

KRONOS WORLDWIDE INC

Form DEF 14A

March 31, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

Filed by Registrant: ☐

Filed by a Party other than the Registrant: ☐

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) ☐

Definitive Proxy Statement ☒

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

Kronos Worldwide, Inc.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4)Date Filed:

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Kronos Worldwide, Inc.  
Three Lincoln Centre  
5430 LBJ Freeway, Suite 1700  
Dallas, Texas 75240-2697

March 31, 2015

To Our Stockholders:

You are cordially invited to attend the 2015 annual meeting of stockholders of Kronos Worldwide, Inc., which will be held on Wednesday, May 20, 2015, at 10:00 a.m., local time, at our corporate offices at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697. The matters to be acted upon at the meeting are described in the attached notice of annual meeting of stockholders and proxy statement.

Whether or not you plan to attend the meeting, please cast your vote as instructed on your proxy card or notice of internet availability of proxy materials as promptly as possible to ensure that your shares are represented and voted in accordance with your wishes. Your vote, whether given by proxy or in person at the meeting, will be held in confidence by the inspector of election as provided in our bylaws.

Sincerely,

Steven L. Watson

Chairman of the Board

Bobby D. O'Brien

Vice Chairman of the Board, President and

Chief Executive Officer

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Kronos Worldwide, Inc.  
Three Lincoln Centre  
5430 LBJ Freeway, Suite 1700  
Dallas, Texas 75240 2697

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 20, 2015

To the Stockholders of Kronos Worldwide, Inc.:

The 2015 annual meeting of stockholders of Kronos Worldwide, Inc. will be held on Wednesday, May 20, 2015, at 10:00 a.m., local time, at our corporate offices at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697 for the following purposes:

1. to elect the eight director nominees named in the proxy statement to serve until the 2016 annual meeting of stockholders;
2. to approve on an advisory basis our named executive officer compensation; and
3. to transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The close of business on March 23, 2015 has been set as the record date for the meeting. Only holders of our common stock at the close of business on the record date are entitled to notice of and to vote at the meeting. A complete list of stockholders entitled to vote at the meeting will be available for examination during normal business hours by any of our stockholders, for purposes related to the meeting, for a period of ten days prior to the meeting at our corporate offices.

You are cordially invited to attend the meeting. Whether or not you plan to attend the meeting, please cast your vote as instructed on the proxy card or notice of internet availability of proxy materials as promptly as possible to ensure that your shares are represented and voted in accordance with your wishes.

By Order of the Board of Directors,  
A. Andrew R. Louis, Secretary

Dallas, Texas  
March 31, 2015

Important Notice Regarding the Availability of Proxy Materials for the  
Annual Stockholder Meeting to Be Held on May 20, 2015.

The proxy statement and annual report to stockholders (including Kronos Worldwide's Annual Report on Form 10-K for the fiscal year ended December 31, 2014) are available at [www.kronosww.com/annualmeeting](http://www.kronosww.com/annualmeeting).

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## GLOSSARY OF TERMS

"Amy Simmons Trust" means the Amy Patricia Simmons 2015 Trust of which Annette C. Simmons is the trustee and her daughter is the beneficiary.

"brokerage firm or other nominee" means a brokerage firm or other nominee such as a banking institution, custodian, trustee or fiduciary (other than our transfer agent, Computershare) through which a stockholder holds its shares of our common stock.

"broker/nominee non-vote" means a non-vote by a brokerage firm or other nominee for shares held for a client's account for which the brokerage firm or other nominee does not have discretionary authority to vote on a particular matter and has not received instructions from the client.

"Computershare" means Computershare Trust Company, N.A., our stock transfer agent and registrar.

"CompX" means CompX International Inc., one of our publicly held sister corporations that manufactures security products and recreational marine components.

"Contran" means Contran Corporation, the parent corporation of our consolidated tax group.

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

"EWI" means EWI RE, Inc., a reinsurance brokerage and risk management corporation wholly owned by NL.

"Family Trusts" means the Harold C. Simmons Family Trust No. 1 and the Harold C. Simmons Family Trust No. 2, of which Serena Simmons Connelly and Lisa K. Simmons are co-trustees.

"Grandchildren's Trust" means The Annette Simmons Grandchildren's Trust, a trust of which Annette C. Simmons is the trustee and the beneficiaries of which are her grandchildren.

"independent directors" means the following directors: Keith R. Coogan, Cecil H. Moore, Jr., Thomas P. Stafford, R. Gerald Turner and C. Kern Wildenthal.

"ISA" means an intercorporate services agreement between Contran and a related company pursuant to which employees of Contran provide certain services, including executive officer services, to such related company on an annual fixed fee basis.

"Kronos Worldwide," "us," "we" or "our" means Kronos Worldwide, Inc.

"named executive officer" means any person named in the 2014 Summary Compensation Table in this proxy statement.

"NL" means NL Industries, Inc., one of our publicly held parent corporations that is a diversified holding company (i) of which CompX is a subsidiary and (ii) that holds a significant investment in us.

"NYSE" means the New York Stock Exchange.

"PCAOB" means the Public Company Accounting Oversight Board, a private sector, non-profit corporation that oversees auditors of U.S. public companies.

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

"record date" means the close of business on March 23, 2015, the date our board of directors set for the determination of stockholders entitled to notice of and to vote at the 2015 annual meeting of our stockholders.

"Say-on-Pay" means the second proposal in this proxy statement for a nonbinding advisory vote for the consideration of our stockholders to approve the compensation of our named executive officers as such proposal is described and as such compensation is disclosed in this proxy statement.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"stockholder of record" means a stockholder of our common stock who holds shares in its name in certificate form or electronically with our transfer agent, Computershare.

"Survivor's Trust" means the Annette C. Simmons Survivor's Trust of which Annette C. Simmons is the sole trustee and the beneficiary; which trust was formed upon the death of Harold C. Simmons in 2013 under the 2005 Management Trust of which Harold C. Simmons and Annette C. Simmons were the settlors.

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

"TIMET" means Titanium Metals Corporation, a former publicly held sister corporation of ours of which Precision Castparts Corp. (NYSE: PCP) purchased control on December 20, 2012 in a tender offer and subsequently on January 7, 2013 became a wholly owned subsidiary of Precision Castparts Corp.

"Valhi" means Valhi, Inc., one of our publicly held parent corporations that is a diversified holding company of which NL is also a subsidiary.

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

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Kronos Worldwide, Inc.  
Three Lincoln Centre  
5430 LBJ Freeway, Suite 1700  
Dallas, Texas 75240 2697

## PROXY STATEMENT

### GENERAL INFORMATION

We are providing this proxy statement in connection with the solicitation of proxies by and on behalf of our board of directors for use at our 2015 annual meeting of stockholders to be held on Wednesday, May 20, 2015, and at any adjournment or postponement of the meeting. We are furnishing our proxy materials to holders of our common stock as of the close of business on March 23, 2015. We began distributing a notice of internet availability of our proxy materials on or about March 31, 2015 to the holders of our common stock who hold their shares through a brokerage firm or other nominee (such as a banking institution, custodian, trustee or fiduciary) and not through our transfer agent, Computershare. We will begin mailing our 2015 annual meeting materials to the record holders of our common stock (shares held in the stockholder's name in certificate form or electronically with Computershare, our transfer agent, and not through a brokerage firm or other nominee) on or about April 9, 2015. Our mailed materials include:

- the accompanying notice of the 2015 annual meeting of stockholders;
- this proxy statement;
- our 2014 Annual Report to Stockholders, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2014; and
- the proxy card (or voting instruction form if you hold your shares through a brokerage firm or other nominee and not in your name in certificate form or electronically with our transfer agent, Computershare).

We are furnishing our 2014 annual report to all of our stockholders entitled to vote at the 2015 annual meeting. We are not incorporating the 2014 annual report into this proxy statement and you should not consider the annual report as proxy solicitation material. The accompanying notice of annual meeting of stockholders sets forth the time, place and purposes of the meeting. Our principal executive offices are located at Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240 2697.

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

### QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: What is the purpose of the annual meeting?

A: At the annual meeting, stockholders will vote on the following, as described in this proxy statement:

- Proposal 1 – the election of the eight director nominees named in this proxy statement; and
- Proposal 2 – the adoption of a nonbinding advisory resolution that approves the named executive officer compensation described in this proxy statement (Say-on-Pay).

In addition, stockholders will vote on any other matter that may properly come before the meeting.

Q: How does the board recommend that I vote?

A: The board of directors recommends that you vote FOR:

- each of the nominees for director named in this proxy statement; and
-

·the approval and adoption of proposal 2 (Say-on-Pay).

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

A: The board of directors has set the close of business on March 23, 2015 as the record date for the determination of stockholders entitled to notice of and to vote at the meeting. Only holders of our common stock as of the close of business on the record date are entitled to vote at the meeting. On the record date, 115,872,598 shares of our common stock were issued and outstanding. Each share of our common stock entitles its holder to one vote.

Q: If I hold my shares through a brokerage firm or other nominee, why did I receive a notice regarding the internet availability of proxy materials instead of paper copies of the proxy materials?

A: We are using the SEC notice and access rules to furnish proxy materials over the internet to our stockholders who hold our common stock through a brokerage firm or other nominee. If you hold your shares through a brokerage firm or other nominee, you can find instructions on how to access and review the proxy materials, and how to vote over the internet, on the notice of internet availability of proxy materials that you received. The notice also contains instructions on how you can receive a paper copy of this proxy statement, our 2014 Annual Report to Stockholders and a voting instruction form.

Q: If I hold my shares through a brokerage firm or other nominee, how may I vote in person at the annual meeting?

A: If you wish to vote in person at the annual meeting, you will need to follow the instructions on your notice of internet availability of proxy materials on how to obtain the appropriate documents to vote in person at the meeting.

