ugine, France*	Ingot, Bar, Billet, Wire, Extrusions	2,200	1,600
Waunarlwydd (Swansea), Wales+	Bar, Plate, Sheet	-	3,400

__<FN>______________
+ Owned facilities
* Leased facilities
</TABLE>

TIMET UK's Witton, England facilities are leased from IMI pursuant to long-term capital leases. TIMET Savoie has the right, on a long-term basis, to utilize portions of CEZUS' plant in Ugine, France.

~United~States~Production.~The Company's VDP sponge facility is expected to operate at approximately 60% of its annual practical capacity of 9,100 metric tons during 1999, down from approximately 85% in 1998. VDP sponge is used

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principally as a raw material for the Company's ingot melting facilities in the U.S., with some 1999 VDP production expected to be used in Europe. Due to changing market conditions for certain grades of sponge, the Company reopened its original Kroll-leach process sponge plant in Nevada in 1996 and is temporarily idling this facility at the end of March 1999. The raw materials processing facilities in Morgantown primarily process scrap used as melting feedstock, either in combination with sponge or separately.

The Company's U.S. melting facilities produce ingots and slabs both sold to customers and used as feedstock for its mill products operations. These melting facilities are expected to operate at approximately 60% of aggregate capacity in 1999, with certain production facilities temporarily idled.

Titanium mill products are principally produced at a forging and rolling facility in Toronto, OH, which receives titanium ingots and slabs from the Company's U.S. melting facilities and titanium slabs and hot bands purchased from outside vendors.

~European~Production.~TIMET UK's melting facility in Witton, England produces VAR ingots sold to customers and used as raw material feedstock for its forging operations, also in Witton. The forging operation principally process the ingots into billet product for sale to customers and for further processing into bar and plate at its facility in Waunarlwydd, Wales. U.K. melting and mill products production in 1999 is expected to be approximately 70% and 65%, respectively, of capacity.

Capacity of 70%-owned TIMET Savoie in Ugine, France is to a certain extent dependent upon the level of activity in CEZUS' zirconium business, which may from time to time provide TIMET Savoie with capacity in excess of that contractually required to be provided by CEZUS (the 30% minority partner in TIMET Savoie). During 1999, TIMET Savoie expects to operate at approximately 95% of the maximum capacity required to be provided by CEZUS.

Sponge for melting requirements in both the U.K. and France is purchased principally from suppliers in Japan and Kazakhstan, with a portion of 1999 U.K. requirements expected to be provided by the Company's Henderson, NV VDP plant.

~Distribution.~The Company sells its products through its own sales force based in the U.S. and Europe, and through independent agents worldwide. The Company's marketing and distribution system also includes nine Company-owned service centers (five in the U.S. and four in Europe), which sell the Company's products on a just-in-time basis.

The Company believes that it has a competitive sales and cost advantage arising from the location of its production plants and service centers, which are in close proximity to major customers. These centers primarily sell value-added and customized mill products including bar and flat-rolled sheet and strip. The Company believes its service centers give it a competitive advantage because of their ability to foster customer relationships, customize products to suit specific customer requirements and respond quickly to customer needs.

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ITEM 3: LEGAL PROCEEDINGS

From time to time, the Company is involved in litigation relating to claims arising out of its operations in the normal course of business. See Note 15 of the Consolidated Financial Statements, which information is incorporated herein by reference.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the quarter ended December 31, 1998.

PART II

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

TIMET's common stock is traded on the New York Stock Exchange (symbol: "TIE"). On March 12, 1999, the closing price of TIMET common stock was $6.125 per share. The high and low sales prices for the Company's common stock (NASDAQ prior to July 16, 1998) are set forth below.

~Year~ended~December~31,~1997~	High	Low
First Quarter	$ 33.63	$ 25.00
Second Quarter	32.75	25.25
Third Quarter	37.38	29.38
Fourth Quarter	38.00	27.63

~Year~ended~December~31,~1998:~	High	Low
First Quarter	$ 32.13	$ 24.25
Second Quarter	27.88	21.38
Third Quarter	21.56	11.50
Fourth Quarter	15.81	7.31

As of March 1, 1999, there were approximately 9,800 common shareholders of record.

In the second quarter of 1998, the Company instituted a regular quarterly dividend of $.04 per common share. In September 1998, the Board of Directors authorized the repurchase of up to four million shares of TIMET common stock in open market or private transactions. During 1998, the Company repurchased 90,000 shares for approximately $1.2 million.

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Any payment of future dividends or stock repurchases will be at the discretion of the Company's Board of Directors and will depend upon, among other things, the Company's earnings, financial condition, capital requirements, extent of indebtedness and contractual restrictions with respect to payment of dividends and stock repurchases. The Company's principal bank credit facility currently provides for common dividends of up to $2 million per quarter and currently would restrict additional repurchases of capital stock.

ITEM 6: SELECTED FINANCIAL DATA

The selected financial data set forth below should be read in conjunction with the Company's Consolidated Financial Statements and Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations."

<TABLE>
<CAPTION> Years Ended December 31,

	1994	1995	1996	1997	1998
<S>	($ In millions, except per share data)				
STATEMENT OF OPERATIONS DATA:	<C>	<C>	<C>	<C>	<C>
Net sales (1)	$ 146.0	$184.7	$507.1	$733.6	$707.7
Operating income (loss)	(34.7)	5.4	59.8	133.0	82.7
Interest expense	7.6	10.4	9.0	2.0	2.9
Net income (loss)	(42.1)	(4.2)	47.6	83.0	45.8
Earnings per share:					
Basic	$(2.87)	$(.27)	$1.72	$2.64	$1.46
Diluted (2)	-	-	1.72	2.49	-
Cash dividends per share	-	-	-	-	.12
BALANCE SHEET DATA:					
Cash and cash equivalents	$ -	$ -	$86.5	$ 69.0	$ 15.5
Total assets	240.2	248.8	703.0	793.1	953.2
Indebtedness (3)	92.9	89.6	22.1	16.2	115.9
Minority interest - Convertible Preferred Securities	-	-	201.2	201.2	201.2
Stockholders' equity	64.7	68.1	326.2	408.9	448.4
OTHER OPERATING DATA:					
Cash flows provided (used):					
Operating activities	$(20.0)	$(6.1)	$ (.7)	$ 72.6	$ 76.1

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Investing activities	(4.6)	(2.5)	(131.4)	(79.8)	(223.2)
Financing activities	17.7	8.6	215.1	(9.8)	92.2
Net provided (used)	$(6.9)	$-	$83.0	$(17.0)	$(54.9)
Mill product shipments (metric tons 000's)	4.8	5.5	12.4	15.1	14.8
Active employees at year end	880	1,020	2,950	3,025	2,550
Order backlog at year end (4)	$ 85.0	$125.0	$440.0	$530.0	$350.0
Capital expenditures	$ 4.6	$ 3.0	$21.7	$66.3	$115.2

</TABLE>

(1) Significant acquisitions accounted for by the purchase method were made during 1996. See Note 3 to the Consolidated Financial Statements.

(2) Antidilutive in 1994, 1995 and 1998.

(3) Includes bank and other debt, capital lease obligations and loans payable to related parties.

(4) "Order backlog" is defined as firm purchase orders (which are generally subject to cancellation by the customer upon payment of specified charges).

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

~ General.~~~The aerospace industry in recent history has accounted for approximately two-thirds of U.S. and 40% to 50% of worldwide titanium mill products consumption, and has had a significant effect on the overall sales and profitability of the titanium industry. The aerospace industry, and consequently the titanium metals industry, is highly cyclical. Throughout 1996, 1997 and much of 1998, the Company was producing titanium ingot and mill products for aerospace customers in contemplation of continuing record jet aircraft build rates then expected to last through at least 2001. During the second half of 1998, it became evident to the Company that the anticipated record rates of aircraft production would not be reached and that a decline in overall production rates would begin earlier than forecast, particularly in titanium-intensive widebody planes. As aerospace customers reduce inventories

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during 1999 and adjust to decreases in overall production rates, the Company

faces a decrease in demand from 1997-1998 levels. Industrial demand for titanium has also declined due to weakness in Asian and other economies.

The Company estimates that worldwide industry shipments of titanium mill products peaked in 1997 at approximately 60,000 metric tons and decreased 10% in 1998 to approximately 54,000 metric tons. The Company also estimates industry mill product shipments will further decline in 1999 to approximately 46,000 metric tons.

The Company's order backlog decreased to approximately $350 million at December 31, 1998 from approximately $530 million at December 31, 1997 and from $440 million at December 31, 1996. The Company defines "order backlog" as firm purchase orders (which are generally subject to cancellation by the customer upon payment of specified charges).

The Company expects that production levels, capacity utilization, sales volumes, sales prices, gross profit margins and operating income margins excluding special charges will all be lower in 1999 than they were in 1998. Assuming demand remains at currently expected levels and does not decrease or increase significantly in 1999, the Company currently expects net losses in at least the first two quarters of 1999 and a return to modest profitability in the third or fourth quarter. In both the aerospace and industrial sectors, reduced demand and lower prices (including prices under new long-term contracts with key aerospace customers) will cause lower sales and gross profit margins. The Company has implemented plans to address the current market conditions, as more fully described in Item 1 - "Business - Outlook for 1999." Special restructuring charges in 1998 as a result of the Company's action plans were $24 million, as more fully described in Note 5 to the Consolidated Financial Statements.

Expenses related to implementing and maintaining the Company's business-enterprise system and to addressing Y2K issues are expected to remain high in 1999.

~Sales~and~Operating~Income~-~1998~compared~with~1997.~Net sales of the "Titanium melted and mill products" segment in 1998 were 2% below 1997 levels primarily due to lower volumes due to reduced demand during the last half of the year in both aerospace and industrial markets, as described above. Mill product shipment volume for the year declined 2% to 14,800 metric tons. Selling prices on shipments were relatively flat, in large part due to prices on orders entered prior to the decline in demand. Average prices on 1999 shipments are expected to be 5% to 10% lower than in 1998, reflecting both provisions of long-term agreements effective in 1999 and increased price competition on non-contract business.

Net sales of the "Other" segment were down 34% primarily as a result of the Company's ceasing to consolidate its castings business after July 1998. See Note 4 to the Consolidated Financial Statements.

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Total cost of sales was 77% of sales in 1998, comparable to 76% of sales in 1997. Cost of sales is expected to be a higher percent of sales in 1999, as the effect of lower average selling prices, lower volumes and higher depreciation will more than offset the positive effect of the Company's cost saving initiatives.

Selling, general, administrative and developmental expenses in 1998 were higher than in 1997, in both total dollar and percent of sales terms (8.5%, up from 6.2%), in large part due to information technology costs, including implementation of the Company's enterprise-wide business information system and addressing Y2K issues.

Equity in earnings of joint ventures of the "Titanium melted and mill products" segment improved in 1998 over 1997 principally due to improved earnings of ValTimet. Equity losses of the "Other" segment were higher in 1998

as certain ventures were held for the full year, compared to a part year in 1997.

Operating income of the "Titanium melted and mill products" segment in 1998 included special charges of $19.5 million and the "Other" segment included $4.5 million of charges. See Note 5 to the Consolidated Financial Statements.
~
~ ~Sales~and~Operating~Income~-~1997~compared~with~1996.~~~The significant improvement in sales, operating income and operating margins of the "Titanium melted and mill products" segment in 1997 over 1996 were driven by price and volume increases for titanium products in both commercial aerospace and other markets. Sales volume of titanium mill products increased 22% in 1997, to approximately 15,100 metric tons. Average selling prices in 1997 increased, reflecting both the pass-through of cost increases, particularly raw material costs, and real price improvement associated with increased market demand.

The "Other" segment results declined significantly in 1997 relative to 1996 in large part due to deterioration in the golf castings market.

Total cost of sales in 1997 was 76% of sales versus 83% of sales in 1996, reflecting the real price improvement in sales, higher volumes and generally higher operating levels at the Company's plants.

Selling, general, administrative and development expenses as a percent of sales in 1997 (6.2%) were higher than in 1996 (5.9%) primarily due to higher information technology and market/product development costs.

Equity in earnings of joint ventures in 1996 consisted principally of the Company's interest in THT, reported by the equity method prior to the AJM Acquisition.

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Operating income of the "Titanium melted and mill products" segment in 1996 included special charges of $5 million related to the IMI Acquisition. See Note 5 to the Consolidated Financial Statements.

~ European~Operations.~~~The Company has substantial operations and assets located in Europe, principally the United Kingdom, with smaller operations in France, Italy and Germany. Titanium is a worldwide market and the factors influencing the Company's U.S. and Europe operations are substantially the same. The relative changes in 1998 sales to customers in Europe (increased 5% compared to 1997) and to customers in the U.S. (declined 12%) were impacted, respectively, by the acquisition of Loterios in April 1998 and deconsolidation of the Company's castings operations in July 1998.

Approximately one-half of the Company's European sales are denominated in currencies other than the U.S. dollar, principally major European currencies. Certain purchases of raw materials, principally titanium sponge and alloys, for the Company's European operations are denominated in U.S. dollars, while labor and other production costs are primarily denominated in local currencies. The functional currencies of the Company's European subsidiaries are those of their respective countries; thus, the U.S. dollar value of these subsidiaries' sales and costs denominated in currencies other than their functional currency, including sales and costs denominated in U.S. dollars, are subject to exchange rate fluctuations which may impact reported earnings and may affect the comparability of period-to-period operating results. Borrowings of the Company's European operations may be in U.S. dollars or in functional currencies. The Company's export sales from the United States are denominated in U.S. dollars and as such are not subject to currency exchange rate fluctuations.

The U. S. dollar sales and purchases of the Company's European operations described above provide some natural hedge of non functional currencies, and the Company does not use currency contracts to hedge its currency exposures. Net currency transaction/translation gains/losses included in income were less than $.5 million in each of the past three years. At December 31, 1998, consolidated assets and liabilities denominated in currencies other than functional currencies were approximately $37 million and $40 million, respectively, consisting primarily of U. S. dollar cash, accounts receivable, accounts payable and borrowings. Exchange rates among 11 European currencies (including the French franc, Italian lira and German mark but excluding the UK pound Sterling) became fixed relative to each other as a result of the new European currency unit ("Euro") effective in 1999. Costs associated with modifications of systems to handle Euro-denominated transactions have not been significant.

~General~Corporate~Income.~General corporate income (which accounts for substantially all of the Consolidated Statement of Operations caption "Other income") consists principally of earnings on corporate cash equivalents and varies with cash levels and interest rates. Such income in 1999 is expected to be lower than in 1998.

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~ Interest~Expense.~~~Interest expense was lower in 1997 than 1996, principally due to lower average borrowing levels. While average borrowing levels increased in 1998 over 1997, interest rates declined and interest capitalized increased. Interest expense in 1999 is expected to be higher than in 1998 due to higher average borrowing levels and lower levels of interest capitalization due to lower capital expenditures.

~ Minority~Interest.~~~Annual dividend expense related to the 6.625% Convertible Preferred Securities, issued in November 1996, approximates $13 million and is reported as minority interest net of allocable income taxes. Other minority interest relates primarily to the 30% interest in TIMET Savoie held by CEZUS.

~ Income~Taxes.~~~The Company operates in several tax jurisdictions and is subject to varying income tax rates. As a result, the geographic mix of pretax income can impact the Company's overall effective tax rate. In 1997 and 1996, the Company's income tax rate also varied from the U.S. statutory rate due to reductions in the deferred tax valuation allowance related to current year utilization of tax attributes and a 1996 $10 million reduction in the deferred tax valuation allowance resulting from a change in estimate of the net operating loss carryforwards and alternative minimum tax carryforwards that would more likely than not be realized in the future. For financial reporting purposes, the Company has recognized all of its net operating loss carryforwards. See Note 12 to the Consolidated Financial Statements.