Q: How do I vote if I am a stockholder of record?

A: If you hold shares of our common stock in your name in certificate form or electronically with our transfer agent, Computershare, and not through a brokerage firm or other nominee, you are a stockholder of record. As a stockholder of record, you may:

·vote over the internet at [www.investorvote.com/KRO](http://www.investorvote.com/KRO);

·vote by telephone using the voting procedures set forth on your proxy card;

·instruct the agents named on your proxy card how to vote your shares by completing, signing and mailing the enclosed proxy card in the envelope provided; or

·vote in person at the annual meeting.

What are the consequences if I am a stockholder of record and I execute my proxy card but do not indicate how I would like my shares voted for one or more of the director nominees named in this proxy statement or proposal 2 (Say-on-Pay)?

A: If you are a stockholder of record (shares held in the stockholder's name in certificate form or electronically with Computershare, our transfer agent, and not through a brokerage firm or other nominee) the agents named on your proxy card will vote your shares on such uninstructed nominee or proposal as recommended by the board of directors in this proxy statement.

Q: If I do not want to vote my shares in person at the annual meeting, how do I vote if my shares are held through a brokerage firm or other nominee?

A: If your shares are held through a brokerage firm or other nominee, you must follow the instructions from your brokerage firm or other nominee on how to vote your shares. In order to ensure your brokerage firm or other nominee votes your shares in the manner you would like, you must provide voting instructions to your brokerage firm or other nominee by the deadline provided in the materials you received from your brokerage firm or other nominee.

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Brokerage firms or other nominees may not vote your shares on the election of a director nominee or proposal 2 (Say-on-Pay) in the absence of your specific instructions as to how to vote. We encourage you to provide instructions to your brokerage firm or other nominee regarding the voting of your shares. If you do not instruct your brokerage firm or other nominee how to vote with respect to the election of a director nominee or proposal 2 (Say-on-Pay), your brokerage firm or other nominee may not vote with respect to the election of such director nominee or on proposal 2 (Say-on-Pay) and your vote will be counted as a "broker/nominee non-vote." "Broker/nominee non-votes" are non-votes by a brokerage firm or other nominee for shares held in a client's account for which the brokerage firm or other nominee does not have discretionary authority to vote on a particular matter and has not received instructions from the client. How we treat broker/nominee non-votes is separately described in each of the answers below regarding what constitutes a quorum and the requisite votes necessary to elect a director nominee or approve proposal 2 (Say-on-Pay).

Q: Who will count the votes?

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

Q: Is my vote confidential?

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

Q: How do I change or revoke my proxy instructions if I am a stockholder of record?

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

- delivering to Computershare a written revocation;
- submitting another proxy card bearing a later date;
- changing your vote on [www.investorvote.com/KRO](http://www.investorvote.com/KRO);
- using the telephone voting procedures set forth on your proxy card; or
- voting in person at the annual meeting.

Q: How do I change or revoke my voting instructions if my shares are held through a brokerage firm or other nominee?

A: If your shares are held through a brokerage firm or other nominee, you must follow the instructions from your brokerage firm or other nominee on how to change or revoke your voting instructions or how to vote in person at the annual meeting.

Q: What constitutes a quorum?

A: A quorum is the presence, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock entitled to vote at the meeting.

Shares that are voted "abstain" or "withheld" are counted as present and entitled to vote and are, therefore, included for purposes of determining whether a quorum is present at the annual meeting.

As already discussed in the previous answer regarding how to vote shares held through a brokerage firm or other nominee, there are no proposals for the 2015 annual meeting that would allow a brokerage firm or nominee to vote uninstructed shares. If a brokerage firm or other nominee receives no instruction for the election of any director nominee and proposal 2 (Say-on-Pay), such uninstructed shares will be counted as not entitled to vote and are, therefore, not considered for purposes of determining whether a quorum is present at the annual meeting. If a brokerage firm or other nominee receives instructions on the election of any director nominee or proposal 2 (Say-on-Pay), such instructed shares will be counted as present and entitled to vote and are, therefore, included for purposes of determining whether a quorum is present at the annual meeting.

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Together, Valhi and NL held approximately 80.4% of the outstanding shares of our common stock as of the record date. Valhi and NL have each indicated its intention to have its shares of our common stock represented at the meeting. If Valhi alone attends the meeting in person or by proxy, the meeting will have a quorum present.

Q: Assuming a quorum is present, what vote is required to elect a director nominee?

A: A plurality of affirmative votes of the holders of our outstanding shares of common stock represented and entitled to vote at the meeting is necessary to elect each director nominee. You may indicate on your proxy card or in your voting instructions that you desire to withhold authority to vote for any of the director nominees. Since director nominees need only receive a plurality of affirmative votes from the holders represented and entitled to vote at the meeting to be elected, a vote withheld or a broker/nominee non-vote regarding a particular nominee will not affect the election of such director nominee.

Valhi and NL are the direct holders of 50.0% and 30.4%, respectively, of the outstanding shares of our common stock as of the record date and have each indicated its intention to have its shares of our common stock represented at the meeting and to vote such shares FOR the election of each of the director nominees named in this proxy statement. If Valhi alone attends the meeting in person or by proxy and votes as indicated, the stockholders will elect all of the nominees named in this proxy statement to the board of directors.

Q: Assuming a quorum is present, what vote is required to adopt and approve proposal 2 (Say-on-Pay)?

A: The stockholder resolution contained in this proposal provides that the nonbinding affirmative vote of the holders of the majority of the outstanding shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter will be the requisite vote to adopt the resolution and approve the compensation of our named executive officers as such compensation is disclosed in this proxy statement. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a negative vote. Broker/nominee non-votes will not be counted as entitled to vote and will have no effect on this proposal.

As already mentioned, Valhi and NL are the direct holders of 50.0% and 30.4%, respectively, of the outstanding shares of our common stock as of the record date and have each indicated its intention to have its shares of our common stock represented at the meeting and to vote such shares FOR this nonbinding advisory proposal. If Valhi alone attends the meeting in person or by proxy and votes as indicated, the stockholders will, by a nonbinding advisory vote, approve this proposal.

Q: Assuming a quorum is present, what vote is required to approve any other matter to come before the meeting?

A: Except as applicable laws may otherwise provide, the approval of any other matter that may properly come before the meeting will require the affirmative votes of the holders of the majority of the outstanding shares represented and entitled to vote at the meeting. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a negative vote.

Q: If I am a stockholder of record, how will the agents named on my proxy card vote on any other matter to come before the meeting?

A: If you are a stockholder of record and to the extent allowed by applicable law, the agents named on your proxy card will vote in their discretion on any other matter that may properly come before the meeting.

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

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

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**CONTROLLING STOCKHOLDERS**

Valhi and NL are the direct holders of 50.0% and 30.4%, respectively, of the outstanding shares of our common stock as of the record date. Together, Valhi and NL own approximately 80.4% of the outstanding shares of our common stock. Valhi is the direct holder of approximately 83.0% of the outstanding shares of NL common stock as of the record date. Each of Valhi and NL has indicated its intention to have its shares of our common stock represented at the meeting and to vote such shares FOR the election of each of the director nominees named in this proxy statement and FOR proposal 2 (Say-on-Pay). If Valhi alone attends the meeting in person or by proxy and votes as indicated, the meeting will have a quorum present and the stockholders will elect all of the nominees named in this proxy statement to the board of directors and approve proposal 2 (Say-on-Pay).

**SECURITY OWNERSHIP**

Ownership of Kronos Worldwide. The following table and footnotes set forth as of the record date the beneficial ownership, as defined by regulations of the SEC, of our common stock held by each individual, entity or group known to us to own beneficially more than 5% of the outstanding shares of our common stock, each director, each named executive officer and all of our directors and executive officers as a group. See footnote 3 below for information concerning the relationships of certain individuals and entities that may be deemed to own indirectly and beneficially more than 5% of the outstanding shares of our common stock. All information is taken from or based upon ownership filings made by such individuals or entities with the SEC or upon information provided by such individuals or entities.

Name of Beneficial Owner	Kronos Worldwide Common Stock (1)		
	Amount and Nature of Beneficial Ownership	Percent of Class (2)	
5% Stockholders:			
Annette C. Simmons	94,918,700 (3)(4)	81.9%	
Harold C. Simmons Family Trust No. 1 and Harold C. Simmons Family Trust No. 2; Lisa K. Simmons and Serena Simmons Connelly as co-trustees	93,346,984 (3)(4)	80.6%	
Directors and Named Executive Officers:			
Keith R. Coogan	12,500 (5)	*	
Loretta J. Feehan	1,000 (5)	*	
Cecil H. Moore, Jr.	13,524 (5)	*	
Bobby D. O'Brien	1,000 (5)	*	
Thomas P. Stafford	2,000 (5)	*	
R. Gerald Turner	14,795 (5)	*	
Steven L. Watson	140,402 (5)	*	
C. Kern Wildenthal	3,000 (5)	*	
Benjamin R. Corona	-0- (5)	-0-	
Kelly D. Luttmer	-0- (5)	-0-	
Klemens T. Schlüter	6,378 (5)	*	
Gregory M. Swalwell	-0- (5)	-0-	
Directors and executive officers as a group (21 persons)	196,063 (5)	*	

\*Less than 1%.

Beneficial ownership as reported in the above table has been determined in accordance with Rule 13d-3 under the Securities Exchange Act, and is not necessarily indicative of beneficial ownership for any other purpose. Except as (1) otherwise noted, the listed entities, individuals or group have sole investment power and sole voting power as to all shares set forth opposite their names, and the business address for each listed person or entity is Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697.

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(2) The percentages set forth above and in the following footnotes are based on 115,872,598 shares of our common stock outstanding as of the record date.