~

Year~2000~("Y2K").~~~Year 2000 issues exist because many computer systems and applications currently use two-digit fields to designate a year. Date-sensitive systems may recognize the year 2000 as 1900, or not at all. This inability to treat the year 2000 properly could cause systems to process critical financial, manufacturing and operational information incorrectly. Most of the Company's information systems have been replaced in connection with the implementation of the Company's business-enterprise system, the initial implementation of which was substantially completed with the rollout of the system to the U.K. in February 1999. The cost of the new system, including related equipment and networks, aggregated approximately $50 million in 1997-98 ($41 million capital; $9 million expense) with an additional $4 million to $5 million expected to be incurred in 1999.

The Company, with the help of outside specialists and consultants (i) has substantially completed an initial assessment of potential Y2K issues in its non-information systems (e.g., its manufacturing and communication systems), as well as in those information systems that were not replaced by the new enterprise-wide system, (ii) is in the process of determining, prioritizing and implementing remedial actions, including testing, and (iii) will develop contingency plans in the event internal or external Y2K issues are not resolved

by the Company's June 30, 1999 target date for completion. The Company's Y2K readiness varies by location. Some locations have completed their internal Y2K readiness plans while others are in the midst of remediation and testing. At

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this time, most sites anticipate completing their respective Y2K readiness plans by the June 1999 target date. However, remediation of some items at the Henderson, NV site, and possibly others, could be delayed beyond the June 1999 target date. The Company expended approximately $2 million on these specific non-information system Y2K issues in 1998, principally embedded system technology, and expects to incur approximately $5 million on such issues in 1999. The Company's evaluation of potential Y2K exposures related to key suppliers and customers is also in process and will continue throughout 1999.

Although the Company believes its key information systems will be Y2K ready before the end of 1999, it cannot yet fully predict the outcome or success of the Y2K readiness programs related to certain of its embedded manufacturing systems or those comparable systems of its suppliers or customers. The Company also cannot predict whether it will find additional problems that would result in unplanned upgrades of applications after June 1999 or even December 1999. As a result of these uncertainties, the Company cannot predict the impact on its financial condition, results of operations or cash flows or operations resulting from Y2K failures in systems that the Company directly or indirectly relies upon. Should the Company's Y2K readiness plan not be successful or be delayed beyond December 1999, the consequences to the Company could be far-reaching and material, including an inability to produce titanium metal products at its manufacturing facilities, which could lead to an indeterminate amount of lost revenue. Other potential negative consequences could include impeded communications or power supplies, slower transaction processing and financial reporting, and potential liability to third parties. Although not anticipated, the most reasonably likely worst-case scenario of failure by the Company or its key suppliers or customers to become Y2K ready would be a short-term slowdown or cessation of manufacturing operations at one or more of the Company's facilities

and a short-term inability on the part of the Company to process orders and billings in a timely manner, and to deliver product to customers.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1998, the Company had $15 million of cash and equivalents and $133 million of borrowing availability under its U.S. and European bank credit lines. Available borrowings in the future could potentially be reduced due to the leverage and interest coverage ratios included in the Company's U.S. credit agreement. Net debt at year-end 1998 was $90 million ($15 million of cash and equivalents and $105 million of notes payable and long-term debt, principally borrowings under the Company's U.S. and U.K. long-term bank credit agreements). The Convertible Preferred Securities do not require principal amortization and the Company has the right to defer interest payments for one or more periods of up to 20 consecutive quarters.

~Operating~Activities.~~~Cash provided by operating activities was approximately $76 million in 1998 and $73 million in 1997. Cash used by operating activities was $1 million in 1996, as summarized below.

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	1996	1997	1998
		(in millions)	
Excluding changes in assets and liabilities	$ 53.0	$ 121.3	$108.7
Changes in assets and liabilities	(53.7)	(48.7)	(32.6)
	$ (.7)	$ 72.6	$ 76.1

Cash provided by operating activities, excluding changes in assets and liabilities, during the past three years generally follows the trend in operating results. Changes in assets and liabilities reflect the timing of purchases, production and sales, and can vary significantly from period to period. Accounts receivable increased (used cash) in 1996 and 1997 primarily because sales levels were increasing, and provided cash in 1998 as sales levels were decreasing. The Company currently expects net collections of receivables to be a source of cash in 1999, particularly in the early part of the year due to both lower sales levels and improved collection efforts.

Inventories increased in 1996, reflecting the higher activity levels, and decreased in 1997 as a result of very high shipment levels in the fourth quarter of that year. Inventories increased significantly in 1998, reflecting material purchases and build rates that were based on expected sales levels higher than the actual sales level turned out to be. The Company expects to significantly reduce inventories during 1999 as excess raw materials are consumed and other reduction/control efforts are realized.

Changes in net current income taxes payable increased in 1996 and 1997 and decreased in 1998 in part due to the delayed timing of cash payments for taxes in Europe relative to earnings. Changes in accounts with related parties resulted primarily from payment of accrued interest in 1996 and relative changes in receivable levels with joint ventures in 1997 and 1998.

~Investing~Activities.~~~The Company's capital expenditures were $115 million in 1998, up from $66 million in 1997 and $22 million in 1996. About one-half of capital expenditures during the two-year 1997-1998 period related to capacity expansion projects associated with long-term customer agreements, which projects are also expected to improve cycle times and yields and to increase efficiency. The majority of these significant projects in both the U.S. and Europe have come on line or will be complete by the end of the first quarter of 1999.

Approximately one-fourth of the two-year 1997-1998 period capital spending related to the major business enterprise-wide information systems and

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information technology project being implemented throughout the Company. The new system was implemented in stages in the U.S. during 1998, with initial implementation substantially completed with the rollout to the U.K. in February 1999. Certain costs associated with the business enterprise information systems project, including training and reengineering, are expensed as incurred.

Capital spending for 1999 is currently expected to be below $40 million, which is less than expected depreciation and amortization expense of approximately $45 million.

Cash used for business acquisitions and joint ventures in 1998 related primarily to the Loterios and Wyman-Gordon transactions more fully described in Notes 3 and 4, respectively, to the Consolidated Financial Statements. In 1997, such investments consist primarily of cash contributions in connection with the formation of ValTimet and investments in companies developing new markets and uses for titanium. Acquisitions in 1996 consisted of the IMI Titanium Acquisition, the AJM Acquisition and other smaller European acquisitions, as described in Note 3 to the Consolidated Financial Statements.

In October 1998, the Company purchased $80 million of Special Metals Corporation 6.625% convertible preferred stock (the "SMC Preferred Stock"), in connection with SMC's acquisition of the Inco Alloys International high performance nickel alloys business unit of Inco Limited. No dividends have been paid to date on the SMC Preferred Stock due to limitations imposed by SMC bank credit agreement, and the Company believes that these limitations may prevent SMC's payment of dividends for some time.

~Financing~Activities.~~~Net borrowings of $97 million in 1998 were primarily to fund capital expenditures and the Loterios acquisition. Net debt repayments of $6 million in 1997 relate primarily to reductions in European working capital borrowings, including amounts due to CEZUS, the Company's minority partner in TIMET Savoie.

The Company's net proceeds from the initial public offering in June 1996 approximated $131 million. The Company used approximately $125 million of such net proceeds to repay existing indebtedness, including amounts due to Tremont and IMI. The Company received net proceeds of approximately $192 million from the sale of the Convertible Preferred Securities by TIMET Capital Trust I in November 1996. The Company used approximately $96 million of such net proceeds to repay indebtedness incurred in conjunction with the AJM Acquisition.

The Company periodically evaluates its liquidity requirements, capital needs and availability of resources in view of, among other things, its alternative uses of capital, its debt service requirements, the cost of debt and equity capital, and estimated future operating cash flows. As a result of this process, the Company has in the past and, in light of its current outlook, may in the future seek to raise additional capital, modify its dividend policy, restructure ownership interests, incur, refinance or restructure indebtedness, repurchase shares of capital stock, sell assets, or take a combination of such steps or other steps to increase or manage its liquidity and capital resources.

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In the normal course of business, the Company investigates, evaluates, discusses and engages in acquisition, joint venture, strategic relationship and other business combination opportunities in the titanium, specialty metal and related industries. In the event of any future acquisition or joint venture opportunities, the Company may consider using then-available liquidity, issuing equity securities or incurring additional indebtedness.

~Environmental~Matters.~

See Item 1 - "Business--Regulatory and Environmental Matters" and Note 15 to the Consolidated Financial Statements for a discussion of environmental matters.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

~ General.~The Company is exposed to market risk from changes in foreign currency exchange rates and interest rates. The Company typically does not enter into interest rate swaps or other types of contracts in order to manage its interest rate market risk and typically does not enter into currency forward contracts to manage its foreign exchange market risk associated with receivables, payables and indebtedness denominated in a currency other than the functional currency of the particular entity. The Company was not a party to any type of forward or derivative option contract at December 31, 1998.

~Interest~rates.~The Company is exposed to market risk from changes in interest rates related to indebtedness. At December 31, 1998, substantially all of the Company's indebtedness was denominated in U.S. dollars and bore interest at variable rates, primarily related to spreads over LIBOR, as summarized below.

<TABLE>
<CAPTION> Contractual maturity date

<S>	1999	2000	2001	2002	Interest rate (1)
	(In millions)				
Variable rate debt:	<C>	<C>	<C>	<C>	<C>
U. S. dollars	$ 3.5	$ -	$18.8	$80.0	5.64%
Italian lira	1.6	-	-	-	6.88%
Fixed rate debt:					
German marks	.1	-	-	-	8.25%
Italian lira	.5	.5	.4	.2	5.90%

</TABLE>

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(1) Weighted average.
(2) Non-U. S. dollar denominated amounts are translated at year-end rates of exchange.

~Foreign~currency~exchange~rates.~The Company is exposed to market risk arising from changes in foreign currency exchange rates as a result of its international operations. See Item 7 -- "Management's Discussion and Analysis of Financial Condition and Results of Operations --Results of Operations -- European Operations," which information is incorporated herein by reference.

~Other.~The Company holds $80 million of preferred securities that are not publicly-traded and are accounted for by the cost method. See Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Investing Activities and Note 4 to the Consolidated Financial Statements."

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this Item is contained in a separate section of this Annual Report. See "Index of Financial Statements and Schedules" on page F-1.

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following sets forth certain information with regard to executive officers of the Company. The information required with respect to Directors and by Item 405 of Regulation S-K is incorporated by reference to TIMET's definitive

proxy statement to be filed with the Securities and Exchange Commission (the "Commission") pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report (the "TIMET Proxy Statement").

Name	Age	Position(s)
J. Landis Martin	53	Chairman and Chief Executive Officer
Andrew R. Dixey	49	President, Chief Operating Officer and Director
Joseph S. Broz	42	Vice President--Corporate Development and Technology
Charles H. Entrekin, Jr.	50	Vice President; President--North American Operations
Christian Leonhard	53	Vice President; President--European Mill Products Operations
Leslie P. Lundberg	41	Vice President--Human Resources
John P. Monahan	53	Vice President; President--Service Center Operations
J. Thomas Montgomery, Jr.	52	Vice President--Finance and Treasurer
Robert E. Musgraves	44	Vice President--General Counsel and Secretary
Mark A. Wallace	41	Vice President--Strategic Change and Information Technology

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J. LANDIS MARTIN, has been Chairman and a director of the Company since 1987, as Chief Executive Officer of the Company since 1995, and as President of the Company from 1995 to 1996. Mr. Martin has been the Chief Executive Officer and a director of Tremont since 1988, and has served as Chairman of Tremont since 1990. Mr. Martin has also been President of Tremont since 1987 (except for a brief period in 1990). He has also served as President and Chief Executive Officer of NL Industries, Inc., a manufacturer of titanium dioxide pigments, since 1987 and as a director of NL since 1986. Tremont and NL may be deemed to be affiliates of the Company. Mr. Martin is also a director of Haliburton Company, a provider of energy services and engineering and construction services, and of Apartment Investment & Management Corporation, a real estate investment trust.

ANDREW R. DIXEY, has been President, Chief Operating Officer and a director of the Company since 1996. Prior to this appointment, Mr. Dixey was, from 1995, Managing Director of IMI Titanium Ltd., where he had responsibility for IMI's titanium interests in both Europe and North America. During 1995, Mr. Dixey was Chief Executive Officer of Helix plc, which is engaged in the scholastic supplies business, and from 1971 to 1994, Mr. Dixey held various executive positions in the GKN plc Group of companies, a manufacturer of automobile components. Mr. Dixey is also a director of Special Metals Corporation.

JOSEPH S. BROZ has been Vice President-Corporate Development and Technology since 1997. Prior to joining the Company, he was Executive Director of Operations for Tenneco, Inc. and Director of Aftermarket Product Development and Strategy for Tenneco Automotive Europe since 1992. From 1991 to 1992, Dr. Broz served as a White House Fellow and as Special Assistant to the President's Service Advisor.

CHARLES H. ENTREKIN, JR. has been Vice President since 1997 and President-North American Operations since January 1999. From 1997 to January 1999, he was President - THT Operations. Prior to that time, Dr. Entrekin served as Vice President-Commercial for THT since 1993 and as its Vice President-Technology from 1985 to 1993.

CHRISTIAN LEONHARD has been Vice President; President-European Mill Products Operations since 1997. Prior to that time, he was in charge of the Company's operations and sales activities in France since 1988.

LESLIE P. LUNDBERG has been Vice President--Human Resources since 1997. From 1995 until joining the Company, she was Vice President, Human Resources for Dade International, Inc., a distributor of diagnostic equipment for use in clinical laboratories, and from 1991 until 1995 she was Vice President, Human Resources for the Edwards CVS division of Baxter Healthcare International, a manufacturer of heart valves and angioplasty rings.

JOHN P. MONAHAN has been Vice President; President--Service Center Operations since 1997. Mr. Monahan was Vice President--Sales and Marketing from 1995 to 1997 and was Vice President--North American Sales and Marketing from

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1990 to 1995.

J. THOMAS MONTGOMERY, JR. has been Vice President--Finance and Treasurer since 1996. Prior to that, he was Vice President and Controller of Valhi, Inc. and Contran Corporation since 1987. Valhi is principally engaged, through NL, in the chemicals industry and is Tremont's principal shareholder. Contran is principally a holding company which may be deemed to control Valhi, NL, Tremont and the Company. He has also served as Vice President, Controller and Treasurer of Tremont since 1997.

ROBERT E. MUSGRAVES has been Vice President and General Counsel of the Company since 1990. He has also served as Secretary of the Company since 1991. Since 1993, Mr. Musgraves has been General Counsel and Secretary of Tremont, and since 1994 has also served as Vice President of Tremont.

MARK A. WALLACE has been Vice President--Strategic Change and Information Technology since 1996. Prior to that, he was Vice President--Finance and Treasurer of the Company since 1992. He also served as Vice President and Controller of Tremont from 1992 until 1997.

ITEM 11: EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the TIMET Proxy Statement.

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference to the TIMET Proxy Statement.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference to the TIMET Proxy Statement. See also Note 14 to the Consolidated Financial Statements.

PART IV

ITEM 14: EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) and (d) Financial Statements and Schedules

The consolidated financial statements and schedules listed by the Registrant on the accompanying Index of Financial Statements and Schedules (see page F-1) are filed as part of this Annual Report.

(b) Reports on Form 8-K

Reports on Form 8-K for the quarter ended December 31, 1998 and

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the months of January and February 1999:

Filing Date		Items Reported
October 5, 1998	-	5 and 7.
October 6, 1998	-	5 and 7.
October 8, 1998	-	5 and 7.
October 22, 1998	-	5 and 7.
October 29, 1998	-	5 and 7.
January 27, 1999	-	5 and 7.
February 25, 1999	-	5 and 7.

(c) Exhibits

Included as exhibits are the items listed in the Exhibit Index. TIMET will furnish a copy of any of the exhibits listed below upon payment of $4.00 per exhibit to cover the costs to TIMET of furnishing the exhibits. Instruments defining the rights of holders of long-term debt issues which do not exceed 10% of consolidated total assets will be furnished to the Commission upon request.

Item No.	Exhibit Index
3.1	Amended and Restated Certificate of Incorporation of Titanium Metals Corporation, incorporated by reference to Exhibit 3.1 to Titanium Metals Corporation's Registration Statement on Form S-1 (No. 333-2940).
3.2	Bylaws of Titanium Metals Corporation as Amended and Restated, dated February 23, 1999.
4.1	Certificate of Trust of TIMET Capital Trust I, dated November 13, 1996, incorporated by reference to Exhibit 4.1 to Titanium Metals Corporation's Current Report on Form 8-K filed with the Commission on December 5, 1996.
4.2	Amended and Restated Declaration of Trust of TIMET Capital Trust I, dated as of November 20, 1996, among Titanium Metals Corporation, as Sponsor, The Chase Manhattan Bank, as Property Trustee, Chase Manhattan Bank (Delaware), as Delaware Trustee and Joseph S. Compofelice, Robert E. Musgraves and Mark A. Wallace, as Regular Trustees, incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the Commission on December 5,

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1996.

4.3 Indenture for the 6 5/8% Convertible Subordinated Debentures, dated as of November 20, 1996, among Titanium Metals Corporation and The Chase Manhattan Bank, as Trustee, incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the Commission on December 5, 1996.

4.4 Form of 6 5/8% Convertible Preferred Securities (included in Exhibit 4.1 above), incorporated by reference to Exhibit 4.5 to the Registrant's Current Report on Form 8-K filed with the Commission on December 5, 1996.

4.5 Form of 6 5/8% Convertible Subordinated Debentures (included in Exhibit 4.2 above), incorporated by reference to Exhibit 4.5 to the Registrant's Current Report on Form 8-K filed with the Commission on December 5, 1996.

4.6 Form of 6 5/8% Trust Common Securities (included in Exhibit 4.2 above), incorporated by reference to Exhibit 4.5 to the Registrant's Current Report on Form 8-K filed with the Commission on December 5, 1996.

4.7 Convertible Preferred Securities Guarantee, dated as of November 20, 1996, between Titanium Metals Corporation, as Guarantor, and The Chase Manhattan Bank, as Guarantee Trustee, incorporated by reference to Exhibit 4.6 to the Registrant's Current Report on Form 8-K filed with the Commission on December 5, 1996.

9.1 Shareholders' Agreement, dated February 15, 1996, among Titanium Metals Corporation, Tremont Corporation, IMI plc, IMI Kynoch Ltd., and IMI Americas, Inc., incorporated by reference to Exhibit 2.2 to Tremont Corporation's Current Report on Form 8-K (No. 1-10126) filed with the Commission on March 1, 1996.

9.2 Amendment to the Shareholders' Agreement, dated March 29, 1996, among Titanium Metals Corporation, Tremont Corporation, IMI plc, IMI Kynoch Ltd., and IMI Americas Inc., incorporated by reference to Exhibit 10.30 to Tremont Corporation's Annual Report on Form 10-K (No. 1-10126) for the year ended December 31, 1995.

10.1 Sponge Purchase Agreement, dated May 30, 1990, between Titanium Metals Corporation and Union Titanium Sponge Corporation and Amendments No. 1 and 2, incorporated by reference to Exhibit 10.25 of Tremont Corporation's Annual Report on Form 10-K (No. 1-10126) for the year ended December 31, 1991.

10.2 Amendment No. 3 to the Sponge Purchase Agreement, dated December 3, 1993, between Titanium Metals Corporation and Union Titanium Sponge Corporation, incorporated by reference to Exhibit 10.33 of Tremont Corporation's Annual Report on Form 10-K (No. 1-10126) for the year

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ended December 31, 1993.

10.3 Amendment No. 4 to the Sponge Purchase Agreement, dated May 2, 1996, between Titanium Metals Corporation and Union Titanium Sponge Corporation, incorporated by reference to Exhibit 10.1 to Tremont Corporation's Quarterly Report on Form 10-Q (No. 1-10126) for the quarter ended March 31, 1996.

10.4 Lease Agreement, dated January 1, 1996, between Holford Estates Ltd. and IMI Titanium Ltd. related to the building known as Titanium Number 2 Plant at Witton, England, incorporated by reference to Exhibit 10.23

to Tremont Corporation's Annual Report on Form 10-K (No. 1-10126) for the year ended December 31, 1995.

10.5 Intercorporate Services Agreement between Titanium Metals Corporation and Tremont Corporation, effective as of January 1, 1998, incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998.

10.6* 1996 Long Term Performance Incentive Plan of Titanium Metals Corporation, incorporated by reference to Exhibit 10.19 to Titanium Metals Corporation's Amendment No. 1 to Registration Statement on Form S-1 (No. 333-18829).

10.7* 1996 Amended and Restated Non-Employee Director Compensation Plan.

10.8* Employment Agreement between Andrew R. Dixey and Titanium Metals Corporation, dated February 13, 1996, incorporated by reference to Exhibit 10.21 to Titanium Metals Corporation's Registration Statement on Form S-1 (No. 333-2940).

10.9 Agreement, dated June 28, 1995, among Titanium Metals Corporation, Tremont Corporation and Union Titanium Sponge Corporation, incorporated by reference to Exhibit 10.24 to Titanium Metals Corporation's Registration Statement on Form S-1 (No. 333-2940).

10.10 Asset Purchase Agreement, dated October 1, 1996, by and between Titanium Metals Corporation and Axel Johnson Metals, Inc., incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Commission on October 16, 1996.

10.11 Purchase Agreement, dated November 20, 1996, between Titanium Metals Corporation, TIMET Capital Trust I, Salomon Brothers Inc, Merrill

Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated, as Initial Purchasers, incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the Commission on December 5, 1996.

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10.12 Registration Agreement, dated November 20, 1996, between TIMET Capital Trust I and Salomon Brothers Inc, as Representative of the Initial Purchasers, incorporated by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the Commission on December 5, 1996.

10.13 $200,000,000 Credit Agreement among Titanium Metals Corporation and various lending institutions dated as of July 30,1997 incorporated by reference to Exhibit 10.1 of a Current Report on Form 8-K dated July 30, 1997 filed by the Registrant.

10.14 First Amendment to Credit Agreement and Waiver among Titanium Metals Corporation and various lending institutions dated as of May 15, 1998, incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998.

10.15 Investment Agreement dated July 9, 1998, between Titanium Metals Corporation, TIMET Finance Management Company and Special Metals Corporation, incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated July 9, 1998.

10.16 Intercorporate Services Agreement between Titanium Metals Corporation and NL Industries, Inc. effective as of January 1, 1998, incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998.

10.17* Form of Loan and Pledge Agreement by and between Titanium Metals Corporation and individual TIMET executives under the Corporation's Executive Stock Ownership Loan Program, incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998.

10.18 Amendment to Investment Agreement, dated October 28, 1998, among Titanium Metals Corporation, TIMET Finance Management Company and Special Metals Corporation, incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998.

10.19 Registration Rights Agreement, dated October 28, 1998, between TIMET Finance Management Company and Special Metals Corporation, incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998.

10.20 Certificate of Designations for the Special Metals Corporation Series A Preferred Stock, filed on October 28, 1998, with the Secretary of State of Delaware, incorporated by reference to Exhibit 4.5 of a Current Report on Form 8-K dated October 28, 1998, filed by Special Metals Corporation (File No. 000-22029).

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21.1 Subsidiaries of the Registrant

23.1 Consent of PricewaterhouseCoopers LLP

27.1 Financial Data Schedule for the year ended December 31, 1998

* Management contract, compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TITANIUM METALS CORPORATION
(Registrant)

By /s/ J. Landis Martin
J. Landis Martin, March 15, 1999
(Chairman of the Board
and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

/s/ J. Landis Martin
J. Landis Martin, March 15, 1999
(Chairman of the Board and
Chief Executive Officer)

/s/ Andrew R. Dixey
Andrew R. Dixey, March 15, 1999
(President, Chief Operating
Officer and Director)

/s/ Edward C. Hutcheson
Edward C. Hutcheson, Jr.,
March 15, 1999
(Director)

/s/ Joseph S. Compofelice
Joseph S. Compofelice, March 15, 1999
(Director)

/s/ Thomas P. Stafford
Thomas P. Stafford, March 15, 1999

/s/ J. Thomas Montgomery, Jr.
J. Thomas Montgomery,Jr., March 15, 1999

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(Director) (Vice President - Finance and Treasurer)
(Principal Finance and Accounting Officer)

/s/ Glenn R. Simmons
Glenn R. Simmons, March 15, 1999
(Director)

TITANIUM METALS CORPORATION

ANNUAL REPORT ON FORM 10-K
ITEMS 8, 14(a) and 14(d)

INDEX OF FINANCIAL STATEMENTS AND SCHEDULES

Schedules I, III and IV are omitted because they are not applicable.

REPORT OF INDEPENDENT ACCOUNTANTS

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To the Stockholders and Board of Directors of Titanium Metals Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Titanium Metals Corporation as of December 31, 1997 and 1998 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Denver, Colorado
January 25, 1999

TITANIUM METALS CORPORATION

CONSOLIDATED BALANCE SHEETS

December 31, 1997 and 1998
(In thousands, except per share data)

<TABLE>
<CAPTION>

ASSETS	1997	1998
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$68,957	$15,464
Accounts and other receivables, less allowance of $2,218 and $1,932	155,678	126,988

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Receivable from related parties	15,844	8,119
Refundable income taxes	-	6,819
Inventories	153,818	225,880
Prepaid expenses and other	13,253	10,650
Deferred income taxes	6,219	1,900
Total current assets	413,769	395,820
Other assets:		
Investment in joint ventures	23,270	32,633
Preferred securities	-	80,000
Goodwill	59,771	59,547
Other intangible assets	17,889	19,894
Other	15,341	14,129
Deferred income taxes	593	-
Total other assets	116,864	206,203
Property and equipment:		
Land	6,545	5,974
Buildings	26,823	25,610
Information technology systems and equipment	24,031	56,089
Manufacturing and other equipment	213,926	278,669
Construction in progress	43,628	52,651
	314,953	418,993
Less accumulated depreciation	52,527	67,770
Net property and equipment	262,426	351,223
	$793,059	$953,246

</TABLE>

TITANIUM METALS CORPORATION

CONSOLIDATED BALANCE SHEETS (CONTINUED)

December 31, 1997 and 1998
(In thousands, except per share data)

<TABLE>

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<CAPTION>

LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS' EQUITY	1997	1998
<S>	<C>	<C>
Current liabilities:		
Notes payable	$ 3,372	$5,134
Current maturities of long-term debt and capital lease obligations	1,354	771
Accounts payable	59,501	69,302
Accrued liabilities	46,809	50,628
Payable to related parties	1,298	3,223
Income taxes	11,482	5,391
Deferred income taxes	-	2,500
Total current liabilities	123,816	136,949
Noncurrent liabilities:		
Long-term debt	451	99,950
Capital lease obligations	10,996	10,069
Payable to related parties	847	1,395
Accrued OPEB cost	26,192	24,065
Accrued pension cost	836	8,754
Other	1,441	-
Deferred income taxes	11,620	14,200
Total noncurrent liabilities	52,383	158,433
Minority interest - Company-obligated mandatorily redeemable		
preferred securities of subsidiary trust holding solely		
subordinated debt securities ("Convertible Preferred Securities")	201,250	201,250
Other minority interest	6,663	8,237
Stockholders' equity:		
Preferred stock $.01 par value; 1 million shares authorized,		
none outstanding	-	-
Common stock, $.01 par value; 99 million shares authorized,		
31.4 million shares issued and outstanding	315	315
Additional paid-in capital	346,723	347,972
Retained earnings	58,001	99,981
Accumulated other comprehensive income	3,908	1,317

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Treasury stock at cost - 90,000 shares	-	(1,208)
Total stockholders' equity	408,947	448,377
	$793,059	$953,246

<FN>
Commitments and contingencies (Note 15)
</TABLE>

TITANIUM METALS CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

Years ended December 31, 1996, 1997 and 1998
(In thousands, except per share data)

<TABLE>
<CAPTION>

	1996	1997	1998
<S>	<C>	<C>	<C>
Revenues and other income:			
Net sales	$507,074	$733,577	$707,677
Equity in earnings of joint ventures	6,237	(1,013)	351
Other, net	1,049	4,530	6,859
	514,360	737,094	714,887
Costs and expenses:			
Cost of sales	418,775	554,546	542,285
Selling, general, administrative and development	29,917	45,319	59,837
Special charges	4,824	-	24,000
Interest	8,953	2,066	2,916
	462,469	601,931	629,038
Income before income taxes and minority interest	51,891	135,163	85,849

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Income tax expense	2,336	41,004	29,197
Minority interest - Convertible Preferred Securities	826	8,840	8,840
Other minority interest	1,085	2,309	2,060
Net income	$ 47,644	$83,010	$45,752
Diluted net income	$ 48,470	$91,850	$54,592
Earnings per share:			
Basic	$ 1.72	$ 2.64	$ 1.46
Diluted	1.72	2.49	*
Weighted average shares outstanding:			
Basic	27,623	31,457	31,435
Diluted	28,142	36,955	36,846

<FN>
* Antidilutive.
</TABLE>

TITANIUM METALS CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 1996, 1997 and 1998

(In thousands)

<TABLE>
<CAPTION>

<S>	1996 <C>	1997 <C>	1998 <C>
Net income	$ 47,644	$ 83,010	$ 45,752

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Other comprehensive income:			
Currency translation adjustment	5,352	(1,727)	1,692
Pension liabilities adjustment, net of deferred taxes	1,521	858	(4,283)
Comprehensive income	$ 54,517	$ 82,141	$ 43,161

</TABLE>

TITANIUM METALS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 1996, 1997 and 1998
(In thousands)

<TABLE>
<CAPTION>

<S>	1996 <C>	1997 <C>	1998 <C>
Cash flows from operating activities:			
Net income	$ 47,644	$ 83,010	$ 45,752
Depreciation and amortization	18,974	28,384	32,514
Special charges - non cash portion	-	-	15,425
Earnings of joint ventures, net of distributions	(5,992)	1,013	170
Deferred income taxes	(10,416)	6,578	13,172
Other minority interest	1,085	2,309	2,060
Other, net	1,753	(36)	(433)
Change in assets and liabilities, net of acquisitions:			
Receivables	(29,998)	(41,781)	36,564
Inventories	(13,309)	294	(62,990)
Prepaid expenses	(6,207)	1,600	2,539
Accounts payable and accrued liabilities	(106)	1,231	(9,497)
Accrued restructuring charges	-	-	6,727
Income taxes	4,521	5,526	(12,213)
Accounts with related parties, net	(8,412)	(13,292)	9,650
Other, net	(269)	(2,266)	(3,323)
Net cash provided (used) by	(732)	72,570	76,117

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operating activities

Cash flows from investing activities:			
Capital expenditures	(21,679)	(66,295)	(115,155)
Business acquisitions and joint ventures	(109,934)	(13,496)	(27,413)
Purchase of preferred securities	-	-	(80,000)
Other, net	213	-	(647)
Net cash used by investing activities	(131,400)	(79,791)	(223,215)
Cash flows from financing activities:			
Indebtedness:			
Borrowings	113,793	-	153,765
Repayments	(179,480)	(4,833)	(56,670)
Deferred financing costs	(579)	(2,230)	-
Repayment of related parties loans	(42,521)	(930)	-
Proceeds from issuance of:			
Common stock, net	131,488	-	-
Convertible Preferred Securities, net	192,409	-	-
Dividends paid	-	-	(3,772)
Treasury stock purchased	-	-	(1,208)
Other, net	-	(1,830)	117
Net cash provided (used) by financing activities	215,110	(9,823)	92,232
	$ 82,978	$(17,044)	$(54,866)