(3) The following is a description of certain related entities or persons that may be deemed to beneficially own outstanding shares of our common stock.

Lisa K. Simmons and Serena Simmons Connelly are daughters of the late Harold C. Simmons and co-trustees of the Harold C. Simmons Family Trust No. 1 and the Harold C. Simmons Family Trust No. 2.

Substantially all of the outstanding voting stock of Contran is held by the Family Trusts, which were established for the benefit of Ms. Lisa Simmons and Ms. Connelly and their children, or is held directly by Ms. Lisa Simmons and Ms. Connelly and/or persons or entities related to them, including their step-mother, Ms. Annette Simmons. Ms. Lisa Simmons, Ms. Connelly and Ms. Annette Simmons also serve as members of the board of directors of Contran. As co-trustees of each of the Family Trusts, each of Ms. Lisa Simmons and Ms. Connelly has the shared power to vote and direct the disposition of the shares of Contran stock held by each of the Family Trusts, and each of Ms. Lisa Simmons and Ms. Connelly has the power to vote and direct the disposition of shares of Contran stock they hold directly or which is held by other entities related to them.

Under a voting agreement entered into by the voting stockholders of Contran, effective as of February 3, 2014 and as amended, the size of the Contran board of directors was fixed at five members; Ms. Lisa Simmons, Ms. Connelly and Ms. Annette Simmons (and, in the event of their death, their heirs) each has the right to designate one of the five members of the Contran board; and the remaining two members of the Contran board must consist of Contran management. The voting agreement terminates in February 2017 (unless Ms. Lisa Simmons, Ms. Connelly and Ms. Annette Simmons otherwise mutually agree), and the ability of Ms. Lisa Simmons, Ms. Connelly and Ms. Annette Simmons to each designate one member of the Contran board is dependent upon each of their continued beneficial ownership of at least 5% of the combined voting stock of Contran. In accordance with such voting agreement, each of Ms. Lisa Simmons, Ms. Connelly and Ms. Annette Simmons has been designated as a member of the Contran board of directors, along with two members of Contran management.

The Survivor's Trust and another trust for which Ms. Annette Simmons is also the sole trustee own all of the outstanding shares of non-voting preferred stock issued by VHC, a parent of Valhi. Ms. Annette Simmons disclaims beneficial ownership of any shares that these trusts hold, except to the extent of her pecuniary interest in such shares, if any.

Contran is the sole owner of 100% of the outstanding shares of Valhi non-voting preferred stock. Contran is also the holder of 100% of the outstanding common stock of Dixie Rice and may be deemed to control Dixie Rice. Dixie Rice is the direct holder of 100% of the outstanding common stock of VHC and may be deemed to control VHC. Messrs. O'Brien and Watson each hold of record one director qualifying share of Dixie Rice common stock.

Ms. Lisa Simmons, Ms. Connelly and/or Ms. Annette Simmons are related to the following persons or entities that directly hold the following percentages of the outstanding shares of NL common stock:

Valhi	83.0%
Annette C. Simmons	3.0%
Kronos Worldwide	Less than 1%
Serena Simmons Connelly	Less than 1%

Ms. Lisa Simmons, Ms. Connelly and/or Ms. Annette Simmons are related to the following persons or entities that directly hold the following percentages of the outstanding shares of Valhi common stock (a):

VHC	92.6%
Survivor's Trust	Less than 1%
Annette C. Simmons	Less than 1%
Grandchildren's Trust	Less than 1%
Serena Simmons Connelly	Less than 1%

(a)



We and NL (including a wholly owned subsidiary of NL) own 1,724,916 shares and 14,372,970 shares, respectively, of Valhi common stock. Since we and NL are majority owned subsidiaries of Valhi, and pursuant to Delaware law, Valhi treats the shares of Valhi common stock that we and NL own as treasury stock for voting purposes. Pursuant to Section 13(d)(4) of the Securities Exchange Act, such shares are not deemed outstanding for the purposes of calculating the percentage ownership of the outstanding shares of Valhi common stock as of the record date in this proxy statement.

Ms. Annette Simmons is the sole trustee of the Amy Simmons Trust and the Grandchildren's Trust for the benefit of her daughter and her grandchildren, respectively. Ms. Annette Simmons, as trustee of these trusts, has the power to vote and direct the disposition of the shares these trust directly hold. Ms. Annette Simmons disclaims beneficial ownership of any shares that these trusts hold, except to the extent of her pecuniary interest in such shares, if any. The Grandchildren's Trust does not own shares of our common stock, but is a stockholder of Valhi.

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By virtue of the stock ownership in each of us, NL, Valhi, VHC, Dixie Rice and Contran, the role of Ms. Lisa Simmons and Ms. Connelly as co-trustees of the Family Trusts, Ms. Lisa Simmons and Ms. Connelly being beneficiaries of the Family Trusts, the direct holdings of Contran voting stock by each of Ms. Lisa Simmons, Ms. Connelly and Ms. Annette Simmons and entities related to them, the position as a member of the Contran board of directors by each of Ms. Lisa Simmons, Ms. Connelly and Ms. Annette Simmons, and the rights of each of Ms. Lisa Simmons, Ms. Connelly and Ms. Annette Simmons under the voting agreement, in each case as described above:

- Ms. Lisa Simmons and Ms. Connelly may be deemed to control each of the Family Trusts;
- Ms. Lisa Simmons, Ms. Connelly and Ms. Annette Simmons may be deemed to control each of Contran, Dixie Rice, VHC, Valhi, NL, CompX and us; and
- Ms. Lisa Simmons, Ms. Connelly, Ms. Annette Simmons, Contran, Dixie Rice, VHC, Valhi, NL and we may be deemed to possess indirect beneficial ownership of shares of common stock directly held by such entities, including any shares of our common stock.

Except for the 1,571,716 shares of our common stock she holds directly, Ms. Annette Simmons disclaims beneficial ownership of all shares of our common stock except to the extent of her pecuniary interest in such shares, if any. Each of Ms. Lisa Simmons and Ms. Connelly disclaims beneficial ownership of all shares of our common stock, except to the extent of her pecuniary interest in such shares, if any.

The business address of Dixie Rice is 600 Pasquiere Street, Gueydan, Louisiana 70542.

The shares attributable to Ms. Annette Simmons consist of shares held directly by the following persons or (4) entities. For more information concerning the relationships among these persons or entities, please see footnote 3 above.

Kronos Worldwide Common Stock		
Direct Holder	Shares	Percent of Class
Annette C. Simmons	1,316,816	1.1 %
Valhi	57,990,042	50.0 %
NL.	35,219,270	30.4 %
Amy Simmons Trust	254,900	*
Contran	137,672	*
Total	94,918,700	81.9 %

\*Less than 1%

The shares attributable to the Family Trusts and co-trustees consist of shares held directly by the following entities.

Kronos Worldwide Common Stock	
Direct Holder	Percent of Class
Valhi.	57,990,042 50.0%
NL.	35,219,270 30.4%
Contran	137,672 *
Total	93,346,984 80.6%

\*Less than 1%

- (5) Each of our directors or executive officers disclaims beneficial ownership of any shares of our common stock, except to the extent he or she has a pecuniary interest in such shares, if any.



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

Ownership of Related Companies. Some of our directors and executive officers own equity securities of certain companies related to us.

Ownership of NL and Valhi. The following table and footnotes set forth the beneficial ownership, as of the record date, of the shares of NL and Valhi common stock held by each of our directors, each named executive officer and all of our directors and executive officers as a group. All information is taken from or based upon ownership filings made by such individuals or entities with the SEC or upon information provided by such individuals or entities.

Name of Beneficial Owner	NL Common Stock Amount and Nature of Beneficial Ownership (1)		Valhi Common Stock Amount and Nature of Beneficial Ownership (1)	
	Percent of Class (2)		Percent of Class (3)	
Keith R. Coogan	-0-	(4)-0-	-0-	(4)-0-
Loretta J. Feehan	1,500	(4)*	1,500	(4)*
Cecil H. Moore, Jr.	11,000	(4)*	-0-	(4)-0-
Bobby D. O'Brien	-0-	(4)-0-	1,500	(4)*
Thomas P. Stafford	13,000	(4)*	-0-	(4)-0-
R. Gerald Turner	1,239	(4)*	6,569	(4)*
Steven L. Watson	19,000	(4)*	89,738	(4)*
C. Kern Wildenthal	-0-	(4)-0-	1,500	(4)*
Benjamin R. Corona	-0-	(4)-0-	-0-	(4)-0-
Kelly D. Luttmer	-0-	(4)-0-	-0-	(4)-0-
Klemens T. Schlüter	-0-	(4)-0-	-0-	(4)-0-
Gregory M. Swalwell	-0-	(4)-0-	3,498	(4)*
Directors and executive officers as a group (21 persons)	45,739	(4)*	104,305	(4)*

\*Less than 1%.

(1) Beneficial ownership as reported in the above table has been determined in accordance with Rule 13d-3 under the Securities Exchange Act, and is not necessarily indicative of beneficial ownership for any other purpose. Except as otherwise noted, the listed individuals or group have sole investment power and sole voting power as to all shares set forth opposite their names.

(2) The percentages are based on 48,682,884 shares of NL common stock outstanding as of the record date.

(3) The percentages are based on 339,132,449 shares of Valhi common stock outstanding as of the record date. We and NL (including a wholly owned subsidiary of NL) own 1,724,916 shares and 14,372,970 shares, respectively, of Valhi common stock. Since we and NL are majority owned subsidiaries of Valhi and pursuant to Delaware law, Valhi treats the shares of Valhi common stock that we and NL own as treasury stock for voting purposes. Pursuant to Section 13(d)(4) of the Securities Exchange Act, such shares are not deemed outstanding for the purposes of

calculating the percentage ownership of the outstanding shares of Valhi common stock as of the record date in this proxy statement.

- (4) Each of our directors or executive officers disclaims beneficial ownership of any shares of NL or Valhi common stock, except to the extent he or she has a pecuniary interest in such shares, if any.

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## PROPOSAL 1

### ELECTION OF DIRECTORS

Our bylaws provide that the board of directors shall consist of one or more members as determined by our board of directors or stockholders. The board of directors has currently set the number of directors at eight and recommends the eight director nominees named in this proxy statement for election at our 2015 annual stockholder meeting. The directors elected at the meeting will hold office until our 2016 annual stockholder meeting and until their successors are duly elected and qualified or their earlier removal or resignation.

All of the nominees are currently members of our board of directors whose terms will expire at the 2015 annual meeting. All of the nominees have agreed to serve if elected. If any nominee is not available for election at the meeting, your shares will be voted FOR an alternate nominee to be selected by the board of directors, unless you withhold authority to vote for such unavailable nominee. The board of directors believes that all of its nominees will be available for election at the meeting and will serve if elected.

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

Nominees for Director. All of our nominees have extensive senior management and policy-making experience or significant accounting experience. Each of the nominees is knowledgeable about our business. Each of our independent directors is financially literate. The board of directors considered each nominee's specific business experiences described in the biographical information provided below in determining whether to nominate him or her for election as a director.

Keith R. Coogan, age 62, has served on our board of directors since 2004. From 2010 through 2013, Mr. Coogan served as a director of Softchoice Corporation, a Canadian corporation whose common stock at the time was traded on the Toronto Stock Exchange, which is a business-to-business direct marketer in North America of technology products and solutions. He served on the audit committee and management resources and compensation committee of Softchoice. From 2007 to 2009, Mr. Coogan served as president and chief executive officer of Pomeroy IT Solutions, Inc., an information technology services and solutions provider. From 2002 to 2006, Mr. Coogan served as chief executive officer of Software Spectrum, Inc., a global business-to-business software services provider that Level 3 Communications, Inc. sold to Insight Enterprises Inc. in 2006. From 1991 to 2002, Software Spectrum was a publicly held corporation. From 1990 to 2002, he served in various other executive officer positions with Software Spectrum, including vice president of finance and operations and chief operating officer. Mr. Coogan was a director of Software Spectrum from 1998 to 2006, Pomeroy from 2007 to 2009 and CompX from 2002 to 2006. Mr. Coogan is a member of our audit committee and our management development and compensation committee.

Mr. Coogan has over ten years of experience on our board of directors and audit committee and six years of experience on our management development and compensation committee. He also has senior executive, operating, corporate governance, finance and financial accounting experience from other publicly and privately held entities for which he currently serves or formerly served.

Loretta J. Feehan, age 59, has served as a director of us, CompX, NL and Valhi since 2014. She is a certified public accountant who consults on financial and tax matters. She served as a tax partner with Deloitte and Touche LLP in the Denver office until 1992 primarily serving corporate clients. She now has her own consulting practice serving a variety of businesses and individual clients. Ms. Feehan also teaches continuing education courses to tax practitioners around the country and to tax professionals for Deloitte Services LP in India. Ms. Feehan has been a financial advisor to Serena Simmons Connelly and Lisa K. Simmons since prior to 2010.

Ms. Feehan has one year of experience as a director of us, CompX, NL and Valhi. She has over 37 years of financial and tax accounting and auditing experience, certain years of which were as a partner of one the largest international accounting firms.

Cecil H. Moore, Jr., age 75, has served on our board of directors since 2003. Mr. Moore is currently a private investor and retired from KPMG LLP in 2000 after 37 years in which he served in various capacities with the public accounting firm. Among other positions, he served as managing partner of the firm's Dallas, Texas office from 1990 to 1999. Prior to 1990, Mr. Moore was partner-in-charge of the audit and accounting practice of the firm's Dallas, Texas office for 12 years. Since 2014, Mr. Moore has served as a director and chairman of the audit committee of Sizmek Inc., a publicly held on-line advertising business that was spun-off in 2014 by Digital Generation, Inc. From 2011 to 2014, he served as a director and chairman of the audit committee of Digital Generation, Inc., a former publicly held provider of digital technology services to media outlets. From 2003 until 2009, Mr. Moore served as a director and chairman of the audit committee of Perot Systems Corporation, a worldwide provider of information technology services and business solutions. Perot Systems became privately held upon its acquisition by Dell, Inc. in 2009. Since prior to 2010, he has served as a director and on the audit committee of NL. He is the chairman of our audit committee.

Mr. Moore has over eleven years of experience on our board of directors and audit committee. He also has senior executive, operating, corporate governance, finance, financial accounting and auditing experience from one of the largest independent international public accounting firms and from other publicly held entities for which he currently serves or formerly served.

Bobby D. O'Brien, age 57, has served as our vice chairman of the board and chief executive officer since 2014 and as our president since 2013 and previously as our executive vice president in 2013. He also has served as a director and executive vice president of CompX and executive vice president of NL since 2013. From 2009 to 2012, he served as chief executive officer of TIMET and as its president from prior to 2010 to 2012. Mr. O'Brien has served as executive vice president and chief financial officer and a director of Valhi since 2014 and up to that time as its vice president and chief financial officer since prior to 2010. Additionally, he has served as executive vice president and chief financial officer of Contran since 2013 and up to that time as its vice president and chief financial officer since prior to 2010. He served as a director of Contran from May 2013 to February 2014. Mr. O'Brien has served in financial and accounting positions with various companies related to us and Contran since 1988.

Mr. O'Brien has extensive experience with our business. He also has senior executive, operating, corporate governance, finance and financial accounting oversight experience with us and from other publicly and privately held entities related to us for which he currently serves or formerly served.

General Thomas P. Stafford (retired), age 84, has served on our board of directors since 2013. Gen. Stafford was selected as an astronaut in 1962, piloted Gemini VI in 1965 and commanded Gemini IX in 1966. In 1969, Gen. Stafford was named Chief of the Astronaut Office and was the Apollo X commander for the first lunar module flight to the moon. He commanded the Apollo-Soyuz joint mission with the Soviet cosmonauts in 1975. He then served as U.S. Air Force Deputy Chief of Staff for Research and Development and Acquisition. After his retirement from the United States Air Force in 1979 as Lieutenant General, he became chairman of Gibraltar Exploration Limited, an oil and gas exploration and production company, and served in that position until 1984, when he joined General Technical Services, Inc., a consulting firm. Gen. Stafford was also affiliated with Stafford, Burke and Hecker, Inc., a Washington-based consulting firm, from 1982 until 2005. Gen. Stafford has more recently served as an advisor to a number of government agencies including the National Aeronautics and Space Administration (NASA) and the Air Force Material Command. He is currently chairman of the NASA Advisory Council Task Force on the International Space Station Program, and also served as co-chairman of the Stafford-Covey NASA Space Shuttle Return to Flight Task Group. Gen. Stafford has received many honors and decorations including the Congressional Space Medal of Honor. He was elected to the National Academy of Engineering in 2014. He serves as a member of our management development and compensation committee and our audit committee. He has served as a director of NL since prior to 2010 and is the chairman of each of NL's audit committee and management development and compensation committee.

Gen. Stafford has two years of experience on our board of directors, audit committee and management development and compensation committee. He also has senior executive, operating, corporate governance, finance and financial accounting oversight experience from various government entities and from other publicly and privately held entities for which he currently serves or formerly served.

Dr. R. Gerald Turner, age 69, has served on our board of directors since 2003. He has served since 1995 as president of Southern Methodist University in Dallas, Texas. He held previous executive and administrative positions at the

University of Mississippi, the University of Oklahoma and Pepperdine University. He has served on the board of directors of J.C. Penney Company, Inc. since 1995 and since 2001 as a trustee of the American Beacon Funds and American Beacon Select Funds, each a registered management investment company. Dr. Turner is a member of our audit committee and chairman of our management development and compensation committee.

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Dr. Turner has over eleven years of experience on our board of directors, audit committee and management development and compensation committee. He also has senior executive, operating, corporate governance, finance and financial accounting oversight experience from a large, non-profit, private educational institution for which he currently serves and from other publicly held entities for which he currently serves or formerly served.

Steven L. Watson, age 64, has served as our chairman of the board since 2014, as our chief executive officer from 2009 to 2014, as our vice chairman of the board from 2004 to 2014, and on our board of directors since 2003. He has served as NL's chairman of the board since 2014, as NL's vice chairman of the board and chief executive officer from 2013 to 2014 and a director of NL since prior to 2010. Mr. Watson has served as CompX's chairman of the board since 2013 and a director of CompX since prior to 2010. Additionally, he has served as chairman of the board of Valhi since 2014 and as its president, chief executive officer and a director of Valhi since prior to 2010. He has been vice chairman of the board of Contran since 2013 and its president and a director of Contran since prior to 2010. Mr. Watson has served as an executive officer or director of various companies related to Contran and Valhi since 1980. Mr. Watson has extensive experience with our business. He also has senior executive, operating, corporate governance, finance and financial accounting oversight experience with us and from other publicly and privately held entities related to us for which he currently serves or formerly served.

Dr. C. Kern Wildenthal, age 73, has served on our board of directors since 2012. Since 2013, Dr. Wildenthal has been president of Children's Medical Center Foundation, a foundation that supports and promotes Children's Medical Center Dallas, and executive vice president of Children's Medical Center Dallas, a pediatric hospital. Previously, he served from 2008 to 2012 as president of the Southwestern Medical Foundation, a foundation that supports and promotes The University of Texas Southwestern Medical Center. From 1986 to 2008, he served as president of The University of Texas Southwestern Medical Center, a medical school that is part of The University of Texas System.