</TABLE>

TITANIUM METALS CORPORATION

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CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended December 31, 1996, 1997 and 1998
(In thousands)

<TABLE>
<CAPTION>

<S>	1996 <C>	1997 <C>	1998 <C>
Cash and cash equivalents:			
Net increase (decrease) from:			
Operating, investing and financing activities	$82,978	$(17,044)	$(54,866)
Cash acquired	3,053	-	1,187
Currency translation	471	(525)	186
	86,502	(17,569)	(53,493)
Balance at beginning of year	24	86,526	68,957
Balance at end of year	$86,526	$68,957	$15,464
Supplemental disclosures:			
Cash paid for:			
Interest, net of amounts capitalized	$ 8,958	$ 2,159	$ 2,215
Convertible Preferred Securities dividends	-	13,332	13,332
Income taxes	6,348	22,483	23,737
Business acquisitions and joint ventures:			
	3,053	-	1,187
Receivables	45,067	736	6,574
Inventories	62,415	769	15,352
Property, equipment and other	73,365	1,998	21,765
Investments in joint ventures	-	24,307	8,460
Goodwill and other intangibles	85,158	577	8,566
Liabilities assumed	(89,124)	(3,604)	(18,117)
	179,934	24,783	43,787
Less noncash consideration:			
Common stock issued	(70,000)	-	-
Other, principally property	-	(11,287)	(16,374)

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and equipment

Cash paid	$109,934	$13,496	$ 27,413

</TABLE>

TITANIUM METALS CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 1996, 1997 and 1998
(In thousands)

<TABLE>
<CAPTION>

<S> >	Common shares <C>	Common stock <C>	Additionaal paid-in capital <C>	Retained Earnings (deficit) <C>
Balance at December 31, 1995	15,693	$ 157	$142,720	$(72,653)
Comprehensive income	-	-	-	47,644
Common stock issued:				
IMI Titanium Acquisition (Note 3)	9,561	96	69,904	-
Stock Offering (Note 10)	6,200	62	132,926	-
Other	1	-	28	-
Other, net	-	-	555	-
Balance at December 31, 1996	31,455	315	346,133	(25,009)
Comprehensive income	-	-	-	83,010
Other, net	3	-	590	-
Balance at December 31, 1997	31,458	315	346,723	58,001
Comprehensive income	-	-	-	45,752
Dividends paid ($.12 per share)	-	-	-	(3,772)
Treasury stock	(90)	-	-	-

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purchases				
Other, net	1	-	1,249	-
Balance at December 31, 1998	31,369	$ 315	$347,972	$ 99,981

</TABLE>

TITANIUM METALS CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 1996, 1997 and 1998
(In thousands)

<TABLE>
<CAPTION>

	Accumulated Other Comprehensive Income			
	Currency translation	Pension liabilities	Treasury Stock	Total
<S>	<C>	<C>	<C>	<C>
Balance at December 31, 1995	$ 283	$(2,379)	$ -	$68,128
Comprehensive income	5,352	1,521	-	54,517
Common stock issued:			-	
IMI Titanium Acquisition (Note 3)	-	-	-	70,000
Stock Offering (Note 10)	-	-	-	132,988
Other	-	-	-	28
Other, net	-	-	-	555
Balance at December 31, 1996	5,635	(858)	-	326,216
Comprehensive income	(1,727)	858	-	82,141
Other, net	-	-	-	590

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Balance at December 31, 1997	3,908	-	-	408,947
Comprehensive income	1,692	(4,283)	-	43,161
Dividends paid ($.12 per share)	-	-	-	(3,772)
Treasury stock purchases	-	-	(1,208)	(1,208)
Other, net	-	-	-	1,249
Balance at December 31, 1998	$5,600	$(4,283)	$(1,208)	$448,377

</TABLE>

TITANIUM METALS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of significant accounting policies:

~ Principles~of~consolidation.~~~~~The accompanying consolidated financial statements include the accounts of Titanium Metals Corporation ("TIMET") and its majority-owned subsidiaries (collectively, the "Company"). All material intercompany accounts and balances have been eliminated. Certain prior year amounts have been reclassified to conform to the current year presentation.

~Use~of~estimates.~~~ The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions 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 reporting period. Ultimate actual results may, in some instances, differ from previously estimated amounts.

~Translation~of~foreign~currencies.~~~~~Assets and liabilities of subsidiaries whose functional currency is deemed to be other than the U.S. dollar are translated at year end rates of exchange and revenues and expenses are translated at average exchange rates prevailing during the year. Resulting translation adjustments are accumulated in the currency translation adjustments component of stockholders' equity, net of related deferred income taxes. Currency transaction gains and losses are recognized in income currently, and were a net gain of $421,000 in 1998 and nominal in 1997 and 1996.

~Net~sales.~~~ Sales are recognized when products are shipped.

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~Inventories~and~cost~of~sales.~~~~~Inventories are stated at the lower of cost or market. Approximately one-half of inventories are costed using the last-in, first-out ("LIFO") method with the remainder costed using an average or first-in, first-out ("FIFO") method.

~Cash~and~cash~equivalents.~~~ Cash equivalents include highly liquid investments with original maturities of three months or less.

~Other~investments.~~~~~Investments in 20% to 50%-owned joint ventures are accounted for by the equity method. Differences between the Company's investment in joint ventures and its proportionate share of the joint ventures' reported equity are amortized over not more than 15 years.

Nonmarketable preferred securities are accounted for by the cost method.
~
~ ~Intangible~assets~and~amortization.~~~~~Goodwill, representing the excess of cost over the fair value of individual net assets acquired in business combinations accounted for by the purchase method, is amortized by the straight line method over 15 years and is stated net of accumulated amortization of $10.5 million at December 31, 1998 (1997 - $6.0 million). Patents and other intangible assets, except intangible pension assets, are amortized by the straight-line method over the periods expected to be benefited, generally nine years.

~ Property,~equipment~and~depreciation.~~~~~Property and equipment are stated at cost. Maintenance, repairs and minor renewals are expensed; major improvements are capitalized. Interest costs related to major, long-term capital projects are capitalized as a component of construction costs and were $2.6 million in 1998, $1.0 million in 1997 and nil in 1996. Software development costs are capitalized; training, reengineering and similar costs are expensed as incurred.

Depreciation is computed principally on the straight-line method over the estimated useful lives of 15 to 40 years for buildings and three to 25 years for machinery and equipment. Software costs are amortized over the software's estimated useful life, generally three to five years.

S~tock-based~compensation.~~~~~The Company has elected the disclosure alternative prescribed by Standard of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," and to account for the Company's stock-based employee compensation in accordance with Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees" and its various interpretations. Under APB No. 25, no compensation cost is generally recognized for fixed stock options for which the exercise price is not less than the market price of the Company's common stock on the grant date. See Note 11.

~Employee~benefit~plans.~~~ Accounting and funding policies for retirement plans and postretirement benefits other than pensions ("OPEB") are described in Note 13. The Company retroactively adopted SFAS No. 132, "Employers'

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Disclosures About Pensions and Other Postretirement Benefits" in 1998.

~Research~and~development.~~~~~Research and development expense approximated $3.4 million in 1998 ($3.6 million in 1997 and $2 million in 1996).

~Advertising~costs.~~~ Advertising costs, which are not significant, are expensed as incurred.

~Income~taxes.~~~ Deferred income tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the income tax and financial reporting carrying amounts of assets and liabilities, including investments in subsidiaries not included in TIMET's consolidated U.S. tax group. See Note 12.

~Stock~split~and~earnings~per~share.~~~~~Common shares outstanding for all periods presented have been adjusted to reflect the 65-for-1 split (the "Stock Split") of the Company's common stock effected in connection with TIMET's June 1996 initial public offering of common stock (the "Stock Offering").

Diluted earnings per share reflects the assumed conversion of the Convertible Preferred Securities and the dilutive effect of common stock options. See Note 18.

~Comprehensive~income.~The Company retroactively adopted SFAS No. 130, "Reporting Comprehensive Income" in 1998.

~Fair~value~of~financial~instruments.~~~The fair value of the nonmarketable preferred securities, issued in October 1998, held by the Company is deemed by the Company to approximate net carrying value.

The Company's bank debt reprices with changes in market interest rates and, accordingly, the carrying amount of such debt is believed to approximate market value. The fair value of the Convertible Preferred Securities based on quoted market prices approximated $102 million at December 31, 1998 and $200 million at December 31, 1997 (book value at both dates - $201 million).

At December 31, 1998, the fair value of the Company's common equity, based on the quoted market closing price at that date of $8.50 per share, was approximately $267 million (book value - $448 million).

Note 2 - Segment information:

In 1998, the Company retroactively adopted SFAS No. 131 "Disclosure about Segments of an Enterprise and Related Information". The Company is a vertically integrated producer of titanium sponge, melted products (ingot and slab) and a variety of mill products for aerospace, industrial and other applications. The Company's production facilities are located principally in the United States, United Kingdom and France, and its products are sold throughout the world. These worldwide integrated activities compose the Company's principal segment, "Titanium melted and mill products".

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The "Other" segment consists primarily of the Company's titanium castings operations, which were combined in a joint venture during 1998. See Note 4.

Operating income, inventory and receivables are the key management measures used to evaluate segment performance. Operating income of the "Titanium melted and mill products" segment includes special charges of $4.8 million in 1996 and $19.5 million in 1998. Operating income of the "Other" segment includes special charges of $4.5 million in 1998. These charges are more fully described in Note 5.

<TABLE>
<CAPTION>

	Years Ended December 31,		
	1996	1997	1998
<S>		(In thousands)	
~Operating~Segments:~	<C>	<C>	<C>
Net sales:			
Titanium melted and mill products	$459,693	$700,427	$ 686,677
Other	51,501	36,217	23,936
Eliminations	(4,120)	(3,067)	(2,936)
	$507,074	$733,577	$ 707,677
Mill product shipments:			
Volume (metric tons)	12,400	15,100	14,800
Average price ($ per Kilogram)	$ 32.0	$ 35.00	$ 35.25
Operating income:			
Titanium melted and mill products	$55,644	$139,252	$ 87,411
Other	4,205	(6,290)	(4,706)
	59,849	132,962	82,705
General corporate income	995	4,267	6,060
Interest expense	(8,953)	(2,066)	(2,916)
Income before income taxes and minority interest	$51,891	$135,163	$ 85,849

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Depreciation and amortization:			
Titanium melted and mill products	$ 17,332	$26,463	$ 31,599
Other	1,642	1,921	915
	$ 18,974	$28,384	$ 32,514

Capital expenditures:			
Titanium melted and mill products	$20,561	$62,869	$ 115,103
Other	1,118	3,426	52
	$21,679	$66,295	$ 115,155

	Years Ended December 31,		
	1996	1997	1998
		(In thousands)	
Inventories:			
Titanium melted and mill products	$146,230	$146,782	$ 225,073
Other	9,432	7,165	871
Eliminations	(174)	(129)	(64)
	$155,488	$153,818	$ 225,880
Accounts receivable:			
Titanium melted and mill products	$105,231	$149,293	$ 124,900
Other	8,869	6,385	2,088
	$114,100	$155,678	$ 126,988

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Investment in joint ventures:			
Titanium melted and mill Products	$ 270	$20,114	$ 22,044
Other	-	3,156	10,589
	$ 270	$23,270	$ 32,633

Equity in earnings of joint ventures:			
Titanium melted and mill products	$ 6,237	$ (517)	$ 1,869
Other	-	(496)	(1,518)
	$ 6,237	$(1,013)	$ 351

Geographic segments:			
Net sales - point of origin:			
United States	$354,651	$534,440	$ 465,519
United Kingdom	177,717	223,573	217,709
Other Europe	8,346	96,659	109,347
Eliminations	(33,640)	(121,095)	(84,898)
	$507,074	$733,577	$ 707,677

Net sales - point of destination:			
United States	$312,640	$401,217	$ 354,001
Europe	155,364	276,419	290,988
Other	39,070	55,941	62,688
	$507,074	$733,577	$ 707,677

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Operating income:			
United States	$39,014	$76,434	$45,760
Europe	20,835	56,528	36,945
	$59,849	$132,962	$82,705
Long-lived assets - property and equipment:			
United States	$165,096	$188,564	$ 264,856
United Kingdom	52,173	69,470	78,731
Other Europe	2,300	4,392	7,636
	$219,569	$262,426	$ 351,223

</TABLE>

Export sales from U.S. based operations approximated $58 million in 1996, $97 million in 1997 and $81 million in 1998.

Geographic segment operating income in 1998 includes special restructuring charges of $14.5 million in the U.S. and $9.5 million in Europe.

Note 3 - Business combinations:

~IMI~Titanium~Acquisition.~~~~~In February 1996, the Company acquired the titanium metals businesses of IMI plc and affiliates (the "IMI Titanium Acquisition"). IMI previously conducted its titanium business principally through its wholly owned United Kingdom subsidiary, IMI Titanium Ltd. (now known as TIMET UK), and its U.S. subsidiary, IMI Titanium, Inc. IMI conveyed all of its titanium-related businesses to the Company in exchange for 9.6 million newly issued shares of common stock valued at $70 million, and the Company issued $20 million of the Company's subordinated debt to IMI in exchange for a like amount of debt previously owed to IMI by its U.K. subsidiary.

The Company accounted for the IMI Titanium Acquisition by the purchase method of accounting (purchase price approximately $72 million, including transaction costs). The Company has included the results of operations of the IMI titanium business in its consolidated results of operations effective at the beginning of 1996 with preacquisition earnings of approximately $.4 million deducted in determining net income for 1996. Preacquisition sales of the IMI titanium business included in consolidated sales for 1996 approximated

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$11.7 million.

~Axel~Johnson~Metals~Acquisition.~~~~~In October 1996, the Company acquired substantially all of the assets and assumed substantially all of the liabilities of Axel Johnson Metals, Inc. ("AJM") for approximately $97 million cash (the "AJM Acquisition"). The AJM Acquisition was completed through a newly formed

subsidiary, Titanium Hearth Technologies, Inc. ("THT"), and included the acquisition of the 50% partnership interest in Titanium Hearth Technologies that TIMET did not previously own. THT, now part of the Company's manufacturing operations in North America, operates titanium scrap processing facilities and titanium melting furnaces.

The Company accounted for the AJM Acquisition by the purchase method and consolidated THT's results effective October 1, 1996; revenues for the fourth quarter of 1996 approximated $21 million. Prior to the AJM Acquisition, the Company accounted for its 50% interest in the THT partnership by the equity method.

~Other~European~acquisitions.~~~~~During the last half of 1996 and January 1997, the Company completed three acquisitions in Europe for an aggregate cash cost of approximately $12 million which were accounted for by the purchase method. In August 1996, TIMET and Compagnie Europeenne du Zirconium - CEZUS, S.A. ("CEZUS") completed an agreement to form a new jointly-owned French company ("TIMET Savoie") to manufacture and sell titanium products. TIMET Savoie is 70%-owned by TIMET and 30%-owned by CEZUS. TIMET Savoie manufactures products inside CEZUS' production facility in Ugine, France both directly, utilizing its own personnel and equipment, and, for melting and forging and certain other operations, indirectly by subcontracting to CEZUS under a long-term manufacturing agreement. In July 1996, TIMET purchased the 74% equity interest in TISTO, a German distributor of titanium products, that it did not already own. In January 1997, the Company purchased LASAB Laser Applikations- und Bearbeitungs GmbH ("LASAB'), which is in the titanium and stainless steel laser-welded tube and pipe and laser cutting business.

In April 1998, the Company acquired Loterios S.p.A., a producer and distributor of titanium pipe and fittings to the offshore oil and gas drilling and production markets, based in Italy. The cost of the Loterios acquisition, accounted for by the purchase method, was approximately $19 million in cash.