Dr. Wildenthal has over two years of experience on our board of directors, audit committee and management development and compensation committee. He also has senior executive, operating, corporate governance, finance and financial accounting oversight experience from large, non-profit, health services institutions for which he currently serves or formerly served.

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## EXECUTIVE OFFICERS

Set forth below is certain information relating to our executive officers. Each executive officer serves at the pleasure of the board of directors. Biographical information with respect to Steven L. Watson and Bobby D. O'Brien is set forth under the Nominees for Director subsection above.

Name	Age	Position(s)
Steven L. Watson	64	Chairman of the Board
Bobby D. O'Brien	57	Vice Chairman of the Board, President and Chief Executive Officer
James Buch	54	Chief Operating Officer — Global Commercial
Klemens T. Schlüter	59	Chief Operating Officer — Global Operations
Benjamin R. Corona	54	President, Global Sales Management
H. Joseph Maas	63	President, Commercial Strategy
Robert D. Graham	59	Executive Vice President
Kelly D. Luttmer.	51	Executive Vice President and Global Tax Director
Gregory M. Swalwell	58	Executive Vice President and Chief Financial Officer
Brian W. Christian	36	Vice President, Strategic Business Development
Tim C. Hafer	53	Vice President and Controller
Janet G. Keckeisen.	59	Vice President, Corporate Strategy and Investor Relations
A. Andrew R. Louis.	54	Vice President and Secretary
Andrew B. Nace.	50	Vice President
John A. St. Wrba.	58	Vice President and Treasurer

James Buch, has served as our chief operating officer — global commercial since April 2014. He also has served as executive vice president, business development of Contran since 2013. Previously, he served TIMET as its vice president from 2006 to 2011 and as its executive vice president, commercial from 2011 to 2013.

Klemens T. Schlüter has served as our chief operating officer — global operations since April 2014 and up to that time as our president, manufacturing and technology since 2013. Previously he served as our president, manufacturing from 2009 to 2013 and our senior vice president, manufacturing from 2008 to 2009. Mr. Schlüter has served in various engineering positions of increasing responsibility with us since he joined us in 1996 as director of corporate engineering for our German operations.

Benjamin R. Corona has served as our president, global sales management since 2012. In 2012, he served as our president, North American and export sales and marketing. He also served as our president, North American sales and marketing from 2008 to 2012 and from 2005 to 2008 as our vice president, marketing. He has served in various marketing positions with us since 2004.

H. Joseph Maas served in 2014 as our president, commercial strategy since April 2014. He previously served as our president, global sales and marketing since 2012. From 2004 to 2012, he served as our president, sales and marketing. He served as our senior vice president, sales and marketing from 2003 to 2004. From 1985 to 2003, Mr. Maas served as our director of marketing and later as our vice president of marketing. From 1978 to 2003, Mr. Maas held several positions in commercial development, marketing and planning for various divisions of NL (Rheox and Spencer Kellogg).

Robert D. Graham has served as our executive vice president since 2009. He served as our chief administrative officer from 2012 to 2013. Previously, he served as our general counsel from 2003 to 2012 and as our vice president from 2003 to 2009. He has served as NL's vice chairman of the board and chief executive officer since 2014 and as its president since 2013. He served as NL's vice president and general counsel from prior to 2010 to 2013 and as CompX's executive vice president from 2010 to 2012. Mr. Graham has served as executive vice president of Valhi since 2014 and prior to that time as its vice president since prior to 2010. Additionally, he has served as vice president of Contran since prior to 2010. Mr. Graham has served with various companies related to us and Contran since 2002.

Kelly D. Luttmer has served as our executive vice president and global tax director since 2014, as our vice president and global tax director from 2011 to 2014 and as or vice president and tax director from 2004 to 2011. She served as executive vice president and global tax director of NL and CompX since 2014, as their vice president and global tax director from 2012 to 2014 and as their vice president and tax director from prior to 2010 to 2012. In addition, she has served as executive vice president and global tax director of Contran and Valhi since 2014, as their vice president and global tax director from 2011 to 2014 and as their vice president and tax director from prior to 2010 to 2011. Ms. Luttmer has served in tax accounting positions with various companies related to us and Contran since 1989.

Gregory M. Swalwell has served as our executive vice president and chief financial officer since 2009 and as our vice president, finance and chief financial officer from 2004 to 2009. He has also served as executive vice president and chief financial officer of NL since 2013 and up to that time as NL's vice president, finance and chief financial officer since prior to 2010. Since 2014, he has served as executive vice president and controller of Valhi, and up to that time as its vice president and controller since prior to 2010. He has served as executive vice president of CompX since 2013. He also has served as vice president and controller of Contran since prior to 2010. Mr. Swalwell has served in accounting and financial positions with various companies related to us and Contran since 1988.

Brian W. Christian has served as our vice president, strategic business development since 2011. He served as our manager of strategic and financial planning from 2009 to 2011. He has also served as manager of strategic and financial planning for Contran since 2006.

Tim C. Hafer has served as our and NL's vice president and controller since 2006. Mr. Hafer has served in financial accounting positions with various companies related to us and Contran since 1999.

Janet G. Keckeisen has served as our vice president, corporate strategy and investor relations since 2013 and served as our vice president, investor relations from 2011 to 2013. Ms. Keckeisen has served in accounting and financial positions with various companies related to us and Contran since 2007.

A. Andrew R. Louis has served as our vice president and secretary since 2011 and as our secretary from 2006 to 2011. He has also served as vice president and secretary of CompX, NL and Valhi since 2011 and as their secretary since prior to 2010 to 2011. In addition, he has served as secretary of Contran since prior to 2010. He has served as legal counsel of various companies related to us and Contran since 1995.

Andrew B. Nace served as our vice president since 2013 and previously served as our vice president and general counsel in 2013. He also has served since 2013 as vice president and general counsel of Contran and Valhi and vice president of CompX and NL. Mr. Nace has served as legal counsel to companies related to us and Contran since 2003.

John A. St. Wrba has served as our vice president and treasurer since 2004. He has served as vice president and treasurer of CompX since 2011. Since prior to 2010, he has also served as vice president and treasurer of Contran, NL and Valhi.

#### CORPORATE GOVERNANCE

Controlled Company Status, Director Independence and Committees. Because of Valhi's direct and indirect ownership of approximately 80.4% of the outstanding shares of our common stock, we are considered a controlled company under the listing standards of the NYSE. Pursuant to the listing standards, a controlled company may choose not to have a majority of independent directors, independent compensation, nominations or corporate governance committees or charters for these committees. While we currently have a majority of independent directors, we have chosen not to have an independent nominations or corporate governance committee or charters for these committees. Our board of directors believes that the full board of directors best represents the interests of all of our stockholders and that it is appropriate for all matters that would otherwise be considered by a nominations, corporate governance or risk oversight committee to be considered and acted upon by the full board of directors. Applying the NYSE director independence standards without any additional categorical standards, our board of directors has determined that Keith R. Coogan, Cecil H. Moore, Jr., Thomas P. Stafford, R. Gerald Turner and C. Kern Wildenthal are independent and have no material relationship with us other than serving as our directors. While the members of our management development and compensation committee currently satisfy the independence requirements of the NYSE, we have chosen not to satisfy all of the NYSE corporate governance standards for a compensation committee, including not having a charter for our management development and compensation committee.



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

- in 2013, Ms. Annette Simmons and her late husband made a commitment to donate \$25 million to Southern Methodist University, of which Dr. Turner is the president;
- pursuant to the commitment, Ms. Annette Simmons gave an initial \$5.0 million to the university in May 2014; and
- the \$5.0 million gift is less than 2.0% of SMU's consolidated gross revenues and SMU's consolidated gross revenues net of scholarship allowances, for its fiscal year ended May 31, 2014.

2014 Meetings and Standing Committees of the Board of Directors. The board of directors held five meetings and took action by written consent on one occasion in 2014. Each director participated in at least 75% of such meetings and of the 2014 meetings of the committees on which he or she served at the time. It is expected that each director will attend our annual meeting of stockholders, which is held immediately before the annual meeting of the board of directors. All of our directors attended our 2014 annual stockholder meeting.

The board of directors has established and delegated authority to two standing committees, which are described below. The board of directors is expected to elect the members of the standing committees at the board of directors annual meeting immediately following the annual stockholder meeting. The board of directors from time to time may establish other committees to assist it in the discharge of its responsibilities.

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

- each member of our audit committee is independent, financially literate and has no material relationship with us other than serving as our director; and
- Mr. Cecil H. Moore, Jr. is an "audit committee financial expert."

No member of our audit committee serves on more than three public company audit committees. For further information on the role of our audit committee, see the Audit Committee Report in this proxy statement. The current members of our audit committee are Cecil H. Moore, Jr. (chairman), Keith R. Coogan, Gen. Thomas P. Stafford (retired), R. Gerald Turner and C. Kern Wildenthal. Our audit committee held seven meetings in 2014.

**Management Development and Compensation Committee.** The principal responsibilities of our management development and compensation committee are:

- to recommend to the board of directors whether or not to approve any proposed charge to us or any of our privately held subsidiaries pursuant to our ISA with Contran;
- to review certain matters regarding our employee benefit plans or programs, including discretionary incentive bonuses and salaries we pay;

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- to review, approve, administer and grant awards under our equity compensation plan; and
- to review and administer such other compensation matters as the board of directors may direct from time to time.

As discussed above, the board of directors has determined that each member of our management development and compensation committee is independent by applying the NYSE director independence standards (without additional categorical standards). The management development and compensation committee may delegate to its members or our officers any or all of its authority as it may choose subject to certain limitations of Delaware law on what duties directors may delegate. The committee has not exercised this right of delegation. With respect to the role of our executive officers in determining or recommending the amount or form of executive compensation, see the Compensation Discussion and Analysis section of this proxy statement. With respect to director cash compensation, our executive officers make recommendations on such compensation directly to our board of directors for its consideration without involving the management development and compensation committee. The current members of our management development and compensation committee are R. Gerald Turner (chairman), Keith R. Coogan, Thomas P. Stafford and C. Kern Wildenthal. Our management development and compensation committee held one meeting in 2014.

**Risk Oversight.** Our board of directors oversees the actions we take in managing our material risks. Our management is responsible for our day-to-day management of risk. The board's oversight of our material risks is undertaken through, among other things, various reports and assessments that management presents to the board and the related board discussions. The board has delegated some of its primary risk oversight to our audit committee and management development and compensation committee. Our audit committee annually receives management's reports and assessments on, among other things, the risk of fraud, certain material business risks and a ranking of such material business risks and our insurance program. The audit committee also receives reports from our independent registered public accounting firm regarding, among other things, financial risks and the risk of fraud. Our management development and compensation committee receives management's assessments on the likelihood that our compensation policies and practices could have a material adverse effect on us, as more fully described in the Compensation Policies and Practices as They Relate to Risk Management section of this proxy statement. The audit committee and management development and compensation committee report to the board of directors about their meetings. We believe the leadership structure of the board of directors is appropriate for our risk oversight.

**Identifying and Evaluating Director Nominees.** Historically, our management has recommended director nominees to the board of directors. As stated in our corporate governance guidelines:

- our board of directors has no specific minimum qualifications for director nominees;
- each nominee should possess the necessary business background, skills and expertise at the policy-making level and a willingness to devote the required time to the duties and responsibilities of membership on the board of directors; and
- the board of directors believes that experience as our director is a valuable asset and that directors who have served on the board for an extended period of time are able to provide important insight into our current and future operations.

In identifying, evaluating and determining our director nominees, the board of directors follows such corporate governance guidelines. The board also considers the nominee's ability to satisfy the need, if any, for required expertise on the board of directors or one of its committees. While we do not have any policy regarding the diversity of our nominees, the board does consider diversity in the background, skills and expertise at the policy making level of our director nominees, and as a result our board believes our director nominees possess a diverse range of senior management experience that aids the board in fulfilling its responsibilities. The board of directors believes its procedures for identifying and evaluating director nominees are appropriate for a controlled company under the NYSE corporate governance standards.

Leadership Structure of the Board of Directors and Independent Director Meetings. Steven L. Watson serves as our chairman of the board and Bobby D. O'Brien serves as our chief executive officer. Pursuant to our corporate governance guidelines, our independent directors are entitled to meet on a regular basis throughout the year, and will meet at least once annually, without the participation of our other directors who are not independent. While we do not have a lead independent director, the chairman of our audit committee presides at all of the meetings of our independent directors. The board of directors believes our leadership structure is appropriate for a controlled company under the NYSE corporate governance standards. The board of directors believes our leadership structure is appropriate because the board recognizes that while there is no single organizational structure that is ideal in all circumstances, the board believes that having different individuals serve as our chairman of the board and as our chief executive officer reflects their established working relationship regarding our business and provides an appropriate breadth of experience and perspective that effectively facilitates the formulation of our long-term strategic direction and business plans. In addition, the board of directors believes that since both of the individuals are employees of Contran, their respective service as our chairman of the board and our chief executive officer is beneficial in providing strategic leadership for us since there is a commonality of interest that is closely aligned in building long-term stockholder value for all of our stockholders. In 2014, we complied with the NYSE requirements for meetings of our independent directors.

Stockholder Proposals and Director Nominations for the 2016 Annual Meeting of Stockholders. Stockholders may submit proposals on matters appropriate for stockholder action at our annual stockholder meetings, consistent with rules adopted by the SEC. We must receive such proposals not later than December 2, 2015 to be considered for inclusion in the proxy statement and form of proxy card relating to our annual meeting of stockholders in 2016. Our bylaws require that the proposal must set forth a brief description of the proposal, the name and address of the proposing stockholder as they appear in our records, the number of shares of our common stock the stockholder holds and any material interest the stockholder has in the proposal.

The board of directors will consider the director nominee recommendations of our stockholders in accordance with the process discussed above. Our bylaws require that a nomination set forth the name and address of the nominating stockholder, a representation that the stockholder will be a stockholder of record entitled to vote at the annual stockholder meeting and intends to appear in person or by proxy at the meeting to nominate the nominee, a description of all arrangements or understandings between the stockholder and the nominee (or other persons pursuant to which the nomination is to be made), such other information regarding the nominee as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC and the consent of the nominee to serve as a director if elected.

For proposals or director nominations to be brought at the 2016 annual meeting of stockholders but not included in the proxy statement for such meeting, our bylaws require that the proposal or nomination must be delivered or mailed to our principal executive offices in most cases no later than February 15, 2016. Proposals and nominations should be addressed to our corporate secretary at Kronos Worldwide, Inc., Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240 2697.

Communications with Directors. Stockholders and other interested parties who wish to communicate with the board of directors or its independent directors may do so through the following procedures. Such communications not involving complaints or concerns regarding accounting, internal accounting controls and auditing matters related to us may be sent to the attention of our corporate secretary at Kronos Worldwide Inc., Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697. Provided that any such communication relates to our business or affairs and is within the function of our board of directors or its committees, and does not relate to insignificant or inappropriate matters, such communication, or a summary of such communication, will be forwarded to the chairman of our audit committee, who also serves as the presiding director of our independent director meetings.

Complaints or concerns regarding accounting, internal accounting controls and auditing matters, which may be made anonymously, should be sent to the attention of our general counsel with a copy to our chief financial officer at the same address as our corporate secretary. These complaints or concerns will be forwarded to the chairman of our audit committee. We will investigate and keep these complaints or concerns confidential and anonymous, to the extent feasible, subject to applicable law. Information contained in such a complaint or concern may be summarized, abstracted and aggregated for purposes of analysis and investigation.

Compensation Committee Interlocks and Insider Participation. As discussed above, for 2014 the management development and compensation committee was composed of R. Gerald Turner, Keith R. Coogan, Thomas P. Stafford and C. Kern Wildenthal. No member of the committee:

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- was an officer or employee of ours during 2014 or any prior year;
- had any related party relationships with us that requires disclosure under applicable SEC rules; or
- had any interlock relationships under applicable SEC rules.

For 2014, no executive officer of ours had any interlock relationships within the scope of the intent of applicable SEC rules. However, at certain times in 2014 each of Steven L. Watson and Bobby D. O'Brien was an executive officer of ours and on the board of directors of Contran when he concurrently served as one of our directors.

**Code of Business Conduct and Ethics.** We have adopted a code of business conduct and ethics. The code applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer and controller. Only the board of directors may amend the code. Only our audit committee or other committee of the board of directors with specifically delegated authority may grant a waiver of this code. We will disclose amendments to or waivers of the code as required by law and the applicable rules of the NYSE.

**Corporate Governance Guidelines.** We have adopted corporate governance guidelines to assist the board of directors in exercising its responsibilities. Among other things, the corporate governance guidelines provide for director qualifications, for independence standards and responsibilities, for approval procedures for ISAs and that our audit committee chairman preside at all meetings of the independent directors.

**Availability of Corporate Governance Documents.** A copy of each of our audit committee charter, code of business conduct and ethics and corporate governance guidelines is available on our website at [www.kronosww.com](http://www.kronosww.com) under the corporate governance section of the investor relations page.

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## COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS AND OTHER INFORMATION

**Compensation Discussion and Analysis.** This compensation discussion and analysis describes the key principles and factors underlying our executive compensation policies for our named executive officers. We employed two of our named executive officers in each of the last three years. The rest of our named executive officers who provided their services to us in the last three years under our ISA with Contran were employed and compensated directly by Contran. As defined in the Glossary of Terms at the beginning of this proxy statement, the phrase "named executive officers" refers to the six persons whose compensation is summarized in the 2014 Summary Compensation Table in this proxy statement. Such phrase is not intended, and does not, refer to all of our executive officers.

**Nonbinding Advisory Stockholder Vote on Executive Officer Compensation.** For the 2014 annual meeting of stockholders, we submitted a nonbinding advisory proposal recommending the stockholders adopt a resolution approving the compensation of our named executive officers as disclosed in the 2014 proxy statement. At the annual meeting, the resolution received the affirmative vote of 93.8% of the eligible votes. We considered the favorable result and determined not to make any material changes to our compensation practices.

**Compensation of our Named Executive Officers Employed by Us.** In each of the last three years, we employed the following named executive officers:

Name	Position(s)
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Klemens T. Schlüter	Chief Operating Officer — Global Operations
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Benjamin R. Corona	President, Global Sales Management
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**Overview.** Prior to 2012, we decided to forego long-term compensation (other than defined benefit and contribution retirement plans), and implemented a compensation program that is primarily cash-based, with minimal perquisites. Our objectives for the primarily cash-based compensation program as it relates to our named executive officers employed by us are to:

- have a total individual compensation package that is easy to understand; and
  - achieve a balanced compensation package that would attract and retain highly qualified executive officers and appropriately reflect each such officer's individual performance, contributions and general market value.
- As a result, annual compensation for our named executive officers employed by us primarily consists of base salaries and discretionary bonuses.

For each of the last three years, we considered our financial performance as one factor, without any specific weighting of this factor, in determining the compensation to be paid to our named executive officers employed by us. We determined the amount of each component of such compensation solely in our collective business judgment and experience, without performing any independent market research. We have not entered into any written employment agreements with our employed named executive officers other than for Mr. Schlüter. Pursuant to European law, we provide all our employees in Europe, including Mr. Schlüter, with written documentation of the essential aspects of their employment relationship with us including their base compensation, notice periods and pension program.