Additional consideration of up to approximately $7 million is contingent upon Loterios' achieving certain operating targets. The results of Loterios' operations have been reflected in the consolidated financial statements from the date of acquisition; net sales in 1998 subsequent to acquisition approximated $23 million.

Note 4 - Joint ventures and preferred securities:

<TABLE>
<CAPTION> December 31,

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	1997	1998
<S>	(in thousands)	
Joint ventures:	<C>	<C>
ValTimet	$ 19,845	$21,658
Wyman-Gordon Titanium Castings	-	6,158
Other	3,425	4,817
	$ 23,270	$32,633
Preferred securities	$ -	$80,000

</TABLE>

~Joint~ventures.~~~In July 1997, TIMET combined its Tennessee-based welded tubing operations with those of Valinox Welded, a French manufacturer of welded tubing, principally stainless steel and titanium, with operations in France and China. The joint venture, "ValTimet", is 46% owned by TIMET and 54% owned by Valinox Welded. The Company's initial investment in ValTimet aggregated $19.8 million, consisting of $11.3 million of noncash consideration contributed at net carrying value (principally property and equipment) plus cash of $8.5 million to fund working capital. For the six months ended December 31, 1997, and the year ended December 31, 1998, ValTimet reported sales of $56.6 million and $119.3 million and net income of $.1 million and $4.1 million, respectively. At December 31, 1997 and 1998, ValTimet reported total assets of $80.1 million and $69.1 million and equity of $28.7 million and $31.8 million, respectively.

In August 1998, the Company completed a series of strategic transactions with Wyman-Gordon Company. The principal components were: (i) the Company exchanged certain of its titanium castings assets and $5 million in cash for Wyman-Gordon's Millbury, MA vacuum arc remelting facility, which produced titanium ingot; (ii) Wyman-Gordon and the Company combined their respective titanium castings business into a new joint venture, Wyman-Gordon Titanium Castings LLC, 80% owned by Wyman-Gordon and 20% by the Company; and (iii) the Company and Wyman-Gordon entered into a contract pursuant to which the Company will be the principal supplier of titanium material to Wyman-Gordon through 2007. The Company accounts for its interest in the castings joint venture by the equity method. The Company accounted for the castings business/melting facility transaction at fair value, which approximated the $18 million net carrying value of the assets exchanged, and, accordingly, recognized nil gain on the transaction. For the five months ended December 31, 1998, Wyman-Gordon Titanium Castings reported sales of $16.6 million and a net loss of $.4 million. At December 31, 1998, Wyman-Gordon Titanium Castings reported total assets of

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$29.2 million and equity of $25.3 million.

TIMET's strategy for developing new markets and uses for titanium includes providing funds to third parties to prove out a new use or uses of titanium. Other joint ventures consist principally of such investments.
~
Preferred~securities.~In October 1998, the Company purchased for cash $80 million of non-voting preferred securities of Special Metals Corporation, a U.S. manufacturer of wrought nickel-based superalloys and special alloy long products. The investment was made in conjunction with, and concurrent with, the acquisition by SMC of the Inco Alloys International unit of Inco, Ltd. The preferred securities accrue dividends at the annual rate of 6.625%, are mandatorily redeemable in April 2006 and are convertible into SMC common stock at $16.50 per share.

Note 5 - Special charges:

In 1998, TIMET implemented a plan of action designed to address current market conditions, which resulted in recognizing $24 million of restructuring charges. The plan included the permanent closure of three plants, permanent or temporary closures of parts of three other plants, the merger of all North American manufacturing operations into one operating unit and termination of 600 people, or approximately 20% of TIMET's worldwide work force. See also Item 1 - "Business - Outlook for 1999" of this Annual Report. Components of the restructuring charge are summarized below.

	Segment		
	Melted and Mill Products	Other	Total
	(in millions)		
Property and equipment	$ 7.1	$ 2.6	$ 9.7
Pension costs - SFAS No. 88	5.7	-	5.7
Personnel severance and benefits	5.3	.5	5.8
Other exit costs, principally related to leased facilities	1.4	1.4	2.8
	$ 19.5	$ 4.5	$ 24.0

Substantially all of the property and equipment loss relates to items sold, scrapped or abandoned, with disposition already substantially complete.

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Depreciation of equipment not impaired and only temporarily idled was not suspended. The pension charge relates to the actuarial valuation of accelerated defined benefits of employees to be terminated.

At December 31, 1998, 50% of the personnel reductions had been accomplished with substantially all of the remainder to be accomplished in the first quarter of 1999. Other exit costs relate primarily to carrying costs on leased facilities, which leases have or will be terminated, assumed or expire by mid-year. Of the $8.6 million personnel and other exit costs accrued, $1.9 million had been paid at year-end. Most of the remaining accrued costs will be paid during the first half of 1999, although certain payments, for items such as benefit continuation for terminated employees, will be paid later.

In 1996, TIMET's "Titanium melted and mill products" segment incurred $4.8 million of special charges related to the IMI Titanium Acquisition, $3 million of which related to compensation for services in connection with the acquisition, with the remainder related principally to integration and consolidation of certain facilities.

Note 6 - Inventories:

<TABLE>
<CAPTION>

	December 31,	
	1997	1998
	(In thousands)	
Raw materials	$28,514	$56,109
Work-in-process	85,278	97,947
Finished products	32,904	61,213
Supplies	7,122	10,611
	$153,818	$225,880

</TABLE>

The average cost of LIFO inventories exceeded the net carrying amount of such inventories by approximately $32 million and $28 million at December 31, 1997 and 1998, respectively.

Note 7 - Intangible and other noncurrent assets:

<TABLE>
<CAPTION> December 31,

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	1997	1998
	(In thousands)	
<S>	<C>	<C>
Intangible assets:		
Patents	$ 14,333	$14,381
Covenants not to compete	5,000	8,759
Intangible pension assets	1,997	2,783
	21,330	25,923
Less accumulated amortization	3,441	6,029
	$ 17,889	$19,894
Other noncurrent assets:		
Deferred financing costs	$ 8,482	$ 9,911
Prepaid pension costs	2,228	-
Notes receivable from officers	-	580
Other	4,631	3,638
	$ 15,341	$14,129

</TABLE>

Note 8 - Accrued liabilities:

<TABLE>

<CAPTION>	December 31,	
	1997	1998
	(In thousands)	
<S>	<C>	<C>
OPEB cost	$2,102	$2,371
Pension cost	1,072	1,482
Other employee benefits	25,869	20,881
Environmental costs	1,762	2,273

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Restructuring costs	-	6,727
Taxes, other than income	3,062	1,292
Accrued dividends - Convertible Preferred Securities	1,103	1,111
Other	11,839	14,491
	$ 46,809	$ 50,628

</TABLE>

Note 9 - Notes payable, long-term debt and capital lease obligations:

<TABLE>
<CAPTION>

	December 31,	
	1997	1998
	(In thousands)	
<S>	<C>	<C>
Notes payable - European credit agreements	$3,372	$ 5,134
Long-term debt:		
Bank credit agreement - U.S.	$ -	$80,000
Bank credit agreement - U.K.	-	18,781
Other	1,612	1,740
	1,612	100,521
Less current maturities	1,161	571
	$ 451	$99,950
Capital lease obligations	$ 11,189	$ 10,269
Less current maturities	193	200
	$ 10,996	$ 10,069

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</TABLE>

~European~credit~agreements.~At December 31, 1998, aggregate unused borrowing availability under short-term bank credit agreements in France and Italy approximated $8 million.

~Long-term~bank~credit~agreements.~~~TIMET has a $200 million revolving bank credit facility expiring in July 2002. Borrowings generally bear interest at LIBOR plus 0.50% (5.56% at December 31, 1998) and are collateralized by substantially all of TIMET's assets. The credit agreement generally limits dividends on TIMET's common stock to 25% of net income, limits additional indebtedness and transactions with affiliates, requires the maintenance of certain financial ratios and contains other covenants customary in transactions of this type.

TIMET UK has a Pounds15 million ($25 million) overdraft/revolving bank credit facility maturing in April 2001. Borrowings may be in sterling or dollars, are collateralized by TIMET UK's inventories and receivables, and generally bear interest at LIBOR plus 0.75% (5.75% at December 31, 1998).

At December 31, 1998, the Company had approximately $125 million of unused borrowing availability under its long-term U.S. and U.K. bank credit agreements. Available borrowings in the future could potentially be reduced due to the leverage and interest coverage ratios included in the U.S. credit agreement.

~Capital~lease~obligations.~In connection with the IMI Titanium Acquisition, TIMET UK entered into long-term leases with IMI principally covering production facilities within England. In connection with the TIMET Savoie transaction, TIMET Savoie entered into long-term leases with CEZUS covering machinery and equipment. The terms of these capital leases range from 10-30 years. The UK rentals are subject to adjustment every five years based on changes in certain published price indexes. TIMET has guaranteed TIMET UK's obligations under its leases. Assets held under capital leases included in buildings and in equipment at December 31, 1998 were $9.7 million and $.9 million, respectively, with related aggregate accumulated depreciation of $1.2 million.

Aggregate maturities of long-term debt and capital lease obligations:

<TABLE>
<CAPTION>

	Capital Leases	Long-term Debt
	(In thousands)	
<S>	<C>	<C>
Years ending December 31,		
1999	$ 1,110	$ 571

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2000	1,110	508
2001	1,110	19,216
2002	1,110	80,226
2003	1,110	-
2004 and thereafter	22,073	-
Less amounts representing interest	(17,354)	-
	$ 10,269	$ 100,521

</TABLE>

Note 10 - Minority interest:

~Convertible~Preferred~Securities.~In November 1996, TIMET Capital Trust I (the "Trust"), a wholly-owned subsidiary of TIMET, issued $201 million of 6.625% Company-obligated mandatorily redeemable preferred securities and $6 million of common securities. TIMET holds all of the outstanding common securities of the Trust. The Trust used the proceeds from such issuance to purchase from the Company $207 million principal amount of TIMET's 6.625% convertible junior subordinated debentures due 2026 (the "Subordinated Debentures"). TIMET's guarantee of payment of the Convertible Preferred Securities (in accordance with the terms thereof) and its obligations under the Trust documents constitute, in the aggregate, a full and unconditional guarantee by the Company of the Trust's obligations under the Convertible Preferred Securities. The sole assets of the Trust are the Subordinated Debentures. The Convertible Preferred Securities represent undivided beneficial ownership interests in the Trust, are entitled to cumulative preferred distributions from the Trust of 6.625% per annum, compounded quarterly, and are convertible, at the option of the holder, into TIMET common stock at the rate of 1.339 shares of common stock per Convertible Preferred Security (an equivalent price of $37.34 per share), for an aggregate of approximately 5.4 million common shares if fully converted.

The Convertible Preferred Securities mature December 2026 and are redeemable at the Company's option beginning December 1999, initially at approximately 104.6% of principal amount declining to 100% from December 2006. The Company has the right to defer dividend payments for up to 20 consecutive quarters ("Extension Period") on one or more occasions. In the event the Company exercises this right, it would be unable during any Extension Period to, among other things, pay dividends on or reacquire its capital stock.

Dividends on the Convertible Preferred Securities are reported in the Consolidated Statement of Operations as minority interest, net of allocable income tax benefit.

~Other.~~~~~~Other minority interest relates principally to TIMET Savoie. The Company has the right to purchase CEZUS' 30% interest in TIMET Savoie for 30% of TIMET Savoie's equity determined under French accounting principles ($7.5

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million at December 31, 1998), which amount is recorded as minority interest. CEZUS has the right to sell its interest in TIMET Savoie to the Company for 30% of TIMET Savoie's registered capital ($2.9 million at December 31, 1998).

Note 11 - Stockholders' equity:

~Common~stock.~~~~~In June 1996, the Company completed the sale of 6.2 million shares of its common stock in the Stock Offering at an initial price to the public of $23 per share. In connection with the Stock Offering, the Company effected the Stock Split, increased its authorized common shares to 99 million shares, increased its authorized preferred stock to 1 million shares, and reserved up to 3.1 million shares to be issued under the 1996 Long Term Incentive Plan (the "TIMET Incentive Plan"). The Company's net proceeds from the Stock Offering approximated $131 million. The Company used approximately $42.5 million of the net proceeds to repay existing indebtedness to stockholders ($22.5 million to Tremont and $20 million to IMI) and $82 million to repay bank indebtedness.

Certain key executive officers of the Company received shares (the "Management Shares") of the Company's Class B common stock and cash payments with a combined value of approximately $3 million in consideration for their services in connection with the IMI Titanium Acquisition, which cost was expensed as incurred. The Management Shares were converted into 93,000 shares of the Company's common stock in connection with the Stock Offering, and no Class B shares are currently outstanding or authorized.

~Preferred~stock.~~~~~The Company is authorized to issue 1 million shares of preferred stock. The rights of preferred stock as to, among other things, dividends, liquidation, redemption, conversions, and voting rights are determined by the Board of Directors.

~Common~stock~options.~The TIMET Incentive Plan provides for the discretionary grant of restricted common stock, stock options, stock appreciation rights and other incentive compensation to officers and other key employees of the Company. Options generally vest over five years and expire ten years from date of grant.

Additionally, a plan for TIMET's nonemployee directors provides for eligible directors to annually be granted options to purchase 1,500 shares of the Company's common stock (5,000 beginning in 1999) at a price equal to the market price on the date of grant and to receive, as partial payment of director fees, annual grants of 500 shares of common stock. Options granted to nonemployee directors vest in one year and expire ten years from date of grant (five year expiration for grants prior to 1998).

The weighted average remaining life of options outstanding at December 31, 1998 was 8.2 years (1997 - 8.7 years). At December 31, 1998, options to purchase approximately 199,000 shares were exercisable at an average exercise price of $25.89 per share and approximately 242,000 options become exercisable in 1999.

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At December 31, 1998, approximately 1.9 million shares and 50,350 shares were available for future grant under the TIMET Incentive Plan and the nonemployee director plan, respectively.

The following table summarizes information about the Company's stock options.

<TABLE>
<CAPTION>

	Shares	Exercise Exercise price per share	Amount Payable Upon Exercise (thousands)	Weighted Average Exercies price	Weighted average fair value at grant date
<S>	<C>	<C>	<C>	<C>	<C>
Outstanding at December 31, 1995	-	$ -	$ -	$ -	
Granted:					
At market	370,275	23.00-31.25	9,110	24.60	$ 12.46
Above market	167,000	26.00-29.00	4,592	27.50	10.22
Canceled	(1,000)	23.00	(23)	23.00	
Outstanding at December 31, 1996	536,275	23.00-31.25	13,679	25.51	
Granted:					
At market	230,075	25.94-29.50	6,414	27.88	12.72
Above market	134,000	31.00-34.00	4,355	32.50	11.29
Exercised	(1,250)	23.00-29.50	(33)	26.25	
Canceled	(79,100)	23.00-34.00	(2,045)	25.86	
Outstanding at December 31, 1997	820,000	23.00-34.00	22,370	27.28	

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Granted:					
At market	320,900	26.13-29.31	9,392	29.27	14.08
Above market	142,000	32.31-35.31	4,802	33.81	12.79
Canceled	(65,200)	23.00-35.31	(1,878)	28.80	
Outstanding at December 31, 1998	1,217,700	$23.00-$35.31	$34,686	$28.48	

</TABLE>

Weighted average fair values of options at grant date were estimated using the Black-Scholes model and assumptions listed below.

Assumptions at date of grant:	1996	1997	1998
Expected life (years)	6	6	6
Risk-free interest rate	6.67%	6.00%	5.56%
Volatility	40%	35%	40%
Dividend yield	0%	0%	0%

Had stock-based compensation cost been determined based on the estimated fair values of options granted and recognized as compensation expense over the vesting period of the grants in accordance with SFAS No. 123, the Company's pretax income, net income and earnings per share for 1998 would have been reduced by $5.4 million, $3.5 million and $.11 per share, respectively, for 1997 would have been reduced by $3.7 million, $2.4 million and $.06 per share, respectively, and for 1996 would have been reduced by $1.1 million, $.7 million and $.02 per share, respectively.

Note 12 - Income taxes:

Summarized below are (i) the components of income before income taxes and minority interest ("pretax income"), (ii) the difference between the income tax expense attributable to pretax income and the amounts that would be expected using the U.S. federal statutory income tax rate of 35%, (iii) the components of the income tax expense attributable to pretax income, and (iv) the components of the comprehensive tax provision.

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<TABLE>
<CAPTION>

	Years Ended December 31,		
	1996	1997	1998
	(In thousands)		
<S>	<C>	<C>	<C>
Pretax income:			
U.S.	$33,941	$ 81,766	$ 51,090
Non-U.S.	17,950	53,397	34,759
	$51,891	$135,163	$ 85,849
Expected income tax expense, at 35%	$18,161	$ 47,307	$30,047
Non-U.S. tax rates	37	(464)	41
U.S. state income taxes, net	848	126	472
Export sales credit	-	(361)	(979)
Adjustment of deferred tax valuation allowance	(16,519)	(5,785)	-
Other, net	(191)	181	(384)
	$2,336	$ 41,004	$ 29,197
Income tax expense:			
Current income taxes:			
U.S.	$6,516	$ 17,146	$ 4,617
Non-U.S.	6,236	17,280	11,408
	12,752	34,426	16,025
Deferred income taxes (benefit):			
U.S.	(10,809)	5,998	12,374
Non-U.S.	393	580	798
	(10,416)	6,578	13,172

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	$ 2,336	$ 41,004	$ 29,197

Comprehensive tax provision allocable to:			
Pretax income	$ 2,336	$ 41,004	$ 29,197
Minority interest - Convertible Preferred Securities	(444)	(4,760)	(4,703)
Stockholders' equity, including amounts allocated to other comprehensive income	2,500	(533)	(3,520)
	$4,392	$ 35,711	$ 20,974

	December 31,			
	1997		1998	
	Assets	Liabilities	ASSETS	LIABILITIES
	(In millions)			
Temporary differences relating to net assets:				
Inventories	$ .1	$ (5.5)	$ .1	$(5.1)
Property and equipment, including software	.2	(17.8)	1.4	(30.5)
Accrued OPEB cost	11.7	-	11.0	-
Accrued liabilities and other deductible differences	8.7	-	11.1	-
Other taxable differences	-	(7.7)	-	(7.7)
Tax loss and credit carryforwards	5.9	-	4.9	-
Valuation allowance	(.4)	-	-	-
Gross deferred tax assets (liabilities)	26.2	(31.0)	28.5	(43.3)
Netting	(19.4)	19.4	(26.6)	26.6

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Total deferred taxes	6.8	(11.6)	1.9	(16.7)
Less current deferred taxes	6.2	-	1.9	(2.5)
Net noncurrent deferred taxes	$ .6	$ (11.6)	$ -	$(14.2)

</TABLE>

The Company's valuation allowance (nominal at December 31, 1997 and nil in 1998) decreased in the aggregate (including amounts allocated to items other than pretax income) by $16.5 million in 1996, $5.8 million in 1997 and $.4 million in 1998. The 1996 reduction included $10 million due to a change in estimate of the future tax benefits of certain tax net operating loss carryforwards ("NOLs") and alternative minimum tax credit ("AMT") carryforwards that will more likely than not be realized.

At December 31, 1998, the Company had, for U.S. federal income tax purposes, NOLs of approximately $2.5 million expiring in 2010. At December 31, 1998, the Company had an AMT credit carryforward of approximately $4 million, which can be utilized to offset regular income taxes payable in future years. The AMT credit carryforward has an indefinite carryforward period.

Note 13 - Employee benefit plans:

~Variable~compensation~plans.~~~~~Substantially all of the Company's total worldwide employees, including a significant portion of its domestic hourly employees, participate in compensation programs which provide for variable compensation based upon the financial performance of the Company and, in certain circumstances, the individual performance of the employee. The cost of these plans was $12 million in 1996, $11 million in 1997 and $6 million in 1998.

~Defined~contribution~plans.~~All of the Company's domestic hourly and salaried employees (65% of total worldwide employees at December 31, 1998) are eligible to participate in contributory savings plans with partial matching employer contributions. Company matching contributions are based on Company profitability for approximately 80% of eligible employees. Approximately 35% of the Company's total employees at December 31, 1998 also participate in a defined contribution pension plan with contributions based upon a fixed percentage of the employee's eligible earnings. The cost of these pension and savings plans approximated $3 million in each of 1996, 1997 and 1998.

~Defined~benefit~pension~plans.~~~~~The Company maintains contributory and noncontributory defined benefit pension plans covering substantially all European employees and a minority of its domestic workforce. Defined pension

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benefits are generally based on years of service and compensation, and the related expense is based upon independent actuarial valuations. The Company's funding policy for U.S. plans is to contribute annually amounts satisfying the funding requirements of the Employee Retirement Income Security Act of 1974, as amended. Non-U.S. defined benefit pension plans are funded in accordance with applicable statutory requirements. The U.S. defined benefit pension plans were closed to new participants prior to 1996 and, in some cases, benefit levels have been frozen.

The rates used in determining the actuarial present value of benefit obligations at December 31, 1998 were: (i) discount rates -- 6% to 6.5% (1997 - 7% to 7.25%), and (ii) rates of increase in future compensation levels - 3% (1997 - 3% to 5%). The expected long-term rates of return on assets used was 7.5% to 9% (1997 - 7% to 9%). The benefit obligations are sensitive to changes in these estimated rates and actual results may differ from the obligations noted below. At December 31, 1998, the assets of the plans are primarily comprised of government obligations, corporate stocks and bonds.

<TABLE>
<CAPTION>

	Years ended December 31,	
	1997	1998
<S>	(in thousands)	
Change in projected benefit obligations:	<C>	<C>
Balance at beginning of year	$114,525	$136,367
Service cost	3,906	5,462
Interest cost	9,201	9,519
Adjustments - SFAS No. 88	-	5,725
Actuarial loss (gain)	13,828	553
Benefits paid	(5,093)	(5,334)
Balance at end of year	$136,367	$152,292
Change in plan assets:		
Fair value at beginning of year	$113,743	$136,827
Actual return on plan assets	20,555	(2,999)
Contributions	7,623	4,606
Benefits paid	(5,093)	(5,334)
Fair value at end of year	$136,827	$133,100

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Funded status:		
Plan assets over (under) projected benefit obligations	$ 460	$(19,192)
Unrecognized:		
Actuarial loss	9	16,154
Prior service cost	3,077	2,783
Transaction obligation	(1,229)	(615)
Total prepaid (accrued) pension cost	$ 2,317	$ (870)
Amounts recognized in balance sheet:		
Noncurrent prepaid pension cost	$ 2,228	$ -
Intangible pension asset	1,997	2,783
Current pension liability	(1,072)	(1,482)
Noncurrent pension liability	(836)	(8,754)
Accumulated other comprehensive income	-	6,583
	$ 2,317	$ (870)

</TABLE>

<TABLE>
<CAPTION>

<S>	Years Ended December 31, 1996 <C>	1997 <C>	1998 <C>
	(In thousands)		
Service cost benefits earned	$ 3,260	$ 3,906	$ 5,462
Interest cost on projected benefit obligations	7,696	9,201	9,519
Expected return on plan assets	(7,256)	(20,555)	(12,247)

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Net amortization	(1,951)	9,724	(2,030)
Net pension expense	$ 1,749	$2,276	$ 704

</TABLE>

~Postretirement~benefits~other~than~pensions.~~~~~The Company provides certain postretirement health care and life insurance benefits to certain of its domestic retired employees. The Company funds such benefits as they are incurred, net of any contributions by the retirees. Under plans currently in effect, a majority of TIMET's active domestic employees would become eligible for these benefits if they reach normal retirement age while working for TIMET. These plans have been revised to discontinue employer-paid health care coverage for future retirees once they become Medicare-eligible.

The components of the periodic OPEB cost and change in the accumulated OPEB obligations are set forth below. The plan is unfunded and contributions to the plan during the year equal benefits paid. The rates used in determining the actuarial present value of the accumulated OPEB obligations at December 31, 1998 were: (i) discount rate--6.5% (1997 - 7%), (ii) rate of increase in health care costs for the following period--8.9% (1997 - 9.9%) (iii) ultimate health care trend rate (achieved in 2016) - 4.75% (1997 - 5.25%). If the health care cost trend rate was increased by one percentage point for each year, OPEB expense would have increased approximately $.2 million in 1998, and the actuarial present value of accumulated OPEB obligations at December 31, 1998 would have increased approximately $2.3 million. A one percentage point decrease would have a similar, but opposite, effect. The accrued OPEB cost is sensitive to changes in these estimated rates and actual results may differ from the obligations noted below.

<TABLE>
<CAPTION>

<S>	December 31, 1997 (In thousands) <C>	1998 <C>
Actuarial present value of accumulated OPEB obligations:		
Balance at beginning of year	$21,252	$22,297
Service cost	357	326
Interest cost	1,613	1,553
Actuarial loss	1,654	1,648
Benefits paid, net of participant contributions	(2,579)	(3,187)

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Balance at end of year	22,297	22,637
Unrecognized net actuarial gain	2,673	900
Unrecognized prior service credits	3,324	2,899
Total accrued OPEB cost	28,294	26,436
Less current portion	2,102	2,371
Noncurrent accrued OPEB cost	$26,192	$24,065

</TABLE>

<TABLE>
<CAPTION>

	Years Ended December 31,		
	1996	1997	1998
	(In thousands)		
<S>	<C>	<C>	<C>
Service cost benefits earned	$ 407	$ 357	$ 326
Interest cost on accumulated OPEB obligations	1,567	1,613	1,553
Net amortization and deferrals	(653)	(635)	(550)
Net OPEB expense	$1,321	$ 1,335	$1,329

</TABLE>

Note 14 - Related party transactions:

TIMET was a 75%-owned subsidiary of Tremont Corporation at December 31, 1995 with the remaining 25% held by Union Titanium Sponge Corporation ("UTSC"), a consortium of Japanese companies. In February 1996, TIMET acquired the titanium businesses of IMI for stock and in June 1996 completed the Stock Offering which together reduced Tremont's ownership in TIMET to 30% and UTSC's ownership to 10%. In 1997, UTSC reduced its ownership to less than 5% and is no longer required to publicly report its ownership. In 1998, Tremont purchased additional TIMET common stock in market transactions. In connection with the IMI Titanium Acquisition, Tremont held an option, exercised in February 1999, to purchase approximately 2.0 million shares of the Company's common stock from IMI

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for approximately $16 million ($7.95 per share). At March 1, 1999, Tremont held approximately 39% of TIMET's outstanding common stock.

Valhi, Inc. (a majority-owned subsidiary of Contran Corporation) and other entities related to Harold C. Simmons hold an aggregate of approximately 53% of Tremont's outstanding common stock. Mr. Simmons may be deemed to control each of Contran, Valhi, Tremont and TIMET. Corporations that may be deemed to be controlled by or affiliated with Mr. Simmons sometimes engage in (i) intercorporate transactions with related companies such as guarantees, management and expense sharing arrangements, shared fee arrangements, joint ventures, partnerships, loans, options, advances of funds on open account, and sales, leases and exchanges of assets, including securities issued by both related and unrelated parties and (ii) common investment and acquisition strategies, business combinations, reorganizations, recapitalizations, securities repurchases, and purchases and sales (and other acquisitions and dispositions) of subsidiaries, divisions or other business units, which transactions have involved both related and unrelated parties and have included transactions which resulted in the acquisition by one related party of a publicly-held minority equity interest in another related party. The Company continuously considers, reviews and evaluates, and understands that Contran, Tremont and related entities consider, review and evaluate such transactions. Depending upon the business, tax and other objectives then relevant, it is possible that the Company might be a party to one or more such transactions in the future.

It is the policy of the Company to engage in transactions with related parties on terms which are, in the opinion of the Company, no less favorable to the Company than could be obtained from unrelated parties.

TIMET supplies titanium strip product to ValTimet under a long-term contract as the preferred supplier and supplies castings ingot to Wyman-Gordon Titanium Castings. Sales to these joint ventures were $22 million in 1997 and $40 million in 1998. Receivables from related parties at December 31, 1997 and 1998 relate principally to sales to these joint ventures.

In connection with the construction and financing of TIMET's vacuum distillation process ("VDP") titanium sponge plant, UTSC licensed certain technology to TIMET in exchange for the right to acquire up to 20% of TIMET's annual production capacity of VDP sponge at agreed-upon prices through early 1997 and higher formula-determined prices thereafter through 2008. A discount from market value represents TIMET's consideration to UTSC for the licensed technology. Sales to UTSC approximated $12 million in 1996, $17 million in 1997 and $7 million in 1998.

The Company has an intercorporate services agreement with Tremont whereby the Company provides certain management, financial and other services to Tremont for approximately $.4 million in each of 1996, 1997 and 1998, subject to renewal for future years.

The Company has guidelines for its officers regarding ownership level of

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TIMET stock. In order to facilitate compliance with these guidelines, the Company extended loans in 1998 to certain officers pursuant to a Board-approved loan program. The loans are payable in five annual installments beginning six years from date of loan and bear interest at a rate tied to the Company's borrowing rate, payable quarterly. At December 31, 1998, the outstanding balance of officer notes receivable was $580,000.

EWI RE, Inc. arranges for and brokers certain of the Company's insurance policies. Parties related to Contran own 90% of the outstanding common stock of EWI, and a son-in-law of Harold C. Simmons manages the operations of EWI. Consistent with insurance industry practices, EWI receives a commission from the insurance underwriters for the policies that it arranges or brokers. The Company paid an aggregate of approximately $1.8 million for such policies in 1998, which amount principally included premiums for the insurance policies paid to third parties, but also included commissions paid to EWI. In the Company's opinion, the premiums paid for these insurance policies are reasonable and similar to those the Company could have obtained through an unrelated insurance broker. The Company expects that these relationships with EWI will continue in 1999.

Interest expense on related party indebtedness approximated $2 million in 1996 and was nil in 1997 and 1998. The subordinated debt to both IMI and Tremont accrued interest at 10.4% and was repaid in 1996 with proceeds from the Stock Offering. During 1997, TIMET Savoie repaid amounts outstanding under a revolving line of credit provided by CEZUS and terminated the facility.

TIMET's purchases from THT approximated $9 million in 1996 prior to the AJM Acquisition.

Note 15 - Commitments and contingencies:

~Long-term~agreements.~~~The Company has long-term agreements with certain major aerospace customers, including The Boeing Company, Rolls-Royce plc, United Technologies Corporation (and related companies) and Wyman-Gordon Company, pursuant to which the Company will be the major supplier of titanium products to these customers. The Boeing agreement was effective in 1998 but was not expected to reach volume levels until 1999. The other agreements mentioned are effective in 1999. The agreements provide for minimum market shares of the customer's titanium requirements (generally at least 70%) for 10 year periods. The agreements generally provide for fixed or formula-determined prices, at least for the first five years. The contracts are structured to provide incentives to both parties to lower TIMET's costs and share in the savings. TIMET believes that these contracts and others will help mitigate the cyclicality of its aerospace business.

The Company also has long-term arrangements with certain suppliers for the purchase of certain raw materials, including titanium sponge and various alloying elements, at fixed and/or formula determined prices. TIMET believes these arrangements will help stabilize the cost and supply of raw materials.

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The sponge contract provides for annual purchases by the Company of 6,000 to 10,000 metric tons. The parties have agreed in principle to a reduced minimum for 1999, and the Company currently expects to do the same for 2000.

The Company may enter into other long-term agreements with other customers and suppliers.