**Base Salaries.** We have established the annual base salary for each of our employed named executive officers based on his level of responsibility and experience. We pay this portion of each of our employed named executive officer's compensation to provide him with a reliable amount of compensation for the year, subject to his continued at-will employment and satisfactory performance for his services at the level of his responsibilities. Based on the recommendation of our chief financial officer, our chief executive officer approved any annual adjustments to the salary of our employed named executive officers. These salary adjustments were subsequently reported to our management development and compensation committee. All of these recommendations and the determinations are based on:

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our evaluations of the past year annual base-salary amounts with adjustments made as a result of our past and expected future financial performance, inflation, past and potential future individual performance and contributions or alternative career opportunities that might be available to our named executive officers employed by us, although we do not have any specific formula for applying these factors; and

our collective business judgment and experience, without performing any independent market research.

Salary increases implemented for the last three years, including those for our employed named executive officers, reflected the factors indicated above.

We did not utilize any specific measure of, or formula based upon, our financial performance in determining the amount of these increases. We do consider our financial performance as one factor, without any specific weighting of this factor, in determining these increases. The salary for each of our named executive officers employed by us is disclosed in his salary column in the 2014 Summary Compensation Table in this proxy statement.

**Discretionary Incentive Bonuses.** For each of the last three years, after considering all relevant factors, and based on the recommendation of our chief financial officer, our chief executive officer approved the payment of discretionary incentive bonuses in cash to our key employees, including our employed named executive officers. We paid these bonuses in order to, among other things, reward each key employee for his performance for the applicable year and motivate him to achieve higher levels of performance in attaining our corporate goals. In considering whether it would be appropriate to pay discretionary incentive bonuses for the applicable year, and in what amounts, our chief executive officer performed a discretionary evaluation of all relevant factors, such as our actual results achieved in that year, our financial condition and liquidity and the responsibility, performance, attitude and potential of each of our key employees, including our employed named executive officers.

Prior to the payment of any discretionary bonuses to our key employees, including our employed named executive officers, our management development and compensation committee receives a report from management regarding its plans for such bonus payments.

In determining the amount of the discretionary incentive bonuses for each of the last three years paid to our employed named executive officers, we did not utilize any specific overall performance measures or any specific measure of, or formula based upon, our financial results. As already discussed, however, we did consider our overall financial performance as one factor in determining to pay such bonuses. Additionally, we used no specific weighting of factors in the determination of the applicable year's discretionary incentive bonuses paid to our key employees, including our named executive officers employed by us. The discretionary incentive bonus for each of our named executive officers employed by us is disclosed in his bonus column in the 2014 Summary Compensation Table in this proxy statement.

**Defined Benefit Plans.** Historically, we offered pension plan benefits to our employees, including our employed named executive officers. However, to reduce our pension liabilities and promote retirement savings through defined contribution plans or as similar a plan as foreign jurisdictions may allow, we closed participation in the Bayer Pensionskasse defined benefit pension plan to employees hired by our German operations on or after January 1, 2005, and we suspended all future accruals under our U.S. defined benefit pension plan and closed the plan to new participants in 1996.

Mr. Schlüter participates in the Bayer Pensionskasse and is the only employed named executive officer who participates in a pension plan that continues to accrue benefits on behalf of its participants. The increase or decrease for financial statement reporting purposes in the actuarial present value of accumulated pension benefits under this plan for Mr. Schlüter for 2014 is disclosed in his change in pension value and nonqualified deferred compensation earnings column in the 2014 Summary Compensation Table.

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Historically, we offered non-qualified, unfunded, defined benefit supplemental retirement plans to our executive officers to compensate them for certain income restrictions that affected their participation level under our pension plans. Prior to 2012, we terminated these supplemental retirement plans for our domestic employees. Currently, Mr. Schlüter is the only named executive officer that continues to accrue benefits under such a supplemental plan. Mr. Schlüter's supplement defined benefit compensation is provided by the Supplemental Pension Promise and the Individual Pension Promise provided by our German operations. The increase or decrease for financial statement reporting purposes in the actuarial present value of Mr. Schlüter's accumulated benefit under these supplemental plans for 2014 is disclosed in his change in pension value and nonqualified deferred compensation earnings column (or related footnote) in the 2014 Summary Compensation Table.

See the Pension Benefits section in this proxy statement for descriptions of each of these plans and additional information regarding Mr. Schlüter's benefits under them.

**Defined Contribution Plans.** To promote retirement savings for our employees, we pay annual discretionary matching contributions to our domestic employees, including Mr. Corona, under our savings plan, which is a 401(k) defined contribution plan. For 2014, and based upon the recommendation of our chief financial officer, our chief executive officer approved the payment of a discretionary matching contribution to each participant's account under our savings plan at 50% of the participant's contributions for the plan year up to 8% of the participant's annual eligible compensation as defined in the plan. We considered our financial performance and the desire to motivate the participants to save for their retirement as two factors, without any specific weighting of any factors, in making this discretionary determination for 2014. Our management development and compensation committee received a general report from management on the discretionary matching contribution for 2014. If we pay any discretionary matching contributions to the participants in our savings plan for 2015, the matching contributions will be determined on a similar discretionary basis. The amount of Mr. Corona's discretionary matching contribution for 2014 is included in his all other compensation column in the 2014 Summary Compensation Table in this proxy statement.

**Equity-Based Compensation.** Prior to 2012, we decided to forego the grant of any equity compensation to our employees, including our named executive officers employed by us. We also do not have any security ownership requirements or guidelines for our employees.

**Perquisites and Other Personal Benefits.** In each of the last three years, we paid certain perquisites or other personal benefits to our named executive officers employed by us. For each of the last three years, we paid annual automobile expenses for Mr. Schlüter. The cost of these perquisites and other personal benefits for Mr. Schlüter is included in his all other compensation column of the 2014 Summary Compensation Table.

**Compensation of our Named Executive Officers Employed by Contran.** In each of the last three years, certain of our named executive officers were employed by Contran and provided their services to us pursuant to our ISA with Contran. Our named executive officers who provide services to us pursuant to our ISA with Contran are as follows:

Name	Positions with Kronos Worldwide
Steven L. Watson	Chairman of the Board
Bobby D. O'Brien	Vice Chairman of the Board, President and Chief Executive Officer
Kelly D. Luttmmer	Executive Vice President and Global Tax Director
Gregory M. Swalwell	Executive Vice President and Chief Financial Officer

The nature of the duties of each of our executive officers who are employees of Contran is consistent with the duties normally associated with the officer titles and positions such officer holds with us. Each of these persons also serves as an executive officer of Contran.

**Intercorporate Services Agreement with Contran.** We pay Contran a fee for services provided by Contran to us pursuant to our ISA with Contran, which fee was approved by our independent directors after receiving the recommendation of our management development and compensation committee and the concurrence of our chief financial officer. Such services provided under this ISA included the services of our named executive officers employed by Contran, and as a result a portion of the aggregate ISA fee we pay to Contran is paid with respect to the services provided to us by such named executive officers.

The charge under this ISA reimburses Contran for its cost of employing the personnel who provide the services by allocating such cost to us based on the estimated percentage of time such personnel were expected to devote to us over the year. The amount of the fee we paid for each year under this ISA for a person who provided services to us represents, in management's view, the reasonable equivalent of "compensation" for such services. See the Intercorporate Services Agreements part of the Certain Relationships and Transactions section of this proxy statement for the aggregate amount we paid to Contran in 2014 under this ISA. Under the various ISAs among Contran and its subsidiaries and affiliates, we share the cost of the employment of our named executive officers employed by Contran with Contran and certain of its other publicly and privately held subsidiaries. For our named executive officers employed by Contran, the portion of the annual charge we paid for each of the last three years to Contran under this ISA attributable to each of their services is set forth in footnote 3 to the 2014 Summary Compensation Table in this proxy statement. As discussed further below, the amount charged under the ISA is based upon Contran's cost of employing or engaging the personnel who provide the services to us (including the services of our named executive officers employed by Contran) by allocating such cost to us based on the estimated percentage of time such personnel were expected to devote to us over the year. The amount charged under the ISA is not dependent upon our financial performance.

We believe the cost of the services received under our ISA with Contran, after considering the quality of the services received, is fair to us and is no less favorable to us than we could otherwise obtain from an unrelated third party for comparable services, based solely on our collective business judgment and experience without performing any independent market research.

In the early part of each year, Contran's management, including certain of our named executive officers, estimates the percentage of time that each Contran employee, including certain of our named executive officers, is expected to devote in the upcoming year to Contran and its subsidiaries and affiliates, including us. Contran's management then allocates Contran's cost of employing each of its employees among Contran and its various subsidiaries and affiliates based on such estimated percentages. Contran's aggregate cost of employing each of its employees comprises:

- the annualized base salary of such employee at the beginning of the year;
- an estimate of the bonus Contran will pay or accrue for such employee (other than bonuses for specific matters) for the year, using as a reasonable approximation for such bonus the actual bonus that Contran paid or accrued for such employee in the prior year; and

Contran's portion of the social security and medicare taxes on such base salary and an estimated overhead factor (25% for each of 2014, 2013 and 2012) applied to the base salary for the cost of medical and life insurance benefits, unemployment taxes, disability insurance, defined benefit and defined contribution plan benefits, professional education and licensing and costs of providing an office, equipment and supplies related to providing such services. Contran's senior management subsequently made such adjustments to the details of the proposed ISA charge as they deemed necessary for accuracy, overall reasonableness and fairness to us.