~

Concentration~of~credit~and~other~risks.~~~~~Substantially all of the Company's sales and operating income are derived from operations based in the U.S., the U.K. and France. The majority of the Company's sales are to customers in the aerospace industry (including airframe and engine construction). Such concentration of customers may impact the Company's overall exposure to credit and other risks, either positively or negatively, in that such customers may be similarly affected by economic or other conditions. The Company's ten largest customers accounted for about 40% of net sales in 1998 and about one-third of net sales in each of 1997 and 1996.

~Operating~leases.~~~~~The Company leases certain manufacturing and office facilities and various equipment. Most of the leases contain purchase and/or various term renewal options at fair market and fair rental values, respectively. In most cases management expects that, in the normal course of business, leases will be renewed or replaced by other leases. Net rent expense was approximately $2.7 million in 1996, $3.6 million in 1997 and $5.0 million in 1998.

At December 31, 1998, future minimum payments under noncancellable operating leases having an initial or remaining term in excess of one year were as follows:

<TABLE>
<CAPTION>

	Amount (In thousands)
<S>	<C>
Years ending December 31,	
1999	$ 3,784
2000	2,301
2001	1,728
2002	942
2003	805
2004 and thereafter	-
	$ 9,560

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</TABLE>

~Environmental~matters.~

~ BMI~Companies.~TIMET and certain other companies, including Kerr-McGee Chemical Corporation, Chemstar Lime Company and Pioneer Chlor Alkali, Inc. (successor to Stauffer Chemical Company) operate facilities in a complex (the "BMI Complex") owned by BMI, adjacent to TIMET's Henderson, Nevada plant. In 1993, TIMET and each of such companies, along with certain other companies who previously operated facilities in the common areas of the BMI Complex (collectively the "BMI Companies") completed a Phase I environmental assessment of the common areas of the BMI Complex and each of the individual company sites pursuant to consent agreements with the Nevada Division of Environmental Protection ("NDEP"). In July 1996, the Company signed a consent agreement with NDEP regarding implementation of the Phase II assessment of the Company property within the BMI Complex. In July 1998, NDEP approved TIMET's Phase II assessment report with certain conditions that required additional investigation. TIMET submitted its supplemental work plan in October 1998, which NDEP approved in December 1998. Field work to assess the sites is continuing. Based upon the work to date, the Company believes its likely share of remediation costs would be in the range of $2 million to $3 million.

~ Pomona~facility.~The Company has conducted an additional study and assessment work as required by the California Regional Water Quality Control Board--Los Angeles Region (the "Water Quality Board") related to soil and possible groundwater contamination at a Pomona, California facility formerly owned by the Company. The site is near an area that has been designated as a U.S. Environmental Protection Agency "Superfund" site. In December 1998, the Company received a letter from the Water Quality Board stating that, after review of the information provided pertaining to environmental site assessment the case was eligible for a "no further work requirement letter".

~Henderson~facility.~In April 1998, the U. S. Environmental Protection Agency ("EPA") filed a civil action against TIMET

~(United~States~of~America~v.~Titanium~Metals~Corporation;~~Civil Action No. CV-S-98-682-HDM (RLH), U. S. District Court, District of Nevada) in connection with an earlier notice of violation alleging that TIMET violated several provisions of the Clean Air Act in connection with the start-up and operation of certain environmental equipment at TIMET's Henderson, Nevada facility during the early to mid-1990s. The action seeks civil penalties in an unspecified total amount at the statutory rate of up to $25,000 per day of violation ($27,500 per day for violations after January 30, 1997). In December 1998, TIMET and the EPA agreed in principle to settle the matter for $.3 million payable in installments, plus TIMET's agreement to carry out a supplemental environment project at an estimated cost of $.2 million.

At December 31, 1998, the Company had accrued an aggregate of approximately $2.3 million for the environmental matters discussed above under

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~BMI~Companies,~Pomona~facility~and~Henderson~facility~. The Company records liabilities related to environmental remediation obligations when estimated future expenditures are probable and reasonably estimable. Such accruals are adjusted as further information becomes available or circumstances change. Estimated future expenditures are not discounted to their present value. It is not possible to estimate the range of costs for certain sites. The imposition of more stringent standards or requirements under environmental laws or regulations, the results of future testing and analysis undertaken by the Company at its operating facilities, or a determination that the Company is potentially responsible for the release of hazardous substances at other sites, could result in expenditures in excess of amounts currently estimated to be required for such matters. No assurance can be given that actual costs will not exceed accrued amounts or that costs will not be incurred with respect to sites as to which no problem is currently known or where no estimate can presently be made. Further, there can be no assurance that additional environmental matters will not arise in the future.

~Other.~~~~~The Company is involved in various other environmental, contractual, product liability and other claims and disputes incidental to its business.

The Company currently believes the disposition of all claims and disputes, individually or in the aggregate, should not have a material adverse effect on the Company's financial condition, results of operations or liquidity.

Note 16 - New accounting principles not yet adopted:

The Company is required to adopt in 1999 the requirements of AICPA Statement of Position ("SOP") 98-1 "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". The Company's existing accounting policies with respect to costs of internal-use software are substantially equivalent to those required by SOP 98-1, thus the Company believes adoption of the pronouncement will have no significant effect on its financial position or results of operations.

The Company will adopt SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," no later than the first quarter of 2000. SFAS No. 133 establishes accounting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Under SFAS No. 133, all derivatives will be recognized as either assets or liabilities and measured at fair value. The accounting for changes in fair value of derivatives will depend upon the intended use of the derivative. The Company is currently studying this newly-issued accounting rule, and the impact of adopting SFAS No. 133, if any, will be dependent upon the extent to which the Company is then a party to derivative contracts or engaged in hedging activities. At December 31, 1998, the Company is not a party to any derivative contracts or engaged in any hedging activities covered by SFAS No. 133.

Note 17 - Quarterly results of operations (unaudited):

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<TABLE>
<CAPTION>

	Quarters ended			
	March 31	June 30	Sept. 30	Dec. 31
	(In millions, except per share data)			
~Year~ended~December~31,~1998 :~				
<S>	<C>	<C>	<C>	<C>
Net sales	$ 187.1	$ 190.8	$ 173.5	$ 156.3
Operating income	31.6	23.9	27.3	(.2)
Net income	18.3	13.8	16.1	(2.5)
Net income per share:				
Basic	$ .58	$ .44	$ .51	$ (0.8)
Diluted	.56	.44	.50	*
~Year~ended~December~31,~1997 :~				
Net sales	$ 167.1	$ 181.4	$ 177.2	$ 207.9
Operating income	26.5	32.8	33.3	40.4
Net income	15.8	20.3	21.3	25.6
Net income per share:				
Basic	$ .50	$ .65	$ .68	$ .81
Diluted	.49	.61	.64	.75

<FN>
* Antidilutive.
</TABLE>

Due to the timing of the issuance and repurchase of common stock and rounding in calculations, the sum of quarterly earnings per share may be different than earnings per share for the full year.

Note 18 - Earnings per share:

A reconciliation of the numerator and denominator used in the calculation of basic and diluted earnings per share is presented below. The Convertible Preferred Securities were issued in November 1996. In 1998, the effect of the assumed conversion of the Convertible Preferred Securities was antidilutive. Stock options omitted from the calculation because they were antidilutive approximated: 1.2 million in 1998 and were not material in 1996 and 1997.

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	Years Ended December 31,		
	1996	1997	1998
<S>	(in thousands)		
Numerator:	<C>	<C>	<C>
Net income	$ 47,644	$ 83,010	$ 45,752
Minority interest - Convertible Preferred Securities	826	8,840	8,840
Diluted net income	$ 48,470	$ 91,850	$ 54,592
Denominator:			
Average common shares outstanding	27,623	31,457	31,435
Convertible Preferred Securities	491	5,389	5,389
Average dilutive stock options	28	109	22
Diluted shares	28,142	36,955	36,846

</TABLE>

REPORT OF INDEPENDENT ACCOUNTANTS
ON FINANCIAL STATEMENT SCHEDULE

To the Stockholders and Board of Directors of Titanium Metals Corporation:

Our audits of the consolidated financial statements referred to in our report dated January 25, 1999 appearing on page F-1 of this Annual Report on Form 10-K also included an audit of the financial statement schedule listed in the index on page F of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP

Denver, Colorado
January 25, 1999

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TITANIUM METALS CORPORATION

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

(In thousands)

Description	Balance at Beginning of year	Additions charged (credited) to costs and expenses	Deductions	Other	Balance at end of year
Year ended December 31, 1998:					
Allowance for doubtful accounts	$ 2,218	$ 39	$ (325) (a)	$ -	$1,932
Valuation allowance for deferred income taxes	$ 373	$ -	$ (373)	$ -	$ -
Reserve for excess and slow moving inventories	$ 6,292	$ 228	$ -	$ -	$6,520
Year ended December 31, 1997:					
Allowance for doubtful accounts	$ 4,788	$ 2	$(2,572) (a)	$ -	$2,218
Valuation allowance for deferred income taxes	$ 6,158	$(5,785)	$ -	$ -	$ 373

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Reserve for excess and slow moving inventories	$ 7,719	$(1,427)	$ -	$ -	$6,292
Year ended December 31, 1996:					
Allowance for doubtful accounts	$ 3,620	$ 4,695	$(4,598) (a)	$1,071 (b)	$ 4,788
Valuation allowance for deferred income taxes	$ 22,677	$(16,519)	$ -	$ -	$ 6,158
Reserve for excess and slow moving inventories	$ 6,000	$(2,500)	$ -	$ 4,219 (b)	$7,719

<FN>
(a) Amounts written off, less recoveries.
(b) Represents the effect of the IMI Titanium Acquisition and the AJM Acquisition.
</TABLE>

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BY-LAWS

OF

TITANIUM METALS CORPORATION

A Delaware Corporation

As Amended and Restated Effective February 23, 1999

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be located at Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle. The name of the corporation's registered agent at such address shall be The Corporation Trust Company. The registered office and/or registered agent of the corporation may be changed from time to time by action of the board of directors.

Section 2. Other Offices. The corporation may also have offices at such other places, both within and without the State of Delaware, as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place and Time of Meetings. An annual meeting of the stockholders for the purpose of electing directors and conducting such other proper business as may come before the meeting. The date, time and place of the annual meeting shall be determined by the chairman of the board or the chief executive officer of the corporation; provided, that if neither the chairman of the board nor the chief executive officer acts, the board of directors shall determine the date, time and place of such meeting.

Section 2. Special Meetings. Special meetings of stockholders may be called for any purpose and may be held at such time and place, within or without the State of Delaware, as shall be stated in a notice of meeting or in a duly

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executed waiver of notice thereof. Such meetings may be called at any time by the board of directors, the chairman of the board or the chief executive officer and shall be called by the chief executive officer upon the written request of holders of shares entitled to cast not less than 20 percent of the votes at the meeting, such written request shall state the purpose or purposes of the meeting and shall be delivered to the chief executive officer. On such written request, the chief executive officer shall fix a date and time for such meeting within thirty (30) days of the date requested for such meeting in such written request.

Section 3. Place of Meetings. The board of directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting called by the board of directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal executive office of the corporation.

Section 4. Notice. Whenever stockholders are required or permitted to take action at a meeting, written or printed notice stating the place, date, time, and, in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote at such meeting not less than 10 nor more than 60 days before the date of the meeting. All such notices shall be delivered, either personally or by mail, by or at the direction of the board of directors, the chairman of the board, the chief executive officer or the secretary, and if mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the stockholder at his, her or its address as the same appears on the records of the corporation. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Stockholders List. The officer having charge of the stock ledger of the corporation shall make, at least 10 days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 6. Quorum. At any meeting of stockholders, the holders of a majority of the shares of capital stock entitled to vote at such meeting, present in person or represented by proxy, shall constitute a quorum, except as otherwise provided by statute or by the certificate of incorporation. If a

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quorum is not present, the holders of a majority of the shares present in person or represented by proxy at the meeting, and entitled to vote at the meeting, may adjourn the meeting to another time and/or place. When a specified item of business requires a vote by a class or series (if the corporation shall then have outstanding shares of more than one class or series) voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum (as to such class or series) for the transaction of such item of business.

Section 7. Adjourned Meetings. When a meeting is adjourned to another time and place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Vote Required. When a quorum is present, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, unless the question is one upon which by express provisions of an applicable law or of the certificate of incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question. Where a separate vote by class is required, the affirmative vote of the majority of shares of such class present in person or represented by proxy at the meeting shall be the act of such class.

Section 9. Voting Rights. Except as otherwise provided by the General Corporation Law of the State of Delaware or by the certificate of incorporation of the corporation or any amendments thereto and subject to Section 3 of Article VI hereof, every stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of common stock held by such stockholder.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him or her by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 11. Action by Written Consent. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken and bearing the dates of signature of the stockholders who signed the consent or consents, shall be

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signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in the state of Delaware, or the corporation's principal place of business, or an officer or agent of the corporation having custody of the book or books in which proceedings of meetings of the stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. All consents properly delivered in accordance with this section shall be deemed to be recorded when so delivered. No written consent shall be effective to take the corporate action referred to therein unless, within sixty days of the earliest dated consent delivered to the corporation as required by this section, written consents signed by the holders of a sufficient number of shares to take such corporate action are so recorded. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. Any action taken pursuant to such written consent or consents of the stockholders shall have the same force and effect as if taken by the stockholders at a meeting thereof.

Section 12. Confidential Voting. All proxies, ballots and vote tabulations that identify the particular vote of a stockholder shall be kept confidential, except that disclosure may be made (i) to allow the inspectors to certify the results of the vote; (ii) as necessary to meet applicable legal requirements, including the pursuit or defense of judicial actions; or (iii) when expressly requested by such stockholder. Proxy cards shall be returned in envelopes addressed to the inspectors, which shall receive, inspect and tabulate the proxies. Comments written on proxies, consents or ballots shall be transcribed and provided to the secretary of the corporation with the name and address of the stockholder. The vote of the stockholder shall not be disclosed at the time any such comment is provided to the secretary except where such vote is included in the comment or disclosure is necessary, in the opinion of the inspector, for an understanding of the comment. Nothing in this by-law shall prohibit the inspector from making available to the corporation, during the period prior to any annual or special meeting, information as to which stockholders have not voted and periodic status reports on the aggregate vote.

ARTICLE III

DIRECTORS

Section 1. General Powers. The business and affairs of the corporation shall be managed by or under the direction of the board of directors.

Section 2. Number, Election and Term of Office. The board of directors shall consist of at least three but not more than seventeen members, the exact number thereof to be fixed from time to time by the board of directors pursuant

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to a resolution adopted by a majority of the entire board of directors. The directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote in the election of directors. The directors shall be elected in this manner at the annual meeting of the stockholders, except as provided in Section 4 of this Article III. Each director elected shall hold office until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal and Resignation. Any director or the entire board of directors may be removed at any time, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors. Whenever the holders of any class or series are entitled to elect one or more directors by the provisions of the corporation's certificate of incorporation, the provisions of this section shall apply, in respect to the removal without cause of a director or directors so elected, to the vote of the holders of the outstanding shares of that class or series and not to the vote of the outstanding shares as a whole.

Section 4. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director; provided, that (a) in the event the holders of a majority of the shares then entitled to vote to remove a director (as provided in Section 3 of Article III of these by-laws), as a part of such removal such majority shall also be entitled to elect a replacement therefor, and (b) if any such vacancy has not been filled by the remaining directors within seven days of the date such vacancy was created, the holders of a majority of the shares then entitled to vote may fill such vacancy. Each director so chosen shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as herein provided. Whenever holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

Section 5. Annual Meetings. The annual meeting of each newly elected board of directors shall be held without other notice than this by-law immediately after, and at the same place as, the annual meeting of stockholders.

Section 6. Other Meetings and Notice. Regular meetings, other than the annual meeting, of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by resolution of the board. Special meetings of the board of directors may be called by or at the request of the chairman of the board or the chief executive officer on at least 24 hours notice to each director, either personally, by telephone, by mail, by facsimile or by telegraph; in like manner and on like notice the chief

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executive officer must call a special meeting on the written request of at least two (2) of the directors.

Section 7. Quorum, Required Vote and Adjournment. A majority of the total number of directors shall constitute a quorum for the transaction of business. The vote of a majority of directors present at a meeting at which a quorum is present shall be the act of the board of directors. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Committees. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation or other persons, which to the extent provided in such resolution or these by-laws shall have and may exercise the powers of the board of directors in the management and affairs of the corporation except as otherwise limited by law. The board of directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

Section 9. Committee Rules. Each committee of the board of directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the board of directors designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum. In the event that a member and that member's alternate, if alternates are designated by the board of directors as provided in Section 8 of this Article III, of such committee is or are absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in place of any such absent or disqualified member.

Section 10. Communications Equipment. Members of the board of directors or any committee thereof may participate in and act at any meeting of such board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in the meeting pursuant to this section shall constitute presence in person at the meeting.

Section 11. Waiver of Notice and Presumption of Assent. Any member of the board of directors or any committee thereof who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the

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meeting to the transaction of any business because the meeting is not lawfully called or convened. Such member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any member who voted in favor of such action.

Section 12. Action by Written Consent. Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any meeting of the board of directors, or of any committee thereof, may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

ARTICLE IV

OFFICERS

Section 1. Number. The officers of the corporation shall be elected by the board of directors and shall consist of a chairman of the board, a chief executive officer, a president, one or more vice presidents, a secretary, a treasurer, and such other officers and assistant officers as may be deemed necessary or desirable by the board of directors. Any number of offices may be held by the same person except that neither the chairman of the board nor the president shall also hold the office of secretary. In its discretion, the board of directors may choose not to fill any office for any period as it may deem advisable.

Section 2. Election and Term of Office. The officers of the corporation shall be elected annually by the board of directors at its first meeting held after each annual meeting of stockholders or as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the board of directors. Each officer shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal. Any officer or agent elected by the board of directors may be removed by the board of directors or the chairman of the board whenever in its or his judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. Any vacancy occurring in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the

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board of directors for the unexpired portion of the term by the board of directors then in office.

Section 5. Compensation. Compensation of all officers shall be fixed by the board of directors, and no officer shall be prevented from receiving such compensation by virtue of his or her also being a director of the corporation.

Section 6. Chairman of the Board. The chairman of the board shall preside at all meetings of the board of directors and stockholders, may exercise all of the powers of the chief executive officer or president and shall have such other powers and perform such other duties as may be prescribed by the board of directors or provided in these by-laws. Whenever the chief executive officer or president is unable to serve, by reason of sickness, absence or otherwise, the chairman of the board shall perform all the duties and responsibilities thereof.

Section 7. The Chief Executive Officer. The chief executive officer shall be the chief executive officer of the corporation and, subject to the powers of the board of directors and the chairman of the board, shall have general charge of the business, affairs and property of the corporation, and control over its officers, agents and employees and shall see that all orders and resolutions of the board of directors are carried into effect. The chief executive officer shall have such other powers and perform such other duties as may be prescribed by the chairman of the board or the board of directors or as may be provided in these by-laws.

Section 8. The President. The president shall have such powers and perform such duties as may be prescribed by the chairman of the board, the board of directors, or these by-laws.

Section 9. Vice Presidents. The vice president, or if there shall be more than one, the vice presidents in the order determined by the board of directors, shall, in the absence or disability of the president, act with all of the powers and be subject to all the restrictions of the president. The vice presidents shall also perform such other duties and have such other powers as the board of directors, the chairman of the board, the chief executive officer or these by-laws may, from time to time, prescribe.

Section 10. The Secretary and Assistant Secretaries. The secretary shall attend all meetings of the board of directors, all meetings of the committees thereof and all meetings of the stockholders and record all the proceedings of the meetings in a book or books to be kept for that purpose. Under the chief executive officer's supervision, the secretary shall give, or cause to be given, all notices required to be given by these by-laws or by law; shall have such powers and perform such duties as the board of directors, the chairman of the board, the chief executive officer or these by-laws may, from time to time, prescribe; and shall have custody of the corporate seal of the corporation. The secretary, or an assistant secretary, shall have authority to affix the

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corporate seal to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his or her signature. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors, the chairman of the board, the chief executive officer, or secretary may, from time to time, prescribe.

Section 11. The Treasurer and Assistant Treasurer. The treasurer shall have the custody of the corporate funds and securities; shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation; shall deposit all monies and other valuable effects in the name and to the credit of the corporation as may be ordered by the board of directors; shall cause the funds of the corporation to be disbursed when such disbursements have been duly authorized, taking proper vouchers for such disbursements; and shall render to the chief executive officer and the board of directors, at its regular meeting or when the board of directors so requires, an account of the corporation; shall have such powers and perform such duties as the board of directors, the chairman of the board, the chief executive officer or these by-laws may, from time to time, prescribe. If required by the board of directors, the treasurer shall give the corporation a bond (which shall be rendered every six years) in such sums and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of the office of treasurer and for the restoration to the corporation, in case of death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in the possession or under the control of the treasurer belonging to the corporation. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer. The assistant treasurers shall perform such other duties and have such other powers as the board of directors, the chairman of the board, the chief executive officer or treasurer may, from time to time, prescribe.

Section 12. Other Officers, Assistant Officers and Agents. Officers, assistant officers and agents, if any, other than those whose duties are provided for in these by-laws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the board of directors.

Section 13. Absence or Disability of Officers. In the case of the absence or disability of any officer of the corporation and of any person hereby authorized to act in such officer's place during such officer's absence or disability, the board of directors may by resolution delegate the powers and duties of such officer to any other officer or to any director, or to any other

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person whom it may select.

ARTICLE V

INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

Section 1. Nature of Indemnity. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee, fiduciary, or agent of another corporation or of a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless by the corporation unless prohibited from doing so by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment) against all expense, liability and loss (including attorneys' fees actually and reasonably incurred by such person in connection with such proceeding) and such indemnification shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in Section 2 hereof, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding initiated by such person only if such proceeding was authorized by the board of directors of the corporation.

Section 2. Procedure for Indemnification of Directors and Officers. Any indemnification of a director or officer of the corporation under Section 1 of this Article V or advance of expenses under Section 5 of this Article V shall be made promptly, and in any event within 30 days, upon the written request of the director or officer. If a determination by the corporation that the director or officer is entitled to indemnification pursuant to this Article V is required, and the corporation fails to respond within sixty days to a written request for indemnity, the corporation shall be deemed to have approved the request. If the corporation denies a written request for indemnification or advancing of expenses, in whole or in part, or if payment in full pursuant to such request is not made within 30 days, the director or officer may petition any court of competent jurisdiction to determine his or her right to indemnification or advances pursuant to this Article V. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the General Corporation Law

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of the State of Delaware for the corporation to indemnify the claimant for the amount claimed, but the burden of such defense shall be on the corporation. Neither the failure of the corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is permissible in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the corporation (including its board of directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 3. Article Not Exclusive. The rights to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article V shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the certificate of incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

Section 4. Insurance. The corporation may purchase and maintain insurance on its own behalf and on behalf of any person who is or was a director, officer, employee, fiduciary, or agent of the corporation or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, whether or not the corporation would have the power to indemnify such person against such liability under this Article V.

Section 5. Expenses. Expenses incurred by any person described in Section 1 of this Article V in defending a proceeding shall be paid by the corporation in advance of such proceeding's final disposition upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation. Such expenses incurred by other employees and agents shall be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

Section 6. Employees and Agents. Persons who are not covered by the foregoing provisions of this Article V and who are or were employees or agents of the corporation, or who are or were serving at the request of the corporation as employees or agents of another corporation, partnership, joint venture, trust or other enterprise, may be indemnified to the extent authorized at any time or from time to time by the board of directors.

Section 7. Contract Rights. The provisions of this Article V shall be deemed to be a contract right between the corporation and each director or officer who serves in any such capacity at any time while this Article V and the

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relevant provisions of the General Corporation Law of the State of Delaware or other applicable law are in effect, and any repeal or modification of this Article V or any such law shall not affect any rights or obligations then existing with respect to any state of facts or proceeding then existing. The adoption of this Article V shall not abridge or limit any rights of any person otherwise entitled to indemnification from the corporation pursuant to any prior by-law provision, resolution of the directors, contract or otherwise.

Section 8. Merger or Consolidation. For purposes of this Article V, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article V with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

ARTICLE VI

CERTIFICATES OF STOCK

Section 1. Form. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by the chairman of the board, chief executive officer, president or a vice president and the secretary or an assistant secretary of the corporation, certifying the number of shares owned by such holder in the corporation. If such a certificate is countersigned (1) by a transfer agent or an assistant transfer agent other than the corporation or its employee or (2) by a registrar, other than the corporation or its employee, the signature of any such chairman of the board, chief executive officer, president, vice president, secretary, or assistant secretary may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the corporation whether because of death, resignation or otherwise before such certificate or certificates have been delivered by the corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the corporation. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the corporation. Shares of

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stock of the corporation shall only be transferred on the books of the corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the corporation of the certificate or certificates for such shares endorsed by the appropriate person or persons, with such evidence of the authenticity of such endorsement, transfer, authorization, and other matters as the corporation may reasonably require, and accompanied by all necessary stock transfer stamps. In that event, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate or certificates, and record the transaction on its books. The board of directors may appoint a bank or trust company organized under the laws of the United States or any state thereof to act as its transfer agent or registrar, or both in connection with the transfer of any class or series of securities of the corporation.

Section 2. Lost Certificates. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his or her legal representative, to give the corporation a bond sufficient to indemnify the corporation against any claim that may be made against the corporation on account of the loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 3. Fixing a Record Date for Stockholder Meetings. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which record date shall not be more than sixty nor less than ten days before the date of such meeting. If no record date is fixed by the board of directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

Section 4. Fixing a Record Date for Action by Written Consent. In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and

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which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the board of directors. If no record date has been fixed by the board of directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the board of directors is required by statute, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the board of directors and prior action by the board of directors is required by statute, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the board of directors adopts the resolution taking such prior action.

Section 5. Fixing a Record Date for Other Purposes. In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purposes of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

Section 6. Registered Stockholders. Prior to the surrender to the corporation of the certificate or certificates for a share or shares of stock with a request to record the transfer of such share or shares, the corporation may treat the registered owner as the person entitled to receive dividends, to vote, to receive notifications, and otherwise to exercise all the rights and powers of an owner. The corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.

Section 7. Subscriptions for Stock. Unless otherwise provided for in the subscription agreement, subscriptions for shares shall be paid in full at such time, or in such installments and at such times, as shall be determined by the board of directors. Any call made by the board of directors for payment on subscriptions shall be uniform as to all shares of the same class or as to all shares of the same series. In case of default in the payment of any installment or call when such payment is due, the corporation may proceed to collect the amount due in the same manner as any debt due the corporation.

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ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or any other purpose and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks, Drafts or Orders. All checks, drafts, or other orders for the payment of money by or to the corporation and all notes and other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation, and in such manner, as shall be determined by resolution of the board of directors or a duly authorized committee thereof.

Section 3. Contracts. The board of directors may authorize any officer or officers, or any agent or agents, of the corporation to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 4. Loans. The corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiary, including any officer or employee who is a director of the corporation or its subsidiary, whenever, in the judgment of the directors, such loan, guaranty or assistance may reasonably be expected to benefit the corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the board of directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in this section contained shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

Section 5. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

Section 6. Corporate Seal. The board of directors shall provide a

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corporate seal that shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 7. Voting Securities Owned by Corporation. Voting securities in any other corporation held by the corporation shall be voted by the chairman of the board or the chief executive officer, unless the board of directors specifically confers authority to vote with respect thereto, which authority may be general or confined to specific instances, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies, with general power of substitution.

Section 8. Inspection of Books and Records. Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the corporation's stock ledger, a list of its stockholders, and its other books and records, and to make copies or extracts therefrom. A proper purpose shall mean any purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in the State of Delaware or at its principal place of business.

Section 9. Section Headings. Section headings in these by-laws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 10. Inconsistent Provisions. In the event that any provision of these by-laws is or becomes inconsistent with any provision of the certificate of incorporation, the General Corporation Law of the State of Delaware or any other applicable law, the provision of these by-laws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE VIII

AMENDMENTS

These by-laws may be amended, altered, or repealed and new by-laws adopted at any meeting of the board of directors by a majority vote. The fact that the power to adopt, amend, alter, or repeal the by-laws has been conferred upon the board of directors shall not divest the stockholders of the same powers.

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EXHIBIT A

HISTORY OF PLAN ACTIONS/AMENDMENTS

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DATE	ACTION	Amount of Cash/ Date Paid	# of Shares/ Date Paid	Board Meeting	Committee Chair only	Committee Meeting Non-Chair Committee Member	Number @ Price/ Term/ Date Issued
3-29-96	Plan Adopted	$8,000/ IPO closing then 1st business day of year	$8,000 in shares (rounded to next 100)/ IPO closing then 1st business day of year	$1,000/ $350			625 @ IPO price then at FMV/ 5 years/ IPO Closing then 3rd business day after earnings release
4-15-96	Plan Amended		400 shares/ IPO closing then 1st business day of year				
2-14-97	Plan Amended	$8,000/ Annual Meeting	400 shares/ Annual Meeting				1,500 @ FMV/ 10 years/ 3rd business day after

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							earnings release
2-19-98	Plan Amended						1,500 @ FMV/ 10 years/ Annual Meeting
5-19-98	Plan Amended	$15,000/ Annual Meeting	500 shares/ Annual Meeting		$2,000/ $700	$1,000/ $350	
5-19-98	Plan Amended						5,000 @ FMV/ 10 years/ Annual Meeting

</TABLE>

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EXHIBIT 21.1 SUBSIDIARIES OF THE REGISTRANT

Name of Corporation	Jurisdiction of Incorporation or Organization	% of Voting Securities Held at December 31, 1998
Consolidated Subsidiaries		
TioPro, LLC	Nevada	80%
TIMET Capital Trust I	Delaware	100%
TIMET Millbury Corporation	Oregon	100%
TIMET Castings Corporation	Delaware	100%
TIMET Finance Management Company	Delaware	100%
TIMET FSC, Ltd.	Barbados	100%
TIMET UK Ltd.	United Kingdom	100%
TIMET UK (Export) Ltd.	United Kingdom	100%
TIMET Savoie, SA	France	70%
TIMET Germany Holding GmbH	Germany	100%
TIMET Germany GmbH	Germany	100%
LASAB Laser Applikations-Und Bearbitungs, GmbH	Germany	100%
Titanium Hearth Technologies, Inc.	Delaware	100%
TMCA International Inc.	Delaware	100%
Loterios SpA	Italy	100%
Unconsolidated Affiliates		
MZI, LLC	Oregon	33%
TiComp, Inc.	Delaware	40%
Titanium Memory Systems, Inc.	California	28%
ValTimet SAS	France	46%

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Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Titanium Metals Corporation on Form S-3 (File no. 333-18829), Form S-8 (File No. 333-20403) and Form S-8 (File No. 333-21001) of our reports dated January 25, 1999, on our audits of the consolidated financial statements and the financial statement schedule of Titanium Metals Corporation as of December 31, 1998 and 1997, and for the years ended December 31, 1998, 1997, and 1996, which reports are included in this Annual Report on Form 10-K.

PricewaterhouseCoopers LLP

Denver, Colorado
March 19, 1999

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This schedule contains summary financial information extracted from Titanium Metals Corporation's Consolidated Financial Statements for the twelve months ended December 31, 1998 and is qualified in its entirety by reference to such Consolidated Financial Statements.
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