In the first quarter of each year, the proposed charge for that year under our ISA with Contran was presented to our management development and compensation committee, and the committee considered whether to recommend that our board of directors approve the ISA charge. Among other things during such presentation, the committee was informed of:

- the quality of the services Contran provides to us, including the quality of the services certain of our executive officers provide to us;
- for comparative purposes, the \$1.0 million charge to us in 2012 and 2013 for the services of Harold C. Simmons as our chairman of the board prior to his death on December 28, 2013, and the lack of such \$1.0 million charge to us in 2014;
- the comparison of the ISA charge and number of full-time equivalent employees reflected in the charge by department for the prior year and proposed for the current year;

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- the comparison of the prior year and proposed current year charges by department and in total and such amounts as a percentage of Contran's similarly calculated costs for its departments and in total for those years;
- the comparison of the prior year and proposed current year average hourly rate; and
- the concurrence of our chief financial officer as to the reasonableness of the proposed charge.

In determining whether to recommend that the board of directors approve the proposed ISA fee to be charged to us, the management development and compensation committee considers the three elements of Contran's cost of employing the personnel who provide services to us, including the cost of employing certain of our named executive officers, in the aggregate and not individually. After considering the information contained in such presentations, and following further discussion and review, our management development and compensation committee recommended that our board of directors approve the proposed ISA fee after concluding that:

- the cost to employ the additional personnel necessary to provide the quality of the services provided by Contran would exceed the proposed aggregate fee to be charged by Contran to us under our ISA with Contran; and
- the cost for such services would be no less favorable than could otherwise be obtained from an unrelated third party for comparable services in the committee's collective business judgment and experience, without performing any independent market research.

In reaching its recommendation, our management development and compensation committee did not review: any ISA charge from Contran to any other publicly held parent or sister company, although such charge was separately reviewed by the management development and compensation committee of the applicable company; and the compensation policies of Contran or the amount of time our named executive officers employed by Contran are expected to devote to us because:

- o each of our named executive officers employed by Contran provides services to many companies related to Contran, including Contran itself;
- o the fee we pay to Contran under our ISA with Contran each year does not represent all of Contran's cost of employing each of such named executive officers;
- o Contran and these other companies related to Contran absorb the remaining amount of Contran's cost of employing each of such named executive officers; and
- o the members of our management development and compensation committee consider the other factors discussed above in determining whether to recommend that the proposed ISA fee for each year be approved by the full board of directors.

Based on the recommendation of our management development and compensation committee, as well as the concurrence of our chief financial officer, our independent directors approved the proposed annual ISA charge effective January 1, 2014, with our other directors abstaining.

For financial reporting and income tax purposes, the ISA fee is expensed as incurred on a quarterly basis. Contran has implemented a limit of \$1.0 million on any individual's charge to a publicly held company in order to enhance the deductibility by the company of the charge for tax purposes under Section 162(m) of the Internal Revenue Code of 1986, if such section were to be deemed applicable. Section 162(m) generally disallows a tax deduction to publicly held companies for non-performance based compensation over \$1.0 million paid to the company's chief executive officer and four other most highly compensated executive officers.

Director Fees, including Equity-Based Compensation. We paid director fees in the form of cash and stock compensation to certain of our named executive officers who provide their services to us pursuant to our ISA with Contran and who also served on our board of directors. Other than these director fees, we did not pay any compensation directly to such named executive officers. See the Director Compensation section of this proxy statement.

The 2014 Summary Compensation Table sets forth in footnote 3 the cash fees we paid to each of Messrs. Watson and O'Brien for his director services. The director fees paid to them are the annual director retainer fees and the fees for attending board meetings, as our named executive officers who also serve on our board of directors are not members of any board committee.

The 2014 Summary Compensation Table sets forth in footnote 4 the director stock grants we paid to each of Messrs. Watson and O'Brien for his director services. See the 2014 Grants of Plan-Based Awards section in this proxy statement for a discussion of these annual grants and the formula by which the stock awards are determined. The stock grants Messrs. Watson and O'Brien received were pursuant to the same formula used for all directors. The dollar amount of the stock awards appearing in the 2014 Summary Compensation Table represents the value recognized for financial statement reporting purposes of shares of common stock we granted to Messrs. Watson and O'Brien for his director services.

Prior to 2012, we decided to forego the grant of any equity compensation other than annual awards of stock to our directors, as discussed above. We also do not have any security ownership requirements or guidelines for our management or directors. We do not currently anticipate any equity-based compensation will be granted in 2015, other than the annual grants of stock to our directors.

Deductibility of Compensation. It is our general policy to structure the performance-based portion of the compensation of our executive officers, if any, in a manner that enhances our ability to deduct fully such compensation under Section 162(m) of the Internal Revenue Code.

Compensation Committee Report. The management development and compensation committee has reviewed with management the Compensation Discussion and Analysis section in this proxy statement. Based on the committee's review and a discussion with management, the committee recommended to the board of directors that our compensation discussion and analysis be included in this proxy statement.

The following individuals, in the capacities indicated, hereby submit the foregoing report.

R. Gerald Turner	Keith R. Coogan	Thomas P. Stafford	C. Kern Wildenthal
Chairman of our	Member of our Management	Member of our Management	Member of our Management
Management Development	Development and	Development and	Development and
and Compensation	Compensation Committee	Compensation Committee	Compensation Committee
Committee			

Summary of Cash and Certain Other Compensation of Executive Officers. The 2014 Summary Compensation Table below provides information concerning compensation we and our subsidiaries paid or accrued for services rendered during the last three years by our chief executive officer, chief financial officer and each of the three other most highly compensated individuals (in certain instances, based on ISA charges to us) who were our executive officers at December 31, 2014. Messrs. Steven L. Watson, Bobby D. O'Brien, Gregory M. Swalwell and Ms. Kelly D. Luttmer were employees of Contran for the last three years and provided their services to us and our subsidiaries pursuant to our ISA with Contran. For a discussion of this ISA, see the Intercorporate Services Agreements part of the Certain Relationships and Transactions section of this proxy statement.

## 2014 SUMMARY COMPENSATION TABLE (1)

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Steven L. Watson (2) Chairman of the Board and former Chief Executive Officer	2014	\$970,700	(3) \$ -0-	\$14,720	(4) \$ -0-	\$ -0-	\$985,420
	2013	1,022,400	(3) -0-	17,680	(4) -0-	-0-	1,040,080
	2012	1,022,100	(3) -0-	10,160	(4) -0-	-0-	1,032,260
Bobby D. O'Brien (2) Vice Chairman of the Board and Chief Executive Officer	2014	625,550	(3) -0-	14,720	(4) -0-	-0-	640,270
Klemens T. Schlüter (5) President Manufacturing and Technology	2014	478,336	481,680	(6) -0-	136,153	(7) 17,421	(8) 1,113,590
	2013	435,698	463,400	(6) -0-	42,291	(7) 17,238	(8) 958,627
	2012	336,550	386,280	(6) -0-	132,562	(7) 16,574	(8) 871,966
Benjamin R. Corona (2) President Global Sales Management	2014	382,500	385,000	(6)		24,786	(9) 792,286
	2013	368,750	375,000	(6) -0-	-0-	13,480	(9) 757,230
Kelly D. Luttmer (2) Executive Vice President and Global Tax Director	2014	729,800	(3) -0-	-0-	-0-	-0-	729,800
Gregory M. Swalwell Executive Vice President and Chief Financial Officer	2014	446,600	(3) -0-	-0-	-0-	-0-	446,600
	2013	420,800	(3) -0-	-0-	-0-	-0-	420,800
	2012	404,600	(3) -0-	-0-	-0-	-0-	404,600

(1) Certain non-applicable columns have been omitted from this table.

During 2014, Messrs. O'Brien and Watson each served as our chief executive officer. 2014 is the first year that

(2) Ms. Luttmer and Mr. O'Brien are named executive officers. Mr. Corona is a named executive officer only for 2013 and 2014.

(3) The amounts shown in the 2014 Summary Compensation Table as salary for each of these named executive officers include the portion of the fees we paid pursuant to our ISA with Contran with respect to the services such officer rendered to us and our subsidiaries. The ISA charges disclosed for Contran employees who perform executive officer services to us and our subsidiaries are based on various factors described in the Compensation



Discussion and Analysis section of this proxy statement. Our management development and compensation committee considers the factors described in the Compensation Discussion and Analysis section of this proxy statement in determining whether to recommend that our board of directors approve the aggregate proposed ISA fee with Contran. As discussed in the Compensation Discussion and Analysis section of this proxy statement, our management development and compensation committee does not consider any ISA charge from Contran to any other publicly held parent or sister company of ours, although such charge is separately reviewed by the management development and compensation committee of the applicable company. The amounts shown in the table as salary for Messrs. Watson and O'Brien also include director cash compensation we paid to each of them for each of the last three years, as applicable. The components of salary shown in the 2014 Summary Compensation Table for each of these named executive officers are as follows.

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	2012	2013	2014
Steven L. Watson			
Contran ISA Fee	\$992,100	\$992,400	\$940,700
Director Fees Earned or Paid in Cash	30,000	30,000	30,000
	\$1,022,100	\$1,022,400	\$970,700
Bobby D. O'Brien			
Contran ISA Fee			\$602,800
Director Fees Earned or Paid in Cash			\$22,750 (a)
			\$625,550
Kelly D. Luttmer			
Contran ISA Fee			\$729,800
Gregory M. Swalwell			
Contran ISA Fee	\$404,600	\$420,800	\$446,600

(a) Our board of directors first elected Mr. O'Brien to our board of directors on February 19, 2014 and accordingly, his director compensation reflects that he did not serve as a director for all of 2014.

Stock awards to these named executive officers in the last three years consisted of shares of our common stock we (4) granted to Messrs. Watson and O'Brien for their director services. See the 2014 Grants of Plan-Based Awards

Table below for more details regarding the 2014 grants. The stock awards consisted of the following:

Shares of our Common Stock	Date of Grant	Closing Price on Date of Grant	Grant Date Value of Shares of our Common Stock
1,000	May 21, 2014	\$14.72	\$14,720
1,000	May 8, 2013	17.68	17,680